

**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	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 19482-2600	
8 Date of action January 17, 2014		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 ▶ **On January 17, 2014, Vanguard Managed Payout Growth Focus Fund ("Growth Focus Fund") and Vanguard Managed Payout Distribution Focus Fund ("Distribution Focus Fund") merged into Vanguard Managed Payout Growth and Distribution Fund ("Growth and Distribution Fund") in a tax-free merger. Following the merger, Growth and Distribution Fund was renamed Vanguard Managed Payout Fund.**

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 ▶ **Each shareholder of Distribution Focus Fund has an aggregate basis in Growth and Distribution Fund - Investor Shares received in the tax-free merger equal to the aggregate basis of Distribution Focus Fund - Investor Shares exchanged in the merger. The basis of each share received is equal to 100% of the basis of each share exchanged.**

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 aggregate basis of the shares received is the same as the aggregate basis of the shares exchanged. The net asset value of Distribution Focus Fund - Investor shares immediately prior to the tax-free merger was \$14.30, and 52,217,154 shares were exchanged. The net asset value of Growth and Distribution Fund - Investor Shares immediately prior to the tax-free merger was \$18.54, and 40,275,367 shares were exchanged.**

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 354(a), 358(a), 368(a), and 1223(1).

18 Can any resulting loss be recognized? ▶ No.

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 ▶ 2/24/14
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.