

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Vanguard Managed Payout Distribution Focus Fund		2 Issuer's employer identification number (EIN) 26-1141649	
3 Name of contact for additional information Vanguard Investor and Client Information		4 Telephone No. of contact 877-662-7447	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact P.O. Box 2600		5 Email address of contact online@vanguard.com	
8 Date of action December 31, 2012		7 City, town, or post office, state, and Zip code of contact Valley Forge, PA 19355	
9 Classification and description Regulated Investment Company - Investor Shares		10 CUSIP number 92205M309	
11 Serial number(s)		12 Ticker symbol VPDFX	
13 Account number(s)			

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **Vanguard Managed Payout Distribution Focus Fund ("The Fund") made cash distributions during the**

calendar year 2012 to its shareholders as follows:

2012 Record Date	Distribution Per Share	2012 Record Date	Distribution Per Share
January 17, 2012	\$0.0830	July 16, 2012	\$0.0830
February 15, 2012	\$0.0830	August 15, 2012	\$0.0830
March 15, 2012	\$0.0830	September 17, 2012	\$0.0830
April 16, 2012	\$0.0830	October 15, 2012	\$0.0830
May 15, 2012	\$0.0830	November 15, 2012	\$0.0830
June 15, 2012	\$0.0830	December 14, 2012	\$0.0830
		December 27, 2012	\$0.1000

On January 24, 2013, it was determined that 63.55% of these distributions was a return of capital.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Of The Fund's total cash distributions during 2012 to its shareholders of \$1.096 per share, \$0.697 is a nontaxable return of capital, reducing basis to the extent of the shareholder's adjusted basis in The Fund. To the extent that the return of capital exceeds the shareholder's adjusted basis, the distribution will be taxed as a capital gain to the shareholder.**

2012 Record Date	Reduction in Basis Per Share	2012 Record Date	Reduction in Basis Per Share
January 17, 2012	\$0.052747	July 16, 2012	\$0.052747
February 15, 2012	\$0.052747	August 15, 2012	\$0.052747
March 15, 2012	\$0.052747	September 17, 2012	\$0.052747
April 16, 2012	\$0.052747	October 15, 2012	\$0.052747
May 15, 2012	\$0.052747	November 15, 2012	\$0.052747
June 15, 2012	\$0.052747	December 14, 2012	\$0.052747
		December 27, 2012	\$0.06355

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **The calculation of the return of capital is based upon the The Fund's accumulated earnings and profits as of its fiscal year ended December 31, 2012. The amount of the return of capital should be applied against the shareholder's adjusted basis of the stock, reducing the basis until it is zero. The amount of the return of capital, if any, that exceeds a zero basis shall be treated as a gain from the sale or exchange of property.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Sections 301(c) and 316(a).

18 Can any resulting loss be recognized? ▶ Not applicable

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ None

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Kathryn Hyatt*

Date ▶ 1/30/13

Print your name ▶ Kathryn Hyatt

Title ▶ Treasurer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	