

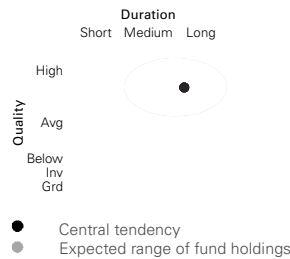
Vanguard® Ohio Long-Term Tax-Exempt Fund

Product Summary

Long- and intermediate-term municipal bonds issued by Ohio state, local, and regional government authorities. Conservatively managed, using fundamental research.

Vanguard Style View: Muni Ohio

Portfolio of high-quality, long- and intermediate-duration Ohio municipal bonds.



Quarterly Commentary

The human toll of COVID-19 further mounted during the second quarter of 2021 amid fresh outbreaks of the virus and new variants. The global economy nevertheless continued to rebound sharply if unevenly. Countries that have better succeeded in containing the virus—whether through vaccinations, lockdowns, or both—tended to fare the best.

The combination of faster economic growth, a recovery in commodity prices, ongoing fiscal and monetary stimulus, and a low basis of comparison from last year pushed inflation readings higher. Although those forces caused some volatility in longer-term interest rates (even as central bank policy kept short-term rates anchored near zero), they ended the quarter lower in a number of developed markets.

Ohio municipal bond issuance in the second quarter of 2021 was down 26% compared with the first quarter, and year to date was down 61% compared with this time last year.

The Ohio municipal yield curve flattened for the quarter, with yields rising at the short end of the curve and falling at the intermediate and long end. The yield of the 2-year municipal bond rose 5 basis points (bps), that of the 10-year bond fell 6 bps, and that of the 30-year bond fell 24 bps. (A basis point is one-hundredth of a percentage point.) Over the 12 months ended June 30, the curve shifted as short- and long-term yields fell while intermediate-term yields rose. Yields fell 14 bps for the 2-year municipal bond, rose 6 bps for the 10-year bond, and fell 22 bps for the 30-year bond.

The benchmark for Vanguard Ohio Long-Term Tax-Exempt Fund, the Bloomberg Barclays Ohio Municipal Bond Index (+1.34%), lagged the broader national Bloomberg Barclays Municipal Bond Index (+1.42%) for the three months.

For the quarter, the fund outperformed both its benchmark index and the average return of its peers (+1.61%). The fund's municipal bonds are generally longer in maturity than those in its benchmark. The fund is currently weighted with over 75% in bonds with maturities greater than 10 years.

The fund's selection in bonds with maturities of 20–30 years and in Aa-rated bonds contributed most to relative returns. By sector, the largest contributors were local and state general obligations and university revenue bonds; the largest detractors were transportation and electric/gas revenue bonds.

For the 12 months ended June 30, the fund outpaced both its benchmark (+3.59%) and the average return of its peers (+3.57%). The fund's selection in bonds with maturities of 10–20 years and security selection in Aa-rated bonds contributed most to relative returns. By sector, the largest contributors were university and water/sewer revenue bonds and prerefunded bonds; the largest detractors were industrial development/pollution control revenue, school district, and leasing bonds.

Note: Changes in yields may reflect rounding.

People and Process

Vanguard Ohio Long-Term Tax-Exempt Fund seeks current income by investing at least 80% of its assets in securities exempt from federal and Ohio income taxes. These municipal bonds are generally of intermediate and long maturity. The fund is conservatively managed, emphasizing well-diversified, highly rated municipal securities. Although the fund has no limitation on the maturity of individual securities, its dollar-weighted average nominal maturity is expected to be between 10 and 25 years.

Vanguard Fixed Income 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. Sara Devereux, principal and global head of Fixed Income Group, has direct oversight responsibility for all money market, bond, and stable value portfolios managed by the Fixed Income Group. The Fixed Income Group offers actively managed investments in U.S. Treasury, corporate, and tax-exempt securities, as well as passively managed index portfolios. Since 1981, it has refined techniques in total-return management, credit research, and index sampling to seek to deliver consistent performance with transparency and risk control. The group has advised Vanguard Ohio Long-Term Tax-Exempt Fund since 1990.

Investment Manager Biographies

Stephen M. McFee, CFA. Portfolio manager. Advised the fund since 2020. Worked in investment management since 2007. B.A. and B.S., East Stroudsburg University. M.S., St. Joseph's University.

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Ohio Long-Term Tax-Exempt Fund (6/18/1990)	0.13%	1.99%	1.47%	5.07%	6.05%	3.84%	4.98%
Bloomberg Barclays OH Municipal Bond Index	—	1.34	0.76	3.59	5.07	3.15	4.23
Ohio Municipal Debt Funds Average	—	1.61	1.04	3.57	4.41	2.38	3.63

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.

Note: 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	Year-End		
					OH Long-Term Tax-Exempt	Bloomberg Barclays OH Muni Bond Index	Assets (Millions)
2021	-0.51%	1.99%	—	—	—	—	\$1,703
2020	0.54	2.82	1.43%	2.09%	7.04%	5.62%	1,618
2019	3.01	2.45	1.92	0.49	8.08	7.20	1,425
2018	-1.44	0.82	-0.31	1.92	0.95	1.31	1,187
2017	1.30	2.26	1.20	1.41	6.31	5.20	1,217
2016	1.85	3.46	-0.60	-3.59	0.98	0.31	1,111
2015	1.23	-0.97	2.00	1.96	4.25	3.73	1,046
2014	4.19	3.05	1.84	1.70	11.20	9.51	978
2013	0.24	-3.81	0.07	0.37	-3.16	-2.01	872
2012	1.79	1.95	2.60	0.94	7.47	6.43	1,023
2011	-0.17	4.10	3.81	2.03	10.08	9.96	899

Fund Facts

Fund Number	0097
Ticker	VOHIX
Newspaper Listing	OHLTte
CUSIP Number	921929204
Assets (millions)	\$1,703
Inception	6/18/1990
Expense Ratio (as of 3/2021)	0.13%

Volatility Measures

	R-Squared	Beta
BloomBarc OH Municipal Index	0.98	1.07
BloomBarc Municipal Bond Index	0.98	1.01

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

Distribution by Credit Quality

	% of Portfolio
AAA	13.0%
AA	41.5
A	34.0
BBB	12.0
BB	0.0
B	0.0
Not Rated	-0.5
Total	100.0%

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 Cash Management 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 Moody's and S&P, and the higher rating for each issue is used.

Fixed Income Characteristics

	OH Long-Term Tax-Exempt	Bloomberg Barclays OH Muni Bond Index
Number of bonds	841	1,651
Average stated maturity	17.1 years	12.8 years
Average duration	5.2 years	5.0 years
Short-term reserves	0.0%	—

Distribution by Issuer

	% of Portfolio
Asset-Backed	0.0%
Commercial Mortgage-Backed	0.0
Finance	0.0
Foreign	0.0
Government Mortgage-Backed	0.0
Industrial	0.0
Treasury/Agency	0.0
Utilities	0.0
Other	100.0
Total	100.0%

Distribution by Stated Maturity

	% of Portfolio
Under 1 Year	5.6%
1 to 3 Years	1.7%
3 to 5 Years	2.6%
5 to 10 Years	13.9%
10 to 20 Years	37.8%
20 to 30 Years	31.7%
Over 30 Years	6.7%
Total	100.0%

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.

Factor funds are subject to investment style risk, which is the chance that returns from the types of stocks in which the fund invests will trail returns from the stock market. Factor funds are subject to manager risk, which is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

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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