

Vanguard® PRIMECAP Fund

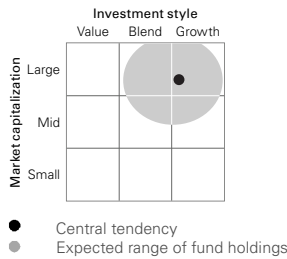
Product Summary

Multi-cap growth equity, emphasizing large- and mid-cap issues.
 Seeks long-term capital appreciation.
 Invests in out-of-favor growth companies at attractive valuations.
 Fundamental stock selection process.
 The managers develop separate subportfolios.
 Portfolio may be concentrated by sector and holdings.

Note: This fund is closed to new investors.

Vanguard Style View: Large Growth

Portfolio of large- and mid-cap growth-oriented equities.



Quarterly Commentary

The investment environment grew more challenging as the third quarter of 2021 progressed. Corporate earnings were healthy across much of the globe, with many economies back open, vaccination rates climbing, and labor markets regaining lost ground. Sentiment deteriorated, though, as the COVID-19 Delta variant spread, high inflation readings in some economies (including the U.S.) began to look as if they might persist for a while, and worries surfaced about contagion from debt issues in the Chinese property sector.

The broad U.S. stock market returned -0.10% for the quarter, as measured by the Russell 3000 Index. Small-capitalization stocks gave up some of their gains of the last year, with the Russell 2000 Index (-4.36%) significantly trailing the large-cap Russell 1000 Index (+0.21%). Growth stocks extended their lead over value as the Russell 3000 Growth Index (+0.69%) outperformed the Russell 3000 Value Index (-0.93%).

For the quarter, Vanguard PRIMECAP Fund underperformed its benchmark, the Standard & Poor's 500 Index (+0.58%), and the average return of its peers (-0.29%). Poor stock selection in health care (+1.7%), industrials (-4.3%), and information technology (+1.4%) weighed on relative returns. Given the advisor's low-turnover approach, positioning did not change materially; IT, health care, and industrials together constituted nearly 70% of the portfolio at the end of September.

The fund's largest overall detractor for the period, Alibaba (-35%), slid as uncertainty about China-based companies rose. In health care, long-term positions in Biogen (-18%) and Amgen (-12%) weighed on relative results.

For the 12 months ended September 30, the fund lagged its benchmark (+30.00%) but outperformed its peer average (+26.98%). Strong selection in information technology (+28.9%) and communication services (+38.4%) more than made up for poor selection in health care (+23.3%). Holdings in Tesla (+81%) and Eli Lilly (+59%) contributed most, while Alibaba (-50%) and Amgen (-16%) detracted most.

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

People and Process

Vanguard PRIMECAP Fund seeks long-term capital appreciation, using a fundamental approach to invest in growth-oriented companies at attractive valuation levels. The fund has flexibility to invest across all industry sectors and market capitalizations, although holdings are generally large- and mid-cap stocks. The fund tends to focus on out-of-favor companies or industries, seeking to identify companies with long-term growth potential overlooked by the market. The fund's managers rely almost exclusively on independent research. Each manager is responsible for a separate subportfolio and has autonomy to implement his best ideas. The managers anticipate holding companies for at least three to five years, resulting in low turnover. The portfolio may be relatively concentrated, with the top ten holdings often representing 30%–40% of assets.

PRIMECAP Management Company

Founded in 1983, PRIMECAP Management Company, Pasadena, California, is recognized for its long-term approach to growth equity investing. The firm has advised Vanguard PRIMECAP Fund since 1984.

Investment Manager Biographies

Theo A. Kolokotronis, Chairman. Portfolio manager. Advised the fund since 1984. Worked in investment management since 1970. B.A., University of Chicago. M.B.A., Harvard Business School.

Joel P. Fried, President. Portfolio manager. Advised the fund since 1993. Worked in investment management since 1985. B.S., University of California, Los Angeles. M.B.A., Anderson Graduate School of Business, University of California, Los Angeles.

Alfred W. Mordecai, Executive Vice President. Portfolio manager. Advised the fund since 1997. Worked in investment management since 1997. B.S.E., Duke University. M.E.A., Virginia Polytechnic Institute and State University. M.B.A., Harvard Business School.

M. Mohsin Ansari, Executive Vice President. Portfolio manager. Advised the fund since 2007. Worked in investment management since 2000. B.A., Colgate University. B.S., Washington University. M.B.A., Harvard Business School.

James M. Marchetti, Senior Vice President. Portfolio manager. Advised the fund since 2015. Worked in investment management since 2005. B.A., Massachusetts Institute of Technology. M.B.A., MIT Sloan School of Management.

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
PRIMECAP Fund							
Investor Shares (11/1/1984)	0.38%	-3.46%	13.63%	29.74%	13.36%	17.24%	17.88%
Admiral Shares (11/12/2001)	0.31	-3.44	13.70	29.83	13.44	17.32	17.97
S&P 500 Index	—	0.58	15.92	30.00	15.99	16.90	16.63
Multi-Cap Growth Funds Average	—	-0.29	10.81	26.98	19.64	20.23	17.22

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: Average fund returns are derived from data provided by Lipper, a Thomson Reuters Company. Admiral class shareholders are required to maintain specific minimum balances and meet other special criteria.

Quarterly Returns: Investor Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	PRIMECAP	Year-End	
						S&P 500 Index	Assets (Millions)
2021	10.05%	6.96%	-3.46%	—	—	—	\$5,878
2020	-20.17	17.25	9.71	14.18%	17.25%	18.40%	6,161
2019	10.76	2.17	0.78	12.04	27.78	31.49	6,565
2018	1.61	2.86	9.58	-14.43	-2.01	-4.38	5,744
2017	8.25	5.79	5.42	7.28	29.51	21.83	7,591
2016	-1.97	0.27	9.80	2.51	10.63	11.96	7,426
2015	2.25	-1.51	-6.35	8.78	2.58	1.38	8,107
2014	5.03	4.63	2.66	5.24	18.72	13.69	9,785
2013	14.16	3.19	7.29	10.55	39.73	32.39	13,537
2012	10.37	-3.49	5.52	2.56	15.27	16.00	13,239
2011	5.23	0.25	-15.78	10.48	-1.84	2.11	14,935

Quarterly Returns: Admiral Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	PRIMECAP	Year-End	
						S&P 500 Index	Assets (Millions)
2021	10.07%	6.98%	-3.44%	—	—	—	\$68,059
2020	-20.16	17.26	9.73	14.19%	17.32%	18.40%	63,289
2019	10.78	2.19	0.80	12.06	27.88	31.49	62,551
2018	1.62	2.87	9.61	-14.42	-1.94	-4.38	52,842
2017	8.27	5.80	5.44	7.30	29.60	21.83	54,636
2016	-1.95	0.29	9.82	2.52	10.72	11.96	40,686
2015	2.27	-1.51	-6.34	8.79	2.64	1.38	38,229
2014	5.06	4.65	2.69	5.25	18.83	13.69	36,525
2013	14.19	3.21	7.31	10.58	39.86	32.39	26,102
2012	10.40	-3.48	5.55	2.58	15.38	16.00	16,015
2011	5.24	0.26	-15.76	10.50	-1.77	2.11	12,636

Volatility Measures

	R-Squared	Beta
S&P 500 Index	0.91	0.97
DJ US Total Stock Mkt Float Adj Idx	0.93	0.93

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

Fund Facts

	Investor Shares	Admiral Shares
Fund Number	0059	0559
Ticker	VPMCX	VPMAX
Newspaper Listing	Prmcpx	PrmcpxAdml
CUSIP Number	921936100	921936209
Assets (millions) (Total \$73,937)	\$5,878	\$68,059
Inception	11/1/1984	11/12/2001
Expense Ratio (as of 1/2021)	0.38%	0.31%

Equity Characteristics

	PRIMECAP	S&P 500 Index
Number of stocks	163	505
Median market cap	\$137.0 Billion	\$192.8 Billion
Average market cap	\$339.9 Billion	\$563.6 Billion
Price/earnings ratio	22.2x	24.3x
Price/book ratio	4.2x	4.3x
Return on equity	19.0%	20.7%
Earnings growth rate	16.0%	19.5%
Equity yield (dividend)	1.0%	1.4%
Foreign holdings	14.4%	0.0%
Short-term reserves	2.2%	—
Turnover rate (fiscal year end)	3.9%	—

Sector Diversification (% of Stocks)

	PRIMECAP	S&P 500 Index	Overweight/ Underweight
Communication Services	7.0%	11.3%	-4.3
Consumer Discretionary	13.2	12.4	0.8
Consumer Staples	0.2	5.8	-5.6
Energy	1.4	2.7	-1.3
Financials	8.7	11.4	-2.7
Health Care	25.0	13.2	11.8
Industrials	14.0	8.0	6.0
Information Technology	29.3	27.6	1.7
Materials	1.2	2.5	-1.3
Other	0.0	0.0	0.0
Real Estate	0.0	2.6	-2.6
Utilities	0.0	2.5	-2.5
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.

Top 10 Largest Holdings

	% of Total Net Assets
Eli Lilly & Co.	5.7%
Microsoft Corp.	4.4
Alphabet Inc.	4.0
Adobe Inc.	3.9
Biogen Inc.	3.5
Texas Instruments Inc.	3.3
Amgen Inc.	2.7
FedEx Corp.	2.7
Tesla Inc.	2.5
Micron Technology Inc.	2.5
Total	35.2%

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

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
Materials	1.2	8.2	0.1	2.5	-3.5	-0.1	0.1	0.1	0.2
Cash	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consumer Staples	0.2	0.5	0.0	5.8	-0.3	0.0	0.0	0.0	0.0
Energy	1.2	-4.8	-0.1	2.5	-1.6	-0.1	0.0	0.0	0.0
Financials	8.1	3.4	0.3	11.1	2.7	0.3	-0.1	0.1	0.0
Real Estate	0.0	5.6	0.0	2.6	0.9	0.0	0.0	0.0	0.0
Utilities	0.0	0.0	0.0	2.5	1.7	0.0	0.0	0.0	0.0
Communication Services	7.0	-2.7	-0.2	11.3	1.6	0.2	0.0	-0.3	-0.3
Consumer Discretionary	12.7	-5.3	-0.7	12.1	0.0	0.0	0.0	-0.7	-0.7
Industrials	14.0	-8.5	-1.2	8.3	-4.3	-0.3	-0.3	-0.6	-0.9
Information Technology	28.5	-1.8	-0.5	27.9	1.3	0.4	0.0	-0.8	-0.9
Health Care	25.0	-4.3	-1.0	13.3	1.4	0.2	0.1	-1.4	-1.3
Total	100.0	-3.4	-3.4	100.0	0.6	0.6	-0.2	-3.7	-3.9

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
Information Technology	28.8	37.2	10.5	27.4	28.9	7.7	-0.1	2.5	2.4
Consumer Staples	0.1	22.4	0.0	6.2	11.3	0.8	1.1	0.0	1.0
Communication Services	7.0	50.2	3.3	11.0	38.4	4.1	-0.3	0.7	0.4
Materials	1.1	80.5	0.7	2.6	26.5	0.8	0.0	0.4	0.4
Utilities	0.0	0.0	0.0	2.7	11.0	0.4	0.4	0.0	0.4
Industrials	15.1	26.7	4.7	8.5	28.8	2.7	0.0	-0.1	0.0
Real Estate	0.0	25.0	0.0	2.5	30.5	0.7	0.0	0.0	0.0
Cash	1.0	0.1	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1
Financials	7.5	76.4	4.4	10.9	59.1	5.7	-0.9	0.8	-0.1
Consumer Discretionary	13.4	15.1	2.5	12.2	19.1	2.4	-0.2	-0.1	-0.3
Energy	1.1	103.9	0.8	2.6	83.1	1.7	-0.6	0.1	-0.5
Health Care	24.9	15.9	3.7	13.4	22.6	3.1	-0.9	-1.9	-2.8
Total	100.0	30.7	30.7	100.0	30.0	30.0	-1.7	2.4	0.7

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
Sony Group Corporation	13.7	0.2	2.2	0.0
Albemarle Corporation	30.2	0.1	0.4	0.1
Tesla Inc.	14.1	0.1	2.5	1.7
Thermo Fisher Scientific Inc.	13.3	0.1	1.9	0.6
Amazon.com Inc.	-4.5	0.1	1.1	3.9

Top detractors—3 month

	3 mo. return	Total effect	Ending weight	Bench weight
Baidu Inc.	-24.6	-0.3	1.1	0.0
Micron Technology Inc.	-16.4	-0.4	2.5	0.2
Biogen Inc.	-18.3	-0.8	3.5	0.1
Alibaba Group Holding Ltd.	-34.7	-0.9	1.9	0.0
FedEx Corporation	-26.3	-0.9	2.7	0.2

Top contributors—12 month

	12 mo. return	Total effect	Ending weight	Bench weight
Tesla Inc.	80.8	1.1	2.5	1.7
Eli Lilly and Company	58.8	1.0	5.7	0.5
Amazon.com Inc.	1.2	0.8	1.1	3.9
Micron Technology Inc.	53.1	0.7	2.5	0.2
KLA Corporation	74.9	0.7	2.0	0.1

Top detractors—12 month

	12 mo. return	Total effect	Ending weight	Bench weight
Adobe Incorporated	17.4	-0.6	3.9	0.8
Biogen Inc.	-0.2	-1.1	3.5	0.1
FedEx Corporation	-11.9	-1.2	2.7	0.2
Amgen Inc.	-15.6	-1.4	2.7	0.3
Alibaba Group Holding Ltd.	-49.6	-2.7	1.9	0.0

Important information

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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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