

# Vanguard® Total Bond Market Index Fund

## Product Summary

Seeks to track the performance of the Bloomberg U.S. Aggregate Float Adjusted Index.

Broad exposure to the investment-grade U.S. bond market.

Passively managed using index sampling.

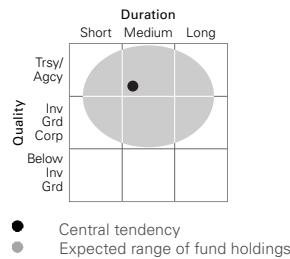
Intermediate-duration portfolio.

Provides moderate current income with high credit quality.

**Note:** The Investor Shares are closed to new investors.

## Vanguard Style View: Intermediate-Term Bond

Invests in U.S. Treasury, investment-grade corporate, mortgage-backed, and asset-backed securities.



## Quarterly Commentary

Some of the concerns that had been weighing on market sentiment carried into the fourth quarter of 2021. Year-on-year inflation readings accelerated to levels well above central bank targets in a number of developed markets amid rising energy prices and ongoing supply shortages, and the Omicron variant pushed COVID cases up even as vaccination rates climbed. Although volatility occasionally picked up, market fundamentals remained positive, with the global economy continuing to expand, labor markets recovering, and interest rates hovering at historically low levels across much of the globe.

Yields of longer-dated U.S. Treasuries declined, while yields of shorter-term Treasuries rose as the Federal Reserve tapered its asset purchases and signaled it could soon begin to raise short-term interest rates. The broad U.S. investment-grade bond market returned 0.05%, as measured by the Bloomberg U.S. Aggregate Float Adjusted Index, the benchmark for Vanguard Total Bond Market Index Fund.

Corporate bonds, as measured by the Bloomberg U.S. Corporate Bond Index, returned 0.23%, while Treasuries, as measured by the Bloomberg U.S. Treasury Index, returned 0.18%.

By sector, bonds issued by industrial companies outperformed those of utilities and financial institutions. In general, higher-rated investment-grade corporates outperformed their lower-rated counterparts, while bonds with longer maturities fared better than shorter-dated bonds.

The fund's benchmark returned -1.58% for the 12 months ended December 31, 2021.

Small deviations in the fund's performance versus that of the benchmark index, whether positive or negative, may occur given the fund's sampling approach to approximate the index and temporary pricing differences between the fund and the index.

Note: Changes in yields may reflect rounding.

## People and Process

Vanguard Total Bond Market Index Fund seeks to track the investment performance of the Bloomberg U.S. Aggregate Float Adjusted Index, an unmanaged benchmark representing the broad, investment-grade U.S. bond market. The fund invests in taxable investment-grade corporate, U.S. Treasury, mortgage-backed, and asset-backed securities with short, intermediate, and long maturities in excess of one year, resulting in a portfolio of intermediate duration. The fund's passive investment style uses a sampling technique to closely match key benchmark characteristics: duration, cash flow, quality, and callability. Optimized sampling is designed to avoid the expense and impracticality of fully replicating the index.

## 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 Total Bond Market Index Fund since 1986.

## Investment Manager Biographies

Joshua C. Barrickman, CFA, Principal, Co-Head of Fixed Income Indexing Americas. Portfolio manager. Advised the fund since 2013. Worked in investment management since 1999. B.S., Ohio Northern University. M.B.A., Lehigh University.

## Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception
Total Bond Market Index Fund								
Investor Shares (12/11/1986)	0.15%	-0.11%	-1.77%	-1.77%	4.71%	3.48%	2.75%	—
Admiral Shares (11/12/2001)	0.05	-0.09	-1.67	-1.67	4.82	3.58	2.86	—
Institutional Shares (9/18/1995)	0.035	-0.08	-1.65	-1.65	4.83	3.59	2.87	—
Institutional Plus Shares (2/5/2010)	0.03	-0.08	-1.65	-1.65	4.84	3.60	2.88	—
Institutional Select Shares (6/24/2016)	0.01	-0.08	-1.63	-1.63	4.86	3.62	—	2.86%
Spliced Bloomberg U.S. Aggregate Float Adjusted Index	—	0.05	-1.58	-1.58	4.91	3.64	2.94	—

**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](http://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 Bloomberg U.S. Aggregate Float Adjusted Index: Bloomberg U.S. Aggregate Bond Index through December 31, 2009; Bloomberg U.S. Aggregate Float Adjusted Index thereafter. Admiral class shareholders are required to maintain specific minimum balances and meet other special criteria. Institutional class shareholders are required to maintain a minimum balance of \$5 million. Institutional Plus class shareholders are required to maintain a minimum balance of \$100 million. These shares are not available to recordkeeping clients.

## Quarterly Returns: Investor Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Bond Market Index	Year-End	
						Spliced Bloomberg Aggregate FA Index	Assets (Millions)
2021	-3.64%	1.97%	0.08%	-0.11%	-1.77%	-1.58%	\$1,169
2020	3.25	2.95	0.59	0.64	7.61	7.75	1,606
2019	2.92	3.05	2.40	0.00	8.61	8.87	1,546
2018	-1.50	-0.20	0.00	1.59	-0.13	-0.08	4,250
2017	0.88	1.45	0.70	0.38	3.45	3.63	5,166
2016	3.06	2.34	0.39	-3.19	2.50	2.75	5,969
2015	1.62	-1.81	1.16	-0.63	0.30	0.44	6,434
2014	1.88	1.94	0.14	1.69	5.76	5.85	7,076
2013	-0.09	-2.45	0.51	-0.22	-2.26	-1.97	7,939
2012	0.24	2.14	1.53	0.10	4.05	4.32	11,794
2011	0.24	2.24	3.98	0.93	7.56	7.92	12,584

## Quarterly Returns: Admiral Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Bond Market Index	Year-End	
						Spliced Bloomberg Aggregate FA Index	Assets (Millions)
2021	-3.61%	2.00%	0.11%	-0.09%	-1.67%	-1.58%	\$116,296
2020	3.27	2.98	0.61	0.67	7.72	7.75	120,909
2019	2.94	3.07	2.43	0.03	8.71	8.87	107,098
2018	-1.47	-0.17	0.03	1.61	-0.03	-0.08	88,281
2017	0.91	1.48	0.73	0.40	3.56	3.63	82,839
2016	3.09	2.36	0.41	-3.17	2.60	2.75	72,592
2015	1.65	-1.79	1.18	-0.60	0.40	0.44	60,783
2014	1.91	1.97	0.17	1.72	5.89	5.85	54,198
2013	-0.06	-2.42	0.54	-0.19	-2.15	-1.97	33,450
2012	0.27	2.16	1.55	0.13	4.15	4.32	35,533
2011	0.27	2.27	4.01	0.97	7.69	7.92	31,366

## Quarterly Returns: Institutional Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Bond Market Index	Spliced Bloomberg Aggregate FA Index	Year-End
							Assets (Millions)
2021	-3.61%	2.00%	0.11%	-0.08%	-1.65%	-1.58%	\$49,162
2020	3.28	2.98	0.62	0.67	7.74	7.75	53,018
2019	2.95	3.08	2.43	0.03	8.73	8.87	47,477
2018	-1.47	-0.17	0.03	1.62	-0.01	-0.08	40,728
2017	0.91	1.48	0.73	0.41	3.57	3.63	39,101
2016	3.09	2.36	0.41	-3.16	2.61	2.75	34,167
2015	1.65	-1.78	1.18	-0.60	0.41	0.44	29,095
2014	1.91	1.97	0.18	1.73	5.91	5.85	27,103
2013	-0.06	-2.42	0.54	-0.19	-2.14	-1.97	20,206
2012	0.28	2.17	1.56	0.13	4.18	4.32	22,494
2011	0.28	2.28	4.02	0.97	7.72	7.92	22,812

## Quarterly Returns: Institutional Plus Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Bond Market Index	Spliced Bloomberg Aggregate FA Index	Year-End
							Assets (Millions)
2021	-3.61%	2.00%	0.11%	-0.08%	-1.65%	-1.58%	\$36,314
2020	3.28	2.98	0.62	0.67	7.74	7.75	32,910
2019	2.95	3.08	2.43	0.03	8.74	8.87	23,679
2018	-1.47	-0.17	0.03	1.62	-0.01	-0.08	19,399
2017	0.91	1.48	0.73	0.41	3.58	3.63	19,488
2016	3.09	2.37	0.41	-3.16	2.62	2.75	22,203
2015	1.65	-1.78	1.18	-0.60	0.42	0.44	24,287
2014	1.92	1.98	0.18	1.73	5.92	5.85	22,254
2013	-0.05	-2.41	0.55	-0.19	-2.12	-1.97	18,607
2012	0.28	2.17	1.56	0.14	4.20	4.32	16,294
2011	0.28	2.28	4.03	0.97	7.74	7.92	9,486

## Quarterly Returns: Institutional Select Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Bond Market Index	Year-End	
						Spliced Bloomberg Aggregate FA Index	Assets (Millions)
2021	-3.60%	2.01%	0.12%	-0.08%	-1.63%	-1.58%	\$29,135
2020	3.28	2.99	0.62	0.68	7.76	7.75	26,500
2019	2.95	3.09	2.44	0.04	8.76	8.87	20,401
2018	-1.46	-0.16	0.04	1.62	0.01	-0.08	14,821
2017	0.92	1.49	0.74	0.41	3.60	3.63	12,031
2016 <sup>1</sup>	—	0.57	0.42	-3.16	-2.20	-2.06	5,438

<sup>1</sup> Since inception of the share class, 6/24/2016.

## Fund Facts

	Investor Shares	Admiral Shares	Institutional Shares	Institutional Plus Shares	Institutional Select Shares
Fund Number	0084	0584	0222	0850	1884
Ticker	VBMFX	VBTLX	VBPIX	VBMPX	VTBSX
Newspaper Listing	TotBd	TotBdAdml	TotBdInst	TotBdInstPI	VanTBdMlxInsSel
CUSIP Number	921937108	921937603	921937504	921937785	921937660
Assets (millions) (Total \$316,331)	\$1,169	\$116,296	\$49,162	\$36,314	\$29,135
Inception	12/11/1986	11/12/2001	9/18/1995	2/5/2010	6/24/2016
Expense Ratio (as of 4/2021)	0.15%	0.05%	0.035%	0.03%	0.01%

## Volatility Measures

	R-Squared	Beta
Spliced Bloomberg USAgg Flt Adjlx	0.99	1.01

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

**Fixed Income Characteristics**

	Total Bond Market Index	Bloomberg Aggregate Float Adj Index
Number of bonds	10,161	12,350
Average effective maturity	8.8 years	8.9 years
Average duration	6.9 years	7.0 years
Short-term reserves	0.0%	—

**Distribution by Issuer**

	% of Portfolio
Asset-Backed	0.4%
Commercial Mortgage-Backed	2.2
Finance	8.8
Foreign	3.7
Government Mortgage-Backed	19.9
Industrial	17.2
Treasury/Agency	44.5
Utilities	2.3
Other	1.0
<b>Total</b>	<b>100.0%</b>

**Distribution by Credit Quality**

	% of Portfolio
U.S. Government	65.4%
Aaa	3.7
Aa	3.2
A	12.1
Baa	15.5
Less than BBB	0.0
Not Rated	0.1
<b>Total</b>	<b>100.0%</b>

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 Bloomberg using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

**Distribution by Effective Maturity**

	% of Portfolio
Under 1 Year	1.1 %
1 to 5 Years	44.3 %
5 to 10 Years	32.2 %
10 - 15 Years	2.2 %
15 - 20 Years	4.9 %
20 - 25 Years	5.9 %
Over 25 Years	9.4 %
<b>Total</b>	<b>100.0%</b>

## Important information

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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.

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