Vanguard

Semiannual Report | July 31, 2023

Vanguard Energy Fund

Contents

About Your Fund's Expenses

As a shareholder of the fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of the fund.

A fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your fund and to compare these costs with those of other mutual funds. The examples are based on an investment of $1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your fund's costs in two ways:

• **Based on actual fund return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the fund's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with $1,000 in the fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number given for your fund under the heading "Expenses Paid During Period."

• **Based on hypothetical 5% yearly return.** This section is intended to help you compare your fund's costs with those of other mutual funds. It assumes that the fund had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the fund's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the fund for buying and selling securities. Further, the expenses do not include any purchase, redemption, or account service fees described in the fund prospectus. If such fees were applied to your account, your costs would be higher. Your fund does not carry a "sales load."

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the fund's expenses, including annual expense ratios, in the Financial Statements section of this report. For additional information on operating expenses and other shareholder costs, please refer to your fund's current prospectus.

Six Months Ended July 31, 2023

	Beginning Account Value 1/31/2023	Ending Account Value 7/31/2023	Expenses Paid During Period
Based on Actual Fund Return			
Energy Fund			
Investor Shares	$1,000.00	$1,043.70	$2.23
Admiral™ Shares	1,000.00	1,043.90	1.82
Based on Hypothetical 5% Yearly Return			
Energy Fund			
Investor Shares	$1,000.00	$1,022.61	$2.21
Admiral Shares	1,000.00	1,023.01	1.81

The calculations are based on expenses incurred in the most recent six-month period. The fund's annualized six-month expense ratios for that period are 0.44% for Investor Shares and 0.36% for Admiral Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (181/365).

Energy Fund

Fund Allocation
As of July 31, 2023

United States	53.3%
United Kingdom	18.2
France	10.7
Canada	5.6
Spain	2.5
Italy	2.5
Norway	2.0
India	2.0
Germany	1.3
Brazil	1.3
Other	0.6

The table reflects the fund's investments, except for short-term investments.

Financial Statements (unaudited)

Schedule of Investments

As of July 31, 2023

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value• ($000)
Common Stocks (99.4%)		
Brazil (1.3%)		
Petroleo Brasileiro SA	10,144,425	74,677
Canada (5.6%)		
Cenovus Energy Inc.	9,645,827	183,464
Enbridge Inc.	3,240,764	119,146
ARC Resources Ltd.	1,651,299	24,945
		327,555
China (0.6%)		
China Yangtze Power Co. Ltd. Class A	12,517,660	37,629
France (10.6%)		
TotalEnergies SE	3,786,386	230,048
Engie SA (XPAR)	13,979,989	229,346
TotalEnergies SE ADR	2,610,383	158,842
		618,236
Germany (1.3%)		
RWE AG	1,739,520	74,867
India (2.0%)		
Power Grid Corp. of India Ltd.	35,179,855	113,903
Italy (2.5%)		
Enel SpA	14,914,461	102,838
Tenaris SA	2,498,357	41,517
		144,355
Norway (2.0%)		
Equinor ASA	3,755,418	114,872
Russia (0.0%)		
[*,1] LUKOIL PJSC ADR	1,423,477	—
Spain (2.5%)		
Iberdrola SA (XMAD)	11,878,304	148,259
United Kingdom (18.0%)		
Shell plc (XLON)	10,848,103	328,782
BP plc	42,744,752	265,208
Shell plc ADR	3,335,801	205,585
BP plc ADR	3,335,714	124,422
National Grid plc	8,359,202	110,800
Glencore plc	2,861,114	17,399
		1,052,196
United States (53.0%)		
ConocoPhillips	3,515,746	413,874
Schlumberger NV	2,942,190	171,647
Marathon Petroleum Corp.	1,270,296	168,975
EOG Resources Inc.	1,266,985	167,914
NextEra Energy Inc.	2,278,457	167,011
Phillips 66	1,483,243	165,456
Diamondback Energy Inc.	1,101,269	162,239
Coterra Energy Inc.	5,784,348	159,301
Duke Energy Corp.	1,655,520	154,990
Exelon Corp.	3,561,555	149,087
Southern Co.	1,973,153	142,738
Targa Resources Corp.	1,740,628	142,714
FirstEnergy Corp.	3,151,761	124,148
Edison International	1,650,701	118,784
Sempra Energy (XNYS)	755,528	112,589
Williams Cos. Inc.	3,163,824	108,994
American Electric Power Co. Inc.	1,241,887	105,237
Chesapeake Energy Corp.	1,222,089	103,071
CenterPoint Energy Inc.	2,389,381	71,896
EQT Corp.	1,580,686	66,673
Pioneer Natural Resources Co.	178,301	40,237
AES Corp.	1,669,442	36,110
Exxon Mobil Corp.	306,315	32,849
		3,086,534
Total Common Stocks (Cost $4,380,970)		**5,793,083**
Temporary Cash Investments (0.6%)		
Money Market Fund (0.0%)		
[2] Vanguard Market Liquidity Fund, 5.274%	1,368	137

	Face Amount ($000)	Market Value• ($000)
Repurchase Agreement (0.6%)		
NatWest Markets plc, 5.270%, 8/1/23 (Dated 7/31/23, Repurchase Value $33,505,000, collateralized by U.S. Treasury Note/Bond 2.625%, 2/15/29, with a value of $34,170,000)	33,500	33,500
Total Temporary Cash Investments (Cost $33,636)		33,637
Total Investments (100.0%) (Cost $4,414,606)		5,826,720
Other Assets and Liabilities—Net (0.0%)		1,503
Net Assets (100%)		5,828,223

Cost is in $000.

• See Note A in Notes to Financial Statements.
* Non-income-producing security.
1 Security value determined using significant unobservable inputs.
2 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.
ADR—American Depositary Receipt.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Assets and Liabilities
As of July 31, 2023

($000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost $4,414,470)	5,826,583
Affiliated Issuers (Cost $136)	137
Total Investments in Securities	5,826,720
Investment in Vanguard	190
Foreign Currency, at Value (Cost $2,405)	2,393
Receivables for Accrued Income	13,306
Receivables for Capital Shares Issued	3,502
Total Assets	**5,846,111**
Liabilities	
Due to Custodian	20
Payables to Investment Advisor	2,785
Payables for Capital Shares Redeemed	8,032
Payables to Vanguard	845
Deferred Foreign Capital Gains Taxes	6,206
Total Liabilities	**17,888**
Net Assets	**5,828,223**

At July 31, 2023, net assets consisted of:

Paid-in Capital	4,364,055
Total Distributable Earnings (Loss)	1,464,168
Net Assets	**5,828,223**

Investor Shares—Net Assets	
Applicable to 38,498,938 outstanding $.001 par value shares of beneficial interest (unlimited authorization)	1,861,671
Net Asset Value Per Share—Investor Shares	$48.36

Admiral Shares—Net Assets	
Applicable to 43,711,263 outstanding $.001 par value shares of beneficial interest (unlimited authorization)	3,966,552
Net Asset Value Per Share—Admiral Shares	$90.74

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Operations

	Six Months Ended July 31, 2023
	($000)
Investment Income	
Income	
Dividends[1]	141,096
Interest[2]	918
Securities Lending—Net	155
Total Income	142,169
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	4,364
Performance Adjustment	1,284
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	2,063
Management and Administrative—Admiral Shares	2,943
Marketing and Distribution—Investor Shares	63
Marketing and Distribution—Admiral Shares	102
Custodian Fees	51
Shareholders' Reports—Investor Shares	38
Shareholders' Reports—Admiral Shares	21
Trustees' Fees and Expenses	2
Other Expenses	63
Total Expenses	10,994
Net Investment Income	**131,175**
Realized Net Gain (Loss)	
Investment Securities Sold[2,3]	355,274
Foreign Currencies	423
Realized Net Gain (Loss)	**355,697**
Change in Unrealized Appreciation (Depreciation)	
Investment Securities[2,4]	(254,470)
Foreign Currencies	88
Change in Unrealized Appreciation (Depreciation)	**(254,382)**
Net Increase (Decrease) in Net Assets Resulting from Operations	**232,490**

1 Dividends are net of foreign withholding taxes of $8,040,000.
2 Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were $0, less than $1,000, and less than $1,000, respectively. Purchases and sales are for temporary cash investment purposes.
3 Realized gain (loss) is net of foreign capital gain taxes of $109,000.
4 The change in unrealized appreciation (depreciation) is net of the change in deferred foreign capital gains taxes of $2,307,000.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Changes in Net Assets

	Six Months Ended July 31, 2023	Year Ended January 31, 2023
	($000)	($000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	131,175	277,927
Realized Net Gain (Loss)	355,697	262,262
Change in Unrealized Appreciation (Depreciation)	(254,382)	339,639
Net Increase (Decrease) in Net Assets Resulting from Operations	232,490	879,828
Distributions		
Investor Shares	(3,616)	(85,883)
Admiral Shares	(8,453)	(187,798)
Total Distributions	(12,069)	(273,681)
Capital Share Transactions		
Investor Shares	(158,728)	(18,400)
Admiral Shares	(359,439)	159,170
Net Increase (Decrease) from Capital Share Transactions	(518,167)	140,770
Total Increase (Decrease)	(297,746)	746,917
Net Assets		
Beginning of Period	**6,125,969**	**5,379,052**
End of Period	**5,828,223**	**6,125,969**

See accompanying Notes, which are an integral part of the Financial Statements.

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2023	Year Ended January 31, 2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	**$46.43**	**$41.64**	**$31.66**	**$43.28**	**$47.85**	**$55.62**
Investment Operations						
Net Investment Income[1]	1.027	2.099	1.364	1.449	1.519	1.300
Net Realized and Unrealized Gain (Loss) on Investments	.991	4.807	10.019	(11.669)	(4.524)	(7.788)
Total from Investment Operations	2.018	6.906	11.383	(10.220)	(3.005)	(6.488)
Distributions						
Dividends from Net Investment Income	(.088)	(2.116)	(1.403)	(1.400)	(1.565)	(1.282)
Distributions from Realized Capital Gains	—	—	—	—	—	—
Total Distributions	(.088)	(2.116)	(1.403)	(1.400)	(1.565)	(1.282)
Net Asset Value, End of Period	**$48.36**	**$46.43**	**$41.64**	**$31.66**	**$43.28**	**$47.85**
Total Return[2]	**4.37%**	**16.72%**	**36.33%**	**-23.55%**	**-6.55%**	**-11.48%**
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	$1,862	$1,950	$1,771	$1,363	$1,793	$2,265
Ratio of Total Expenses to Average Net Assets[3]	0.44%	0.46%[4]	0.41%	0.37%	0.32%	0.37%
Ratio of Net Investment Income to Average Net Assets	4.29%	4.70%	3.68%	4.49%	3.20%	2.42%
Portfolio Turnover Rate	10%	16%	14%	55%	48%	31%

The expense ratio and net investment income ratio for the current period have been annualized.

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 Includes performance-based investment advisory fee increases (decreases) of 0.05%, 0.06%, 0.02%, (0.02%), (0.06%), and (0.01%).

4 The ratio of expenses to average net assets for the period net of reduction from broker commission abatement arrangements was 0.46%.

See accompanying Notes, which are an integral part of the Financial Statements.

Financial Highlights

Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2023	Year Ended January 31, 2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	**$87.12**	**$78.12**	**$59.39**	**$81.18**	**$89.77**	**$104.35**
Investment Operations						
Net Investment Income[1]	1.958	4.014	2.615	2.787	2.926	2.511
Net Realized and Unrealized Gain (Loss) on Investments	1.844	9.026	18.794	(21.903)	(8.512)	(14.600)
Total from Investment Operations	3.802	13.040	21.409	(19.116)	(5.586)	(12.089)
Distributions						
Dividends from Net Investment Income	(.182)	(4.040)	(2.679)	(2.674)	(3.004)	(2.491)
Distributions from Realized Capital Gains	—	—	—	—	—	—
Total Distributions	(.182)	(4.040)	(2.679)	(2.674)	(3.004)	(2.491)
Net Asset Value, End of Period	**$90.74**	**$87.12**	**$78.12**	**$59.39**	**$81.18**	**$89.77**
Total Return[2]	**4.39%**	**16.83%**	**36.43%**	**-23.47%**	**-6.50%**	**-11.40%**
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	$3,967	$4,176	$3,608	$2,751	$4,388	$5,606
Ratio of Total Expenses to Average Net Assets[3]	0.36%	0.38%[4]	0.33%	0.29%	0.24%	0.29%
Ratio of Net Investment Income to Average Net Assets	4.36%	4.78%	3.76%	4.60%	3.28%	2.50%
Portfolio Turnover Rate	10%	16%	14%	55%	48%	31%

The expense ratio and net investment income ratio for the current period have been annualized.

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 Includes performance-based investment advisory fee increases (decreases) of 0.05%, 0.06%, 0.02%, (0.02%), (0.06%), and (0.01%).

4 The ratio of expenses to average net assets for the period net of reduction from broker commission abatement arrangements was 0.38%.

See accompanying Notes, which are an integral part of the Financial Statements.

Notes to Financial Statements

Vanguard Energy Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund offers two classes of shares: Investor Shares and Admiral Shares. Each of the share classes has different eligibility and minimum purchase requirements, and is designed for different types of investors.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The fund consistently follows such policies in preparing its financial statements.

1. Security Valuation: Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the valuation designee to represent fair value and subject to oversight by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. Foreign Currency: Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the fund's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. Repurchase Agreements: The fund enters into repurchase agreements with institutional counterparties. Securities pledged as collateral to the fund under repurchase agreements are held by a custodian bank until the agreements mature, and in the absence of a default, such collateral cannot be repledged, resold, or rehypothecated. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. The fund further mitigates its counterparty risk by entering into repurchase agreements only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any repurchase agreements with that counterparty, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund. Such action may be subject to legal proceedings, which may delay or limit the disposition of collateral.

4. Federal Income Taxes: The fund intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.

5. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

6. Securities Lending: To earn additional income, the fund lends its securities to qualified institutional borrowers. Security loans are subject to termination by the fund at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The fund further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the fund may experience delays and costs in recovering the securities loaned. The fund invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the fund is entitled to all distributions made on or in respect of the loaned securities.

7. Credit Facilities and Interfund Lending Program: The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a $4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of Operations. Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended July 31, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

8. Other: Dividend income is recorded on the ex-dividend date. Non-cash dividends included in income, if any, are recorded at the fair value of the securities received. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

Taxes on foreign dividends and capital gains have been provided for in accordance with the fund's understanding of the applicable countries' tax rules and rates. Deferred foreign capital gains tax, if any, is accrued daily based upon net unrealized gains. The fund has filed tax reclaims for previously withheld taxes on dividends earned in certain European Union countries. These filings are subject to various administrative and judicial proceedings within these countries. Amounts related to these reclaims are recorded when there are no significant uncertainties as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment. Such tax reclaims and related professional fees, if any, are included in dividend income and other expenses, respectively.

Each class of shares has equal rights as to assets and earnings, except that each class separately bears certain class-specific expenses related to maintenance of shareholder accounts (included in Management and Administrative expenses) and shareholder reporting. Marketing and distribution expenses are allocated to each class of shares based on a method approved by the board of trustees. Income, other non-class-specific expenses, and gains and losses on investments are allocated to each class of shares based on its relative net assets.

B. Wellington Management Company LLP provides investment advisory services to the fund for a fee calculated at an annual percentage rate of average net assets. The basic fee is subject to quarterly adjustments based on the fund's performance relative to the MSCI ACWI Energy Index for periods prior to October 21, 2020, and to the current benchmark MSCI ACWI Energy + Utilities Index, beginning October 21, 2020, for the preceding three years. The benchmark change will be fully phased in by October 2023. For the six months ended July 31, 2023, the investment advisory fee paid represented an effective annual rate of 0.15% of the fund's average net assets, before a net increase of $1,284,000 (0.05%) based on performance.

C. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At July 31, 2023, the fund had contributed to Vanguard capital in the amount of $190,000, representing less than 0.01% of the fund's net assets and 0.08% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

D. Various inputs may be used to determine the value of the fund's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.
Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
Level 3—Significant unobservable inputs (including the fund's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Schedule of Investments.

The following table summarizes the market value of the fund's investments as of July 31, 2023, based on the inputs used to value them:

	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Total ($000)
Investments				
Assets				
Common Stocks—North and South America	3,488,766	—	—	3,488,766
Common Stocks—Other	488,849	1,815,468	—	2,304,317
Temporary Cash Investments	137	33,500	—	33,637
Total	3,977,752	1,848,968	—	5,826,720

E. As of July 31, 2023, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

	Amount ($000)
Tax Cost	4,416,290
Gross Unrealized Appreciation	1,513,459
Gross Unrealized Depreciation	(103,029)
Net Unrealized Appreciation (Depreciation)	1,410,430

The fund's tax-basis capital gains and losses are determined only at the end of each fiscal year. For tax purposes, at January 31, 2023, the fund had available capital losses totaling $426,695,000 that may be carried forward indefinitely to offset future net capital gains. The fund will use these capital losses to offset net taxable capital gains, if any, realized during the year ending January 31, 2024; should the fund realize net capital losses for the year, the losses will be added to the loss carryforward balance above.

F. During the six months ended July 31, 2023, the fund purchased $551,181,000 of investment securities and sold $934,469,000 of investment securities, other than temporary cash investments.

G. Capital share transactions for each class of shares were:

	Six Months Ended July 31, 2023		Year Ended January 31, 2023	
	Amount ($000)	Shares (000)	Amount ($000)	Shares (000)
Investor Shares				
Issued	81,963	1,796	545,067	12,243
Issued in Lieu of Cash Distributions	3,363	76	79,747	1,759
Redeemed	(244,054)	(5,368)	(643,214)	(14,541)
Net Increase (Decrease)—Investor Shares	(158,728)	(3,496)	(18,400)	(539)
Admiral Shares				
Issued	178,661	2,093	1,135,398	13,603
Issued in Lieu of Cash Distributions	7,517	91	166,639	1,960
Redeemed	(545,617)	(6,407)	(1,142,867)	(13,815)
Net Increase (Decrease)—Admiral Shares	(359,439)	(4,223)	159,170	1,748

H. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

I. Management has determined that no events or transactions occurred subsequent to July 31, 2023, that would require recognition or disclosure in these financial statements.

Trustees Approve Advisory Arrangement

The board of trustees of Vanguard Energy Fund has renewed the fund's investment advisory arrangement with Wellington Management Company LLP (Wellington Management). The board determined that renewing the fund's advisory arrangement was in the best interests of the fund and its shareholders.

The board based its decision upon an evaluation of the advisor's investment staff, portfolio management process, and performance. This evaluation included information provided to the board by Vanguard's Portfolio Review Department, which is responsible for fund and advisor oversight and product management. The Portfolio Review Department met regularly with the advisors and made presentations to the board during the fiscal year that directed the board's focus to relevant information and topics.

The board, or an investment committee made up of board members, also received information throughout the year during advisor presentations. For the advisor presentation, the board was provided with letters and reports that included information about, among other things, the advisory firm and the advisor's assessment of the investment environment, portfolio performance, and portfolio characteristics.

In addition, the board received periodic reports throughout the year, which included information about the fund's performance relative to its peers and benchmark, as applicable, and updates, as needed, on the Portfolio Review Department's ongoing assessment of the advisor.

Prior to their meeting, the trustees were provided with a memo and materials that summarized the information they received over the course of the year. They also considered the factors discussed below, among others. However, no single factor determined whether the board approved the arrangements. Rather, it was the totality of the circumstances that drove the board's decisions.

Nature, extent, and quality of services

The board reviewed the quality of the fund's investment management services over both the short and long term and took into account the organizational depth and stability of the advisor. The board considered that Wellington Management, founded in 1928, is among the nation's oldest and most respected institutional investment managers. The investment team uses a bottom-up approach in which stocks are selected based on the advisor's estimates of fundamental investment value. Fundamental research focuses on the quality of a company's assets, the company's internal reinvestment opportunities, and management quality. The firm has advised the fund since its inception in 1984.

The board concluded that the advisor's experience, stability, depth, and performance, among other factors, warranted the continuation of the advisory arrangement.

Investment performance

The board considered the short- and long-term performance of the fund, including any periods of outperformance or underperformance compared with a relevant benchmark index and peer group. The board concluded that the performance was such that the advisory arrangement should continue.

Cost

The board concluded that the fund's expense ratio was below the average expense ratio charged by funds in its peer group and that the fund's advisory expense rate was also below the peer-group average.

The board did not consider the profitability of Wellington Management in determining whether to approve the advisory fee because Wellington Management is independent of Vanguard and the advisory fee is the result of arm's-length negotiations.

The benefit of economies of scale

The board concluded that the fund's shareholders benefit from economies of scale because of breakpoints in the fund's advisory fee schedule for Wellington Management. The breakpoints reduce the effective rate of the fee as the fund's assets managed by Wellington Management increase.

The board will consider whether to renew the advisory arrangement again after a one-year period.

Liquidity Risk Management

Vanguard funds (except for the money market funds) have adopted and implemented a written liquidity risk management program (the "Program") as required by Rule 22e-4 under the Investment Company Act of 1940. Rule 22e-4 requires that each fund adopt a program that is reasonably designed to assess and manage the fund's liquidity risk, which is the risk that the fund could not meet redemption requests without significant dilution of remaining investors' interests in the fund.

Assessment and management of a fund's liquidity risk under the Program take into consideration certain factors, such as the fund's investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions, its short- and long-term cash-flow projections during both normal and reasonably foreseeable stressed conditions, and its cash and cash-equivalent holdings and access to other funding sources. As required by the rule, the Program includes policies and procedures for classification of fund portfolio holdings in four liquidity categories, maintaining certain levels of highly liquid investments, and limiting holdings of illiquid investments.

The board of trustees of Vanguard Specialized Funds approved the appointment of liquidity risk management program administrators responsible for administering Vanguard Energy Fund's Program and for carrying out the specific responsibilities set forth in the Program, including reporting to the board on at least an annual basis regarding the Program's operation, its adequacy, and the effectiveness of its implementation for the past year (the "Program Administrator Report"). The board has reviewed the Program Administrator Report covering the period from January 1, 2022, through December 31, 2022 (the "Review Period"). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the fund's liquidity risk.

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You can review information about your fund on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to publicinfo@sec.gov.

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