

# Vanguard High-Yield Tax-Exempt Fund

Bond fund | Investor Shares

## Fund facts

<b>Risk level</b> Low ← → High					<b>Total net assets</b> \$1,858 MM	<b>Expense ratio as of 02/27/24</b> 0.17%	<b>Ticker symbol</b> VWAHX	<b>Turnover rate</b> 34.6%	<b>Inception date</b> 12/27/78	<b>Fund number</b> 0044
1	2	3	4	5						

## Investment objective

Vanguard High-Yield Tax-Exempt Fund seeks to provide a high and sustainable level of current income that is exempt from federal personal income taxes.

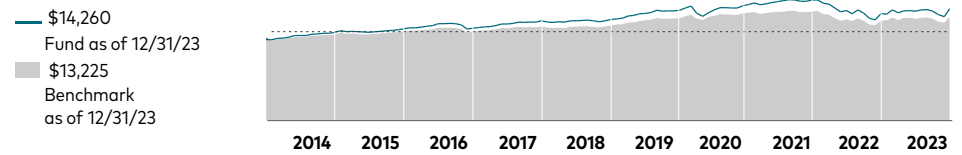
## Investment strategy

The fund invests at least 80% of its assets in investment-grade municipal bonds, with ratings of Baa or higher (by Moody's) or BBB or higher (by Standard & Poor's), and up to 20% in bonds that are rated less than Baa or BBB or are unrated.

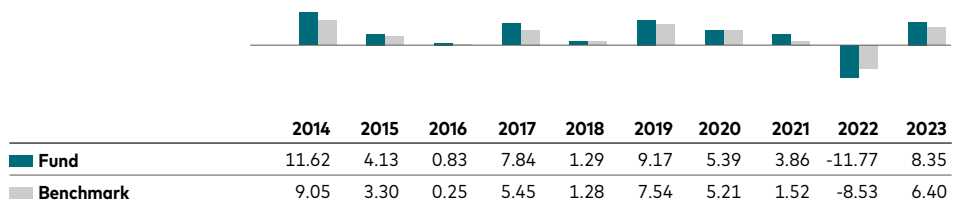
## Benchmark

Bloomberg Municipal Bond Index

## Growth of a \$10,000 investment: January 31, 2014—December 31, 2023



## Annual returns



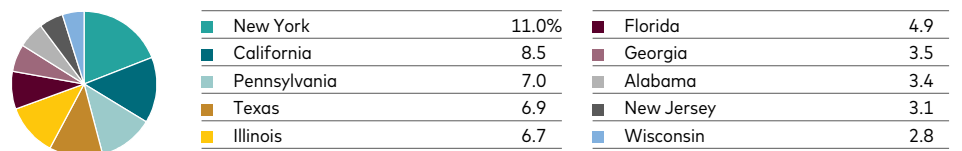
## Total returns

	Periods ended September 30, 2024					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Fund	2.91%	4.65%	13.94%	0.37%	1.97%	3.39%
Benchmark	2.71%	2.30%	10.37%	0.09%	1.39%	2.52%

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance). The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

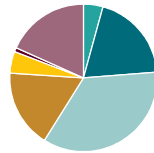
## Largest state concentrations



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Distribution by credit quality\*



■ AAA	4.3%	■ BB	4.7
■ AA	19.4	■ B	0.9
■ A	35.2	■ Not Rated	18.3
■ BBB	17.2		

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## Plain talk about risk

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, and the level of risk may vary based on market conditions:

**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 should be relatively moderate for the fund because it invests a portion of its assets in moderate to low-quality bonds.

**Interest rate risk**, which is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk should be high for the fund because it invests primarily in long-term bonds, whose prices are more sensitive to interest rate changes than are the prices of shorter-term bonds.

**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 high for high-yield bond funds.

**Extension risk**, which 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 generally high for high-yield bond funds.

**Income risk**, which is the chance that the fund's income will decline because of falling interest rates. Income risk should be low for the fund because it invests primarily in long-term bonds.

**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.

**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.

**Derivatives risk**. The fund may invest in derivatives and structured products such as tender option bonds and long-term municipal bonds combined with a demand feature (e.g., variable rate demand notes or VRDNs), which may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

**Regional risk**, which is the chance that economic, political, or regulatory occurrences within a certain state may adversely affect the value of securities offered by issuers located within that state. Because the fund may invest a large portion of its assets in securities located in any one state, the fund's performance may be hurt disproportionately by the poor performance of its investments in that area.

## Note on frequent trading restrictions

Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to [vanguard.com](https://www.vanguard.com) for your employer plans or contact Participant Services at 800-523-1188 for additional information.

Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax.

**\*Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. NR securities may include a fund's investment in Vanguard Market Liquidity Fund or Vanguard Municipal Low Duration Fund, each of which invests in high-quality money market instruments and may serve as a cash management vehicle for the Vanguard funds, trusts, and accounts. U.S. Treasury, U.S. Agency, and U.S. Agency mortgage-backed securities appear under "U.S. Government." Credit-quality ratings for each issue are obtained from Moody's and S&P, and the higher rating for each issue is used.**

**For more information about Vanguard funds or to obtain a prospectus, see below for which situation is right for you.**

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If you receive your retirement plan statement from a service provider other than Vanguard or log on to a recordkeeper's website that is not Vanguard to view your plan, please call 855-402-2646.

**Visit [vanguard.com](https://www.vanguard.com) to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.**

**Financial advisor clients: For more information about Vanguard funds, contact your financial advisor to obtain a prospectus.**

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