

Vanguard® Federal Money Market Fund

Investment Approach

Invests primarily in securities issued by the U.S. government or its agencies, as well as repurchase agreements with collateral backing of U.S. Treasuries or to a lesser extent mortgage-backed securities.

Seeks to maintain a stable \$1 net asset value (NAV).

Maintains an average maturity of 60 days or less.

See **Important Note**.

Quarterly Commentary

Overall for the quarter, U.S. Treasury bonds saw their yields finish higher and prices lower, though intermediate- and longer-term yields increased more than front-end bond yields. The 3-month Treasury yield rose 3 basis points to 5.36%, the 2-year Treasury yield rose 37 basis points to 4.62%, and the 5-year Treasury yield rose 37 basis points to 4.21%. Further out in maturity, the yield for the bellwether 10-year Treasury increased 32 basis points to 4.20%. (A basis point is one-hundredth of a percentage point).

Vanguard Federal Money Market Fund returned 1.32% for the three months ended March 31 and had a 30-day SEC yield of 5.28% at quarter-end. The average return of its peers was 1.21%. The weighted average maturity of the fund's securities was 18 days and their average weighted life was 49 days.

Over the quarter, the fund's exposure to Treasuries declined to nearly 25%, its exposure to U.S. agency obligations increased slightly to 29%, and its exposure to repurchase agreements collateralized by U.S. government obligations increased to nearly 46%. Floating-rate securities, which allow the advisor to maintain the fund's short maturity profile, accounted for roughly 27% of fund assets.

For the 12 months ended March 31, 2024, yields rose across the entire Treasury curve. The 3-month yield rose 67 basis points, the 2-year yield rose 59 basis points, and the 5-year yield rose 64 basis points. Further out in maturity, the 10-year yield rose 73 basis points. The fund returned 5.32% for the 12 months; the average return of its peers was 4.83%.

Note: Changes in yields may reflect rounding.

People and Process

Vanguard Federal Money Market Fund seeks to provide current income while maintaining a stable \$1 NAV and a very short average maturity. The fund invests at least 99.5% of its total assets in cash, government securities, and/or repurchase agreements that are collateralized solely by government securities or cash (collectively, government securities). As government securities, the fund's holdings have very high credit quality, although some are not backed by the full faith and credit of the U.S. government. The portfolio managers seek to add value primarily by emphasizing specific issues that appear attractively priced based on historical yield-spread relationships. The average maturity typically ranges from 30–60 days, and the fund maintains a dollar-weighted average maturity of 60 days or less, and a dollar-weighted average life of 120 days or less.

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, Investment Strategy, 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 Federal Money Market Fund since 1981.

Investment Manager Biographies

John C. Lanios. Portfolio manager. Advised the fund since 2007. Worked in investment management since 1997. B.A., Middlebury College.

Total Returns

	Expense Ratio	7-Day Yield	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Federal Money Market Fund (7/13/1981)	0.11%	5.28%	1.32%	1.32%	5.32%	2.64%	1.98%	1.34%
Government Money Market Funds Average	—	—	1.21	1.21	4.83	2.35	1.68	1.04

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

Note: The seven-day average income yield listed above more closely reflects the current earnings of the fund than the total returns shown. Average fund returns are derived from data provided by Lipper, a Thomson Reuters Company.

Important Note: This fund may earn income from investments in repurchase agreements and certain other securities that are generally subject to state and local taxes.

Quarterly Returns

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-End		
					Federal Money Market	US Gov't Money Market Funds Average	Assets (Millions)
2024	1.32%	—	—	—	—	—	\$297,431
2023	1.10	1.24%	1.32%	1.34%	5.09%	4.60%	284,482
2022	0.01	0.16	0.50	0.88	1.55	1.25	223,173
2021	0.00	0.00	0.00	0.00	0.01	0.02	203,294
2020	0.34	0.08	0.02	0.01	0.45	0.24	205,564
2019	0.57	0.58	0.54	0.43	2.14	1.61	147,424
2018	0.33	0.42	0.48	0.54	1.78	1.23	116,534
2017	0.12	0.18	0.24	0.27	0.81	0.34	85,693
2016	0.07	0.07	0.08	0.08	0.30	0.02	66,259
2015	0.00	0.00	0.01	0.03	0.04	0.00	4,792
2014	0.00	0.00	0.00	0.00	0.01	0.00	2,981

Fund Facts

Fund Number	0033
Ticker	VMFXX
Newspaper Listing	VangFdl
CUSIP Number	922906300
Assets (millions)	\$297,431
Inception	7/13/1981
Expense Ratio (as of 12/2023)	0.11%

Money Market Characteristics

	% of Money Market Instruments
Average Maturity	18.0 days
Weighted average life	49.0 days

Distribution by Issuer

	% of Portfolio
Bankers Acceptances	0.0%
Certificates of Deposit	0.0
Repurchase Agreements	46.1
U.S. Commercial Paper	0.0
U.S. Govt. Obligations	32.3
U.S. Treasury Bills	21.6
Yankee/Foreign	0.0
Other	0.0
Total	100.0%

Important information

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor is not required to reimburse the fund for losses, and you should not expect that the sponsor will provide financial support to the Fund at any time, including during periods of market stress.

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.

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.

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