

**Semiannual Report** | July 31, 2021

## Vanguard U.S. Government Bond Funds

Vanguard Short-Term Treasury Fund

Vanguard Short-Term Federal Fund

Vanguard Intermediate-Term Treasury Fund

Vanguard Long-Term Treasury Fund

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# About Your Fund's Expenses

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

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

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

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

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

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

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

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

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

Six Months Ended July 31, 2021

	Beginning Account Value 1/31/2021	Ending Account Value 7/31/2021	Expenses Paid During Period
<b>Based on Actual Fund Return</b>			
Short-Term Treasury Fund			
Investor Shares	\$1,000.00	\$ 998.70	\$0.99
Admiral™ Shares	1,000.00	999.20	0.50
Short-Term Federal Fund			
Investor Shares	\$1,000.00	\$ 1,001.20	\$0.99
Admiral Shares	1,000.00	1,001.70	0.50
Intermediate-Term Treasury Fund			
Investor Shares	\$1,000.00	\$ 999.60	\$0.99
Admiral Shares	1,000.00	1,000.10	0.50
Long-Term Treasury Fund			
Investor Shares	\$1,000.00	\$ 991.80	\$0.99
Admiral Shares	1,000.00	992.30	0.49
<b>Based on Hypothetical 5% Yearly Return</b>			
Short-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,023.80	\$ 1.00
Admiral Shares	1,000.00	1,024.30	0.50
Short-Term Federal Fund			
Investor Shares	\$1,000.00	\$1,023.80	\$ 1.00
Admiral Shares	1,000.00	1,024.30	0.50
Intermediate-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,023.80	\$ 1.00
Admiral Shares	1,000.00	1,024.30	0.50
Long-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,023.80	\$ 1.00
Admiral Shares	1,000.00	1,024.30	0.50

The calculations are based on expenses incurred in the most recent six-month period. The funds' annualized six-month expense ratios for that period are: for the Short-Term Treasury Fund, 0.20% for Investor Shares and 0.10% for Admiral Shares; for the Short-Term Federal Fund, 0.20% for Investor Shares and 0.10% for Admiral Shares; for the Intermediate-Term Treasury Fund, 0.20% for Investor Shares and 0.10% for Admiral Shares; and for the Long-Term Treasury Fund, 0.20% for Investor Shares and 0.10% for Admiral Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (181/365).

# Short-Term Treasury Fund

## Fund Allocation

As of July 31, 2021

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Asset-Backed/Commercial Mortgage-Backed Securities	0.1%
Government Mortgage-Backed Securities	0.8
U.S. Government Securities	99.1

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The table reflects the fund's investments, except for short-term investments and derivatives. The agency and mortgage-backed securities may include issues from government-sponsored enterprises; such issues are generally not backed by the full faith and credit of the U.S. government.

# Financial Statements (unaudited)

## Schedule of Investments

As of July 31, 2021

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

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<b>U.S. Government and Agency Obligations (97.3%)</b>				
<b>U.S. Government Securities (96.5%)</b>				
U.S. Treasury Note/Bond	1.500%	9/15/22	100,000	101,578
U.S. Treasury Note/Bond	0.125%	9/30/22	90,000	90,028
U.S. Treasury Note/Bond	1.875%	9/30/22	150,000	153,070
U.S. Treasury Note/Bond	1.375%	10/15/22	102,500	104,070
U.S. Treasury Note/Bond	0.125%	10/31/22	200,000	200,062
U.S. Treasury Note/Bond	1.875%	10/31/22	195,500	199,807
U.S. Treasury Note/Bond	2.000%	10/31/22	175,000	179,102
U.S. Treasury Note/Bond	1.625%	11/15/22	185,500	189,094
U.S. Treasury Note/Bond	2.000%	11/30/22	135,500	138,887
U.S. Treasury Note/Bond	0.125%	12/31/22	125,000	125,000
U.S. Treasury Note/Bond	2.125%	12/31/22	77,300	79,474
U.S. Treasury Note/Bond	1.500%	2/28/23	145,500	148,615
U.S. Treasury Note/Bond	0.500%	3/15/23	50,000	50,289
U.S. Treasury Note/Bond	0.125%	3/31/23	200,000	199,906
U.S. Treasury Note/Bond	0.250%	4/15/23	300,000	300,516
U.S. Treasury Note/Bond	0.125%	4/30/23	275,000	274,828
U.S. Treasury Note/Bond	2.750%	4/30/23	16,500	17,245
U.S. Treasury Note/Bond	1.750%	5/15/23	100,000	102,828
U.S. Treasury Note/Bond	0.125%	5/31/23	200,000	199,844
U.S. Treasury Note/Bond	1.625%	5/31/23	250,000	256,641
U.S. Treasury Note/Bond	0.250%	6/15/23	375,000	375,527
U.S. Treasury Note/Bond	0.125%	6/30/23	250,000	249,805
U.S. Treasury Note/Bond	1.375%	6/30/23	173,500	177,485
U.S. Treasury Note/Bond	2.750%	7/31/23	20,800	21,863
U.S. Treasury Note/Bond	0.125%	9/15/23	100,000	99,828
U.S. Treasury Note/Bond	1.375%	9/30/23	150,000	153,750
U.S. Treasury Note/Bond	0.125%	10/15/23	25,000	24,949
U.S. Treasury Note/Bond	2.875%	10/31/23	20,000	21,184
U.S. Treasury Note/Bond	0.125%	12/15/23	150,000	149,578
U.S. Treasury Note/Bond	2.250%	12/31/23	150,000	157,219
U.S. Treasury Note/Bond	0.125%	1/15/24	93,700	93,407
U.S. Treasury Note/Bond	2.250%	1/31/24	78,500	82,376
U.S. Treasury Note/Bond	2.750%	2/15/24	40,500	43,044
U.S. Treasury Note/Bond	2.125%	2/29/24	84,600	88,632
U.S. Treasury Note/Bond	2.125%	3/31/24	100,000	104,859
U.S. Treasury Note/Bond	0.375%	4/15/24	100,000	100,203
U.S. Treasury Note/Bond	2.000%	4/30/24	210,000	219,712
U.S. Treasury Note/Bond	2.250%	4/30/24	215,000	226,422

Short-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
U.S. Treasury Note/Bond	2.000%	5/31/24	185,000	193,730
<sup>1</sup> U.S. Treasury Note/Bond	1.750%	6/30/24	155,000	161,345
U.S. Treasury Note/Bond	2.000%	6/30/24	170,000	178,208
U.S. Treasury Note/Bond	1.750%	7/31/24	90,000	93,783
U.S. Treasury Note/Bond	2.125%	7/31/24	133,000	140,045
U.S. Treasury Note/Bond	2.375%	8/15/24	85,000	90,180
U.S. Treasury Note/Bond	1.250%	8/31/24	110,000	112,956
U.S. Treasury Note/Bond	1.875%	8/31/24	100,000	104,609
U.S. Treasury Note/Bond	1.500%	9/30/24	70,000	72,461
U.S. Treasury Note/Bond	2.250%	10/31/24	12,427	13,169
U.S. Treasury Note/Bond	1.500%	11/30/24	125,000	129,492
U.S. Treasury Note/Bond	2.250%	12/31/24	13,145	13,954
U.S. Treasury Note/Bond	1.375%	1/31/25	90,000	92,883
U.S. Treasury Note/Bond	2.000%	2/15/25	90,900	95,800
U.S. Treasury Note/Bond	1.125%	2/28/25	100,000	102,344
U.S. Treasury Note/Bond	2.125%	5/15/25	15,000	15,909
U.S. Treasury Note/Bond	0.250%	5/31/25	87,000	86,116
U.S. Treasury Note/Bond	0.250%	6/30/25	15,000	14,836
U.S. Treasury Note/Bond	2.750%	6/30/25	87,000	94,477
U.S. Treasury Note/Bond	2.000%	8/15/25	60,000	63,469
U.S. Treasury Note/Bond	2.750%	8/31/25	35,000	38,101
U.S. Treasury Note/Bond	0.250%	9/30/25	16,000	15,788
U.S. Treasury Note/Bond	0.250%	10/31/25	24,000	23,659
U.S. Treasury Note/Bond	0.375%	12/31/25	100,000	98,969
U.S. Treasury Note/Bond	0.375%	1/31/26	80,000	79,100
				<b>7,626,110</b>
<b>Conventional Mortgage-Backed Securities (0.0%)</b>				
<sup>2,3</sup> Freddie Mac Gold Pool	6.000%	10/1/27–4/1/28	31	36
<b>Nonconventional Mortgage-Backed Securities (0.8%)</b>				
<sup>2,3</sup> Fannie Mae REMICS	1.750%	4/25/44	1,892	1,941
<sup>2,3</sup> Fannie Mae REMICS	2.250%	10/25/43–6/25/44	5,090	5,239
<sup>2,3</sup> Fannie Mae REMICS	2.500%	5/25/48–12/25/49	2,786	2,882
<sup>2,3</sup> Fannie Mae REMICS	3.000%	2/25/44–12/25/48	11,042	11,753
<sup>2,3</sup> Fannie Mae REMICS	4.000%	12/25/46	5,295	5,523
<sup>2,3</sup> Freddie Mac REMICS	1.750%	4/15/43	2,539	2,586
<sup>2,3</sup> Freddie Mac REMICS	2.250%	6/15/44–9/25/49	3,412	3,508
<sup>2,3</sup> Freddie Mac REMICS	2.500%	12/25/49	1,273	1,328
<sup>2,3</sup> Freddie Mac REMICS	3.500%	12/25/49	3,125	3,343
<sup>2,3</sup> Freddie Mac Strips	3.000%	6/15/42	2,985	3,166
<sup>2</sup> Ginnie Mae	2.500%	9/20/49	2,704	2,805
<sup>2</sup> Ginnie Mae	2.750%	1/20/46–3/20/46	5,155	5,250
<sup>2</sup> Ginnie Mae	3.000%	8/20/44–12/20/47	14,010	14,355
<sup>2</sup> Ginnie Mae	4.000%	10/20/47	1,261	1,343
				<b>65,022</b>
<b>Total U.S. Government and Agency Obligations (Cost \$7,682,642)</b>				<b>7,691,168</b>
<b>Asset-Backed/Commercial Mortgage-Backed Securities (0.1%)</b>				
<sup>2</sup> U.S. Small Business Administration Class 1 Series 2002-20L	5.100%	12/1/22	148	152
<sup>2</sup> U.S. Small Business Administration Class 1 Series 2004-20F	5.520%	6/1/24	344	363
<sup>2</sup> U.S. Small Business Administration Class 1 Series 2004-20G	5.190%	7/1/24	148	156
<sup>2</sup> U.S. Small Business Administration Class 1 Series 2007-20G	5.820%	7/1/27	703	777

## Short-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<sup>2</sup> U.S. Small Business Administration Class 1 Series 2007-20I	5.560%	9/1/27	3,650	4,025
<b>Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$5,155)</b>				<b>5,473</b>

				Shares
<b>Temporary Cash Investments (1.9%)</b>				
Money Market Fund (1.9%)				
<sup>4</sup> Vanguard Market Liquidity Fund (Cost \$146,655)	0.064%		1,466,547	146,655
<b>Total Investments (99.3%) (Cost \$7,834,452)</b>				<b>7,843,296</b>
<b>Other Assets and Liabilities—Net (0.7%)</b>				<b>56,361</b>
<b>Net Assets (100%)</b>				<b>7,899,657</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

1 Securities with a value of \$1,346,000 have been segregated as initial margin for open futures contracts.

2 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.

3 The issuer was placed under federal conservatorship in September 2008; since that time, its daily operations have been managed by the Federal Housing Finance Agency and it receives capital from the U.S. Treasury, as needed to maintain a positive net worth, in exchange for senior preferred stock.

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

REMICs—Real Estate Mortgage Investment Conduits.

## Derivative Financial Instruments Outstanding as of Period End

### Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
<b>Long Futures Contracts</b>				
2-Year U.S. Treasury Note	September 2021	1,390	306,712	258
<b>Short Futures Contracts</b>				
10-Year U.S. Treasury Note	September 2021	(950)	(127,730)	(2,513)
5-Year U.S. Treasury Note	September 2021	(1,580)	(196,624)	21
Ultra 10-Year U.S. Treasury Note	September 2021	(19)	(2,855)	(68)
				(2,560)
				(2,302)

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



# Statement of Assets and Liabilities

As of July 31, 2021

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$7,687,797)	7,696,641
Affiliated Issuers (Cost \$146,655)	146,655
Total Investments in Securities	7,843,296
Investment in Vanguard	270
Cash	150
Receivables for Investment Securities Sold	202,234
Receivables for Accrued Income	24,783
Receivables for Capital Shares Issued	12,024
Other Assets	130
<b>Total Assets</b>	<b>8,082,887</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	178,078
Payables for Capital Shares Redeemed	4,313
Payables for Distributions	342
Payables to Vanguard	375
Variation Margin Payable—Futures Contracts	122
<b>Total Liabilities</b>	<b>183,230</b>
<b>Net Assets</b>	<b>7,899,657</b>

At July 31, 2021, net assets consisted of:

Paid-in Capital	7,897,171
Total Distributable Earnings (Loss)	2,486
<b>Net Assets</b>	<b>7,899,657</b>

## Investor Shares—Net Assets

Applicable to 61,192,208 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	655,626
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$10.71</b>

## Admiral Shares—Net Assets

Applicable to 676,115,088 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	7,244,031
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$10.71</b>

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

## Statement of Operations

Six Months Ended  
July 31, 2021

(\$000)

<b>Investment Income</b>	
<b>Income</b>	
Interest <sup>1</sup>	25,271
<b>Total Income</b>	<b>25,271</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	461
Management and Administrative—Investor Shares	542
Management and Administrative—Admiral Shares	2,902
Marketing and Distribution—Investor Shares	56
Marketing and Distribution—Admiral Shares	274
Custodian Fees	41
Shareholders' Reports—Investor Shares	34
Shareholders' Reports—Admiral Shares	51
Trustees' Fees and Expenses	3
<b>Total Expenses</b>	<b>4,364</b>
<b>Net Investment Income</b>	<b>20,907</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	(1,588)
Futures Contracts	8,189
Options Purchased	(725)
Options Written	(5,223)
<b>Realized Net Gain (Loss)</b>	<b>653</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	(20,156)
Futures Contracts	(4,876)
Options Purchased	31
Options Written	(35)
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>(25,036)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(3,476)</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$54,000, \$0, and \$1,000, respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Six Months Ended July 31, 2021	Year Ended January 31, 2021
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	20,907	65,386
Realized Net Gain (Loss)	653	258,260
Change in Unrealized Appreciation (Depreciation)	(25,036)	(34,555)
Net Increase (Decrease) in Net Assets Resulting from Operations	(3,476)	289,091
<b>Distributions</b>		
Investor Shares	(2,952)	(14,913)
Admiral Shares	(35,920)	(173,458)
Total Distributions	(38,872)	(188,371)
<b>Capital Share Transactions</b>		
Investor Shares	(41,401)	36,739
Admiral Shares	(535,025)	(517,391)
Net Increase (Decrease) from Capital Share Transactions	(576,426)	(480,652)
Total Increase (Decrease)	(618,774)	(379,932)
<b>Net Assets</b>		
Beginning of Period	8,518,431	8,898,363
End of Period	7,899,657	8,518,431

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2021	Year Ended January 31,				
		2021	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.77</b>	<b>\$10.64</b>	<b>\$10.48</b>	<b>\$10.49</b>	<b>\$10.65</b>	<b>\$10.73</b>
<b>Investment Operations</b>						
Net Investment Income	.023 <sup>1</sup>	.070 <sup>1</sup>	.245 <sup>1</sup>	.227 <sup>1</sup>	.127 <sup>1</sup>	.094
Net Realized and Unrealized Gain (Loss) on Investments	(.036)	.286	.160	(.009)	(.160)	(.048)
Total from Investment Operations	(.013)	.356	.405	.218	(.033)	.046
<b>Distributions</b>						
Dividends from Net Investment Income	(.023)	(.070)	(.245)	(.228)	(.127)	(.094)
Distributions from Realized Capital Gains	(.024)	(.156)	—	—	—	(.032)
Total Distributions	(.047)	(.226)	(.245)	(.228)	(.127)	(.126)
<b>Net Asset Value, End of Period</b>	<b>\$10.71</b>	<b>\$10.77</b>	<b>\$10.64</b>	<b>\$10.48</b>	<b>\$10.49</b>	<b>\$10.65</b>
<b>Total Return<sup>2</sup></b>	<b>-0.13%</b>	<b>3.35%</b>	<b>3.91%</b>	<b>2.11%</b>	<b>-0.31%</b>	<b>0.43%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$656	\$701	\$655	\$671	\$737	\$900
Ratio of Total Expenses to Average Net Assets	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Ratio of Net Investment Income to Average Net Assets	0.43%	0.64%	2.30%	2.18%	1.20%	0.87%
Portfolio Turnover Rate <sup>3</sup>	135%	357%	340%	282%	280%	249%

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

1 Calculated based on average shares outstanding.

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

3 Includes 3%, 57%, 5%, 37%, 7%, and 3%, respectively, attributable to mortgage-dollar-roll activity.

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31,	Year Ended January 31,				
	2021	2021	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.77</b>	<b>\$10.64</b>	<b>\$10.48</b>	<b>\$10.49</b>	<b>\$10.65</b>	<b>\$10.73</b>
<b>Investment Operations</b>						
Net Investment Income	.028 <sup>1</sup>	.079 <sup>1</sup>	.254 <sup>1</sup>	.238 <sup>1</sup>	.138 <sup>1</sup>	.105
Net Realized and Unrealized Gain (Loss) on Investments	(.036)	.288	.162	(.010)	(.160)	(.048)
Total from Investment Operations	(.008)	.367	.416	.228	(.022)	.057
<b>Distributions</b>						
Dividends from Net Investment Income	(.028)	(.081)	(.256)	(.238)	(.138)	(.105)
Distributions from Realized Capital Gains	(.024)	(.156)	—	—	—	(.032)
Total Distributions	(.052)	(.237)	(.256)	(.238)	(.138)	(.137)
<b>Net Asset Value, End of Period</b>	<b>\$10.71</b>	<b>\$10.77</b>	<b>\$10.64</b>	<b>\$10.48</b>	<b>\$10.49</b>	<b>\$10.65</b>
<b>Total Return<sup>2</sup></b>	<b>-0.08%</b>	<b>3.46%</b>	<b>4.01%</b>	<b>2.21%</b>	<b>-0.21%</b>	<b>0.53%</b>

### Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$7,244	\$7,818	\$8,243	\$7,385	\$7,044	\$6,805
Ratio of Total Expenses to Average Net Assets	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of Net Investment Income to Average Net Assets	0.53%	0.73%	2.40%	2.28%	1.30%	0.97%
Portfolio Turnover Rate <sup>3</sup>	135%	357%	340%	282%	280%	249%

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

1 Calculated based on average shares outstanding.

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

3 Includes 3%, 57%, 5%, 37%, 7%, and 3%, respectively, attributable to mortgage-dollar-roll activity.

## Notes to Financial Statements

Vanguard Short-Term Treasury 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. Bonds and 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. Structured debt securities, including mortgages and asset-backed securities, are valued using the latest bid prices or using valuations based on a matrix system that considers such factors as issuer, tranche, nominal or option-adjusted spreads, weighted average coupon, weighted average maturity, credit enhancements, and collateral, as furnished by independent pricing services. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value.

2. **Futures Contracts:** The fund uses futures contracts to invest in fixed income asset classes with greater efficiency and lower cost than is possible through direct investment, to add value when these instruments are attractively priced, or to adjust sensitivity to changes in interest rates. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of bonds 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 six months ended July 31, 2021, the fund's average investments in long and short futures contracts represented 8% and 10% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Options: The fund invests in options contracts on futures to adjust its exposure to the underlying investments. The primary risk associated with purchasing options is that if interest rates move in such a way that the option is out-of-the-money, the position is worthless at expiration, and the fund loses the premium paid. The primary risk associated with selling options is that if interest rates move in such a way that the option is in-the-money, the counterparty exercises the option, and the fund loses an amount equal to the market value of the option written less the premium received. Counterparty risk involving options on futures contracts is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades options on futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouses, and has entered into clearing agreements with its clearing brokers.

Options contracts on futures are valued at their quoted daily settlement prices. The premium paid for a purchased option is recorded in the Statement of Assets and Liabilities as an asset that is subsequently adjusted daily to the current market value of the option purchased. The premium received for a written option is recorded in the Statement of Assets and Liabilities as an asset with an equal liability that is subsequently adjusted daily to the current market value of the option written. The notional amounts of option contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the options are recorded in the Statement of Operations as unrealized appreciation (depreciation) until expired, closed, or exercised, at which time realized gains (losses) are recognized.

During the six months ended July 31, 2021, the fund's average value of investments in options purchased and options written each represented less than 1% of net assets, respectively, based on the average market values at each quarter-end during the period. The fund had no open options contracts on futures at July 31, 2021.

4. To Be Announced (TBA) Transactions: A TBA transaction is an agreement to buy or sell mortgage-backed securities with agreed-upon characteristics (face amount, coupon, maturity) for settlement at a future date. The fund may be a seller of TBA transactions to reduce its exposure to the mortgage-backed securities market or in order to sell mortgage-backed securities it owns under delayed-delivery arrangements. When the fund is a buyer of TBA transactions, it maintains cash or short-term investments in an amount sufficient to meet the purchase price at the settlement date of the TBA transaction. The primary risk associated with TBA transactions is that a counterparty may default on its obligations. The fund mitigates its counterparty risk by, among other things, performing a credit analysis of counterparties, allocating transactions among numerous counterparties, and monitoring its exposure to each counterparty. The fund may also enter into a Master Securities Forward Transaction Agreement (MSFTA) with certain counterparties and require them to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the fund cannot be repledged, resold, or rehypothecated. Under an MSFTA, upon a counterparty default (including bankruptcy), the fund may terminate any TBA transactions with that counterparty, determine the net amount owed by either party in accordance with its MSFTA, and sell or retain any collateral held up to the net amount owed to the fund under the MSFTA.

5. **Mortgage Dollar Rolls:** The fund enters into mortgage-dollar-roll transactions, in which the fund sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. The proceeds of the securities sold in mortgage-dollar-roll transactions are typically invested in high-quality short-term fixed income securities. The fund forgoes principal and interest paid on the securities sold, and is compensated by interest earned on the proceeds of the sale and by a lower price on the securities to be repurchased. The fund also enters into mortgage-dollar-roll transactions in which the fund buys mortgage-backed securities from a dealer pursuant to a TBA transaction and simultaneously agrees to sell similar securities in the future at a predetermined price. The securities bought in mortgage-dollar-roll transactions are used to cover an open TBA sell position. The fund continues to earn interest on mortgage-backed security pools already held and receives a lower price on the securities to be sold in the future. The fund accounts for mortgage-dollar-roll transactions as purchases and sales; as such, these transactions may increase the fund's portfolio turnover rate. Amounts to be received or paid in connection with open mortgage dollar rolls are included in Receivables for Investment Securities Sold or Payables for Investment Securities Purchased in the Statement of Assets and Liabilities.

6. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute all of its 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.

7. **Distributions:** Distributions from net investment income are declared daily and paid on the first business day of the following month. Annual distributions from realized capital gains, if any, 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.

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 alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the



extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight, but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended July 31, 2021, the fund did not utilize the credit facilities or the Interfund Lending Program.

9. Other: 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.

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. 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, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At July 31, 2021, the fund had contributed to Vanguard capital in the amount of \$270,000, representing less than 0.01% of the fund's net assets and 0.11% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

C. 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.

## Short-Term Treasury Fund

The following table summarizes the market value of the fund's investments and derivatives as of July 31, 2021, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
<b>Investments</b>				
<b>Assets</b>				
U.S. Government and Agency Obligations	—	7,691,168	—	7,691,168
Asset-Backed/Commercial Mortgage-Backed Securities	—	5,473	—	5,473
Temporary Cash Investments	146,655	—	—	146,655
<b>Total</b>	<b>146,655</b>	<b>7,696,641</b>	<b>—</b>	<b>7,843,296</b>

### Derivative Financial Instruments

<b>Assets</b>				
Futures Contracts <sup>1</sup>	279	—	—	279
<b>Liabilities</b>				
Futures Contracts <sup>1</sup>	2,581	—	—	2,581

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

D. As of July 31, 2021, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	7,836,238
Gross Unrealized Appreciation	11,764
Gross Unrealized Depreciation	(7,008)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>4,756</b>

E. During the six months ended July 31, 2021, the fund purchased \$10,842,235,000 of investment securities and sold \$11,536,029,000 of investment securities, other than temporary cash investments.

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

	Six Months Ended July 31, 2021		Year Ended January 31, 2021	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	83,893	7,816	502,974	46,442
Issued in Lieu of Cash Distributions	2,752	256	13,876	1,285
Redeemed	(128,046)	(11,932)	(480,111)	(44,212)
<b>Net Increase (Decrease)—Investor Shares</b>	<b>(41,401)</b>	<b>(3,860)</b>	<b>36,739</b>	<b>3,515</b>

Short-Term Treasury Fund

	Six Months Ended July 31, 2021		Year Ended January 31, 2021	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Admiral Shares</b>				
Issued	755,083	70,382	4,620,655	426,251
Issued in Lieu of Cash Distributions	31,564	2,944	152,189	14,096
Redeemed	(1,321,672)	(123,157)	(5,290,235)	(489,007)
Net Increase (Decrease)—Admiral Shares	(535,025)	(49,831)	(517,391)	(48,660)

G. Management has determined that no events or transactions occurred subsequent to July 31, 2021, that would require recognition or disclosure in these financial statements.

# Short-Term Federal Fund

## Fund Allocation

As of July 31, 2021

Agency Bonds and Notes	29.8%
Asset-Backed/Commercial Mortgage-Backed Securities	2.0
Government Mortgage-Backed Securities	11.3
Sovereign Bonds	0.1
U.S. Government Securities	56.8

The table reflects the fund's investments, except for short-term investments and derivatives. The agency and mortgage-backed securities may include issues from government-sponsored enterprises; such issues are generally not backed by the full faith and credit of the U.S. government.

# Financial Statements (unaudited)

## Schedule of Investments

As of July 31, 2021

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

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
<b>U.S. Government and Agency Obligations (99.0%)</b>					
<b>U.S. Government Securities (57.4%)</b>					
	U.S. Treasury Note/Bond	0.125%	9/30/22	1,687,000	1,687,527
	U.S. Treasury Note/Bond	0.125%	3/31/23	550,000	549,742
	U.S. Treasury Note/Bond	0.125%	2/15/24	439,563	438,052
	U.S. Treasury Note/Bond	0.375%	4/15/24	605,000	606,229
	U.S. Treasury Note/Bond	1.375%	1/31/25	165,000	170,285
	U.S. Treasury Note/Bond	0.250%	7/31/25	50,000	49,422
	U.S. Treasury Note/Bond	0.250%	10/31/25	40,000	39,431
	U.S. Treasury Note/Bond	0.375%	11/30/25	522,200	517,223
	U.S. Treasury Note/Bond	0.375%	12/31/25	103,930	102,858
	U.S. Treasury Note/Bond	0.375%	1/31/26	270,000	266,963
	U.S. Treasury Note/Bond	0.750%	3/31/26	90,000	90,422
	U.S. Treasury Note/Bond	0.875%	6/30/26	21,135	21,330
	U.S. Treasury Note/Bond	0.500%	8/31/27	2,320	2,269
	U.S. Treasury Note/Bond	0.375%	9/30/27	14,700	14,254
1	U.S. Treasury Note/Bond	0.500%	10/31/27	247,000	241,057
	U.S. Treasury Note/Bond	1.125%	2/29/28	3,810	3,855
	U.S. Treasury Note/Bond	1.250%	4/30/28	29,300	29,840
	U.S. Treasury Note/Bond	1.625%	5/15/31	9,800	10,160
				<b>4,840,919</b>	
<b>Agency Bonds and Notes (30.1%)</b>					
2	Fannie Mae Interest Strip	0.000%	11/15/25	72,402	70,331
2	Fannie Mae Interest Strip	0.000%	5/15/26	68,711	66,140
2,3	Fannie Mae Interest Strip	0.000%	10/25/40	7,614	7,235
2	Fannie Mae Principal Strip	0.000%	1/15/30	63,400	56,274
2	Fannie Mae Principal Strip	0.000%	5/15/30	174,215	153,505
2	Fannie Mae Principal Strip	0.000%	11/15/30	7,000	6,079
	Federal Farm Credit Banks Funding Corp.	0.125%	11/23/22	37,000	37,008
	Federal Farm Credit Banks Funding Corp.	0.680%	3/9/26	275,000	273,600
	Federal Home Loan Mortgage Corp.	0.250%	11/6/23	100,000	100,016
	Federal Home Loan Mortgage Corp.	1.500%	2/12/25	136,000	140,929
	Federal Home Loan Mortgage Corp.	0.640%	11/24/25	174,650	174,146
	Federal Home Loan Mortgage Corp.	0.700%	12/30/25	194,850	194,479
2	Federal National Mortgage Association	0.500%	6/17/25	110,000	109,819
2	Federal National Mortgage Association	0.375%	8/25/25	130,000	128,888
2	Federal National Mortgage Association	0.650%	12/17/25	138,500	138,102
2	Federal National Mortgage Association	0.650%	12/17/25	180,495	179,977
2	Freddie Mac Coupon Strips	0.000%	3/15/31	4,455	3,827
2	Freddie Mac Strips	0.000%	9/15/29	23,050	20,605

Short-Term Federal Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
2	Freddie Mac Strips	0.000%	3/15/31	21,820	18,780
	Private Export Funding Corp.	4.300%	12/15/21	4,430	4,493
	Private Export Funding Corp.	3.550%	1/15/24	8,700	9,357
	Private Export Funding Corp.	1.400%	7/15/28	41,000	41,518
	Resolution Funding Corp. Interest Strip	0.000%	4/15/28	1,890	1,757
	Resolution Funding Corp. Interest Strip	0.000%	1/15/29	3,169	2,889
	Resolution Funding Corp. Interest Strip	0.000%	7/15/29	33,485	30,241
	Resolution Funding Corp. Interest Strip	0.000%	10/15/29	15,108	13,545
	Resolution Funding Corp. Interest Strip	0.000%	1/15/30	4,155	3,685
	Resolution Funding Corp. Principal Strip	0.000%	1/15/30	374,796	332,397
	Resolution Funding Corp. Principal Strip	0.000%	4/15/30	227,307	200,528
	Tennessee Valley Authority Principal Strip	0.000%	11/1/25	17,342	16,836

2,536,986

Conventional Mortgage-Backed Securities (8.8%)

2,3	Freddie Mac Gold Pool	2.000%	9/1/28-6/1/30	3,442	3,584
2,3	Freddie Mac Gold Pool	2.500%	6/1/22-10/1/31	11,077	11,671
2,3	Freddie Mac Gold Pool	3.000%	11/1/29-3/1/31	15,479	16,339
2,3	Freddie Mac Gold Pool	3.500%	10/1/25-8/1/29	6,205	6,662
2,3	Freddie Mac Gold Pool	4.000%	5/1/24-1/1/29	2,267	2,404
2,3	Freddie Mac Gold Pool	4.500%	8/1/22-9/1/26	1,689	1,773
2,3	Freddie Mac Gold Pool	5.000%	12/1/21-6/1/25	366	381
2,3,4	UMBS Pool	1.500%	9/16/36	226,500	230,464
2,3,4	UMBS Pool	2.000%	10/1/27-9/16/36	288,077	298,581
2,3	UMBS Pool	2.500%	2/1/28-9/1/31	45,765	48,049
2,3	UMBS Pool	3.000%	8/1/27-12/1/35	93,565	98,687
2,3	UMBS Pool	3.500%	3/1/22-5/1/30	15,271	16,285
2,3	UMBS Pool	4.000%	8/1/21-12/1/28	3,202	3,377
2,3	UMBS Pool	4.500%	11/1/22-10/1/25	270	283
2,3	UMBS Pool	5.000%	5/1/22-6/1/25	267	275
2,3	UMBS Pool	5.500%	11/1/21-1/1/25	17	16

738,831

Nonconventional Mortgage-Backed Securities (2.7%)

2,3	Fannie Mae REMICS	1.750%	4/25/44	5,977	6,133
2,3	Fannie Mae REMICS	2.000%	12/25/44	3,112	3,193
2,3	Fannie Mae REMICS	2.100%	4/25/43	2,280	2,319
2,3	Fannie Mae REMICS	2.250%	7/25/43-6/25/44	15,445	15,894
2,3	Fannie Mae REMICS	2.500%	6/25/40-1/25/50	25,248	26,211
2,3	Fannie Mae REMICS	3.000%	2/25/44-9/25/49	29,274	30,886
2,3	Fannie Mae REMICS	3.500%	11/25/45-10/25/48	13,084	13,791
2,3	Fannie Mae REMICS	4.000%	12/25/46	2,803	2,924
2,3	Fannie Mae REMICS	5.250%	9/25/41	3,131	3,505
2,3	Freddie Mac REMICS	1.500%	10/15/42	6,135	6,203
2,3	Freddie Mac REMICS	1.750%	4/15/43	10,614	10,809
2,3	Freddie Mac REMICS	2.250%	6/15/43-9/25/49	10,999	11,292
2,3	Freddie Mac REMICS	2.500%	10/25/49-12/25/49	18,723	19,596
2,3	Freddie Mac REMICS	2.750%	1/15/46-10/25/49	3,339	3,505
2,3	Freddie Mac REMICS	3.000%	10/15/45-12/15/47	5,784	5,983
2,3	Freddie Mac REMICS	3.500%	12/25/49	7,000	7,488
2,3	Freddie Mac Strips	3.000%	6/15/42	6,015	6,380
3,5	Ginnie Mae	2.035%	12/20/42	3,564	3,704
3	Ginnie Mae	2.500%	9/20/49	6,253	6,487
3	Ginnie Mae	2.750%	1/20/46-3/20/46	11,167	11,370
3	Ginnie Mae	3.000%	3/20/41-3/20/48	22,024	22,748
3	Ginnie Mae	3.500%	4/20/48-2/20/49	6,921	7,446

Short-Term Federal Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<sup>3</sup> Ginnie Mae	4.000%	10/20/47	679	723
				228,590
<b>Total U.S. Government and Agency Obligations (Cost \$8,331,201)</b>				<b>8,345,326</b>
<b>Asset-Backed/Commercial Mortgage-Backed Securities (2.0%)</b>				
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series K037	0.943%	1/25/24	60,177	1,207
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series K043	0.523%	12/25/24	19,958	321
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series K053	0.883%	12/25/25	10,133	346
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series K054	1.166%	1/25/26	118,139	5,445
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series K055	1.358%	3/25/26	3,840	211
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series K057	1.175%	7/25/26	136,019	6,814
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series K058	0.923%	8/25/26	6,803	283
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series K065	0.670%	4/25/27	35,971	1,259
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series KG02	1.018%	8/25/29	16,000	1,115
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series KG04	0.854%	11/25/30	10,995	753
<sup>2,3,5,6</sup> Freddie Mac Multifamily Structured Pass Through Certificates Class X1 Series KG05	0.312%	1/25/31	114,000	3,149
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2002-20L	5.100%	12/1/22	91	94
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2004-20F	5.520%	6/1/24	315	334
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2004-20G	5.190%	7/1/24	91	96
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2005-20A	4.860%	1/1/25	96	101
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2005-20B	4.625%	2/1/25	54	57
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2005-20C	4.950%	3/1/25	39	42
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2005-20G	4.750%	7/1/25	27	29
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2007-20G	5.820%	7/1/27	431	476
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2007-20I	5.560%	9/1/27	2,250	2,481
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2007-20L	5.290%	12/1/27	29	32
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2008-20B	5.160%	2/1/28	70	77
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2008-20C	5.490%	3/1/28	64	71
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2008-20D	5.370%	4/1/28	153	167
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2008-20F	5.680%	6/1/28	43	47
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2008-20H	6.020%	8/1/28	50	56

Short-Term Federal Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2008-20J	5.630%	10/1/28	63	69
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2009-20A	5.720%	1/1/29	37	41
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2010-20H	3.520%	8/1/30	105	114
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2011-20B	4.220%	2/1/31	200	219
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2011-20H	3.290%	8/1/31	53	57
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2012-20I	2.200%	9/1/32	38	39
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2013-20G	3.150%	7/1/33	54	58
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2013-20K	3.380%	11/1/33	70	76
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20B	3.220%	2/1/38	16,744	18,408
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20D	3.310%	4/1/38	24,563	27,129
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20E	3.500%	5/1/38	6,776	7,545
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20F	3.600%	6/1/38	12,285	13,728
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20J	3.770%	10/1/38	23,431	26,442
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20K	3.870%	11/1/38	13,550	15,290
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20L	3.540%	12/1/38	17,621	19,639
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-25F	3.670%	12/1/43	1,978	2,220
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2019-20A	3.370%	1/1/39	7,377	8,168
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2019-20C	3.200%	3/1/39	7,819	8,586
<b>Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$156,297)</b>				<b>172,891</b>
<b>Sovereign Bonds (0.1%)</b>				
<sup>7</sup> State of Israel (Cost \$6,254)	0.000%	11/1/24	6,905	6,707



## Short-Term Federal Fund

	Coupon	Shares	Market Value* (\$000)
<b>Temporary Cash Investments (4.7%)</b>			
Money Market Fund (4.7%)			
<sup>8</sup> Vanguard Market Liquidity Fund (Cost \$391,672)	0.064%	3,916,761	391,676
<b>Total Investments (105.8%) (Cost \$8,885,424)</b>			<b>8,916,600</b>
<b>Other Assets and Liabilities—Net (-5.8%)</b>			<b>(488,029)</b>
<b>Net Assets (100%)</b>			<b>8,428,571</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

1 Securities with a value of \$29,280,000 have been segregated as initial margin for open futures contracts.

2 The issuer was placed under federal conservatorship in September 2008; since that time, its daily operations have been managed by the Federal Housing Finance Agency and it receives capital from the U.S. Treasury, as needed to maintain a positive net worth, in exchange for senior preferred stock.

3 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.

4 Includes securities purchased on a when-issued or delayed-delivery basis for which the fund has not taken delivery as of July 31, 2021.

5 Variable-rate security; rate shown is effective rate at period end. Certain variable-rate securities are not based on a published reference rate and spread but are determined by the issuer or agent based on current market conditions.

6 Interest-only security.

7 U.S. government-guaranteed.

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

REMICs—Real Estate Mortgage Investment Conduits.

UMBS—Uniform Mortgage-Backed Securities.

## Derivative Financial Instruments Outstanding as of Period End

### Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation) (\$000)
<b>Long Futures Contracts</b>				
2-Year U.S. Treasury Note	September 2021	1,313	289,722	221
<b>Short Futures Contracts</b>				
10-Year U.S. Treasury Note	September 2021	(4,684)	(629,778)	(11,447)
5-Year U.S. Treasury Note	September 2021	(8,064)	(1,003,527)	(7,771)
Long U.S. Treasury Bond	September 2021	(86)	(14,166)	(740)
Ultra 10-Year U.S. Treasury Note	September 2021	(5,248)	(788,512)	(30,272)
Ultra Long U.S. Treasury Bond	September 2021	(9)	(1,796)	(127)
				(50,357)
				(50,136)

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

# Statement of Assets and Liabilities

As of July 31, 2021

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$8,493,752)	8,524,924
Affiliated Issuers (Cost \$391,672)	391,676
Total Investments in Securities	8,916,600
Investment in Vanguard	285
Cash	811
Receivables for Investment Securities Sold	627,995
Receivables for Accrued Income	11,261
Receivables for Capital Shares Issued	38,401
Other Assets	111
<b>Total Assets</b>	<b>9,595,464</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	1,154,740
Payables for Capital Shares Redeemed	7,914
Payables for Distributions	465
Payables to Vanguard	399
Variation Margin Payable—Futures Contracts	3,375
<b>Total Liabilities</b>	<b>1,166,893</b>
<b>Net Assets</b>	<b>8,428,571</b>

At July 31, 2021, net assets consisted of:

Paid-in Capital	8,364,047
Total Distributable Earnings (Loss)	64,524
<b>Net Assets</b>	<b>8,428,571</b>

## Investor Shares—Net Assets

Applicable to 66,620,389 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	730,167
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$10.96</b>

## Admiral Shares—Net Assets

Applicable to 702,402,084 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	7,698,404
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$10.96</b>

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

## Statement of Operations

Six Months Ended  
July 31, 2021

	(\$'000)
<b>Investment Income</b>	
<b>Income</b>	
Interest <sup>1</sup>	31,080
<b>Total Income</b>	<b>31,080</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	308
Management and Administrative—Investor Shares	617
Management and Administrative—Admiral Shares	3,195
Marketing and Distribution—Investor Shares	47
Marketing and Distribution—Admiral Shares	178
Custodian Fees	50
Shareholders' Reports—Investor Shares	30
Shareholders' Reports—Admiral Shares	47
Trustees' Fees and Expenses	2
<b>Total Expenses</b>	<b>4,474</b>
<b>Net Investment Income</b>	<b>26,606</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	23,128
Futures Contracts	85,912
Options Purchased	(527)
Options Written	379
<b>Realized Net Gain (Loss)</b>	<b>108,892</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	(51,482)
Futures Contracts	(68,813)
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>(120,295)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>15,203</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$487,000, \$0, and less than \$1,000, respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Six Months Ended July 31, 2021	Year Ended January 31, 2021
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	26,606	80,150
Realized Net Gain (Loss)	108,892	102,324
Change in Unrealized Appreciation (Depreciation)	(120,295)	44,479
Net Increase (Decrease) in Net Assets Resulting from Operations	15,203	226,953
<b>Distributions</b>		
Investor Shares	(4,975)	(10,838)
Admiral Shares	(54,041)	(98,386)
Total Distributions	(59,016)	(109,224)
<b>Capital Share Transactions</b>		
Investor Shares	(33,014)	130,437
Admiral Shares	458,309	2,804,847
Net Increase (Decrease) from Capital Share Transactions	425,295	2,935,284
Total Increase (Decrease)	381,482	3,053,013
<b>Net Assets</b>		
Beginning of Period	8,047,089	4,994,076
End of Period	8,428,571	8,047,089

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

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2021	Year Ended January 31,				
		2021	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.02</b>	<b>\$10.79</b>	<b>\$10.57</b>	<b>\$10.55</b>	<b>\$10.70</b>	<b>\$10.79</b>
<b>Investment Operations</b>						
Net Investment Income	.030 <sup>1</sup>	.125 <sup>1</sup>	.246 <sup>1</sup>	.208 <sup>1</sup>	.142 <sup>1</sup>	.116
Net Realized and Unrealized Gain (Loss) on Investments	(.016)	.274	.221	.021	(.144)	(.063)
Total from Investment Operations	.014	.399	.467	.229	(.002)	.053
<b>Distributions</b>						
Dividends from Net Investment Income	(.030)	(.127)	(.247)	(.209)	(.142)	(.116)
Distributions from Realized Capital Gains	(.044)	(.042)	—	—	(.006)	(.027)
Total Distributions	(.074)	(.169)	(.247)	(.209)	(.148)	(.143)
<b>Net Asset Value, End of Period</b>	<b>\$10.96</b>	<b>\$11.02</b>	<b>\$10.79</b>	<b>\$10.57</b>	<b>\$10.55</b>	<b>\$10.70</b>
<b>Total Return<sup>2</sup></b>	<b>0.12%</b>	<b>3.71%</b>	<b>4.46%</b>	<b>2.20%</b>	<b>-0.02%</b>	<b>0.49%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$730	\$767	\$623	\$622	\$719	\$827
Ratio of Total Expenses to Average Net Assets	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Ratio of Net Investment Income to Average Net Assets	0.56%	1.14%	2.30%	1.98%	1.33%	1.07%
Portfolio Turnover Rate <sup>3</sup>	199%	663%	499%	327%	211%	304%

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

1 Calculated based on average shares outstanding.

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

3 Includes 50%, 180%, 32%, 90%, 30%, and 38%, respectively, attributable to mortgage-dollar-roll activity.

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31,	Year Ended January 31,				
	2021	2021	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.02</b>	<b>\$10.79</b>	<b>\$10.57</b>	<b>\$10.55</b>	<b>\$10.70</b>	<b>\$10.79</b>
<b>Investment Operations</b>						
Net Investment Income	.036 <sup>1</sup>	.130 <sup>1</sup>	.257 <sup>1</sup>	.219 <sup>1</sup>	.153 <sup>1</sup>	.127
Net Realized and Unrealized Gain (Loss) on Investments	(.017)	.280	.220	.020	(.144)	(.063)
Total from Investment Operations	.019	.410	.477	.239	.009	.064
<b>Distributions</b>						
Dividends from Net Investment Income	(.035)	(.138)	(.257)	(.219)	(.153)	(.127)
Distributions from Realized Capital Gains	(.044)	(.042)	—	—	(.006)	(.027)
Total Distributions	(.079)	(.180)	(.257)	(.219)	(.159)	(.154)
<b>Net Asset Value, End of Period</b>	<b>\$10.96</b>	<b>\$11.02</b>	<b>\$10.79</b>	<b>\$10.57</b>	<b>\$10.55</b>	<b>\$10.70</b>
<b>Total Return<sup>2</sup></b>	<b>0.17%</b>	<b>3.81%</b>	<b>4.56%</b>	<b>2.30%</b>	<b>0.08%</b>	<b>0.59%</b>

### Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$7,698	\$7,280	\$4,371	\$3,963	\$4,239	\$4,819
Ratio of Total Expenses to Average Net Assets	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of Net Investment Income to Average Net Assets	0.66%	1.19%	2.40%	2.08%	1.43%	1.17%
Portfolio Turnover Rate <sup>3</sup>	199%	663%	499%	327%	211%	304%

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

1 Calculated based on average shares outstanding.

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

3 Includes 50%, 180%, 32%, 90%, 30%, and 38%, respectively, attributable to mortgage-dollar-roll activity.

## Notes to Financial Statements

Vanguard Short-Term Federal 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. Bonds and 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. Structured debt securities, including mortgages and asset-backed securities, are valued using the latest bid prices or using valuations based on a matrix system that considers such factors as issuer, tranche, nominal or option-adjusted spreads, weighted average coupon, weighted average maturity, credit enhancements, and collateral, as furnished by independent pricing services. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Securities for which market quotations are not readily available, or whose values have been materially affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value.

2. **Futures Contracts:** The fund uses futures contracts to invest in fixed income asset classes with greater efficiency and lower cost than is possible through direct investment, to add value when these instruments are attractively priced, or to adjust sensitivity to changes in interest rates. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of bonds 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 six months ended July 31, 2021, the fund's average investments in long and short futures contracts represented 5% and 26% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Options: The fund invests in options contracts on futures to adjust its exposure to the underlying investments. The primary risk associated with purchasing options is that if interest rates move in such a way that the option is out-of-the-money, the position is worthless at expiration, and the fund loses the premium paid. The primary risk associated with selling options is that if interest rates move in such a way that the option is in-the-money, the counterparty exercises the option, and the fund loses an amount equal to the market value of the option written less the premium received. Counterparty risk involving options on futures contracts is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades options on futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouses, and has entered into clearing agreements with its clearing brokers.

Options contracts on futures are valued at their quoted daily settlement prices. The premium paid for a purchased option is recorded in the Statement of Assets and Liabilities as an asset that is subsequently adjusted daily to the current market value of the option purchased. The premium received for a written option is recorded in the Statement of Assets and Liabilities as an asset with an equal liability that is subsequently adjusted daily to the current market value of the option written. The notional amounts of option contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the options are recorded in the Statement of Operations as unrealized appreciation (depreciation) until expired, closed, or exercised, at which time realized gains (losses) are recognized.

During the six months ended July 31, 2021, the fund's average value of investments in options purchased and options written each represented less than 1% of net assets, respectively, based on the average market values at each quarter-end during the period. The fund had no open options contracts on futures at July 31, 2021.

4. To Be Announced (TBA) Transactions: A TBA transaction is an agreement to buy or sell mortgage-backed securities with agreed-upon characteristics (face amount, coupon, maturity) for settlement at a future date. The fund may be a seller of TBA transactions to reduce its exposure to the mortgage-backed securities market or in order to sell mortgage-backed securities it owns under delayed-delivery arrangements. When the fund is a buyer of TBA transactions, it maintains cash or short-term investments in an amount sufficient to meet the purchase price at the settlement date of the TBA transaction. The primary risk associated with TBA transactions is that a counterparty may default on its obligations. The fund mitigates its counterparty risk by, among other things, performing a credit analysis of counterparties, allocating transactions among numerous counterparties, and monitoring its exposure to each counterparty. The fund may also enter into a Master Securities Forward Transaction Agreement (MSFTA) with certain counterparties and require them to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the fund cannot be repledged, resold, or rehypothecated. Under an MSFTA, upon a counterparty default (including bankruptcy), the fund may terminate any TBA transactions with that counterparty, determine the net amount owed by either party in accordance with its MSFTA, and sell or retain any collateral held up to the net amount owed to the fund under the MSFTA.



At July 31, 2021, counterparties had deposited in segregated accounts cash with a value of \$3,098,000 in connection with TBA transactions.

5. **Mortgage Dollar Rolls:** The fund enters into mortgage-dollar-roll transactions, in which the fund sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. The proceeds of the securities sold in mortgage-dollar-roll transactions are typically invested in high-quality short-term fixed income securities. The fund forgoes principal and interest paid on the securities sold, and is compensated by interest earned on the proceeds of the sale and by a lower price on the securities to be repurchased. The fund also enters into mortgage-dollar-roll transactions in which the fund buys mortgage-backed securities from a dealer pursuant to a TBA transaction and simultaneously agrees to sell similar securities in the future at a predetermined price. The securities bought in mortgage-dollar-roll transactions are used to cover an open TBA sell position. The fund continues to earn interest on mortgage-backed security pools already held and receives a lower price on the securities to be sold in the future. The fund accounts for mortgage-dollar-roll transactions as purchases and sales; as such, these transactions may increase the fund's portfolio turnover rate. Amounts to be received or paid in connection with open mortgage dollar rolls are included in Receivables for Investment Securities Sold or Payables for Investment Securities Purchased in the Statement of Assets and Liabilities.

6. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute all of its 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.

7. **Distributions:** Distributions from net investment income are declared daily and paid on the first business day of the following month. Annual distributions from realized capital gains, if any, 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.

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 alternate rate agreed to by the fund and Vanguard.

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

For the six months ended July 31, 2021, the fund did not utilize the credit facilities or the Interfund Lending Program.

9. Other: 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.

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.** 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, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At July 31, 2021, the fund had contributed to Vanguard capital in the amount of \$285,000, representing less than 0.01% of the fund's net assets and 0.11% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

**C.** 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.

## Short-Term Federal Fund

The following table summarizes the market value of the fund's investments and derivatives as of July 31, 2021, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
<b>Investments</b>				
Assets				
U.S. Government and Agency Obligations	—	8,345,326	—	8,345,326
Asset-Backed/Commercial Mortgage-Backed Securities	—	172,891	—	172,891
Sovereign Bonds	—	6,707	—	6,707
Temporary Cash Investments	391,676	—	—	391,676
<b>Total</b>	<b>391,676</b>	<b>8,524,924</b>	<b>—</b>	<b>8,916,600</b>

### Derivative Financial Instruments

Assets				
Futures Contracts <sup>1</sup>	221	—	—	221
Liabilities				
Futures Contracts <sup>1</sup>	50,357	—	—	50,357

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

D. As of July 31, 2021, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	8,893,650
Gross Unrealized Appreciation	41,433
Gross Unrealized Depreciation	(68,619)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>(27,186)</b>

E. During the six months ended July 31, 2021, the fund purchased \$16,393,065,000 of investment securities and sold \$15,193,048,000 of investment securities, other than temporary cash investments.

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

	Six Months Ended July 31, 2021		Year Ended January 31, 2021	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	135,382	12,336	541,122	49,278
Issued in Lieu of Cash Distributions	4,404	403	9,577	872
Redeemed	(172,800)	(15,747)	(420,262)	(38,267)
Net Increase (Decrease)—Investor Shares	(33,014)	(3,008)	130,437	11,883
<b>Admiral Shares</b>				
Issued	1,998,838	182,199	5,382,618	490,282
Issued in Lieu of Cash Distributions	47,373	4,329	86,834	7,902
Redeemed	(1,587,902)	(144,801)	(2,664,605)	(242,718)
Net Increase (Decrease)—Admiral Shares	458,309	41,727	2,804,847	255,466

G. Management has determined that no events or transactions occurred subsequent to July 31, 2021, that would require recognition or disclosure in these financial statements.

# Intermediate-Term Treasury Fund

## Fund Allocation

As of July 31, 2021

Agency Bonds and Notes	3.7%
Asset-Backed/Commercial Mortgage-Backed Securities	2.7
Government Mortgage-Backed Securities	0.4
Sovereign Bonds	0.7
U.S. Government Securities	92.5

The table reflects the fund's investments, except for short-term investments and derivatives. The agency and mortgage-backed securities may include issues from government-sponsored enterprises; such issues are generally not backed by the full faith and credit of the U.S. government.

# Financial Statements (unaudited)

## Schedule of Investments

As of July 31, 2021

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

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<b>U.S. Government and Agency Obligations (96.1%)</b>				
<b>U.S. Government Securities (92.1%)</b>				
U.S. Treasury Note/Bond	2.625%	12/31/23	39,000	41,224
U.S. Treasury Note/Bond	2.125%	2/29/24	31,000	32,477
U.S. Treasury Note/Bond	2.375%	2/29/24	39,500	41,623
U.S. Treasury Note/Bond	2.125%	3/31/24	54,000	56,624
U.S. Treasury Note/Bond	2.250%	4/30/24	46,200	48,654
U.S. Treasury Note/Bond	2.000%	6/30/24	34,500	36,166
U.S. Treasury Note/Bond	1.250%	8/31/24	6,600	6,777
U.S. Treasury Note/Bond	1.875%	8/31/24	70,000	73,227
U.S. Treasury Note/Bond	1.500%	9/30/24	82,600	85,504
U.S. Treasury Note/Bond	2.125%	9/30/24	69,000	72,784
U.S. Treasury Note/Bond	2.250%	10/31/24	47,700	50,547
U.S. Treasury Note/Bond	2.250%	11/15/24	20,200	21,412
U.S. Treasury Note/Bond	1.500%	11/30/24	102,500	106,184
U.S. Treasury Note/Bond	1.750%	12/31/24	30,000	31,345
U.S. Treasury Note/Bond	2.250%	12/31/24	26,400	28,025
U.S. Treasury Note/Bond	2.000%	2/15/25	167,500	176,529
U.S. Treasury Note/Bond	1.125%	2/28/25	209,130	214,031
U.S. Treasury Note/Bond	2.750%	2/28/25	122,400	132,345
U.S. Treasury Note/Bond	2.625%	3/31/25	45,300	48,825
U.S. Treasury Note/Bond	0.375%	4/30/25	75,500	75,146
U.S. Treasury Note/Bond	2.125%	5/15/25	121,600	128,972
U.S. Treasury Note/Bond	0.250%	5/31/25	41,700	41,277
U.S. Treasury Note/Bond	0.250%	6/30/25	73,200	72,399
U.S. Treasury Note/Bond	0.250%	7/31/25	157,300	155,481
U.S. Treasury Note/Bond	2.875%	7/31/25	74,100	80,931
U.S. Treasury Note/Bond	2.000%	8/15/25	30,600	32,369
U.S. Treasury Note/Bond	0.250%	8/31/25	130,800	129,165
U.S. Treasury Note/Bond	2.750%	8/31/25	43,600	47,463
U.S. Treasury Note/Bond	0.250%	9/30/25	101,400	100,053
U.S. Treasury Note/Bond	0.250%	10/31/25	108,000	106,464
U.S. Treasury Note/Bond	2.250%	11/15/25	49,000	52,453
U.S. Treasury Note/Bond	0.375%	11/30/25	121,100	119,946
U.S. Treasury Note/Bond	2.875%	11/30/25	44,000	48,283
U.S. Treasury Note/Bond	0.375%	12/31/25	75,800	75,018
U.S. Treasury Note/Bond	0.375%	1/31/26	162,300	160,474
U.S. Treasury Note/Bond	1.625%	2/15/26	60,684	63,377
U.S. Treasury Note/Bond	6.000%	2/15/26	17,000	21,083
U.S. Treasury Note/Bond	0.500%	2/28/26	129,400	128,591

Intermediate-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
U.S. Treasury Note/Bond	0.750%	3/31/26	21,000	21,098
U.S. Treasury Note/Bond	2.250%	3/31/26	7,450	7,999
U.S. Treasury Note/Bond	2.375%	4/30/26	64,000	69,130
U.S. Treasury Note/Bond	1.625%	5/15/26	90,300	94,364
U.S. Treasury Note/Bond	0.750%	5/31/26	70,000	70,241
U.S. Treasury Note/Bond	2.125%	5/31/26	110,300	117,918
U.S. Treasury Note/Bond	1.875%	6/30/26	39,900	42,194
U.S. Treasury Note/Bond	1.875%	7/31/26	36,000	38,087
U.S. Treasury Note/Bond	1.500%	8/15/26	147,000	152,765
U.S. Treasury Note/Bond	1.625%	9/30/26	136,400	142,666
U.S. Treasury Note/Bond	2.000%	11/15/26	155,100	165,206
U.S. Treasury Note/Bond	6.500%	11/15/26	5,000	6,491
U.S. Treasury Note/Bond	2.250%	2/15/27	150,000	161,953
U.S. Treasury Note/Bond	6.625%	2/15/27	7,000	9,216
U.S. Treasury Note/Bond	1.125%	2/28/27	19,100	19,458
U.S. Treasury Note/Bond	2.375%	5/15/27	34,000	37,002
U.S. Treasury Note/Bond	2.250%	8/15/27	73,900	79,997
U.S. Treasury Note/Bond	0.500%	10/31/27	66,000	64,412
U.S. Treasury Note/Bond	2.250%	11/15/27	49,500	53,615
U.S. Treasury Note/Bond	6.125%	11/15/27	14,000	18,489
U.S. Treasury Note/Bond	0.625%	11/30/27	120,800	118,686
U.S. Treasury Note/Bond	0.625%	12/31/27	75,500	74,108
U.S. Treasury Note/Bond	0.750%	1/31/28	80,600	79,668
U.S. Treasury Note/Bond	2.750%	2/15/28	143,500	160,092
U.S. Treasury Note/Bond	1.125%	2/29/28	36,640	37,075
U.S. Treasury Note/Bond	1.250%	3/31/28	118,900	121,148
U.S. Treasury Note/Bond	1.250%	4/30/28	33,700	34,321
U.S. Treasury Note/Bond	2.875%	5/15/28	109,700	123,515
U.S. Treasury Note/Bond	1.250%	6/30/28	50,000	50,867
U.S. Treasury Note/Bond	2.875%	8/15/28	184,700	208,336
U.S. Treasury Note/Bond	5.500%	8/15/28	10,000	13,075
U.S. Treasury Note/Bond	3.125%	11/15/28	203,500	233,516
U.S. Treasury Note/Bond	5.250%	11/15/28	19,500	25,320
U.S. Treasury Note/Bond	2.625%	2/15/29	127,900	142,449
U.S. Treasury Note/Bond	5.250%	2/15/29	10,000	13,047
U.S. Treasury Note/Bond	2.375%	5/15/29	16,500	18,096
U.S. Treasury Note/Bond	1.500%	2/15/30	23,500	24,187
<sup>1</sup> U.S. Treasury Note/Bond	0.625%	5/15/30	67,250	64,213
U.S. Treasury Note/Bond	0.625%	8/15/30	114,200	108,740
U.S. Treasury Note/Bond	0.875%	11/15/30	126,400	122,806
U.S. Treasury Note/Bond	1.125%	2/15/31	113,500	112,578
				<b>6,201,392</b>

Agency Bonds and Notes (3.7%)

<sup>2</sup> Fannie Mae Interest Strip	0.000%	5/15/29	18,875	17,017
<sup>2</sup> Fannie Mae Principal Strip	0.000%	1/15/30	16,000	14,202
<sup>2</sup> Fannie Mae Principal Strip	0.000%	5/15/30	55,682	49,063
<sup>2</sup> Fannie Mae Principal Strip	0.000%	11/15/30	6,000	5,210
<sup>2</sup> Freddie Mac Strips	0.000%	3/15/31	28,909	24,882
Private Export Funding Corp.	4.300%	12/15/21	4,150	4,209
Private Export Funding Corp.	3.550%	1/15/24	10,300	11,078
Private Export Funding Corp.	1.400%	7/15/28	34,000	34,429
Resolution Funding Corp. Interest Strip	0.000%	4/15/28	2,260	2,100
Resolution Funding Corp. Principal Strip	0.000%	4/15/30	98,000	86,455
				<b>248,645</b>

Intermediate-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<b>Nonconventional Mortgage-Backed Securities (0.3%)</b>				
<sup>2,3</sup> Fannie Mae REMICS	1.750%	5/25/43-4/25/44	3,630	3,714
<sup>2,3</sup> Fannie Mae REMICS	2.250%	10/25/43	4,136	4,259
<sup>2,3</sup> Fannie Mae REMICS	2.500%	9/25/49	3,410	3,572
<sup>2,3</sup> Fannie Mae REMICS	3.000%	2/25/43	136	140
<sup>2,3</sup> Fannie Mae REMICS	3.500%	6/25/48	3,175	3,316
<sup>2,3</sup> Freddie Mac REMICS	3.500%	6/15/38	1,388	1,404
<sup>3</sup> Ginnie Mae	2.750%	1/20/46	1,862	1,896
<sup>3</sup> Ginnie Mae	3.000%	8/20/46-2/20/48	2,455	2,583
<sup>3</sup> Ginnie Mae	3.500%	6/20/48-2/20/49	2,452	2,677
			<b>23,561</b>	
<b>Total U.S. Government and Agency Obligations (Cost \$6,404,457)</b>			<b>6,473,598</b>	
<b>Asset-Backed/Commercial Mortgage-Backed Securities (2.7%)</b>				
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20B	3.220%	2/1/38	20,734	22,795
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20D	3.310%	4/1/38	30,370	33,543
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20E	3.500%	5/1/38	8,282	9,221
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20F	3.600%	6/1/38	14,589	16,302
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20J	3.770%	10/1/38	27,606	31,153
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20K	3.870%	11/1/38	17,232	19,444
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-20L	3.540%	12/1/38	22,586	25,173
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2018-25F	3.670%	12/1/43	2,322	2,607
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2019-20A	3.370%	1/1/39	9,184	10,168
<sup>3</sup> U.S. Small Business Administration Class 1 Series 2019-20C	3.200%	3/1/39	9,643	10,589
<b>Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$162,633)</b>			<b>180,995</b>	
<b>Sovereign Bonds (0.7%)</b>				
<sup>4</sup> State of Israel (Cost \$45,714)	0.000%	11/1/24	50,000	48,564



## Intermediate-Term Treasury Fund

	Coupon	Shares	Market Value* (\$000)
<b>Temporary Cash Investments (2.2%)</b>			
Money Market Fund (2.2%)			
<sup>5</sup> Vanguard Market Liquidity Fund (Cost \$145,407)	0.064%	1,454,072	145,407
<b>Total Investments (101.7%) (Cost \$6,758,211)</b>			<b>6,848,564</b>
<b>Other Assets and Liabilities—Net (-1.7%)</b>			<b>(112,119)</b>
<b>Net Assets (100%)</b>			<b>6,736,445</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

1 Securities with a value of \$2,557,000 have been segregated as initial margin for open futures contracts.

2 The issuer was placed under federal conservatorship in September 2008; since that time, its daily operations have been managed by the Federal Housing Finance Agency and it receives capital from the U.S. Treasury, as needed to maintain a positive net worth, in exchange for senior preferred stock.

3 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.

4 U.S. government-guaranteed.

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

REMICs—Real Estate Mortgage Investment Conduits.

## Derivative Financial Instruments Outstanding as of Period End

### Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
				(\$000)
<b>Long Futures Contracts</b>				
5-Year U.S. Treasury Note	September 2021	723	89,974	76
Ultra 10-Year U.S. Treasury Note	September 2021	682	102,471	502
				578
<b>Short Futures Contracts</b>				
10-Year U.S. Treasury Note	September 2021	(1,002)	(134,722)	(1,825)
2-Year U.S. Treasury Note	September 2021	(1,003)	(221,318)	(147)
Ultra Long U.S. Treasury Bond	September 2021	(14)	(2,793)	27
				(1,945)
				(1,367)

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

# Statement of Assets and Liabilities

As of July 31, 2021

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$6,612,804)	6,703,157
Affiliated Issuers (Cost \$145,407)	145,407
Total Investments in Securities	6,848,564
Investment in Vanguard	229
Cash	184
Receivables for Investment Securities Sold	107,478
Receivables for Accrued Income	34,047
Receivables for Capital Shares Issued	3,527
Variation Margin Receivable—Futures Contracts	369
Other Assets	67
<b>Total Assets</b>	<b>6,994,465</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	252,090
Payables for Capital Shares Redeemed	4,607
Payables for Distributions	990
Payables to Vanguard	333
<b>Total Liabilities</b>	<b>258,020</b>
<b>Net Assets</b>	<b>6,736,445</b>

At July 31, 2021, net assets consisted of:

Paid-in Capital	6,686,345
Total Distributable Earnings (Loss)	50,100
<b>Net Assets</b>	<b>6,736,445</b>

## Investor Shares—Net Assets

Applicable to 74,757,143 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	864,731
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$11.57</b>

## Admiral Shares—Net Assets

Applicable to 507,617,846 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	5,871,714
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$11.57</b>

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

## Statement of Operations

Six Months Ended  
July 31, 2021

	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Interest <sup>1</sup>	39,558
<b>Total Income</b>	<b>39,558</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	361
Management and Administrative—Investor Shares	714
Management and Administrative—Admiral Shares	2,352
Marketing and Distribution—Investor Shares	63
Marketing and Distribution—Admiral Shares	201
Custodian Fees	24
Shareholders' Reports—Investor Shares	50
Shareholders' Reports—Admiral Shares	56
Trustees' Fees and Expenses	3
<b>Total Expenses</b>	<b>3,824</b>
<b>Net Investment Income</b>	<b>35,734</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	(35,886)
Futures Contracts	11,022
Options Purchased	(610)
Options Written	(4,394)
<b>Realized Net Gain (Loss)</b>	<b>(29,868)</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	(5,008)
Futures Contracts	(5,248)
Options Purchased	27
Options Written	(30)
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>(10,259)</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(4,393)</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$17,000, \$0, and less than \$1,000, respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Six Months Ended July 31, 2021	Year Ended January 31, 2021
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	35,734	82,483
Realized Net Gain (Loss)	(29,868)	392,594
Change in Unrealized Appreciation (Depreciation)	(10,259)	(113,488)
Net Increase (Decrease) in Net Assets Resulting from Operations	(4,393)	361,589
<b>Distributions</b>		
Investor Shares	(5,806)	(45,250)
Admiral Shares	(41,192)	(296,030)
Total Distributions	(46,998)	(341,280)
<b>Capital Share Transactions</b>		
Investor Shares	(81,301)	30,081
Admiral Shares	(321,015)	771,609
Net Increase (Decrease) from Capital Share Transactions	(402,316)	801,690
Total Increase (Decrease)	(453,707)	821,999
<b>Net Assets</b>		
Beginning of Period	7,190,152	6,368,153
End of Period	6,736,445	7,190,152

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

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2021	Year Ended January 31,				
		2021	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.65</b>	<b>\$11.57</b>	<b>\$10.96</b>	<b>\$10.88</b>	<b>\$11.11</b>	<b>\$11.51</b>
<b>Investment Operations</b>						
Net Investment Income	.055 <sup>1</sup>	.129 <sup>1</sup>	.255 <sup>1</sup>	.260 <sup>1</sup>	.198 <sup>1</sup>	.177
Net Realized and Unrealized Gain (Loss) on Investments	(.061)	.507	.611	.081	(.230)	(.271)
Total from Investment Operations	(.006)	.636	.866	.341	(.032)	(.094)
<b>Distributions</b>						
Dividends from Net Investment Income	(.055)	(.127)	(.256)	(.261)	(.198)	(.177)
Distributions from Realized Capital Gains	(.019)	(.429)	—	—	—	(.129)
Total Distributions	(.074)	(.556)	(.256)	(.261)	(.198)	(.306)
<b>Net Asset Value, End of Period</b>	<b>\$11.57</b>	<b>\$11.65</b>	<b>\$11.57</b>	<b>\$10.96</b>	<b>\$10.88</b>	<b>\$11.11</b>
<b>Total Return<sup>2</sup></b>	<b>-0.04%</b>	<b>5.50%</b>	<b>7.98%</b>	<b>3.20%</b>	<b>-0.31%</b>	<b>-0.84%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$865	\$953	\$917	\$837	\$967	\$1,185
Ratio of Total Expenses to Average Net Assets	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Ratio of Net Investment Income to Average Net Assets	0.97%	1.07%	2.27%	2.42%	1.78%	1.53%
Portfolio Turnover Rate <sup>3</sup>	127%	309%	214%	231%	181%	152%

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

1 Calculated based on average shares outstanding.

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

3 Includes 3%, 37%, 5%, 35%, 6% and 3%, respectively, attributable to mortgage-dollar-roll activity.

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2021	Year Ended January 31,				
		2021	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.65</b>	<b>\$11.57</b>	<b>\$10.96</b>	<b>\$10.88</b>	<b>\$11.11</b>	<b>\$11.51</b>
<b>Investment Operations</b>						
Net Investment Income	.061 <sup>1</sup>	.139 <sup>1</sup>	.267 <sup>1</sup>	.272 <sup>1</sup>	.210 <sup>1</sup>	.188
Net Realized and Unrealized Gain (Loss) on Investments	(.061)	.509	.610	.080	(.230)	(.271)
Total from Investment Operations	—	.648	.877	.352	(.020)	(.083)
<b>Distributions</b>						
Dividends from Net Investment Income	(.061)	(.139)	(.267)	(.272)	(.210)	(.188)
Distributions from Realized Capital Gains	(.019)	(.429)	—	—	—	(.129)
Total Distributions	(.080)	(.568)	(.267)	(.272)	(.210)	(.317)
<b>Net Asset Value, End of Period</b>	<b>\$11.57</b>	<b>\$11.65</b>	<b>\$11.57</b>	<b>\$10.96</b>	<b>\$10.88</b>	<b>\$11.11</b>
<b>Total Return<sup>2</sup></b>	<b>0.01%</b>	<b>5.60%</b>	<b>8.09%</b>	<b>3.30%</b>	<b>-0.21%</b>	<b>-0.74%</b>

### Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$5,872	\$6,237	\$5,452	\$4,976	\$5,100	\$5,190
Ratio of Total Expenses to Average Net Assets	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of Net Investment Income to Average Net Assets	1.07%	1.16%	2.37%	2.52%	1.88%	1.63%
Portfolio Turnover Rate <sup>3</sup>	127%	309%	214%	231%	181%	152%

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

1 Calculated based on average shares outstanding.

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

3 Includes 3%, 37%, 5%, 35%, 6% and 3%, respectively, attributable to mortgage-dollar-roll activity.

## Notes to Financial Statements

Vanguard Intermediate-Term Treasury 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. Bonds and 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. Structured debt securities, including mortgages and asset-backed securities, are valued using the latest bid prices or using valuations based on a matrix system that considers such factors as issuer, tranche, nominal or option-adjusted spreads, weighted average coupon, weighted average maturity, credit enhancements, and collateral, as furnished by independent pricing services. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value.

2. **Futures Contracts:** The fund uses futures contracts to invest in fixed income asset classes with greater efficiency and lower cost than is possible through direct investment, to add value when these instruments are attractively priced, or to adjust sensitivity to changes in interest rates. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of bonds 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 six months ended July 31, 2021, the fund's average investments in long and short futures contracts represented 8% and 6% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Options: The fund invests in options contracts on futures to adjust its exposure to the underlying investments. The primary risk associated with purchasing options is that if interest rates move in such a way that the option is out-of-the-money, the position is worthless at expiration, and the fund loses the premium paid. The primary risk associated with selling options is that if interest rates move in such a way that the option is in-the-money, the counterparty exercises the option, and the fund loses an amount equal to the market value of the option written less the premium received. Counterparty risk involving options on futures contracts is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades options on futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouses, and has entered into clearing agreements with its clearing brokers.

Options contracts on futures are valued at their quoted daily settlement prices. The premium paid for a purchased option is recorded in the Statement of Assets and Liabilities as an asset that is subsequently adjusted daily to the current market value of the option purchased. The premium received for a written option is recorded in the Statement of Assets and Liabilities as an asset with an equal liability that is subsequently adjusted daily to the current market value of the option written. The notional amounts of option contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the options are recorded in the Statement of Operations as unrealized appreciation (depreciation) until expired, closed, or exercised, at which time realized gains (losses) are recognized.

During the six months ended July 31, 2021, the fund's average value of investments in options purchased and options written each represented less than 1% of net assets, respectively, based on the average market values at each quarter-end during the period. The fund had no open options contracts on futures at July 31, 2021.

4. To Be Announced (TBA) Transactions: A TBA transaction is an agreement to buy or sell mortgage-backed securities with agreed-upon characteristics (face amount, coupon, maturity) for settlement at a future date. The fund may be a seller of TBA transactions to reduce its exposure to the mortgage-backed securities market or in order to sell mortgage-backed securities it owns under delayed-delivery arrangements. When the fund is a buyer of TBA transactions, it maintains cash or short-term investments in an amount sufficient to meet the purchase price at the settlement date of the TBA transaction. The primary risk associated with TBA transactions is that a counterparty may default on its obligations. The fund mitigates its counterparty risk by, among other things, performing a credit analysis of counterparties, allocating transactions among numerous counterparties, and monitoring its exposure to each counterparty. The fund may also enter into a Master Securities Forward Transaction Agreement (MSFTA) with certain counterparties and require them to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the fund cannot be repledged, resold, or rehypothecated. Under an MSFTA, upon a counterparty default (including bankruptcy), the fund may terminate any TBA transactions with that counterparty, determine the net amount owed by either party in accordance with its MSFTA, and sell or retain any collateral held up to the net amount owed to the fund under the MSFTA.



5. **Mortgage Dollar Rolls:** The fund enters into mortgage-dollar-roll transactions, in which the fund sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. The proceeds of the securities sold in mortgage-dollar-roll transactions are typically invested in high-quality short-term fixed income securities. The fund forgoes principal and interest paid on the securities sold, and is compensated by interest earned on the proceeds of the sale and by a lower price on the securities to be repurchased. The fund also enters into mortgage-dollar-roll transactions in which the fund buys mortgage-backed securities from a dealer pursuant to a TBA transaction and simultaneously agrees to sell similar securities in the future at a predetermined price. The securities bought in mortgage-dollar-roll transactions are used to cover an open TBA sell position. The fund continues to earn interest on mortgage-backed security pools already held and receives a lower price on the securities to be sold in the future. The fund accounts for mortgage-dollar-roll transactions as purchases and sales; as such, these transactions may increase the fund's portfolio turnover rate. Amounts to be received or paid in connection with open mortgage dollar rolls are included in Receivables for Investment Securities Sold or Payables for Investment Securities Purchased in the Statement of Assets and Liabilities.

6. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute all of its 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.

7. **Distributions:** Distributions from net investment income are declared daily and paid on the first business day of the following month. Annual distributions from realized capital gains, if any, 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.

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 alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the

extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight, but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended July 31, 2021, the fund did not utilize the credit facilities or the Interfund Lending Program.

9. Other: 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.

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. 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, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At July 31, 2021, the fund had contributed to Vanguard capital in the amount of \$229,000, representing less than 0.01% of the fund's net assets and 0.09% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

C. 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.

## Intermediate-Term Treasury Fund

The following table summarizes the market value of the fund's investments and derivatives as of July 31, 2021, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
<b>Investments</b>				
Assets				
U.S. Government and Agency Obligations	—	6,473,598	—	6,473,598
Asset-Backed/Commercial Mortgage-Backed Securities	—	180,995	—	180,995
Sovereign Bonds	—	48,564	—	48,564
Temporary Cash Investments	145,407	—	—	145,407
<b>Total</b>	<b>145,407</b>	<b>6,703,157</b>	<b>—</b>	<b>6,848,564</b>

### Derivative Financial Instruments

Assets				
Futures Contracts <sup>1</sup>	605	—	—	605
Liabilities				
Futures Contracts <sup>1</sup>	1,972	—	—	1,972

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

D. As of July 31, 2021, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	6,764,300
Gross Unrealized Appreciation	103,774
Gross Unrealized Depreciation	(20,877)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>82,897</b>

E. During the six months ended July 31, 2021, the fund purchased \$8,641,998,000 of investment securities and sold \$9,380,104,000 of investment securities, other than temporary cash investments.

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

	Six Months Ended July 31, 2021		Year Ended January 31, 2021	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	71,300	6,210	430,736	35,860
Issued in Lieu of Cash Distributions	5,380	471	42,262	3,591
Redeemed	(157,981)	(13,781)	(442,917)	(36,819)
Net Increase (Decrease)—Investor Shares	(81,301)	(7,100)	30,081	2,632
<b>Admiral Shares</b>				
Issued	747,210	65,184	2,920,648	242,850
Issued in Lieu of Cash Distributions	34,230	2,995	249,608	21,208
Redeemed	(1,102,455)	(96,145)	(2,398,647)	(199,657)
Net Increase (Decrease)—Admiral Shares	(321,015)	(27,966)	771,609	64,401

G. Management has determined that no events or transactions occurred subsequent to July 31, 2021, that would require recognition or disclosure in these financial statements.

# Long-Term Treasury Fund

## Fund Allocation

As of July 31, 2021

Agency Bonds and Notes	6.3%
Government Mortgage-Backed Securities	0.5
U.S. Government Securities	93.2

The table reflects the fund's investments, except for short-term investments and derivatives. The agency and mortgage-backed securities may include issues from government-sponsored enterprises; such issues are generally not backed by the full faith and credit of the U.S. government.

## Financial Statements (unaudited)

## Schedule of Investments

As of July 31, 2021

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

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<b>U.S. Government and Agency Obligations (97.8%)</b>				
<b>U.S. Government Securities (91.1%)</b>				
U.S. Treasury Note/Bond	1.250%	4/30/28	12,300	12,527
U.S. Treasury Note/Bond	0.625%	5/15/30	1,700	1,623
U.S. Treasury Note/Bond	1.125%	2/15/31	22,000	21,821
U.S. Treasury Note/Bond	4.500%	2/15/36	39,100	54,899
U.S. Treasury Note/Bond	4.750%	2/15/37	14,000	20,344
U.S. Treasury Note/Bond	5.000%	5/15/37	15,000	22,378
U.S. Treasury Note/Bond	4.375%	2/15/38	16,122	22,762
U.S. Treasury Note/Bond	4.500%	5/15/38	11,000	15,761
U.S. Treasury Note/Bond	4.250%	5/15/39	29,600	41,588
U.S. Treasury Note/Bond	4.500%	8/15/39	16,667	24,117
U.S. Treasury Note/Bond	4.375%	11/15/39	48,000	68,580
U.S. Treasury Note/Bond	4.625%	2/15/40	24,700	36,394
U.S. Treasury Note/Bond	1.125%	5/15/40	94,050	84,057
U.S. Treasury Note/Bond	1.125%	8/15/40	90,300	80,438
U.S. Treasury Note/Bond	3.875%	8/15/40	9,791	13,230
U.S. Treasury Note/Bond	1.375%	11/15/40	100,900	93,790
U.S. Treasury Note/Bond	1.875%	2/15/41	143,800	145,508
U.S. Treasury Note/Bond	4.375%	5/15/41	20,863	30,114
U.S. Treasury Note/Bond	3.750%	8/15/41	33,170	44,334
U.S. Treasury Note/Bond	3.125%	11/15/41	4,300	5,280
U.S. Treasury Note/Bond	3.125%	2/15/42	33,000	40,575
U.S. Treasury Note/Bond	3.000%	5/15/42	15,000	18,098
U.S. Treasury Note/Bond	2.750%	8/15/42	18,500	21,500
U.S. Treasury Note/Bond	2.750%	11/15/42	56,000	65,074
U.S. Treasury Note/Bond	3.125%	2/15/43	20,111	24,752
U.S. Treasury Note/Bond	2.875%	5/15/43	63,446	75,224
U.S. Treasury Note/Bond	3.625%	8/15/43	57,264	75,893
U.S. Treasury Note/Bond	3.750%	11/15/43	20,557	27,790
U.S. Treasury Note/Bond	3.125%	8/15/44	54,849	67,901
U.S. Treasury Note/Bond	3.000%	11/15/44	55,251	67,095
U.S. Treasury Note/Bond	2.500%	2/15/45	105,900	118,443
U.S. Treasury Note/Bond	3.000%	5/15/45	91,705	111,709
U.S. Treasury Note/Bond	2.875%	8/15/45	40,963	48,919
U.S. Treasury Note/Bond	3.000%	11/15/45	13,600	16,613
U.S. Treasury Note/Bond	2.500%	2/15/46	77,795	87,203
U.S. Treasury Note/Bond	2.500%	5/15/46	66,810	74,952
U.S. Treasury Note/Bond	2.250%	8/15/46	68,500	73,391
U.S. Treasury Note/Bond	2.875%	11/15/46	85,969	103,230

Long-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
U.S. Treasury Note/Bond	3.000%	2/15/47	73,198	89,942
U.S. Treasury Note/Bond	3.000%	5/15/47	48,636	59,830
U.S. Treasury Note/Bond	2.750%	8/15/47	124,117	146,187
U.S. Treasury Note/Bond	2.750%	11/15/47	95,690	112,809
U.S. Treasury Note/Bond	3.000%	2/15/48	115,804	142,837
U.S. Treasury Note/Bond	3.125%	5/15/48	51,162	64,552
U.S. Treasury Note/Bond	3.000%	8/15/48	114,533	141,537
U.S. Treasury Note/Bond	3.375%	11/15/48	110,061	145,366
U.S. Treasury Note/Bond	3.000%	2/15/49	120,420	149,245
<sup>1</sup> U.S. Treasury Note/Bond	2.875%	5/15/49	120,761	146,499
U.S. Treasury Note/Bond	2.250%	8/15/49	112,500	120,955
U.S. Treasury Note/Bond	2.375%	11/15/49	92,400	102,073
U.S. Treasury Note/Bond	2.000%	2/15/50	106,000	108,137
U.S. Treasury Note/Bond	1.250%	5/15/50	43,600	37,108
U.S. Treasury Note/Bond	1.375%	8/15/50	100,797	88,544
U.S. Treasury Note/Bond	1.625%	11/15/50	60,012	56,101
U.S. Treasury Note/Bond	1.875%	2/15/51	18,700	18,560
U.S. Treasury Note/Bond	2.375%	5/15/51	3,400	3,772
				<b>3,691,961</b>
<b>Agency Bonds and Notes (6.2%)</b>				
<sup>2</sup> Fannie Mae Interest Strip	0.000%	5/15/29	4,592	4,140
<sup>2</sup> Fannie Mae Principal Strip	0.000%	5/15/30	60,829	53,598
<sup>2</sup> Fannie Mae Principal Strip	0.000%	8/6/38	1,000	707
Federal Home Loan Mortgage Corp.	0.000%	12/14/29	20,000	17,773
<sup>2</sup> Federal National Mortgage Association	0.000%	11/15/30	55,000	47,717
<sup>2</sup> Federal National Mortgage Association	0.000%	10/3/33	8,000	6,467
<sup>2</sup> Freddie Mac Coupon Strips	0.000%	3/15/28	1,771	1,639
<sup>2</sup> Freddie Mac Coupon Strips	0.000%	9/15/28	1,000	914
<sup>2</sup> Freddie Mac Coupon Strips	0.000%	1/15/30	15,658	13,898
<sup>2</sup> Freddie Mac Coupon Strips	0.000%	3/15/30	12,896	11,410
<sup>2</sup> Freddie Mac Strips	0.000%	3/15/31	75,000	64,552
Resolution Funding Corp. Interest Strip	0.000%	4/15/28	8,702	8,088
Resolution Funding Corp. Principal Strip	0.000%	1/15/30	20,000	17,737
				<b>248,640</b>
<b>Conventional Mortgage-Backed Securities (0.0%)</b>				
<sup>2,3</sup> UMBS Pool	6.000%	2/1/26–11/1/28	5	6
<b>Nonconventional Mortgage-Backed Securities (0.5%)</b>				
<sup>2,3</sup> Fannie Mae REMICS	3.000%	2/25/44	2,070	2,223
<sup>2,3</sup> Fannie Mae REMICS	3.500%	4/25/43	13,342	14,885
<sup>3</sup> Ginnie Mae	3.000%	8/20/46	200	217
<sup>3</sup> Ginnie Mae	3.500%	6/20/48–2/20/49	1,984	2,165
<sup>3</sup> Ginnie Mae	4.000%	10/20/47	582	620
				<b>20,110</b>
<b>Total U.S. Government and Agency Obligations (Cost \$3,670,436)</b>				<b>3,960,717</b>

## Long-Term Treasury Fund

	Coupon	Shares	Market Value* (\$000)
<b>Temporary Cash Investments (1.7%)</b>			
Money Market Fund (1.7%)			
4 Vanguard Market Liquidity Fund (Cost \$70,106)	0.064%	701,063	70,106
<b>Total Investments (99.5%) (Cost \$3,740,542)</b>			<b>4,030,823</b>
<b>Other Assets and Liabilities—Net (0.5%)</b>			<b>20,154</b>
<b>Net Assets (100%)</b>			<b>4,050,977</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

1 Securities with a value of \$9,728,000 have been segregated as initial margin for open futures contracts.

2 The issuer was placed under federal conservatorship in September 2008; since that time, its daily operations have been managed by the Federal Housing Finance Agency and it receives capital from the U.S. Treasury, as needed to maintain a positive net worth, in exchange for senior preferred stock.

3 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.

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

REMICs—Real Estate Mortgage Investment Conduits.

UMBS—Uniform Mortgage-Backed Securities.

## Derivative Financial Instruments Outstanding as of Period End

### Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
				(\$000)
Long Futures Contracts				
2-Year U.S. Treasury Note	September 2021	4	883	1
Long U.S. Treasury Bond	September 2021	688	113,327	5,276
Ultra Long U.S. Treasury Bond	September 2021	1,558	310,870	19,994
				25,271
Short Futures Contracts				
10-Year U.S. Treasury Note	September 2021	(864)	(116,168)	(1,965)
5-Year U.S. Treasury Note	September 2021	(825)	(102,667)	7
Ultra 10-Year U.S. Treasury Note	September 2021	(1,617)	(242,954)	(9,540)
				(11,498)
				13,773

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



# Statement of Assets and Liabilities

As of July 31, 2021

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$3,670,436)	3,960,717
Affiliated Issuers (Cost \$70,106)	70,106
Total Investments in Securities	4,030,823
Investment in Vanguard	134
Cash	1
Receivables for Accrued Income	29,697
Receivables for Capital Shares Issued	1,230
Variation Margin Receivable—Futures Contracts	808
Other Assets	39
<b>Total Assets</b>	<b>4,062,732</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	7,623
Payables for Capital Shares Redeemed	3,203
Payables for Distributions	716
Payables to Vanguard	213
<b>Total Liabilities</b>	<b>11,755</b>
<b>Net Assets</b>	<b>4,050,977</b>

At July 31, 2021, net assets consisted of:

Paid-in Capital	3,912,117
Total Distributable Earnings (Loss)	138,860
<b>Net Assets</b>	<b>4,050,977</b>

**Investor Shares—Net Assets**

Applicable to 65,137,457 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	842,622
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$12.94</b>

**Admiral Shares—Net Assets**

Applicable to 248,017,207 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	3,208,355
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$12.94</b>

## Statement of Operations

Six Months Ended  
July 31, 2021

	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Interest <sup>1</sup>	41,099
<b>Total Income</b>	<b>41,099</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	236
Management and Administrative—Investor Shares	631
Management and Administrative—Admiral Shares	1,156
Marketing and Distribution—Investor Shares	64
Marketing and Distribution—Admiral Shares	116
Custodian Fees	17
Shareholders' Reports—Investor Shares	61
Shareholders' Reports—Admiral Shares	43
Trustees' Fees and Expenses	2
<b>Total Expenses</b>	<b>2,326</b>
<b>Net Investment Income</b>	<b>38,773</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	(85,439)
Futures Contracts	(40,648)
Options Purchased	(339)
Options Written	(2,457)
<b>Realized Net Gain (Loss)</b>	<b>(128,883)</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	22,805
Futures Contracts	25,130
Options Purchased	16
Options Written	(18)
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>47,933</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(42,177)</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$13,000, \$0, and less than \$1,000, respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Six Months Ended July 31, 2021	Year Ended January 31, 2021
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	38,773	85,062
Realized Net Gain (Loss)	(128,883)	471,651
Change in Unrealized Appreciation (Depreciation)	47,933	(303,886)
Net Increase (Decrease) in Net Assets Resulting from Operations	(42,177)	252,827
<b>Distributions</b>		
Investor Shares	(30,347)	(96,568)
Admiral Shares	(113,197)	(336,034)
Total Distributions	(143,544)	(432,602)
<b>Capital Share Transactions</b>		
Investor Shares	(45,046)	(10,665)
Admiral Shares	58,422	371,560
Net Increase (Decrease) from Capital Share Transactions	13,376	360,895
Total Increase (Decrease)	(172,345)	181,120
<b>Net Assets</b>		
Beginning of Period	4,223,322	4,042,202
End of Period	4,050,977	4,223,322

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

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2021	Year Ended January 31,				
		2021	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$13.55</b>	<b>\$14.05</b>	<b>\$11.86</b>	<b>\$11.96</b>	<b>\$11.79</b>	<b>\$12.80</b>
<b>Investment Operations</b>						
Net Investment Income	.120 <sup>1</sup>	.273 <sup>1</sup>	.331 <sup>1</sup>	.334 <sup>1</sup>	.328 <sup>1</sup>	.332
Net Realized and Unrealized Gain (Loss) on Investments	(.273)	.677	2.226	(.100)	.170	(.725)
Total from Investment Operations	(.153)	.950	2.557	.234	.498	(.393)
<b>Distributions</b>						
Dividends from Net Investment Income	(.120)	(.273)	(.331)	(.334)	(.328)	(.332)
Distributions from Realized Capital Gains	(.337)	(1.177)	(.036)	—	—	(.285)
Total Distributions	(.457)	(1.450)	(.367)	(.334)	(.328)	(.617)
<b>Net Asset Value, End of Period</b>	<b>\$12.94</b>	<b>\$13.55</b>	<b>\$14.05</b>	<b>\$11.86</b>	<b>\$11.96</b>	<b>\$11.79</b>
<b>Total Return<sup>2</sup></b>	<b>-0.82%</b>	<b>6.41%</b>	<b>21.84%</b>	<b>2.05%</b>	<b>4.21%</b>	<b>-3.21%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$843	\$931	\$971	\$794	\$882	\$995
Ratio of Total Expenses to Average Net Assets	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Ratio of Net Investment Income to Average Net Assets	1.94%	1.79%	2.55%	2.89%	2.70%	2.53%
Portfolio Turnover Rate <sup>3</sup>	52%	172%	96% <sup>4</sup>	122%	103% <sup>4</sup>	94%

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

1 Calculated based on average shares outstanding.

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

3 Includes 2%, 26%, 4%, 34%, 6%, and 3%, respectively, attributable to mortgage-dollar-roll activity.

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

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2021	Year Ended January 31,				
		2021	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$13.55</b>	<b>\$14.05</b>	<b>\$11.86</b>	<b>\$11.96</b>	<b>\$11.79</b>	<b>\$12.80</b>
<b>Investment Operations</b>						
Net Investment Income	.126 <sup>1</sup>	.288 <sup>1</sup>	.344 <sup>1</sup>	.346 <sup>1</sup>	.340 <sup>1</sup>	.345
Net Realized and Unrealized Gain (Loss) on Investments	(.273)	.677	2.226	(.100)	.170	(.725)
Total from Investment Operations	(.147)	.965	2.570	.246	.510	(.380)
<b>Distributions</b>						
Dividends from Net Investment Income	(.126)	(.288)	(.344)	(.346)	(.340)	(.345)
Distributions from Realized Capital Gains	(.337)	(1.177)	(.036)	—	—	(.285)
Total Distributions	(.463)	(1.465)	(.380)	(.346)	(.340)	(.630)
<b>Net Asset Value, End of Period</b>	<b>\$12.94</b>	<b>\$13.55</b>	<b>\$14.05</b>	<b>\$11.86</b>	<b>\$11.96</b>	<b>\$11.79</b>
<b>Total Return<sup>2</sup></b>	<b>-0.77%</b>	<b>6.51%</b>	<b>21.96%</b>	<b>2.16%</b>	<b>4.32%</b>	<b>-3.12%</b>

### Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$3,208	\$3,292	\$3,071	\$2,532	\$2,588	\$2,509
Ratio of Total Expenses to Average Net Assets	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of Net Investment Income to Average Net Assets	2.04%	1.89%	2.65%	2.99%	2.80%	2.63%
Portfolio Turnover Rate <sup>3</sup>	52%	172%	96% <sup>4</sup>	122%	103% <sup>4</sup>	94%

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

1 Calculated based on average shares outstanding.

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

3 Includes 2%, 26%, 4%, 34%, 6%, and 3%, respectively, attributable to mortgage-dollar-roll activity.

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

## Notes to Financial Statements

Vanguard Long-Term Treasury 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. Structured debt securities, including mortgages and asset-backed securities, are valued using the latest bid prices or using valuations based on a matrix system that considers such factors as issuer, tranche, nominal or option-adjusted spreads, weighted average coupon, weighted average maturity, credit enhancements, and collateral, as furnished by independent pricing services. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Securities for which market quotations are not readily available, or whose values have been materially affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value.

2. **Futures Contracts:** The fund uses futures contracts to invest in fixed income asset classes with greater efficiency and lower cost than is possible through direct investment, to add value when these instruments are attractively priced, or to adjust sensitivity to changes in interest rates. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of bonds 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 six months ended July 31, 2021, the fund's average investments in long and short futures contracts represented 13% and 13% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Options: The fund invests in options contracts on futures to adjust its exposure to the underlying investments. The primary risk associated with purchasing options is that if interest rates move in such a way that the option is out-of-the-money, the position is worthless at expiration, and the fund loses the premium paid. The primary risk associated with selling options is that if interest rates move in such a way that the option is in-the-money, the counterparty exercises the option, and the fund loses an amount equal to the market value of the option written less the premium received. Counterparty risk involving options on futures contracts is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades options on futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouses, and has entered into clearing agreements with its clearing brokers.

Options contracts on futures are valued at their quoted daily settlement prices. The premium paid for a purchased option is recorded in the Statement of Assets and Liabilities as an asset that is subsequently adjusted daily to the current market value of the option purchased. The premium received for a written option is recorded in the Statement of Assets and Liabilities as an asset with an equal liability that is subsequently adjusted daily to the current market value of the option written. The notional amounts of option contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the options are recorded in the Statement of Operations as unrealized appreciation (depreciation) until expired, closed, or exercised, at which time realized gains (losses) are recognized.

During the six months ended July 31, 2021, the fund's average value of investments in options purchased and options written each represented less than 1% of net assets, respectively, based on the average market values at each quarter-end during the period. The fund had no open options contracts on futures at July 31, 2021.

4. To Be Announced (TBA) Transactions: A TBA transaction is an agreement to buy or sell mortgage-backed securities with agreed-upon characteristics (face amount, coupon, maturity) for settlement at a future date. The fund may be a seller of TBA transactions to reduce its exposure to the mortgage-backed securities market or in order to sell mortgage-backed securities it owns under delayed-delivery arrangements. When the fund is a buyer of TBA transactions, it maintains cash or short-term investments in an amount sufficient to meet the purchase price at the settlement date of the TBA transaction. The primary risk associated with TBA transactions is that a counterparty may default on its obligations. The fund mitigates its counterparty risk by, among other things, performing a credit analysis of counterparties, allocating transactions among numerous counterparties, and monitoring its exposure to each counterparty. The fund may also enter into a Master Securities Forward Transaction Agreement (MSFTA) with certain counterparties and require them to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the fund cannot be repledged, resold, or rehypothecated. Under an MSFTA, upon a counterparty default (including bankruptcy), the fund may terminate any TBA transactions with that counterparty, determine the net amount owed by either party in accordance with its MSFTA, and sell or retain any collateral held up to the net amount owed to the fund under the MSFTA.

5. Mortgage Dollar Rolls: The fund enters into mortgage-dollar-roll transactions, in which the fund sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. The proceeds of the securities sold in mortgage-dollar-roll transactions are typically invested in high-quality short-term fixed income securities. The fund forgoes principal and interest paid on the securities sold, and is compensated

by interest earned on the proceeds of the sale and by a lower price on the securities to be repurchased. The fund also enters into mortgage-dollar-roll transactions in which the fund buys mortgage-backed securities from a dealer pursuant to a TBA transaction and simultaneously agrees to sell similar securities in the future at a predetermined price. The securities bought in mortgage-dollar-roll transactions are used to cover an open TBA sell position. The fund continues to earn interest on mortgage-backed security pools already held and receives a lower price on the securities to be sold in the future. The fund accounts for mortgage-dollar-roll transactions as purchases and sales; as such, these transactions may increase the fund's portfolio turnover rate. Amounts to be received or paid in connection with open mortgage dollar rolls are included in Receivables for Investment Securities Sold or Payables for Investment Securities Purchased in the Statement of Assets and Liabilities.

6. Federal Income Taxes: The fund intends to continue to qualify as a regulated investment company and distribute all of its 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.

7. Distributions: Distributions from net investment income are declared daily and paid on the first business day of the following month. Annual distributions from realized capital gains, if any, 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.

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 alternate rate agreed to by the fund and Vanguard.

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



For the six months ended July 31, 2021, the fund did not utilize the credit facilities or the Interfund Lending Program.

9. Other: 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. Inflation adjustments to the face amount of inflation-indexed securities are included in interest income. 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.

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. 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, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At July 31, 2021, the fund had contributed to Vanguard capital in the amount of \$134,000, representing less than 0.01% of the fund's net assets and 0.05% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

C. 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.

## Long-Term Treasury Fund

The following table summarizes the market value of the fund's investments and derivatives as of July 31, 2021, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
<b>Investments</b>				
<b>Assets</b>				
U.S. Government and Agency Obligations	—	3,960,717	—	3,960,717
Temporary Cash Investments	70,106	—	—	70,106
<b>Total</b>	<b>70,106</b>	<b>3,960,717</b>	<b>—</b>	<b>4,030,823</b>
<b>Derivative Financial Instruments</b>				
<b>Assets</b>				
Futures Contracts <sup>1</sup>	25,278	—	—	25,278
<b>Liabilities</b>				
Futures Contracts <sup>1</sup>	11,505	—	—	11,505

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

D. As of July 31, 2021, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	3,772,644
Gross Unrealized Appreciation	330,994
Gross Unrealized Depreciation	(59,042)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>271,952</b>

E. During the six months ended July 31, 2021, the fund purchased \$2,027,716,000 of investment securities and sold \$2,336,731,000 of investment securities, other than temporary cash investments.

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

	Six Months Ended July 31, 2021		Year Ended January 31, 2021	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	82,904	6,616	482,372	31,459
Issued in Lieu of Cash Distributions	28,671	2,402	90,861	6,323
Redeemed	(156,621)	(12,608)	(583,898)	(38,201)
<b>Net Increase (Decrease)—Investor Shares</b>	<b>(45,046)</b>	<b>(3,590)</b>	<b>(10,665)</b>	<b>(419)</b>

Long-Term Treasury Fund

	Six Months Ended July 31, 2021		Year Ended January 31, 2021	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Admiral Shares</b>				
Issued	563,584	45,340	1,745,042	113,843
Issued in Lieu of Cash Distributions	101,814	8,528	299,458	20,883
Redeemed	(606,976)	(48,826)	(1,672,940)	(110,393)
Net Increase (Decrease)—Admiral Shares	58,422	5,042	371,560	24,333

G. Management has determined that no events or transactions occurred subsequent to July 31, 2021, that would require recognition or disclosure in these financial statements.

# Trustees Approve Advisory Arrangements

The board of trustees of Vanguard Short-Term Treasury Fund, Vanguard Intermediate-Term Treasury Fund, Vanguard Long-Term Treasury Fund, and Vanguard Short-Term Federal Fund has renewed each fund's investment advisory arrangement with The Vanguard Group, Inc. (Vanguard), through its Fixed Income Group. The board determined that continuing each fund's internalized management structure was in the best interests of the fund and its shareholders.

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

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

In addition, the board received monthly reports, which included a Market and Economic Report, a Fund Dashboard Monthly Summary, and a Fund Performance Report.

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

## **Nature, extent, and quality of services**

The board reviewed the quality of each fund's investment management services over both the short and long term and took into account the organizational depth and stability of the advisor. The board considered that Vanguard has been managing investments for more than four decades and has advised the Short-Term Treasury, Intermediate-Term Treasury, Long-Term Treasury, and Short-Term Federal Funds since their inceptions. The Fixed Income Group adheres to a sound, disciplined investment management process; the team has considerable experience, stability, and depth.

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

## **Investment performance**

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

**Cost**

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

The board does not conduct a profitability analysis of Vanguard because of Vanguard's unique structure. Unlike most other mutual fund management companies, Vanguard is owned by the funds it oversees.

**The benefit of economies of scale**

The board concluded that the Short-Term Treasury, Intermediate-Term Treasury, Long-Term Treasury, and Short-Term Federal Funds' arrangements with Vanguard ensure that the funds will realize economies of scale as they grow, with the cost to shareholders declining as fund assets increase.

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

# Liquidity Risk Management

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

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

The board of trustees of Vanguard Fixed Income Securities Funds approved the appointment of liquidity risk management program administrators responsible for administering the Program for Vanguard Short-Term Treasury Fund, Vanguard Short-Term Federal Fund, Vanguard Intermediate-Term Treasury Fund, and Vanguard Long-Term Treasury Fund, and for carrying out the specific responsibilities set forth in the Program, including reporting to the board on at least an annual basis regarding the Program’s operation, its adequacy, and the effectiveness of its implementation for the past year (the “Program Administrator Report”). The board has reviewed the Program Administrator Report covering the period from January 1, 2020, through December 31, 2020 (the “Review Period”). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the funds’ liquidity risk.

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This material may be used in conjunction with the offering of shares of any Vanguard fund only if preceded or accompanied by the fund's current prospectus.

You can obtain a free copy of Vanguard's proxy voting guidelines by visiting [vanguard.com/proxyreporting](https://www.vanguard.com/proxyreporting) or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, [www.sec.gov](https://www.sec.gov). In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either [vanguard.com/proxyreporting](https://www.vanguard.com/proxyreporting) or [www.sec.gov](https://www.sec.gov).

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).