Vanguard

Vanguard ESG U.S. Corporate Bond ETF

ETF Shares (VCEB) Cboe BZX Exchange, Inc.

Annual Shareholder Report | August 31, 2024

This annual shareholder report contains important information about Vanguard ESG U.S. Corporate Bond ETF (the "Fund") for the period of September 1, 2023, to August 31, 2024. You can find additional information about the Fund at https://personal1.vanguard.com/ngf-next-gen-form-webapp/fund-literature. You can also request this information by contacting us at 800-662-7447.

What were the Fund costs for the last year?

(based on a hypothetical $10,000 investment)

Share Class Name	Costs of a $10,000 investment	Costs paid as a percentage of a $10,000 investment
ETF Shares	$13	0.12%

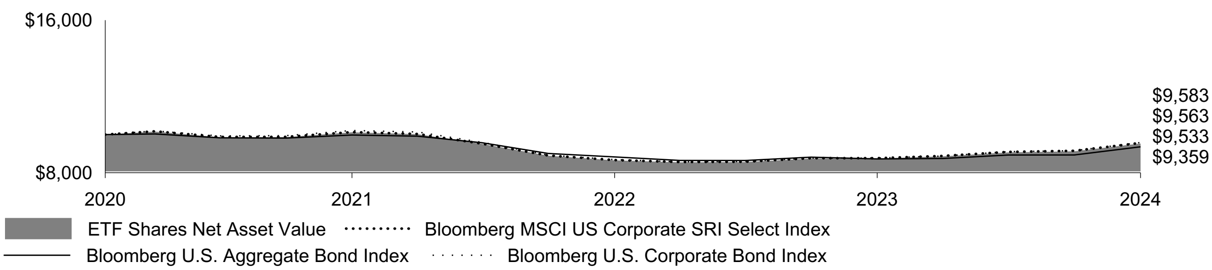
How did the Fund perform during the reporting period?

- For the 12 months ended August 31, 2024, Vanguard ESG U.S. Corporate Bond ETF performed roughly in line with its expense-free benchmark index.
- U.S. economic growth hovered around 3% on a year-over-year basis during the 12 months, quelling recession fears. The Federal Reserve kept its target for short-term interest rates above 5%, and the year-over-year rate of consumer price inflation eased to around 3%. The Bloomberg U.S. Aggregate Float Adjusted Index of investment-grade bonds returned 7.30%.
- With yield spreads narrowing for corporate bonds, they outperformed both Treasuries and mortgage-backed securities.
- In the Fund's benchmark index, bonds issued by financial institutions returned more than those issued by industrial companies.
- By maturity, bonds maturing in 5 to 20 years posted the strongest gains, which were in the double digits. By credit quality, corporate bonds on the bottom rung of the investment-grade ladder performed better than higher-rated bonds.

How did the Fund perform since inception?

Keep in mind that the Fund's past performance does not indicate how the Fund will perform in the future. Updated performance information is available on our website at vanguard.com/performance or by calling Vanguard toll-free at 800-662-7447. The graph and returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: September 22, 2020, Through August 31, 2024
Initial Investment of $10,000



Average Annual Total Returns		
	1 Year	**Since Inception (9/22/2020)**
ETF Shares Net Asset Value	9.05%	-1.21%
ETF Shares Market Price	9.04%	-1.18%
Bloomberg MSCI US Corporate SRI Select Index	9.14%	-1.13%
Bloomberg U.S. Aggregate Bond Index*	7.30%	-1.67%
Bloomberg U.S. Corporate Bond Index	9.29%	-1.08%

* The Fund's broad-based benchmark is different from the one used for the immediately preceding fiscal year to reflect new regulatory requirements. The Bloomberg U.S. Aggregate Bond Index is considered broadly representative of the overall securities market applicable to the Fund.

Fund Statistics (as of August 31, 2024)	
Fund Net Assets (in millions)	$652
Number of Portfolio Holdings	2,778
Portfolio Turnover Rate	32%
Total Investment Advisory Fees (in thousands)	$10

This table reflects the Fund's investments, including short-term investments, derivatives and other assets and liabilities.

Portfolio Composition % of Net Assets (as of August 31, 2024)	
Communications	12.3%
Consumer Discretionary	7.6%
Consumer Staples	3.8%
Financials	42.7%
Health Care	15.5%
Industrials	1.9%
Materials	1.3%
Real Estate	1.9%
Technology	11.2%
Utilities	0.2%
U.S. Government and Agency Obligations	0.1%
Other Assets and Liabilities—Net	1.5%

Where can I find additional information about the Fund?

Additional information about the Fund, including its prospectus, financial information, holdings, and proxy voting information is available at https://personal1.vanguard.com/ngf-next-gen-form-webapp/fund-literature.

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Fund Information • 800-662-7447
Direct Investor Account Services • 800-662-2739
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