

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Vanguard Managed Payout Fund		2 Issuer's employer identification number (EIN) 26-1141364	
3 Name of contact for additional information	4 Telephone No. of contact 877-662-7447	5 Email address of contact online@vanguard.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact P.O. Box 2600		7 City, town, or post office, state, and Zip code of contact Valley Forge, PA 19355	
8 Date of action December 31, 2014		9 Classification and description Regulated Investment Company	
10 CUSIP number 92205M200	11 Serial number(s)	12 Ticker symbol VPGDX	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 Fund ("The Fund") made cash distributions during the calendar year**

2014 to its shareholders as follows:

2014 Record Date	Distribution Per Share	2014 Record Date	Distribution Per Share
January 22, 2014	\$0.0555	July 15, 2014	\$0.0555
February 18, 2014	\$0.0555	August 15, 2014	\$0.0555
March 17, 2014	\$0.0555	September 15, 2014	\$0.0555
April 15, 2014	\$0.0555	October 15, 2014	\$0.0555
May 15, 2014	\$0.0555	November 17, 2014	\$0.0555
June 16, 2014	\$0.0555	December 16, 2014	\$0.0555
		December 26, 2014	\$0.0400

For 2014, The Fund determined that a portion of these distributions constitute a non-taxable 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 2014 to its shareholders of \$0.706 per share, \$0.04278 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.**

2014 Record Date	Reduction in Basis Per Share	2014 Record Date	Reduction in Basis Per Share
January 22, 2014	\$0.003363	July 15, 2014	\$0.003363
February 18, 2014	\$0.003363	August 15, 2014	\$0.003363
March 17, 2014	\$0.003363	September 15, 2014	\$0.003363
April 15, 2014	\$0.003363	October 15, 2014	\$0.003363
May 15, 2014	\$0.003363	November 17, 2014	\$0.003363
June 16, 2014	\$0.003363	December 16, 2014	\$0.003363
		December 26, 2014	\$0.002424

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 calendar year ended December 31, 2014. 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 J. Hyatt* Date ▶ 2/5/15
Print your name ▶ Kathryn J. 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.