

**Annual Report** | August 31, 2020

# Vanguard U.S. Growth Fund

See the inside front cover for important information about access to your fund's annual and semiannual shareholder reports.

## Important information about access to shareholder reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of your fund’s annual and semiannual shareholder reports will no longer be sent to you by mail, unless you specifically request them. Instead, you will be notified by mail each time a report is posted on the website and will be provided with a link to access the report.

If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to [vanguard.com](https://vanguard.com).

You may elect to receive paper copies of all future shareholder reports free of charge. If you invest through a financial intermediary, you can contact the intermediary to request that you continue to receive paper copies. If you invest directly with the fund, you can call Vanguard at one of the phone numbers on the back cover of this report or log on to [vanguard.com](https://vanguard.com). Your election to receive paper copies will apply to all the funds you hold through an intermediary or directly with Vanguard.

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Please note: The opinions expressed in this report are just that—informed opinions. They should not be considered promises or advice. Also, please keep in mind that the information and opinions cover the period through the date on the front of this report. Of course, the risks of investing in your fund are spelled out in the prospectus.

## Your Fund's Performance at a Glance

- Vanguard U.S. Growth Fund returned 58.01% for Investor Shares and 58.17% for Admiral Shares for the 12 months ended August 31, 2020. The fund outperformed its benchmark, which returned 44.34%.
- Growth stocks outperformed value stocks and large-capitalization stocks outperformed mid- and small-cap stocks. The U.S. stock market rebounded more strongly than both developed markets outside the United States and emerging markets.
- Amid some easing in trade tensions and continuing accommodative monetary policies across much of the world, a number of stock market indexes climbed to record highs in February. Stocks plummeted worldwide during the early stages of the coronavirus in March, but the unprecedented scale of the response from policymakers, the start of trials for vaccines and treatments, and the easing of some pandemic-related restrictions helped lift investor sentiment.
- Ten of the fund's 11 industry sectors contributed positively to performance. Consumer discretionary and information technology stocks helped performance the most. Financials was the fund's only detractor.

### Market Barometer

|  | Average Annual Total Returns<br>Periods Ended August 31, 2020 |             |            |
|--|---|-------------|------------|
|  | One Year  | Three Years | Five Years |
| <b>Stocks</b>  |   |             |            |
| Russell 1000 Index (Large-caps)  | 22.50%  | 14.58%      | 14.31%     |
| Russell 2000 Index (Small-caps)  | 6.02  | 5.03        | 7.65       |
| Russell 3000 Index (Broad U.S. market)                                 | 21.44   | 13.95       | 13.86      |
| FTSE All-World ex US Index (International)                             | 8.78  | 2.92        | 6.00       |
| <b>Bonds</b>   |   |             |            |
| Bloomberg Barclays U.S. Aggregate Bond Index<br>(Broad taxable market) | 6.47%   | 5.09%       | 4.33%      |
| Bloomberg Barclays Municipal Bond Index<br>(Broad tax-exempt market)   | 3.24  | 4.09        | 3.99       |
| FTSE Three-Month U.S. Treasury Bill Index                              | 1.18  | 1.67        | 1.15       |
| <b>CPI</b>   |   |             |            |
| Consumer Price Index   | 1.31%   | 1.92%       | 1.75%      |

## Advisors' Report

For the 12 months ended August 31, 2020, Vanguard U.S. Growth Fund returned 58.01% for Investor Shares and 58.17% for Admiral Shares. It outperformed its benchmark, the Russell 1000 Growth Index, which returned 44.34%. Your fund is managed by five advisors. The use of multiple independent advisors enhances the fund's diversification by providing exposure to distinct yet complementary investment approaches. It is not uncommon for different advisors to have different views about individual securities or the broader investment environment.

The table on page 7 presents the advisors, the percentage and amount of fund assets that each manages, and brief descriptions of their investment strategies. Each advisor has also prepared a discussion of the investment environment during the fiscal year and of how the portfolio's positioning reflects this assessment. These reports were prepared on September 16, 2020.

### Jennison Associates LLC

Portfolio Managers:

Kathleen A. McCarragher, Managing Director

Blair A. Boyer, Managing Director

Markets were extremely volatile over the period because of the coronavirus pandemic and U.S.-China trade discord. Stocks peaked in February, then dropped dramatically as the COVID-19 outbreak spread around the globe, disrupting markets and life everywhere. Markets

rebounded rapidly in the period's final months, but the pandemic's economic damage continued.

In consumer discretionary, our portfolio benefited from our position in Tesla, which surged on growing demand, solid production, increased capacity, and strong execution. Amazon also aided performance as it continued to benefit from economies of scale and its platform-based business model.

In information technology, our portfolio benefited from the following holdings:

- Apple, which saw rapid growth in service subscriptions and favorable prospects for upcoming product cycles.
- Shopify, which benefited from its cloud-based infrastructure tools that increasingly address the growing demand for omni-channel e-commerce.
- NVIDIA, which took advantage of its graphics semiconductor expertise in key high-growth markets, including gaming, automotive, high-performance computing, and cloud and enterprise.

In communication services, our portfolio benefited from our position in Netflix, which enhanced its long-term competitive position with the industry's largest commitment to exclusive, original content. We also benefited from exposure to Facebook, which continues to attract advertisers.

Our health care positions advanced but lagged the benchmark in this sector. Medical device makers Boston Scientific

and Edwards Lifesciences performed weakly because of concerns that elective procedures could be postponed because of the pandemic. We eliminated the position in Edwards as a result.

In industrials, we eliminated our position in Boeing, as the 737 jet recertification process took longer than anticipated and COVID-19-restricted air travel compromised the financial health of airlines. We also closed positions in commercial aircraft manufacturers Airbus and Safran.

We believe our portfolio holds fundamentally strong companies with solid long-term growth prospects. Many holdings stand to benefit from the digital transformation of the global economy. This transformation is accelerating, as social distancing and shelter-in-place directives necessitated by the pandemic have underscored the value, utility, and resilience of e-commerce, digitally enabled payment, cloud computing, and streaming business models.

## **Wellington Management Company LLP**

Portfolio Manager:

Andrew J. Shilling, CFA, Senior  
Managing Director

Our investment approach is intended to produce a portfolio that seeks to outperform growth benchmarks and, in the longer term, the broader market. We employ proprietary fundamental research and a rigorous valuation discipline to invest

in large-capitalization companies that have attractive growth characteristics. Because we believe that investors often underestimate the potential for growth, our approach identifies companies with a clear competitive advantage that will enable them to sustain above-average growth over the long term.

For the 12-month period ended August 31, 2020, U.S. equities, as measured by the Standard & Poor's 500 Index, gained 21.94%. Growth stocks outperformed value stocks and large-capitalization companies outpaced their smaller-cap counterparts.

Notable contributors to performance included DocuSign, an electronic signature solutions company, and Advanced Micro Devices, a graphics chip provider. Boeing, the multinational aerospace company, was another notable contributor. We eliminated our position in January in favor of other investments.

Detractors included not owning Tesla, a manufacturer of fully electric vehicles and energy storage systems; an underweight allocation to Apple, a leader in mobile devices and digital content distribution; and an overweight position in FleetCor Technologies, a provider of fuel cards and payment services to commercial truck fleets.

Our portfolio's biggest sector overweights were in information technology, industrials, and financials. Our largest underweights were in health care, consumer discretionary, and communication services.

We remain true to our process, seeking to invest in companies with competitive advantages, strong balance sheets, experienced and proven management, and the ability to sustain above-average growth.

### **Baillie Gifford Overseas Ltd.**

Portfolio Managers:

Tom Slater, Investment Manager, Partner

Gary Robinson, Investment Manager, Partner

The 12 months under review saw the greatest economic and social adjustments that most of us have seen in our lifetimes. COVID-19 has forced governments to shut down large parts of their economies and restrict the movement of whole populations, and launch huge stimulus packages in response to the economic fallout.

Stock markets have responded to the acceleration of trends that had been under way before the pandemic. These include the shift to online and the reimagining of enterprise in the cloud.

Several of the portfolio's online retailers, such as e-commerce platforms Amazon and Shopify and the home furnishings retailer Wayfair, were significant contributors to performance amid unprecedented demand for their services. But the single largest contributor was Tesla. Tesla's operations proved to be more robust than many

expected. With its cars rolling off production lines in volume, this company is beginning to manufacture its peerless electric vehicles at scale. It was alone among global carmakers in increasing sales after COVID-19 emerged.

Not all holdings fared so well. Two innovative medical equipment manufacturers, Novocure and Glaukos, faced temporary sales disruption, which weighed on their share prices.

The pandemic has made us question long-standing traditions and has accelerated the adoption of new service and business models. There are many reasons to be optimistic about truly disruptive growth companies and few of the reasons have much to do with valuation or viruses. We enter the next 12 months with a robust pipeline of investment ideas, and we are excited to find out which of these will earn a place in the portfolio.

### **Vanguard Quantitative Equity Group**

Portfolio Managers:

James P. Stetler

Binbin Guo, Principal, Head of Alpha Equity Investments

Amid some easing in trade tensions and continuing accommodative monetary policies across much of the world, a number of stock market indexes climbed to record highs in February. Then, as the

coronavirus began to spread outside of China, lockdowns, the shuttering of nonessential businesses, and travel restrictions in many countries led to a swift, sharp downturn in global economic activity, especially in the services sector, and a spike in unemployment.

Initially, stocks plummeted worldwide, but the unprecedented scale of the response from policymakers, the start of trials for COVID-19 vaccines and treatments, and the easing of some pandemic-related restrictions helped lift investor sentiment. The U.S. stock market rebounded more strongly than both developed markets outside the United States and emerging markets. Large-capitalization stocks outperformed their mid- and small-cap counterparts, and growth outpaced value.

Although it's important to understand how overall performance is affected by such macro factors, our approach to investing focuses on specific fundamentals, not technical analysis of stock price movements. We believe that attractive stocks exhibit five key characteristics: high quality—healthy balance sheets and steady cash-flow generation; effective management decisions—sound investment policies that favor internal over external funding; consistent earnings growth—ability to grow earnings year after year; strong market sentiment—market confirmation of our view; and reasonable valuation—shares that are not overpriced.

Using these five themes, we generate a daily composite stock ranking. We then monitor our portfolio based on those rankings and adjust when appropriate to maximize expected returns while minimizing exposure to risks that our research indicates don't improve returns (such as industry selection and other risks relative to our benchmark).

Over the 12-month period ended August 31, 2020, our quality and sentiment models contributed to our relative performance while our valuation, management decisions, and growth models detracted.

Our strongest sector results were in information technology, primarily because of strong stock selection in IT services companies. Our portfolio also benefited from our positions in energy and materials; the latter was helped by our underweight to construction services companies. Stock selection in consumer discretionary, financials, and industrials detracted the most.

At the stock level, top contributors included overweight positions in IT companies—Advanced Micro Devices, Square, and Fortinet—as well as an overweight to Bristol-Myers Squibb in the health care sector. An underweight to NVIDIA in the information technology sector was the biggest detractor. Overweights to industrial companies SpiritAero Systems and Delta Air Lines and to consumer discretionary companies Norwegian Cruise Line and H&R Block also detracted.

## Jackson Square Partners, LLC

### Portfolio Managers:

Jeffrey S. Van Harte, CFA,  
Chairman and Chief Investment Officer

Christopher J. Bonavico, CFA,  
Equity Analyst

Christopher M. Ericksen, CFA,  
Equity Analyst

Daniel J. Prislin, CFA,  
Equity Analyst

The global pandemic and the significant market volatility that came with it dominated headlines throughout much of the period. We took advantage of the sharp COVID-19-related sell-off to purchase a handful of companies that we had admired but that had previously not fit our valuation discipline. We believe all these companies possess exceptional competitive moats across a wide range of industries.

Performance was driven by our stock selection. Our largest relative contributor to performance during the period was a cloud communications platform, Twilio. We believe that instant digital communication

with customers and employees across any medium in any geography is a hugely complex problem that businesses increasingly need to solve. As the leading communications-as-a-service platform, Twilio is well positioned to be the primary beneficiary of that trend. The addressable market is worth tens of billions of procurement dollars and is essentially untapped by Twilio's still negligible penetration. We believe that penetration will expand meaningfully and drive consistently high revenue growth for many years.

Constellation Brands, which produces and markets beer, wine, and spirits, was a detractor during the period. Investors became concerned about the company's debt profile on its balance sheet as well as several unexpected anti-business initiatives from the Mexican government that hurt Constellation. We sold our position in favor of more attractive opportunities.

We remain committed to our long-held investment philosophy to own what we view as strong secular-growth companies with solid business models that have the potential to deliver shareholder value in a variety of market environments.

## Vanguard U.S. Growth Fund Investment Advisors

| Investment Advisor                 | Fund Assets Managed |            | Investment Strategy   |
|------------------------------------|---------------------|------------|---|
|                                    | %                   | \$ Million |   |
| Jennison Associates LLC            | 27                  | 10,969     | Uses a research-driven, fundamental investment approach that relies on in-depth company knowledge gleaned through meetings with management, customers, and suppliers.   |
| Wellington Management Company LLP  | 26                  | 10,318     | Employs proprietary fundamental research and a rigorous valuation discipline in an effort to invest in high-quality, large-cap, sustainable-growth companies. The investment approach is based on the belief that stock prices often overreact to short-term trends and that bottom-up, intensive research focused on longer-term fundamentals can be used to identify stocks that will outperform the market over time.  |
| Baillie Gifford Overseas Ltd.      | 18                  | 7,409      | Uses an active, bottom-up approach to identify exceptional growth companies and own them for long periods. Such companies have special cultures, address large market opportunities, and enjoy sustainable competitive advantages. This approach is based on the belief that these factors drive long-term returns, and a long investment horizon enables the inherent asymmetry of equity market returns to be captured. |
| Vanguard Quantitative Equity Group | 14                  | 5,461      | Employs a quantitative fundamental management approach, using models that assess valuation, market sentiment, earnings quality and growth, and management decisions of companies versus their peers.  |
| Jackson Square Partners, LLC       | 13                  | 5,346      | Uses a bottom-up approach, seeking companies that have large end-market potential, dominant business models, and strong free cash flow generation that is attractively priced compared with the intrinsic value of the securities.  |
| Cash Investments                   | 2                   | 767        | These short-term reserves are invested by Vanguard in equity index products to simulate investment in stocks. Each advisor may also maintain a modest cash position.  |

# 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 August 31, 2020

| U.S. Growth Fund                              | Beginning<br>Account Value<br>2/29/2020 | Ending<br>Account Value<br>8/31/2020 | Expenses<br>Paid During<br>Period |
|---|---|--------------------------------------|-----------------------------------|
| <b>Based on Actual Fund Return</b>            |   |                                      |                                   |
| Investor Shares                               | \$1,000.00                              | \$1,471.64                           | \$2.42                            |
| Admiral™ Shares                               | 1,000.00                                | 1,472.41                             | 1.80                              |
| <b>Based on Hypothetical 5% Yearly Return</b> |   |                                      |                                   |
| Investor Shares                               | \$1,000.00                              | \$1,023.18                           | \$1.98                            |
| Admiral Shares                                | 1,000.00                                | 1,023.68                             | 1.48                              |

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 0.39% for Investor Shares and 0.29% 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 (184/366).

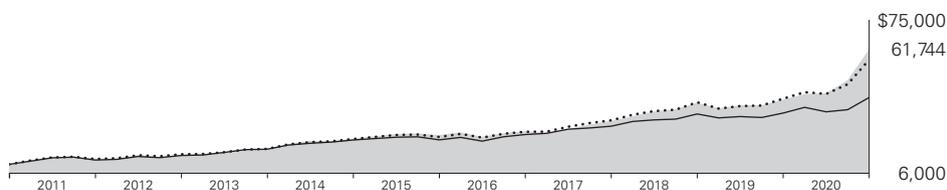
# U.S. Growth Fund

## Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance).) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

### Cumulative Performance: August 31, 2010, Through August 31, 2020

Initial Investment of \$10,000



#### Average Annual Total Returns Periods Ended August 31, 2020

|   | One<br>Year | Five<br>Years | Ten<br>Years | Final Value<br>of a \$10,000<br>Investment |
|---|-------------|---------------|--------------|--|
| U.S. Growth Fund Investor Shares                          | 58.01%      | 21.67%        | 19.97%       | \$61,744                                   |
| Russell 1000 Growth Index                                 | 44.34       | 20.66         | 19.02        | 57,034                                     |
| Dow Jones U.S. Total Stock Market<br>Float Adjusted Index | 21.20       | 13.77         | 14.88        | 40,053                                     |

|   | One<br>Year | Five<br>Years | Ten<br>Years | Final Value<br>of a \$50,000<br>Investment |
|---|-------------|---------------|--------------|--|
| U.S. Growth Fund Admiral Shares                           | 58.17%      | 21.81%        | 20.12%       | \$312,799                                  |
| Russell 1000 Growth Index                                 | 44.34       | 20.66         | 19.02        | 285,172                                    |
| Dow Jones U.S. Total Stock Market Float<br>Adjusted Index | 21.20       | 13.77         | 14.88        | 200,263                                    |

See Financial Highlights for dividend and capital gains information.

## Fund Allocation

As of August 31, 2020

|                        |       |
|------------------------|-------|
| Communication Services | 12.0% |
| Consumer Discretionary | 21.8  |
| Consumer Staples       | 1.5   |
| Financials             | 3.8   |
| Health Care            | 10.0  |
| Industrials            | 5.1   |
| Information Technology | 44.0  |
| Materials              | 0.6   |
| Other                  | 0.0   |
| Real Estate            | 1.1   |
| Utilities              | 0.1   |

The table reflects the fund's investments, except for short-term investments and derivatives. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.



U.S. Growth Fund

|                                     | Shares    | Market Value*<br>(\$000) |   | Shares     | Market Value*<br>(\$000) |
|-------------------------------------|-----------|--------------------------|---|------------|--------------------------|
| <b>Financials (3.5%)</b>            |           |                          |   |            |                          |
| S&P Global Inc.                     | 634,996   | 232,675                  | * Glaukos Corp.                                 | 1,208,555  | 57,805                   |
| MarketAxess Holdings Inc.           | 364,687   | 177,216                  | * Denali Therapeutics Inc.                      | 1,735,333  | 55,357                   |
| Progressive Corp.                   | 1,823,782 | 173,332                  | * Biogen Inc.                                   | 181,472    | 52,199                   |
| KKR & Co. Inc.                      | 4,629,398 | 165,825                  | * Seattle Genetics Inc.                         | 295,504    | 46,790                   |
| First Republic Bank                 | 1,041,848 | 117,635                  | AbbVie Inc.                                     | 466,914    | 44,716                   |
| American Express Co.                | 973,068   | 98,854                   | Johnson & Johnson                               | 277,791    | 42,616                   |
| Goldman Sachs Group Inc.            | 469,586   | 96,204                   | * Veeva Systems Inc.                            |            |                          |
| Marsh & McLennan Cos. Inc.          | 641,211   | 73,682                   | Class A   | 114,670    | 32,368                   |
| * Markel Corp.                      | 62,216    | 67,618                   | Cigna Corp.                                     | 179,222    | 31,789                   |
| *^ Lemonade Inc.                    | 941,310   | 55,255                   | Humana Inc.                                     | 75,755     | 31,451                   |
| Blackstone Group LP Class A         | 950,138   | 50,310                   | HCA Healthcare Inc.                             | 226,521    | 30,743                   |
| Interactive Brokers Group Inc.      | 925,104   | 49,049                   | * PRA Health Sciences Inc.                      | 218,981    | 23,411                   |
| LPL Financial Holdings Inc.         | 211,836   | 17,405                   | * DexCom Inc.                                   | 52,018     | 22,129                   |
| Lazard Ltd. Class A                 | 316,079   | 10,010                   | McKesson Corp.                                  | 141,229    | 21,670                   |
| Synchrony Financial                 | 310,554   | 7,705                    | AmerisourceBergen Corp. Class A                 | 222,868    | 21,625                   |
| Virtu Financial Inc. Class A        | 205,897   | 5,318                    | * Charles River Laboratories International Inc. | 94,728     | 20,741                   |
| Cboe Global Markets Inc.            | 43,929    | 4,032                    | * Henry Schein Inc.                             | 278,428    | 18,499                   |
| Intercontinental Exchange Inc.      | 30,470    | 3,237                    | Amgen Inc.                                      | 70,662     | 17,900                   |
| Ameriprise Financial Inc.           | 5,252     | 824                      | * DaVita Inc.                                   | 153,435    | 13,312                   |
|                                     |           | <b>1,406,186</b>         | Cardinal Health Inc.                            | 196,697    | 9,984                    |
|                                     |           |                          | * Quidel Corp.                                  | 43,459     | 7,647                    |
|                                     |           |                          | * Avantor Inc.                                  | 304,772    | 6,879                    |
|                                     |           |                          | Brucker Corp.                                   | 144,057    | 6,053                    |
|                                     |           |                          | * Align Technology Inc.                         | 19,352     | 5,747                    |
|                                     |           |                          | Abbott Laboratories                             | 44,954     | 4,921                    |
|                                     |           |                          | West Pharmaceutical Services Inc.               | 16,426     | 4,664                    |
|                                     |           |                          | * Incyte Corp.                                  | 31,042     | 2,991                    |
|                                     |           |                          | PerkinElmer Inc.                                | 22,881     | 2,694                    |
|                                     |           |                          | Becton Dickinson and Co.                        | 7,983      | 1,938                    |
|                                     |           |                          |   |            | <b>3,841,759</b>         |
| <b>Health Care (9.5%)</b>           |           |                          |   |            |                          |
| * Illumina Inc.                     | 1,054,195 | 376,580                  | <b>Industrials (4.8%)</b>                       |            |                          |
| * Intuitive Surgical Inc.           | 376,068   | 274,846                  | * Uber Technologies Inc.                        | 12,281,627 | 413,031                  |
| * ABIOMED Inc.                      | 890,289   | 273,871                  | Waste Management Inc.                           | 1,483,001  | 169,062                  |
| * IQVIA Holdings Inc.               | 1,396,751 | 228,718                  | TransUnion                                      | 1,796,960  | 155,832                  |
| UnitedHealth Group Inc.             | 671,671   | 209,931                  | IHS Markit Ltd.                                 | 1,667,295  | 133,250                  |
| AstraZeneca plc ADR                 | 3,172,440 | 177,657                  | * CoStar Group Inc.                             | 147,876    | 125,488                  |
| * Edwards Lifesciences Corp.        | 1,838,540 | 157,820                  | Lockheed Martin Corp.                           | 285,784    | 111,530                  |
| Thermo Fisher Scientific Inc.       | 337,114   | 144,615                  | Equifax Inc.                                    | 648,486    | 109,121                  |
| Danaher Corp.                       | 699,575   | 144,441                  | Northrop Grumman Corp.                          | 317,848    | 108,898                  |
| * Teladoc Health Inc.               | 648,979   | 139,978                  | * Copart Inc.                                   | 1,046,876  | 108,163                  |
| * Vertex Pharmaceuticals Inc.       | 485,601   | 135,541                  | Watsco Inc.                                     | 441,208    | 108,092                  |
| Zoetis Inc.                         | 823,108   | 131,780                  | Canadian National Railway Co.                   | 788,182    | 82,428                   |
| Boston Scientific Corp.             | 2,960,659 | 121,446                  | JB Hunt Transport Services Inc.                 | 339,978    | 47,780                   |
| * Penumbra Inc.                     | 552,490   | 115,553                  | HEICO Corp. Class A                             | 491,360    | 43,918                   |
| * Mettler-Toledo International Inc. | 103,356   | 100,336                  | United Parcel Service Inc. Class B              | 247,777    | 40,541                   |
| * Novocure Ltd.                     | 1,183,144 | 97,905                   | Rockwell Automation Inc.                        | 106,981    | 24,662                   |
| * Alnylam Pharmaceuticals Inc.      | 656,115   | 87,027                   | IDEX Corp.                                      | 128,986    | 23,247                   |
| Merck & Co. Inc.                    | 1,005,853 | 85,769                   | Landstar System Inc.                            | 143,894    | 19,151                   |
| * Moderna Inc.                      | 1,091,784 | 70,846                   |   |            |                          |
| Eli Lilly and Co.                   | 442,297   | 65,633                   |   |            |                          |
| * Sarepta Therapeutics Inc.         | 429,088   | 62,827                   |   |            |                          |

U.S. Growth Fund

|                                       | Shares     | Market Value*<br>(\$000) |                               | Shares    | Market Value*<br>(\$000) |
|---------------------------------------|------------|--------------------------|-------------------------------|-----------|--------------------------|
| * Lyft Inc. Class A                   | 564,278    | 16,742                   | * DocuSign Inc. Class A       | 521,186   | 116,224                  |
| Nielsen Holdings plc                  | 1,067,597  | 16,313                   | * Wix.com Ltd.                | 389,917   | 114,881                  |
| Illinois Tool Works Inc.              | 65,385     | 12,917                   | RingCentral Inc. Class A      | 364,370   | 105,948                  |
| Expeditors International              |            |                          | Crowdstrike Holdings Inc.     |           |                          |
| of Washington Inc.                    | 134,083    | 11,852                   | Class A                       | 828,990   | 104,229                  |
| WW Grainger Inc.                      | 31,729     | 11,595                   | CDW Corp.                     | 861,255   | 97,882                   |
| CoreLogic Inc.                        | 159,093    | 10,564                   | * Tyler Technologies Inc.     | 187,563   | 64,767                   |
| Allison Transmission                  |            |                          | * Cloudflare Inc. Class A     | 1,643,811 | 62,892                   |
| Holdings Inc.                         | 225,525    | 8,090                    | * Datadog Inc. Class A        | 721,575   | 60,288                   |
| Armstrong World                       |            |                          | Accenture plc Class A         | 246,436   | 59,127                   |
| Industries Inc.                       | 100,970    | 7,446                    | Oracle Corp.                  | 977,651   | 55,941                   |
| Fastenal Co.                          | 55,060     | 2,690                    | *^ Apian Corp. Class A        | 858,444   | 52,571                   |
| * Generac Holdings Inc.               | 14,013     | 2,662                    | Texas Instruments Inc.        | 363,784   | 51,712                   |
| Hubbell Inc. Class B                  | 17,254     | 2,500                    | QUALCOMM Inc.                 | 398,510   | 47,463                   |
| KAR Auction Services Inc.             | 137,710    | 2,388                    | * Yext Inc.                   | 2,268,597 | 45,054                   |
|                                       |            | <b>1,929,953</b>         | * Cadence Design              |           |                          |
| <b>Information Technology (43.4%)</b> |            |                          | Systems Inc.                  | 359,800   | 39,905                   |
| Microsoft Corp.                       | 11,052,827 | 2,492,744                | * Synopsys Inc.               | 175,900   | 38,927                   |
| Apple Inc.                            | 18,292,572 | 2,360,474                | Booz Allen Hamilton           |           |                          |
| Mastercard Inc. Class A               | 3,260,174  | 1,167,762                | Holding Corp. Class A         | 367,692   | 32,379                   |
| * Shopify Inc. Class A                | 975,961    | 1,040,784                | * Fortinet Inc.               | 233,684   | 30,847                   |
| Visa Inc. Class A                     | 4,276,842  | 906,648                  | * Manhattan Associates Inc.   | 313,387   | 30,477                   |
| * Adobe Inc.                          | 1,614,133  | 828,680                  | Teradyne Inc.                 | 347,868   | 29,558                   |
| * PayPal Holdings Inc.                | 3,878,829  | 791,824                  | Lam Research Corp.            | 82,908    | 27,885                   |
| * salesforce.com Inc.                 | 2,874,808  | 783,816                  | Monolithic Power              |           |                          |
| NVIDIA Corp.                          | 1,320,827  | 706,616                  | Systems Inc.                  | 96,915    | 25,889                   |
| * ServiceNow Inc.                     | 1,350,946  | 651,183                  | * Ceridian HCM Holding Inc.   | 303,641   | 24,146                   |
| * Workday Inc. Class A                | 2,054,464  | 492,476                  | Jabil Inc.                    | 524,083   | 17,897                   |
| * Coupa Software Inc.                 | 1,300,663  | 426,279                  | * GoDaddy Inc. Class A        | 203,862   | 17,059                   |
| * Trade Desk Inc. Class A             | 776,203    | 373,587                  | HP Inc.                       | 732,129   | 14,313                   |
| * Twilio Inc. Class A                 | 1,285,462  | 346,766                  | * Dell Technologies Inc.      | 201,128   | 13,291                   |
| * Autodesk Inc.                       | 1,410,550  | 346,572                  | * Teradata Corp.              | 538,096   | 13,103                   |
| * Advanced Micro Devices              |            |                          | * Fair Isaac Corp.            | 27,044    | 11,380                   |
| Inc.                                  | 3,341,121  | 303,441                  | Citrix Systems Inc.           | 68,961    | 10,013                   |
| * Zoom Video                          |            |                          | Broadcom Inc.                 | 27,225    | 9,451                    |
| Communications Inc.                   |            |                          | * Dropbox Inc. Class A        | 308,238   | 6,525                    |
| Class A                               | 741,620    | 241,101                  | NortonLifeLock Inc.           | 225,814   | 5,311                    |
| <sup>1</sup> Adyen NV                 | 132,144    | 222,751                  | * SolarEdge Technologies Inc. | 18,575    | 4,108                    |
| * Square Inc.                         | 1,200,770  | 191,595                  | Intuit Inc.                   | 7,914     | 2,733                    |
| * Paycom Software Inc.                | 590,158    | 176,729                  |                               |           | <b>17,493,419</b>        |
| * FleetCor Technologies Inc.          | 700,235    | 176,074                  | <b>Materials (0.5%)</b>       |           |                          |
| SS&C Technologies                     |            |                          | Ball Corp.                    | 1,793,671 | 144,157                  |
| Holdings Inc.                         | 2,616,573  | 166,728                  | * Element Solutions Inc.      | 1,967,114 | 21,147                   |
| * Slack Technologies Inc.             |            |                          | Scotts Miracle-Gro Co.        | 94,590    | 15,941                   |
| Class A                               | 4,852,648  | 159,361                  | * Crown Holdings Inc.         | 33,438    | 2,570                    |
| Fidelity National                     |            |                          | Sealed Air Corp.              | 56,882    | 2,235                    |
| Information Services                  |            |                          |                               |           | <b>186,050</b>           |
| Inc.                                  | 1,054,151  | 159,019                  | <b>Other (0.0%)</b>           |           |                          |
| Microchip Technology                  |            |                          | *.5,2 The We Company          |           |                          |
| Inc.                                  | 1,309,484  | 143,650                  | Class A PP                    | 19,046    | 96                       |
| * Atlassian Corp. plc                 |            |                          | <b>Real Estate (1.0%)</b>     |           |                          |
| Class A                               | 703,980    | 134,995                  | * Redfin Corp.                | 2,750,655 | 130,849                  |
| Global Payments Inc.                  | 730,877    | 129,088                  | American Tower Corp.          | 470,185   | 117,146                  |
| * Splunk Inc.                         | 585,877    | 128,500                  |                               |           |                          |

## U.S. Growth Fund

|  | Shares     | Market Value*<br>(\$000) |   | Face Amount<br>(\$000) | Market Value*<br>(\$000) |
|--|------------|--------------------------|---|------------------------|--------------------------|
| Equinix Inc.   | 120,411    | 95,098                   | 6 |                        |                          |
| Iron Mountain Inc.   | 925,257    | 27,841                   |   |                        |                          |
| American Homes 4 Rent Class A  | 632,747    | 18,122                   | 6 | 23,500                 | 23,498                   |
| SBA Communications Corp. Class A   | 17,763     | 5,437                    |   | 2,590                  | 2,589                    |
|  |            | <b>394,493</b>           | 6 |                        |                          |
| <b>Utilities (0.0%)</b>  |            |                          |   |                        |                          |
| NRG Energy Inc.  | 115,956    | 3,990                    |   | 13,300                 | 13,296                   |
| <b>Total Common Stocks (Cost \$17,748,805)</b>   |            | <b>39,197,109</b>        | 6 | 7,200                  | 7,197                    |
| <b>Preferred Stocks (0.0%)</b>   |            |                          |   |                        | <b>56,290</b>            |
| *.5.2.3 Airbnb Inc., 8.000%  | 128,123    | 9,718                    |   |                        |                          |
| *.5.2.3 The We Company Pfd. D1 PP  | 260,418    | 2,039                    |   |                        |                          |
| *.5.2.3 The We Company Pfd. D2 PP  | 204,614    | 1,602                    |   |                        |                          |
| <b>Total Preferred Stocks (Cost \$19,671)</b>  |            | <b>13,359</b>            |   |                        |                          |
| <b>Temporary Cash Investments (2.8%)</b>   |            |                          |   |                        |                          |
| <b>Money Market Fund (2.6%)</b>  |            |                          |   |                        |                          |
| <sup>4,5</sup> Vanguard Market Liquidity Fund, 0.147%  | 10,242,475 | 1,024,247                |   |                        |                          |
|  |            |                          |   | Face Amount (\$000)    |                          |
| <b>Repurchase Agreement (0.1%)</b>   |            |                          |   |                        |                          |
| Bank of America Securities, LLC 0.090%, 9/1/20 (Dated 8/31/20, Repurchase Value \$42,800,000, collateralized by Government National Mortgage Assn. 3.000%, 11/20/49, with a value of \$43,656,000) | 42,800     | 42,800                   |   |                        |                          |
| <b>U.S. Government and Agency Obligations (0.1%)</b>   |            |                          |   |                        |                          |
| <sup>6</sup> United States Cash Management Bill, 0.210%, 9/15/20   | 5,000      | 5,000                    |   |                        |                          |
| <sup>6</sup> United States Cash Management Bill, 0.116%, 9/29/20   | 4,710      | 4,710                    |   |                        |                          |
| <b>Total Temporary Cash Investments (Cost \$1,123,140)</b>   |            |                          |   |                        | <b>1,123,337</b>         |
| <b>Total Investments (100.2%) (Cost \$18,891,616)</b>  |            |                          |   |                        | <b>40,333,805</b>        |
| <b>Other Assets and Liabilities—Net (-0.2%) (63,633)</b>   |            |                          |   |                        |                          |
| <b>Net Assets (100%)</b>   |            |                          |   |                        | <b>40,270,172</b>        |

Cost is in \$000.

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

<sup>A</sup> Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$100,381,000.

<sup>§</sup> Security value determined using significant unobservable inputs.

<sup>1</sup> Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At August 31, 2020, the value of this security represented 0.6% of net assets.

<sup>2</sup> Restricted securities totaling \$13,455,000, representing 0.0% of net assets. See Restricted Securities table for additional information.

<sup>3</sup> Perpetual security with no stated maturity date.

<sup>4</sup> Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

<sup>5</sup> Collateral of \$101,840,000 was received for securities on loan.

<sup>6</sup> Securities with a value of \$55,520,000 have been segregated as initial margin for open futures contracts.

ADR—American Depositary Receipt.

PP—Private Placement.

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**Restricted Securities as of Period End**


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| Security Name             | Acquisition<br>Date | Acquisition<br>Cost<br>(\$000) |
|---------------------------|---------------------|--------------------------------|
| The We Company Pfd. D1 PP | December 2014       | 4,336                          |
| The We Company Pfd. D2 PP | December 2014       | 3,407                          |
| The We Company Class A PP | December 2014       | 317                            |
| Airbnb Inc.               | June 2015           | 11,928                         |

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**Derivative Financial Instruments Outstanding as of Period End**


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**Futures Contracts**


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|                               |                |  | (\$000)            |   |
|-------------------------------|----------------|--|--------------------|---|
|                               | Expiration     | Number of<br>Long (Short)<br>Contracts | Notional<br>Amount | Value and<br>Unrealized<br>Appreciation<br>(Depreciation) |
| <b>Long Futures Contracts</b> |                |  |                    |   |
| E-mini S&P 500 Index          | September 2020 | 4,156                                  | 727,071            | 42,916  |
| E-mini S&P Mid-Cap 400 Index  | September 2020 | 262                                    | 50,456             | 4,509   |
|                               |                |  |                    | <u>47,425</u>   |

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

# Statement of Assets and Liabilities

As of August 31, 2020

| (\$000s, except shares and per-share amounts) | Amount            |
|---|-------------------|
| <b>Assets</b>                                 |                   |
| Investments in Securities, at Value           |                   |
| Unaffiliated Issuers (Cost \$17,867,562)      | 39,309,558        |
| Affiliated Issuers (Cost \$1,024,054)         | 1,024,247         |
| Total Investments in Securities               | 40,333,805        |
| Investment in Vanguard                        | 1,530             |
| Cash Collateral Pledged—Futures Contracts     | 61                |
| Receivables for Investment Securities Sold    | 91,890            |
| Receivables for Accrued Income                | 17,815            |
| Receivables for Capital Shares Issued         | 60,467            |
| Variation Margin Receivable—Futures Contracts | 74                |
| <b>Total Assets</b>                           | <b>40,505,642</b> |
| <b>Liabilities</b>                            |                   |
| Due to Custodian                              | 123               |
| Payables for Investment Securities Purchased  | 29,537            |
| Collateral for Securities on Loan             | 101,840           |
| Payables to Investment Advisor                | 13,276            |
| Payables for Capital Shares Redeemed          | 85,882            |
| Payables to Vanguard                          | 3,015             |
| Variation Margin Payable—Futures Contracts    | 1,797             |
| <b>Total Liabilities</b>                      | <b>235,470</b>    |
| <b>Net Assets</b>                             | <b>40,270,172</b> |

At August 31, 2020, net assets consisted of:

|                                     |                   |
|-------------------------------------|-------------------|
| Paid-in Capital                     | 17,577,126        |
| Total Distributable Earnings (Loss) | 22,693,046        |
| <b>Net Assets</b>                   | <b>40,270,172</b> |

**Investor Shares—Net Assets**

|  |                |
|--|----------------|
| Applicable to 199,244,583 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 12,409,800     |
| <b>Net Asset Value Per Share—Investor Shares</b>   | <b>\$62.28</b> |

**Admiral Shares—Net Assets**

|  |                 |
|--|-----------------|
| Applicable to 172,594,437 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 27,860,372      |
| <b>Net Asset Value Per Share—Admiral Shares</b>  | <b>\$161.42</b> |

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

# Statement of Operations

Year Ended  
August 31, 2020  
(\$000)

|  |                   |
|--|-------------------|
| <b>Investment Income</b>   |                   |
| <b>Income</b>  |                   |
| Dividends—Unaffiliated Issuers <sup>1</sup>                            | 165,954           |
| Dividends—Affiliated Issuers   | 371               |
| Interest—Unaffiliated Issuers  | 967               |
| Interest—Affiliated Issuers  | 8,734             |
| Securities Lending—Net   | 4,954             |
| <b>Total Income</b>  | <b>180,980</b>    |
| <b>Expenses</b>  |                   |
| Investment Advisory Fees—Note B  |                   |
| Basic Fee  | 39,631            |
| Performance Adjustment   | 6,030             |
| The Vanguard Group—Note C  |                   |
| Management and Administrative—Investor Shares                          | 20,412            |
| Management and Administrative—Admiral Shares                           | 22,967            |
| Marketing and Distribution—Investor Shares                             | 723               |
| Marketing and Distribution—Admiral Shares                              | 855               |
| Custodian Fees   | 211               |
| Auditing Fees  | 36                |
| Shareholders' Reports—Investor Shares                                  | 200               |
| Shareholders' Reports—Admiral Shares                                   | 116               |
| Trustees' Fees and Expenses  | 46                |
| <b>Total Expenses</b>  | <b>91,227</b>     |
| Expenses Paid Indirectly   | (494)             |
| <b>Net Expenses</b>  | <b>90,733</b>     |
| <b>Net Investment Income</b>   | <b>90,247</b>     |
| <b>Realized Net Gain (Loss)</b>  |                   |
| Investment Securities Sold—Unaffiliated Issuers                        | 1,342,892         |
| Investment Securities Sold—Affiliated Issuers                          | 15,064            |
| Futures Contracts  | 69,852            |
| Foreign Currencies   | (423)             |
| <b>Realized Net Gain (Loss)</b>  | <b>1,427,385</b>  |
| <b>Change in Unrealized Appreciation (Depreciation)</b>                |                   |
| Investment Securities Sold—Unaffiliated Issuers                        | 12,975,849        |
| Investment Securities Sold—Affiliated Issuers                          | (5,467)           |
| Futures Contracts  | 45,349            |
| Foreign Currencies   | 82                |
| <b>Change in Unrealized Appreciation (Depreciation)</b>                | <b>13,015,813</b> |
| <b>Net Increase (Decrease) in Net Assets Resulting from Operations</b> | <b>14,533,445</b> |

<sup>1</sup> Dividends are net of foreign withholding taxes of \$444,000.

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

## Statement of Changes in Net Assets

|   | Year Ended August 31, |                 |
|---|-----------------------|-----------------|
|   | 2020<br>(\$000)       | 2019<br>(\$000) |
| <b>Increase (Decrease) in Net Assets</b>                        |                       |                 |
| <b>Operations</b>   |                       |                 |
| Net Investment Income   | 90,247                | 84,993          |
| Realized Net Gain (Loss)  | 1,427,385             | 1,097,123       |
| Change in Unrealized Appreciation (Depreciation)                | 13,015,813            | (357,242)       |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 14,533,445            | 824,874         |
| <b>Distributions<sup>1</sup></b>                                |                       |                 |
| Investor Shares   | (357,080)             | (342,379)       |
| Admiral Shares  | (704,493)             | (477,858)       |
| Total Distributions   | (1,061,573)           | (820,237)       |
| <b>Capital Share Transactions</b>                               |                       |                 |
| Investor Shares   | (747,873)             | 4,292,730       |
| Admiral Shares  | 1,666,649             | 10,751,352      |
| Net Increase (Decrease) from Capital Share Transactions         | 918,776               | 15,044,082      |
| Total Increase (Decrease)                                       | 14,390,648            | 15,048,719      |
| <b>Net Assets</b>   |                       |                 |
| Beginning of Period   | 25,879,524            | 10,830,805      |
| End of Period   | 40,270,172            | 25,879,524      |

<sup>1</sup> Certain prior period numbers have been reclassified to conform with current period presentation.

# Financial Highlights

## Investor Shares

| For a Share Outstanding<br>Throughout Each Period         | Year Ended August 31, |                   |                   |                   |                |
|---|-----------------------|-------------------|-------------------|-------------------|----------------|
|   | 2020                  | 2019              | 2018              | 2017              | 2016           |
| <b>Net Asset Value, Beginning of Period</b>               | <b>\$41.02</b>        | <b>\$43.31</b>    | <b>\$35.62</b>    | <b>\$30.32</b>    | <b>\$30.89</b> |
| <b>Investment Operations</b>                              |                       |                   |                   |                   |                |
| Net Investment Income                                     | .113 <sup>1</sup>     | .176 <sup>1</sup> | .134 <sup>1</sup> | .151 <sup>1</sup> | .151           |
| Net Realized and Unrealized Gain (Loss)<br>on Investments | 22.856                | .771              | 9.394             | 5.590             | 1.944          |
| Total from Investment Operations                          | 22.969                | .947              | 9.528             | 5.741             | 2.095          |
| <b>Distributions</b>                                      |                       |                   |                   |                   |                |
| Dividends from Net Investment Income                      | (.119)                | (.132)            | (.146)            | (.121)            | (.147)         |
| Distributions from Realized Capital Gains                 | (1.590)               | (3.105)           | (1.692)           | (.320)            | (2.518)        |
| Total Distributions                                       | (1.709)               | (3.237)           | (1.838)           | (.441)            | (2.665)        |
| <b>Net Asset Value, End of Period</b>                     | <b>\$62.28</b>        | <b>\$41.02</b>    | <b>\$43.31</b>    | <b>\$35.62</b>    | <b>\$30.32</b> |
| <b>Total Return<sup>2</sup></b>                           | <b>58.01%</b>         | <b>3.70%</b>      | <b>27.64%</b>     | <b>19.24%</b>     | <b>6.89%</b>   |

## Ratios/Supplemental Data

|  |          |         |         |         |         |
|--|----------|---------|---------|---------|---------|
| Net Assets, End of Period (Millions)                       | \$12,410 | \$8,819 | \$4,582 | \$4,113 | \$3,794 |
| Ratio of Total Expenses to Average Net Assets <sup>3</sup> | 0.38%    | 0.39%   | 0.42%   | 0.43%   | 0.46%   |
| Ratio of Net Investment Income to<br>Average Net Assets    | 0.25%    | 0.44%   | 0.35%   | 0.47%   | 0.50%   |
| Portfolio Turnover Rate                                    | 38%      | 41%     | 33%     | 27%     | 32%     |

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 0.02%, 0.01%, 0.01%, (0.01%), and 0.02%.

# Financial Highlights

## Admiral Shares

| For a Share Outstanding<br>Throughout Each Period         | Year Ended August 31, |                   |                   |                   |                |
|---|-----------------------|-------------------|-------------------|-------------------|----------------|
|   | 2020                  | 2019              | 2018              | 2017              | 2016           |
| <b>Net Asset Value, Beginning of Period</b>               | <b>\$106.30</b>       | <b>\$112.28</b>   | <b>\$92.24</b>    | <b>\$78.52</b>    | <b>\$80.01</b> |
| <b>Investment Operations</b>                              |                       |                   |                   |                   |                |
| Net Investment Income                                     | .410 <sup>1</sup>     | .572 <sup>1</sup> | .476 <sup>1</sup> | .502 <sup>1</sup> | .506           |
| Net Realized and Unrealized Gain (Loss)<br>on Investments | 59.231                | 1.963             | 24.323            | 14.480            | 5.018          |
| Total from Investment Operations                          | 59.641                | 2.535             | 24.799            | 14.982            | 5.524          |
| <b>Distributions</b>                                      |                       |                   |                   |                   |                |
| Dividends from Net Investment Income                      | (.401)                | (.464)            | (.375)            | (.433)            | (.499)         |
| Distributions from Realized Capital Gains                 | (4.120)               | (8.051)           | (4.384)           | (.829)            | (6.515)        |
| Total Distributions                                       | (4.521)               | (8.515)           | (4.759)           | (1.262)           | (7.014)        |
| <b>Net Asset Value, End of Period</b>                     | <b>\$161.42</b>       | <b>\$106.30</b>   | <b>\$112.28</b>   | <b>\$92.24</b>    | <b>\$78.52</b> |
| <b>Total Return<sup>2</sup></b>                           | <b>58.17%</b>         | <b>3.80%</b>      | <b>27.78%</b>     | <b>19.42%</b>     | <b>7.03%</b>   |

## Ratios/Supplemental Data

|  |          |          |         |         |         |
|--|----------|----------|---------|---------|---------|
| Net Assets, End of Period (Millions)                       | \$27,860 | \$17,060 | \$6,249 | \$3,791 | \$3,066 |
| Ratio of Total Expenses to Average Net Assets <sup>3</sup> | 0.28%    | 0.28%    | 0.30%   | 0.30%   | 0.32%   |
| Ratio of Net Investment Income to<br>Average Net Assets    | 0.35%    | 0.55%    | 0.47%   | 0.60%   | 0.64%   |
| Portfolio Turnover Rate                                    | 38%      | 41%      | 33%     | 27%     | 32%     |

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 0.02%, 0.01%, 0.01%, (0.01%), and 0.02%.

## Notes to Financial Statements

Vanguard U.S. Growth 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.

Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the fund and thus fund performance.

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 at their fair values calculated according to procedures adopted 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. **Futures Contracts:** The fund uses index futures contracts to a limited extent, with the objective of maintaining full exposure to the stock market while maintaining liquidity. The fund may purchase or sell futures contracts to achieve a desired level of investment, whether to accommodate portfolio turnover or cash flows from capital share transactions. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the fund and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades futures contracts on an

exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the fund's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any securities pledged as initial margin for open contracts are noted in the Schedule of Investments.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized gains (losses) on futures contracts.

During the year ended August 31, 2020, the fund's average investments in long and short futures contracts represented 2% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

4. 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.

5. Federal Income Taxes: The fund intends to continue to qualify as a regulated investment company and distribute 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.

6. 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.

7. 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.

8. 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, 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; these fees 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 a rate based upon the higher of the one-month London Interbank Offered Rate (or an acceptable alternate rate, if necessary), federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread, except that borrowings under the uncommitted credit facility may bear interest based upon an alternative 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 year ended August 31, 2020, the fund did not utilize the credit facilities or the Interfund Lending Program.

9. Other: Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. 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.

Withholding 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. 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. Such tax reclaims received during the year, if any, are included in dividend income. No other amounts for additional tax reclaims are reflected in the financial statements due to their uncertainty as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment.

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.** The investment advisory firms Jennison Associates LLC, Wellington Management Company LLP, Baillie Gifford Overseas Ltd., and Jackson Square Partners, LLC, each provide investment advisory services to a portion of the fund for a fee calculated at an annual percentage rate of average net assets managed by the advisor. The basic fees of Jennison Associates LLC, Wellington Management Company LLP, and Jackson Square Partners, LLC, are subject to quarterly adjustments based on performance relative to the Russell 1000 Growth Index for the preceding three years. The basic fee of Baillie Gifford Overseas Ltd. is subject to quarterly adjustments based on performance relative to the S&P 500 Index for the preceding three years.

Vanguard provides investment advisory services to a portion of the fund as described below; the fund paid Vanguard advisory fees of \$1,288,000 for the year ended August 31, 2020.

For the year ended August 31, 2020, the aggregate investment advisory fee paid to all advisors represented an effective annual basic rate of 0.14% of the fund's average net assets, before an increase of \$6,030,000 (0.02%) 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 investment advisory, corporate management, administrative, marketing, distribution, and cash management 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 August 31, 2020, the fund had contributed to Vanguard capital in the amount of \$1,530,000, representing less than 0.01% of the fund's net assets and 0.61% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

**D.** The fund has asked its investment advisors to direct certain security trades, subject to obtaining the best price and execution, to brokers who have agreed to rebate to the fund part of the commissions generated. Such rebates are used solely to reduce the fund's management and administrative expenses. The fund's custodian bank has also agreed to reduce its fees when the fund maintains cash on deposit in the non-interest-bearing custody account. For the year ended

August 31, 2020, these arrangements reduced the fund's management and administrative expenses by \$488,000 and custodian fees by \$6,000. The total expense reduction represented an effective annual rate of less than 0.01% of the fund's average net assets.

E. Various inputs may be used to determine the value of the fund's investments and derivatives. 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 and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

The following table summarizes the market value of the fund's investments and derivatives as of August 31, 2020, based on the inputs used to value them:

|   | Level 1<br>(\$000) | Level 2<br>(\$000) | Level 3<br>(\$000) | Total<br>(\$000)  |
|---|--------------------|--------------------|--------------------|-------------------|
| <b>Investments</b>                      |                    |                    |                    |                   |
| <b>Assets</b>                           |                    |                    |                    |                   |
| Common Stocks                           | 38,717,683         | 479,330            | 96                 | 39,197,109        |
| Preferred Stocks                        | —                  | —                  | 13,359             | 13,359            |
| Temporary Cash Investments              | 1,024,247          | 99,090             | —                  | 1,123,337         |
| <b>Total</b>                            | <b>39,741,930</b>  | <b>578,420</b>     | <b>13,455</b>      | <b>40,333,805</b> |
| <b>Derivative Financial Instruments</b> |                    |                    |                    |                   |
| <b>Assets</b>                           |                    |                    |                    |                   |
| Futures Contracts <sup>1</sup>          | 74                 | —                  | —                  | 74                |
| <b>Liabilities</b>                      |                    |                    |                    |                   |
| Futures Contracts <sup>1</sup>          | 1,797              | —                  | —                  | 1,797             |

<sup>1</sup> Represents variation margin on the last day of the reporting period.

F. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for foreign currency transactions and distributions in connection with fund share redemptions were reclassified between the following accounts:

|                                     | Amount<br>(\$000) |
|-------------------------------------|-------------------|
| Paid-in Capital                     | 91,901            |
| Total Distributable Earnings (Loss) | (91,901)          |

## U.S. Growth Fund

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of losses from wash sales; and the recognition of unrealized gains or losses from certain derivative contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

|                               | Amount<br>(\$000) |
|-------------------------------|-------------------|
| Undistributed Ordinary Income | 60,368            |
| Undistributed Long-Term Gains | 1,192,031         |
| Capital Loss Carryforwards    | —                 |
| Qualified Late-Year Losses    | —                 |
| Net Unrealized Gains (Losses) | 21,440,647        |

The tax character of distributions paid was as follows:

|                         | Year Ended August 31,     |                           |
|-------------------------|---------------------------|---------------------------|
|                         | 2020<br>Amount<br>(\$000) | 2019<br>Amount<br>(\$000) |
| Ordinary Income*        | 146,931                   | 127,237                   |
| Long-Term Capital Gains | 914,642                   | 693,000                   |
| Total                   | 1,061,573                 | 820,237                   |

\* Includes short-term capital gains, if any.

As of August 31, 2020, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

|  | Amount<br>(\$000) |
|--|-------------------|
| Tax Cost                                   | 18,893,166        |
| Gross Unrealized Appreciation              | 21,634,880        |
| Gross Unrealized Depreciation              | (194,241)         |
| Net Unrealized Appreciation (Depreciation) | 21,440,639        |

G. During the year ended August 31, 2020, the fund purchased \$10,580,444,000 of investment securities and sold \$10,610,228,000 of investment securities, other than temporary cash investments.

## H. Capital share transactions for each class of shares were:

|  | Year Ended August 31, |                 |                   |                 |
|--|-----------------------|-----------------|-------------------|-----------------|
|  | 2020                  |                 | 2019              |                 |
|  | Amount<br>(\$000)     | Shares<br>(000) | Amount<br>(\$000) | Shares<br>(000) |
| <b>Investor Shares</b>   |                       |                 |                   |                 |
| Issued   | 2,060,722             | 44,973          | 975,070           | 24,941          |
| Issued in Connection with Acquisition of Vanguard Morgan Growth Fund | —                     | —               | 4,276,013         | 107,224         |
| Issued in Lieu of Cash Distributions                                 | 347,590               | 8,288           | 333,194           | 9,768           |
| Redeemed   | (3,156,185)           | (69,011)        | (1,291,547)       | (32,733)        |
| Net Increase (Decrease)—Investor Shares                              | (747,873)             | (15,750)        | 4,292,730         | 109,200         |
| <b>Admiral Shares</b>  |                       |                 |                   |                 |
| Issued   | 5,160,714             | 42,335          | 2,236,862         | 21,975          |
| Issued in Connection with Acquisition of Vanguard Morgan Growth Fund | —                     | —               | 10,459,067        | 101,244         |
| Issued in Lieu of Cash Distributions                                 | 662,481               | 6,099           | 449,504           | 5,088           |
| Redeemed   | (4,156,546)           | (36,332)        | (2,394,081)       | (23,467)        |
| Net Increase (Decrease)—Admiral Shares                               | 1,666,649             | 12,102          | 10,751,352        | 104,840         |

## I. Transactions during the period in investments where the issuer is another member of The Vanguard Group were as follows:

|                                | Aug. 31,<br>2019<br>Market<br>Value<br>(\$000) | Current Period Transactions     |   |  |   |                   |  | Aug. 31,<br>2020<br>Market<br>Value<br>(\$000) |
|--------------------------------|--|---------------------------------|---|--|---|-------------------|--|--|
|                                |  | Purchases<br>at Cost<br>(\$000) | Proceeds<br>from<br>Securities<br>Sold<br>(\$000) | Realized<br>Net<br>Gain<br>(Loss)<br>(\$000) | Change in<br>Unrealized<br>App. (Dep.)<br>(\$000) | Income<br>(\$000) | Capital Gain<br>Distributions<br>Received<br>(\$000) |  |
| Vanguard Growth ETF            | 95,486   | —                               | 105,127   | 15,249                                       | (5,608)   | 371               | —  | —  |
| Vanguard Market Liquidity Fund | 989,536  | NA <sup>1</sup>                 | NA <sup>1</sup>                                   | (185)  | 141   | 8,734             | —  | 1,024,247                                      |
| Total                          | 1,085,022                                      |                                 |   | 15,064                                       | (5,467)   | 9,105             | —  | 1,024,247                                      |

<sup>1</sup> Not applicable—purchases and sales are for temporary cash investment purposes.

## J. Management has determined that no events or transactions occurred subsequent to August 31, 2020, that would require recognition or disclosure in these financial statements.

# Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard World Fund and Shareholders of Vanguard U.S. Growth Fund

## Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Vanguard U.S. Growth Fund (one of the funds constituting Vanguard World Fund, referred to hereafter as the "Fund") as of August 31, 2020, the related statement of operations for the year ended August 31, 2020, the statement of changes in net assets for each of the two years in the period ended August 31, 2020, including the related notes, and the financial highlights for each of the five years in the period ended August 31, 2020 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of August 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended August 31, 2020 and the financial highlights for each of the five years in the period ended August 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

## Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of August 31, 2020 by correspondence with the custodians and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
October 19, 2020

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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### **Special 2020 tax information (unaudited) for Vanguard U.S. Growth Fund**

This information for the fiscal year ended August 31, 2020, is included pursuant to provisions of the Internal Revenue Code.

The fund distributed \$1,000,436,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

For nonresident alien shareholders, 100% of short-term capital gain dividends distributed by the fund are qualified short-term capital gains.

The fund distributed \$131,069,000 of qualified dividend income to shareholders during the fiscal year.

For corporate shareholders, 100% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

## 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 World Fund approved the appointment of liquidity risk management program administrators responsible for administering Vanguard U.S. Growth 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 December 1, 2018, through December 31, 2019 (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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# The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 212 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at [vanguard.com](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### **Mortimer J. Buckley**

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (2018–present) of Vanguard; chief executive officer, president, and trustee (2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; and trustee (2018–present) and vice chair (2019–present) of The Shipley School.

## Independent Trustees

### **Emerson U. Fullwood**

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and

Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

### **Amy Gutmann**

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania.

### **F. Joseph Loughrey**

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services) and the Lumina Foundation. Director of the V Foundation. Member of the advisory

<sup>1</sup> Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

#### **Mark Loughridge**

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

#### **Scott C. Malpass**

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (retired June 2020) and vice president (retired June 2020) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee (retired June 2020). Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

#### **Deanna Mulligan**

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chief executive officer (2011–present) of The Guardian Life Insurance Company of America. President (2010–2019), chief operating officer (2010–2011), and executive vice president (2008–2010) of Individual Life and Disability of The Guardian Life Insurance Company of America. Member of the board of The Guardian Life Insurance Company of America, the American Council of Life Insurers, and the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, NewYork-Presbyterian Hospital, Catalyst, and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

#### **André F. Perold**

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Member of the board of advisors and member of the investment committee of the Museum of Fine Arts Boston. Member of the board (2018–present) of RIT Capital Partners (investment firm). Member of the investment committee of Partners Health Care System.

#### **Sarah Bloom Raskin**

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments, LLC; director (2017–present) of Reserve Trust. Rubenstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College, and trustee (2019–present) of the Folger Shakespeare Library.

#### **Peter F. Volanakis**

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

## Executive Officers

### John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

### Glenn Booraem

Born in 1967. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (2017–present), treasurer (2015–2017), controller (2010–2015), and assistant controller (2001–2010) of each of the investment companies served by Vanguard.

### Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

### David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

### Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

### Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

### Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

### Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

### John E. Schadt

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (2019–present) of Vanguard Marketing Corporation.

## Vanguard Senior Management Team

Joseph Brennan  
Mortimer J. Buckley  
Gregory Davis  
John James  
Martha G. King  
John T. Marcante

Chris D. McIsaac  
James M. Norris  
Thomas M. Rampulla  
Karin A. Risi  
Anne E. Robinson  
Michael Rollings



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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](mailto:publicinfo@sec.gov).

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