

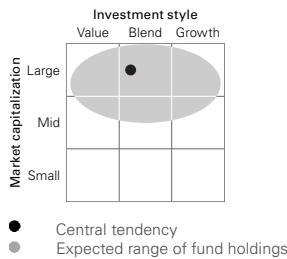
Vanguard® Dividend Appreciation ETF

Product Summary

Seeks to track the performance of the S&P U.S. Dividend Growers Index.
 Passively managed, full-replication approach.
 Fund remains fully invested.
 Large-cap equity, emphasizing stocks with a record of growing their dividends year over year.
 Low expenses minimize net tracking error.

Vanguard Style View: Large Blend

Index portfolio of stocks with records of increasing dividend payments.



Quarterly Commentary

The financial markets had another difficult quarter. Early on, stocks regained some lost ground amid signs of continuing strength in the labor markets, corporate earnings that were more resilient than expected, and a moderation in inflation expectations as energy prices cooled. Bonds made gains as well, buoyed by the prospect that weak growth could pave the way for a moderate path forward for monetary policy.

Both asset classes reversed course, however, as broader price increases kept inflation stubbornly high. That prompted more aggressive tightening by the Federal Reserve and many other central banks to hike rates to bring it back in check, which in turn raised the odds of a global recession.

Yields in many markets rose, and prices fell. U.S. Treasuries followed this pattern all along the maturity spectrum, with more movement at the shorter end of the curve because of the Fed's steep rate hikes. The broad U.S. investment-grade bond market declined by close to 5% (as measured by the Bloomberg U.S. Aggregate Float Adjusted Index).

The Spliced S&P U.S. Dividend Growers Index returned -5.31% for the quarter. The Russell 3000 Index, which measures the broad U.S. stock market, returned -4.46%.

Information technology (-5.1%), health care (-4.5%), and financials (-3.8%) were the biggest detractors.

Consumer discretionary (+1.0%) and energy (+19.7%) were the only positive contributors.

For the 12-month period ended September 30, 2022, the Spliced S&P U.S. Dividend Growers Index returned -10.30%. The biggest detractors were information technology (-13.5%), financials (-17.5%), and consumer discretionary (-17.1%). The only contributors were health care (+5.2%), consumer staples (+2.9%), and energy (+29.3%).

People and Process

Vanguard Dividend Appreciation ETF seeks to track the investment performance of the S&P U.S. Dividend Growers Index, which consists of common stocks of companies that have a record of increasing dividends over time. The fund will hold all the stocks in the index in approximately the same proportions as their weightings in the index. The experience and stability of Vanguard's Equity Index Group have permitted continuous refinement of techniques for reducing tracking error. The group uses proprietary software to implement trading decisions that accommodate cash flow and maintain close correlation with index characteristics. Vanguard's refined indexing process, combined with low management fees and efficient trading, has provided tight tracking, net of expenses.

Vanguard Equity Index Group

Launched in 1975, The Vanguard Group, Malvern, Pennsylvania, is among the world's largest equity and fixed income managers. As chief investment officer, Gregory Davis, CFA, oversees Vanguard's Equity Index, Quantitative Equity, and Fixed Income Groups. Rodney Comegys, Principal and global head of Vanguard's Equity Index Group, is responsible for all equity index funds. The Equity Index Group manages indexed equity portfolios covering U.S. and international markets. It has developed sophisticated portfolio construction methodologies and efficient trading strategies that seek to deliver returns that are highly correlated with target portfolio benchmarks. The group has advised Vanguard Dividend Appreciation ETF since 2006.

Investment Manager Biographies

Gerard C. O'Reilly, Principal. Portfolio manager. Advised the fund since 2016. Worked in investment management since 1992. B.S., Villanova University.

Walter Nejman. Portfolio manager. Advised the fund since 2016. Worked in investment management since 2008. B.A., Arcadia University. M.B.A., Villanova University.

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Dividend Appreciation ETF (4/21/2006)	0.06%						
Net Asset Value	—	-5.33%	-20.20%	-10.37%	6.10%	9.37%	10.73%
Market Price	—	-5.26	-20.11	-10.27	6.12	9.39	10.74
Spliced S&P U.S. Dividend Growers Index	—	-5.31	-20.15	-10.30	6.19	9.45	10.80

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: Spliced S&P U.S. Dividend Growers Index: 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.

Market price returns are calculated using the midpoint between the bid and offer price at the time NAV is calculated, typically 4 p.m., Eastern time.

Quarterly Returns

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Dividend Appreciation ETF	Spliced S&P U.S. Dividend Growers Index TR	Year-End
							Assets (Millions)
2022	-5.21%	-11.08%	-5.33%	—	—	—	\$56,830
2021	4.40	5.77	-0.31	12.32%	23.64%	23.71%	69,823
2020	-16.79	13.96	10.38	10.31	15.46	15.62	53,527
2019	12.52	5.55	4.15	4.85	29.71	29.75	42,121
2018	-0.47	1.09	9.47	-11.04	-2.02	-1.98	29,269
2017	6.18	3.58	2.81	8.10	22.22	22.29	27,298
2016	4.95	3.07	1.27	2.09	11.84	11.93	22,388
2015	-0.07	-2.04	-5.59	6.10	-1.95	-1.88	19,225
2014	0.42	4.12	-0.75	6.06	10.06	10.12	21,222
2013	10.87	1.26	5.61	8.79	28.99	29.03	19,474
2012	7.65	-2.57	5.77	0.61	11.61	11.73	12,043

Recent Dividends and Distributions

Ex-Dividend Date	Income	Total Dividend
September 20, 2022	\$0.72	\$0.72
June 22, 2022	0.70	0.70
March 22, 2022	0.69	0.69
December 21, 2021	0.77	0.77
September 21, 2021	0.70	0.70
June 22, 2021	0.68	0.68
March 23, 2021	0.51	0.51
December 22, 2020	0.66	0.66
September 30, 2020	0.56	0.56
June 30, 2020	0.60	0.60
March 27, 2020	0.47	0.47
December 19, 2019	0.60	0.60

Fund Facts

Fund Number	0920
Ticker	VIG
Intra-day Ticker	VIG.IV
Benchmark Ticker	SPUDIGUT
CUSIP Number	921908844
Assets (millions)	\$56,830
Inception	4/21/2006
Expense Ratio (as of 5/2022)	0.06%

Equity Characteristics

	Dividend Appreciation ETF	S&P U.S. Dividend Growers Index TR
Number of stocks	289	289
Median market cap	\$129.4 Billion	\$129.4 Billion
Average market cap	\$218.9 Billion	\$218.9 Billion
Price/earnings ratio	18.5x	18.5x
Price/book ratio	3.9x	3.9x
Return on equity	24.4%	24.4%
Earnings growth rate	15.6%	15.6%
Equity yield (dividend)	2.2%	2.2%
Foreign holdings	0.0%	0.0%
Short-term reserves	0.0%	—
Turnover rate (fiscal year end)	25.6%	—

Sector Diversification (% of Stocks)

	Dividend Appreciation ETF	S&P U.S. Dividend Growers Index TR	Overweight/ Underweight
Communication Services	1.7%	1.7%	0.0
Consumer Discretionary	9.2	9.2	0.0
Consumer Staples	13.8	13.8	0.0
Energy	0.1	0.1	0.0
Financials	14.8	14.7	0.1
Health Care	16.6	16.6	0.0
Industrials	13.1	13.1	0.0
Information Technology	22.6	22.7	-0.1
Materials	4.6	4.6	0.0
Other	0.0	0.0	0.0
Real Estate	0.0	0.0	0.0
Utilities	3.5	3.5	0.0
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.

Volatility Measures

	R-Squared	Beta
Spliced S&P U.S. Dividend Growers Index TR	1.00	1.00
DJ US Total Stock Mkt Float Adj Idx	0.92	0.80

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
UnitedHealth Group Inc.	4.4%
Johnson & Johnson	4.0
Microsoft Corp.	3.7
JPMorgan Chase & Co.	2.9
Procter & Gamble Co.	2.8
Home Depot Inc.	2.7
Visa Inc.	2.6
Mastercard Inc.	2.3
PepsiCo Inc.	2.1
Coca-Cola Co.	2.0
Total	29.5%

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

Important information

For more information about Vanguard funds or Vanguard ETFs, visit 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.

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

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.

Vanguard Commodity Strategy Fund could lose all, or substantially all, of its investments in instruments linked to the returns of commodity futures or other commodity investments. Commodity futures trading is volatile, and even a small movement in market prices could cause large losses.

Investments in derivatives may involve risks different from, and possibly greater than, those of investments in the underlying securities or assets.

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