

**Vanguard® Fiduciary Trust Company**  
**European Stock Index Trust**  
**Financial Statements**  
**March 31, 2022**

## Statement of Assets and Liabilities

As of March 31, 2022

(\$000s, except units and per-unit amounts)	Amount
<b>Assets</b>	
Cash	710
Foreign Currency, at Value (Cost \$5)	5
Cash Collateral Pledged—Futures Contracts <sup>1</sup>	835
Receivables for Accrued Income	6,151
Unrealized Appreciation—Forward Currency Contracts	53
<b>Total Assets</b>	<b>7,754</b>
<b>Liabilities</b>	
Payables for Units Redeemed	7,641
Payables to Trustee	14
Variation Margin Payable—Futures Contracts <sup>2</sup>	60
Unrealized Depreciation—Forward Currency Contracts	39
<b>Total Liabilities</b>	<b>7,754</b>
<b>Net Assets<sup>3</sup></b>	<b>—</b>

1 Represents cash collateral pledged for recently closed futures contracts.

2 Represents variation margin on the last day of the reporting period for recently closed futures contracts.

3 See Notes to Financial Statements for discussion regarding the Trust's liquidation.

## Schedule of Investments

March 31, 2022

### Derivative Financial Instruments Outstanding as of Period End

#### Forward Currency Contracts

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (\$000)	Unrealized (Depreciation) (\$000)
		Receive	Deliver				
UBS AG	6/15/22	CHF	738	USD	802	—	—
UBS AG	6/15/22	DKK	3,400	USD	507	—	—
Bank of America, N.A.	6/15/22	EUR	3,260	USD	3,577	41	—
UBS AG	6/15/22	EUR	576	USD	635	2	—
BNP Paribas	6/15/22	EUR	211	USD	235	—	(1)
Bank of America, N.A.	6/15/22	GBP	535	USD	698	4	—
Goldman Sachs International	6/15/22	GBP	216	USD	283	1	—
UBS AG	6/15/22	GBP	166	USD	219	—	—
UBS AG	6/15/22	SEK	4,262	USD	454	—	—
UBS AG	6/15/22	USD	569	CHF	520	4	—
UBS AG	6/15/22	USD	157	CHF	145	—	—
Bank of America, N.A.	6/15/22	USD	79	CHF	73	—	(1)
BNP Paribas	6/15/22	USD	500	DKK	3,400	—	(6)
UBS AG	6/15/22	USD	3,079	EUR	2,776	—	(1)
Bank of America, N.A.	6/15/22	USD	1,277	EUR	1,162	—	(13)
Bank of America, N.A.	6/15/22	USD	121	EUR	109	—	—
UBS AG	6/15/22	USD	692	GBP	527	—	—
UBS AG	6/15/22	USD	250	GBP	189	1	—
Bank of America, N.A.	6/15/22	USD	185	GBP	142	—	(1)
BNP Paribas	6/15/22	USD	77	GBP	59	—	—
BNP Paribas	6/15/22	USD	314	SEK	3,095	—	(16)
Bank of America, N.A.	6/15/22	USD	124	SEK	1,167	—	—
						53	(39)

CHF—Swiss franc.

DKK—Danish krone.

EUR—euro.

GBP—British pound.

SEK—Swedish krona.

USD—U.S. dollar.

## Statement of Operations

	Year Ended March 31, 2022
	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Dividends <sup>1</sup>	12,992
Interest <sup>2</sup>	—
Securities Lending—Net	10
Total Income	13,002
<b>Expenses—Note B</b>	
Custodian Fees	54
Auditing Fees	27
Total Expenses	81
<b>Net Investment Income</b>	<b>12,921</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>2,3</sup>	65,139
Futures Contracts	734
Forward Currency Contracts	(41)
Foreign Currencies	(104)
<b>Realized Net Gain (Loss)</b>	<b>65,728</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>2</sup>	(64,257)
Futures Contracts	(104)
Forward Currency Contracts	(28)
Foreign Currencies	(226)
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>(64,615)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>14,034</b>

1 Dividends include foreign tax reclaims of \$1,081,000 and are net of foreign withholding taxes of \$2,280,000.

2 Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the Trust were less than \$1,000, (\$24,000), and less than \$1,000, respectively. Purchases and sales are for temporary cash investment purposes.

3 Includes \$58,860,000 of net gain (loss) resulting from in-kind redemptions.

## Statement of Changes in Net Assets

	Year Ended March 31,	
	2022	2021
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	12,921	10,929
Realized Net Gain (Loss)	65,728	(1,337)
Change in Unrealized Appreciation (Depreciation)	(64,615)	139,293
Net Increase (Decrease) in Net Assets Resulting from Operations	14,034	148,885
<b>Unit Transactions</b>		
Issued	13,189	9,141
Redeemed	(451,759)	(73,255)
Net Increase (Decrease) from Unit Transactions	(438,570)	(64,114)
Total Increase (Decrease)	(424,536)	84,771
<b>Net Assets</b>		
<b>Beginning of Period</b>	<b>424,536</b>	<b>339,765</b>
<b>End of Period</b>	<b>—<sup>1</sup></b>	<b>424,536</b>

<sup>1</sup> See Notes to Financial Statements for discussion regarding the Trust's liquidation.

## Financial Highlights

For a Unit Outstanding Throughout Each Period	Year Ended March 31,				
	2022	2021	2020	2019	2018
<b>Net Asset Value, Beginning of Period</b>	<b>\$201.14</b>	<b>\$137.04</b>	<b>\$163.01</b>	<b>\$168.98</b>	<b>\$146.38</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	6.374	4.762	5.908	6.236	5.130
Net Realized and Unrealized Gain (Loss) on Investments	(.514)	59.338	(31.878)	(12.206)	17.470
Total from Investment Operations	5.860	64.100	(25.970)	(5.970)	22.600
<b>Net Asset Value, End of Period</b>	<b>\$207.00<sup>2</sup></b>	<b>\$201.14</b>	<b>\$137.04</b>	<b>\$163.01</b>	<b>\$168.98</b>
<b>Total Return</b>	<b>2.91%<sup>3</sup></b>	<b>46.77%</b>	<b>-15.93%</b>	<b>-3.53%</b>	<b>15.44%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$—	\$425	\$340	\$465	\$551
Ratio of Total Expenses to Average Net Assets	0.02%	0.03%	0.02%	0.02%	0.02%
Ratio of Net Investment Income to Average Net Assets	2.93%	2.76%	3.50%	3.82%	3.11%
Portfolio Turnover Rate	4% <sup>4</sup>	8%	7%	4%	5%

1 Calculated based on average units outstanding.

2 Represents Net Asset Value per unit at redemption. See Notes to Financial Statements for discussion regarding the Trust's liquidation.

3 Calculated using Net Asset Value per unit at redemption.

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

## Notes to Financial Statements

Vanguard Fiduciary Trust Company European Stock Index Trust (the "Trust") was established by a Declaration of Trust dated December 15, 2005, and most recently amended effective October 1, 2019, to provide a collective investment trust for eligible tax-exempt entities (see "Federal Income Taxes" below).

The Trust invests in securities of foreign issuers, which may subject it to investment risks not normally associated with investing in securities of U.S. corporations. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the Trust's investments and Trust performance.

**A.** The following significant accounting policies are consistently followed by the Trust in the preparation of its financial statements. Such policies are in accordance with the Declaration of Trust and in conformity with generally accepted accounting principles for U.S. investment companies.

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

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

3. **Futures Contracts:** The Trust uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, maintaining liquidity, and minimizing transaction costs. The Trust may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the Trust and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the Trust trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the Trust's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any securities pledged as initial margin for open contracts are noted in the Schedule of Investments.

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

During the year ended March 31, 2022, the Trust's average investments in long and short futures contracts represented 1% and less than 1% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period, prior to final redemption. The fund had no open futures contracts at March 31, 2022.

4. **Forward Currency Contracts:** The Trust enters into forward currency contracts to protect the value of securities and related receivables and payables against changes in future foreign exchange rates. The Trust's risks in using these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the ability of the counterparties to fulfill their obligations under the contracts. The Trust mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the Trust cannot be repledged, resold, or rehypothecated. The master netting arrangements provide that, in the event of a counterparty's default (including bankruptcy), the Trust may terminate the forward currency contracts, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the Trust under the master netting arrangements. The forward currency contracts contain provisions whereby a counterparty may terminate open contracts if the Trust's net assets decline below a certain level, triggering a payment by the Trust if the Trust is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the Trust has pledged. Any securities pledged as collateral for open contracts are noted in the Schedule of Investments. The value of collateral received or pledged is compared daily to the value of the forward currency contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. The notional amounts of the contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized gains (losses) on forward currency contracts.

During the year ended March 31, 2022, the Trust's average investment in forward currency contracts represented 5% of net assets, based on the average of the notional amounts at each quarter-end during the period, prior to final redemption.

5. **Federal Income Taxes:** The Trust is qualified for the collective investment of funds of tax-exempt pension, stock bonus, and profit-sharing trusts under Section 401(a) of the Internal Revenue Code (the "Code"), governmental plans or units under Section 818(a)(6) of the Code, and church retirement income accounts under Section 403(b)(9) of the Code, and is exempt from federal income taxation under Section 501(a) of the Code. Net investment income and realized net gains are not required to be distributed to unitholders and are instead retained by the Trust. Management has reviewed the tax-exempt status of the Trust and has concluded that no provision for federal income tax is required in the financial statements.

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

7. **Other:** Dividend income is recorded on the ex-dividend date. Non-cash dividends included in income, if any, are recorded at the fair value of the securities received. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are based on the average cost of the securities sold.

The trust has filed tax reclaims for previously withheld taxes on dividends earned in certain European Union countries. These filings are subject to various administrative and judicial proceedings within these countries. Such tax reclaims received during the year, if any, are included in dividend income. No other amounts for additional tax reclaims are reflected in the financial statements due to the uncertainty as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment.

**B.** Vanguard Fiduciary Trust Company is Trustee and administrator for the Trust. Unitholders pay directly to the Trustee an advisory fee based upon the value of their units in the Trust.

The Trustee may charge certain expenses, including custodian fees and auditing fees, to the Trust. The Trustee has agreed to limit the expenses of the Trust to an annual rate of 0.05% of the Trust's average net assets. The expense limitation had no effect for the fiscal year ended March 31, 2022.

The Trustee retains 5% of the total of fees charged to the borrower and income from the investment of cash collateral from securities lending transactions.

**C.** Various inputs may be used to determine the value of the Trust's derivatives. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

**Level 1**—Quoted prices in active markets for identical securities.

**Level 2**—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

**Level 3**—Significant unobservable inputs (including the Trust's own assumptions used to determine the fair value of investments). Any investments and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

At March 31, 2022, 100% of the market value of the Trust's derivatives was determined based on Level 2 inputs.



**D.** Realized net gain (loss) and the change in unrealized appreciation (depreciation) on derivatives for the year ended March 31, 2022, were:

	Equity Contracts (\$000)	Foreign Exchange Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives			
Futures Contracts	734	—	734
Forward Currency Contracts	—	(41)	(41)
Realized Net Gain (Loss) on Derivatives	734	(41)	693
Change in Unrealized Appreciation (Depreciation) on Derivatives			
Futures Contracts	(104)	—	(104)
Forward Currency Contracts	—	(28)	(28)
Change in Unrealized Appreciation (Depreciation) on Derivatives	(104)	(28)	(132)

**E.** During the year ended March 31, 2022, the Trust purchased \$19,230,000 of investment securities and sold \$436,777,000 of investment securities, other than temporary cash investments. Purchases and sales include \$0 and \$391,869,000, respectively, in connection with in-kind purchases and redemptions of the Trust's units. Detailed information on security transactions can be obtained from the Trustee on request.

**F.** Units issued and redeemed were:

	Year Ended March 31,	
	2022 Units (000)	2021 Units (000)
Issued	59	51
Redeemed	(2,170)	(419)
Net Increase (Decrease) in Units Outstanding	(2,111)	(368)

**G.** On March 31, 2022, the sole unitholder fully redeemed from the Trust. In May 2022, VFTC's board ratified the termination of the Trust. Open derivatives contracts, reclaims receivable, and certain other assets and liabilities (as reported on the Statement of Assets and Liabilities as of March 31, 2022) were settled subsequent to March 31, 2022, and accordingly, cash of \$1,395,000 was disbursed to the unitholder; the liquidation was finalized by June 16, 2022. In the period subsequent to year-end through June 28, 2022, the Trust incurred a net realized gain (loss) on the settlement of forward currency contracts and foreign currencies of \$14,000 and (\$63,000), respectively, and a change in unrealized appreciation (depreciation) on forward currency contracts and foreign currencies of (\$14,000) and (\$214,000), respectively, for a net decrease in net assets resulting from operations of \$277,000. Reclaims receivable of \$4,861,000, which was included in Receivables for Accrued Income as of March 31, 2022, remained unsettled as of June 28, 2022, and was written off at that time. In accordance with custody payment instructions, any future net proceeds received are to be transferred to the unitholder.

Management has determined that no other events or transactions occurred through June 28, 2022, that would require recognition or disclosure in these financial statements.



## **Report of Independent Auditors**

To the Board of Directors of Vanguard Fiduciary Trust Company

### ***Opinion***

We have audited the accompanying financial statements of Vanguard Fiduciary Trust Company European Stock Index Trust (the "Trust"), which comprise the statement of assets and liabilities, including the schedule of investments, as of March 31, 2022, the related statement of operations for the year ended March 31, 2022, the statement of changes in net assets for each of the two years in the period ended March 31, 2022, including the related notes for the years then ended, and the financial highlights for each of the five years in the period ended March 31, 2022 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as of March 31, 2022, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period ended March 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

*PricewaterhouseCoopers LLP*

Philadelphia, Pennsylvania  
June 28, 2022