



Vanguard Tax-Managed Balanced Fund

Balanced fund (stocks and bonds) | Admiral™ Shares

Fund facts

| Risk level | | | | | Total net assets | Expense ratio as of 04/29/25 | Ticker symbol | Turnover rate | Inception date | Fund number |
|------------------|---|---|---|---|------------------|------------------------------|---------------|---------------|----------------|-------------|
| Low <-----> High | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | \$10,674 MM | 0.09% | VTMFX | 20.5% | 09/06/94 | 0103 |

Investment objective

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

Investment strategy

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.

General note

The inception date for the fund's Investor Shares was September 6, 1994; Investor Shares were renamed Admiral Shares on May 13, 2011.

Benchmark

Tax-Managed Balanced Compos. Index

Total returns

| Periods ended June 30, 2025 | | | | | | |
|--|---------|--------------|----------|-------------|------------|-----------|
| | Quarter | Year to date | One year | Three years | Five years | Ten years |
| Returns before taxes | | | | | | |
| Fund | 5.79% | 3.43% | 8.53% | 10.90% | 8.40% | 7.73% |
| Benchmark | 6.16% | 4.04% | 9.60% | 11.27% | 8.74% | 8.07% |
| Returns after taxes on distributions | | | | | | |
| Fund | | | 8.14% | 10.65% | 8.19% | 7.52% |
| Returns after taxes on distributions and sale of fund shares | | | | | | |
| Fund | | | 5.61% | 8.74% | 6.85% | 6.47% |

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. 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



| | | | |
|--------------|------|------------|-----|
| Texas | 7.5% | Florida | 2.2 |
| New York | 7.3 | Alabama | 1.9 |
| California | 4.2 | Georgia | 1.8 |
| Illinois | 3.8 | Washington | 1.7 |
| Pennsylvania | 2.6 | Michigan | 1.2 |

Fund allocation



| | | | |
|-------|-------|---------------------|-----|
| Bond | 52.8% | Short-Term Reserves | 0.0 |
| Stock | 47.2 | | |

Tax-Managed Balanced Compos. Index: Weighted 50% Russell 1000 Index and 50% Bloomberg 7 Year Municipal Bond Index through January 31, 2002, and 50% Russell 1000 Index and 50% Bloomberg 1–15 Year Municipal Bond Index thereafter.
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Vanguard Tax-Managed Balanced Fund

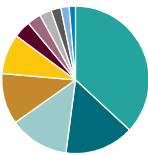
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Ten largest holdings*

| | | |
|---------------------------------|-------------------------|-------|
| 1 | Microsoft Corp. | |
| 2 | NVIDIA Corp. | |
| 3 | Apple Inc. | |
| 4 | Amazon.com Inc. | |
| 5 | Alphabet Inc. | |
| 6 | Meta Platforms Inc. | |
| 7 | Broadcom Inc. | |
| 8 | Berkshire Hathaway Inc. | |
| 9 | JPMorgan Chase & Co. | |
| 10 | Tesla Inc. | |
| Top 10 as % of total net assets | | 17.3% |

* The holdings listed exclude any temporary cash investments and equity index products.

Sector Diversification



| | |
|------------------------|-------|
| Technology | 36.9% |
| Consumer Discretionary | 15.2 |
| Industrials | 13.1 |
| Financials | 11.2 |
| Health Care | 8.8 |
| Consumer Staples | 3.8 |
| Energy | 3.0 |
| Utilities | 2.6 |
| Real Estate | 2.2 |
| Telecommunications | 1.8 |
| Basic Materials | 1.4 |
| Other | 0.0 |

Sector categories are based on the Industry Classification Benchmark system ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

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Plain talk about risk

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 and 45% to 50% of its assets in stocks, the fund is proportionately subject to:

- 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.
- 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 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**, 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.
- Tax risk**, which, in the case of the municipal securities held by the fund, 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. For the stocks held by the fund, this is the chance that the fund may hold on to a security longer than expected to reduce turnover, which may cause the fund to pay out distributions or may impact the fund's return.
- Tax-managed investing risk**, which is the chance that market conditions or other circumstances may limit the fund's ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The fund's tax-managed strategy may cause the fund to hold a security in order to achieve more favorable tax-treatment or to sell a security in order to create tax losses, which may impact returns. Although the fund intends to track the performance of the index with respect to the stocks included in the portfolio, the tracking may fluctuate periodically based on the sampling of the index for tax efficiency.

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.

After-tax returns are calculated using the highest individual federal income tax rates in effect at the time of each distribution. They do not reflect the impact of state and local taxes. Your after-tax return depends on your individual tax situation and, therefore, may differ from the return presented here. If you own fund shares in a tax-deferred account such as an individual retirement account or 401(k) plan, this information does not apply to your investment because these accounts are not subject to current taxes. After-tax returns for Vanguard funds reflect the reduced tax rates on ordinary income, qualified dividend income, and short-term and long-term capital gains that went into effect in 2003. The fund's past performance—whether before or after taxes—does not guarantee future results. If a fund incurs a loss, which generates a tax benefit, the post-liquidation after-tax return may exceed the fund's other return figures. After-tax returns are quarter-end adjusted for fees. After-tax returns for most funds are calculated using the tax liability implied by each fund's declared distributions. However, the exact tax characteristics of many distributions are not known until after the close of the calendar year. For the Vanguard Tax-Managed Balanced Fund, conservative estimates are used based on fund history until final amounts become available.

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

If you receive your retirement plan statement from Vanguard or log on to Vanguard's website to view your plan, visit vanguard.com or call **800-523-1188**.

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 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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