Vanguard Health Care Fund
Sector fund | Admiral™ Shares

Investment objective

Vanguard Health Care Fund seeks to provide long-term capital appreciation.

Investment strategy

The fund invests at least 80% of its assets in the stocks of companies principally engaged in the development, production, or distribution of products and services related to the health care industry. These companies include, among others, pharmaceutical firms, medical supply companies, and businesses that operate hospitals and other health care facilities. The fund also considers companies engaged in medical, diagnostic, biochemical, and other research and development activities. The fund’s advisor strives for a balanced representation of the health care field, searching for the best values in the various subsectors of the industry. The fund may invest up to 50% of its assets in foreign stocks.

For the most up-to-date fund data, please scan the QR code below.

Benchmark

Spliced Health Care Index

Growth of a $10,000 investment: January 31, 2007—December 31, 2016

Annual returns

Total returns

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.

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.

Top sector holdings—Stocks

Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.
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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 stock market. The fund’s performance could be hurt by:

Industry concentration risk: The chance that there will be overall problems affecting a particular industry. Because the fund normally invests at least 80% of its assets in one industry, the fund’s performance largely depends—for better or for worse—on the overall condition of this industry.

Stock market risk: The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

Manager risk: The chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

Country/regional risk: The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the fund may invest a large portion of its assets in securities of companies located in any one country or region, its performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.

Currency risk: The chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

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 for your employer plans or contact Participant Services at 800-523-1188 for additional information.

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 record keeper’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.

Ten largest holdings*

1. Bristol-Myers Squibb Co.
2. UnitedHealth Group Inc.
3. Eli Lilly & Co.
4. AstraZeneca plc
5. Allergan plc
7. Vertex Pharmaceuticals Inc.
8. Medtronic plc
9. Regeneron Pharmaceuticals Inc.
10. McKesson Corp.

Top 10 as % of Total Net Assets 42.0%

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