

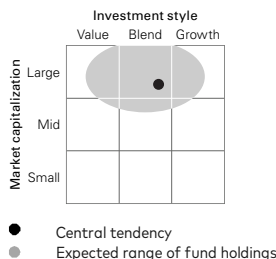
Vanguard® Dividend Growth Fund

Investment Approach

Large-cap equity emphasizing dividend-paying stocks. Seeks a growing stream of income over time and long-term capital appreciation and current income. Fundamental research approach. Invests primarily in stable, well-managed, dividend-producing companies. Managed as Vanguard Utilities Income Fund until December 2002.

Vanguard Style View: Large Blend

Large- and mid-capitalization stocks.



Quarterly Commentary

Major stock markets continued to advance in the first quarter of 2024, with a number of indexes reaching record highs. In the U.S., inflation readings came in higher than expected, but the labor market stayed on a solid footing, consumer spending remained strong, and the economy showed continued vigor. Given this backdrop, the Federal Reserve left interest rates unchanged.

Global stocks returned just shy of 8% for the quarter, as measured by the FTSE Global All Cap Index. U.S. equities led the way, while those in emerging markets lagged but still finished in positive territory.

For the quarter, Vanguard Dividend Growth Fund lagged its benchmark, the Standard & Poor's U.S. Dividend Growers Index TR (+7.73%), and the average return of its peers (+10.71%). Poor security selection in industrials (+9.6%) and consumer discretionary (+4.4%) detracted from performance. An overweight allocation to real estate (-6.4%) hurt returns as well. NIKE (-13%) and a lack of exposure to Broadcom (+19%) were among the biggest detractors. A lack of exposure to Apple (-11%) was the top contributor to returns.

On the other side of the ledger, strong selection in health care (+4.1%) and materials (+9.3%) boosted performance; holdings in Stryker (+20%) and Ecolab (+17%) specifically contributed. An underweight allocation to information technology (+6.3%) also added value.

For the 12 months ended March 31, the fund underperformed its benchmark (+21.02%) and peer-group average (+29.18%). Poor selection in industrials (+24.7%) and IT (+31.3%) weighed on returns. An underweight allocation to IT and an overweight allocation to real estate (+0.3%) also detracted. NIKE (-22%) and a lack of exposure to Broadcom (+111%) were among the biggest detractors. A lack of exposure to Apple (+5%) was the top contributor to returns.

Note: Company returns may differ if a security was held in the portfolio for less than the full period.

People and Process

Vanguard Dividend Growth Fund seeks above-average current income and long-term growth of capital and income. The advisor, Wellington Management Company LLP, invests in a diversified array of stable, well-managed companies that have a history of or a potential for growing dividends over time. Valuation is key to security selection, with the advisor preferring stocks that trade at a discount to the market or that possess an attractive risk/reward profile. The advisor is not constrained by a traditional value or growth mandate, but is permitted sufficient style latitude to search a broad investment universe for quality stocks.

Wellington Management Company LLP

Founded in 1928, Wellington Management Company LLP, Boston, Massachusetts, is among the nation's oldest and most respected institutional investment managers. The firm has advised Vanguard Dividend Growth Fund since 1992.

Investment Manager Biographies

Peter C. Fisher, Senior Managing Director. Portfolio manager. Advised the fund since 2022. Worked in investment management since 2000. B.A., Davidson College. M.B.A., University of Chicago, Booth School of Business.

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Dividend Growth Fund (5/15/1992)	0.30%	6.01%	6.01%	14.46%	9.29%	11.90%	11.20%
Dividend Growth Spliced Index	—	7.73	7.73	21.02	—	—	6.30
Large-Cap Core Funds Average	—	10.71	10.71	29.18	10.09	13.60	11.23

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.

Note: Dividend Growth Spliced Index: Russell 1000 Index through January 31, 2010; NASDAQ US Dividend Achievers Select Index (formerly known as the Dividend Achievers Select Index) through September 19, 2021, S&P U.S. Dividend Growers Index thereafter. Prior to December 6, 2002, the comparative benchmark was known as the Utilities Composite Index. The index weightings were: 40% S&P Utilities Index, 40% S&P Telephone Index, and 20% Lehman Brothers Utility Bond Index through April 30, 1999; 63.75% S&P Utilities Index, 21.25% S&P Telephone Index, and 15% Lehman Brothers Utility Bond Index through March 31, 2000; 75% S&P Utilities Index and 25% S&P Telephone Index through December 31, 2001; and 75% S&P Utilities Index and 25% S&P Integrated Telecommunication Services Index through December 6, 2002. Average fund returns are derived from data provided by Lipper, a Thomson Reuters Company.

Quarterly Returns

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Dividend Growth	Year-End	
						Dividend Growth Spliced Index	Assets (Millions)
2024	6.01%	—	—	—	—	—	\$53,912
2023	0.13	3.47%	-5.47%	10.38%	8.10%	14.52%	52,447
2022	-2.04	-9.17	-5.50	13.11	-4.88	-9.70	53,173
2021	4.26	6.56	0.71	11.57	24.84	23.71	56,422
2020	-17.29	13.14	9.92	8.94	12.06	15.62	47,397
2019	13.84	6.29	3.47	4.58	30.95	29.75	41,946
2018	-1.06	2.95	8.06	-8.99	0.18	-1.98	30,947
2017	5.87	3.85	2.76	5.63	19.33	22.29	33,312
2016	2.86	2.66	0.81	1.01	7.53	11.93	30,721
2015	0.86	-1.54	-3.26	6.83	2.62	-1.88	26,074
2014	1.88	2.66	1.36	5.50	11.85	10.12	23,436

Fund Facts

Fund Number	0057
Ticker	VDIGX
Newspaper Listing	DividGro
CUSIP Number	921908604
Assets (millions)	\$53,912
Inception	5/15/1992
Expense Ratio (as of 5/2023)	0.30%

Equity Characteristics

	Dividend Growth	S&P U.S. Dividend Growers Index TR
Number of stocks	42	339
Median market cap	\$158.4 Billion	\$189.3 Billion
Average market cap	\$332.8 Billion	\$434.4 Billion
Price/earnings ratio	27.6x	24.2x
Price/book ratio	6.6x	4.6x
Return on equity	28.4%	26.4%
Earnings growth rate	8.9%	10.8%
Equity yield (dividend)	1.9%	1.8%
Foreign holdings	4.9%	0.0%
Short-term reserves	2.6%	—
Turnover rate (fiscal year end)	11.3%	—

Volatility Measures

	R-Squared	Beta
Dividend Growth Spliced Index	0.96	0.90
DJ US Total Stock Mkt Float Adj Idx	0.78	0.71

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.

Top 10 Largest Holdings

	% of Total Net Assets
Microsoft Corp.	4.5%
Stryker Corp.	3.7
Danaher Corp.	3.2
UnitedHealth Group Inc.	3.2
Linde plc	3.1
Visa Inc.	3.1
Colgate-Palmolive Co.	3.0
American Express Co.	3.0
TJX Cos. Inc.	3.0
Mastercard Inc.	2.9
Total	32.7%

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

Sector Diversification (% of Stocks)

	Dividend Growth	S&P U.S. Dividend Growers Index TR	Overweight/Underweight
Communication Services	0.0%	1.0%	-1.0
Consumer Discretionary	10.0	6.7	3.3
Consumer Staples	15.1	11.5	3.6
Energy	0.0	3.2	-3.2
Financials	15.5	20.3	-4.8
Health Care	19.2	16.3	2.9
Industrials	20.3	12.6	7.7
Information Technology	11.1	22.1	-11.0
Materials	5.7	4.3	1.4
Other	0.0	0.0	0.0
Real Estate	3.1	0.0	3.1
Utilities	0.0	2.0	-2.0
Total	100.0%	100.0%	

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.

3 month attribution

	Portfolio			Benchmark			Attribution		
	Avg. weight	3 mo. return	Contrib. Return	Avg. weight	3 mo. return	Contrib. Return	Alloc. effect	Select effect	Total effect
Health Care	19.3	6.7	1.3	14.8	4.1	0.7	-0.2	0.5	0.3
Materials	5.4	14.8	0.8	4.4	9.3	0.4	0.0	0.3	0.3
Utilities	0.0	0.0	0.0	2.4	0.3	0.0	0.2	0.0	0.2
Communication Services	0.0	0.0	0.0	1.1	-0.4	0.0	0.1	0.0	0.1
Financials	15.2	12.4	1.8	19.3	10.8	2.1	-0.1	0.2	0.1
Information Technology	11.2	5.7	0.6	23.4	6.3	1.5	0.2	-0.1	0.1
Cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consumer Staples	14.9	8.1	1.2	11.8	9.5	1.1	0.1	-0.2	-0.2
Energy	0.0	0.0	0.0	2.8	17.3	0.5	-0.3	0.0	-0.3
Real Estate	3.1	-6.4	-0.2	0.0	0.0	0.0	-0.5	0.0	-0.5
Consumer Discretionary	10.4	-0.2	0.0	6.9	4.4	0.3	-0.1	-0.5	-0.6
Industrials	20.5	3.4	0.7	13.1	9.6	1.2	0.1	-1.3	-1.2
Total	100.0	6.2	6.2	100.0	7.7	7.7	-0.5	-1.1	-1.6

12 month attribution

	Portfolio			Benchmark			Attribution		
	Avg. weight	12 mo. return	Contrib. Return	Avg. weight	12 mo. return	Contrib. Return	Alloc. effect	Select effect	Total effect
Materials	5.4	35.8	1.8	4.4	22.5	1.0	0.0	0.6	0.7
Utilities	0.6	-22.5	-0.3	2.8	-10.6	-0.5	0.8	-0.1	0.7
Energy	0.0	0.0	0.0	3.1	9.8	0.2	0.4	0.0	0.4
Health Care	18.8	12.8	2.4	15.4	9.9	1.6	-0.5	0.6	0.1
Cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Communication Services	0.0	0.0	0.0	1.2	17.4	0.2	0.0	0.0	0.0
Consumer Staples	15.1	11.0	1.6	12.0	12.7	1.4	-0.3	-0.3	-0.5
Financials	14.7	31.7	4.4	18.5	33.2	5.9	-0.4	-0.2	-0.6
Real Estate	2.9	0.3	0.0	0.0	0.0	0.0	-0.6	0.0	-0.6
Consumer Discretionary	11.1	8.0	0.9	7.1	12.3	0.9	-0.3	-0.5	-0.8
Information Technology	10.0	25.4	2.6	22.5	31.3	7.2	-1.3	-0.5	-1.8
Industrials	21.3	7.6	1.6	13.0	24.7	3.1	0.2	-3.6	-3.4
Total	100.0	15.0	15.0	100.0	21.0	21.0	-2.0	-4.0	-6.0

The portfolio attribution data shown above is provided by FactSet based on information provided by Vanguard about the fund's daily portfolio holdings as of the market close. Because the fund buys and sells stocks throughout the trading day and not necessarily at the market close, the attribution data shown above is an estimate and may not precisely reflect actual attribution information. Information noted above does not reflect fair-value adjustments to prices of foreign securities held in the portfolio.

Top contributors—3 month

	3 mo. return	Total effect	Ending weight	Bench weight
Apple Inc.	-10.8	0.8	0.0	3.7
American Express Company	21.9	0.4	3.1	0.0
Stryker Corporation	19.8	0.3	3.8	0.7
Ecolab Inc.	16.7	0.2	2.4	0.3
Colgate-Palmolive Company	13.6	0.1	3.1	0.4

Top detractors—3 month

	3 mo. return	Total effect	Ending weight	Bench weight
Exxon Mobil Corporation	17.4	-0.2	0.0	2.7
JPMorgan Chase & Co.	18.5	-0.3	0.0	3.3
AMERICAN TOWER CORP	-8.5	-0.3	1.7	0.0
NIKE Inc.	-13.1	-0.4	2.3	0.7
Broadcom Inc.	19.2	-0.4	0.0	3.4

Top contributors—12 month

	12 mo. return	Total effect	Ending weight	Bench weight
Apple Inc.	4.5	0.7	0.0	3.7
American Express Company	40.1	0.5	3.1	0.0
Exxon Mobil Corporation	9.8	0.4	0.0	2.7
Bristol-Myers Squibb Company	-22.2	0.4	0.0	0.0
TJX Companies Inc.	31.4	0.3	3.1	0.0

Top detractors—12 month

	12 mo. return	Total effect	Ending weight	Bench weight
RTX Corporation	2.3	-0.6	1.3	0.0
Diageo Plc	-15.1	-0.8	2.5	0.0
NIKE Inc.	-22.3	-1.0	2.3	0.7
JPMorgan Chase & Co.	58.1	-1.0	0.0	3.3
Broadcom Inc.	110.7	-1.7	0.0	3.4

Important information

For more information about Vanguard funds or Vanguard ETFs, visit [vanguard.com](https://www.vanguard.com) or call 800-523-1036 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

All investing is subject to risk, including the possible loss of the money you invest.

Please remember that all investments involve some risk. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Diversification does not ensure a profit or protect against a loss. Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.

Investments in bond funds and ETFs are subject to interest rate, credit, and inflation risk. 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.

High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings.

The Factor Funds are subject to investment style risk, which is the chance that returns from the types of stocks in which a Factor Fund invests will trail returns from U.S. stock markets. The Factor Funds are also subject to manager risk, which is the chance that poor security selection will cause a Factor Fund to underperform its relevant benchmark or other funds with a similar investment objective, and sector risk, which is the chance that significant problems will affect a particular sector in which a Factor Fund invests, or that returns from that sector will trail returns from the overall stock market.

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