Vanguard®

Vanguard Funds

Supplement Dated September 16, 2026, to the Prospectuses and Summary Prospectuses

Effective today, William Coleman has been added as co-portfolio manager, joining the existing portfolio managers, of each Fund listed in the table below (each, an "impacted Fund," and collectively, the "impacted Funds").

The impacted Funds' investment objectives, principal investment strategies, and policies remain unchanged.

Impacted Fund
Vanguard Dividend Appreciation Index Fund
Vanguard ESG U.S. Stock ETF
Vanguard FTSE Social Index Fund
Vanguard Morningstar Growth Index Fund
Vanguard High Dividend Yield Index Fund
Vanguard Morningstar Mega Cap Growth Index Fund
Vanguard Morningstar Mega Cap Index Fund
Vanguard Morningstar Mega Cap Value Index Fund
Vanguard Real Estate II Index Fund
Vanguard Real Estate Index Fund
Vanguard S&P Small-Cap 600 Growth Index Fund
Vanguard S&P Small-Cap 600 Index Fund
Vanguard S&P Small-Cap 600 Value Index Fund
Vanguard Morningstar Small-Cap Growth Index Fund
Vanguard Morningstar Small-Cap Index Fund
Vanguard Morningstar Small-Cap Value Index Fund
Vanguard Tax-Managed Capital Appreciation Fund
Vanguard Tax-Managed Small-Cap Fund
Vanguard Morningstar Value Index Fund
Vanguard Variable Insurance Fund – Real Estate Index Portfolio

Prospectus and Summary Prospectus Text Changes

The following is added under the heading "Investment Advisor" in the **Fund Summary** section for each impacted Fund:

William Coleman, CFA, Portfolio Manager at Vanguard Portfolio Management (VPM). He has co-managed the Fund since September 2026.

Prospectus Text Changes

The following is added under the heading "Investment Advisor" in the **More on the Fund(s)** section for each impacted Fund:

William Coleman, CFA, Portfolio Manager at VPM. He has been with Vanguard since 2006, has worked in investment management since 2006, and has co-managed the Fund since September 2026. Education: B.S., King's College; M.S., Saint Joseph's University; M.B.A., The Wharton School of the University of Pennsylvania.

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Vanguard®

Vanguard Funds

Prospectus Supplement Dated May 20, 2026

Important Changes to Vanguard's Frequent Trading Policy

Each Vanguard fund (other than money market funds and short-term bond funds) limits frequent trading. The Boards of Trustees of the Vanguard Funds have approved certain changes to Vanguard's Frequent Trading Policy.

Prospectus Text Changes
Under the *Frequent Trading Limitations* section, the following paragraphs replace the "Accounts Held by Intermediaries" subsection:

Accounts Held by Intermediaries. When intermediaries establish accounts in Vanguard funds for the benefit of their clients, we cannot always monitor the trading activity of the individual clients. Vanguard requires intermediaries to apply Vanguard's Frequent Trading Policy (described above) or their own frequent trading policy (if approved by Vanguard). Omnibus accounts at financial intermediaries include multiple investors, therefore, individual trades in omnibus accounts are often not disclosed to Vanguard, making it difficult to determine whether a particular shareholder is engaging in excessive trading. In limited circumstances, Vanguard may allow for a custom frequent trading policy arrangement for omnibus accounts at certain intermediaries. Vanguard generally conducts oversight of trading activity at the omnibus account level in an effort to identify potentially disruptive transactions. A fund may request transaction information, as frequently as daily, from any intermediary at any time, and may apply a fund's policy trading restriction to a fund account where a trade exceeds policy thresholds. Each fund reserves the right to prohibit the purchase of its shares by any intermediary or by certain clients of the intermediary. There is no assurance that Vanguard will request data frequently enough to effectively detect or deter excessive trading in omnibus accounts.

Clients investing in Vanguard funds through an intermediary are encouraged to read and understand the intermediary's frequent trading policy requirements as they may differ from Vanguard's Frequent Trading Policy.

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Vanguard®

April 28, 2026

Prospectus

Vanguard Tax-Managed Funds®

Admiral™ Shares

Vanguard Tax-Managed Capital Appreciation Fund Admiral Shares (VTCLX)
Vanguard Tax-Managed Small-Cap Fund Admiral Shares (VTMSX)
Vanguard Tax-Managed Balanced Fund Admiral Shares (VTMFX)

This Prospectus contains financial data for the Funds through the fiscal year ended December 31, 2025.

The Securities and Exchange Commission (SEC) has not approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

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Vanguard Tax-Managed Capital Appreciation Fund

Investment Objective

Vanguard Tax-Managed Capital Appreciation Fund (the "Fund") seeks to provide a tax-efficient return consisting of long-term capital appreciation while tracking the performance of a benchmark index that measures the investment return of large- and mid-capitalization stocks.

Fees and Expenses

The following tables describe the fees and expenses you may pay if you buy, hold, and sell Admiral Shares of the Fund. **You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the tables and example below.**

Shareholder Fees
(Fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	None
Purchase Fee	None
Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None
Account Service Fee Per Year (for certain fund account balances below $5,000,000)	$25

Annual Fund Operating Expenses
(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.05%
12b-1 Distribution Fee	None
Other Expenses	0.00%
Total Annual Fund Operating Expenses[1]	0.05%

1 The expense information shown in the table has been restated to reflect current fees.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. The example assumes that you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same.

1 Year	3 Years	5 Years	10 Years
$5	$16	$28	$64

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 6% of the average value of its portfolio.

Principal Investment Strategies

The Fund employs an indexing investment approach designed to track the performance of the Russell 1000® Index (the "Target Index"), which is made up of common stocks of large- and mid-capitalization U.S. companies. The Fund uses statistical methods to sample the Target Index, meaning that it holds a range of securities that, in the aggregate, approximates other characteristics and the performance of the Target Index, while seeking to achieve capital gains and income tax efficiency.

The Fund may become nondiversified, as defined under the Investment Company Act of 1940, solely as a result of tracking an index. This could occur due to events such as an index rebalance or market movement. A nondiversified fund may invest a greater percentage of its assets in the securities of particular issuers as compared with diversified funds. In addition, the Fund could become concentrated in an industry or group of industries if the Target Index becomes concentrated due to market conditions or the performance of a single or related group of issuers.

Principal Risks

As with any investment, an investment in the Fund could lose money over any time period. The Fund's share price and total return may fluctuate, potentially within a wide range. The principal risks of investing in the Fund are summarized below. Each of the following risks could affect the Fund's performance:

- ***Tax-Managed Investing.*** There is no guarantee that the Fund will be able to successfully implement its tax-management strategy. Market conditions or other circumstances may limit the Fund's ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The Fund has, and may in the future, distribute current income or capital gains. Though the Fund seeks to invest in the stocks that make up its Target Index, its ability to do so may be affected by its tax-management strategy. As a result, the Fund's pre-tax performance may be lower than that of a similar fund that is not tax-managed. The Fund's tax-management strategy may also cause the Fund to underperform the broader market. For example, the Fund may hold a security in order to achieve more favorable tax-treatment or sell a security to create tax losses, either of which may impact returns.
- ***General Market Risk.*** The markets in which the Fund invests can be affected by a variety of factors. These factors, which can be real or perceived, may include economic, market, political, and regulatory conditions and developments as well as local, regional, or global events such as wars, military conflicts, natural disasters, and public health issues. In addition, investor sentiment and expectations regarding these factors can also impact the markets. Different parts of the market, including different industries and sectors as well as different types of securities, may react differently to factors that affect the market. These factors can contribute to market uncertainty, market volatility, and fluctuations in the value of the Fund's investments, thereby resulting in potential losses to the Fund over short or long periods.
- ***Investing in Equity Markets.*** The Fund invests in the equity markets. Equity markets have historically been cyclical, having periods of time when stock values rise and fall. Market volatility can lead to significant fluctuations in stock values, resulting in potential losses to the Fund.
- ***Market Capitalization (Market Cap).*** Companies are generally classified into three types of market cap depending on their size: small-, mid-, and large-cap. Companies can be further classified into micro- or mega-cap. Different factors can affect each market cap uniquely, and historically small- and mid-cap stocks have typically been more volatile due to the effects of changing economic conditions. Large companies may not reach the same levels of growth or performance as smaller companies, and they may be slower to react to competitive challenges. The performance of funds that invest in a subset of market caps could diverge from the performance of a fund that is focused on a broader representation of the stock market.
- ***Index Investing.*** The Fund is subject to risks associated with index investing. Because the Fund does not hold all of the securities included in the Target Index, it is subject to the risk that the representative sample of securities selected by the advisor will, in the aggregate, vary from the investment profile of the full Target Index. Additionally, the performance of the Fund's investments, in the aggregate, may not match the investment performance of the Target Index. This risk, known as tracking error risk, may be heightened

during times of increased market volatility or under other unusual market conditions. The Fund also could be negatively impacted by changes to the Target Index made by the index provider or by errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the Fund and, as a result, the Fund's shareholders.

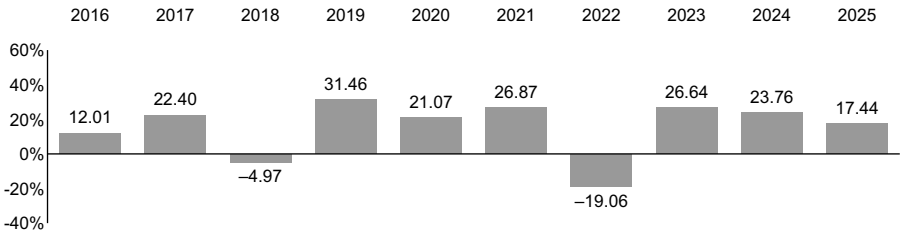
- ***Nondiversification.*** By tracking its broad-based Target Index, the Fund could become nondiversified, as defined under the Investment Company Act of 1940, due to events such as an index rebalance or market movement. The performance of nondiversified funds may be negatively impacted by relatively few securities or even a single security and their shares may experience significant fluctuations in value.
- ***Concentration Risk.*** Except as may be necessary to approximate the composition of its Target Index, the Fund will not concentrate its investments in the securities of issuers whose principal business activities are in the same industry or group of industries. If the Target Index becomes concentrated and the Fund needs to concentrate in the same industry or group of industries, its performance could be negatively impacted by the industry or industries in which it is concentrated.
- ***Information Technology Sector.*** As of the Fund's most recent fiscal year end, stocks of companies within the information technology sector made up a significant portion of the Target Index. As a result, the performance of the Target Index, and therefore the performance of the Fund, may be impacted by the general condition of the information technology sector.

An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Annual Total Returns

The following bar chart and table show the Fund's historical performance and are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund's Admiral Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Admiral Shares compare with those of a broad-based securities market index and one or more additional indexes with similar investment characteristics as the Fund. Keep in mind that the Fund's past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at *vanguard.com/performance*.

Annual Total Returns — Vanguard Tax-Managed Capital Appreciation Fund Admiral Shares



During the periods shown in the bar chart, the highest and lowest returns for a calendar quarter were:

	Total Return	Quarter
Highest	21.70%	June 30, 2020
Lowest	-19.97%	March 31, 2020

Average Annual Total Returns for Periods Ended December 31, 2025

	1 Year	5 Years	10 Years
Vanguard Tax-Managed Capital Appreciation Fund Admiral Shares			
Return Before Taxes	17.44%	13.58%	14.64%
Return After Taxes on Distributions	17.16	13.25	14.24
Return After Taxes on Distributions and Sale of Fund Shares	10.50	10.82	12.24
Russell 1000 Index (reflects no deduction for fees, expenses, or taxes)	17.37%	13.59%	14.59%
Dow Jones U.S. Total Stock Market Float Adjusted Index (reflects no deduction for fees, expenses, or taxes)	17.05	13.07	14.21

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned *Return After Taxes on Distributions and Sale of Fund Shares* may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

Investment Advisor

The Vanguard Group, Inc. (Vanguard) through its wholly owned subsidiary, Vanguard Portfolio Management (VPM). VPM exercises portfolio management responsibilities for the Fund.

Portfolio Managers

Chris Nieves, CFA, Portfolio Manager at VPM. He has co-managed the Fund since February 2025.

Jena Stenger, Portfolio Manager at VPM. She has co-managed the Fund since February 2025.

Purchase and Sale of Fund Shares

If you invest directly with Vanguard, you may purchase or redeem shares online through our website *(vanguard.com)*, by mail (The Vanguard Group, P.O. Box 982901, El Paso, TX 79998-2901), or by telephone (800-662-2739). The minimum investment amount required to open a Fund account for Admiral Shares is generally $10,000. The minimum investment amount required to add to an existing Fund account is generally $1.

Financial intermediaries, institutional clients, and Vanguard-advised clients should contact Vanguard for information on special eligibility rules that may apply to them regarding Admiral Shares. If you invest in Vanguard fund shares indirectly through an intermediary (including investing in shares through a brokerage account offered by Vanguard Brokerage Services®), please contact that firm directly for more information regarding your eligibility. If you invest in Vanguard fund shares through an employer-sponsored retirement or savings plan, your plan administrator or your benefits office can provide you with detailed information on how you can invest through your plan.

Tax Information

The Fund's distributions may be taxable as ordinary income or capital gains. If you are investing through a tax-advantaged account, such as an IRA or an employer-sponsored retirement or savings plan, special tax rules apply. You should consult your own tax advisor with respect to any particular U.S. or non-U.S. tax consequences of your investment in the Fund.

Payments to Financial Intermediaries

The Fund and its advisor do not pay financial intermediaries for sales of Fund shares.

Vanguard Tax-Managed Small-Cap Fund

Investment Objective

Vanguard Tax-Managed Small-Cap Fund (the "Fund") seeks to provide a tax-efficient return consisting of long-term capital appreciation while tracking the performance of a benchmark index that measures the investment return of small-capitalization stocks.

Fees and Expenses

The following tables describe the fees and expenses you may pay if you buy, hold, and sell Admiral Shares of the Fund. **You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the tables and example below.**

Shareholder Fees
(Fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	None
Purchase Fee	None
Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None
Account Service Fee Per Year (for certain fund account balances below $5,000,000)	$25

Annual Fund Operating Expenses
(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.04%
12b-1 Distribution Fee	None
Other Expenses	0.01%
Total Annual Fund Operating Expenses[1]	0.05%

1 The expense information shown in the table has been restated to reflect current fees.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. The example assumes that you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same.

1 Year	3 Years	5 Years	10 Years
$5	$16	$28	$64

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 18% of the average value of its portfolio.

Principal Investment Strategies

The Fund employs an indexing investment approach designed to track the performance of the S&P SmallCap 600® Index (the "Target Index"), which is made up of common stocks of small-capitalization U.S. companies. The Fund uses statistical methods to sample the Target Index, meaning that it holds a range of securities that, in the aggregate, approximates other characteristics and the performance of the Target Index, while seeking to achieve capital gains and income tax efficiency. Under normal circumstances, the Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in small-cap stocks. For purposes of the 80% policy, small-cap stocks generally will be within the capitalization range of the companies included in the Fund's Target Index, S&P SmallCap 600 Index.

Principal Risks

As with any investment, an investment in the Fund could lose money over any time period. The Fund's share price and total return may fluctuate, potentially within a wide range. The principal risks of investing in the Fund are summarized below. Each of the following risks could affect the Fund's performance:

- ***Tax-Managed Investing.*** There is no guarantee that the Fund will be able to successfully implement its tax-management strategy. Market conditions or other circumstances may limit the Fund's ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The Fund has, and may in the future, distribute current income or capital gains. Though the Fund seeks to invest in the stocks that make up its Target Index, its ability to do so

may be affected by its tax-management strategy. As a result, the Fund's pre-tax performance may be lower than that of a similar fund that is not tax-managed. The Fund's tax-management strategy may also cause the Fund to underperform the broader market. For example, the Fund may hold a security in order to achieve more favorable tax-treatment or sell a security to create tax losses, either of which may impact returns.

- ***General Market Risk.*** The markets in which the Fund invests can be affected by a variety of factors. These factors, which can be real or perceived, may include economic, market, political, and regulatory conditions and developments as well as local, regional, or global events such as wars, military conflicts, natural disasters, and public health issues. In addition, investor sentiment and expectations regarding these factors can also impact the markets. Different parts of the market, including different industries and sectors as well as different types of securities, may react differently to factors that affect the market. These factors can contribute to market uncertainty, market volatility, and fluctuations in the value of the Fund's investments, thereby resulting in potential losses to the Fund over short or long periods.
- ***Investing in Equity Markets.*** The Fund invests in the equity markets. Equity markets have historically been cyclical, having periods of time when stock values rise and fall. Market volatility can lead to significant fluctuations in stock values, resulting in potential losses to the Fund.
- ***Market Capitalization (Market Cap).*** Companies are generally classified into three types of market cap depending on their size: small-, mid-, and large-cap. Companies can be further classified into micro- or mega-cap. Different factors can affect each market cap uniquely, and historically small- and mid-cap stocks have typically been more volatile due to the effects of changing economic conditions. Large companies may not reach the same levels of growth or performance as smaller companies, and they may be slower to react to competitive challenges. The performance of funds that invest in a subset of market caps could diverge from the performance of a fund that is focused on a broader representation of the stock market.
- ***Index Investing.*** The Fund is subject to risks associated with index investing. Because the Fund does not hold all of the securities included in the Target Index, it is subject to the risk that the representative sample of securities selected by the advisor will, in the aggregate, vary from the investment profile of the full Target Index. Additionally, the performance of the Fund's investments, in the aggregate, may not match the investment performance of the Target Index. This risk, known as tracking error risk, may be heightened during times of increased market volatility or under other unusual market conditions. The Fund also could be negatively impacted by changes to the Target Index made by the index provider or by errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the Fund and, as a result, the Fund's shareholders.

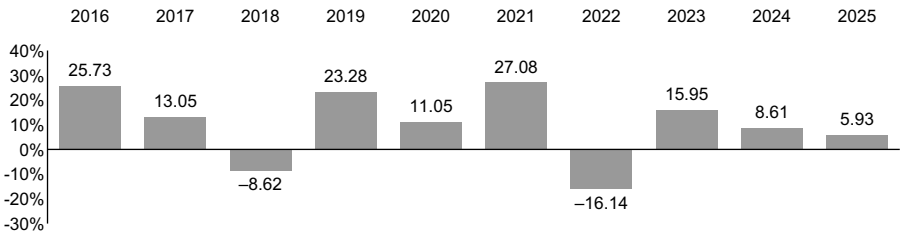
- ***Concentration Risk.*** Except as may be necessary to approximate the composition of its Target Index, the Fund will not concentrate its investments in the securities of issuers whose principal business activities are in the same industry or group of industries. If the Target Index becomes concentrated and the Fund needs to concentrate in the same industry or group of industries, its performance could be negatively impacted by the industry or industries in which it is concentrated.

An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Annual Total Returns

The following bar chart and table show the Fund's historical performance and are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund's Admiral Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Admiral Shares compare with those of a broad-based securities market index and one or more additional indexes with similar investment characteristics as the Fund. Keep in mind that the Fund's past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at *vanguard.com/performance*.

Annual Total Returns — Vanguard Tax-Managed Small-Cap Fund Admiral Shares



During the periods shown in the bar chart, the highest and lowest returns for a calendar quarter were:

	Total Return	Quarter
Highest	30.76%	December 31, 2020
Lowest	-32.24%	March 31, 2020

Average Annual Total Returns for Periods Ended December 31, 2025

	1 Year	5 Years	10 Years
Vanguard Tax-Managed Small-Cap Fund Admiral Shares			
Return Before Taxes	5.93%	7.29%	9.72%
Return After Taxes on Distributions	5.58	6.90	9.35
Return After Taxes on Distributions and Sale of Fund Shares	3.71	5.66	7.91
S&P SmallCap 600 Index (reflects no deduction for fees, expenses, or taxes)	6.02%	7.31%	9.81%
Dow Jones U.S. Total Stock Market Float Adjusted Index (reflects no deduction for fees, expenses, or taxes)	17.05	13.07	14.21

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned *Return After Taxes on Distributions and Sale of Fund Shares* may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

Investment Advisor

The Vanguard Group, Inc. (Vanguard) through its wholly owned subsidiary, Vanguard Portfolio Management (VPM). VPM exercises portfolio management responsibilities for the Fund.

Portfolio Managers

Kenny Narzikul, CFA, Portfolio Manager at VPM. He has co-managed the Fund since 2023.

Chris Nieves, CFA, Portfolio Manager at VPM. He has co-managed the Fund since February 2025.

Purchase and Sale of Fund Shares

If you invest directly with Vanguard, you may purchase or redeem shares online through our website *(vanguard.com)*, by mail (The Vanguard Group, P.O. Box 982901, El Paso, TX 79998-2901), or by telephone (800-662-2739). The minimum investment amount required to open a Fund account for Admiral Shares is generally $10,000. The minimum investment amount required to add to an existing Fund account is generally $1.

Financial intermediaries, institutional clients, and Vanguard-advised clients should contact Vanguard for information on special eligibility rules that may apply to them regarding Admiral Shares. If you invest in Vanguard fund shares indirectly through an intermediary (including investing in shares through a brokerage account offered by Vanguard Brokerage Services®), please contact that firm directly for more information regarding your eligibility. If you invest in Vanguard fund shares through an employer-sponsored retirement or savings plan, your plan administrator or your benefits office can provide you with detailed information on how you can invest through your plan.

Tax Information

The Fund's distributions may be taxable as ordinary income or capital gains. If you are investing through a tax-advantaged account, such as an IRA or an employer-sponsored retirement or savings plan, special tax rules apply. You should consult your own tax advisor with respect to any particular U.S. or non-U.S. tax consequences of your investment in the Fund.

Payments to Financial Intermediaries

The Fund and its advisor do not pay financial intermediaries for sales of Fund shares.

Vanguard Tax-Managed Balanced Fund

Investment Objective

Vanguard Tax-Managed Balanced Fund (the "Fund") seeks to provide a tax-efficient return consisting of federally tax-exempt income, long-term capital appreciation, and a modest amount of taxable current income.

Fees and Expenses

The following tables describe the fees and expenses you may pay if you buy, hold, and sell shares of the Fund. **You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the tables and example below.**

Shareholder Fees
(Fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	None
Purchase Fee	None
Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None
Account Service Fee Per Year (for certain fund account balances below $5,000,000)	$25

Annual Fund Operating Expenses
(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.04%
12b-1 Distribution Fee	None
Other Expenses	0.01%
Total Annual Fund Operating Expenses[1]	0.05%

1 The expense information shown in the table has been restated to reflect current fees.

Example

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other funds. The example assumes that you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same.

1 Year	3 Years	5 Years	10 Years
$5	$16	$28	$64

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 15% of the average value of its portfolio.

Principal Investment Strategies

The Fund is a balanced fund, meaning it invests in both fixed income securities and equity securities. With respect to the fixed income portion of the portfolio, the Fund employs an active management approach, investing approximately 50% to 55% of its assets in municipal securities, concentrating in high-quality municipal securities with a dollar-weighted average maturity expected to be between 6 and 12 years. Typically, the Fund invests at least 75% of its fixed income assets in municipal bonds rated in one of the top three credit-rating categories as determined by an independent bond-rating agency (e.g. Aaa, Aa, and A by Moody's) or, if unrated, determined to be of comparable quality by the advisor.

For the equity portion of the portfolio, the balance of the Fund that is not invested in municipal securities is primarily invested in common stocks. The Fund's stock holdings are chosen from the stocks included in the Russell 1000 Index (the "Target Index"), which consists of common stocks of large- and mid-size U.S. companies. The Fund uses statistical methods to sample the Target Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Target Index in terms of key risk factors and other characteristics, while seeking to achieve capital gains and income tax efficiency.

For the Fund to pay tax-exempt dividends to shareholders from interest attributable to its investment in municipal securities, the Fund is required under U.S. federal income tax law to have at least 50% of the value of its total assets consist of tax-exempt obligations at the close of each quarter of the Fund's taxable year. The Fund has in the past sold, and likely will be required in the future to sell, equity securities to comply with this requirement, which under certain market conditions will cause the Fund to realize capital gains. Although the Fund attempts to minimize capital gains when selling equity securities, there can be no guarantee that the Fund will not realize capital gains when doing so, which could result in a distribution of capital gains to shareholders.

Principal Risks

As with any investment, an investment in the Fund could lose money over any time period. The Fund's share price and total return may fluctuate, potentially within a wide range. The principal risks of investing in the Fund are summarized below. Each of the following risks could affect the Fund's performance:

- ***Tax-Managed Investing.*** There is no guarantee that the Fund will be able to successfully implement its tax-management strategy. Market conditions or other circumstances may limit the Fund's ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The Fund has, and may in the future, distribute current income or capital gains. Though the Fund seeks to invest in the stocks that make up its Target Index, its ability to do so may be affected by its tax-management strategy. As a result, the Fund's pre-tax performance may be lower than that of a similar fund that is not tax-managed. The Fund's tax-management strategy may also cause the Fund to underperform the broader market. For example, the Fund may hold a security in order to achieve more favorable tax-treatment or sell a security to create tax losses, either of which may impact returns.
- ***General Market Risk.*** The markets in which the Fund invests can be affected by a variety of factors. These factors, which can be real or perceived, may include economic, market, political, and regulatory conditions and developments as well as local, regional, or global events such as wars, military conflicts, natural disasters, and public health issues. In addition, investor sentiment and expectations regarding these factors can also impact the markets. Different parts of the market, including different industries and sectors as well as different types of securities, may react differently to factors that affect the market. These factors can contribute to market uncertainty, market volatility, and fluctuations in the value of the Fund's investments, thereby resulting in potential losses to the Fund over short or long periods.
- ***Investing in Bond Markets*.** The Fund may be impacted by the general condition of the bond markets and by factors that affect bonds and bond issuers. For example, as a general rule, bond prices and interest rates move in opposite directions. When interest rates rise, bond prices tend to fall, and when interest rates fall, bond prices tend to go up. Bond income also is affected by changes in interest rates. Interest rates can rise or fall for a number of reasons, including, but not limited to, central bank monetary policy, inflationary or deflationary pressures, and changes in general market and economic conditions. Changing interest rates, including, but not limited to, rates that fall below zero, could have unpredictable effects on the overall market and may expose the bond markets in particular to heightened volatility and potential illiquidity. The degree to which the Fund is impacted by certain bond market risks may vary based on factors disclosed in its principal investment strategies, such as the types of bonds in which it invests and the overall credit quality, average maturity, and/or average duration of its bond holdings.

- ***Investing in the Municipal Bond Market.*** In addition to the general risks associated with investing in bonds, municipal bonds are subject to unique risks. The values of the Fund's municipal bond holdings could be impacted significantly by economic, regulatory, political, or other developments or circumstances affecting municipal bond issuers. These developments or circumstances could create uncertainty in the municipal bond market and/or adversely impact the ability of municipal bond issuers to make principal and interest payments, which could result in a loss to the Fund. Municipal bonds can vary from one another in a number of ways, which can impact their sensitivity to certain risks. For example, investing in revenue bonds, which make up a significant portion of the municipal bond market, will generally subject the Fund to a higher risk of loss than investing in municipal bonds secured by the full faith, credit, and taxing power of the issuer (general obligation bonds). Because the interest and principal on revenue bonds is payable only from a particular stream of revenue, they generally carry more ***Credit Risk*** than general obligation bonds. Revenue bonds also tend to be more sensitive to economic conditions than general obligation bonds, which could make their prices more volatile. The Fund also is subject to the risk that all or a significant portion of its municipal bond holdings will be affected in the same manner. Because many municipal bonds are issued to finance similar projects, conditions in related sectors could have an outsized impact on the municipal bond market. As a result, the Fund may underperform funds that invest more broadly.
- ***Interest Rate Risk*****.** During periods of rising interest rates, bond prices overall may decline, which could result in a decline in the Fund's value. The prices of longer-term bonds are more sensitive to changes in interest rates than the prices of shorter-term bonds.
- ***Income Risk*****.** During periods of falling interest rates, the Fund's income may decline. The income paid by shorter-term bonds is subject to a higher degree of fluctuation than the income paid by longer-term bonds.
- ***Credit Risk*****.** Credit risk refers to the chance that an issuer will default (fail to meet its credit obligations) or fail to make payments in a timely manner, which could result in a loss to the Fund. In addition, negative perceptions of an issuer's ability to make payments can cause the price of a security to decline. While all debt securities are subject to credit risk to some extent, those with higher credit quality ratings generally pose less credit risk than those with lower credit quality ratings.
- ***Municipal Bond Liquidity Risk.*** Limited trading in the municipal bond market and a relative lack of publicly available information about the financial condition of municipal bond issuers may make municipal bonds more difficult to value or sell than other types of debt securities. If the Fund is unable to sell a security at an advantageous time or price, its returns may be reduced.
- ***Call Risk.*** Certain bonds held by the Fund may be callable. The issuer of a callable bond has the right to "call" (redeem) the bond before its maturity date.

Calls on bonds held by the Fund would result in the Fund losing any price appreciation above the bond's call price. In addition, because bond calls occur more frequently during periods of falling interest rates, the Fund likely would be forced to reinvest the proceeds of any called bonds at a lower interest rate than that of the called bonds, resulting in a decline in the Fund's income and a potential loss in the value of the Fund's investments. If the proceeds from a called bond generate taxable income, the Fund may need to distribute income subject to federal or state personal income tax or to the federal alternative minimum tax. Frequent bond calls and subsequent reinvestments of the proceeds also would increase the Fund's turnover rate.

- ***Extension Risk.*** During periods of rising interest rates, certain bonds held by the Fund may be paid off substantially more slowly than originally anticipated. As a result, the value of the bonds may fall, resulting in a decline in the Fund's income and a potential loss in the value of the Fund's investments.
- ***Tax-Exempt Income Risk.*** There is no guarantee that the interest payable on municipal bonds will remain exempt from federal, state, or local income taxes. Tax-exempt income from the Fund's municipal bond holdings could be declared taxable, possibly with retroactive effect, due to a variety of circumstances such as tax law changes, adverse interpretations by tax authorities, or noncompliant conduct by a municipal bond issuer. Any of these circumstances could cause the prices of municipal bonds to decline significantly or impair the Fund's ability to achieve its investment objective.
- ***Active Management*** *(Applies to bond portion of the Fund).* The Fund is actively managed. The advisor's security selection and/or strategy execution could cause the Fund to underperform relevant securities markets or other funds with a similar investment objective.
- ***Investing in Equity Markets.*** The Fund invests in the equity markets. Equity markets have historically been cyclical, having periods of time when stock values rise and fall. Market volatility can lead to significant fluctuations in stock values, resulting in potential losses to the Fund.
- ***Market Capitalization (Market Cap).*** Companies are generally classified into three types of market cap depending on their size: small-, mid-, and large-cap. Companies can be further classified into micro- or mega-cap. Different factors can affect each market cap uniquely, and historically small- and mid-cap stocks have typically been more volatile due to the effects of changing economic conditions. Large companies may not reach the same levels of growth or performance as smaller companies, and they may be slower to react to competitive challenges. The performance of funds that invest in a subset of market caps could diverge from the performance of a fund that is focused on a broader representation of the stock market.
- ***Index Investing*** *(Applies to stock portion of the Fund).* The Fund is subject to risks associated with index investing. Because the Fund does not hold all of the securities included in the Target Index, it is subject to the risk that the

representative sample of securities selected by the advisor will, in the aggregate, vary from the investment profile of the full Target Index. Additionally, the performance of the Fund's investments, in the aggregate, may not match the investment performance of the Target Index. This risk, known as tracking error risk, may be heightened during times of increased market volatility or under other unusual market conditions. The Fund also could be negatively impacted by changes to the Target Index made by the index provider or by errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the Fund and, as a result, the Fund's shareholders.

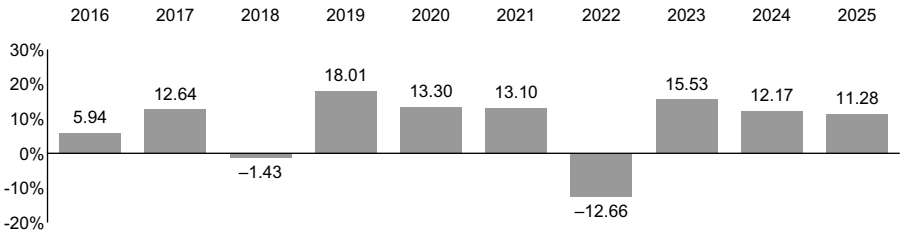
- ***Concentration Risk.*** Except as may be necessary to approximate the composition of its Target Index, the Fund will not concentrate its investments in the securities of issuers whose principal business activities are in the same industry or group of industries. If the Target Index becomes concentrated and the Fund needs to concentrate in the same industry or group of industries, its performance could be negatively impacted by the industry or industries in which it is concentrated.

An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Annual Total Returns

The following bar chart and table show the Fund's historical performance and are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Fund compare with those of a broad-based securities market index and one or more additional indexes with similar investment characteristics as the Fund. Vanguard Tax-Managed Balanced Composite Index consists of two unmanaged benchmarks, weighted 50% in the Russell 1000 Index and 50% in the Bloomberg 1–15 Year Municipal Bond Index. Keep in mind that the Fund's past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at *vanguard.com/performance*.

Annual Total Returns — Vanguard Tax-Managed Balanced Fund Admiral Shares



During the periods shown in the bar chart, the highest and lowest returns for a calendar quarter were:

	Total Return	Quarter
Highest	11.64%	June 30, 2020
Lowest	-10.24%	March 31, 2020

Average Annual Total Returns for Periods Ended December 31, 2025

	1 Year	5 Years	10 Years
Vanguard Tax-Managed Balanced Fund Admiral Shares			
Return Before Taxes	11.28%	7.33%	8.40%
Return After Taxes on Distributions	11.13	7.17	8.21
Return After Taxes on Distributions and Sale of Fund Shares	7.49	6.02	7.07
Tax-Managed Balanced Composite Index (reflects no deduction for fees, expenses, or taxes)	11.69%	7.61%	8.71%
Bloomberg Municipal Bond Index (reflects no deduction for fees, expenses, or taxes)	4.25	0.80	2.34
Dow Jones U.S. Total Stock Market Float Adjusted Index (reflects no deduction for fees, expenses, or taxes)	17.05	13.07	14.21

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned *Return After Taxes on Distributions and Sale of Fund Shares* may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

Investment Advisor

The Vanguard Group, Inc. (Vanguard) through its wholly owned subsidiary, Vanguard Capital Management (VCM). VCM exercises portfolio management responsibilities for the Fund.

Portfolio Managers

Grace Boraas, Portfolio Manager at VCM. She has co-managed the Fund since 2023.

James M. D'Arcy, CFA, Portfolio Manager at VCM. He has managed the bond portion of the Fund since 2013.

Aurélie Denis, CFA, Portfolio Manager at VCM. She has co-managed the stock portion of the Fund since 2023.

Walter Nejman, Portfolio Manager at VCM. He has co-managed the stock portion of the Fund since July 2021.

Michael R. Roach, CFA, Portfolio Manager at VCM. He has co-managed the stock portion of the Fund since 2023.

Purchase and Sale of Fund Shares

If you invest directly with Vanguard, you may purchase or redeem shares online through our website *(vanguard.com)*, by mail (The Vanguard Group, P.O. Box 982901, El Paso, TX 79998-2901), or by telephone (800-662-2739). The minimum investment amount required to open a Fund account for Admiral Shares is generally $10,000. The minimum investment amount required to add to an existing Fund account is generally $1.

Financial intermediaries, institutional clients, and Vanguard-advised clients should contact Vanguard for information on special eligibility rules that may apply to them regarding Admiral Shares. If you invest in Vanguard fund shares indirectly through an intermediary (including investing in shares through a brokerage account offered by Vanguard Brokerage Services®), please contact that firm directly for more information regarding your eligibility. If you invest in Vanguard fund shares through an employer-sponsored retirement or savings plan, your plan administrator or your benefits office can provide you with detailed information on how you can invest through your plan.

Tax Information

The Fund's distributions, including any market discount recognized by the Fund's investments, may be taxable as ordinary income or capital gains. The dividends that you receive from the Fund that are attributable to interest paid on the Fund's investments in municipal securities are generally expected to be exempt from federal income taxes. The Fund's other distributions are expected to be subject to federal, state, and/or local income taxes.You should consult your own tax advisor with respect to any particular U.S. or non-U.S. tax consequences of your investment in the Fund.

Payments to Financial Intermediaries

The Fund and its advisor do not pay financial intermediaries for sales of Fund shares.

More on the Funds

This Prospectus provides information about the following Vanguard funds (each, a "Fund," and collectively, the "Funds"):

- Vanguard Tax-Managed Capital Appreciation Fund
- Vanguard Tax-Managed Small-Cap Fund
- Vanguard Tax-Managed Balanced Fund

Each Fund is a series of Vanguard Tax-Managed Funds (the "Trust"). Reading this Prospectus will help you decide whether a Fund is the right investment for you.

As you consider an investment in a Fund, you should take into account your tolerance for fluctuations in the securities markets. The costs of investing are another important consideration. As a Fund shareholder, you will pay a proportionate share of the costs of operating a Fund and any transaction costs incurred when a Fund buys or sells securities, including costs generated by shareholders of other share classes to the extent a Fund offers more than one share class. These costs can erode a substantial portion of the gross income or the capital appreciation a Fund achieves. Even seemingly small differences can, over time, have a dramatic effect on a Fund's performance.

What are Tax-Managed Funds?

Most mutual funds seek to maximize pre-tax total returns, without regard to the personal tax consequences for investors. As a result, most investors stand to lose a portion of their investment returns to federal, state, and local taxes. Tax-managed funds aim to minimize the impact of taxes on investors' total returns by operating in a tax-efficient manner. Note that the tax-management techniques used by tax-managed funds may reduce an investor's taxable income but will not eliminate it. **Tax-managed funds may, from time to time, distribute current income or capital gains.** Because tax consequences are considered in managing a tax-managed fund, pre-tax performance may be lower for a tax-managed fund than for a similar fund that is not tax-managed.

Investment Objectives and More on Principal Investment Strategies

In this section, you will find more information about each Fund's investment objective and the principal investment strategies and policies that each Fund uses in pursuit of its investment objective. The Trust's board of trustees (the "Board") oversees each Fund's management. The Board may approve changes to a Fund's strategies or policies in the interest of shareholders without shareholder approval unless the strategy or policy is designated as fundamental.

Investment Objectives

The Funds' investment objectives are as follows:

- *Vanguard Tax-Managed Capital Appreciation Fund* seeks to provide a tax-efficient return consisting of long-term capital appreciation while tracking the performance of a benchmark index that measures the investment return of large- and mid-capitalization stocks.
- *Vanguard Tax-Managed Small-Cap Fund* seeks to provide a tax-efficient return consisting of long-term capital appreciation while tracking the performance of a benchmark index that measures the investment return of small-capitalization stocks.
- *Vanguard Tax-Managed Balanced Fund* seeks to provide a tax-efficient return consisting of federally tax-exempt income, long-term capital appreciation, and a modest amount of taxable current income.

Each Fund's investment objective is not fundamental and may be changed without shareholder approval.

Implementation of Investment Objectives

To achieve its investment objective, each Fund uses an index-oriented approach to stock investing, and the stocks purchased by each Fund are those of issuers included in the Fund's Target Index at the time of purchase. In addition to investing in stocks, Vanguard Tax-Managed Balanced Fund also invests in municipal securities, which are selected based on traditional active management techniques.

What are Index Funds?

Index funds attempt to track—not outperform—the performance of a specified market index. An index is a group of securities whose overall performance is used as a standard to measure the investment performance of a particular market. Some indexes represent entire markets, such as the U.S. stock market, while others cover a segment of a market, such as short-term bonds.

One cannot invest directly in an index. Instead, an index fund's advisor will typically seek to hold all, or substantially all, of the securities that make up the fund's target index (often referred to as "replicating" an index or a "full replication" approach) or a representative sample of the securities that make up a fund's target index ("sampling" an index).

Vanguard Tax-Managed Capital Appreciation Fund and Vanguard Tax-Managed Small-Cap Fund invest by using statistical methods to sample their Target Indexes, the Russell 1000 Index and the S&P SmallCap 600 Index, respectively. The Funds each hold a range of stocks that, in the aggregate, approximate other characteristics and the performance of their respective Target Indexes, while seeking to achieve capital gains and income tax efficiency.

Under normal circumstances, Vanguard Tax-Managed Small-Cap Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in small-cap stocks. For purposes of the 80% policy, small-cap stocks generally will be within the capitalization range of the companies included in the Fund's Target Index, S&P SmallCap 600 Index. Investments in derivatives may be counted toward the Fund's 80% policy to the extent that they provide investment exposure to the securities included within the policy or to one or more market risk factors associated with such securities. The Fund may change its 80% policy only upon 60 days' notice to shareholders.

Vanguard Tax-Managed Capital Appreciation Fund may become nondiversified, as defined under the Investment Company Act of 1940, solely as a result of tracking an index. This could occur due to events such as an index rebalance or market movement. A nondiversified fund may invest a greater percentage of its assets in the securities of particular issuers as compared with diversified funds. A fund becomes nondiversified if, with respect to 75% of its total assets, the fund: (1) purchases more than 10% of the outstanding voting securities of any one issuer, or (2) purchases securities of any issuer when, as a result, more than 5% of the fund's total assets are invested in that issuer's securities.The Fund may become nondiversified without shareholder approval pursuant to SEC relief. In addition, the Fund could become concentrated in an industry or

group of industries if its Target Index becomes concentrated due to market conditions or the performance of a single or related group of issuers.

Vanguard Tax-Managed Balanced Fund is a balanced fund that invests in both stocks and municipal bonds. Balanced funds generally seek to provide some combination of capital appreciation and current income by investing in a mix of stocks and bonds. Because prices of stocks and bonds can respond differently to economic events and influences, a balanced fund should experience less volatility than a fund investing exclusively in stocks.

For the stock portion of its portfolio, Vanguard Tax-Managed Balanced Fund invests by using statistical methods to sample its Target Index, the Russell 1000 Index. The Fund holds a range of stocks that, in the aggregate, approximate other characteristics and the performance of its Target Index, while seeking to achieve capital gains and income tax efficiency. For the actively managed fixed income portion of its portfolio, the Fund's advisor invests in municipal securities, concentrating in high-quality municipal securities.

What is Active Management?

Actively managed funds typically seek to exceed the average returns of a particular financial market or market segment. Each Fund's advisor will select securities to buy and sell based on the advisor's judgments about companies and their financial prospects, the prices of the securities, and the markets and the economy in general. In selecting securities, an advisor may rely on, among other things, research, market forecasts, quantitative models, and their own judgment and experience.

Security Selection

The following grid shows, at a glance, the types of investments made by each Fund, as well as the percentage of assets that each Fund typically expects to allocate to these types of investments.

	Vanguard Fund		
Market Exposure	**Tax-Managed Capital Appreciation Fund**	**Tax-Managed Small-Cap Fund**	**Tax-Managed Balanced Fund**
Common stocks	100% Large- and mid-cap U.S. companies	100% Small-cap U.S. companies	45%–50% Large- and mid-cap U.S. companies
Municipal bonds	None	None	50%–55%

Stock Selection (All Funds). As shown in the grid, each Fund invests in U.S. stocks as a principal investment strategy. Stocks of publicly traded companies are often classified according to market capitalization, which is the market value

of a company's outstanding shares. These classifications typically include small-cap, mid-cap, and large-cap. It is important to understand that there is no "official" definition of each type of small-cap, mid-cap, or large-cap and that market capitalization ranges can change over time.

A fund's median market capitalization, which is the midpoint of the market capitalization of the fund's stocks weighted by the proportion of the fund's assets invested in each stock, can be used as an indicator of the size of the companies in which it invests. Stocks representing half of a fund's assets will have market capitalizations above the median, and the rest will fall below it. As of December 31, 2025, the asset-weighted median market capitalization of each Fund's stock holdings was:

Vanguard Fund	Asset-Weighted Median Market Capitalization
Vanguard Tax-Managed Balanced Fund	$325 billion
Vanguard Tax-Managed Capital Appreciation Fund	$303 billion
Vanguard Tax-Managed Small-Cap Fund	$3.5 billion

For Vanguard Tax-Managed Capital Appreciation Fund, Vanguard Tax-Managed Small-Cap Fund, and the stock portion of Vanguard Tax-Managed Balanced Fund, each Fund's stock investments are selected through an index-oriented sampling process of its respective Target Index. The advisor buys and sells equity securities for each Fund for the purpose of tracking the Target Index with a tax-efficient strategy. Each Fund uses the following tax-management techniques:

- *Lower turnover.* Each Fund seeks to minimize turnover by employing an index-oriented approach to stock investing. Higher turnover can cause a fund to realize capital gains, which must then be distributed to shareholders, reducing after-tax returns.
- *Disciplined sell-selection method.* When selling specific securities, each Fund will select a specific share lot—more often than not, the highest-cost shares—in order to minimize realized capital gains. In addition, each Fund may sell securities at a loss in order to offset realized capital gains that would otherwise have to be distributed to shareholders.
- *Bias against taxable dividend income.* The Funds attempt to minimize taxable dividend income by focusing on the stocks that pay lower dividends in their respective benchmark indexes. In addition, the bond portion of Vanguard Tax-Managed Balanced Fund is made up of municipal bonds, which generate federally tax-exempt dividends.

Vanguard Tax-Managed Capital Appreciation Fund. The Fund's Target Index, the Russell 1000 Index, is made up of constituents from a corresponding index (the Russell 3000 Index). The Russell 3000 Index measures the performance of the largest 3,000 publicly traded companies in the U.S. It is designed to represent approximately 98% of the investable U.S. equity market and

constructed to provide a comprehensive, unbiased, and stable barometer for the broad market. The Russell 1000 Index, which measures the performance of the large-cap segment of the U.S. equity market, includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. As of December 31, 2025, the number of stocks (constituents) in the Fund's Target Index was 1,010. The constituents are reviewed and rebalanced by the index provider on an annual basis and are likely to change over time.

Vanguard Tax-Managed Small-Cap Fund. The Fund tracks the performance of the S&P SmallCap 600 Index, a float-adjusted market cap-weighted index that seeks to measure the small-cap segment of the U.S. equity market. As of December 31, 2025, the number of stocks (constituents) in the Fund's Target Index was 603. The constituents are reviewed and rebalanced by the index provider on a quarterly basis and are likely to change over time.

Vanguard Tax-Managed Balanced Fund. For the stock portion of the Fund, which typically represents approximately 45%-50% of the Fund's assets, the Fund's Target Index is the Russell 1000 Index.

Each Fund's Target Index is owned, calculated, and controlled by its respective index provider in the index provider's sole discretion. Neither the advisor nor any of its affiliates has discretion to select Target Index components or change a Target Index's methodology.

Fixed Income Selection (Vanguard Tax-Managed Balanced Fund only). In addition to investing in stocks, Vanguard Tax-Managed Balanced Fund also invests in municipal bonds. At least 75% of the municipal bonds purchased by the Fund will be of high quality, which are those rated in one of the top three credit rating categories as determined by a nationally recognized statistical rating organization (e.g., Aaa, Aa, or A by Moody's) or, if unrated, are determined to be of comparable quality by the advisor. Additionally, the Fund may invest up to 20% of its fixed income holdings in medium-quality municipal bonds (e.g., Baa by Moody's) and up to 5% in lower-quality municipal securities, also as determined by a nationally recognized statistical rating organization or, if unrated, determined to be of comparable quality by the advisor. The dollar-weighted average maturity of the fixed income portion of the Fund is expected to be between 6 and 12 years.

For Vanguard Tax-Managed Balanced Fund to pay tax-exempt dividends to shareholders from interest attributable to its investment in municipal securities, the Fund is required under U.S. federal income tax law to have at least 50% of the value of its total assets consist of tax-exempt obligations at the close of each quarter of the Fund's taxable year. The Fund has in the past sold, and likely will be required in the future to sell, equity securities to comply with this requirement, which under certain market conditions will cause the Fund to

realize capital gains. Although the Fund attempts to minimize capital gains when selling equity securities, there can be no guarantee that the Fund will not realize capital gains when doing so, which could result in a distribution of capital gains to shareholders.

Additional Information Regarding the Funds' Investments

The Funds' investments are described in more detail below.

- *Large-Cap Stocks* represent the largest publicly traded companies, which are often well-established and widely recognized. These companies typically have significant market share, global reach, and a history of financial stability. While they may not offer as much growth potential as smaller companies, they are generally considered more resilient during economic downturns but still not immune from a decrease in price.
- *Mid-Cap Stocks* represent medium-sized companies, which can be companies that are more established than small-cap companies but do not have the market share of large-cap companies. These companies may be more agile than large-cap companies in responding to market changes, while also benefiting from more resources and operational maturity than small-cap companies. However, they can still face challenges during economic downturns.
- *Small-Cap Stocks* represent smaller companies, which may be newer or operate in niche markets. These companies can offer higher growth potential than larger companies and may be more agile in adapting to market changes. However, they also face greater risks, such as limited access to capital and vulnerability during economic downturns.

What are Bonds?

Generally speaking, a **bond** represents a debt or loan issued by, for example, a corporation, a government, or a financial institution. In most instances, the issuer agrees to pay the bondholder a fixed, variable, or floating rate of interest for a specified length of time, and to repay the bond in full on a specified **maturity** date. The **income** earned by a bond (or its **yield**, when expressed as a percentage of the bond's price) can vary based on its **maturity**. Longer-term bonds tend to have higher yields than shorter-term bonds, but are more sensitive to fluctuations in value. By contrast, shorter-term bonds are less likely to fluctuate in value, but tend to have lower yields. A bond's **duration** is a measure of how sensitive its price is to changes in interest rates. For example, if a bond has a duration of 2 years, its price would fall by approximately 2% when interest rates rise by 1%. On the other hand, the bond's price would rise by approximately 2% when interest rates fall by 1%. A bond's **credit quality** rating is an assessment of the issuer's ability to make timely interest payments and repay the bond in full on its stated maturity date. The higher a bond's credit quality, the greater the perceived chance that the issuer will meet its payment obligations (and vice versa). Investment-grade bonds are those whose credit quality is considered by independent bond rating agencies, or through independent analysis conducted by an advisor, to be sufficient to ensure timely payment of principal and interest under current economic circumstances. Below investment-grade securities, which include bonds commonly known as "junk bonds," have lower credit quality ratings.

- *Municipal Bonds* are generally issued by state and local governments, agencies, or other governmental authorities (collectively, "municipalities") to support their needs or finance public projects. In some cases, municipal bonds may be issued to provide funding for a third party permitted to use the proceeds, such as an airport or a hospital. The interest payable on municipal bonds is generally exempt from federal income taxes and, in some cases, from state and local taxes. Municipal bonds can be broadly categorized into general obligation bonds and revenue bonds, although a wide variety of municipal bond structures can exist within these categories. General obligation bonds are secured by the full faith, credit, and taxing power of the issuer. This means that the interest and principal payable on a general obligation bond does not need to come from a particular source. By contrast, a revenue bond's principal and interest payments are payable only from the revenue generated or derived from the underlying project. Conduit bonds are revenue bonds issued by municipalities in order to provide funding for a third party. It is the third party, not the issuing municipality, who is responsible for payments of interest and principal on a conduit bond.

More on Fund Risks

Investing in the securities markets can result in a loss of principal. Each Fund is subject to a variety of risks, including the principal risks listed below, that can impact its net asset value (NAV), performance, and ability to achieve its investment objective.

More on Principal Risks

Tax Managed Investing. There is no guarantee that the Funds will be able to successfully implement their tax-management strategy. Market conditions or other circumstances may limit the Funds' ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The Funds have, and may in the future, distribute current income or capital gains. Though the Funds seek to invest in the stocks that make up their Target Index, their ability to do so may be affected by their tax-management strategy. As a result, the Funds' pre-tax performance may be lower than that of a similar fund that is not tax-managed. The Funds' tax-management strategy may also cause a Fund to underperform the broader market. For example, a Fund may hold a security in order to achieve more favorable tax-treatment or sell a security to create tax losses, either of which may impact returns.

General Market Risk. The markets in which the Funds invest can be affected by a variety of factors. These factors, which can be real or perceived, may include economic, market, political, and regulatory conditions and developments as well as local, regional, or global events such as wars, military conflicts, natural disasters, and public health issues. In addition, investor sentiment and expectations regarding these factors can also impact the markets. Different parts of the market, including different industries and sectors as well as different types of securities, may react differently to factors that affect the market. These factors can contribute to market uncertainty, market volatility, and fluctuations in the value of the Funds' investments, thereby resulting in potential losses to the Funds over short or long periods.

Investing in Equity Markets. The Funds invest in the equity markets. Equity markets have historically been cyclical, having periods of time when stock values rise and fall. These periods of rising and falling values can occur for unpredictable timeframes over the short and long term. Market volatility also is unpredictable and can lead to significant fluctuations in stock values, resulting in potential losses to the Funds.

Market Capitalization (Market Cap) — Large-Cap Companies *(Applies to Vanguard Tax-Managed Capital Appreciation Fund and Vanguard Tax-Managed Balanced Fund)***.** Large-cap companies are typically more well-established, well-known, and mature companies from an operational perspective than

smaller cap companies. Because of this, they may not reach the same levels of growth or performance as smaller cap companies, and they may be slower to react to competitive challenges. The Funds' focus on large-cap companies could affect their performance relative to a fund that is focused on a broader representation of the stock market.

Market Capitalization (Market Cap) — Mid-Cap Companies*(Applies to Vanguard Tax-Managed Capital Appreciation Fund and Vanguard Tax-Managed Balanced Fund)***.** Mid-cap companies fall between large- and small-cap companies in size. Due to being smaller, they may be more affected by adverse business or economic events than larger companies. The Funds' focus on mid-cap companies could affect their performance relative to a fund that is focused on a broader representation of the stock market.

Market Capitalization (Market Cap) — Small-Cap Companies *(Applies to Vanguard Tax-Managed Small-Cap Fund)***.** Because small-cap companies are some of the smallest in size, they may be more affected by adverse business or economic events than larger companies and the price of their securities may move more dramatically and be more volatile. The Fund's focus on small-cap companies could affect its performance relative to a fund that is focused on a broader representation of the stock market.

Index Investing (*Applies to Vanguard Tax-Managed Capital Appreciation Fund and Vanguard Tax-Managed Small-Cap Fund*). Each Fund is subject to the following risks associated with index investing:

Index Sampling Strategy. Because each Fund does not hold all of the securities included in its Target Index, each Fund is subject to the risk that the representative sample of securities selected by the advisor will, in the aggregate, vary from the investment profile of the full Target Index.

Tracking Error. The performance of a Fund's investments, in the aggregate, may not match the investment performance of its Target Index. It is important to understand that an index fund will never perform exactly the same as its target index because, among other things, an index fund has operating expenses and transaction costs and its target index does not. Beyond these inherent differences in the operation of an index fund versus the operation of its target index, there are a variety of other factors that can cause or result in tracking error. These may include, but are not limited to:

- Price differences between the securities held by a Fund and those included in its Target Index
- Cash flows into or out of a Fund
- The size of a Fund
- Compliance with new or existing regulatory requirements

- Portfolio transactions carried out by the advisor to minimize the distribution of capital gains
- Changes to the underlying securities that make up a Fund's Target Index
- Errors made by an index provider

Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. An index fund using a sampling strategy may be more likely to experience tracking error than an index fund attempting to fully replicate its Target Index.

Index Provider. Each Fund is subject to risks associated with its index provider. The securities that make up a Target Index and their weighting in the Target Index are determined by the index provider. An index provider does not provide any warranty or accept any liability with respect to the quality, accuracy, or completeness of the Target Index or any data used to compile the Target Index. Under normal circumstances, an index provider rebalances (updates) the Target Index on a regular schedule. However, an index provider may also rebalance the Target Index outside of the regular schedule or delay or cancel a scheduled rebalance, which could result in added costs for a Fund or cause a Fund to experience tracking error. An index provider may make errors, and it is possible that such errors may not be identified by an index provider for a period of time or at all. Any gains, losses, or costs associated with or resulting from an error made by an index provider will generally be borne by a Fund and, as a result, a Fund's shareholders. A Fund's advisor does not provide any warranty or guarantee against any errors made by an index provider.

Nondiversification *(Applies to Vanguard Tax-Managed Capital Appreciation Fund)***.** By tracking its broad-based Target Index, the Fund could become nondiversified, as defined under the Investment Company Act of 1940. Nondiversified funds invest a greater percentage of their assets in a small number of issuers than diversified funds, their performance may be negatively impacted by relatively few securities or even a single security, and their shares may experience significant fluctuations in value.

Concentration Risk. Except as may be necessary to approximate the composition of its Target Index, each Fund will not concentrate its investments in the securities of issuers whose principal business activities are in the same industry or group of industries. However, it is possible that a Target Index could become concentrated due to market conditions or the performance of a single or related group of issuers. If a Target Index becomes concentrated and a Fund needs to concentrate in the same industry or group of industries, its performance could be negatively impacted by the industry or industries in which it is concentrated.

Information Technology Sector *(Applies to Vanguard Tax-Managed Capital Appreciation Fund)***.** As of the Fund's most recent fiscal year end, stocks of companies within the information technology sector made up a significant portion of the Target Index. As a result, the performance of the Target Index, and therefore the performance of the Fund, may be impacted by the general condition of the information technology sector. Companies in the information technology sector can be negatively affected by products becoming obsolete due to increased competition or short product life cycles, changing consumer preference, and/or expiring intellectual property rights, government scrutiny, changing regulations, and legal actions.

Vanguard Tax-Managed Balanced Fund invests in both stocks and municipal bonds. The following risks are applicable to the Fund's municipal bond holdings.

Investing in Bond Markets. The Fund may be impacted by the general condition of the bond markets and by factors that affect bonds and bond issuers. For example, as a general rule, bond prices and interest rates move in opposite directions. When interest rates rise, bond prices tend to fall, and when interest rates fall, bond prices tend to go up. Bond income also is affected by changes in interest rates. Interest rates can rise or fall for a number of reasons, including, but not limited to, central bank monetary policy, inflationary or deflationary pressures, and changes in general market and economic conditions. Changing interest rates, including, but not limited to, rates that fall below zero, could have unpredictable effects on the overall market and may expose the bond markets in particular to heightened volatility and potential illiquidity. The degree to which the Fund is impacted by the following bond market risks may vary based on factors disclosed throughout this Prospectus, such as the types of bonds in which it invests and the overall credit quality, average maturity, and/or average duration of its bond holdings.

Investing in the Municipal Bond Market. In addition to the general risks associated with bonds and the bond market, municipal bonds are subject to unique risks. The prices and yields of municipal bonds are highly dependent on the financial condition of municipal bond issuers (i.e., their ability to make principal and interest payments) and the overall condition of the municipal bond market. As a result, the values of the Fund's municipal bond holdings could be impacted significantly by economic, regulatory, political, or other developments or circumstances affecting municipal bond issuers. These developments or circumstances could include, but are not limited to, rulings by governmental authorities regarding the tax-exempt status of municipal bond income, litigation against or bankruptcy declared by a municipal bond issuer, adverse economic conditions, or natural disasters, among others. Any of these circumstances

could create uncertainty in the municipal bond market and/or adversely impact the ability of municipal bond issuers to make principal and interest payments, which could result in a loss to the Fund.

Revenue bonds make up a significant portion of the municipal bond market. Investing in revenue bonds will generally subject the Fund to a higher degree of **Credit Risk** and greater sensitivity to adverse economic conditions than investing in general obligation bonds. In addition, investing in conduit bonds, which are a special type of revenue bond issued by a municipality but repaid by a third party, subjects the Fund to the credit risk of the third party as opposed to the credit risk of the issuing municipality.

The Fund also is subject to the risk that all or a significant portion of its municipal bond holdings will be affected in the same manner. Many municipal bonds are issued to finance similar projects, which means adverse conditions in sectors related to these projects could have an outsized impact on the municipal bond market and potentially on the Fund. For example, a fund that holds a significant number of municipal bonds issued to build hospitals can be expected to be affected by developments in the health care sector.

Interest Rate Risk. The Fund's investments in bonds can be sensitive to interest rate changes and may be affected differently depending on the overall interest rate environment. During periods of rising interest rates, bond prices overall may decline, which could result in a decline in the Fund's value. The prices of longer-term bonds are more sensitive to changes in interest rates than the prices of shorter-term bonds.

Income Risk. During periods of falling interest rates, the Fund's income may decline because the Fund may have to invest new cash flow and cash from maturing bonds in bonds with lower yields. The income paid by shorter-term bonds is subject to a higher degree of fluctuation than the income paid by longer-term bonds.

Credit Risk. Credit risk refers to the chance that an issuer will default (fail to meet its credit obligations) or fail to make payments in a timely manner, which could result in a loss to the Fund's. In addition, negative perceptions of an issuer's ability to make payments can cause the price of a security to decline. While all debt securities are subject to credit risk to some extent, those with higher credit quality ratings generally pose less credit risk than those with lower credit quality ratings.

Municipal Bond Liquidity Risk. Limited trading in the municipal bond market and a relative lack of publicly available information about the financial condition of municipal bond issuers may make municipal bonds more difficult to value or sell than other types of debt securities. If the Fund is unable to sell a security at an advantageous time or price, its returns may be reduced.

Call Risk. Certain bonds held by the Fund may be callable. The issuer of a callable bond has the right to "call" (redeem) the bond before its maturity date. When a bond is called, the principal value of the bond is repaid earlier than anticipated (prepayment) and the investor (in this case, the Fund) no longer receives the interest payments that would have been paid up to the expected maturity date. In addition, bond calls and the resulting prepayments cause the Fund to lose any price appreciation that would have occurred between the time the bond was called and its original maturity date.

During periods of falling interest rates, it benefits issuers to call bonds with high interest rates. When this occurs, the Fund likely will be forced to reinvest the proceeds of any called bonds at a lower interest rate than that of the called bonds, resulting in a decline in the Fund's income and a potential loss in the value of the Fund's investments. If the proceeds from a called bond generate taxable income, the Fund may need to distribute income subject to federal or state personal income tax or to the federal alternative minimum tax. If the Fund holds multiple callable bonds, frequent bond calls (as is likely during periods of falling interest rates) and the Fund's subsequent reinvestment of the proceeds also would increase the Fund's turnover rate.

Extension Risk. During periods of rising interest rates, certain bonds held by the Fund may be paid off substantially more slowly than originally anticipated. As a result, the value of the bonds may fall, resulting in a decline in the Fund's income and a potential loss in the value of the Fund's investments.

Tax-Exempt Income Risk. There is no guarantee that the interest payable on municipal bonds will remain exempt from federal, state, or local income taxes. Tax-exempt income from the Fund's municipal bond holdings could be declared taxable, possibly with retroactive effect, due to a variety of circumstances such as tax law changes, adverse interpretations by tax authorities, or noncompliant conduct by a municipal bond issuer. Any of these circumstances could cause the prices of municipal bonds to decline significantly or impair the Fund's ability to achieve its investment objective.

Active Management. The Fund is actively managed. Active management permits the advisor to use reasonable discretion on how to invest the assets of the Fund in a manner that helps the advisor achieve the strategy of the Fund. The advisor's security selection and/or strategy execution could cause the Fund

to underperform relevant securities markets or other funds with a similar investment objective. All else being equal, actively managed funds can have higher fees and expenses than passively managed funds.

Additional Risks

Geopolitical and Sanctions Risk. Due to growing dependencies between global economies, geopolitical events can negatively affect all securities, markets, and economies. It is possible that events which only impact one geographic area could have negative short- or long-term effects on markets, issuers, and/or exchanges in the United States and other countries.

At times, the United States, other governments, or other supranational bodies (e.g., the United Nations) may impose sanctions on countries and/or entities in response to geopolitical events or other priorities. Compliance with sanctions could impact the Funds, including the Funds' abilities to transact in or obtain exposure to certain foreign securities and assets. Sanctions also could cause significant losses to the Funds' investments and their performance could be negatively impacted. In lieu of sanctions, companies or specific goods that the company produces could be subjected to trade embargoes or tariffs, which can also affect securities markets and create volatility. So long as sanctions do not prohibit investment in the company or issuer, the Funds typically also would not be prohibited from investing in the affected company or issuer.

Potential Redemption Activity Impacts. The Vanguard funds can be negatively impacted by certain large redemptions. These redemptions could occur due to a single shareholder or multiple shareholders deciding to sell a large quantity of shares of a fund or a share class of the fund. Large redemptions can occur for many reasons, either as a result of actions taken by the Vanguard funds or their advisors, or as a result of events unrelated to actions taken by the Vanguard funds or their advisors. Actions taken by the Vanguard funds or their advisors could include, but are not limited to, changes to a fund's advisor(s), changes to a fund's portfolio manager(s), changes to the composition of a fund's portfolio, and/or other product changes or launches that, for example, result in shareholders redeeming shares of one fund to purchase shares of another fund or investment vehicle. For a fund of funds, actions taken by the Vanguard funds or their advisors could include a withdrawal from an underlying fund or a change in the allocation to underlying funds. Events unrelated to actions taken by the Vanguard funds or their advisors could include shareholders selling out of a fund in response to market movements or regulatory changes.

A large redemption could adversely affect a fund's liquidity and NAV. For example, a large redemption could require a fund's manager to sell portfolio holdings at unplanned or inopportune times. The manager's sale of these

holdings, which is a taxable event, could require the fund to distribute any corresponding capital gains or other taxable income to the fund's remaining shareholders; see *Dividends, Distributions, and Taxes* in the **Investing in Vanguard Funds** section for additional information. The increased trading activity could also increase underlying costs for the fund due to commissions paid by the fund. When large redemptions occur, the Vanguard funds reserve the right to pay all or part of the redemptions in-kind and/or delay payment of the redemption proceeds for up to seven calendar days; see "Methods Used to Meet Redemption Requests" under *Purchase, Redemption, and Exchange of Fund Shares* in the **Investing in Vanguard Funds** section.

Investing in Derivatives. Investing in derivatives may present risks different from, and/or greater than, those associated with investing directly in stocks, bonds, or other types of investments. Derivatives could expose a Fund to increased volatility and/or significant loss. Certain derivatives have an inherent leverage component, providing the Fund exposure to a sizable position in an underlying asset with a relatively small upfront investment at the time the Fund enters into the derivatives position. For these derivatives, an adverse change in the value or price of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself. Some derivatives require the Fund to enter into a contract with a counterparty. If the counterparty is unable or unwilling to fulfill its contractual obligation, the Fund may experience a loss. A liquid market may not always exist for the Fund's derivatives positions. The Fund may be unable to sell or otherwise exit its derivatives position at desired times or prices, which could also result in a loss to the Fund. Some derivatives, particularly OTC derivatives, can be complex and often are valued subjectively. Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the Fund.

Derivatives may not perform as intended, which may result in losses to the Fund. For example, derivatives used for hedging or as a substitute for a portfolio instrument may not provide the expected benefits, particularly during adverse market conditions. The use of derivatives is also subject to legal risk, which includes the risk of loss resulting from insufficient or unenforceable contractual documentation, insufficient capacity or authority of the Fund's counterparty, and operational risk, which includes documentation or settlement issues, system failures, inadequate controls, and human error.

Ownership Limitations Risk. As the Vanguard funds continue to grow, they may be increasingly impacted by ownership limitations that apply to certain securities held by the Vanguard funds ("limited securities"). An ownership limitation restricts the amount of a security that funds within the same fund

complex or funds advised by the same investment advisor can own. These limitations may apply even where an external manager or different affiliate of Vanguard provides investment advisory services to a fund. Ownership limitations restrict the amount that funds can invest in certain securities, due to either regulatory limits that apply to certain industries (for example, banking and utilities) or mechanisms that some issuers have in place to deter takeover attempts (for example, poison pills). These restrictions can have negative impacts on funds, including the inability of an index fund to track its index, the inability of a fund to meet its investment objectives, negative performance impacts, and unanticipated tax consequences. The impact of a particular ownership limitation on a Vanguard fund will vary based on several factors, including, but not limited to, a fund's investment strategy and its current and desired exposure to limited securities, the industry to which the limitation applies, the country or region of a particular issuer, and the regulatory body imposing the limitation. In addition to the impacts of specific ownership limitations, the Vanguard funds are also subject to the risk of multiple ownership limitations applying at one time, which could increase the likelihood of a fund experiencing the negative impacts listed above. The Vanguard funds attempt to mitigate the impacts of ownership limitations through the various methods discussed below in "Methods to address ownership limitations." However, it is possible that these methods will be unsuccessful and could also expose the Vanguard funds to other potential risks and negative consequences.

Impacts of Ownership Limitations. When an ownership limitation applies, the Vanguard funds may need to allocate ownership of impacted securities across impacted Vanguard funds, and a Vanguard fund may not be able to buy additional securities or continue to hold existing securities above its allocated amounts. For index funds, this can result in tracking error if a fund cannot buy or hold the securities it needs in order to replicate or sample its target index. For active funds, this can result in a fund not being able to take advantage of favorable opportunities to invest in securities that are subject to limitations. For both index and active funds, the inability to buy or hold securities could prevent a fund from being able to meet its investment objective or invest in accordance with its investment strategy, and/or could negatively impact the fund's performance. In addition, the steps taken to address ownership limitations could result in additional costs and/or unanticipated tax consequences to a fund that affect the amount, timing, and character of distributions to the fund's shareholders. The more assets the Vanguard funds hold, the more likely it is that ownership limitations will negatively impact Vanguard funds because they will not be able to purchase additional shares of limited securities above their allocated amounts in order to fully invest their assets in accordance with their investment strategies.

Methods to Address Ownership Limitations. The Vanguard funds try to manage the negative impacts of these ownership limitations on the Vanguard funds by seeking permission (relief) from regulators and/or issuers to purchase or hold more securities than the amount allowed by ownership limitations. However, it is not always possible to secure relief and such relief could be revoked if the Vanguard funds are unable to satisfy the applicable conditions, or if the regulator or issuer changes its position or policy or if the applicable legal requirements become more restrictive. There is an increasing amount of uncertainty around how much ownership limitations relief regulators will grant to asset managers like Vanguard. Given this uncertainty, there is no guarantee that Vanguard or the Vanguard funds will be able to maintain their existing relief or obtain additional relief from ownership limitations in the future. A regulator may impose certain conditions on the Vanguard funds in connection with granting relief from an ownership limitation, including, for example, that the funds vote in a certain way with respect to shares of the limited security that the Vanguard funds hold in excess of the ownership limitation. Regulatory relief may also depend on the operational independence of certain Vanguard subsidiaries and/or business divisions.

In addition, the relief upon which Vanguard and the Vanguard funds currently rely, which has allowed Vanguard to exceed certain ownership limitations, could be reduced or revoked, forcing the Vanguard funds to sell down one or more securities to comply with the ownership limitations. If a fund has to sell securities, there could be negative impacts to fund performance as well as unanticipated tax consequences that could impact the amount, timing, and character of distributions to the fund's shareholders.

When a Vanguard fund cannot buy or hold securities directly due to ownership limitations, the fund will typically try to get indirect exposure to impacted securities. The fund does this so that it can replicate as closely as possible the returns the fund would get if it directly owned the impacted securities. Indirect exposure can be accomplished through the use of derivatives, such as total return swaps, or by investing in wholly owned subsidiaries that hold the impacted securities. Both of these methods of obtaining indirect exposure increase fund costs, and, depending on the extent to which these alternatives are used by a fund to avoid exceeding ownership limits, the added costs could have a negative impact on the fund's performance. With respect to an index fund, these added costs could also result in tracking error relative to the fund's target index. The risks associated with derivatives use are discussed in more detail elsewhere in this Prospectus.

There is no guarantee that laws and regulations always will allow that indirect exposure to limited securities may be omitted for purposes of determining the Vanguard funds' exposure to limited securities and compliance with the

applicable ownership limitations. In such circumstances, the Vanguard funds could not use these techniques and would be required to sell down the indirect and/or direct holdings in the applicable limited securities.

Other Investment Policies

In addition to employing its principal investment strategies, each Fund may use the following other investment strategies and types of investments in order to achieve its investment objective.

Substitute Index
Vanguard Tax-Managed Capital Appreciation Fund, Vanguard Tax-Managed Small-Cap Fund, and the stock portion of the portfolio for Vanguard Tax-Managed Balanced Fund reserve the right to substitute a different index for the respective index each currently tracks if the current index is discontinued, if the Fund's agreement with the provider of its Target Index is terminated, or for any other reason determined in good faith by the Board. In any such instance, the substitute index would represent the same market segment as the Target Index.

Other Types of Investments
Each Fund may invest a small portion of its assets in equity futures (and, for Vanguard Tax-Managed Balanced Fund, also in fixed income futures), which are a type of derivative, and/or shares of exchange-traded funds (ETFs). These equity futures and ETFs typically provide returns similar to those of common stocks (and, for fixed income futures, bonds). Each Fund may purchase futures or ETFs when doing so will reduce the Fund's transaction costs or provide flexibility for the Funds to seek better tax efficiency. Vanguard receives no additional revenue from Fund assets invested in ETF shares of other Vanguard funds. Fund assets invested in ETF shares are excluded when allocating to the Fund its share of the costs of Vanguard operations.

Vanguard Tax-Managed Balanced Fund may invest in municipal bond structured products that, in the opinion of the advisor, are consistent with the Fund's investment objective. Such investments may include tender option bond programs or long-term municipal securities with a demand feature (e.g., variable rate demand obligations or notes), each of which is described below. Certain issuers of structured products may be deemed to be investment companies as defined in the Investment Company Act of 1940. As a result, the Fund's investments in these products may be limited under Rule 12d1-4 of the 1940 Act, which is designed to limit the use of complex fund structures.

Tender option bond programs are a type of municipal bond structured product that allows the purchaser to receive a variable rate of tax-exempt income from a trust entity that holds long-term municipal bonds. The trust entity issues different

classes of shares to investors, one of which is a short-term security eligible for money market funds under Rule 2a-7 of the Investment Company Act of 1940, and one of which is a long-term security subject to significant interest rate risk. Vanguard Tax-Managed Balanced Fund invests only in the former class.

Variable rate demand notes or "VRDNs" are structured products that combine long-term municipal bonds with a demand feature. An investment in a VRDN represents the right to sell the instrument back to the remarketer or liquidity provider (usually a bank) for repurchase on short notice (normally one day or seven days).

Vanguard Tax-Managed Balanced Fund may purchase tax-exempt securities on a "when issued" basis. When investing in "when-issued" securities, the Fund agrees to buy the securities at a certain price on a certain date, even if the market price at the time of delivery is higher or lower than the agreed-upon purchase price.

Cash Management

Each Fund's daily cash balance may be invested in one or more Vanguard CMT Funds, which are used as cash management vehicles for the Vanguard funds. When investing in a CMT Fund, each Fund bears its proportionate share of the expenses of the CMT Fund in which it invests. Vanguard receives no additional revenue from Fund assets invested in a CMT Fund.

Temporary Defensive Measures

Each Fund may temporarily depart from its normal investment policies and strategies when the advisor believes that doing so is in the Fund's best interest, so long as the strategy or policy employed is consistent with the Fund's investment objective. For instance, a Fund may invest beyond its normal limits in derivatives or exchange-traded funds that are consistent with the Fund's investment objective when those instruments are favorably priced or provide needed liquidity, as might be the case when the Fund receives large cash flows that it cannot prudently invest immediately. A Fund may also invest beyond its normal limits in derivatives as an alternate means to obtain economic exposure if the Fund is required to limit its investment in a particular issuer or industry.

In addition, each Fund may take temporary defensive positions that are inconsistent with its normal investment policies and strategies—for instance, by allocating substantial assets to cash equivalent investments or other less volatile instruments—in response to adverse or unusual market, economic, political, or other conditions. In doing so, the Fund may succeed in avoiding losses but may otherwise fail to achieve its investment objective.

Portfolio Holdings

Please consult the Funds' *Statement of Additional Information* or Vanguard's website for a description of the policies and procedures that govern disclosure of each Fund's portfolio holdings.

Management and Distribution of the Funds

Each Fund is a member of The Vanguard Group, Inc. (Vanguard), a family of over 200 funds. All of the funds that are members of Vanguard (other than funds of funds) share in the expenses associated with administrative services and business operations, such as personnel, office space, and equipment.

Vanguard Marketing Corporation provides marketing services to the funds. Although fund shareholders do not pay sales commissions or 12b-1 distribution fees, each fund (other than a fund of funds) or each share class of a fund (in the case of a fund with multiple share classes) pays its allocated share of the Vanguard funds' marketing costs.

How is Vanguard's Corporate Structure Unique?

Vanguard is owned jointly by the funds it oversees and thus indirectly by the shareholders in those funds. Most other mutual funds are operated by management companies that are owned by third parties—either public or private stockholders—and not by the funds they serve.

Investment Advisor

The Vanguard Group, Inc., P.O. Box 2600, Valley Forge, PA 19482, which began operations in 1975, serves as advisor to the Funds through Vanguard Capital Management (VCM) and Vanguard Portfolio Management (VPM). VCM and VPM exercise portfolio management responsibilities for the Funds. As of December 31, 2025, Vanguard served as advisor for approximately $9.9 trillion in assets. Vanguard, through VCM and VPM, provides investment advisory services to the Funds pursuant to the Funds' Service Agreement and an intercompany service agreement between Vanguard and each of VCM and VPM, subject to the supervision and oversight of the trustees and officers of the Funds.

VCM, P.O. Box 2600, Valley Forge, PA 19482, is a wholly owned subsidiary of Vanguard and was established in 2025.

VPM, P.O. Box 2600, Valley Forge, PA 19482, is a wholly owned subsidiary of Vanguard and was established in 2025.

For the fiscal year ended December 31, 2025, the advisory expenses represented an effective annual rate of less than 0.01% of each Fund's average net assets.

Each Fund reserves the right to utilize a multimanager approach in the future. Under the terms of an SEC exemption, the Board may, without prior approval from shareholders, change the terms of an advisory agreement with a third-party investment advisor or hire a new third-party investment advisor—either as a replacement for an existing advisor or as an additional advisor. Any significant change in a Fund's advisory arrangement will be communicated to shareholders in writing. As Vanguard is the Funds' sponsor and overall manager, Vanguard, through VCM or VPM, may provide investment advisory services to a Fund under certain circumstances. Vanguard may also recommend to the Board that an advisor be hired, terminated, or replaced or that the terms of an existing advisory agreement be revised. The Funds have filed an application seeking an SEC exemption with respect to investment advisors that are wholly owned subsidiaries of Vanguard. If the exemption is granted, the Funds may rely on the new SEC relief.

A discussion regarding the basis for the Board's approval of each Fund's investment advisory arrangement is available in each Fund's Form N-CSR filed with the SEC for the fiscal period ended June 30 and in the applicable Financial Statements and Other Information document available on each Fund's website.

The managers primarily responsible for the day-to-day management of the Funds are:

Grace Boraas, Portfolio Manager at VCM. She has worked in investment management since 2005, has been with Vanguard since 2013, and has co-managed Vanguard Tax-Managed Balanced Fund since 2023. Education: B.S., Stetson University.

James M. D'Arcy, CFA, Portfolio Manager at VCM. He has worked in investment management since 1996, has managed investment portfolios since 1999, has been with Vanguard since 2011; has managed the bond portion of Vanguard Tax-Managed Balanced Fund since 2013, and has co-managed the Fund since October 2023. Education: B.A., University of Colorado.

Aurélie Denis, CFA, Portfolio Manager at VCM. She has been with Vanguard since 2016, has worked in investment management since 2017, has managed investment portfolios since 2023, and has co-managed the stock portion of Vanguard Tax-Managed Balanced Fund since 2023. Education: B.S., Pennsylvania State University.

Kenny Narzikul, CFA, Portfolio Manager at VPM. He has been with Vanguard since 2012, and has managed investment portfolios and co-managed Vanguard Tax-Managed Small-Cap Fund since 2023. Education: B.B.A., James Madison University.

Chris Nieves, CFA, Portfolio Manager at VPM. He has worked in investment management since 2013, has been with Vanguard since 2017, and has co-managed Vanguard Tax-Managed Capital Appreciation Fund and Vanguard Tax-Managed Small-Cap Fund since 2025. Education: B.A., Cornell University; MEng., Cornell University.

Michael R. Roach, CFA, Portfolio Manager at VCM. He has been with Vanguard since 1998, has worked in investment management since 2000, had previously managed investment portfolios from 2009-2019, and has co-managed the stock portion of Vanguard Tax-Managed Balanced Fund since 2023. Education: B.S., Bloomsburg University of Pennsylvania; M.S., Drexel University.

Jena Stenger, Portfolio Manager at VPM. She has worked in investment management since 2013, has been with Vanguard since 2015, and has co-managed Vanguard Tax-Managed Capital Appreciation Fund since 2025. Education: B.S., Villanova University; M.B.A., University of Chicago Booth School of Business.

The Funds' *Statement of Additional Information* provides information about each portfolio manager's compensation, other accounts under management, and ownership of shares of the Funds.

Investing in Vanguard Funds

In this section, you will find information regarding buying and selling Vanguard fund shares. Vanguard reserves the right to change the policies in this section without notice. Please call or visit our website for current information. See **Contacting Vanguard**.

The availability of certain Vanguard fund share classes and/or shareholder services described in this Prospectus will depend on the policies and procedures of the different accounts or investment products through which you hold your Vanguard fund shares. Vanguard fund shares can be held indirectly through financial intermediaries, or through investment products that use the funds as underlying investments such as employer-sponsored retirement or savings plans. In certain circumstances, Vanguard fund shares can be held directly with Vanguard.

If you hold Vanguard fund shares through accounts maintained by a financial intermediary, such as your securities dealer, broker, investment advisor, bank, other financial institution, **including shares held in a brokerage account with Vanguard Brokerage Services®**, or through an investment product such as an employer-sponsored retirement or savings plan, please consult your financial intermediary to determine which share classes are available to you and to learn about other rules that apply to your accounts. Your financial intermediary may impose rules that differ from, and/or charge a transaction or other fee in addition to, those described in this Prospectus. Please consult your financial intermediary for details. If you hold Vanguard fund shares through an employer-sponsored retirement or savings plan, your plan administrator or your employee benefits office can provide you with detailed information on how to participate in your plan and how to elect a Vanguard fund as an investment option.

If you hold Vanguard fund shares directly with Vanguard, you should carefully read each topic within this section that pertains to investing directly with Vanguard. Vanguard reserves the right, upon reasonable notice, to discontinue the ability to hold Vanguard fund shares directly with Vanguard for any or all investors and/or to transfer such shares to an affiliate or other financial institution. For more information regarding your account and the shareholder services offered through your account, you may contact Vanguard by phone, by mail, or through our website. See **Contacting Vanguard**.

For Vanguard fund shares held directly with Vanguard, each fund you hold in an account is a separate “fund account.” For example, if you hold three funds in a nonretirement account titled in your own name, two funds in a nonretirement account titled jointly with your spouse, and one fund in an individual retirement account, you have six fund accounts—and this is true even if you hold the same

fund in multiple accounts. Note that each reference to “you” in this Prospectus applies to any one or more registered account owners or persons authorized to transact on your account.

Share Classes and Converting Shares

Share Class Overview

Each Vanguard fund may offer one or more share classes. If a Vanguard fund offers multiple share classes, each share class has the same investment objective, strategies, and policies. However, because different share classes can have different expenses, their investment returns may differ.

The following share classes are offered by each Fund:

- Admiral Shares, which generally require a minimum initial investment of $3,000.
- Institutional Shares, which generally require a minimum initial investment of $5 million.

You generally need a minimum of $1 to add to an existing account.

Additional eligibility requirements other than investment minimums may also apply to each share class. Investment minimums may differ for certain categories of accounts or investors. If you request a certain share class when you open a new account, but the investment amount does not meet the investment minimum for that share class, your investment may be placed in another share class of the Fund, as appropriate. Certain types of accounts may meet the investment minimum for certain share classes by aggregating separate accounts within the same fund.

Vanguard reserves the right, without notice, to change the eligibility requirements of its share classes, including changing the types of clients who are eligible to purchase each share class, increasing or decreasing the minimum amount required to open, convert shares to, or maintain a fund account, or increasing or decreasing the minimum amount required to add to an existing fund account.

Financial intermediaries, institutional clients, and Vanguard-advised clients should contact Vanguard for information on special eligibility rules that may apply to them.

Accounts Held Through Financial Intermediaries. If you hold shares through a financial intermediary (including shares held in a brokerage account through Vanguard Brokerage Services®), your financial intermediary may have different policies regarding the availability of certain share classes from those described above. You should consult your financial intermediary to consider your options, including your eligibility for the share classes described above.

Share Class Conversions

When a share class conversion occurs, you receive shares of one share class in place of shares of another class of the same fund. At the time of conversion, the dollar value of the "new" shares you receive equals the dollar value of the "old" shares that were converted. In other words, the conversion has no effect on the total dollar value of your investment in the fund at the time of the conversion. However, the number of shares you own after the conversion may be greater than or less than the number of shares you owned before the conversion, depending on the net asset values (NAVs) of the two share classes. A conversion between share classes of the same fund is a nontaxable event.

Conversions among Conventional Shares. You may be eligible for a self-directed conversion from one conventional (not exchange-traded) share class to another conventional share class (if available) of each Fund if your account meets all eligibility requirements for that share class. If you hold shares directly with Vanguard, you may request a conversion through our website (if you are registered for online access) or by telephone. Your conversion will be executed using the NAVs of the different share classes on the trade date after your conversion request is received in "good order." For additional information on the requirements of "good order" and how the trade date is determined for a conversion request, please see "*Good Order*" and "*Trade Date.*" Vanguard will not accept your request to cancel any self-directed conversion request once processing has begun. Accounts that qualify for Institutional Shares may not be automatically converted.

Mandatory Conversions to Another Share Class. If, for any reason, an account no longer meets the eligibility requirements for a share class, your shares in that account may be automatically converted to a share class for which the account is eligible. A decline in the account balance because of market movement may result in such a conversion. You will be notified before such mandatory conversion occurs.

Accounts Held Through Financial Intermediaries. If you hold shares through a financial intermediary (including shares held in a brokerage account through Vanguard Brokerage Services®), your financial intermediary may have different rules regarding conversion. You should consult with your financial intermediary to learn about the rules and to determine whether you are eligible to convert your shares.

Pricing of Fund Shares

When you purchase shares, you pay the share price, also known as the NAV, plus any applicable purchase fee. Your shares are also redeemed at the NAV, minus any applicable redemption fee. The share price for your transaction is the next one calculated after your purchase or redemption order is received in good order. NAV is typically calculated as of the close of regular trading on the New

York Stock Exchange (“NYSE”), generally 4 p.m., Eastern time, on each day that the NYSE is open for business (a business day). In the rare event the NYSE experiences unanticipated disruptions and is unavailable at the close of the trading day, NAVs will be calculated as of the close of regular trading on the Nasdaq (or another alternate exchange if the Nasdaq is unavailable, as determined at Vanguard’s discretion), generally 4 p.m., Eastern time. The time selected for NAV calculation in this rare event generally shall also serve as the conclusion of the trading day. On U.S. holidays or other days when the NYSE is closed, the NAV is not calculated, and the Vanguard funds do not sell or redeem shares. However, on those days the value of a fund’s assets may be affected to the extent that the fund holds securities that change in value on those days (such as foreign securities that trade on foreign markets that are open).

If a fund only has one share class, the NAV per share is computed by dividing the total assets, minus liabilities, of a fund by the number of fund shares outstanding. If a fund has more than one share class, each share class has its own NAV, which is computed by dividing the total assets, minus liabilities, allocated to the share class by the number of fund shares outstanding for that class. The value of securities and other investments held by the Vanguard funds is determined pursuant to the valuation policies and procedures adopted by the Vanguard funds’ boards of trustees. Vanguard has been designated as the valuation designee for the Vanguard funds pursuant to Rule 2a-5 under the Investment Company Act of 1940, subject to oversight by the Vanguard funds’ boards of trustees.

Securities for which market quotations are readily available are valued at their market value, based on quotations provided by independent third-party pricing sources. Such securities are generally valued at their official closing price, the last reported sales price, or if there were no sales that day, the mean between the closing bid and asking prices, from the principal exchange or market on which they are traded. A fund’s investments in any mutual fund shares, including institutional money market fund shares, are valued at the NAVs of the mutual fund shares. A fund’s investments in any ETF shares or closed-end fund shares are valued at the market value of those shares.

When the market quotations are not readily available or do not accurately reflect the value of a security or other investment, such security or other investment is priced at fair value, generally based on information provided by independent third-party pricing services, in accordance with the valuation policies and procedures adopted by the Vanguard funds’ boards of trustees. Fair value represents a good faith determination of the value of a fund’s investments. The fair value of a security or other investment is the amount that the owner might reasonably expect to receive upon the current sale of the security or other investment. Fair-value pricing may require subjective determinations. It is possible that the price determined through fair-value pricing

may differ from the price quoted or published by other sources and may not be the price at which those investments could have been sold during the period in which the fair value was used.

Fair-value pricing may be used in a variety of circumstances. For example, it may be used if the value of a security or other investment has been materially affected by events occurring after the close of the principal exchange or market on which the security is traded but before the funds' NAV is calculated. These events might be company-specific (e.g., earnings report, merger announcement), country-specific (e.g., significant price movements in U.S. or a foreign market), or regional/global events (e.g., natural disaster, economic or political news, interest rate change, act of terrorism). These events could affect a single security or a large number of securities in a particular market, and it most commonly occurs with foreign portfolio holdings because many foreign markets operate at times that do not coincide with those of the major U.S. markets. Events that could affect the value of the foreign portfolio holdings may occur between the close of the foreign market and the time a fund's NAV is calculated. The values of any foreign securities held by a fund are converted into U.S. dollars using an exchange rate obtained from an independent third party as of the close of regular trading on the NYSE.

In addition, fair-value pricing may be used if trading in a security is halted and does not resume before a fund's pricing time, a security does not trade in the course of a day and a fund holds enough of the security that its price could affect the NAV, or if the trading market on which a security is listed is suspended or closed and no appropriate alternative trading market is available.

Fixed income securities are generally valued based on information furnished by independent pricing services and are priced at fair value. Pricing services may use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values. Pricing services generally value fixed income securities assuming orderly transactions of an institutional round lot size, but a fund may hold or transact in such securities in smaller odd lot sizes. Odd lots may trade at lower prices than institutional round lots.

Failures by third-party pricing services to carry out their obligations to the Vanguard funds (e.g., any errors in the data provided by third-party pricing services) could result in delays in the calculation of the funds' NAVs and/or the inability to calculate the NAVs over extended time periods. The funds may be unable to recover any losses associated with such failures.

Vanguard fund share prices are published daily on our website.

Purchase, Redemption, and Exchange of Fund Shares

How to Purchase, Redeem, and Exchange Shares

If you hold Vanguard fund shares through a financial intermediary (including shares held in a brokerage account through Vanguard Brokerage Services®), you should contact your financial intermediary to purchase, redeem, or exchange shares. Depending on the policies and procedures of your financial intermediary, the procedures and rules by which you open an account and/or purchase, redeem, and exchange shares may differ from the procedures and rules discussed below.

If you hold shares directly with Vanguard, please see the information below regarding purchasing, redeeming, and exchanging your shares.

How to Initiate a Purchase, Redemption, or Exchange Request

- ***Online or by telephone*.** You may open certain types of accounts, request a purchase, redemption, or exchange of your shares online through our website (if you are registered for online access), or by calling Vanguard. See **Contacting Vanguard**.
- ***By Mail*.** You may also send Vanguard your account registration form and check to open certain types of accounts. To add to an existing account, you may send your check with a purchase form. You may also send a form (available online) to Vanguard by mail to redeem from a fund account.

How to Pay for a Purchase

- ***By electronic bank transfer***. You may purchase shares of a Vanguard fund through an electronic transfer of money from a bank account. To establish the electronic bank transfer service on a Vanguard account, you must designate the bank account online, complete a form, or fill out the appropriate section of your account registration form. After the service is set up on your account, you can purchase shares by electronic bank transfer on a regular schedule (Automatic Investment Plan), if eligible, or upon request.
- ***By wire*.** Wiring instructions vary for different types of purchases. Please call Vanguard for instructions and policies on purchasing shares by wire. See **Contacting Vanguard**.
- ***By check*.** You may make initial or additional purchases to your fund account by sending a check with a purchase form. Make your check payable to Vanguard and include the appropriate fund number (e.g., Vanguard—XX). For a list of Fund numbers (for share classes in this Prospectus), see **Additional Information**. All purchase checks must be written in U.S. dollars, drawn on a U.S. bank, and accompanied by good order instructions. Vanguard does not accept cash, traveler's checks,

starter checks, or money orders. In addition, Vanguard may refuse checks that are not made payable to Vanguard.

- ***By exchange.*** You may purchase shares of a Vanguard fund using the proceeds from the simultaneous redemption of shares of another Vanguard fund.

How to Receive Redemption Proceeds

- ***By electronic bank transfer***. You may have the proceeds of a fund redemption sent directly to a designated bank account. To establish the electronic bank transfer service on a Vanguard account, you must designate a bank account online, complete a form, or fill out the appropriate section of your account registration form. After the service is set up on your account, you can redeem shares by electronic bank transfer on a regular schedule (Automatic Withdrawal Plan), if eligible, or upon request.
- ***By wire.*** To receive your proceeds by wire, you may instruct Vanguard to wire your redemption proceeds ($100 minimum) to a previously designated bank account. To establish the wire redemption service, you generally must designate a bank account online, complete a form, or fill out the appropriate section of your account registration form.
- ***By exchange.*** You may have the proceeds of a Vanguard fund redemption invested directly in shares of another Vanguard fund.
- ***By check.*** You may have the proceeds of a fund redemption sent via check directly to you at the mailing address you have on file.

  At your request, we can make your redemption check payable, or wire your redemption proceeds, to a different person or send it to a different address. However, this generally requires the written consent of all registered account owners and may require additional documentation, such as a signature guarantee or a notarized signature. You may obtain a signature guarantee from some commercial or savings banks, credit unions, trust companies, or member firms of a U.S. stock exchange.

Other Rules You Should Know

Responsibility for Fraud. You should take precautions to protect yourself from fraud. Keep your account-related information private, and review any account confirmations, statements, or other information that we provide to you as soon as you receive them. Let us know immediately if you discover unauthorized activity or see something on your account that you do not understand or that looks unusual. Vanguard will not be responsible for losses that result from transactions by a person who we reasonably believe is authorized to act on your account.

Account Service Fee. Vanguard may charge a $25 account service fee on fund accounts that have a balance below $5,000,000 for any reason, including market fluctuation. The account service fee may be applied to both retirement and nonretirement fund accounts and may be assessed on fund accounts in all Vanguard funds, regardless of the account minimum. The fee, which will be collected by redeeming fund shares in the amount of $25, will be deducted from fund accounts subject to the fee once per calendar year. Certain account types have alternative fee structures, including SIMPLE IRAs, Vanguard Retirement Investment Program pooled plans, and Vanguard Individual 401(k) Plans.

Wire Fee. Please note that Vanguard charges a $10 wire fee for outgoing wire redemptions. The fee is assessed in addition to, rather than being withheld from, redemption proceeds and is paid directly to the fund in which you invest. For example, if you redeem $100 via a wire, you will receive the full $100, and the $10 fee will be assessed to your fund account through an additional redemption of fund shares. If you redeem your entire fund account, your redemption proceeds will be reduced by the amount of the fee. The wire fee may not apply to certain types of accounts. Please call or visit our website for more information on how the wire fee is charged.

No Cancellation. Vanguard will not accept your request to cancel any purchase, redemption or exchange request once processing has begun, so please be careful when placing a transaction request.

New Accounts. We are required by law to obtain from you certain personal information that we will use to verify your identity. If you do not provide the information, we may not be able to open your account. If we are unable to verify your identity, Vanguard reserves the right, without notice, to close your account or take such other steps as we deem reasonable. Certain types of accounts may require additional documentation.

Vanguard.com Registration. If you are a registered user of *vanguard.com*, you can review your account holdings; purchase, redeem, or exchange shares of most Vanguard funds; and perform most other transactions through our website. You must register for this service online.

Proof of a Caller's Authority. We reserve the right to refuse a telephone request if the caller is unable to provide the requested information or if we reasonably believe that the caller is not an individual authorized to act on the account. Before we allow a caller to act on an account, we may request the following information:

- Authorization to act on the account (as the account owner or by legal documentation or other means).
- Account registration and address.
- Fund name and account number, if applicable.
- Other information relating to the caller, the account owner, or the account.

Unusual Circumstances. If you experience difficulty contacting Vanguard online or by telephone, you can send us your transaction request on a Vanguard form by regular or express mail.

Documentation for Certain Accounts. Special documentation may be required to redeem from certain types of accounts, such as trust, corporate, nonprofit, or retirement accounts. Please call us before attempting to redeem from these types of accounts.

Recently Purchased Shares. Although you can redeem shares at any time, proceeds may not be made available to you until the fund collects payment for your purchase. This may take up to seven calendar days for shares purchased by check or by electronic bank transfer. If you have written a check on a fund in an account with checkwriting privileges, that check may be rejected if your fund account does not have a sufficient available balance.

Address Change. If you change your address online or by telephone, there may be up to a 14-day restriction (starting on the business day after your address is changed) on your ability to request check redemptions online and by telephone. You can request a redemption in writing (using a form available online) at any time. Confirmations of address changes are sent to both the old and new addresses.

Future Trade-Date Requests. Vanguard does not accept requests to hold a purchase, conversion, redemption, or exchange transaction for a future date. All such requests will receive trade dates as described in *Trade Date*. Vanguard reserves the right to return future-dated purchase checks.

Uncashed Checks. Please cash your distribution or redemption checks promptly. Vanguard will not pay interest on uncashed checks. Vanguard may be required to transfer assets related to uncashed checks to a state under the state's abandoned property law.

Invalid Addresses. If a dividend distribution or capital gains distribution check mailed to your address of record is returned as undeliverable, Vanguard will automatically reinvest the distribution and all future distributions back to the fund from which the distribution occurred until you provide us with a valid mailing address. Reinvestments will receive the NAV calculated on the date of the reinvestment.

Dormant Accounts. If your account has no activity in it for a period of time, Vanguard may be required to transfer it to a state under the state's abandoned property law, subject to potential federal or state withholding taxes.

Accounts with More than One Owner. If an account has more than one owner or authorized person, Vanguard generally will accept instructions from any one owner or authorized person.

Share Certificates. Share certificates are no longer issued for Vanguard funds. Shares currently held in certificates cannot be redeemed, exchanged, converted, or transferred (reregistered) until you return the certificates (unsigned) to Vanguard by registered mail.

Additional Information Regarding Redemption of Shares

Methods Used to Meet Redemption Requests. Under normal circumstances, the Vanguard funds typically expect to meet redemptions with positive cash flows. When this is not an option, a fund seeks to maintain its risk exposure by selling a cross section of the fund's holdings to meet redemptions, while also factoring in transaction costs. Additionally, a fund may work with larger clients to implement their redemptions in a manner that is least disruptive to the portfolio.

Under certain circumstances, including under stressed market conditions, there are additional tools that a fund may use in order to meet redemptions, including advancing the settlement of market trades with counterparties to match investor redemption payments or delaying settlement of an investor's transaction to match trade settlement within regulatory requirements. A fund may also suspend payment of redemption proceeds for up to seven days. Additionally under these unusual circumstances, a fund may borrow money (subject to certain regulatory conditions and if available under board-approved procedures) through an interfund lending facility; through a bank line-of-credit, including a joint committed credit facility; or through an uncommitted line-of-credit from Vanguard in order to meet redemption requests.

Although the Vanguard funds typically intend to meet redemption requests in cash, in consideration of the best interests of the funds and their remaining shareholders, the funds reserve the right to pay redemption proceeds wholly or partly in-kind by delivering readily marketable securities held by the funds in lieu of cash in conformity with applicable rules of the SEC and in accordance with procedures adopted by the funds' board of trustees. Redemptions in-kind may be used during both normal and stressed market conditions. For example, a fund may make a redemption in-kind if a cash redemption could negatively affect its operations or performance, as may be the case with large redemption amounts, or in situations where the redeeming shareholder may be engaged in market timing or frequent trading. A fund may delay payment of the redemption proceeds for up to seven calendar days.

Please contact Vanguard before you attempt to redeem a large dollar amount. In doing so, you may avoid in-kind or delayed payment of your redemption.

Emergency Circumstances. The Vanguard funds can postpone payment of redemption proceeds for up to seven calendar days. In addition, the Vanguard funds can suspend redemptions and/or postpone payments of redemption proceeds beyond seven calendar days at times when the NYSE is closed or during emergency circumstances or such other periods, as determined by the SEC.

Timing of Payment of Redemption Proceeds. If your redemption request is received in good order, we typically expect that redemption proceeds will be paid by the Vanguard fund within one business day of the trade date; however, in certain circumstances, investors may experience a longer settlement period at the time of the transaction. Please see *Methods Used to Meet Redemption Requests* and *Emergency Circumstances* for further information.

If you hold shares directly with Vanguard, the following rules also apply:

- Timing of wire redemptions from money market funds: for telephone requests received by Vanguard on a business day before 10:45 a.m., Eastern time (2 p.m., Eastern time, for Vanguard Cash Reserves Federal Money Market Fund; 12:30 p.m., Eastern time, for Vanguard Federal Money Market Fund), the redemption proceeds generally will leave Vanguard by the close of business the same day. For telephone requests received by Vanguard on a business day after those cut-off times, or on a nonbusiness day, and for all requests other than by telephone, the redemption proceeds generally will leave Vanguard by the close of business on the next business day.
- Timing of wire redemptions from all other funds: for requests received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the redemption proceeds generally will leave Vanguard by the close of business on the next business day. For requests received by Vanguard on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the redemption proceeds generally will leave Vanguard by the close of business on the second business day after Vanguard receives the request.
- If your redemption request is not in good order, it may be rejected. If we are unable to send your redemption proceeds by wire or electronic bank transfer because the receiving institution rejects the transfer, Vanguard will make additional efforts to complete your transaction. If Vanguard is still unable to complete the transaction, we may send the proceeds of the redemption to you by check, generally payable to all registered account owners, or use your proceeds to purchase new shares of the fund from which you sold shares for the purpose of the wire or electronic bank transfer transaction.

Good Order

Vanguard funds reserve the right to reject any transaction instructions that are not in "good order." Good order generally means that your instructions:

- Are provided by the person(s) authorized in accordance with Vanguard's policies and procedures to access the account and request transactions.
- Include the fund name and account number.
- Include the amount of the transaction (stated in dollars, shares, or percentage).

Written instructions also must generally be provided on a Vanguard form and include:

- Signature(s) and date from the authorized person(s).
- Signature guarantees or notarized signatures, if required for the type of transaction. (Call Vanguard for specific requirements.)
- Any supporting documentation that may be required.

Good order requirements may vary among different types of accounts and transactions. Vanguard reserves the right, without notice, to revise the requirements for good order. If you hold shares through a financial intermediary (including shares held in a brokerage account through Vanguard Brokerage Services®), please contact your financial intermediary for more details on good order requirements that may apply to you.

Trade Date

If you place your purchase, redemption, or exchange order through a financial intermediary (including through a brokerage account held at Vanguard Brokerage Services®), it is their responsibility to send your order to the Vanguard funds. Your transaction will be executed using the NAV next calculated after the order is received by the Vanguard funds in good order.

The Vanguard funds have authorized certain financial intermediaries and their designees, and may, from time to time, authorize certain funds of funds for which Vanguard serves as the investment advisor (Vanguard Funds of Funds), to accept orders to purchase or redeem fund shares on behalf of the Vanguard funds. In these circumstances, the Vanguard fund will be deemed to receive an order when accepted by the authorized financial intermediary, its designee, or one of the Vanguard Funds of Funds, and the order will be executed using the NAV next calculated after such acceptance.

If you hold shares directly with Vanguard, you may place your transaction request directly with Vanguard. Your transaction request will be executed using the NAV as calculated on the trade date as determined below. The trade date for any transaction request received in good order will depend on the day and

time Vanguard receives your request, the manner in which you are transacting, and the type of fund in which you are transacting. If your transaction request is not in good order, it may be rejected.

Trade Date for a Purchase Order. For purchases by check into all funds other than money market funds and for purchases by exchange, wire, or electronic bank transfer into all funds: If the purchase request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date for the purchase will be the same day. If the purchase request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date for the purchase will be the next business day.

For purchases by check into money market funds: If the purchase request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date for the purchase will be the next business day. If the purchase request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date for the purchase will be the second business day following the day Vanguard receives the purchase request. Because money market instruments must be purchased with federal funds and it takes a money market mutual fund one business day to convert check proceeds into federal funds, the trade date for the purchase will be one business day later than for other funds.

Trade Date for a Redemption, Exchange, or Conversion Order (other than an order to convert to ETF Shares (if available)). If the transaction is received in good order on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date will generally be the same day. If the transaction is received in good order on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date will generally be the next business day.

Investing in Vanguard Funds through Employer-Sponsored Plans

If Vanguard fund shares are an investment option in your employer-sponsored retirement or savings plan, your plan administrator or your employee benefits office can provide you with detailed information on how to participate in your plan and how to elect a fund as an investment option.

Processing times for your transaction requests may differ among recordkeepers or among transaction and funding types. Your plan's recordkeeper (which may also be Vanguard) will determine the necessary processing time frames for your transaction requests prior to submission to a fund. Consult your recordkeeper or plan administrator for more information.

If Vanguard is serving as your plan recordkeeper and if your transaction involves one or more investments with an early cut-off time for processing or another trading restriction, your entire transaction will be subject to the restriction when the trade date for your transaction is determined.

If you have questions about your account, contact your plan administrator or the organization that provides recordkeeping services for your plan. If you have any questions about the Vanguard funds or Vanguard, including those about a fund's investment objective, strategies, or risks, contact Vanguard Participant Services toll-free at 800-523-1188 or visit our website at *vanguard.com*. Vanguard reserves the right to change its policies without notice to shareholders.

Shareholder Documents

When two or more shareholders have the same last name and address, just one summary prospectus (or prospectus) and/or shareholder report may be sent in an attempt to eliminate the unnecessary expense of duplicate mailings. You may request individual prospectuses and reports by contacting our Client Services Department in writing, by telephone, or online. See **Contacting Vanguard**.

Confirmation Statements. If you hold shares directly with Vanguard, we will send (or provide through our website, whichever you prefer) a confirmation of your trade date and the amount of your transaction when you purchase, redeem, exchange, or convert shares. However, we will not send confirmations reflecting only checkwriting redemptions or the reinvestment of dividend or capital gains distributions. For any month in which you had a checkwriting redemption, a Checkwriting Activity Statement will be sent to you itemizing the checkwriting redemptions for that month. Promptly review each confirmation statement that we provide to you. It is important that you contact Vanguard immediately with any questions you may have about any transaction reflected on a confirmation statement, or Vanguard will consider the transaction properly processed.

If you hold shares through a financial intermediary (including shares held in a brokerage account through Vanguard Brokerage Services®), your financial intermediary will provide you with confirmation statements. Please contact your financial intermediary for details.

Portfolio Summaries. If you hold shares directly with Vanguard, we will send (or provide through our website, whichever you prefer) quarterly portfolio summaries to help you keep track of your accounts throughout the year. Each summary shows the market value of your account at the close of the statement period, as well as all distributions, purchases, redemptions, exchanges, transfers, and conversions for the current calendar quarter (or month). Promptly review each summary that we provide to you. It is important that you contact

Vanguard immediately with any questions you may have about any transaction reflected on the summary, or Vanguard will consider the transaction properly processed.

Tax Information Statements. For most accounts, Vanguard (or your financial intermediary) is required to provide annual tax forms to assist you in preparing your income tax returns. These forms are generally available for each calendar year early in the following year. Registered users of *vanguard.com* can also view certain forms through our website. Vanguard (or your financial intermediary) may also provide you with additional tax-related documentation. For more information, consult our website at *vanguard.com* or see **Contacting Vanguard**.

Shareholder Reports and Financial Statements. Additional information about the Funds' investments and performance is available in the Funds' Annual and Semi-Annual Reports. The Funds' financial statements are filed with the SEC on Form N-CSR and available on our website.

Electronic Delivery. Vanguard can deliver your account statements, transaction confirmations, prospectuses, certain tax forms, and shareholder reports electronically. If you are a registered user of *vanguard.com*, you can consent to the electronic delivery of these documents by logging on and changing your mailing preferences. You can revoke your electronic consent at any time through our website, and we will begin to send paper copies of these documents within 30 days of receiving your revocation.

If you hold shares through a financial intermediary (including shares held in a brokerage account through Vanguard Brokerage Services®), please contact your financial intermediary for electronic access to shareholder documents. Some financial intermediaries may not offer this service.

Reservation of Rights

In addition to the rights expressly stated elsewhere in this Prospectus, Vanguard reserves the following rights:

Right to Change Policies. Vanguard reserves the right, without notice, to (1) alter, add, or discontinue any conditions of purchase (including eligibility requirements), redemption, exchange, conversion, service, or privilege at any time and (2) alter, impose, discontinue, or waive any purchase fee, redemption fee, account service fee, or other fee charged to a shareholder or a group of shareholders. Changes may affect any or all investors. These actions will be taken when, at the sole discretion of Vanguard management, Vanguard believes they are in the best interest of a fund.

Account Restrictions. Vanguard reserves the right to: (1) redeem all or a portion of a fund/account to meet a legal obligation, including tax withholding, tax lien, garnishment order, or other obligation imposed on your account by a court or government agency; (2) redeem shares, close an account, or suspend account privileges, features, or options in the case of threatening conduct or activity; (3) redeem shares, close an account, or suspend account privileges, features, or options if Vanguard believes or suspects that not doing so could result in a suspicious, fraudulent, or illegal transaction; (4) place restrictions on the ability to redeem any or all shares in an account if it is required to do so by a court or government agency; (5) place restrictions on the ability to redeem any or all shares in an account if Vanguard believes that doing so will prevent fraud, financial exploitation or abuse, or to protect vulnerable investors when permitted by applicable law, regulations, or SEC guidance; (6) freeze any account and/or suspend account services if Vanguard has received reasonable notice of a dispute regarding the assets in an account, including notice of a dispute between the registered or beneficial account owners; and (7) freeze any account and/or suspend account services upon initial notification to Vanguard of the death of an account owner.

Right to Refuse or Reject Purchase Requests. Vanguard reserves the right to stop selling fund shares or to reject any purchase request at any time and without notice, including, but not limited to, purchases requested by exchange from another Vanguard fund. This also includes the right to reject any purchase request because the investor has a history of frequent trading or because the purchase may negatively affect a fund's operation or performance (as may be the case with large purchase amounts).

Please contact Vanguard before you attempt to invest a large dollar amount. In doing so, you may avoid delayed or rejected transactions.

Exchange Privilege. Vanguard reserves the right, without notice, to revise or terminate the exchange privilege, limit the amount of any exchange, or reject an exchange, at any time, for any reason.

Please contact Vanguard before you attempt to exchange a large dollar amount. In doing so, you may avoid delayed or rejected transactions.

Account Liquidation. If an account no longer meets the eligibility requirements for a share class, a fund may, subject to applicable law, liquidate such fund account. Accounts with balances below the minimum amount required to maintain eligibility may be subject to liquidation, including when the decline results from market fluctuations or any other reason. This liquidation policy applies to nonretirement fund accounts and accounts that are held through financial intermediaries. You will be notified before a liquidation occurs.

Dividends, Distributions, and Taxes

Fund Distributions

Each Fund generally distributes to shareholders virtually all of its net income (interest and dividends, less expenses) as well as any net short-term or long-term capital gains realized from the sale of its holdings. Each Fund may also make distributions that are treated as a return of capital. Income dividends generally are distributed quarterly in March, June, September, and December. Capital gains distributions, if any, generally occur annually in December. In addition, each Fund may make a supplemental distribution at some other time during the year. You can receive distributions of income or capital gains in cash, or you can have them automatically reinvested in more shares of the Fund.

From time to time, Vanguard and/or a fund's board of trustees may adjust a fund's fees and expenses and/or reduce, refund, reimburse, waive, or otherwise return to the funds and their shareholders a portion of prior fees and expenses (collectively, "expense adjustments"). Fund performance and potentially shareholder distributions, will reflect such expense adjustments. If you sell all or part of your investment in a fund before an expense adjustment occurs, then you will not receive the economic benefit, if any, of such expense adjustment. An expense adjustment at any given time does not imply or guarantee that similar or additional expense adjustments will be made in the future.

You can receive distributions of income or capital gains in cash, or you can have them automatically reinvested in more shares of the Fund. However, if you are investing through an employer-sponsored retirement or savings plan, your distributions will be automatically reinvested in additional Fund shares.

Basic Tax Points

Investors in taxable accounts should be aware of the following basic federal income tax points:

- Distributions are taxable to you whether or not you reinvest these amounts in additional Fund shares.
- Distributions declared and recorded in December—if paid to you by the end of January—are generally taxable as if received in December.
- Any short-term capital gains distribution is taxable to you as ordinary income.
- Any dividend distribution that you receive is taxable to you as ordinary income (other than dividends paid by Vanguard Tax-Managed Balanced Fund from interest received by the Fund on its investments in municipal securities, which are expected to be exempt from taxes). If you are an individual and meet certain holding-period requirements with respect to your Fund shares, you may be eligible for reduced tax rates on "qualified dividend income," if any, or a special tax deduction on "qualified REIT dividends, if any, distributed by the Funds.

- Any distribution of net long-term capital gains is taxable to you as long-term capital gains, no matter how long you have owned shares in the Fund.
- Capital gains distributions can occur when a Fund sells assets at a gain. Capital gains distributions vary from year to year as a result of the Fund's investment activities and cash flows, including those due to redemption activity by Fund shareholders.
- Capital gains distributions may occur if Vanguard, a Fund, or its advisor makes changes that would impact the Fund directly or indirectly, including changes to the Fund's portfolio or advisors or changes to any other Vanguard fund or product that would involve the redemption of shares of the Fund and the related sale of the Fund's or an underlying Vanguard fund's investments. Such changes could, depending on the timing, result in capital gains distributions in the current fiscal year, subsequent fiscal year, or both.
- Although the Funds seek to minimize distributions of taxable capital gains, they may not always achieve this goal.
- Your cost basis in the Fund will be decreased by the amount of any return of capital that you receive. This, in turn, will affect the amount of any capital gain or loss that you realize when selling or exchanging your Fund shares.
- Return of capital distributions generally are not taxable to you until your cost basis has been reduced to zero. If your cost basis is at zero, return of capital distributions will be treated as capital gains.
- A sale or exchange of Fund shares of Fund shares is a taxable event. This means that you may have a capital gain to report as income, or a capital loss to report as a deduction, when you complete your tax return.
- Any conversion between classes of shares of the *same* fund is a *nontaxable* event. By contrast, an exchange between classes of shares of *different* funds is a *taxable* event.
- Vanguard (or your intermediary) will send you a statement each year showing the tax status of all of your distributions.
- If you purchase shares before an ex-dividend date when a fund has realized but not yet distributed income or capital gains, the purchase price may include the amount of the upcoming distribution, and you may pay the full price for the shares and later receive a portion of the purchase price back as a taxable distribution. In such case, you generally will be taxed upon receipt of such distribution, even though the distribution effectively represents a return of a portion of your purchase price. This is known as "buying a dividend."

Individuals, trusts, and estates whose income exceeds certain threshold amounts are subject to a 3.8% Medicare contribution tax on "net investment income." Net investment income takes into account distributions paid by the Fund (except exempt-interest dividends from Vanguard Tax-Managed Balanced Fund) and capital gains from any sale or exchange of Fund shares of Fund shares.

Dividend distributions and capital gains distributions that you receive, as well as your gains or losses from any sale or exchange of Fund shares of Fund shares, may be subject to state and local income taxes.

Vanguard Tax-Managed Balanced Fund's income dividends from interest earned on municipal securities of a state or its political subdivisions are generally exempt from that state's income taxes. Almost all states, however, tax interest earned on municipal securities of other states. Vanguard will annually provide you with information to help report your earnings by state from the Fund on your tax returns.

This Prospectus provides general tax information only. If you are investing through a tax-advantaged account, such as an IRA or an employer-sponsored retirement or savings plan, special tax rules apply. Please consult your own tax advisor for detailed information about any tax consequences for you.

General Information

Backup Withholding. By law, Vanguard must withhold 24% of any taxable distributions or redemptions from your account if you do not:

- Provide your correct taxpayer identification number.
- Certify that the taxpayer identification number is correct.
- Confirm that you are not subject to backup withholding.

Similarly, Vanguard (or your intermediary) must withhold taxes from your account if the IRS instructs us to do so.

Special Notice to Non-U.S. Investors. The Funds offered for sale in this Prospectus are primarily intended to be made available to U.S. residents and may not be appropriate for investors taxable outside of the United States. Non-U.S. investors should visit the non-U.S. investors page on our website at *global.vanguard.com* for information about Vanguard's non-U.S. products.

Non-U.S. investors should be aware that U.S. withholding and estate taxes and certain U.S. tax reporting requirements under the Internal Revenue Code, as well as any non-U.S. taxes imposed by the investor's relevant tax jurisdiction, may apply to an investment in the Funds. Non-U.S. investors should consult their own tax advisors with respect to any particular U.S. or non-U.S. tax consequences of their investment in the Funds.

Frequent Trading Limitations

Overview

Some investors may try to profit from strategies involving frequent trading of mutual fund shares (such as market-timing) and other excessive trading practices (together, "frequent trading"). For funds holding foreign securities, investors may try to take advantage of an anticipated difference between the price of the fund's shares and price movements in overseas markets because of different closing times of U.S. and non-U.S. markets, a practice also known as time-zone arbitrage. Some investors may also try to engage in frequent trading of funds holding investments in small-cap stocks and high-yield bonds that are thinly traded. Frequent trading may disrupt portfolio management strategies and increase a fund's costs (such as increased brokerage and administrative costs) for all shareholders including the long-term investors.

Each Vanguard fund (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) limits frequent trading. The Board has adopted policies and procedures reasonably designed to detect and discourage frequent trading. Although there is no assurance that Vanguard will be able to detect or prevent frequent trading in all circumstances, the policies and procedures discussed below have been adopted to address these issues.

Each Vanguard fund reserves the right to reject any purchase request—including exchanges from other Vanguard funds—without notice and regardless of size. For example, a purchase request could be rejected because the investor has a history of frequent trading or if Vanguard determines that such purchase may negatively affect a fund's operation or performance. Certain Vanguard funds charge shareholders purchase and/or redemption fees on transactions. Each Vanguard fund (other than retail and government money market funds), in determining its net asset value, will use fair-value pricing when appropriate, as described in *Pricing of Fund Shares*. Fair-value pricing may reduce or eliminate the profitability of certain frequent trading strategies.

Frequent Trading Policy

Each Vanguard fund (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) limits an investor's purchases or exchanges into a fund account for 30 calendar days after the investor has redeemed or exchanged out of that fund account ("Frequent-Trading Limits"). ETF shares are not subject to these Frequent-Trading Limits. For Vanguard Retirement Investment Program pooled plans, the Frequent-Trading Limits apply to exchanges made online or by telephone.

The Frequent-Trading Limits do not apply to the following:

- Purchases of shares with reinvested dividend or capital gains distributions.

- Transactions through Vanguard's Automatic Investment Plan, Automatic Exchange Service, Direct Deposit Service, Automatic Withdrawal Plan, Required Minimum Distribution Service, Vanguard Small Business Online®, and certain transactions through intermediaries relating to systematic trades and required minimum distributions.
- Discretionary transactions through Vanguard Personal Advisor Services®, Vanguard Digital Advisor™, and discretionary (advisor-directed) transactions through certain intermediaries.
- Redemptions of shares to pay fund or account fees.
- Redemptions of shares to remove excess shareholder contributions to certain types of retirement accounts (including, but not limited to, IRAs, certain Individual 403(b)(7) Custodial Accounts, and Vanguard Individual 401(k) Plans).
- Transfers and reregistrations of shares within the same fund.
- Purchases of shares by asset transfer or direct rollover.
- Conversions of shares from one share class to another in the same fund.
- Checkwriting redemptions.
- Section 529 college savings plans.
- Certain approved institutional portfolios and asset allocation programs, as well as trades made by funds or trusts managed by Vanguard or its affiliates that invest in other Vanguard funds. (Please note that shareholders of Vanguard's funds of funds are subject to the limitations.)
- Certain transactions below dollar value or other thresholds specified by Vanguard.
- In-kind transfers to a shareholder's donor advised fund managed by Vanguard Charitable.

For participants in employer-sponsored defined contribution plans,* the Frequent-Trading Limits do not apply to:

- Purchases of shares with participant payroll or employer contributions or loan repayments.
- Purchases of shares with reinvested dividend or capital gains distributions.
- Distributions, loans, and in-service withdrawals from a plan.
- Redemptions of shares as part of a plan termination or at the direction of the plan.
- Transactions executed through the Vanguard Managed Account Program.
- Redemptions of shares to pay fund or account fees.
- Share or asset transfers or rollovers.
- Reregistrations of shares.

- Conversions of shares from one share class to another in the same fund.
- Exchange requests submitted by written request to Vanguard. (Exchange requests submitted by fax, if otherwise permitted, are subject to the limitations.)

*The following Vanguard fund accounts are also subject to the Frequent-Trading Limits: SEP-IRAs, SIMPLE IRAs, certain Individual 403(b)(7) Custodial Accounts, and Vanguard Individual 401(k) Plans.

Accounts Held by Institutions (Other Than Defined Contribution Plans). Vanguard will systematically monitor for frequent trading in institutional clients' accounts. If we detect suspicious trading activity, we will investigate and take appropriate action, which may include applying to a client's accounts the 30-day policy previously described, prohibiting a client's purchases of fund shares, and/or revoking the client's exchange privilege.

Accounts Held by Intermediaries. When intermediaries establish accounts in Vanguard funds for the benefit of their clients, we cannot always monitor the trading activity of the individual clients. However, we review trading activity at the intermediary (omnibus) level, and if we detect suspicious activity, we will investigate and take appropriate action. If necessary, Vanguard may prohibit additional purchases of fund shares by an intermediary, including for the benefit of certain of the intermediary's clients. Intermediaries also may monitor their clients' trading activities with respect to Vanguard funds.

For those Vanguard funds that charge purchase and/or redemption fees, intermediaries will be asked to assess these fees on client accounts and remit these fees to the funds. The application of purchase and redemption fees and Frequent-Trading Limits may vary among intermediaries. There are no assurances that Vanguard will successfully identify all intermediaries or that intermediaries will properly assess purchase and redemption fees or administer Frequent-Trading Limits. If you invest with Vanguard through an intermediary, please read that firm's materials carefully to learn of any other rules or fees that may apply.

Do not invest with Vanguard if you are a market-timer.

Financial Highlights

Financial highlights information is intended to help you understand a fund's performance for the past five years (or, if shorter, its period of operations). Certain information reflects financial results for a single fund share. Total return represents the rate that an investor would have earned or lost each period on an investment in a fund or share class (assuming reinvestment of all distributions). This information has been obtained from the financial statements audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report, along with fund financial statements, is included in a fund's most recent annual Financial Statements and Other Information. You may obtain a free copy of a fund's latest disclosure documents upon request.

Vanguard Tax-Managed Balanced Fund

	Year Ended December 31,				
For a Share Outstanding Throughout Each Period	2025	2024	2023	2022	2021
Net Asset Value, Beginning of Period	**$45.23**	**$41.19**	**$36.39**	**$42.43**	**$38.06**
Investment Operations					
Net Investment Income[1]	1.060	.951	.808	.673	.620
Net Realized and Unrealized Gain (Loss) on Investments	3.982	4.032	4.790	(6.040)	4.335
Total from Investment Operations	5.042	4.983	5.598	(5.367)	4.955
Distributions					
Dividends from Net Investment Income[2]	(1.052)	(.943)	(.798)	(.673)	(.585)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(1.052)	(.943)	(.798)	(.673)	(.585)
Net Asset Value, End of Period	**$49.22**	**$45.23**	**$41.19**	**$36.39**	**$42.43**
Total Return[3]	**11.28%**	**12.17%**	**15.53%**	**-12.66%**	**13.10%**
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	$11,524	$10,356	$9,019	$7,729	$8,816
Ratio of Total Expenses to Average Net Assets	0.09%	0.09%[4]	0.09%	0.09%	0.09%
Ratio of Net Investment Income to Average Net Assets	2.27%	2.18%	2.09%	1.78%	1.53%
Portfolio Turnover Rate	15%[5]	20%	23%	22%[5]	6%[5]

1 Calculated based on average shares outstanding.

2 For tax purposes, nontaxable dividends represent 78%, 74%, 68%, 63%, and 63% of dividends from net investment income.

3 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

4 The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.09%.

5 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

Vanguard Tax-Managed Capital Appreciation Fund Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31, 2025	2024	2023	2022	2021
Net Asset Value, Beginning of Period	**$302.51**	**$247.12**	**$197.82**	**$247.92**	**$197.63**
Investment Operations					
Net Investment Income[1]	3.278	3.076	3.079	2.900	2.542
Net Realized and Unrealized Gain (Loss) on Investments	49.180	55.466	49.291	(50.089)	50.328
Total from Investment Operations	52.458	58.542	52.370	(47.189)	52.870
Distributions					
Dividends from Net Investment Income	(3.288)	(3.152)	(3.070)	(2.911)	(2.580)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(3.288)	(3.152)	(3.070)	(2.911)	(2.580)
Net Asset Value, End of Period	**$351.68**	**$302.51**	**$247.12**	**$197.82**	**$247.92**
Total Return[2]	**17.44%**	**23.76%**	**26.64%**	**-19.06%**	**26.87%**
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	$22,499	$19,866	$16,162	$12,846	$15,850
Ratio of Total Expenses to Average Net Assets	0.09%	0.09%	0.09%	0.09%[3]	0.09%
Ratio of Net Investment Income to Average Net Assets	1.03%	1.10%	1.39%	1.37%	1.13%
Portfolio Turnover Rate[4]	6%	10%	2%	2%	0%

1 Calculated based on average shares outstanding.

2 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

3 The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.09%.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

Vanguard Tax-Managed Small-Cap Fund Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31, 2025	2024	2023	2022	2021
Net Asset Value, Beginning of Period	**$94.06**	**$87.91**	**$77.06**	**$93.29**	**$74.30**
Investment Operations					
Net Investment Income[1]	1.102	1.493	1.311	1.153	1.090
Net Realized and Unrealized Gain (Loss) on Investments	4.404	6.016	10.854	(16.221)	18.985
Total from Investment Operations	5.506	7.509	12.165	(15.068)	20.075
Distributions					
Dividends from Net Investment Income	(1.256)	(1.359)	(1.315)	(1.162)	(1.085)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(1.256)	(1.359)	(1.315)	(1.162)	(1.085)
Net Asset Value, End of Period	**$98.31**	**$94.06**	**$87.91**	**$77.06**	**$93.29**
Total Return[2]	**5.93%**	**8.61%**	**15.95%**	**-16.14%**	**27.08%**
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	$8,396	$8,493	$8,048	$7,150	$8,631
Ratio of Total Expenses to Average Net Assets	0.09%	0.09%	0.09%	0.09%[3]	0.09%
Ratio of Net Investment Income to Average Net Assets	1.20%	1.65%	1.64%	1.41%	1.22%
Portfolio Turnover Rate[4]	18%	14%	20%	10%	9%

1 Calculated based on average shares outstanding.

2 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

3 The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.09%.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

Additional Information

A Precautionary Note to Investment Companies. Each Fund's shares are issued by a registered investment company, and therefore the acquisition of such shares by other investment companies and private funds is subject to the restrictions of Section 12(d)(1) of the Investment Company Act of 1940 (the 1940 Act). SEC Rule 12d1-4 under the 1940 Act permits registered investment companies to invest in other registered investment companies beyond the limits in Section 12(d)(1), subject to certain conditions, including that funds with different investment advisors must enter into a fund of funds investment agreement.

Forum Selection. The Trust's Bylaws designate Delaware courts as the exclusive forum for certain claims against or related to the Trust, a trustee, an officer, or other employee of the Trust, except that, unless the Trust otherwise consents in writing, the U.S. Federal District Courts are the exclusive forum for the resolution of complaints under the Securities Act of 1933 or the 1940 Act. These provisions may limit a shareholder's ability to bring a claim in a different forum and may result in increased shareholder costs in pursuing such a claim.

Shareholder Rights. Each Fund's Agreement and Declaration of Trust, as amended, requires a shareholder bringing a derivative action on behalf of the Trust that is subject to a pre-suit demand to collectively hold at least 10% of the outstanding shares of the Trust or at least 10% of the outstanding shares of the series or class to which the demand relates and to undertake to reimburse the Trust for the expense of any counsel or advisors used when considering the merits of the demand in the event that the board of trustees determines not to bring such action. In each case, these requirements do not apply to claims arising under the federal securities laws to the extent that any such federal securities laws, rules, or regulations do not permit such application. The Trust's Bylaws also provide that shareholders waive the right to trial by jury to the fullest extent permitted by law.

Joint Committed Credit Facility. Each Fund participates, along with other funds managed by Vanguard, in a committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each Vanguard fund is individually liable for its borrowings, if any, under the credit facility. The amount and terms of the committed credit facility are subject to approval by the Board and renegotiation with the lender syndicate on an annual basis.

Securities Market Indexes
Listed below is the broad-based securities market index and one or more additional indexes with similar investment characteristics as the Fund, as referenced in the Funds' Average Annual Total Returns tables:

Bloomberg Municipal Bond Index. An index that includes most investment-grade tax-exempt bonds that are issued by state and local governments.

Dow Jones U.S. Total Stock Market Float Adjusted Index. An index designed to measure all U.S. equity issues with readily available prices.

Vanguard Fund	Inception Date	Newspaper Abbreviation	Vanguard Fund Number	CUSIP Number
Vanguard Tax-Managed Balanced Fund				
Admiral Shares	9/6/1994	TxMBal	103	921943304
Vanguard Tax-Managed Capital Appreciation Fund				
Admiral Shares	9/6/1994	TxMCapAdml	5102	921943866
Vanguard Tax-Managed Small-Cap Fund				
Admiral Shares	3/25/1999	TxMSC	116	921943403

Inception Date means the date on which the assets of a fund (or one of its share classes) are first invested in accordance with the fund's investment objective. For funds with a subscription period, the inception date is the day after that period ends. Investment performance is generally measured from the inception date.

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Russell reserves the right, at any time and without notice, to alter, amend, terminate or in any way change the Russell Indexes. Russell has no obligation to take the needs of any particular fund or its participants or any other product or person into consideration in determining, composing or calculating any of the Russell Indexes.

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composed and calculated by S&P Dow Jones Indices without regard to Vanguard or Vanguard Tax-Managed Small-Cap Fund. S&P Dow Jones Indices has no obligation to take the needs of Vanguard or the owners of Vanguard Tax-Managed Small-Cap Fund into consideration in determining, composing or calculating the S&P SmallCap 600 Index. S&P Dow Jones Indices is not responsible for and has not participated in the determination of the prices, and amount of Vanguard Tax-Managed Small-Cap Fund or the timing of the issuance or sale of Vanguard Tax-Managed Small-Cap Fund or in the determination or calculation of the equation by which Vanguard Tax-Managed Small-Cap Fund is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices has no obligation or liability in connection with the administration, marketing or trading of Vanguard Tax-Managed Small-Cap Fund. There is no assurance that investment products based on the S&P SmallCap 600 Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

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Additional information about the Funds' investments is available in the Funds' annual and semiannual reports to shareholders and in Form N-CSR. In the annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during their last fiscal year. In Form N-CSR, you will find the Funds' annual and semiannual financial statements.

Statement of Additional Information (SAI)
The SAI provides more detailed information about the Funds and is incorporated by reference into (and thus legally a part of) this Prospectus.

To obtain a free copy of the latest annual or semiannual report, financial statements, or the SAI, or to request additional information about the Funds or other Vanguard funds, please visit *https://vgi.vg/fund-literature* or contact us as follows:

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Funds' Investment Company Act file number: 811-07175

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