

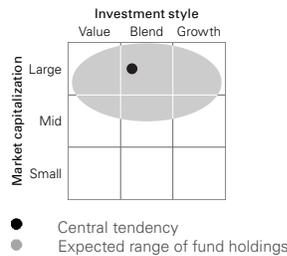
# Vanguard® Dividend Appreciation Index Fund

## Product Summary

Seeks to track the performance of the S&P U.S. Dividend Growers Index.  
 Passively managed, full-replication approach.  
 Fund remains fully invested.  
 Large-cap equity, emphasizing stocks with a record of growing their dividends year over year.  
 Low expenses minimize net tracking error.

## Vanguard Style View: Large Blend

Index portfolio of stocks with records of increasing dividend payments.



## Quarterly Commentary

The investment environment grew more challenging as the third quarter of 2021 progressed. Corporate earnings were healthy across much of the globe, with many economies back open, vaccination rates climbing, and labor markets regaining lost ground. Sentiment deteriorated, though, as the COVID-19 Delta variant spread, high inflation readings in some economies (including the U.S.) began to look as if they might persist for a while, and worries surfaced about contagion from debt issues in the Chinese property sector.

Global stocks sank in September to finish the quarter down roughly 1%, as measured by the FTSE Global All Cap Index. The U.S. and the Asia-Pacific region held up better than developed Europe and especially emerging markets.

The NASDAQ US Dividend Achievers Select Index returned -0.16% for the quarter. The Russell 3000 Index, which measures the broad U.S. stock market, returned -0.10%.

The largest subtractions were made by industrials (-3.6%), health care (-1.8%), and basic materials (-3.5%)

The largest contributions were made by financials (+2.9%), technology (+1.9%), and utilities.

For the 12-month period ended September 30, the NASDAQ US Dividend Achievers Select Index returned 21.66%. The largest contributors were industrials (+22.4%), consumer discretionary (+24.2%), and technology (+32.0%). Basic materials (+17.1%) added the least.

## People and Process

Vanguard Dividend Appreciation Index Fund seeks to track the investment performance of the S&P U.S. Dividend Growers Index, which consists of common stocks of companies that have a record of increasing dividends over time. The fund will hold all the stocks in the index in approximately the same proportions as their weightings 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, 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 Dividend Appreciation Index Fund 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.

Walter Nejman. Portfolio manager. Advised the fund since 2016. Worked in investment management since 2008. B.A., Arcadia University. M.B.A., Villanova University.

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**Total Returns**

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	Since Inception
Dividend Appreciation Index Fund							
Admiral Shares (12/19/2013)	0.08%	-0.33%	10.06%	21.37%	13.59%	15.04%	12.10%
Spliced S&P U.S. Dividend Growers Index	—	-0.30	10.12	21.48	13.70	15.12	12.18 <sup>1</sup>

<sup>1</sup> Since the fund's inception, 12/19/2013.

**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.

Spliced S&P U.S. Dividend Growers Index: NASDAQ US Dividend Achievers Select Index (formerly known as the Dividend Achievers Select Index) through September 19, 2021, S&P U.S. Dividend Growers Index thereafter.

## Quarterly Returns

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Dividend Appreciation Index Fund	Spliced S&P U.S. Dividend Growers Index TR	Year-End
							Assets (Millions)
2021	4.41%	5.76%	-0.33%	—	—	—	\$12,147
2020	-16.77	13.97	10.38	10.28%	15.46%	15.62%	10,986
2019	12.52	5.54	4.15	4.85	29.68	29.75	9,893
2018	-0.47	1.11	9.45	-11.06	-2.03	-1.98	6,272
2017	6.17	3.60	2.81	8.08	22.22	22.29	5,683
2016	4.93	3.05	1.27	2.09	11.79	11.93	4,061
2015	-0.08	-2.02	-5.62	6.14	-1.93	-1.88	3,230
2014	0.39	4.12	-0.74	6.07	10.04	10.12	2,828
2013 <sup>2</sup>	—	—	—	2.15	2.15	2.14	397

<sup>2</sup> Since inception of the share class, 12/19/2013.

## Fund Facts

Fund Number	5702
Ticker	VDADX
Newspaper Listing	DivAprIdxAdm
CUSIP Number	921908828
Assets (millions)	\$12,147
Inception	12/19/2013
Expense Ratio (as of 5/2021)	0.08%

## Volatility Measures

	R-Squared	Beta
Spliced S&P U.S. Dividend Growers Index TR	1.00	1.00
DJ US Total Stock Mkt Float Adj Idx	0.92	0.81

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

## Top 10 Largest Holdings

	Dividend Appreciation Index Fund	S&P U.S. Dividend Growers Index TR	% of Total Net Assets
Number of stocks	268	268	
Median market cap	\$151.5 Billion	\$151.5 Billion	
Average market cap	\$266.2 Billion	\$266.4 Billion	
Price/earnings ratio	23.2x	23.2x	
Price/book ratio	4.7x	4.7x	
Return on equity	23.3%	23.3%	
Earnings growth rate	11.3%	11.3%	
Equity yield (dividend)	1.8%	1.8%	
Foreign holdings	0.0%	0.0%	
Short-term reserves	0.0%	—	
Turnover rate (fiscal year end)	14.3%	—	
Microsoft Corp.			4.5%
JPMorgan Chase & Co.			3.9
Johnson & Johnson			3.8
UnitedHealth Group Inc.			3.3
Visa Inc.			3.2
Home Depot Inc.			3.1
Procter & Gamble Co.			3.0
Comcast Corp.			2.3
Abbott Laboratories			1.9
PepsiCo Inc.			1.8
<b>Total</b>			<b>30.8%</b>

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

## Sector Diversification (% of Stocks)

	Dividend Appreciation Index Fund	S&P U.S. Dividend Growers Index TR	Overweight/ Underweight
Basic Materials	4.2%	4.2%	0.0
Consumer Discretionary	15.6	15.6	0.0
Consumer Staples	10.2	10.3	-0.1
Energy	0.0	0.0	0.0
Financials	15.4	15.4	0.0
Health Care	13.9	13.8	0.1
Industrials	21.1	21.2	-0.1
Other	0.0	0.0	0.0
Real Estate	0.0	0.0	0.0
Technology	13.4	13.4	0.0
Telecommunications	2.3	2.2	0.1
Utilities	3.9	3.9	0.0
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

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](http://vanguard.com) or call 800-523-1036 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.*

*Vanguard ETF Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.*

All investing is subject to risk, including the possible loss of the money you invest.

Investments in bond funds and ETFs are subject to interest rate, credit, and inflation risk.

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.

Vanguard Commodity Strategy Fund could lose all, or substantially all, of its investments in instruments linked to the returns of commodity futures or other commodity investments. Commodity futures trading is volatile, and even a small movement in market prices could cause large losses.

Investments in derivatives may involve risks different from, and possibly greater than, those of investments in the underlying securities or assets.

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