

Vanguard® High Dividend Yield ETF

Investment Approach

Seeks to track the performance of the FTSE High Dividend Yield Index.

Passively managed, full-replication approach.

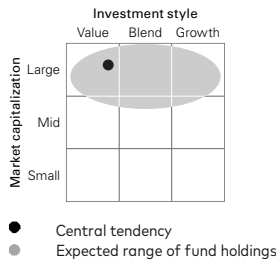
Fund remains fully invested.

Large-cap equity, emphasizing stocks that are forecasted to have above-average dividend yields.

Low expenses minimize net tracking error.

Vanguard Style View: Large Value

Index portfolio of stocks with histories of above-average dividend yields.



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.

With interest rate cuts looking less imminent, bond yields generally rose and prices declined. The broad U.S. investment-grade bond market returned -0.72% (as measured by the Bloomberg U.S. Aggregate Float Adjusted Index).

The FTSE High Dividend Yield Index returned 9.10% for the three-month period ended March 31. The Russell 3000 Index, which measures the broad U.S. stock market, returned 10.02%.

Financials (+12.1%), energy (+14.3%), and industrials (+10.1%) were the top contributors.

The only detractor was real estate (-28.9%).

For the 12-month period ended March 31, 2024, the FTSE High Dividend Yield Index returned 18.43%. Financials (+38.3%), technology (+49.9%), and industrials (+21.9%) contributed most. The detractors were utilities (-0.0%) and real estate (-44.2%).

People and Process

Vanguard High Dividend Yield ETF seeks to track the investment performance of the FTSE High Dividend Yield Index. Vanguard High Dividend Yield ETF is an exchange-traded share class of Vanguard High Dividend Yield Index Fund. Stocks included in the High Dividend Yield Index have a history of paying above-average dividends. The fund will hold all the stocks in the index in approximately the same weightings as 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, Investment Strategy, 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 High Dividend Yield 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.

Nick Birkett, CFA. Portfolio manager. Advised the fund since 2023. Worked in investment management since 2005. BSc, University of Bath.

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
High Dividend Yield ETF (11/10/2006)	0.06%						
Net Asset Value	—	9.09%	9.09%	18.37%	9.56%	10.62%	10.12%
Market Price	—	9.04	9.04	18.37	9.54	10.62	10.12
FTSE High Dividend Yield Index	—	9.10	9.10	18.43	9.63	10.67	10.18

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.

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	High Dividend Yield ETF	Year-End	
						FTSE High Dividend Yield Index	Assets (Millions)
2024	9.09%	—	—	—	—	—	\$54,821
2023	-1.82	1.40%	-1.92%	9.10%	6.53%	6.59%	50,906
2022	0.73	-8.67	-5.98	15.14	-0.42	-0.32	50,297
2021	11.02	4.53	-0.63	9.40	26.14	26.19	42,631
2020	-23.96	12.54	3.61	14.07	1.14	1.16	31,324
2019	10.73	2.75	2.46	6.54	24.20	24.24	30,221
2018	-2.84	1.37	5.74	-9.62	-5.87	-5.85	21,595
2017	3.33	1.39	4.56	6.27	16.42	16.51	21,356
2016	4.11	4.35	1.67	5.81	16.87	16.96	17,624
2015	-0.27	-0.31	-6.16	7.55	0.33	0.39	11,490
2014	1.95	5.77	0.79	4.40	13.47	13.58	10,476

Recent Dividends and Distributions

Ex-Dividend Date	Income	Total Dividend
March 18, 2024	\$0.66	\$0.66
December 19, 2023	1.10	1.10
September 19, 2023	0.79	0.79
June 21, 2023	0.88	0.88
March 21, 2023	0.72	0.72
December 20, 2022	0.98	0.98
September 20, 2022	0.77	0.77
June 22, 2022	0.85	0.85
March 22, 2022	0.66	0.66
December 21, 2021	0.94	0.94
September 21, 2021	0.75	0.75
June 22, 2021	0.75	0.75

Volatility Measures

	R-Squared	Beta
FTSE High Dividend Yield Index	1.00	1.00
DJ US Total Stock Mkt Float Adj Idx	0.73	0.74

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

Fund Facts

Fund Number	0923
Ticker	VYM
Intra-day Ticker	VYM.IV
Benchmark Ticker	TGPVAN
CUSIP Number	921946406
Assets (millions)	\$54,821
Inception	11/10/2006
Expense Ratio (as of 2/2024)	0.06%

Equity Characteristics

	High Dividend Yield ETF	FTSE High Dividend Yield Index
Number of stocks	557	556
Median market cap	\$126.8 Billion	\$126.8 Billion
Average market cap	\$180.4 Billion	\$180.2 Billion
Price/earnings ratio	18.6x	18.6x
Price/book ratio	2.7x	2.7x
Return on equity	17.1%	16.8%
Earnings growth rate	8.3%	8.3%
Equity yield (dividend)	2.8%	2.8%
Foreign holdings	0.0%	0.0%
Short-term reserves	0.0%	—
Turnover rate (fiscal year end)	5.7%	—

Top 10 Largest Holdings

	% of Total Net Assets
JPMorgan Chase & Co.	3.4%
Broadcom Inc.	3.4
Exxon Mobil Corp.	2.8
Home Depot Inc.	2.3
Procter & Gamble Co.	2.3
Johnson & Johnson	2.3
Merck & Co. Inc.	2.0
AbbVie Inc.	1.9
Chevron Corp.	1.6
Bank of America Corp.	1.6
Total	23.6%

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

Sector Diversification (% of Stocks)

	High Dividend Yield ETF	FTSE High Dividend Yield Index	Overweight/ Underweight
Basic Materials	2.2%	2.2%	0.0
Consumer Discretionary	10.3	10.3	0.0
Consumer Staples	11.0	11.0	0.0
Energy	10.6	10.7	-0.1
Financials	20.4	20.4	0.0
Health Care	12.4	12.3	0.1
Industrials	12.7	12.7	0.0
Other	0.0	0.0	0.0
Real Estate	0.0	0.0	0.0
Technology	9.8	9.9	-0.1
Telecommunications	4.2	4.1	0.1
Utilities	6.4	6.4	0.0
Total	100.0%	100.0%	

Sector categories are based on the Industry Classification Benchmark system ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

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.

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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