

# Vanguard Market Neutral Fund

Domestic stock fund | Investor Shares

## Fund facts

Risk level					Total net assets	Expense ratio as of 04/28/23	Ticker symbol	Turnover rate	Inception date	Fund number
Low	← →			High						
1	2	3	4	5	\$417 MM	1.83%*	VMNFX	209.1%	11/11/98	0634

## Investment objective

Vanguard Market Neutral Fund seeks to provide long-term capital appreciation while limiting exposure to general stock market risk.

## Investment strategy

The fund seeks to meet its investment objective by purchasing securities that its advisor considers undervalued and selling short securities considered overvalued.

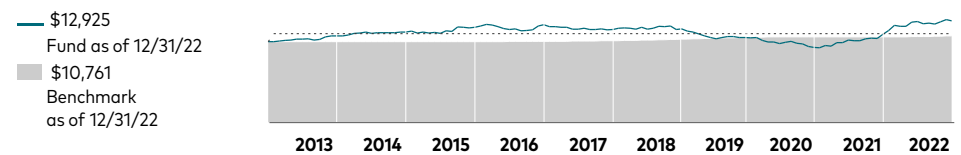
For the most up-to-date fund data, please scan the QR code below.



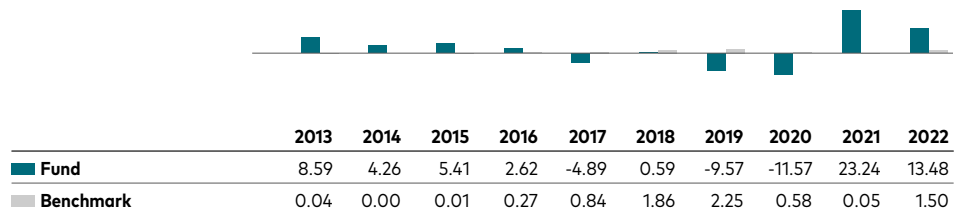
## Benchmark

Spliced Market Neutral Index USD

## Growth of a \$10,000 investment: January 31, 2013–December 31, 2022



## Annual returns



## Total returns

	Periods ended June 30, 2023					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Fund	2.21%	0.90%	6.64%	9.52%	2.45%	2.36%
Benchmark	1.25%	2.39%	3.75%	1.33%	1.57%	0.97%

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. 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](https://vanguard.com/performance). The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

\* Excluding the effect of expenses attributable to borrowing and dividend expenses on short sales, Total Annual Operating Expense Ratio would be 0.20% Spliced Market Neutral Index USD: Citigroup 3-Month U.S. Treasury Bill Index through March 31, 2016; FTSE 3-Month Treasury Bill Index thereafter.

The Laudus Rosenberg U.S. Large/Mid Capitalization Long/Short Equity Fund, which was sponsored and managed by Charles Schwab Investment Management Inc. and subadvised by AXA Rosenberg Investment Management LLC, was reorganized into Vanguard Market Neutral Fund on November 30, 2007.

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## Ten largest holdings\*

1	Par Pacific Holdings Inc.	
2	American Airlines Group Inc.	
3	United Rentals Inc.	
4	Atkore Inc.	
5	CommScope Holding Co. Inc.	
6	Eagle Materials Inc.	
7	Applied Industrial Technologies Inc.	
8	Toll Brothers Inc.	
9	Weatherford International plc	
10	Lam Research Corp.	
Top 10 as % of total net assets		9.0%

\* The holdings listed exclude any temporary cash investments and equity index products.

## Sector Diversification



Industrials	17.9%	Materials	6.4
Information Tech	13.7	Energy	6.1
Financials	13.3	Consumer Staples	4.3
Consumer Discretionary	12.1	Utilities	4.3
Health Care	10.0	Communication Services	4.0
Real Estate	7.9	Other	0.0

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.

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## Plain talk about risk

An investment in the fund could lose money over short or long periods of time, and the entire amount invested could be lost. There can be no assurance that the fund's investment objective or strategies will be achieved, and results may vary substantially over time. The fund is subject to the following risks, which could affect the fund's performance:

**Strategy risk**, which is the chance that the fund's investment strategy will not succeed. There is no guarantee that the fund will be able to limit exposure to general stock market risk or produce returns that exceed the returns of 3-month U.S. Treasury bills. The fund's use of short sales in combination with its long positions in an attempt to improve performance or to reduce overall portfolio risk may not be successful and may result in greater losses or lower positive returns than if the fund held only long positions. When the general stock market is performing strongly, the fund is expected to underperform the market because the fund's short positions will likely lose money. If the fund's market neutral strategy is unsuccessful, the fund may be subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

**Short-selling risk**, which is the chance that the fund will lose money in connection with its short sales of securities. Short selling allows an investor to profit from declines in the prices of securities. To engage in a short sale, the fund must "borrow" securities for a fee. To close out short positions, the fund may have to sell related long positions at disadvantageous times to produce cash to unwind a short position. There is no guarantee that the price of the borrowed securities will decline; in fact, it may rise. The fund's loss on a short sale is theoretically unlimited, because there is no upward limit on the price a borrowed security could attain. Short selling involves higher transaction costs than long-only investing, which could offset any gains and increase any losses.

**Manager risk**, which is the chance that poor security selection or strategy execution will cause the fund to fail to achieve its investment objective or to underperform other funds with a similar investment strategy. The advisor's security selection process may not eliminate all stock market risk factors associated with the long and short positions it establishes for the fund. It is possible that the stocks the fund holds long will decline in value at the same time that the stocks it holds short increase in value, thereby increasing potential losses to the fund. Any gain from a short position may be partially or totally offset by a decline in a long position, or vice versa.

**Investment risk**, which is the chance that the types of securities purchased by the fund will, intentionally or unintentionally, increase the fund's sensitivity to certain investment factors. These factors may include, but are not limited to, market capitalization ranges, styles (growth/value), and industries of the underlying securities. These factors may cause the fund to fail to achieve its investment objective of limiting exposure to general stock market risk or cause it to underperform other funds with a similar investment strategy.

**Derivatives risk**, The fund may invest in derivatives, which may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

## Note on frequent trading restrictions

Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to [vanguard.com](https://www.vanguard.com) for your employer plans or contact Participant Services at 800-523-1188 for additional information.

**For more information about Vanguard funds or to obtain a prospectus, see below for which situation is right for you.**

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If you receive your retirement plan statement from a service provider other than Vanguard or log on to a recordkeeper's website that is not Vanguard to view your plan, please call 855-402-2646.

Visit [vanguard.com](https://www.vanguard.com) to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

**Financial advisor clients: For more information about Vanguard funds, contact your financial advisor to obtain a prospectus.**

Investment Products: Not FDIC Insured • No Bank Guarantee • May Lose Value