

# Vanguard Mortgage-Backed Securities Index Fund

Bond fund | Admiral™ Shares

## Fund facts

<b>Risk level</b> Low <-----> High	<b>Total net assets</b>	<b>Expense ratio as of 12/22/23</b>	<b>Ticker symbol</b>	<b>Turnover rate</b>	<b>Inception date</b>	<b>Fund number</b>
1 2 3 4 5	\$1,075 MM	0.07%	VMBSX	101.0%	12/03/09	1948

## Investment objective

Vanguard Mortgage-Backed Securities Index Fund seeks to track the performance of a market-weighted U.S. mortgage-backed securities index with a intermediate-term dollar-weighted average maturity.

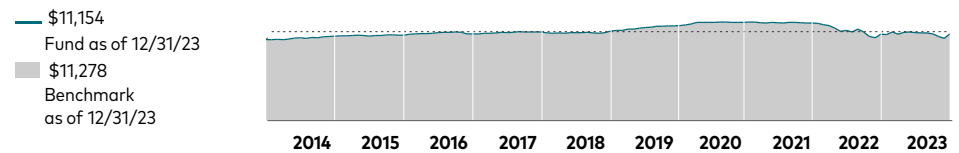
## Investment strategy

The fund employs an index sampling technique to select securities. Using sophisticated computer programs, the fund's advisor generally selects a representative sample of securities that approximates the full target index in terms of key risk factors and other characteristics. These factors include duration, cash flow, quality, and callability of the underlying bonds. In addition, the fund keeps sector and subsector exposure within tight boundaries relative to its target index. Because the fund does not hold all issues in its target index, some of the issues (and issuers) that are held will likely be overweighted (or underweighted) compared with the target index. The maximum overweight (or underweight) is constrained at the issuer level with the goal of producing well-diversified credit exposure in the portfolio.

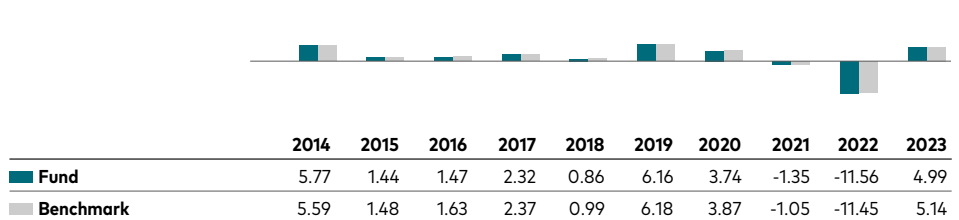
## Benchmark

Bloomberg US MBS Float Adj Index

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



## Annual returns



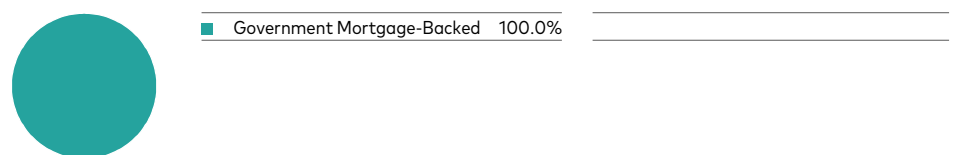
## Total returns

	Periods ended June 30, 2024					
	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	0.17%	-0.73%	2.40%	-2.81%	-0.74%	0.80%
<b>Benchmark</b>	0.12%	-0.76%	2.38%	-2.69%	-0.63%	0.90%

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](https://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.

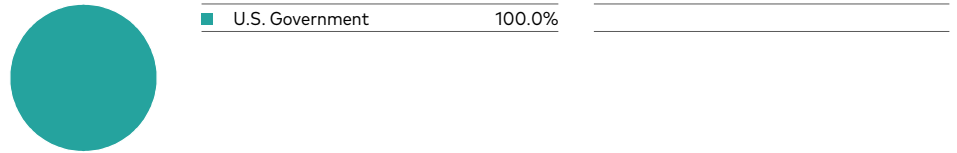
## Distribution by issuer—bonds



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## Distribution by credit quality\*



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### Plain talk about risk

An investment in the fund could lose money over short or even long periods. You should expect the fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall bond market. The fund's performance could be hurt by:

**Interest rate risk:** The chance that bond prices will decline because of rising interest rates.

**Income risk:** The chance that the fund's income will decline because of falling interest rates.

**Extension risk:** The chance that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates. This will lengthen the duration or average life of mortgage-backed securities held by the fund and delay the fund's ability to reinvest proceeds at higher interest rates. Extension risk is high for the fund.

**Prepayment risk:** The chance that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by the fund. The fund would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund's income. Prepayment risk is high for the fund.

**Index sampling risk:** The chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the index. Index sampling risk for the fund should be low.

### 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://vanguard.com) for your employer plans or contact Participant Services at 800-523-1188 for additional information.

\*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 Bloomberg using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest.

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