

Annual Report | January 31, 2024

Vanguard Health Care Fund

See the inside front cover for important information about your fund's annual and semiannual shareholder reports.

Important information about shareholder reports

Beginning in July 2024, amendments adopted by the Securities and Exchange Commission will substantially impact the design, content, and transmission of shareholder reports. Shareholder reports will provide key fund information in a clear and concise format and must be mailed to each shareholder that has not elected to receive the reports electronically. Financial statements will no longer be included in the shareholder report but will be available at vanguard.com, can be mailed upon request, or can be accessed on the SEC’s website at www.sec.gov.

You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to vanguard.com.

Contents

Your Fund’s Performance at a Glance	1
Advisor’s Report	2
About Your Fund’s Expenses	5
Performance Summary	7
Financial Statements	9

Please note: The opinions expressed in this report are just that—informed opinions. They should not be considered promises or advice. Also, please keep in mind that the information and opinions cover the period through the date on the front of this report. Of course, the risks of investing in your fund are spelled out in the prospectus.

Your Fund’s Performance at a Glance

- For the 12 months ended January 31, 2024, Vanguard Health Care Fund returned 6.43% for Investor Shares and 6.48% for Admiral Shares. This was in line with the 6.43% return of the fund’s benchmark index.
- With inflation continuing to ease, major central banks slowed and eventually stopped hiking interest rates. Labor markets and consumer spending proved resilient, but the prospect of rates remaining high for an extended period spurred volatility at times. Stocks worldwide rallied toward the end of 2023, however, as sentiment improved amid market expectations for rate cuts in 2024.
- For the 12-month period, performance of the overall health care sector was mixed. Some subsectors—most notably health care distributors—posted double-digit gains, while others (health care services and life sciences tools and services) had negative returns.
- The fund’s stock selection within pharmaceuticals—the largest subsector for both the fund and the benchmark—was the largest contributor to relative performance. However, this was largely offset by the fund’s holdings in biotechnology, health care services, managed health care, and a few other subsectors that lagged those in the index.

Market Barometer

	Average Annual Total Returns Periods Ended January 31, 2024		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	20.23%	9.78%	13.99%
Russell 2000 Index (Small-caps)	2.40	-0.76	6.80
Russell 3000 Index (Broad U.S. market)	19.15	9.10	13.53
FTSE All-World ex US Index (International)	6.29	1.57	5.77
Bonds			
Bloomberg U.S. Aggregate Float Adjusted Index (Broad taxable market)	2.23%	-3.15%	0.90%
Bloomberg Municipal Bond Index (Broad tax-exempt market)	2.90	-0.78	2.00
FTSE Three-Month U.S. Treasury Bill Index	5.36	2.40	1.96
CPI			
Consumer Price Index	3.09%	5.64%	4.15%

Advisor's Report

For the 12 months ended January 31, 2024, Vanguard Health Care Fund returned 6.43% for Investor Shares and 6.48% for Admiral Shares. The fund performed in line with the 6.43% return of its benchmark, the MSCI ACWI Health Care Index, and outperformed the 4.49% average return of its Lipper peer group.

The investment environment

We view the health care sector through a custom lens of subsectors. We combine biotechnology and pharmaceuticals and think of them in terms of capitalization—biopharma small-cap, biopharma mid-cap, and biopharma large-cap. The other subsectors are health care services and medical technology.

Biopharma large-cap was the top-performing subsector in the benchmark for the 12 months, followed by medical technology. Biopharma small-cap was not meaningfully represented in the benchmark. Within the broader health care sector, biopharma mid-cap and health care services declined.

Our successes

Stock selection contributed positively to the fund's performance, particularly in the biopharma mid-cap and medical technology subsectors. From an allocation perspective, our overweight to biopharma small-cap and underweight to the underperforming medical technology space contributed to relative performance.

Eli Lilly, a biopharma large-cap company, was the fund's top relative performer. Shares rose following several positive

data readouts for the company's diabetes, obesity, and Alzheimer's treatments. Most notably, shares rose following positive results from a cardiovascular outcomes trial that tested Novo Nordisk's same-class competitive drug. Commercial results for Eli Lilly's glucagon-like peptide 1 (GLP-1) agonist drugs Mounjaro (for type 2 diabetes) and Zepbound (for obesity) were also strong.

Chugai Pharmaceutical, another biopharma large-cap company, also performed well. Shares rose following strong midstage clinical data from trials testing the efficacy of orforglipron (an oral GLP-1) for the treatment of diabetes and obesity. Chugai invented orforglipron; the company is eligible to receive significant royalties on its sales from licensee Eli Lilly.

Not owning biopharma large-cap company Bristol-Myers Squibb was another top contributor. The company continued to face challenges in replacing its portfolio of blockbuster cardiovascular and cancer drugs. Of the eight newly launched products, six missed revenue expectations. As a result, shares declined, and the company's management downgraded its midterm-launch sales guidance.

Our shortfalls

Stock selection was weakest in the health care services subsector. From an allocation perspective, our overweight to the biopharma mid-cap space detracted from relative performance.

An underweight to Novo Nordisk, a biopharma large-cap company, was the

largest detractor. Shares rose after the company reported positive headline results from the SELECT trial, which indicated that its GLP-1, semaglutide, may reduce the risk of heart attack and stroke in obese but nondiabetic patients. Additionally, the company announced that a trial evaluating semaglutide for chronic kidney disease in patients with type 2 diabetes would end early thanks to strong efficacy results. These results supported indications for semaglutide beyond treatment of type 2 diabetes and obesity.

A position in Agilon Health, a leading physician-enablement company in the health care services subsector, was another top detractor. Shares traded lower following disappointing third-quarter earnings results. Increased usage by patients in Medicare Advantage plans led the company to lower its medical margin guidance in November and January. However, we believe that the young company is learning to better measure changes in outpatient utilization, which should make similar surprises unlikely in the future.

Pfizer, a biopharma large-cap company, also detracted. Shares fell amid declining demand for COVID-related products and unfortunate setbacks in the development of its oral GLP-1 candidates. Pfizer also announced a restructuring and lowered its financial guidance.

Our additions and eliminations

We initiated a position in Novo Nordisk, a biopharma large-cap company, to complement our holdings in the

subsector. The report of semaglutide's better-than-expected cardiovascular benefits, increased manufacturing capacity, and overwhelming demand for the GLP-1 class of drugs support a very bright future for the category. We believe that Novo Nordisk is a highly innovative biopharmaceutical company, and we have strong conviction that it and Eli Lilly will dominate the GLP-1 market for the next several years because of their formidable first-mover advantages, decades of protein-engineering experience, and deep pipelines of next-generation agents. We greatly favor Eli Lilly but believe Novo Nordisk will also perform well.

We also initiated a position in Otsuka Holdings, another biopharma large-cap company. Although Otsuka faces near-term patent expirations for a few of its global products, we believe that investors have underappreciated how the company stands to benefit from significant royalties from two Novartis oncology drugs, Kisqali (for breast cancer) and Pluvicto (for prostate cancer). The company has stable profits from its renowned nutraceuticals business and a promising internal pipeline.

We eliminated a position in Seagen in order to take profits following the announcement that Pfizer would acquire the company. We also eliminated a position in Ono Pharmaceutical, because growth of the company's flagship immuno-oncology product, Opdivo, is slowing in Japan. Additionally, the royalties Ono receives from competitor Merck on global Keytruda sales are

scheduled to decline next year; the more meaningful royalties on Bristol-Myers Squibb's global sales of Opdivo may have peaked.

The fund's characteristics

At the fiscal year's end, about 27% of the fund's assets were in non-U.S. investments, a level that has remained fairly stable in recent years. Our non-U.S. holdings were primarily companies domiciled in Japan, the U.K., Switzerland, Belgium, and Denmark, many of which operate globally. We believe this strategy provides diversification for shareholders over the long term.

The fund held 89 companies across all subsectors of health care as of the end of the period, reflecting a decrease from the 105 equity names we held a year ago. The fund's 10 largest holdings represented a significant 44% of total assets.

The fund's positioning and outlook

We have a positive outlook across the health care opportunity set. Groundbreaking innovation, supportive valuations, and business models that are positioned to show resilience through the cycle should benefit long-term investors. Within biopharma, we are excited about developments in GLP-1 and next-generation metabolic medicines, antibody-drug conjugates for cancer treatment, and various forms of genetic medicine.

Innovation is also accelerating in many areas of medical technology, including electrophysiology, structural heart disease,

and surgical robotics. Lastly, health care services companies remain well-positioned to help solve the societal challenge of rising health care costs. Some will benefit from the ongoing transition from a fee-for-service to a fee-for-value care system. Broadly, we favor companies focused on improving patient outcomes while reining in costs.

The 2024 U.S. presidential and congressional elections could lead to additional volatility this year. Drug pricing, the regulatory environment for mergers and acquisitions, and the profitability of Medicare Advantage could be affected over the medium term by the outcome of the elections. Regardless, we are encouraged by recent progress in biomedical research and an acceleration in U.S. approvals of novel drugs and medical devices. There is tremendous potential for health care companies in the fund to address complex health care needs around the world.

Jean M. Hynes, CFA,
Senior Managing Director and
Equity Portfolio Manager

Rebecca Sykes, CFA,
Senior Managing Director and
Equity Portfolio Manager

Wellington Management Company LLP

February 12, 2024

About Your Fund's Expenses

As a shareholder of the fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of the fund.

A fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your fund's costs in two ways:

- **Based on actual fund return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the fund's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your fund under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your fund's costs with those of other mutual funds. It assumes that the fund had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the fund's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the fund for buying and selling securities. Further, the expenses do not include any purchase, redemption, or account service fees described in the fund prospectus. If such fees were applied to your account, your costs would be higher. Your fund does not carry a "sales load."

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the fund's expenses, including annual expense ratios, in the Financial Statements section of this report. For additional information on operating expenses and other shareholder costs, please refer to your fund's current prospectus.

Six Months Ended January 31, 2024

	Beginning Account Value 7/31/2023	Ending Account Value 1/31/2024	Expenses Paid During Period
Based on Actual Fund Return			
Health Care Fund			
Investor Shares	\$1,000.00	\$1,025.00	\$1.79
Admiral™ Shares	1,000.00	1,025.30	1.53
Based on Hypothetical 5% Yearly Return			
Health Care Fund			
Investor Shares	\$1,000.00	\$1,023.44	\$1.79
Admiral Shares	1,000.00	1,023.69	1.53

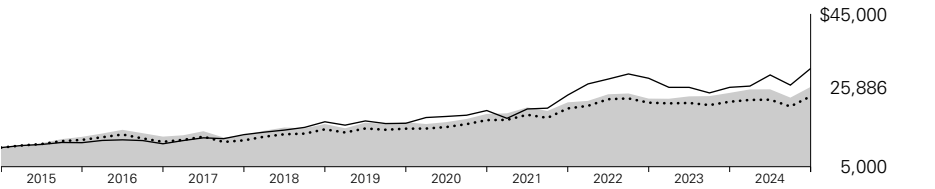
The calculations are based on expenses incurred in the most recent six-month period. The fund's annualized six-month expense ratios for that period are 0.35% for Investor Shares and 0.30% for Admiral Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/365).

Health Care Fund

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: January 31, 2014, Through January 31, 2024
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended January 31, 2024			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Health Care Fund Investor Shares	6.43%	9.27%	9.98%	\$25,886
MSCI All Country World Index Health Care Index	6.43	9.39	8.88	23,420
Dow Jones U.S. Total Stock Market Float Adjusted Index	19.14	13.41	11.87	30,709

	One Year	Five Years	Ten Years	Final Value of a \$50,000 Investment
Health Care Fund Admiral Shares	6.48%	9.32%	10.03%	\$130,075
MSCI All Country World Index Health Care Index	6.43	9.39	8.88	117,102
Dow Jones U.S. Total Stock Market Float Adjusted Index	19.14	13.41	11.87	153,543

See Financial Highlights for dividend and capital gains information.

Fund Allocation

As of January 31, 2024

United States	72.8%
Japan	7.7
United Kingdom	7.2
Switzerland	5.4
Belgium	3.2
Denmark	2.9
Other	0.8

The table reflects the fund's investments, except for short-term investments.

Financial Statements

Schedule of Investments

As of January 31, 2024

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Common Stocks (98.2%)			Switzerland (5.4%)		
Belgium (3.1%)			Novartis AG (Registered)		
UCB SA	9,582,600	901,394		20,565,879	2,126,796
* Argenx SE	1,303,655	492,302	Alcon Inc.	3,393,208	255,424
* Galapagos NV	1,175,458	44,095	Tecan Group AG (Registered)	236,453	90,257
		1,437,791			2,472,477
Brazil (0.0%)			United Kingdom (7.1%)		
*.1 Hapvida Participacoes e Investimentos SA	8,909,471	6,977	AstraZeneca plc	19,268,765	2,554,593
			GSK plc	21,728,230	429,735
China (0.7%)			*.3 Immunocore Holdings plc ADR	2,897,598	209,467
* Legend Biotech Corp. ADR	1,900,644	104,649	Genus plc	1,791,160	52,025
*.2 Zai Lab Ltd. ADR	2,814,054	60,699	*.2 Verona Pharma plc ADR	1,160,032	21,287
Shandong Weigao Group Medical Polymer Co. Ltd. Class H	77,092,000	49,247			3,267,107
WuXi AppTec Co. Ltd. Class A	5,979,100	45,371	United States (71.4%)		
* Zai Lab Ltd.	16,916,600	35,944	Eli Lilly & Co.	5,452,381	3,520,112
*.1 Wuxi Biologics Cayman Inc.	6,641,200	17,477	UnitedHealth Group Inc.	6,227,369	3,186,794
.1 WuXi AppTec Co. Ltd. Class H	19	—	Merck & Co. Inc.	20,479,587	2,473,525
		313,387	Pfizer Inc.	57,903,399	1,568,024
Denmark (2.8%)			Abbott Laboratories	11,460,218	1,296,724
* Genmab A/S	2,088,852	577,614	Danaher Corp.	5,113,563	1,226,795
Novo Nordisk A/S Class B	3,386,878	387,135	Elevance Health Inc.	2,463,440	1,215,560
*.2 Ascendis Pharma A/S ADR	2,136,431	277,587	Thermo Fisher Scientific Inc.	2,108,134	1,136,242
* Genmab A/S ADR	2,285,855	63,112	* Biogen Inc.	4,558,453	1,124,388
		1,305,448	* Boston Scientific Corp.	16,512,509	1,044,581
Italy (0.1%)			* Alnylam Pharmaceuticals Inc.	5,524,903	955,311
DiaSorin SpA	552,359	50,794	Humana Inc.	2,411,897	911,842
Japan (7.6%)			HCA Healthcare Inc.	2,719,849	829,282
Daiichi Sankyo Co. Ltd.	43,163,390	1,292,270	Stryker Corp.	2,442,788	819,507
Eisai Co. Ltd.	19,123,817	900,515	* Vertex Pharmaceuticals Inc.	1,858,518	805,445
Chugai Pharmaceutical Co. Ltd.	21,054,100	757,321	* Edwards Lifesciences Corp.	9,386,095	736,527
Otsuka Holdings Co. Ltd.	7,660,100	301,106	* Centene Corp.	9,215,817	694,043
Terumo Corp.	6,976,400	236,165	Zoetis Inc.	3,646,600	684,868
Asahi Intecc Co. Ltd.	2,023,500	38,448	* Regeneron Pharmaceuticals Inc.	699,733	659,694
		3,525,825	* Moderna Inc.	6,521,472	658,995
			*.3 Apellis Pharmaceuticals Inc.	9,503,375	601,469
			Agilent Technologies Inc.	3,576,445	465,296
			* IQVIA Holdings Inc. Laboratory Corp. of America Holdings	1,381,908	307,198
			* Molina Healthcare Inc.	849,274	302,715

Health Care Fund

	Shares	Market Value* (\$000)		Face Amount (\$000)	Market Value* (\$000)
Teleflex Inc.	1,217,493	295,644	Repurchase Agreements (1.4%) Bank of America Securities, LLC, 5.320%, 2/1/24 (Dated 1/31/24, Repurchase Value \$37,205,000, collateralized by Fannie Mae 3.000%–6.500%, 4/1/24–1/1/54, and Freddie Mac 2.000%–6.500%, 4/1/29–1/1/54, with a value of \$37,944,000) Bank of Nova Scotia, 5.300%, 2/1/24 (Dated 1/31/24, Repurchase Value \$51,108,000, collateralized by U.S. Treasury Bill 0.000%, 2/22/24–7/25/24, and U.S. Treasury Note/Bond 1.250%–4.750%, 9/30/28–11/15/53, with a value of \$52,130,000) Barclays Capital Inc., 5.300%, 2/1/24 (Dated 1/31/24, Repurchase Value \$78,212,000, collateralized by U.S. Treasury Note/Bond 2.000%, 8/15/25, with a value of \$79,764,000) BNP Paribas Securities Corp., 5.290%, 2/1/24 (Dated 1/31/24, Repurchase Value \$83,212,000, collateralized by U.S. Treasury Note/Bond 0.250%–5.000%, 4/30/25–2/15/51, with a value of \$84,864,000) BNP Paribas Securities Corp., 5.300%, 2/1/24 (Dated 1/31/24, Repurchase Value \$77,711,000, collateralized by Fannie Mae 1.500%–6.913%, 12/1/30–8/1/53, Freddie Mac 2.000%–6.000%, 5/1/32–10/1/53, and U.S. Treasury Note/Bond 0.250%–4.625%, 7/31/25–12/31/28, with a value of \$79,254,000)	37,200	37,200
Cencora Inc.	1,245,570	289,819			
* Illumina Inc.	1,946,214	278,328			
* Insulet Corp.	1,457,112	278,119			
* Sarepta Therapeutics Inc.	2,283,656	271,732			
* Acadia Healthcare Co. Inc.	3,047,446	250,317			
*.3 Alkermes plc	8,601,892	232,681			
* Vaxcyte Inc.	2,974,243	212,420			
* Waters Corp.	666,877	211,874			
* Align Technology Inc.	714,731	191,062			
* United Therapeutics Corp.	842,593	180,972			
*.3 agilon health Inc.	30,510,520	179,707			
* Shockwave Medical Inc.	793,508	179,531			
* REVOLUTION Medicines Inc.	6,449,517	178,974			
* Blueprint Medicines Corp.	2,149,647	170,961			
* Ionis Pharmaceuticals Inc.	3,063,073	157,411			
* Exact Sciences Corp.	2,278,672	149,025			
* Encompass Health Corp.	2,095,873	148,891			
* Option Care Health Inc.	4,107,073	128,305			
* Amicus Therapeutics Inc.	10,154,896	126,225			
* Rocket Pharmaceuticals Inc.	4,092,055	117,565			
* Xenon Pharmaceuticals Inc.	2,542,337	114,965			
* Cytokinetics Inc.	1,469,555	114,816			
*.3 Sage Therapeutics Inc.	4,304,671	110,372			
*.3 Structure Therapeutics Inc. ADR	2,411,025	105,169			
* Evolent Health Inc. Class A	3,351,619	98,571			
* PTC Therapeutics Inc.	3,393,863	88,546			
*.3 Syndax Pharmaceuticals Inc.	4,249,352	87,069			
* Denali Therapeutics Inc.	5,100,454	81,658			
* Celldex Therapeutics Inc.	2,219,651	78,176			
* Prothena Corp. plc	2,394,263	67,973			
* Kymera Therapeutics Inc.	2,027,264	66,454			
* Surgery Partners Inc.	2,158,143	66,233			
* Privia Health Group Inc.	2,881,720	58,095			
* TG Therapeutics Inc.	3,066,304	49,797			
* Morphic Holding Inc.	1,237,989	39,232			
* Intellia Therapeutics Inc.	1,534,651	36,555			
	33,071,433				
Total Common Stocks (Cost \$27,928,588)		45,451,239			
Temporary Cash Investments (1.4%)					
Money Market Fund (0.0%)					
4,5 Vanguard Market Liquidity Fund, 5.410%	148,747	14,873			

Health Care Fund

	Face Amount (\$000)	Market Value* (\$000)		Face Amount (\$000)	Market Value* (\$000)
Credit Agricole Securities Inc., 5.300%, 2/1/24 (Dated 1/31/24, Repurchase Value \$23,303,000, collateralized by U.S. Treasury Inflation Indexed Note/Bond 0.625%, 7/15/32, with a value of \$23,766,000)	23,300	23,300	Nomura International plc, 5.300%, 2/1/24 (Dated 1/31/24, Repurchase Value \$40,306,000, collateralized by U.S. Treasury Inflation Indexed Note/Bond 0.875%–1.000%, 2/15/46–2/15/47, and U.S. Treasury Note/Bond 4.375%, 8/15/43, with a value of \$41,147,000)	40,300	40,300
HSBC Bank USA, 5.290%, 2/1/24 (Dated 1/31/24, Repurchase Value \$53,908,000, collateralized by U.S. Treasury Inflation Indexed Note/Bond 1.500%, 2/15/53, with a value of \$54,978,000)	53,900	53,900	RBC Capital Markets LLC, 5.310%, 2/1/24 (Dated 1/31/24, Repurchase Value \$30,504,000, collateralized by Fannie Mae 2.000%, 7/1/41, and U.S. Treasury Bill 0.000%, 2/13/24–2/20/24, with a value of \$31,110,000)	30,500	30,500
HSBC Bank USA, 5.310%, 2/1/24 (Dated 1/31/24, Repurchase Value \$34,905,000, collateralized by Fannie Mae 2.000%–5.000%, 10/1/49–9/1/53, and Freddie Mac 3.000%, 11/1/49, with a value of \$35,598,000)	34,900	34,900			634,600
JPMorgan Securities LLC, 5.310%, 2/1/24 (Dated 1/31/24, Repurchase Value \$63,009,000, collateralized by U.S. Treasury Bill 0.000%, 3/7/24–12/26/24, U.S. Treasury Inflation Indexed Note/Bond 5.464%, 4/30/25, and U.S. Treasury Note/Bond 0.375%–6.875%, 3/31/24–2/15/50, with a value of \$64,260,000)	63,000	63,000	Total Temporary Cash Investments (Cost \$649,472)		649,473
Natixis SA, 5.300%, 2/1/24 (Dated 1/31/24, Repurchase Value \$61,309,000, collateralized by U.S. Treasury Note/Bond 4.125%, 6/15/26, with a value of \$62,526,000)	61,300	61,300	Total Investments (99.6%) (Cost \$28,578,060)		46,100,712
			Other Assets and Liabilities—Net (0.4%)		192,811
			Net Assets (100%)		46,293,523

Cost is in \$000.

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

- 1 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At January 31, 2024, the aggregate value was \$24,454,000, representing 0.1% of net assets.
- 2 Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$13,984,000.
- 3 Considered an affiliated company of the fund as the fund owns more than 5% of the outstanding voting securities of such company.
- 4 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.
- 5 Collateral of \$14,781,000 was received for securities on loan. ADR—American Depositary Receipt.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Assets and Liabilities

As of January 31, 2024

(\$000s, except shares, footnotes, and per-share amounts) Amount

Assets	
Investments in Securities, at Value ¹	
Unaffiliated Issuers (Cost \$26,050,296)	43,659,390
Affiliated Issuers (Cost \$2,527,764)	2,441,322
Total Investments in Securities	46,100,712
Investment in Vanguard	1,469
Cash	20,899
Foreign Currency, at Value (Cost \$2,373)	2,299
Receivables for Investment Securities Sold	229,128
Receivables for Accrued Income	90,014
Receivables for Capital Shares Issued	3,283
Total Assets	46,447,804
Liabilities	
Payables for Investment Securities Purchased	92,681
Collateral for Securities on Loan	14,781
Payables to Investment Advisor	19,194
Payables for Capital Shares Redeemed	24,524
Payables to Vanguard	3,101
Total Liabilities	154,281
Net Assets	46,293,523

¹ Includes \$13,984,000 of securities on loan.

At January 31, 2024, net assets consisted of:

Paid-in Capital	27,444,029
Total Distributable Earnings (Loss)	18,849,494
Net Assets	46,293,523

Investor Shares—Net Assets

Applicable to 34,645,211 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	7,296,756
Net Asset Value Per Share—Investor Shares	\$210.61

Admiral Shares—Net Assets

Applicable to 439,116,767 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	38,996,767
Net Asset Value Per Share—Admiral Shares	\$88.81

Statement of Operations

Year Ended
January 31, 2024

(\$000)

Investment Income	
Income	
Dividends—Unaffiliated Issuers ¹	491,594
Dividends—Affiliated Issuers ²	31,017
Interest—Unaffiliated Issuers	37,691
Securities Lending—Net	228
Total Income	560,530
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	67,006
Performance Adjustment	8,470
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	13,167
Management and Administrative—Admiral Shares	52,830
Marketing and Distribution—Investor Shares	320
Marketing and Distribution—Admiral Shares	1,136
Custodian Fees	866
Auditing Fees	33
Shareholders' Reports—Investor Shares	168
Shareholders' Reports—Admiral Shares	162
Trustees' Fees and Expenses	31
Other Expenses	17
Total Expenses	144,206
Expenses Paid Indirectly	(81)
Net Expenses	144,125
Net Investment Income	416,405
Realized Net Gain (Loss)	
Investment Securities Sold—Unaffiliated Issuers	3,235,388
Investment Securities Sold—Affiliated Issuers	(335,178)
Foreign Currencies	159
Realized Net Gain (Loss)	2,900,369
Change in Unrealized Appreciation (Depreciation)	
Investment Securities—Unaffiliated Issuers	(348,358)
Investment Securities—Affiliated Issuers	(86,657)
Foreign Currencies	2,513
Change in Unrealized Appreciation (Depreciation)	(432,502)
Net Increase (Decrease) in Net Assets Resulting from Operations	2,884,272

1 Dividends are net of foreign withholding taxes of \$12,991,000.

2 Dividends are net of foreign withholding taxes of \$7,010,000.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Changes in Net Assets

	Year Ended January 31,	
	2024 (\$000)	2023 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	416,405	391,728
Realized Net Gain (Loss)	2,900,369	2,054,086
Change in Unrealized Appreciation (Depreciation)	(432,502)	549,022
Net Increase (Decrease) in Net Assets Resulting from Operations	2,884,272	2,994,836
Distributions		
Investor Shares	(515,126)	(407,436)
Admiral Shares	(2,769,814)	(2,190,665)
Total Distributions	(3,284,940)	(2,598,101)
Capital Share Transactions		
Investor Shares	(145,328)	(56,992)
Admiral Shares	(637,906)	(289,544)
Net Increase (Decrease) from Capital Share Transactions	(783,234)	(346,536)
Total Increase (Decrease)	(1,183,902)	50,199
Net Assets		
Beginning of Period	47,477,425	47,427,226
End of Period	46,293,523	47,477,425

See accompanying Notes, which are an integral part of the Financial Statements.

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended January 31,				
	2024	2023	2022	2021	2020
Net Asset Value, Beginning of Period	\$212.59	\$210.54	\$218.60	\$204.57	\$203.34
Investment Operations					
Net Investment Income ¹	1.789	1.654	1.869	2.005	2.506
Net Realized and Unrealized Gain (Loss) on Investments	11.217	11.988	8.949	29.203	23.326
Total from Investment Operations	13.006	13.642	10.818	31.208	25.832
Distributions					
Dividends from Net Investment Income	(1.751)	(1.659)	(1.951)	(1.886)	(2.428)
Distributions from Realized Capital Gains	(13.235)	(9.933)	(16.927)	(15.292)	(22.174)
Total Distributions	(14.986)	(11.592)	(18.878)	(17.178)	(24.602)
Net Asset Value, End of Period	\$210.61	\$212.59	\$210.54	\$218.60	\$204.57
Total Return²	6.43%	6.57%	4.48%	16.16%	13.16%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$7,297	\$7,496	\$7,493	\$8,342	\$8,729
Ratio of Total Expenses to Average Net Assets ³	0.35% ⁴	0.34% ⁴	0.30%	0.32%	0.32%
Ratio of Net Investment Income to Average Net Assets	0.86%	0.80%	0.82%	0.95%	1.25%
Portfolio Turnover Rate	16%	19%	15%	18%	18%

1 Calculated based on average shares outstanding.

2 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

3 Includes performance-based investment advisory fee increases (decreases) of 0.02%, 0.00%, (0.04%), (0.01%), and (0.02%).

4 The ratio of expenses to average net assets for the period net of reduction from custody fee offset and broker commission abatement arrangements was 0.35% and 0.34%, respectively.

Financial Highlights

Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended January 31,				
	2024	2023	2022	2021	2020
Net Asset Value, Beginning of Period	\$89.64	\$88.77	\$92.17	\$86.27	\$85.75
Investment Operations					
Net Investment Income ¹	.796	.750	.830	.883	1.097
Net Realized and Unrealized Gain (Loss) on Investments	4.738	5.052	3.780	12.316	9.844
Total from Investment Operations	5.534	5.802	4.610	13.199	10.941
Distributions					
Dividends from Net Investment Income	(.782)	(.743)	(.870)	(.849)	(1.068)
Distributions from Realized Capital Gains	(5.582)	(4.189)	(7.140)	(6.450)	(9.353)
Total Distributions	(6.364)	(4.932)	(8.010)	(7.299)	(10.421)
Net Asset Value, End of Period	\$88.81	\$89.64	\$88.77	\$92.17	\$86.27
Total Return²	6.48%	6.63%	4.53%	16.21%	13.22%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$38,997	\$39,981	\$39,934	\$40,769	\$38,126
Ratio of Total Expenses to Average Net Assets ³	0.30% ⁴	0.29% ⁴	0.25%	0.27%	0.27%
Ratio of Net Investment Income to Average Net Assets	0.90%	0.86%	0.86%	0.99%	1.30%
Portfolio Turnover Rate	16%	19%	15%	18%	18%

1 Calculated based on average shares outstanding.

2 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

3 Includes performance-based investment advisory fee increases (decreases) of 0.02%, 0.00%, (0.04%), (0.01%), and (0.02%).

4 The ratio of expenses to average net assets for the period net of reduction from custody fee offset and broker commission abatement arrangements was 0.30% and 0.29%, respectively.

Notes to Financial Statements

Vanguard Health Care Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund offers two classes of shares: Investor Shares and Admiral Shares. Each of the share classes has different eligibility and minimum purchase requirements, and is designed for different types of investors.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The fund consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the valuation designee to represent fair value and subject to oversight by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Other temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. **Foreign Currency:** Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the fund's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. **Repurchase Agreements:** The fund enters into repurchase agreements with institutional counterparties. Securities pledged as collateral to the fund under repurchase agreements are held by a custodian bank until the agreements mature, and in the absence of a default, such collateral cannot be repledged, resold, or rehypothecated. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. The fund further mitigates its counterparty risk by entering into repurchase agreements only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any repurchase agreements with that counterparty, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund. Such action may be subject to legal proceedings, which may delay or limit the disposition of collateral.

4. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.

5. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

6. **Securities Lending:** To earn additional income, the fund lends its securities to qualified institutional borrowers. Security loans are subject to termination by the fund at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The fund further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the fund may experience delays and costs in recovering the securities loaned. The fund invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the fund is entitled to all distributions made on or in respect of the loaned securities.

7. **Credit Facilities and Interfund Lending Program:** The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of Operations. Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow

money from and lend money to each other for temporary or emergency purposes (the “Interfund Lending Program”), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund’s investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day’s notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the year ended January 31, 2024, the fund did not utilize the credit facilities or the Interfund Lending Program.

8. Other: Dividend income is recorded on the ex-dividend date. Non-cash dividends included in income, if any, are recorded at the fair value of the securities received. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

Taxes on foreign dividends and capital gains have been provided for in accordance with the applicable countries’ tax rules and rates. Deferred foreign capital gains tax, if any, is accrued daily based upon net unrealized gains. The fund has filed tax reclaims for previously withheld taxes on dividends earned in certain European Union countries. These filings are subject to various administrative and judicial proceedings within these countries. Amounts related to these reclaims are recorded when there are no significant uncertainties as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment. Such tax reclaims and related professional fees, if any, are included in dividend income and other expenses, respectively.

Each class of shares has equal rights as to assets and earnings, except that each class separately bears certain class-specific expenses related to maintenance of shareholder accounts (included in Management and Administrative expenses) and shareholder reporting. Marketing and distribution expenses are allocated to each class of shares based on a method approved by the board of trustees. Income, other non-class-specific expenses, and gains and losses on investments are allocated to each class of shares based on its relative net assets.

B. Wellington Management Company LLP provides investment advisory services to the fund for a fee calculated at an annual percentage rate of average net assets. The basic fee is subject to quarterly adjustments based on the fund’s performance relative to the MSCI All Country World Health Care Index for the preceding three years. For the year ended January 31, 2024, the investment advisory fee represented an effective annual basic rate of 0.14% of the fund’s average net assets, before a net increase of \$8,470,000 (0.02%) based on performance.

C. In accordance with the terms of a Funds’ Service Agreement (the “FSA”) between Vanguard and the fund, Vanguard furnishes to the fund corporate management, administrative, marketing, and distribution services at Vanguard’s cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At January 31, 2024, the fund had contributed to Vanguard capital in the amount of \$1,469,000, representing less than 0.01 % of the fund's net assets and 0.59% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

D. The fund has asked its investment advisor to direct certain security trades, subject to obtaining the best price and execution, to brokers who have agreed to rebate to the fund part of the commissions generated. Such rebates are used solely to reduce the fund's management and administrative expenses. The fund's custodian bank has also agreed to reduce its fees when the fund maintains cash on deposit in the non-interest-bearing custody account. For the year ended January 31, 2024, these arrangements reduced the fund's management and administrative expenses by \$62,000 and custodian fees by \$19,000. The total expense reduction represented an effective annual rate of less than 0.01 % of the fund's average net assets.

E. Various inputs may be used to determine the value of the fund's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3—Significant unobservable inputs (including the fund's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Schedule of Investments.

The following table summarizes the market value of the fund's investments as of January 31, 2024, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stocks—North and South America	33,078,410	—	—	33,078,410
Common Stocks—Other	736,801	11,636,028	—	12,372,829
Temporary Cash Investments	14,873	634,600	—	649,473
Total	33,830,084	12,270,628	—	46,100,712

F. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end,

Health Care Fund

permanent differences primarily attributable to the accounting for applicable foreign currency transactions, passive foreign investment companies, and distributions in connection with fund share redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	101,786
Total Distributable Earnings (Loss)	(101,786)

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of losses from wash sales. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	269,970
Undistributed Long-Term Gains	1,069,655
Net Unrealized Gains (Losses)	17,509,869
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Other Temporary Differences	—
Total	18,849,494

The tax character of distributions paid was as follows:

	Year Ended January 31,	
	2024	2023
	Amount (\$000)	Amount (\$000)
Ordinary Income*	469,569	386,442
Long-Term Capital Gains	2,815,371	2,211,659
Total	3,284,940	2,598,101

* Includes short-term capital gains, if any.

As of January 31, 2024, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	28,593,760
Gross Unrealized Appreciation	20,288,735
Gross Unrealized Depreciation	(2,781,783)
Net Unrealized Appreciation (Depreciation)	17,506,952

G. During the year ended January 31, 2024, the fund purchased \$7,422,384,000 of investment securities and sold \$11,108,994,000 of investment securities, other than temporary cash investments.

The fund purchased securities from and sold securities to other funds or accounts managed by its investment advisor or their affiliates, in accordance with procedures adopted by the board of trustees in compliance with Rule 17a-7 of the Investment Company Act of 1940. For the year ended January 31, 2024, such purchases were \$10,050,000 and sales were \$0; these amounts, other than temporary cash investments, are included in the purchases and sales of investment securities noted above.

H. Capital share transactions for each class of shares were:

	Year Ended January 31,			
	2024		2023	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	533,020	2,583	421,032	2,016
Issued in Lieu of Cash Distributions	485,637	2,364	383,037	1,809
Redeemed	(1,163,985)	(5,561)	(861,061)	(4,158)
Net Increase (Decrease)—Investor Shares	(145,328)	(614)	(56,992)	(333)
Admiral Shares				
Issued	829,622	9,373	917,744	10,465
Issued in Lieu of Cash Distributions	2,430,038	28,058	1,929,691	21,616
Redeemed	(3,897,566)	(44,323)	(3,136,979)	(35,909)
Net Increase (Decrease)—Admiral Shares	(637,906)	(6,892)	(289,544)	(3,828)

I. Certain of the fund's investments were in companies that were considered to be affiliated companies of the fund because the fund owned more than 5% of the outstanding voting securities of the company or the issuer was another member of The Vanguard Group. Transactions during the period in securities of these companies were as follows:

	Jan. 31, 2023 Market Value (\$000)	Current Period Transactions						Jan. 31, 2024 Market Value (\$000)
		Purchases at Cost (\$000)	Proceeds from Securities Sold (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	
2seventy bio Inc.	27,835	—	8,156	(166,975)	147,296	—	—	—
agilon health Inc.	NA ¹	208,776	—	—	(339,486)	—	—	179,707
Agios Pharmaceuticals Inc.	151,775	—	115,644	(161,847)	125,716	—	—	—
Alkermes plc	NA ¹	104,209	3,365	(10,907)	10,428	—	—	232,681
Apellis Pharmaceuticals Inc.	NA ¹	280,269	23,539	6,741	168,054	—	—	601,469
Eisai Co. Ltd.	1,152,216	47,189	23,330	310	(275,870)	19,790	—	900,515
Immunocore Holdings plc ADR	NA ¹	98,058	—	—	39,451	—	—	209,467
Ironwood Pharmaceuticals Inc. Class A	125,592	—	113,327	(6,333)	(5,932)	—	—	—
Sage Therapeutics Inc.	NA ¹	95,967	—	—	(47,959)	—	—	110,372
Structure Therapeutics Inc. ADR	—	100,099	—	—	5,070	—	—	105,169
Syndax Pharmaceuticals Inc.	NA ¹	21,409	—	—	(23,083)	—	—	87,069
UCB SA	896,839	—	108,935	3,834	109,657	11,227	—	NA ²
Vanguard Market Liquidity Fund	669	NA ³	NA ³	(1)	1	—	—	14,873
Total	2,354,926	955,976	396,296	(335,178)	(86,657)	31,017	—	2,441,322

1 Not applicable—at January 31, 2023, the issuer was not an affiliated company of the fund.

2 Not applicable—at January 31, 2024, the security was still held, but the issuer was no longer an affiliated company of the fund.

3 Not applicable—purchases and sales are for temporary cash investment purposes.

J. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

K. Management has determined that no events or transactions occurred subsequent to January 31, 2024, that would require recognition or disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Specialized Funds and Shareholders of Vanguard Health Care Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Vanguard Health Care Fund (one of the funds constituting Vanguard Specialized Funds, referred to hereafter as the "Fund") as of January 31, 2024, the related statement of operations for the year ended January 31, 2024, the statement of changes in net assets for each of the two years in the period ended January 31, 2024, including the related notes, and the financial highlights for each of the five years in the period ended January 31, 2024 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of January 31, 2024, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended January 31, 2024 and the financial highlights for each of the five years in the period ended January 31, 2024 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of January 31, 2024 by correspondence with the custodian, transfer agent and brokers; when replies were not received from the brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
March 20, 2024

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

Tax information (unaudited)

For corporate shareholders, 43.1%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income (dividend income plus short-term gains, if any) for the fiscal year qualified for the dividends-received deduction.

The fund hereby designates \$469,569,000, or if subsequently determined to be different, the maximum amount allowable by law, as qualified dividend income for individual shareholders for the fiscal year.

The fund hereby designates \$273,000, or if subsequently determined to be different, the maximum amount allowable by law, of interest earned from obligations of the U.S. government which is generally exempt from state income tax.

For nonresident alien shareholders, 100% of short-term capital gain dividends distributed by the fund for the fiscal year are qualified short-term capital gains.

The fund distributed \$2,893,573,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

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The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 210 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at vanguard.com.

Interested Trustee¹

Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (2018–present) of Vanguard; chief executive officer, president, and trustee (2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Member of the board of governors of the Investment Company Institute and the board of governors of FINRA.

Independent Trustees

Tara Bunch

Born in 1962. Trustee since November 2021. Principal occupation(s) during the past five years and other experience: head of global operations at Airbnb (2020–present). Vice president of AppleCare (2012–2020). Member of the advisory board of the University of California, Berkeley School of Engineering and the advisory board of Santa Clara University's Leavey School of Business.

Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Member of the board of directors of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, Roberts Wesleyan College, and the Rochester Philharmonic Orchestra. Trustee of the University of Rochester.

F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Director of the V Foundation. Member of the advisory council for the College of Arts and Letters at the University of Notre Dame. Chairman of the board of Saint Anselm College.

Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial

¹ Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: co-founder and managing partner (2022–present) of Grafton Street Partners (investment advisory firm). Chief investment officer (retired 2020) and vice president (retired 2020) of the University of Notre Dame. Chair of the board of Catholic Investment Services, Inc. (investment advisors). Member of the board of superintendence of the Institute for the Works of Religion, the Notre Dame 403(b) Investment Committee, and the board of directors of Paxos Trust Company (finance).

Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chief executive officer of Purposeful (advisory firm for CEOs and C-level executives; 2021–present). Board chair (2020), chief executive officer (2011–2020), and president (2010–2019) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of the Guardian Life Insurance Company of America. Director of DuPont. Member of the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, and the NewYork-Presbyterian Hospital.

Lubos Pastor

Born in 1974. Trustee since January 2024. Principal occupation(s) during the past five years and other experience: Charles P. McQuaid Distinguished Service Professor of Finance (2023–present) at the University of Chicago Booth School of Business; Charles P. McQuaid Professor of Finance (2009–2023) at the University of Chicago Booth School of Business. Vice president (2024–present) and director (2021–2023) of the Executive Committee of the European Finance Association. Member of the board of the Fama-Miller Center for Research in Finance. Member of the Academic Advisory Board of the Center for Research in Security Prices (CRSP) and of the CRSP Index Advisory Council. Research associate at the National Bureau of Economic Research. Research fellow at the Centre for Economic Policy Research.

André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other

experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and partner of HighVista Strategies (private investment firm). Member of the board of RIT Capital Partners (investment firm).

Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Colin W. Brown Distinguished Professor of the Practice of Law, Duke Law School (2021–present); Rubenstein Fellow, Duke University (2017–2020); Distinguished Fellow of the Global Financial Markets Center, Duke Law School (2020–2022); and Senior Fellow, Duke Center on Risk (2020–present). Partner of Kaya Partners (climate policy advisory services). Member of the board of directors of Arcadia (energy solution technology).

Grant Reid

Born in 1959. Trustee since July 2023. Principal occupation(s) during the past five years and other experience: senior operating partner (2023–present) of CVC Capital (alternative investment manager). Chief executive officer and president (2014–2022) and member of the board of directors (2015–2022) of Mars, Incorporated (multinational manufacturer). Member of the board of directors of Marriott International, Inc. Member of the board of the Sustainable Markets Initiative (environmental services). Chair of the Sustainable Markets Initiative's Agribusiness Task Force.

David Thomas

Born in 1956. Trustee since July 2021. Principal occupation(s) during the past five years and other experience: president of Morehouse College (2018–present). Professor of business administration, emeritus at Harvard University (2017–2018). Dean (2011–2016) and professor of management (2016–2017) at the Georgetown University McDonough School of Business. Director of DTE Energy Company. Trustee of Common Fund.

Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth

College (2001–2013). Member of the BMW Group Mobility Council.

Executive Officers

Jacqueline Angell

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (November 2022–present) of Vanguard and of each of the investment companies served by Vanguard. Chief compliance officer (2018–2022) and deputy chief compliance officer (2017–2019) of State Street.

Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2021–present) and treasurer (2017–2022) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

John Galloway

Born in 1973. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (September 2020–present) of each of the investment companies served by Vanguard. Head of Investor Advocacy (February 2020–present) and head of Marketing Strategy and Planning (2017–2020) at Vanguard. Special assistant to the President of the United States (2015).

Ashley Grim

Born in 1984. Principal occupation(s) during the past five years and other experience: treasurer (February 2022–present) of each of the investment companies served by Vanguard. Fund transfer agent controller (2019–2022) and director of Audit Services (2017–2019) at Vanguard. Senior manager (2015–2017) at PriceWaterhouseCoopers (audit and assurance, consulting, and tax services).

Jodi Miller

Born in 1980. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2022–present) of each of the investment companies served by Vanguard. Head of Enterprise Investment Services (2020–present), head of Retail Client Services and Operations (2020–2022), and head of Retail Strategic Support (2018–2020) at Vanguard.

Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express. Nonexecutive director (2022–present) of the board of National Grid (energy).

Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

Vanguard Senior Management Team

Matthew Benchener
Amma Boateng
Joseph Brennan
Mortimer J. Buckley
Gregory Davis
John James
Chris D. McIsaac

Thomas M. Rampulla
Karin A. Risi
Anne E. Robinson
Michael Rollings
Nitin Tandon
Lauren Valente



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You can obtain a free copy of Vanguard's proxy voting guidelines by visiting vanguard.com/proxyreporting or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, www.sec.gov. In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either vanguard.com/proxyreporting or www.sec.gov.

You can review information about your fund on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to publicinfo@sec.gov.

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