



## Vanguard Funds

### Supplement Dated October 3, 2023, to the Prospectuses and Summary Prospectuses

#### Important Changes to the Funds

Effective immediately, Vanguard is making changes to the portfolio managers of each Fund listed in the table below (each, an “impacted Fund,” and collectively, the “impacted Funds”) as a result of an internal realignment of the municipal bond team.

The impacted Funds’ investment objectives, strategies, and policies remain unchanged.

#### Prospectus and Summary Prospectus Text Changes

The following table lists each impacted Fund and the corresponding portfolio manager changes:

Vanguard Fund	Portfolio Manager(s) prior to October 3	Portfolio Manager(s) as of October 3
Vanguard California Intermediate-Term Tax-Exempt Fund	Adam M. Ferguson	Adam M. Ferguson James M. D’Arcy
Vanguard California Long-Term Tax-Exempt Fund	Stephen M. McFee	Stephen M. McFee Adam M. Ferguson
Vanguard California Municipal Money Market Fund	John M. Carbone	John M. Carbone John P. Grimes
Vanguard High-Yield Tax-Exempt Fund	Mathew M. Kiselak	Mathew M. Kiselak Adam M. Ferguson
Vanguard Intermediate-Term Tax-Exempt Fund	James M. D’Arcy	James M. D’Arcy Mathew M. Kiselak
Vanguard Limited-Term Tax-Exempt Fund	Adam M. Ferguson	Adam M. Ferguson James M. D’Arcy
Vanguard Long-Term Tax-Exempt Fund	Mathew M. Kiselak	Mathew M. Kiselak Stephen M. McFee
Vanguard Massachusetts Tax-Exempt Fund	Stephen M. McFee	Stephen M. McFee Grace Boraas
Vanguard Municipal Money Market Fund	Justin A. Schwartz	Justin A. Schwartz John P. Grimes
Vanguard New Jersey Long-Term Tax-Exempt Fund	Adam M. Ferguson	Adam M. Ferguson Grace Boraas
Vanguard New York Municipal Money Market Fund	John P. Grimes	John P. Grimes John M. Carbone
Vanguard Ohio Long-Term Tax-Exempt Fund	Stephen M. McFee	Stephen M. McFee Grace Boraas
Vanguard Pennsylvania Long-Term Tax-Exempt Fund	James M. D’Arcy	James M. D’Arcy Grace Boraas

Vanguard Short-Term Tax-Exempt Bond ETF	Stephen M. McFee	Justin A. Schwartz
Vanguard Tax-Exempt Bond Index Fund	Stephen M. McFee	Justin A. Schwartz
Vanguard Tax-Managed Balanced Fund	James M. D'Arcy Walter Nejman Aurélie Denis Michael R. Roach	James M. D'Arcy Grace Boraas Walter Nejman Aurélie Denis Michael R. Roach
Vanguard Ultra-Short-Term Tax-Exempt Fund	Justin A. Schwartz	Stephen M. McFee Adam M. Ferguson

References to portfolio managers who no longer manage an impacted Fund are removed.

The following text is added under the heading "Investment Advisor" in the **Fund Summary** section for each impacted Fund, as appropriate:

**Grace Boraas**, Portfolio Manager at Vanguard. She has co-managed the Fund since October 2023.

**John M. Carbone**, Principal of Vanguard. He has co-managed the Fund since October 2023.

**James M. D'Arcy**, CFA, Portfolio Manager at Vanguard. He has co-managed the Fund since October 2023.

**Adam M. Ferguson**, CFA, Portfolio Manager at Vanguard. He has co-managed the Fund since October 2023.

**John P. Grimes**, CFA, Portfolio Manager at Vanguard. He has co-managed the Fund since October 2023.

**Mathew M. Kiselak**, Principal of Vanguard. He has co-managed the Fund since October 2023.

**Stephen M. McFee**, CFA, Portfolio Manager at Vanguard. He has co-managed the Fund since October 2023.

**Justin A. Schwartz**, CFA, Portfolio Manager at Vanguard and Head of Municipal Index and Money Markets. He has managed the Fund since October 2023.

## Prospectus Text Changes

References to portfolio managers who no longer manage an impacted Fund are removed.

The following text is added under the heading "Investment Advisor" in the **More on the Fund(s)** section for each impacted Fund, as appropriate:

**Grace Boraas**, Portfolio Manager at Vanguard. She has been with Vanguard since 2013, and has co-managed the Fund since October 2023. Education: B.S., Stetson University.

**John M. Carbone**, Principal and Portfolio Manager at Vanguard. He has managed investment portfolios since 1991, has been with Vanguard since 1996, and has co-managed the Fund since October 2023. Education: B.S., Babson College; M.S., Grand Canyon University; M.B.A., Southern Methodist University.

**James M. D'Arcy**, CFA, Portfolio Manager at Vanguard. He has worked in investment management since 1996, has managed investment portfolios since 1999, has been with Vanguard since 2011, and has co-managed the Fund since October 2023. Education: B.A., University of Colorado.

**Adam M. Ferguson**, CFA, Portfolio Manager at Vanguard. He has been with Vanguard since 2004, has worked in investment management since 2008, and has co-managed the Fund since October 2023. Education: B.S., Wilmington University; M.B.A., Drexel University.

**John P. Grimes**, CFA, Portfolio Manager at Vanguard. He has been with Vanguard since 1998, has worked in investment management since 2008, and has co-managed the Fund since October 2023. Education: B.A., Marquette University; M.B.A., Saint Joseph's University.

**Mathew M. Kiselak**, Principal and Portfolio Manager at Vanguard. He has worked in investment management since 1987, has managed investment portfolios since 1990, and has co-managed the Fund since October 2023. Education: B.S., Pace University.

**Stephen M. McFee**, CFA, Portfolio Manager and co-lead of the municipal revenue team in Vanguard's Fixed Income Group. He has been with Vanguard since 2005, has worked in investment management since 2007, and has co-managed the Fund since October 2023. Education: B.A./B.S., East Stroudsburg University; M.S., St. Joseph's University.

**Justin A. Schwartz**, CFA, Portfolio Manager at Vanguard and Head of Municipal Index and Money Markets in Vanguard's Fixed Income Group. He has been with Vanguard since 2004, has worked in investment management since 2004, has managed investment portfolios since 2010, and has managed the Fund since October 2023. Education: B.S., University of Richmond.

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PS PMC 102023



## Vanguard Funds

### Supplement Dated August 4, 2023, to the Prospectuses and Summary Prospectuses

#### Important Changes to the Funds

Effective immediately, one or more portfolio managers have been added as a co-portfolio manager of each Fund listed in the table below (each, an “impacted Fund,” and collectively, the “impacted Funds”).

Donald M. Butler will retire from Vanguard at year end and effective December 21, 2023, he will be removed as a co-portfolio manager of the impacted Funds.

The impacted Funds’ investment objectives, strategies, and policies remain unchanged.

#### Prospectus and Summary Prospectus Text Changes

The following table lists each impacted Fund and the corresponding portfolio manager(s) that have been added as a co-portfolio manager:

<b>Vanguard Fund</b>	<b>Portfolio Manager(s)</b>
Vanguard 500 Index Fund	Aaron Choi and Nicholas Birkett
Vanguard Mid-Cap Index Fund	Aaron Choi
Vanguard Mid-Cap Growth Index Fund	Aaron Choi
Vanguard Mid-Cap Value Index Fund	Aaron Choi
Vanguard S&P 500 Growth Index Fund	Kenny Narzikul
Vanguard S&P 500 Value Index Fund	Kenny Narzikul
Vanguard Tax-Managed Small-Cap Fund	Kenny Narzikul
Vanguard Extended Market Index Fund	Nicholas Birkett
Vanguard S&P Small-Cap 600 Index Fund	Nicholas Birkett
Vanguard S&P Small-Cap 600 Growth Index Fund	Nicholas Birkett
Vanguard S&P Small-Cap 600 Value Index Fund	Nicholas Birkett
Vanguard Institutional Index Fund	Nicholas Birkett

The following text is added under the heading “Investment Advisor” in the **Fund Summary** section for each impacted Fund, as appropriate:

Aaron Choi, CFA, Portfolio Manager at Vanguard. He has co-managed the Fund since August 2023.

Kenny Narzikul, CFA, Portfolio Manager at Vanguard. He has co-managed the Fund since August 2023

Nicholas Birkett, CFA, Portfolio Manager at Vanguard. He has co-managed the Fund since August 2023.

### **Prospectus Text Changes**

The following text is added under the heading “Investment Advisor” in the **More on the Fund(s)** section for each impacted Fund, as appropriate:

**Aaron Choi**, CFA, Portfolio Manager at Vanguard. He has been with Vanguard since 2011, has worked in investment management since 2015, and has co-managed the Fund since August 2023. Education: B.S., Pennsylvania State University.

**Kenny Narzikul**, CFA, Portfolio Manager at Vanguard. He has been with Vanguard since 2012, has worked in investment management since 2016, has managed investment portfolios since 2023, and has co-managed the Fund since August 2023. Education: B.B.A., James Madison University.

**Nicholas Birkett**, CFA, Portfolio Manager at Vanguard. He worked in investment banking from 2005 to 2016, has been with Vanguard since 2017, and has co-managed the Fund since August 2023. Education: B.S., University of Bath.

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## Prospectus Supplement Dated June 20, 2023

### Important Changes to Vanguard's Frequent Trading Policy

The Board of Trustees of the Vanguard Funds have approved certain changes to the Vanguard Funds Frequent Trading Policy, applicable to trades having a trade date of June 21, 2023, or later, as follows:

#### Prospectus Text Changes

In the **Investing with Vanguard** section, under the heading "Frequent-Trading Limitations," the following bullet points are added under "These frequent-trading limitations *do not* apply to the following":

- Certain transactions below dollar value or other thresholds specified by Vanguard.
- In-kind transactions to a shareholder's donor advised fund managed by Vanguard Charitable.

In the same section, the following text replaces corresponding similar text in its entirety under "For participants in employer-sponsored defined contribution plans,\* the frequent-trading limitations *do not* apply to":

\*The following Vanguard fund accounts are also subject to the frequent-trading limitations: SEP-IRAs, SIMPLE IRAs, certain individual 403(b)(7) Custodial Accounts, and Vanguard Individual 401(k) Plans.



# Vanguard Tax-Managed Funds<sup>®</sup> Prospectus

April 28, 2023

## Admiral<sup>™</sup> Shares

Vanguard Tax-Managed Balanced Fund Admiral Shares (VTMF)

Vanguard Tax-Managed Capital Appreciation Fund Admiral Shares (VTCLX)

Vanguard Tax-Managed Small-Cap Fund Admiral Shares (VTMSX)

This prospectus contains financial data for the Funds through the fiscal year ended December 31, 2022.

The Securities and Exchange Commission (SEC) has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

# Contents

Fund Summaries		Investing With Vanguard	40
Vanguard Tax-Managed Balanced Fund	1	Purchasing Shares	40
Vanguard Tax-Managed Capital Appreciation Fund	7	Converting Shares	43
Vanguard Tax-Managed Small-Cap Fund	12	Redeeming Shares	44
Investing in Tax-Managed Funds	17	Exchanging Shares	48
More on the Funds	18	Frequent-Trading Limitations	49
The Funds and Vanguard	29	Other Rules You Should Know	51
Investment Advisor	30	Fund and Account Updates	55
Dividends, Capital Gains, and Taxes	32	Employer-Sponsored Plans	57
Share Price	35	Contacting Vanguard	58
Financial Highlights	37	Additional Information	59
		Glossary of Investment Terms	63

# Vanguard Tax-Managed Balanced Fund

## Investment Objective

The Fund seeks to provide a tax-efficient investment return consisting of federally tax-exempt income, long-term capital appreciation, and a modest amount of taxable current income.

## Fees and Expenses

The following table describes the fees and expenses you may pay if you buy, hold, and sell shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and example below.

### Shareholder Fees

(Fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	None
Purchase Fee	None
Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None
Account Service Fee Per Year (for certain fund account balances below \$1,000,000)	\$20

### Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.08%
12b-1 Distribution Fee	None
Other Expenses	0.01%
Total Annual Fund Operating Expenses	0.09%

### Example

The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you were to invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% each year and that total annual fund operating expenses remain as stated in the preceding table. You would incur these hypothetical

expenses whether or not you were to redeem your investment at the end of the given period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
\$9	\$29	\$51	\$115

## Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in more taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the previous expense example, reduce the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 22% of the average value of its portfolio.

## Principal Investment Strategies

The Fund invests approximately 50% to 55% of its assets in municipal securities and the balance in common stocks. The fixed income portion of the Fund is concentrated in high-quality municipal securities with a dollar-weighted average maturity expected to be between 6 and 12 years. At least 75% of the municipal bonds purchased by the Fund will be rated in one of the top three credit-rating categories as determined by an independent bond-rating agency (e.g., Aaa, Aa, and A by Moody’s Investors Service, Inc. (Moody’s) or AAA, AA, and A by Standard & Poor’s Financial Services LLC (Standard & Poor’s)) or, if unrated, determined to be of comparable quality by the advisor.

The Fund’s stock holdings are chosen from the stocks that pay lower dividends within the Russell 1000 Index—an index that is made up of stocks of large- and mid-capitalization U.S. companies. The Fund uses statistical methods to “sample” the Index, aiming to minimize taxable dividends while approximating the other characteristics of the Index. The intended result is a portfolio that will loosely track the total return performance of the Index, but with lower taxable income distributions.

## Principal Risks

The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money, and the level of risk may vary based on market conditions. However, because stock and bond prices can move in different directions or to different degrees, the Fund’s bond holdings may counteract some of the volatility experienced by the Fund’s stock holdings.

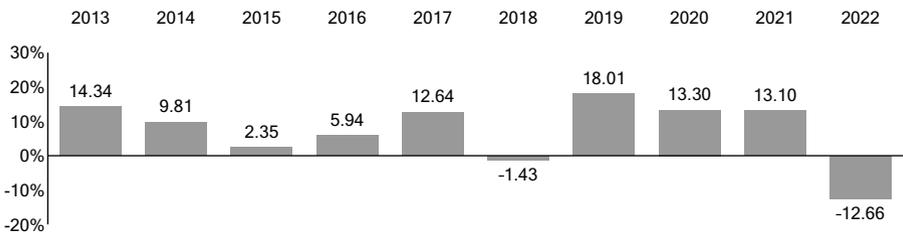
- With 50% to 55% of its assets in municipal securities, the Fund is proportionately subject to bond risks, including the following: *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *credit risk*, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates, causing the Fund to lose any price appreciation above the bond's call price and forcing it to reinvest the unanticipated proceeds at lower interest rates that may result in a decline in the Fund's income; *income risk*, which is the chance that the Fund's income will decline because of falling interest rates; *liquidity risk*, which is the chance that the Fund may not be able to sell a security in a timely manner at a desired price; *manager risk*, which is the chance that poor security selection will cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective; and *tax risk*, which is the chance that all or a portion of the tax-exempt income from municipal bonds held by the Fund will be declared taxable, possibly with retroactive effect, because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state or local tax authorities, or noncompliant conduct of a bond issuer.
- With 45% to 50% of its assets in stocks, the Fund is proportionately subject to stock risks, including *stock market risk* and *investment style risk*. *Stock market risk* is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The benchmark index for the stock portion of the Fund tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, the Fund's benchmark index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector. *Investment style risk* is the chance that returns from large- and mid-capitalization stocks will trail returns from the overall stock market. Large- and mid-cap stocks each tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years. Historically, mid-cap stocks have been more volatile in price than large-cap stocks. The stock prices of mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

**An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

## Annual Total Returns

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Fund compare with those of relevant market indexes and a composite bond/stock index, which have investment characteristics similar to those of the Fund. The Tax-Managed Balanced Composite Index consists of two unmanaged benchmarks, weighted 50% in the Russell 1000 Index and 50% in the Bloomberg 1–15 Year Municipal Bond Index. Keep in mind that the Fund’s past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at [vanguard.com/performance](http://vanguard.com/performance) or by calling Vanguard toll-free at 800-662-7447.

Annual Total Returns — Vanguard Tax-Managed Balanced Fund Admiral Shares



During the periods shown in the bar chart, the highest and lowest returns for a calendar quarter were:

	Total Return	Quarter
Highest	11.64%	June 30, 2020
Lowest	-10.24%	March 31, 2020

## Average Annual Total Returns for Periods Ended December 31, 2022

	1 Year	5 Years	10 Years
<b>Vanguard Tax-Managed Balanced Fund Admiral Shares</b>			
Return Before Taxes	-12.66%	5.42%	7.16%
Return After Taxes on Distributions	-12.81	5.23	6.96
Return After Taxes on Distributions and Sale of Fund Shares	-6.99	4.48	6.03
<b>Tax-Managed Balanced Composite Index</b> (reflects no deduction for fees, expenses, or taxes)	-12.14%	5.84%	7.45%
<b>Bloomberg Municipal Bond Index</b> (reflects no deduction for fees, expenses, or taxes)	-8.53	1.25	2.13
<b>Dow Jones U.S. Total Stock Market Float Adjusted Index</b> (reflects no deduction for fees, expenses, or taxes)	-19.53	8.65	12.03

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned *Return After Taxes on Distributions and Sale of Fund Shares* may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

### Investment Advisor

The Vanguard Group, Inc. (Vanguard)

#### Portfolio Managers

James M. D'Arcy, CFA, Portfolio Manager at Vanguard. He has managed the bond portion of the Fund since 2013.

Walter Nejman, Portfolio Manager at Vanguard. He has co-managed the stock portion of the Fund since July 2021.

Aurélie Denis, CFA, Portfolio Manager at Vanguard. She has co-managed the stock portion of the Fund since February 2023.

Michael R. Roach, CFA, Portfolio Manager at Vanguard. He has co-managed the stock portion of the Fund since February 2023.

## **Purchase and Sale of Fund Shares**

You may purchase or redeem shares online through our website (*vanguard.com*), by mail (The Vanguard Group, P.O. Box 982901, El Paso, TX 79998-2901), or by telephone (800-662-2739). The minimum investment amount required to open and maintain a Fund account for Admiral Shares is \$10,000. The minimum investment amount required to add to an existing account is generally \$1.

Financial intermediaries, institutional clients, and Vanguard-advised clients should contact Vanguard for information on special eligibility rules that may apply to them regarding Admiral Shares. If you are investing through an intermediary, please contact that firm directly for more information regarding your eligibility. If you are investing through an employer-sponsored retirement or savings plan, your plan administrator or your benefits office can provide you with detailed information on how you can invest through your plan.

## **Tax Information**

The Fund's distributions may be taxable as ordinary income or capital gain. The dividends that you receive from the Fund that are attributable to interest paid on the Fund's investments in municipal securities are generally expected to be exempt from federal income taxes. The Fund's other distributions are expected to be subject to federal, state, and/or local income taxes.

## **Payments to Financial Intermediaries**

The Fund and its investment advisor do not pay financial intermediaries for sales of Fund shares.

# Vanguard Tax-Managed Capital Appreciation Fund

## Investment Objective

The Fund seeks to provide a tax-efficient investment return consisting of long-term capital appreciation.

## Fees and Expenses

The following table describes the fees and expenses you may pay if you buy, hold, and sell Admiral Shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and example below.

### Shareholder Fees

(Fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	None
Purchase Fee	None
Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None
Account Service Fee Per Year (for certain fund account balances below \$1,000,000)	\$20

### Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.09%
12b-1 Distribution Fee	None
Other Expenses	0.00%
Total Annual Fund Operating Expenses	0.09%

## Example

The following example is intended to help you compare the cost of investing in the Fund's Admiral Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you were to invest \$10,000 in the Fund's shares. This example assumes that the shares provide a return of 5% each year and that total annual fund operating expenses remain as stated in the preceding table. You would incur these hypothetical expenses whether or not you were to redeem your investment at the end of the given period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
\$9	\$29	\$51	\$115

## Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in more taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the previous expense example, reduce the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 2% of the average value of its portfolio.

## Principal Investment Strategies

The Fund purchases stocks that pay lower dividends and are included in the Russell 1000 Index—an index that is made up of the stocks of large- and mid-capitalization U.S. companies. The Fund uses statistical methods to "sample" the Index, aiming to minimize taxable dividends while approximating the other characteristics of the Index. The expected result is a portfolio that will loosely track the total return performance of the Index, but with lower taxable income distributions.

## Principal Risks

An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund's performance:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's benchmark index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock

market. In addition, the Fund's benchmark index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

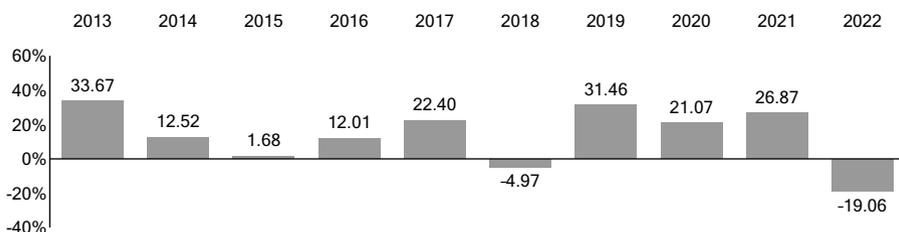
- *Investment style risk*, which is the chance that returns from large- and mid-capitalization stocks will trail returns from the overall stock market. Large- and mid-cap stocks each tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years. Historically, mid-cap stocks have been more volatile in price than large-cap stocks. The stock prices of mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

**An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

### **Annual Total Returns**

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund's Admiral Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Admiral Shares compare with those of the Fund's benchmark index and another comparative index, which have investment characteristics similar to those of the Fund. Keep in mind that the Fund's past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at [vanguard.com/performance](http://vanguard.com/performance) or by calling Vanguard toll-free at 800-662-7447.

## Annual Total Returns — Vanguard Tax-Managed Capital Appreciation Fund Admiral Shares



During the periods shown in the bar chart, the highest and lowest returns for a calendar quarter were:

	Total Return	Quarter
Highest	21.70%	June 30, 2020
Lowest	-19.97%	March 31, 2020

## Average Annual Total Returns for Periods Ended December 31, 2022

	1 Year	5 Years	10 Years
<b>Vanguard Tax-Managed Capital Appreciation Fund Admiral Shares</b>			
Return Before Taxes	-19.06%	9.21%	12.53%
Return After Taxes on Distributions	-19.33	8.82	12.11
Return After Taxes on Distributions and Sale of Fund Shares	-11.08	7.24	10.39
<b>Russell 1000 Index</b> (reflects no deduction for fees, expenses, or taxes)	-19.13%	9.13%	12.37%
<b>Dow Jones U.S. Total Stock Market Float Adjusted Index</b> (reflects no deduction for fees, expenses, or taxes)	-19.53	8.65	12.03

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned *Return After Taxes on Distributions and Sale of Fund Shares* may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

## **Investment Advisor**

The Vanguard Group, Inc. (Vanguard)

## **Portfolio Managers**

Awais Khan, CFA, Portfolio Manager at Vanguard. He has co-managed the Fund since July 2021.

Walter Nejman, Portfolio Manager at Vanguard. He has co-managed the Fund since February 2023.

## **Purchase and Sale of Fund Shares**

You may purchase or redeem shares online through our website (*vanguard.com*), by mail (The Vanguard Group, P.O. Box 982901, El Paso, TX 79998-2901), or by telephone (800-662-2739). The minimum investment amount required to open and maintain a Fund account for Admiral Shares is \$10,000. The minimum investment amount required to add to an existing account is generally \$1. Financial intermediaries, institutional clients, and Vanguard-advised clients should contact Vanguard for information on special eligibility rules that may apply to them regarding Admiral Shares. If you are investing through an intermediary, please contact that firm directly for more information regarding your eligibility. If you are investing through an employer-sponsored retirement or savings plan, your plan administrator or your benefits office can provide you with detailed information on how you can invest through your plan.

## **Tax Information**

The Fund's distributions may be taxable as ordinary income or capital gain.

## **Payments to Financial Intermediaries**

The Fund and its investment advisor do not pay financial intermediaries for sales of Fund shares.

# Vanguard Tax-Managed Small-Cap Fund

## Investment Objective

The Fund seeks to provide a tax-efficient investment return consisting of long-term capital appreciation.

## Fees and Expenses

The following table describes the fees and expenses you may pay if you buy, hold, and sell Admiral Shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and example below.

### Shareholder Fees

(Fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	None
Purchase Fee	None
Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None
Account Service Fee Per Year (for certain fund account balances below \$1,000,000)	\$20

### Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.08%
12b-1 Distribution Fee	None
Other Expenses	0.01%
Total Annual Fund Operating Expenses	0.09%

## Example

The following example is intended to help you compare the cost of investing in the Fund's Admiral Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you were to invest \$10,000 in the Fund's shares. This example assumes that the shares provide a return of 5% each year and that total annual fund operating expenses remain as stated in the preceding table. You would incur these hypothetical expenses whether or not you were to redeem your investment at the end of the given period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
\$9	\$29	\$51	\$115

## Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in more taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the previous expense example, reduce the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 10% of the average value of its portfolio.

## Principal Investment Strategies

The Fund purchases stocks included in the S&P SmallCap 600 Index—an index that is made up of stocks of smaller U.S. companies—in approximately the same proportions as in the Index. To improve tax efficiency, the Fund may limit investments in Index securities that have undesirable tax characteristics and may continue to hold securities no longer included in the Index.

## Principal Risks

An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund's performance:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's benchmark index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, the Fund's benchmark index may, at times, become focused

in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

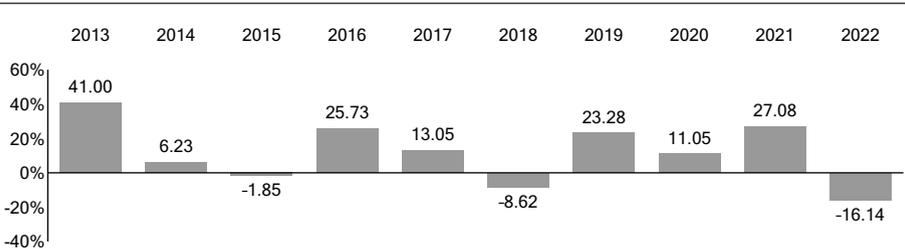
- *Investment style risk*, which is the chance that returns from small-capitalization stocks will trail returns from the overall stock market. Historically, small-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. The stock prices of small companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

**An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

### Annual Total Returns

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Admiral Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Admiral Shares compare with those of the Fund’s benchmark index and another comparative index, which have investment characteristics similar to those of the Fund. Keep in mind that the Fund’s past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at [vanguard.com/performance](http://vanguard.com/performance) or by calling Vanguard toll-free at 800-662-7447.

Annual Total Returns — Vanguard Tax-Managed Small-Cap Fund Admiral Shares



During the periods shown in the bar chart, the highest and lowest returns for a calendar quarter were:

	Total Return	Quarter
Highest	30.76%	December 31, 2020
Lowest	-32.24%	March 31, 2020

## Average Annual Total Returns for Periods Ended December 31, 2022

	1 Year	5 Years	10 Years
<b>Vanguard Tax-Managed Small-Cap Fund Admiral Shares</b>			
Return Before Taxes	-16.14%	5.92%	10.79%
Return After Taxes on Distributions	-16.47	5.57	10.46
Return After Taxes on Distributions and Sale of Fund Shares	-9.37	4.58	8.88
<b>S&amp;P SmallCap 600 Index</b>			
(reflects no deduction for fees, expenses, or taxes)	-16.10%	5.88%	10.82%
<b>Dow Jones U.S. Total Stock Market Float Adjusted Index</b>			
(reflects no deduction for fees, expenses, or taxes)	-19.53	8.65	12.03

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned *Return After Taxes on Distributions and Sale of Fund Shares* may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

### Investment Advisor

The Vanguard Group, Inc. (Vanguard)

### Portfolio Managers

Donald M. Butler, CFA, Principal of Vanguard. He has co-managed the Fund since 2016.

Walter Nejman, Portfolio Manager at Vanguard. He has co-managed the Fund since February 2023.

### Purchase and Sale of Fund Shares

You may purchase or redeem shares online through our website ([vanguard.com](http://vanguard.com)), by mail (The Vanguard Group, P.O. Box 982901, El Paso, TX 79998-2901), or by telephone (800-662-2739). The minimum investment amount required to open and maintain a Fund account for Admiral Shares is \$10,000. The minimum investment amount required to add to an existing account is generally \$1. Financial intermediaries, institutional clients, and Vanguard-advised clients should contact Vanguard for information on special eligibility rules that may apply to them regarding Admiral Shares. If you are investing through an intermediary,

please contact that firm directly for more information regarding your eligibility. If you are investing through an employer-sponsored retirement or savings plan, your plan administrator or your benefits office can provide you with detailed information on how you can invest through your plan.

**Tax Information**

The Fund’s distributions may be taxable as ordinary income or capital gain.

**Payments to Financial Intermediaries**

The Fund and its investment advisor do not pay financial intermediaries for sales of Fund shares.

## Investing in Tax-Managed Funds

Most mutual funds seek to maximize pre-tax total returns, without regard to the personal tax consequences for investors. Yet most investors stand to lose a significant portion of their investment returns to federal, state, and local taxes. Fund dividends and short-term capital gains are now taxed at federal income tax rates as high as 40.8%; for long-term capital gains and certain qualified dividends, the rates can be up to 20%. The Funds offered in this prospectus aim to minimize the impact of taxes on investors' total returns by operating in a tax-efficient manner. Each Fund uses the following tax-management techniques:

- *Lower turnover.* Each Fund seeks to minimize turnover by employing an index-oriented approach to stock investing. Frequent trading—a hallmark of many actively managed funds—causes a fund to realize capital gains, which must then be distributed to shareholders, reducing after-tax returns.
- *A disciplined sell-selection method.* When selling specific securities, each Fund will select a specific share lot—more often than not, the highest-cost shares—in order to minimize realized capital gains. In addition, the Fund may sell securities at a loss in order to offset realized capital gains that would otherwise have to be distributed to shareholders.
- *Bias against taxable dividend income.* The Tax-Managed Balanced and Tax-Managed Capital Appreciation Funds minimize taxable dividend income by focusing on the stocks that pay lower dividends in their shared benchmark index (the Russell 1000 Index). In addition, the bond portion of the Tax-Managed Balanced Fund is made up of municipal bonds, which generate federally tax-exempt dividends.

The Funds' tax-management techniques may reduce an investor's taxable income, but will not eliminate it. Because tax consequences are considered in managing the Funds, a Fund's pre-tax performance may be lower than that of a similar fund that is not tax-managed.

## More on the Funds

This prospectus describes the principal risks you would face as a Fund shareholder. It is important to keep in mind one of the main principles of investing: generally, the higher the risk of losing money, the higher the potential reward. The reverse, also, is generally true: the lower the risk, the lower the potential reward. As you consider an investment in any mutual fund, you should take into account your personal tolerance for fluctuations in the securities markets. Look for this  symbol throughout the prospectus. It is used to mark detailed information about the more significant risks that you would confront as a Fund shareholder. To highlight terms and concepts important to mutual fund investors, we have provided Plain Talk<sup>®</sup> explanations along the way. Reading the prospectus will help you decide whether a Fund is the right investment for you. We suggest that you keep this prospectus for future reference.

### Share Class Overview

This prospectus offers the Funds' Admiral Shares. A separate prospectus offers Institutional Shares for each Fund (other than the Tax-Managed Balanced Fund), which generally have an investment minimum of \$5 million.

Both share classes offered by a Fund have the same investment objective, strategies, and policies. However, different share classes have different expenses; as a result, their investment returns will differ.

### Plain Talk About Costs of Investing

Costs are an important consideration in choosing a mutual fund. That is because you, as a shareholder, pay a proportionate share of the costs of operating a fund and any transaction costs incurred when the fund buys or sells securities. These costs can erode a substantial portion of the gross income or the capital appreciation a fund achieves. Even seemingly small differences in expenses can, over time, have a dramatic effect on a fund's performance.

The following sections explain the principal investment strategies and policies that each Fund uses in pursuit of its investment objective. The Funds' board of trustees, which oversees each Fund's management, may change investment strategies or policies in the interest of shareholders without a shareholder vote, unless those strategies or policies are designated as fundamental. Note that each Fund's investment objective is not fundamental and may be changed without a shareholder vote.

Vanguard Tax-Managed Small-Cap Fund will invest all, or substantially all (but in no event less than 80%), of its assets in small-cap stocks, which include those stocks in the S&P SmallCap 600 Index. This policy may be changed only upon 60 days' notice to shareholders. The Fund's investment in small-cap stocks generally will be within the capitalization range of the companies included in the S&P SmallCap 600 Index (\$203 million to \$6 billion as of December 31, 2022). In the future, the Index's market capitalization range may be higher or lower, or the Fund's investment may follow a different small-cap index universe. Such changes may occur at any time and without notice to Fund shareholders.

## Market Exposure

The following grid shows, at a glance, the types of investments made by each Fund as its principal investment strategy, as well as the percentage of assets that each Fund expects to allocate to these investments. Market exposure is expected to play the most important role in achieving a Fund's investment objective.

Market Exposure	Vanguard Fund		
	Tax-Managed Balanced	Tax-Managed Capital Appreciation	Tax-Managed Small-Cap
Common stocks	45%–50% Large- and mid-cap U.S. companies	100% Large- and mid-cap U.S. companies	100% Small-cap U.S. companies
Municipal bonds	50%–55%	None	None

## U.S. Stocks

Each Fund invests in U.S. stocks as a principal investment strategy. The size of the companies on which the Funds focus differs with each Fund.



*Each Fund is subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Each Fund's benchmark index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, each Fund's benchmark index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.*

Historically, small- and mid-cap stocks have been more volatile than—and at times have performed quite differently from—large-cap stocks. This volatility is the result of several factors, including but not limited to, less-certain growth and dividend prospects for smaller companies and greater sensitivity to changing economic conditions. The Tax-Managed Balanced and Tax-Managed Capital Appreciation Funds hold mid-cap stocks in addition to large-cap stocks; the Tax-Managed Small-Cap Fund holds small-cap stocks.

Stocks of publicly traded companies are often classified according to market capitalization, which is the market value of a company’s outstanding shares. These classifications typically include small-cap, mid-cap, and large-cap. It is important to understand that there are no “official” definitions of small-, mid-, and large-cap, even among Vanguard fund advisors, and that market capitalization ranges can change over time. The asset-weighted median market capitalization of each Fund’s stock holdings as of December 31, 2022, was:

Vanguard Fund	Asset-Weighted Median Market Capitalization
Vanguard Tax-Managed Balanced Fund (stock portion)	\$123 billion
Vanguard Tax-Managed Capital Appreciation Fund	\$116
Vanguard Tax-Managed Small-Cap Fund	\$2.1

 *Each Fund is subject to investment style risk, which is the chance that returns from the types of stocks in which the Fund invests will trail returns from the overall stock market. Specific types of stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years.*

## Municipal Securities

The Tax-Managed Balanced Fund invests 50% to 55% of its assets in municipal securities. These are bonds, notes, and other fixed income instruments issued by state and local governments and regional governmental authorities, which pay income that is exempt from federal taxes. There is no guarantee that all of the income from municipal bonds will remain exempt from federal, state, or local income taxes. Income from municipal bonds held by the Fund could be declared taxable, possibly with retroactive effect, because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service (IRS) or state or local tax authorities, or noncompliant conduct of a bond issuer.

The Fund focuses on high-quality municipal securities: At least 75% of the municipal bonds purchased by the Fund will be rated in one of the top three credit-rating categories as determined by an independent bond-rating agency (e.g., Aaa, Aa, and A by Moody's or AAA, AA, and A by Standard & Poor's) or, if unrated, determined to be of comparable quality by the advisor. The Fund may invest up to 20% of its municipal security assets in medium-grade quality bonds, as determined by an independent bond rating agency (e.g., Baa by Moody's or BBB by Standard & Poor's) or by the advisor. Up to 5% of the Fund's municipal security assets may be invested in securities with lower credit ratings or, if unrated, determined to be of comparable quality by the advisor. The dollar-weighted average maturity of the Fund's municipal securities holdings is expected to be between 6 and 12 years.

### Plain Talk About Municipal Bonds

Municipal bonds are securities issued by state and local governments and regional governmental authorities as a way of raising money for public construction projects (e.g., highways, airports, or housing), for operating expenses, or for loans to public institutions and facilities.



***The Tax-Managed Balanced Fund is subject to interest rate risk, which is the chance that bond prices will decline because of rising interest rates. Interest rate risk is moderate for intermediate-term bonds such as those purchased by the Fund. For the Fund overall, interest rate risk is expected to range from low to moderate because it invests only a portion of its assets in bonds.***

Although fixed income securities (commonly referred to as bonds) are often thought to be less risky than stocks, there have been periods when bond prices have fallen significantly because of rising interest rates. For instance, prices of long-term bonds fell by almost 48% between December 1976 and September 1981.

To illustrate the relationship between bond prices and interest rates, the following table shows the effect of a 1% and a 2% change (both up and down) in interest rates on the values of three noncallable bonds (i.e., bonds that cannot be redeemed by the issuer) of different maturities, each with a face value of \$1,000.

## How Interest Rate Changes Affect the Value of a \$1,000 Bond<sup>1</sup>

Type of Bond (Maturity)	After a 1% Increase	After a 1% Decrease	After a 2% Increase	After a 2% Decrease
Short-Term (2.5 years)	\$977	\$1,024	\$954	\$1,049
Intermediate-Term (10 years)	922	1,086	851	1,180
Long-Term (20 years)	874	1,150	769	1,328

<sup>1</sup> Assuming a 4% coupon rate.

These figures are for illustration only; you should not regard them as an indication of future performance of the bond market as a whole or the Tax-Managed Balanced Fund in particular.

### Plain Talk About Bonds and Interest Rates

As a rule, when interest rates rise, bond prices fall. The opposite is also true: Bond prices go up when interest rates fall. Why do bond prices and interest rates move in opposite directions? Let's assume that you hold a bond offering a 4% yield. A year later, interest rates are on the rise and bonds of comparable quality and maturity are offered with a 5% yield. With higher-yielding bonds available, you would have trouble selling your 4% bond for the price you paid—you would probably have to lower your asking price. On the other hand, if interest rates were falling and 3% bonds were being offered, you should be able to sell your 4% bond for more than you paid.

Changes in interest rates can affect bond *income* as well as bond *prices*.



*The Tax-Managed Balanced Fund is subject to income risk, which is the chance that the Fund's income will decline because of falling interest rates. A fund's income declines when interest rates fall because the fund then must invest new cash flow and cash from maturing bonds in lower-yielding bonds. Income risk is generally higher for funds holding short-term bonds and lower for funds holding long-term bonds. For the Fund overall, income risk is expected to range from low to moderate because it invests only a portion of its assets in bonds.*

## Plain Talk About Bond Maturities

A bond is issued with a specific maturity date—the date when the issuer must pay back the bond’s principal (face value). Bond maturities range from less than 1 year to more than 30 years. Typically, the longer a bond’s maturity, the more price risk you, as a bond investor, will face as interest rates rise—but also the higher the potential yield you could receive. Longer-term bonds are generally more suitable for investors willing to take a greater risk of price fluctuations to get higher and more stable interest income. Shorter-term bond investors should be willing to accept lower yields and greater income variability in return for less fluctuation in the value of their investment. The stated maturity of a bond may differ from the effective maturity of a bond, which takes into consideration that an action such as a call or refunding may cause bonds to be repaid before their stated maturity dates.



*The Tax-Managed Balanced Fund is subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer’s ability to make such payments will cause the price of that bond to decline. Credit risk is expected to be low for the Fund because it invests only a portion of its assets in bonds, most of which are considered to be of high quality.*

## Plain Talk About Credit Quality

A bond’s credit quality rating is an assessment of the issuer’s ability to pay interest on the bond and, ultimately, to repay the principal. The lower the credit quality, the greater the perceived chance that the bond issuer will default, or fail to meet its payment obligations. All things being equal, the lower a bond’s credit quality, the higher its yield should be to compensate investors for assuming additional risk.



*The Tax-Managed Balanced Fund is subject to call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. The Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Fund's income. Such redemptions and subsequent reinvestments would also increase the Fund's portfolio turnover rate. Call risk is generally moderate for intermediate-term bonds such as those purchased by the Fund. For the Fund overall, call risk is expected to range from low to moderate because it invests only a portion of its assets in bonds.*

The Tax-Managed Balanced Fund is subject to extension risk. Extension risk is the chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. Extension risk is expected to be low for the Fund because it invests only a portion of its assets in bonds.

The Tax-Managed Balanced Fund's bond holdings help to reduce—but not eliminate—some of the stock market volatility experienced by the Fund. Likewise, changes in interest rates may not have as dramatic an effect on the Fund as they would on a fund made up entirely of bonds. The Fund's balanced portfolio, in the long run, should result in less investment risk—and a lower investment return—than a fund investing exclusively in stocks.



*The Tax-Managed Balanced Fund is subject to liquidity risk, which is the chance that the Fund may not be able to sell a security in a timely manner at a desired price.*

Municipal securities are traded via a network among dealers and brokers that connect buyers with sellers. Liquidity in the tax-exempt bond market may be reduced as a result of overall economic conditions and credit tightening. There may be little trading in the secondary market for particular bonds and other debt securities, which may make them more difficult to value or sell.

Market disruptions can adversely affect local and global markets as well as normal market conditions and operations. Any such disruptions could have an adverse impact on the value of a Fund's investments and Fund performance.

## **Security Selection**

Each Fund employs an index-oriented approach to stock investing, and the only stocks purchased by a Fund are those of issuers included in its benchmark index at the time of purchase. The Tax-Managed Balanced Fund selects municipal

securities, however, based upon traditional active-management techniques. The following grid shows, at a glance, the types of stocks included in each Fund's benchmark index.

Vanguard Fund	Benchmark Index	Types of Stocks
Tax-Managed Balanced (stock portion)	Russell 1000	Large- and mid-cap
Tax-Managed Capital Appreciation	Russell 1000	Large- and mid-cap
Tax-Managed Small-Cap	S&P SmallCap 600	Small-cap

-  *The bond portion of the Tax-Managed Balanced Fund is subject to manager risk, which is the chance that poor security selection will cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective.*
-  *The bond portion of the Tax-Managed Balanced Fund is subject to tax risk, which is the chance that all or a portion of the tax-exempt income from municipal bonds held by the Fund will be declared taxable, possibly with retroactive effect, because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state or local tax authorities, or noncompliant conduct of a bond issuer.*

The ability of an advisor to purchase or dispose of certain Fund investments is or may be restricted or impaired because of limitations imposed by law, regulation, or by certain regulators or issuers. As a result, an advisor may be required to limit purchases or sell existing investments. If a Fund is required to limit its investment in a particular issuer, then the Fund may seek to obtain regulatory relief or ownership waivers. Other options a Fund may pursue include seeking to obtain economic exposure to that issuer through alternative means, such as through a derivative or through investment in a wholly owned subsidiary, both of which may be more costly than owning securities of the issuer directly. Ownership restrictions and limitations could result in unanticipated tax consequences to a Fund that may affect the amount, timing, and character of distributions to shareholders. See *Other Investment Policies and Risks* for further information related to derivatives.

### **Other Investment Policies and Risks**

Each Fund may invest, to a limited extent, in derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, a bond, or a currency), a physical asset (such as gold, oil, or wheat), a market index, or a reference rate. Investments in derivatives may subject the Funds to risks different from, and possibly greater than, those of investments directly in the underlying securities or assets. The Funds will not use derivatives for speculation or for the purpose of leveraging (magnifying) investment returns.

Each Fund may invest a small portion of its assets in equity futures (and, for the Tax-Managed Balanced Fund, fixed income futures), which are a type of derivative, and/or shares of exchange-traded funds (ETFs). These equity futures and ETFs typically provide returns similar to those of common stocks (and, for fixed income futures, bonds). Each Fund may purchase futures or ETFs when doing so will reduce the Fund's transaction costs or provide flexibility for the Funds to seek better tax efficiency. Vanguard receives no additional revenue from Fund assets invested in ETF Shares of other Vanguard funds. Fund assets invested in ETF Shares are excluded when allocating to the Fund its share of the costs of Vanguard operations.

### **Cash Management**

Each Fund's daily cash balance may be invested in Vanguard Market Liquidity Fund and/or Vanguard Municipal Cash Management Fund (each, a CMT Fund), which are low-cost money market funds. When investing in a CMT Fund, each Fund bears its proportionate share of the expenses of the CMT Fund in which it invests. Vanguard receives no additional revenue from Fund assets invested in a CMT Fund.

### **Redemption Requests**

**Methods used to meet redemption requests.** Under normal circumstances, each Fund typically expects to meet redemptions with positive cash flows. When this is not an option, each Fund seeks to maintain its risk exposure by selling a cross section of the Fund's holdings to meet redemptions, while also factoring in transaction costs. Additionally, a Fund may work with larger clients to implement their redemptions in a manner that is least disruptive to the portfolio; see "Potentially disruptive redemptions" under *Redeeming Shares* in the **Investing With Vanguard** section.

Under certain circumstances, including under stressed market conditions, there are additional tools that each Fund may use in order to meet redemptions, including advancing the settlement of market trades with counterparties to match investor redemption payments or delaying settlement of an investor's transaction to match trade settlement within regulatory requirements. A Fund may also suspend payment of redemption proceeds for up to seven days; see "Emergency circumstances" under *Redeeming Shares* in the **Investing With Vanguard** section. Additionally under these unusual circumstances, a Fund may borrow money (subject to certain regulatory conditions and if available under board-approved procedures) through an interfund lending facility; through a bank line-of-credit, including a joint committed credit facility; or through an uncommitted line-of-credit from Vanguard in order to meet redemption requests.

**Potential redemption activity impacts.** At times, a Fund may experience adverse effects when certain large shareholders, or multiple shareholders comprising significant ownership of the Fund, redeem large amounts of shares of the Fund. Large redemptions may cause a Fund to sell portfolio securities at times when it would not otherwise do so. This may result in a Fund distributing capital gains or other taxable income to non-redeeming shareholders. Large redemptions may also increase a Fund's transaction costs. Redemption activity can occur for many reasons, including shareholder reactions to market movements or other events unrelated to Vanguard's actions, or when Vanguard makes product changes that, for example, may result in a shareholder redeeming shares of a Fund to purchase shares of another similar fund or investment vehicle. When experiencing large redemptions, the Fund reserves the right to pay all or part of the redemption in-kind and/or delay payment of the redemption proceeds for up to seven calendar days; see "Potentially disruptive redemptions" under *Redeeming Shares* in the **Investing With Vanguard** section.

### **Temporary Investment Measures**

Each Fund may temporarily depart from its normal investment policies and strategies when the advisor believes that doing so is in the Fund's best interest, so long as the strategy or policy employed is consistent with the Fund's investment objective. For instance, a Fund may invest beyond its normal limits in derivatives or exchange-traded funds that are consistent with the Fund's investment objective when those instruments are more favorably priced or provide needed liquidity, as might be the case if the Fund receives large cash flows that it cannot prudently invest immediately.

In addition, each Fund may take temporary defensive positions that are inconsistent with its normal investment policies and strategies—for instance, by allocating substantial assets to cash equivalent investments or other less volatile instruments—in response to adverse or unusual market, economic, political, or other conditions. In doing so, the Fund may succeed in avoiding losses but may otherwise fail to achieve its investment objective.

### **Frequent Trading or Market-Timing**

**Background.** Some investors try to profit from strategies involving frequent trading of mutual fund shares, such as market-timing. For funds holding foreign securities, investors may try to take advantage of an anticipated difference between the price of the fund's shares and price movements in overseas markets, a practice also known as time-zone arbitrage. Investors also may try to engage in frequent trading of funds holding investments such as small-cap stocks and high-yield bonds. As money is shifted into and out of a fund by a

shareholder engaging in frequent trading, the fund incurs costs for buying and selling securities, resulting in increased brokerage and administrative costs. These costs are borne by *all* fund shareholders, including the long-term investors who do not generate the costs. In addition, frequent trading may interfere with an advisor's ability to efficiently manage the fund.

**Policies to address frequent trading.** The Vanguard funds (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) do not knowingly accommodate frequent trading. The board of trustees of each Vanguard fund (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) has adopted policies and procedures reasonably designed to detect and discourage frequent trading and, in some cases, to compensate the fund for the costs associated with it. These policies and procedures do not apply to ETF Shares because frequent trading in ETF Shares generally does not disrupt portfolio management or otherwise harm fund shareholders. Although there is no assurance that Vanguard will be able to detect or prevent frequent trading or market-timing in all circumstances, the following policies have been adopted to address these issues:

- Each Vanguard fund reserves the right to reject any purchase request—including exchanges from other Vanguard funds—without notice and regardless of size. For example, a purchase request could be rejected because the investor has a history of frequent trading or if Vanguard determines that such purchase may negatively affect a fund's operation or performance.
- Each Vanguard fund (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) generally prohibits, except as otherwise noted in the **Investing With Vanguard** section, an investor's purchases or exchanges into a fund account for 30 calendar days after the investor has redeemed or exchanged out of that fund account.
- Certain Vanguard funds charge shareholders purchase and/or redemption fees on transactions.

See the **Investing With Vanguard** section of this prospectus for further details on Vanguard's transaction policies.

Each Vanguard fund (other than retail and government money market funds), in determining its net asset value, will use fair-value pricing when appropriate, as described in the *Share Price* section. Fair-value pricing may reduce or eliminate the profitability of certain frequent-trading strategies.

**Do not invest with Vanguard if you are a market-timer.**

**A precautionary note to investment companies:** Each Fund's shares are issued by a registered investment company, and therefore the acquisition of such shares by other investment companies and private funds is subject to the restrictions of Section 12(d)(1) of the Investment Company Act of 1940 (the 1940 Act). SEC Rule 12d1-4 under the 1940 Act permits registered investment companies to invest in other registered investment companies beyond the limits in Section 12(d)(1), subject to certain conditions, including that funds with different investment advisors must enter into a fund of funds investment agreement.

### **Turnover Rate**

Although the Funds generally seek to invest for the long term, each Fund may sell securities regardless of how long they have been held. Generally, an index-oriented fund sells securities in response to redemption requests or to changes in the composition of its target index. Turnover rates for large-cap stock index funds tend to be very low because large-cap indexes—such as the S&P 500 Index—typically do not change significantly from year to year. Turnover rates for mid-cap and small-cap stock index funds tend to be higher (although still relatively low, compared with actively managed stock funds) because the indexes they track are more likely to change as a result of companies merging, growing, or failing. The **Financial Highlights** section of this prospectus shows historical turnover rates for the Funds. A turnover rate of 100%, for example, would mean that a Fund had sold and replaced securities valued at 100% of its net assets within a one-year period. In general, the greater the turnover rate, the greater the impact transaction costs will have on a fund's return. Also, funds with high turnover rates may be more likely to generate capital gains, including short-term capital gains, that must be distributed to shareholders and will be taxable to shareholders investing through a taxable account.

### **The Funds and Vanguard**

Each Fund is a member of The Vanguard Group, Inc. (Vanguard), a family of over 200 funds. All of the funds that are members of Vanguard (other than funds of funds) share in the expenses associated with administrative services and business operations, such as personnel, office space, and equipment.

Vanguard Marketing Corporation provides marketing services to the funds. Although fund shareholders do not pay sales commissions or 12b-1 distribution fees, each fund (other than a fund of funds) or each share class of a fund (in the case of a fund with multiple share classes) pays its allocated share of the Vanguard funds' marketing costs.

## Plain Talk About Vanguard's Unique Corporate Structure

Vanguard is owned jointly by the funds it oversees and thus indirectly by the shareholders in those funds. Most other mutual funds are operated by management companies that are owned by third parties—either public or private stockholders—and not by the funds they serve.

### Investment Advisor

The Vanguard Group, Inc., P.O. Box 2600, Valley Forge, PA 19482, which began operations in 1975, serves as advisor to the Funds through its Equity Index and Fixed Income Groups. As of December 31, 2022, Vanguard served as advisor for approximately \$6 trillion in assets. Vanguard provides investment advisory services to the Funds pursuant to the Funds' Service Agreement and subject to the supervision and oversight of the trustees and officers of the Funds.

For the fiscal year ended December 31, 2022, the advisory expenses represented an effective annual rate of each Fund's average net assets as follows: for the Tax-Managed Balanced Fund, less than 0.01%; for the Tax-Managed Capital Appreciation Fund and Tax-Managed Small-Cap Fund, 0.01%.

Under the terms of an SEC exemption, the Funds' board of trustees may, without prior approval from shareholders, change the terms of an advisory agreement with a third-party investment advisor or hire a new third-party investment advisor—either as a replacement for an existing advisor or as an additional advisor. Any significant change in a Fund's advisory arrangements will be communicated to shareholders in writing. As the Funds' sponsor and overall manager, Vanguard may provide investment advisory services to a Fund at any time. Vanguard may also recommend to the board of trustees that an advisor be hired, terminated, or replaced or that the terms of an existing advisory agreement be revised. The Funds have filed an application seeking a similar SEC exemption with respect to investment advisors that are wholly owned subsidiaries of Vanguard. If the exemption is granted, the Funds may rely on the new SEC relief.

For a discussion of why the board of trustees approved each Fund's investment advisory arrangement, see the most recent semiannual report to shareholders covering the fiscal period ended June 30.

The managers primarily responsible for the day-to-day management of the Funds are:

**Donald M. Butler**, CFA, Principal of Vanguard. He has been with Vanguard since 1992; has managed investment portfolios since 1997; and has co-managed the Tax-Managed Small-Cap Fund since 2016. Education: B.S.B.A., Shippensburg University.

**James M. D’Arcy**, CFA, Portfolio Manager at Vanguard. He has worked in investment management since 1996, has managed investment portfolios since 1999, has been with Vanguard since 2011, and has managed the bond portion of the Tax-Managed Balanced Fund since 2013. Education: B.A., University of Colorado.

**Walter Nejman**, Portfolio Manager at Vanguard. He has been with Vanguard since 2005; has worked in investment management since 2008; has co-managed Vanguard Tax-Managed Capital Appreciation Fund and Vanguard Tax-Managed Small Cap Fund since February 2023, and the stock portion of Vanguard Tax-Managed Balanced Fund since 2021.. Education: B.A., Arcadia University; M.B.A., Villanova University.

**Awais Khan**, CFA, Portfolio Manager at Vanguard. He has been with Vanguard since 2010; has worked in investment management since 2012; and has co-managed the Tax-Managed Capital Appreciation Fund since July 2021. Education: B.S./B.S.B.A., University of North Carolina at Charlotte.

**Aurélié Denis**, CFA, Portfolio Manager at Vanguard. She has been with Vanguard since 2016, has worked in investment management since 2017, has managed investment portfolios since 2023, and has co-managed the stock portion of Vanguard Tax-Managed Balanced Fund since February 2023. Education: B.S., Pennsylvania State University.

**Michael R. Roach**, Portfolio Manager at Vanguard. He has been with Vanguard since 1998, has worked in investment management since 2005, had previously managed investment portfolios from 2009-2019, and has co-managed the stock portion of Vanguard Tax-Managed Balanced Fund since February 2023. Education: B.S., Bloomsburg University of Pennsylvania; M.S., Drexel University.

The Funds’ *Statement of Additional Information* provides information about each portfolio manager’s compensation, other accounts under management, and ownership of shares of the Funds.

## Dividends, Capital Gains, and Taxes

### Fund Distributions

Each Fund distributes to shareholders virtually all of its net income (interest and dividends, less expenses) as well as any net short-term or long-term capital gains realized from the sale of its holdings. From time to time, each Fund may also make distributions that are treated as a return of capital. Income dividends generally are distributed quarterly in March, June, September, and December. Capital gains distributions, if any, generally occur annually in December. In addition, each Fund may occasionally make a supplemental distribution at some other time during the year.

You can receive distributions of income or capital gains in cash, or you can have them automatically reinvested in more shares of the Fund. However, if you are investing through an employer-sponsored retirement or savings plan, your distributions will be automatically reinvested in additional Fund shares.

### Plain Talk About Distributions

As a shareholder, you are entitled to your portion of a fund's income from interest and dividends as well as capital gains from the fund's sale of investments. Income consists of both the dividends that the fund earns from any stock holdings and the interest it receives from any money market and bond investments. Capital gains are realized whenever a fund sells securities for higher prices than it paid for them. These capital gains are either short-term or long-term, depending on whether the fund held the securities for one year or less or for more than one year.

### Basic Tax Points

Investors in taxable accounts should be aware of the following basic federal income tax points:

- Distributions are taxable to you whether or not you reinvest these amounts in additional Fund shares.
- Distributions declared in December—if paid to you by the end of January—are taxable as if received in December.
- Any dividend distribution or short-term capital gains distribution that you receive is taxable to you as ordinary income (other than dividends paid by the Tax-Managed Balanced Fund from interest received by the Fund on its investments in municipal securities, which are expected to be exempt from taxes). If you are an individual and meet certain holding-period requirements with

respect to your Fund shares, you may be eligible for reduced tax rates on “qualified dividend income,” if any, or a special tax deduction on “qualified REIT dividends, if any, distributed by the Funds.

- Any distribution of net long-term capital gains is taxable to you as long-term capital gains, no matter how long you have owned shares in the Fund.
- Although the Funds seek to minimize distributions of taxable capital gains, they may not always achieve this goal. Capital gains distributions may vary considerably from year to year as a result of the Funds’ normal investment activities and cash flows.
- Your cost basis in the Fund will be decreased by the amount of any return of capital that you receive. This, in turn, will affect the amount of any capital gain or loss that you realize when selling or exchanging your Fund shares.
- Return of capital distributions generally are not taxable to you until your cost basis has been reduced to zero. If your cost basis is at zero, return of capital distributions will be treated as capital gains.
- A sale or exchange of Fund shares is a taxable event. This means that you may have a capital gain to report as income, or a capital loss to report as a deduction, when you complete your tax return.
- Any conversion between classes of shares of the *same* fund is a *nontaxable* event. By contrast, an exchange between classes of shares of *different* funds is a *taxable* event.
- Vanguard (or your intermediary) will send you a statement each year showing the tax status of all of your distributions.

Individuals, trusts, and estates whose income exceeds certain threshold amounts are subject to a 3.8% Medicare contribution tax on “net investment income.” Net investment income takes into account distributions paid by the Fund (except exempt-interest dividends from the Tax-Managed Balanced Fund) and capital gains from any sale or exchange of Fund shares.

Dividend distributions and capital gains distributions that you receive, as well as your gains or losses from any sale or exchange of Fund shares, may be subject to state and local income taxes.

The Tax-Managed Balanced Fund’s income dividends from interest earned on municipal securities of a state or its political subdivisions are generally exempt from that state’s income taxes. Almost all states, however, tax interest earned on municipal securities of *other* states. Vanguard will annually provide you with information to help report your earnings by state from the Fund on your tax returns.

This prospectus provides general tax information only. If you are investing through a tax-advantaged account, such as an IRA or an employer-sponsored retirement or savings plan, special tax rules apply. Please consult your tax advisor for detailed information about any tax consequences for you.

### Plain Talk About Buying a Dividend

Unless you are a tax-exempt investor or investing through a tax-advantaged account (such as an IRA or an employer-sponsored retirement or savings plan), you should consider avoiding a purchase of fund shares shortly before the fund makes a distribution, because doing so can cost you money in taxes. This is known as “buying a dividend.” For example: On December 15, you invest \$5,000, buying 250 shares for \$20 each. If the fund pays a distribution of \$1 per share on December 16, its share price will drop to \$19 (not counting market change). You still have only \$5,000 (250 shares x \$19 = \$4,750 in share value, plus 250 shares x \$1 = \$250 in distributions), but you *owe tax* on the \$250 distribution you received—even if you reinvest it in more shares. To avoid buying a dividend, check a fund’s distribution schedule before you invest.

### General Information

**Backup withholding.** By law, Vanguard must withhold 24% of any taxable distributions or redemptions from your account if you do not:

- Provide your correct taxpayer identification number.
- Certify that the taxpayer identification number is correct.
- Confirm that you are not subject to backup withholding.

Similarly, Vanguard (or your intermediary) must withhold taxes from your account if the IRS instructs us to do so.

**Foreign investors.** Vanguard funds offered for sale in the United States (Vanguard U.S. funds), including the Funds offered in this prospectus, are not widely available outside the United States. Non-U.S. investors should be aware that U.S. withholding and estate taxes and certain U.S. tax reporting requirements may apply to any investments in Vanguard U.S. funds. Foreign investors should visit the non-U.S. investors page on our website at [vanguard.com](http://vanguard.com) for information on Vanguard’s non-U.S. products.

**Invalid addresses.** If a dividend distribution or capital gains distribution check mailed to your address of record is returned as undeliverable, Vanguard will automatically reinvest the distribution and all future distributions until you provide us with a valid mailing address. Reinvestments will receive the net asset value calculated on the date of the reinvestment.

## Share Price

Share price, also known as *net asset value* (NAV), is calculated as of the close of regular trading on the New York Stock Exchange (NYSE), generally 4 p.m., Eastern time, on each day that the NYSE is open for business (a business day). In the rare event the NYSE experiences unanticipated disruptions and is unavailable at the close of the trading day, NAVs will be calculated as of the close of regular trading on the Nasdaq (or another alternate exchange if the Nasdaq is unavailable, as determined at Vanguard's discretion), generally 4 p.m., Eastern time. Each share class of the Tax-Managed Capital Appreciation Fund and the Tax-Managed Small-Cap Fund has its own NAV, which is computed by dividing the total assets, minus liabilities, allocated to the share class by the number of Fund shares outstanding for that class. The NAV per share for the Tax-Managed Balanced Fund is computed by dividing the total assets, minus liabilities, of the Fund by the number of Fund shares outstanding. On U.S. holidays or other days when the NYSE is closed, the NAV is not calculated, and the Funds do not sell or redeem shares. However, on those days the value of a Fund's assets may be affected to the extent that the Fund holds securities that change in value on those days (such as foreign securities that trade on foreign markets that are open).

Stocks held by a Vanguard fund are valued at their *market value* when reliable market quotations are readily available from the principal exchange or market on which they are traded. Such securities are generally valued at their official closing price, the last reported sales price, or if there were no sales that day, the mean between the closing bid and asking prices. Debt securities held by a fund are valued based on information furnished by an independent pricing service or market quotations. When a fund determines that pricing-service information or market quotations either are not readily available or do not accurately reflect the value of a security, the security is priced at its *fair value* (the amount that the owner might reasonably expect to receive upon the current sale of the security).

The values of any foreign securities held by a fund are converted into U.S. dollars using an exchange rate obtained from an independent third party as of the close of regular trading on the NYSE. The values of any mutual fund shares, including

institutional money market fund shares, held by a fund are based on the NAVs of the shares. The values of any ETF shares or closed-end fund shares held by a fund are based on the market value of the shares.

A fund also will use fair-value pricing if the value of a security it holds has been materially affected by events occurring before the fund's pricing time but after the close of the principal exchange or market on which the security is traded. This most commonly occurs with foreign securities, which may trade on foreign exchanges that close many hours before the fund's pricing time. Intervening events might be company-specific (e.g., earnings report, merger announcement) or country-specific or regional/global (e.g., natural disaster, economic or political news, interest rate change, act of terrorism). Intervening events include price movements in U.S. markets that exceed a specified threshold or that are otherwise deemed to affect the value of foreign securities.

Fair-value pricing may be used for domestic securities—for example, if (1) trading in a security is halted and does not resume before the fund's pricing time or a security does not trade in the course of a day and (2) the fund holds enough of the security that its price could affect the NAV. A fund may use fair-value pricing with respect to its fixed income securities on bond market holidays when the fund is open for business (such as Columbus Day and Veterans Day).

Fair-value prices are determined by Vanguard according to procedures adopted by the board of trustees. When fair-value pricing is employed, the prices of securities used by a fund to calculate the NAV may differ from quoted or published prices for the same securities.

The Fund has authorized certain financial intermediaries and their designees, and may, from time to time, authorize certain funds of funds for which Vanguard serves as the investment advisor (Vanguard Funds of Funds), to accept orders to buy or sell fund shares on its behalf. The Fund will be deemed to receive an order when accepted by the financial intermediary, its designee, or one of the Vanguard Funds of Funds, and the order will receive the NAV next computed by the Fund after such acceptance.

Vanguard fund share prices are published daily on our website at [vanguard.com/prices](http://vanguard.com/prices).

# Financial Highlights

Financial highlights information is intended to help you understand a fund's performance for the past five years (or, if shorter, its period of operations). Certain information reflects financial results for a single fund share. Total return represents the rate that an investor would have earned or lost each period on an investment in a fund or share class (assuming reinvestment of all distributions). This information has been obtained from the financial statements audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report, along with fund financial statements, is included in a fund's most recent annual report to shareholders. You may obtain a free copy of a fund's latest annual or semiannual report, which is available upon request.

## Vanguard Tax-Managed Balanced Fund

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2022	2021	2020	2019	2018
<b>Net Asset Value, Beginning of Period</b>	<b>\$42.43</b>	<b>\$38.06</b>	<b>\$34.25</b>	<b>\$29.65</b>	<b>\$30.73</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	.673	.620	.658	.701	.688
Net Realized and Unrealized Gain (Loss) on Investments	(6.040)	4.335	3.808	4.603	(1.110)
Total from Investment Operations	(5.367)	4.955	4.466	5.304	(.422)
<b>Distributions</b>					
Dividends from Net Investment Income <sup>2</sup>	(.673)	(.585)	(.656)	(.704)	(.658)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.673)	(.585)	(.656)	(.704)	(.658)
<b>Net Asset Value, End of Period</b>	<b>\$36.39</b>	<b>\$42.43</b>	<b>\$38.06</b>	<b>\$34.25</b>	<b>\$29.65</b>
<b>Total Return<sup>3</sup></b>	<b>-12.66%</b>	<b>13.10%</b>	<b>13.30%</b>	<b>18.01%</b>	<b>-1.43%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$7,729	\$8,816	\$6,859	\$5,809	\$4,370
Ratio of Total Expenses to Average Net Assets	0.09%	0.09%	0.09%	0.09%	0.09%
Ratio of Net Investment Income to Average Net Assets	1.78%	1.53%	1.90%	2.16%	2.22%
Portfolio Turnover Rate <sup>4</sup>	22%	6%	20%	12%	11%

1 Calculated based on average shares outstanding.

2 For tax purposes, nontaxable dividends represent 63%, 63%, 62%, 61%, 61%, and 61% of dividends from net investment income.

3 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.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

## Vanguard Tax-Managed Capital Appreciation Fund Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2022	2021	2020	2019	2018
<b>Net Asset Value, Beginning of Period</b>	<b>\$247.92</b>	<b>\$197.63</b>	<b>\$165.93</b>	<b>\$128.29</b>	<b>\$137.30</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	2.900	2.542	2.666	2.557	2.385
Net Realized and Unrealized Gain (Loss) on Investments	(50.089)	50.328	31.640	37.603	(9.045)
<b>Total from Investment Operations</b>	<b>(47.189)</b>	<b>52.870</b>	<b>34.306</b>	<b>40.160</b>	<b>(6.660)</b>
<b>Distributions</b>					
Dividends from Net Investment Income	(2.911)	(2.580)	(2.606)	(2.520)	(2.350)
Distributions from Realized Capital Gains	—	—	—	—	—
<b>Total Distributions</b>	<b>(2.911)</b>	<b>(2.580)</b>	<b>(2.606)</b>	<b>(2.520)</b>	<b>(2.350)</b>
<b>Net Asset Value, End of Period</b>	<b>\$197.82</b>	<b>\$247.92</b>	<b>\$197.63</b>	<b>\$165.93</b>	<b>\$128.29</b>
<b>Total Return<sup>2</sup></b>	<b>-19.06%</b>	<b>26.87%</b>	<b>21.07%</b>	<b>31.46%</b>	<b>-4.97%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$12,846	\$15,850	\$12,543	\$10,579	\$7,951
Ratio of Total Expenses to Average Net Assets	0.09% <sup>3</sup>	0.09%	0.09%	0.09%	0.09%
Ratio of Net Investment Income to Average Net Assets	1.37%	1.13%	1.60%	1.70%	1.69%
Portfolio Turnover Rate <sup>4</sup>	2%	0%	6%	5%	6%

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 The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.09%.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

## Vanguard Tax-Managed Small-Cap Fund Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2022	2021	2020	2019	2018
<b>Net Asset Value, Beginning of Period</b>	<b>\$93.29</b>	<b>\$74.30</b>	<b>\$67.84</b>	<b>\$55.70</b>	<b>\$61.63</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	1.153	1.090	.819	.772	.737
Net Realized and Unrealized Gain (Loss) on Investments	(16.221)	18.985	6.451	12.146	(5.965)
Total from Investment Operations	(15.068)	20.075	7.270	12.918	(5.228)
<b>Distributions</b>					
Dividends from Net Investment Income	(1.162)	(1.085)	(.810)	(.778)	(.702)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(1.162)	(1.085)	(.810)	(.778)	(.702)
<b>Net Asset Value, End of Period</b>	<b>\$77.06</b>	<b>\$93.29</b>	<b>\$74.30</b>	<b>\$67.84</b>	<b>\$55.70</b>
<b>Total Return<sup>2</sup></b>	<b>-16.14%</b>	<b>27.08%</b>	<b>11.05%</b>	<b>23.28%</b>	<b>-8.62%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$7,150	\$8,631	\$6,689	\$6,506	\$5,304
Ratio of Total Expenses to Average Net Assets	0.09% <sup>3</sup>	0.09%	0.09%	0.09%	0.09%
Ratio of Net Investment Income to Average Net Assets	1.41%	1.22%	1.39%	1.23%	1.13%
Portfolio Turnover Rate <sup>4</sup>	10%	9%	31%	53%	29%

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 The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.09%.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

## Investing With Vanguard

This section of the prospectus explains the basics of doing business with Vanguard. Vanguard fund shares can be held directly with Vanguard or indirectly through an intermediary, such as a bank, a broker, or an investment advisor. If you hold Vanguard fund shares directly with Vanguard, you should carefully read each topic within this section that pertains to your relationship with Vanguard. If you hold Vanguard fund shares indirectly through an intermediary (including shares held in a brokerage account through Vanguard Brokerage Services®), please see *Investing With Vanguard Through Other Firms*, and also refer to your account agreement with the intermediary for information about transacting in that account. If you hold Vanguard fund shares through an employer-sponsored retirement or savings plan, please see *Employer-Sponsored Plans*. Vanguard reserves the right to change the following policies without notice. Please call or check online for current information. See *Contacting Vanguard*.

For Vanguard fund shares held directly with Vanguard, each fund you hold in an account is a separate “fund account.” For example, if you hold three funds in a nonretirement account titled in your own name, two funds in a nonretirement account titled jointly with your spouse, and one fund in an individual retirement account, you have six fund accounts—and this is true even if you hold the same fund in multiple accounts. Note that each reference to “you” in this prospectus applies to any one or more registered account owners or persons authorized to transact on your account.

## Purchasing Shares

Vanguard reserves the right, without notice, to increase or decrease the minimum amount required to open, convert shares to, or maintain a fund account or to add to an existing fund account.

Investment minimums may differ for certain categories of investors.

### Account Minimums for Admiral Shares

**To open and maintain an account.** \$10,000. Financial intermediaries, institutional clients, and Vanguard-advised clients should contact Vanguard for information on special eligibility rules that may apply to them regarding Admiral Shares. If you are investing through an intermediary, please contact that firm directly for more information regarding your eligibility.

**To add to an existing account.** Generally \$1.

## How to Initiate a Purchase Request

Be sure to check *Exchanging Shares*, *Frequent-Trading Limitations*, and *Other Rules You Should Know* before placing your purchase request.

**Online.** You may open certain types of accounts, request a purchase of shares, and request an exchange through our website or our mobile application if your account is eligible and you are registered for online access.

**By telephone.** You may call Vanguard to begin the account registration process or request that the account-opening forms be sent to you. You may also call Vanguard to request a purchase of shares in your account or to request an exchange. See *Contacting Vanguard*.

**By mail.** You may send Vanguard your account registration form and check to open a new fund account. To add to an existing fund account, you may send your check with an Invest-by-Mail form (from a transaction confirmation or your account statement) or with a deposit slip (available online).

## How to Pay for a Purchase

**By electronic bank transfer.** You may purchase shares of a Vanguard fund through an electronic transfer of money from a bank account. To establish the electronic bank transfer service on an account, you must designate the bank account online, complete a form, or fill out the appropriate section of your account registration form. After the service is set up on your account, you can purchase shares by electronic bank transfer on a regular schedule (Automatic Investment Plan), if eligible, or upon request. Your purchase request can be initiated online (if you are registered for online access), by telephone, or by mail.

**By wire.** Wiring instructions vary for different types of purchases. Please call Vanguard for instructions and policies on purchasing shares by wire. See *Contacting Vanguard*.

**By check.** You may make initial or additional purchases to your fund account by sending a check with a deposit slip or by utilizing our mobile application if your account is eligible and you are registered for online access. Also see *How to Initiate a Purchase Request*. Make your check payable to Vanguard and include the appropriate fund number (e.g., Vanguard—xx). For a list of Fund numbers (for Funds in this prospectus), see *Additional Information*.

**By exchange.** You may purchase shares of a Vanguard fund using the proceeds from the simultaneous redemption of shares of another Vanguard fund. You may initiate an exchange online (if you are registered for online access), by telephone, or by mail with an exchange form. See *Exchanging Shares*.

## Trade Date

The trade date for any purchase request received in good order will depend on the day and time Vanguard receives your request, the manner in which you are paying, and the type of fund you are purchasing. Your purchase will be executed using the NAV as calculated on the trade date. NAVs are calculated only on days that the NYSE is open for trading (a business day). In the rare event the NYSE experiences unanticipated disruptions and is unavailable at the close of the trading day, NAVs will be calculated as of the close of regular trading on the Nasdaq (or another alternate exchange if the Nasdaq is unavailable, as determined at Vanguard's discretion), generally 4 p.m., Eastern time. The time selected for NAV calculation in this rare event shall also serve as the conclusion of the trading day. See *Share Price*.

For purchases by **check** into all funds other than money market funds and for purchases by **exchange, wire, or electronic bank transfer** into all funds: If the purchase request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date for the purchase will be the same day. If the purchase request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date for the purchase will be the next business day.

For purchases by **check** into money market funds: If the purchase request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date for the purchase will be the next business day. If the purchase request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date for the purchase will be the second business day following the day Vanguard receives the purchase request. Because money market instruments must be purchased with federal funds and it takes a money market mutual fund one business day to convert check proceeds into federal funds, the trade date for the purchase will be one business day later than for other funds.

If applicable, orders by Vanguard Funds of Funds will be treated as received by the Fund at the same time that corresponding orders are received in proper form by the Vanguard Funds of Funds.

If your purchase request is not accurate and complete, it may be rejected. See *Other Rules You Should Know—Good Order*.

For further information about purchase transactions, consult our website at [vanguard.com](http://vanguard.com) or see *Contacting Vanguard*.

## Other Purchase Rules You Should Know

**Admiral Shares.** Admiral Shares generally are *not* available for SIMPLE IRAs and Vanguard Individual 401(k) Plans.

**Check purchases.** All purchase checks must be written in U.S. dollars, be drawn on a U.S. bank, and be accompanied by good order instructions. Vanguard does not accept cash, traveler's checks, starter checks, or money orders. In addition, Vanguard may refuse checks that are not made payable to Vanguard.

**New accounts.** We are required by law to obtain from you certain personal information that we will use to verify your identity. If you do not provide the information, we may not be able to open your account. If we are unable to verify your identity, Vanguard reserves the right, without notice, to close your account or take such other steps as we deem reasonable. Certain types of accounts may require additional documentation.

**Refused or rejected purchase requests.** Vanguard reserves the right to stop selling fund shares or to reject any purchase request at any time and without notice, including, but not limited to, purchases requested by exchange from another Vanguard fund. This also includes the right to reject any purchase request because the investor has a history of frequent trading or because the purchase may negatively affect a fund's operation or performance.

**Large purchases.** Call Vanguard before attempting to invest a large dollar amount.

**No cancellations.** Vanguard will not accept your request to cancel any purchase request once processing has begun. Please be careful when placing a purchase request.

## Converting Shares

When a conversion occurs, you receive shares of one class in place of shares of another class of the same fund. At the time of conversion, the dollar value of the "new" shares you receive equals the dollar value of the "old" shares that were converted. In other words, the conversion has no effect on the value of your investment in the fund at the time of the conversion. However, the number of shares you own after the conversion may be greater than or less than the number of shares you owned before the conversion, depending on the NAVs of the two share classes.

Vanguard will not accept your request to cancel any self-directed conversion request once processing has begun. Please be careful when placing a conversion request.

A conversion between share classes of the same fund is a *nontaxable* event.

### **Trade Date**

The trade date for any conversion request received in good order will depend on the day and time Vanguard receives your request. Your conversion will be executed using the NAVs of the different share classes on the trade date. NAVs are calculated only on days that the NYSE is open for trading (a business day). In the rare event the NYSE experiences unanticipated disruptions and is unavailable at the close of the trading day, NAVs will be calculated as of the close of regular trading on the Nasdaq (or another alternate exchange if the Nasdaq is unavailable, as determined at Vanguard's discretion), generally 4 p.m., Eastern time. The time selected for NAV calculation in this rare event shall also serve as the conclusion of the trading day. See *Share Price*.

For a conversion request received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date will be the same day. For a conversion request received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date will be the next business day. See *Other Rules You Should Know*.

### **Conversions to Institutional Shares**

You are eligible for a self-directed conversion from Admiral Shares to Institutional Shares of the same Fund (if available), provided that your account meets all Institutional Shares' eligibility requirements. You may request a conversion through our website (if you are registered for online access), or you may contact Vanguard by telephone or by mail to request this transaction. Accounts that qualify for Institutional Shares will not be automatically converted.

### **Mandatory Conversions to Admiral Shares**

If an account no longer meets the balance requirements for Institutional Shares, Vanguard may automatically convert the shares in the account to Admiral Shares. A decline in the account balance because of market movement may result in such a conversion. Vanguard will notify the investor in writing before any mandatory conversion occurs.

## **Redeeming Shares**

### **How to Initiate a Redemption Request**

Be sure to check *Exchanging Shares*, *Frequent-Trading Limitations*, and *Other Rules You Should Know* before placing your redemption request.

**Online.** You may request a redemption of shares or request an exchange through our website or our mobile application if your account is eligible and you are registered for online access.

**By telephone.** You may call Vanguard to request a redemption of shares or an exchange. See *Contacting Vanguard*.

**By mail.** You may send a form (available online) to Vanguard to redeem from a fund account or to make an exchange.

### **How to Receive Redemption Proceeds**

**By electronic bank transfer.** You may have the proceeds of a fund redemption sent directly to a designated bank account. To establish the electronic bank transfer service on an account, you must designate a bank account online, complete a form, or fill out the appropriate section of your account registration form. After the service is set up on your account, you can redeem shares by electronic bank transfer on a regular schedule (Automatic Withdrawal Plan), if eligible, or upon request. Your redemption request can be initiated online (if you are registered for online access), by telephone, or by mail.

**By wire.** To receive your proceeds by wire, you may instruct Vanguard to wire your redemption proceeds (\$100 minimum) to a previously designated bank account. To establish the wire redemption service, you generally must designate a bank account online, complete a form, or fill out the appropriate section of your account registration form.

Please note that Vanguard charges a \$10 wire fee for outgoing wire redemptions. The fee is assessed in addition to, rather than being withheld from, redemption proceeds and is paid directly to the fund in which you invest. For example, if you redeem \$100 via a wire, you will receive the full \$100, and the \$10 fee will be assessed to your fund account through an additional redemption of fund shares. If you redeem your entire fund account, your redemption proceeds will be reduced by the amount of the fee. The wire fee does not apply to accounts held by Flagship and Flagship Select clients; accounts held through intermediaries, including Vanguard Brokerage Services; or accounts held by institutional clients.

**By exchange.** You may have the proceeds of a Vanguard fund redemption invested directly in shares of another Vanguard fund. You may initiate an exchange online (if you are registered for online access), by telephone, or by mail. See *Exchanging Shares*.

**By check.** If you have not chosen another redemption method, Vanguard will mail you a redemption check, generally payable to all registered account owners, normally within two business days of your trade date, and generally to the address of record.

### **Trade Date**

The trade date for any redemption request received in good order will depend on the day and time Vanguard receives your request and the manner in which you are redeeming. Your redemption will be executed using the NAV as calculated on the trade date. NAVs are calculated only on days that the NYSE is open for trading (a business day). In the rare event the NYSE experiences unanticipated disruptions and is unavailable at the close of the trading day, NAVs will be calculated as of the close of regular trading on the Nasdaq (or another alternate exchange if the Nasdaq is unavailable, as determined at Vanguard's discretion), generally 4 p.m., Eastern time. The time selected for NAV calculation in this rare event shall also serve as the conclusion of the trading day. See *Share Price*.

For redemptions by **check, exchange, or wire**: If the redemption request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date will be the same day. If the redemption request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date will be the next business day.

- Note on timing of wire redemptions from money market funds: For telephone requests received by Vanguard on a business day before 10:45 a.m., Eastern time (2 p.m., Eastern time, for Vanguard Cash Reserves Federal Money Market Fund; 12:30 p.m., Eastern time, for Vanguard Federal Money Market Fund), the redemption proceeds generally will leave Vanguard by the close of business the same day. For telephone requests received by Vanguard on a business day after those cut-off times, or on a nonbusiness day, and for all requests other than by telephone, the redemption proceeds generally will leave Vanguard by the close of business on the next business day.
- Note on timing of wire redemptions from all other funds: For requests received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the redemption proceeds generally will leave Vanguard by the close of business on the next business day. For requests received by Vanguard on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the redemption proceeds generally will leave Vanguard by the close of business on the second business day after Vanguard receives the request.

For redemptions by **electronic bank transfer**: If the redemption request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date will be the same day. If the redemption request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date will be the next business day.

If your redemption request is not accurate and complete, it may be rejected. If we are unable to send your redemption proceeds by wire or electronic bank transfer because the receiving institution rejects the transfer, Vanguard will make additional efforts to complete your transaction. If Vanguard is still unable to complete the transaction, we may send the proceeds of the redemption to you by check, generally payable to all registered account owners, or use your proceeds to purchase new shares of the fund from which you sold shares for the purpose of the wire or electronic bank transfer transaction. See *Other Rules You Should Know—Good Order*.

If your redemption request is received in good order, we typically expect that redemption proceeds will be paid by a Fund within one business day of the trade date; however, in certain circumstances, investors may experience a longer settlement period at the time of the transaction. For further information, see “Potentially disruptive redemptions” and “Emergency circumstances.”

For further information about redemption transactions, consult our website at [vanguard.com](http://vanguard.com) or see *Contacting Vanguard*.

## **Other Redemption Rules You Should Know**

**Documentation for certain accounts.** Special documentation may be required to redeem from certain types of accounts, such as trust, corporate, nonprofit, or retirement accounts. Please call us *before* attempting to redeem from these types of accounts.

**Potentially disruptive redemptions.** Vanguard reserves the right to pay all or part of a redemption in kind—that is, in the form of securities—if we reasonably believe that a cash redemption would negatively affect the fund’s operation or performance or that the shareholder may be engaged in market-timing or frequent trading. Under these circumstances, Vanguard also reserves the right to delay payment of the redemption proceeds for up to seven calendar days. By calling us *before* you attempt to redeem a large dollar amount, you may avoid in-kind or delayed payment of your redemption. Please see Frequent-Trading Limitations for information about Vanguard’s policies to limit frequent trading.

**Recently purchased shares.** Although you can redeem shares at any time, proceeds may not be made available to you until the fund collects payment for your purchase. This may take up to seven calendar days for shares purchased by check or by electronic bank transfer. If you have written a check in an account with checkwriting privileges, that check may be rejected if your fund account does not have a sufficient available balance.

**Share certificates.** Share certificates are no longer issued for Vanguard funds. Shares currently held in certificates cannot be redeemed, exchanged, converted, or transferred (reregistered) until you return the certificates (unsigned) to Vanguard by registered mail.

**Address change.** If you change your address online or by telephone, there may be up to a 14-day restriction (starting on the business day after your address is changed) on your ability to request check redemptions online and by telephone. You can request a redemption in writing (using a form available online) at any time. Confirmations of address changes are sent to both the old and new addresses.

**Payment to a different person or address.** At your request, we can make your redemption check payable, or wire your redemption proceeds, to a different person or send it to a different address. However, this generally requires the written consent of all registered account owners and may require additional documentation, such as a signature guarantee or a notarized signature. You may obtain a signature guarantee from some commercial or savings banks, credit unions, trust companies, or member firms of a U.S. stock exchange.

**No cancellations.** Vanguard will not accept your request to cancel any redemption request once processing has begun. Please be careful when placing a redemption request.

**Emergency circumstances.** Vanguard funds can postpone payment of redemption proceeds for up to seven calendar days. In addition, Vanguard funds can suspend redemptions and/or postpone payments of redemption proceeds beyond seven calendar days at times when the NYSE is closed or during emergency circumstances, as determined by the SEC.

## Exchanging Shares

An exchange occurs when you use the proceeds from the redemption of shares of one Vanguard fund to simultaneously purchase shares of a different Vanguard fund. You can make exchange requests online (if you are registered for online access), by telephone, or by mail. See *Purchasing Shares* and *Redeeming Shares*.

If the NYSE is open for regular trading (generally until 4 p.m., Eastern time, on a business day) at the time an exchange request is received in good order, the trade date generally will be the same day. See *Other Rules You Should Know—Good Order* for additional information on all transaction requests.

Vanguard will not accept your request to cancel any exchange request once processing has begun. Please be careful when placing an exchange request.

Call Vanguard before attempting to exchange a large dollar amount. By calling us *before* you attempt to exchange a large dollar amount, you may avoid delayed or rejected transactions.

Please note that Vanguard reserves the right, without notice, to revise or terminate the exchange privilege, limit the amount of any exchange, or reject an exchange, at any time, for any reason. See Frequent-Trading Limitations for additional restrictions on exchanges.

## Frequent-Trading Limitations

Because excessive transactions can disrupt management of a fund and increase the fund's costs for all shareholders, the board of trustees of each Vanguard fund places certain limits on frequent trading in the funds. Each Vanguard fund (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) limits an investor's purchases or exchanges into a fund account for 30 calendar days after the investor has redeemed or exchanged out of that fund account. ETF Shares are not subject to these frequent-trading limits.

For Vanguard Retirement Investment Program pooled plans, the limitations apply to exchanges made online or by telephone.

These frequent-trading limitations *do not* apply to the following:

- Purchases of shares with reinvested dividend or capital gains distributions.
- Transactions through Vanguard's Automatic Investment Plan, Automatic Exchange Service, Direct Deposit Service, Automatic Withdrawal Plan, Required Minimum Distribution Service, Vanguard Small Business Online<sup>®</sup>, and certain transactions through intermediaries relating to systematic trades and required minimum distributions.
- Discretionary transactions through Vanguard Personal Advisor Services<sup>®</sup>, Vanguard Institutional Advisory Services<sup>®</sup>, Vanguard Digital Advisor<sup>™</sup>, and discretionary (advisor-directed) transactions through certain intermediaries.
- Redemptions of shares to pay fund or account fees.

- Redemptions of shares to remove excess shareholder contributions to certain types of retirement accounts (including, but not limited to, IRAs and Vanguard Individual 401(k) Plans).
- Transfers and reregistrations of shares within the same fund.
- Purchases of shares by asset transfer or direct rollover.
- Conversions of shares from one share class to another in the same fund.
- Checkwriting redemptions.
- Section 529 college savings plans.
- Certain approved institutional portfolios and asset allocation programs, as well as trades made by funds or trusts managed by Vanguard or its affiliates that invest in other Vanguard funds. (Please note that *shareholders* of Vanguard's funds of funds *are* subject to the limitations.)

For participants in employer-sponsored defined contribution plans,\* the frequent-trading limitations *do not* apply to:

- Purchases of shares with participant payroll or employer contributions or loan repayments.
- Purchases of shares with reinvested dividend or capital gains distributions.
- Distributions, loans, and in-service withdrawals from a plan.
- Redemptions of shares as part of a plan termination or at the direction of the plan.
- Transactions executed through the Vanguard Managed Account Program.
- Redemptions of shares to pay fund or account fees.
- Share or asset transfers or rollovers.
- Reregistrations of shares.
- Conversions of shares from one share class to another in the same fund.
- Exchange requests submitted by written request to Vanguard. (Exchange requests submitted by fax, if otherwise permitted, *are* subject to the limitations.)

\* The following Vanguard fund accounts are subject to the frequent-trading limitations: SEP-IRAs, SIMPLE IRAs, certain Individual 403(b)(7) Custodial Accounts, and Vanguard Individual 401(k) Plans.

## **Accounts Held by Institutions (Other Than Defined Contribution Plans)**

Vanguard will systematically monitor for frequent trading in institutional clients' accounts. If we detect suspicious trading activity, we will investigate and take appropriate action, which may include applying to a client's accounts the 30-day policy previously described, prohibiting a client's purchases of fund shares, and/or revoking the client's exchange privilege.

## **Accounts Held by Intermediaries**

When intermediaries establish accounts in Vanguard funds for the benefit of their clients, we cannot always monitor the trading activity of the individual clients. However, we review trading activity at the intermediary (omnibus) level, and if we detect suspicious activity, we will investigate and take appropriate action. If necessary, Vanguard may prohibit additional purchases of fund shares by an intermediary, including for the benefit of certain of the intermediary's clients. Intermediaries also may monitor their clients' trading activities with respect to Vanguard funds.

For those Vanguard funds that charge purchase and/or redemption fees, intermediaries will be asked to assess these fees on client accounts and remit these fees to the funds. The application of purchase and redemption fees and frequent-trading limitations may vary among intermediaries. There are no assurances that Vanguard will successfully identify all intermediaries or that intermediaries will properly assess purchase and redemption fees or administer frequent-trading limitations. If you invest with Vanguard through an intermediary, please read that firm's materials carefully to learn of any other rules or fees that may apply.

## **Other Rules You Should Know**

### **Prospectus and Shareholder Report Mailings**

When two or more shareholders have the same last name and address, just one summary prospectus (or prospectus) and/or shareholder report may be sent in an attempt to eliminate the unnecessary expense of duplicate mailings. You may request individual prospectuses and reports by contacting our Client Services Department in writing, by telephone, or online. See *Contacting Vanguard*.

### **Vanguard.com**

**Registration.** If you are a registered user of *vanguard.com*, you can review your account holdings; buy, sell, or exchange shares of most Vanguard funds; and perform most other transactions through our website. You must register for this service online.

**Electronic delivery.** Vanguard can deliver your account statements, transaction confirmations, prospectuses, certain tax forms, and shareholder reports electronically. If you are a registered user of *vanguard.com*, you can consent to the electronic delivery of these documents by logging on and changing your mailing preferences under “Account Maintenance.” You can revoke your electronic consent at any time through our website, and we will begin to send paper copies of these documents within 30 days of receiving your revocation.

### **Telephone Transactions**

**Automatic.** When we set up your account, we will automatically enable you to do business with us by telephone, *unless you instruct us otherwise in writing.*

**Proof of a caller’s authority.** We reserve the right to refuse a telephone request if the caller is unable to provide the requested information or if we reasonably believe that the caller is not an individual authorized to act on the account.

Before we allow a caller to act on an account, we may request the following information:

- Authorization to act on the account (as the account owner or by legal documentation or other means).
- Account registration and address.
- Fund name and account number, if applicable.
- Other information relating to the caller, the account owner, or the account.

### **Good Order**

We reserve the right to reject any transaction instructions that are not in “good order.” Good order generally means that your instructions:

- Are provided by the person(s) authorized in accordance with Vanguard’s policies and procedures to access the account and request transactions.
- Include the fund name and account number.
- Include the amount of the transaction (stated in dollars, shares, or percentage).

Written instructions also must generally be provided on a Vanguard form and include:

- Signature(s) and date from the authorized person(s).
- Signature guarantees or notarized signatures, if required for the type of transaction. (Call Vanguard for specific requirements.)
- Any supporting documentation that may be required.

Good order requirements may vary among types of accounts and transactions. For more information, consult our website at *vanguard.com* or see *Contacting Vanguard*.

Vanguard reserves the right, without notice, to revise the requirements for good order.

### **Future Trade-Date Requests**

Vanguard does not accept requests to hold a purchase, conversion, redemption, or exchange transaction for a future date. All such requests will receive trade dates as previously described in *Purchasing Shares*, *Converting Shares*, *Redeeming Shares*, and *Exchanging Shares*. Vanguard reserves the right to return future-dated purchase checks.

### **Accounts With More Than One Owner**

If an account has more than one owner or authorized person, Vanguard generally will accept instructions from any one owner or authorized person.

### **Responsibility for Fraud**

You should take precautions to protect yourself from fraud. Keep your account-related information private, and review any account confirmations, statements, or other information that we provide to you as soon as you receive them. Let us know immediately if you discover unauthorized activity or see something on your account that you do not understand or that looks unusual.

Vanguard will not be responsible for losses that result from transactions by a person who we reasonably believe is authorized to act on your account.

### **Uncashed Checks**

Please cash your distribution or redemption checks promptly. Vanguard will not pay interest on uncashed checks. Vanguard may be required to transfer assets related to uncashed checks to a state under the state's abandoned property law.

### **Dormant Accounts**

If your account has no activity in it for a period of time, Vanguard may be required to transfer it to a state under the state's abandoned property law, subject to potential federal or state withholding taxes.

### **Unusual Circumstances**

If you experience difficulty contacting Vanguard online or by telephone, you can send us your transaction request on a Vanguard form by regular or express mail.

## **Investing With Vanguard Through Other Firms**

You may purchase or sell shares of most Vanguard funds through a financial intermediary, such as a bank, a broker, or an investment advisor. Please consult your financial intermediary to determine which, if any, shares are available through that firm and to learn about other rules that may apply. Your financial intermediary can provide you with account information and any required tax forms. You may be required to pay a commission on purchases of mutual fund shares made through a financial intermediary.

Please see *Frequent-Trading Limitations—Accounts Held by Intermediaries* for information about the assessment of any purchase or redemption fees and the monitoring of frequent trading for accounts held by intermediaries.

## **Account Service Fee**

Vanguard may charge a \$20 account service fee on fund accounts that have a balance below \$1,000,000 for any reason, including market fluctuation. The account service fee may be applied to both retirement *and* nonretirement fund accounts and may be assessed on fund accounts in all Vanguard funds, regardless of the account minimum. The fee, which will be collected by redeeming fund shares in the amount of \$20, will be deducted from fund accounts subject to the fee once per calendar year.

Certain account types have alternative fee structures, including SIMPLE IRAs, Vanguard Retirement Investment Program pooled plans, and Vanguard Individual 401(k) Plans.

## **Low-Balance Accounts**

Each Fund reserves the right to liquidate a fund account whose balance falls below the account minimum for any reason, including market fluctuation. This liquidation policy applies to nonretirement fund accounts and accounts that are held through intermediaries. Any such liquidation will be preceded by written notice to the investor.

## **Right to Change Policies**

In addition to the rights expressly stated elsewhere in this prospectus, Vanguard reserves the right, without notice, to (1) alter, add, or discontinue any conditions of purchase (including eligibility requirements), redemption, exchange, conversion, service, or privilege at any time and (2) alter, impose, discontinue, or waive any purchase fee, redemption fee, account service fee, or other fee charged to a shareholder or a group of shareholders. Changes may affect any or all investors. These actions will be taken when, at the sole discretion of Vanguard management, Vanguard believes they are in the best interest of a fund.

## **Account Restrictions**

Vanguard reserves the right to: (1) redeem all or a portion of a fund/account to meet a legal obligation, including tax withholding, tax lien, garnishment order, or other obligation imposed on your account by a court or government agency; (2) redeem shares, close an account, or suspend account privileges, features, or options in the case of threatening conduct or activity; (3) redeem shares, close an account, or suspend account privileges, features, or options if Vanguard believes or suspects that not doing so could result in a suspicious, fraudulent, or illegal transaction; (4) place restrictions on the ability to redeem any or all shares in an account if it is required to do so by a court or government agency; (5) place restrictions on the ability to redeem any or all shares in an account if Vanguard believes that doing so will prevent fraud, financial exploitation or abuse, or to protect vulnerable investors; (6) freeze any account and/or suspend account services if Vanguard has received reasonable notice of a dispute regarding the assets in an account, including notice of a dispute between the registered or beneficial account owners; and (7) freeze any account and/or suspend account services upon initial notification to Vanguard of the death of an account owner.

## **Share Classes**

Vanguard reserves the right, without notice, to change the eligibility requirements of its share classes, including the types of clients who are eligible to purchase each share class.

## **Shareholder Rights**

Each Fund's Agreement and Declaration of Trust, as amended, requires a shareholder bringing a derivative action on behalf of Vanguard Tax-Managed Funds (the Trust) that is subject to a pre-suit demand to collectively hold at least 10% of the outstanding shares of the Trust or at least 10% of the outstanding shares of the series or class to which the demand relates and to undertake to reimburse the Trust for the expense of any counsel or advisors used when considering the merits of the demand in the event that the board of trustees determines not to bring such action. In each case, these requirements do not apply to claims arising under the federal securities laws to the extent that any such federal securities laws, rules, or regulations do not permit such application.

## **Fund and Account Updates**

### **Confirmation Statements**

We will send (or provide through our website, whichever you prefer) a confirmation of your trade date and the amount of your transaction when you buy, sell, exchange, or convert shares. However, we will not send confirmations

reflecting only checkwriting redemptions or the reinvestment of dividend or capital gains distributions. For any month in which you had a checkwriting redemption, a Checkwriting Activity Statement will be sent to you itemizing the checkwriting redemptions for that month. Promptly review each confirmation statement that we provide to you. It is important that you contact Vanguard immediately with any questions you may have about any transaction reflected on a confirmation statement, or Vanguard will consider the transaction properly processed.

### **Portfolio Summaries**

We will send (or provide through our website, whichever you prefer) quarterly portfolio summaries to help you keep track of your accounts throughout the year. Each summary shows the market value of your account at the close of the statement period, as well as all distributions, purchases, redemptions, exchanges, transfers, and conversions for the current calendar quarter (or month). Promptly review each summary that we provide to you. It is important that you contact Vanguard immediately with any questions you may have about any transaction reflected on the summary, or Vanguard will consider the transaction properly processed.

### **Tax Information Statements**

For most accounts, Vanguard (or your intermediary) is required to provide annual tax forms to assist you in preparing your income tax returns. These forms are generally available for each calendar year early in the following year. Registered users of *vanguard.com* can also view certain forms through our website. Vanguard (or your intermediary) may also provide you with additional tax-related documentation. For more information, consult our website at *vanguard.com* or see *Contacting Vanguard*.

### **Annual and Semiannual Reports**

We will send (or provide through our website, whichever you prefer) reports about Vanguard Tax-Managed Funds twice a year, in February and August. These reports include overviews of the financial markets and provide the following specific Fund information:

- Performance assessments and comparisons with industry benchmarks.
- Financial statements with listings of Fund holdings.

### **Portfolio Holdings**

Please consult the Funds' *Statement of Additional Information* or our website for a description of the policies and procedures that govern disclosure of a Fund's portfolio holdings.

## Employer-Sponsored Plans

Your plan administrator or your employee benefits office can provide you with detailed information on how to participate in your plan and how to elect a Fund as an investment option.

- If you have any questions about a Fund or Vanguard, including those about a Fund's investment objective, strategies, or risks, contact Vanguard Participant Services toll-free at 800-523-1188 or visit our website at *vanguard.com*.
- If you have questions about your account, contact your plan administrator or the organization that provides recordkeeping services for your plan.
- Be sure to carefully read each topic that pertains to your transactions with Vanguard.

Vanguard reserves the right to change its policies without notice to shareholders.

## Transactions

Processing times for your transaction requests may differ among recordkeepers or among transaction and funding types. Your plan's recordkeeper (which may also be Vanguard) will determine the necessary processing time frames for your transaction requests prior to submission to a Fund. Consult your recordkeeper or plan administrator for more information.

If Vanguard is serving as your plan recordkeeper and if your transaction involves one or more investments with an early cut-off time for processing or another trading restriction, your entire transaction will be subject to the restriction when the trade date for your transaction is determined.

## Contacting Vanguard

### Web

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Vanguard.com	For the most complete source of Vanguard news For fund, account, and service information For most account transactions For literature requests 24 hours a day, 7 days a week
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### Phone

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Investor Information 800-662-7447 (Text telephone for people with hearing impairment at 800-749-7273)	For fund and service information For literature requests
Client Services 800-662-2739 (Text telephone for people with hearing impairment at 800-749-7273)	For account information For most account transactions
Participant Services 800-523-1188 (Text telephone for people with hearing impairment at 800-749-7273)	For information and services for participants in employer-sponsored plans
Institutional Division 888-809-8102	For information and services for large institutional investors
Financial Advisor and Intermediary Sales Support 800-997-2798	For information and services for financial intermediaries including financial advisors, broker-dealers, trust institutions, and insurance companies
Financial Advisory and Intermediary Trading Support 800-669-0498	For account information and trading support for financial intermediaries including financial advisors, broker-dealers, trust institutions, and insurance companies

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## Additional Information

Each Fund’s Bylaws require, unless the Trust otherwise consents in writing, that the U.S. Federal District Courts be the sole and exclusive forum for the resolution of complaints under the Securities Act of 1933. This provision may limit a shareholder’s ability to bring a claim in a different forum and may result in increased shareholder costs in pursuing such a claim.

Vanguard Fund	Inception Date	Newspaper Abbreviation	Vanguard Fund Number	CUSIP Number
<b>Vanguard Tax-Managed Balanced Fund</b>				
Admiral Shares	9/6/1994	TxMBal	103	921943304
<b>Vanguard Tax-Managed Capital Appreciation Fund</b>				
Admiral Shares	9/6/1994	TxMCapAdml	5102	921943866
<b>Vanguard Tax-Managed Small-Cap Fund</b>				
Admiral Shares	3/25/1999	TxMSC	116	921943403

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## Glossary of Investment Terms

**Active Management.** An investment approach that seeks to exceed the average returns of a particular financial market or market segment. In selecting securities to buy and sell, active managers may rely on, among other things, research, market forecasts, quantitative models, and their own judgment and experience.

**Average Maturity.** The average length of time until bonds held by a fund reach maturity and are repaid. In general, the longer the average maturity, the more a fund's share price fluctuates in response to changes in market interest rates. In calculating average maturity, a fund uses a bond's maturity or, if applicable, an earlier date on which the advisor believes it is likely that a maturity-shortening device (such as a call, put, refunding, prepayment, or redemption provision or an adjustable coupon rate) will cause the bond to be repaid.

**Bloomberg Municipal Bond Index.** An index that includes most investment-grade tax-exempt bonds that are issued by state and local governments.

**Bond.** A debt security (IOU) issued by a corporation, a government, or a government agency in exchange for the money the bondholder lends it. In most instances, the issuer agrees to pay back the loan by a specific date and generally to make regular interest payments until that date.

**Capital Gains Distributions.** Payments to mutual fund shareholders of gains realized on securities that a fund has sold at a profit, minus any realized losses.

**Cash Equivalent Investments.** Cash deposits, short-term bank deposits, and money market instruments that include U.S. Treasury bills and notes, bank certificates of deposit (CDs), repurchase agreements, commercial paper, and banker's acceptances.

**Common Stock.** A security representing ownership rights in a corporation.

**Coupon Rate.** The interest rate paid by the issuer of a debt security until its maturity. It is expressed as an annual percentage of the face value of the security.

**Dividend Distributions.** Payments to mutual fund shareholders of income from interest or dividends generated by a fund's investments.

**Dow Jones U.S. Total Stock Market Float Adjusted Index.** An index that represents the entire U.S. stock market and tracks more than 5,000 stocks, excluding shares of securities not available for public trading.

**Expense Ratio.** A fund's total annual operating expenses expressed as a percentage of the fund's average net assets. The expense ratio includes management and administrative expenses, but it does not include the transaction costs of buying and selling portfolio securities.

**Inception Date.** The date on which the assets of a fund (or one of its share classes) are first invested in accordance with the fund's investment objective. For funds with a subscription period, the inception date is the day after that period ends. Investment performance is generally measured from the inception date.

**Indexing.** A low-cost investment strategy in which a mutual fund attempts to track—rather than outperform—a specified market benchmark, or “index.”

**Joint Committed Credit Facility.** Each Fund participates, along with other funds managed by Vanguard, in a committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each Vanguard fund is individually liable for its borrowings, if any, under the credit facility. The amount and terms of the committed credit facility are subject to approval by the Funds' board of trustees and renegotiation with the lender syndicate on an annual basis.

**Median Market Capitalization.** An indicator of the size of companies in which a fund invests; the midpoint of market capitalization (market price x shares outstanding) of a fund's stocks, weighted by the proportion of the fund's assets invested in each stock. Stocks representing half of the fund's assets have market capitalizations above the median, and the rest are below it.

**Mutual Fund.** An investment company that pools the money of many people and invests it in a variety of securities in an effort to achieve a specific objective over time.

**New York Stock Exchange (NYSE).** A stock exchange based in New York City that is open for regular trading on business days, Monday through Friday, from 9:30 a.m. to 4 p.m., Eastern time.

**Principal.** The face value of a debt instrument or the amount of money put into an investment.

**Return of Capital.** A return of capital occurs when a fund's distributions exceed its earnings in a fiscal year. A return of capital is a return of all or part of your original investment or amounts paid in excess of your original investment in a fund. In general, a return of capital reduces your cost basis in a fund's shares and is not taxable to you until your cost basis has been reduced to zero.

**Securities.** Stocks, bonds, money market instruments, and other investments.

**Total Return.** A percentage change, over a specified time period, in a mutual fund's net asset value, assuming the reinvestment of all distributions of dividends and capital gains.

**Volatility.** The fluctuations in value of a mutual fund or other security. The greater a fund's volatility, the wider the fluctuations in its returns.

**Yield.** Income (interest or dividends) earned by an investment, expressed as a percentage of the investment's price.

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#### **For More Information**

If you would like more information about Vanguard Tax-Managed Funds, the following documents are available free upon request:

#### **Annual/Semiannual Reports to Shareholders**

Additional information about the Funds' investments is available in the Funds' annual and semiannual reports to shareholders. In the annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during their last fiscal year.

#### **Statement of Additional Information (SAI)**

The SAI provides more detailed information about the Funds and is incorporated by reference into (and thus legally a part of) this prospectus.

To receive a free copy of the latest annual or semiannual report or the SAI, or to request additional information about the Funds or other Vanguard funds, please visit [vanguard.com](https://vanguard.com) or contact us as follows:

*If you are an individual investor:*

Telephone: 800-662-7447; Text telephone for people with hearing impairment: 800-749-7273

*If you are a participant in an employer-sponsored plan:*

Telephone: 800-523-1188; Text telephone for people with hearing impairment: 800-749-7273

If you are a current Vanguard shareholder and would like information about your account, account transactions, and/or account statements, please call:

Client Services Department

Telephone: 800-662-2739; Text telephone for people with hearing impairment: 800-749-7273

#### **Information Provided by the SEC**

Reports and other information about the Funds are available in the EDGAR database on the SEC's website at [sec.gov](https://sec.gov), or you can receive copies of this information, for a fee, by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

Funds' Investment Company Act file number: 811-07175