Vanguard

Vanguard FTSE Canada Index ETF

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of Vanguard FTSE Canada Index ETF (the "ETF") is to track, to the extent reasonably possible and before fees and expenses, the performance of a broad Canadian equity index that measures the investment return of publicly traded securities in the Canadian market. Currently, this ETF seeks to track the FTSE Canada Domestic Index (or any successor thereto) (the "Index"). The Index is a market capitalization-weighted index representing the performance of Canadian large- and mid-capitalization stocks.

To achieve its investment objective, the ETF employs a "passive management," or "indexing," investment approach designed to track the performance of the Index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index. In the alternative, the ETF may use a sampling methodology to invest in a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics.

Risk

The risks associated with an investment in the ETF remain as discussed in the ETF's most recent prospectus. During the period that began January 1, 2025, and ended June 30, 2025, there were no changes to the ETF that materially affected the overall risk level associated with an investment in the ETF.

Results of Operations

For the six months ended June 30, 2025, the ETF returned 9.37%, after fees and expenses, compared with the 9.42% return of its benchmark, the Spliced Canada Domestic Index (the "Benchmark"), and the 9.48% return of the FTSE Canada Index. The ETF's management fees and other operating expenses reduced performance relative to the Benchmark by 0.04 percentage points. Other miscellaneous factors accounted for the remainder of the difference.

Recent Developments

There are no recent developments to report.

Related Party Transactions

Vanguard Investments Canada Inc. (the "Manager") is the manager, trustee, portfolio manager and promoter of the ETF, and is entitled to receive a management fee for its services that is paid by the ETF to the Manager (see "Management Fees" below).

From time to time, the Manager may, on behalf of the ETF, enter into transactions or arrangements with or involving certain persons or companies that are related to the Manager when, in the discretion of the Manager, it would be in the best interests of the ETF to do so. The purpose of this section is to provide a brief description of any transaction or arrangement with or involving the ETF and a related party.

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the ETF. You can obtain a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 1-877-410-7275, by writing to us at 22 Adelaide Street West, Suite 2500, Toronto, ON M5H 4E3 or by visiting our website at vanguard.ca or SEDAR+ at sedarplus.com. You may also contact us using one of these methods to request a copy of the ETF's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

Sub-Advisor

Vanguard Global Advisers, LLC ("VGA"), an affiliate of the Manager, has been retained by the Manager to act as sub-advisor to the Manager in connection with the ETF. As sub-advisor, VGA manages the investment portfolio of the ETF, provides analysis and makes investment decisions, subject to continuing oversight by the Manager. VGA is a registered investment advisor in the United States with offices based in Valley Forge, Pennsylvania. As compensation for its services as sub-advisor, VGA is entitled to receive a portion of the management fee that is paid by the ETF to the Manager.

With respect to the continuing oversight of the affiliate by the Manager, the Manager has relied on a positive recommendation and standing instruction that it has received from the ETF's Independent Review Committee ("IRC"). The standing instruction requires the Manager to comply with its current policy and procedures on monitoring services provided by the sub-advisor of the ETF and to report periodically to the IRC, describing each instance in which the Manager relied on the standing instruction and its compliance with the policy and procedures.

Management Fees

As set out under Related Party Transactions, the Manager is the manager, trustee, portfolio manager and promoter of the ETF. As compensation for its services, the Manager is entitled to receive a maximum annual management fee of 0.05%, payable monthly, calculated based on the daily net asset value ("NAV") of the ETF.

The major services paid for out of the management fee include fees payable to the custodian, registrar and transfer agent, as well as fees payable to other service providers, including the index providers, retained by the Manager.

The Manager may, in its discretion, agree to charge the ETF and/or certain unitholders a reduced management fee as compared with the management fee that it otherwise would be entitled to receive, provided that the amount of the reduced management fee is distributed periodically by the ETF to the unitholder as a management fee distribution. Any reduction will depend on a number of factors, including the amount invested, the NAV of the ETF and the expected amount of account activity. Any tax consequences of a management fee distribution will generally be borne by the unitholder who receives the distribution.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help readers understand the ETF's financial performance for the periods indicated.

The ETF's Net Assets Per Unit[1]

	Period Ended June 30,				Financial Years Ended December 31,	
	2025	2024	2023	2022	2021	2020
Net assets, beginning of period	**$54.40**	**$45.97**	**$42.34**	**$46.08**	**$36.89**	**$36.52**
Increase (decrease) from operations						
Total investment income	0.84	1.64	1.59	1.43	1.36	1.19
Total expenses	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)
Realized gains (losses) for the period	0.74	1.04	0.82	0.44	1.03	—
Unrealized gains (losses) for the period	3.60	7.40	2.79	(4.30)	7.83	0.65
Total increase (decrease) from operations[2]	**5.16**	**10.05**	**5.18**	**(2.45)**	**10.20**	**1.82**
Distributions						
From income (excluding dividends)	—	(0.01)	—	—	(0.03)	—
From dividends	(0.83)	(1.56)	(1.49)	(1.39)	(1.20)	(1.10)
From capital gains	—	(0.25)	(0.34)	—	(0.41)	—
Return of capital	—	(0.00)	(0.00)	—	(0.00)	(0.00)
Total annual distributions[3]	(0.83)	(1.82)	(1.83)	(1.39)	(1.64)	(1.10)
Net assets at end of period	**$58.64**	**$54.40**	**$45.97**	**$42.34**	**$46.08**	**$36.89**

1 The financial highlights are derived from the financial statements prepared in accordance with IFRS Accounting Standards, which allow net assets to be calculated based on the last traded market price for financial assets and financial liabilities where the last traded price falls within the day's bid-ask spread. There may be differences between the net assets calculated for the purpose of processing unitholder transactions and the net assets attributable to holders of redeemable units used for financial statement reporting purposes as at June 30, 2025, December 31, 2024, 2023, 2022, 2021, and 2020.
2 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
3 Distributions were paid in cash or certain distributions were reinvested in additional units of the ETF. Immediately following such reinvestment, the number of units outstanding was consolidated so that the net asset value per unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. Actual distributions may vary slightly owing to rounding.

Ratios and Supplemental Data

	Period Ended June 30,				Financial Years Ended December 31,	
	2025	2024	2023	2022	2021	2020
Total net asset value (000's)[1]	$2,361,909	$2,077,109	$1,506,541	$1,251,157	$1,230,414	$748,785
Number of units outstanding (000's)[1]	40,281	38,181	32,775	29,550	26,700	20,300
Management expense ratio[2]	0.06%[3]	0.06%	0.06%	0.06%	0.06%	0.05%
Management expense ratio before waivers or absorptions	0.06%[3]	0.06%	0.06%	0.06%	0.06%	0.05%
Portfolio turnover rate[4]	4.49%	9.36%	11.84%	11.93%	10.87%	20.81%
Trading expense ratio[5]	0.00%[3]	0.00%	0.00%	0.00%	0.00%	0.00%
Net asset value per unit[1]	$58.64	$54.40	$45.97	$42.34	$46.08	$36.89
Closing market price[1]	$58.62	$54.43	$45.98	$42.34	$46.09	$36.91

1 This information is provided as at June 30, 2025, and December 31 of the year shown, as applicable.
2 Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as a percentage of daily average net asset value during the period.
3 Annualized.
4 The ETF's portfolio turnover rate indicates how actively the ETF's sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.
5 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as a percentage of daily average net assets during the period. If, during the period, the ETF charged a fee to designated broker/dealers to offset the impact of certain transaction costs associated with a purchase or redemption of units of the ETF, the transaction costs used in the trading expense ratio would have been reduced by those fees.

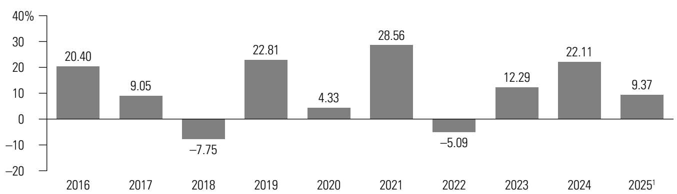
Past Performance

The ETF's performance information assumes that all distributions made by the ETF in the periods shown were reinvested in additional units of the ETF. The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. How the ETF has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the ETF's annual performance for the years shown and illustrates how the ETF's performance has changed from year to year.

The chart shows in percentage terms how much an investment made on the first day of the period would have increased or decreased by the last day of the period.



1 Return for the six-month period ended June 30, 2025.

Summary of Investment Portfolio

Sector Allocation
As at June 30, 2025

	% of Net Asset Value
Financials	41.3%
Energy	16.8
Technology	12.1
Basic Materials	10.1
Industrials	6.2
Consumer Discretionary	5.0
Utilities	3.9
Consumer Staples	2.3
Telecommunications	2.1
Other assets and liabilities (net)	0.2
	100.0

Top 25 Holdings
As at June 30, 2025

The following Top Holdings table shows the 25 largest holdings (or all holdings if the total number of holdings is less than 25).

	% of Net Asset Value
Royal Bank of Canada	8.7%
Shopify, Inc. Class A	6.5
Toronto-Dominion Bank	6.0
Enbridge, Inc.	4.6
Brookfield Corp. Class A	4.0
Bank of Montreal	3.8
Canadian Pacific Kansas City Ltd.	3.5
Constellation Software, Inc.	3.3
Bank of Nova Scotia	3.2
Canadian Imperial Bank of Commerce	3.1
Canadian Natural Resources Ltd.	3.0
Agnico Eagle Mines Ltd.	2.8
Canadian National Railway Co.	2.7
Manulife Financial Corp.	2.6
TC Energy Corp.	2.3
Waste Connections, Inc.	2.2
Suncor Energy, Inc.	2.2
Intact Financial Corp.	1.9
Wheaton Precious Metals Corp.	1.9
National Bank of Canada	1.9
Sun Life Financial, Inc.	1.8
Alimentation Couche-Tard, Inc.	1.8
Fairfax Financial Holdings Ltd.	1.8
Dollarama, Inc.	1.7
Barrick Mining Corp.	1.7
	79.0
Total net asset value	**$2,361,908,558**

The Summary of Investment Portfolio may change because of the ETF's ongoing portfolio transactions. Updates are available quarterly.

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This report may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent certain beliefs regarding future events. By their nature, forward-looking statements involve assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on any forward-looking statements contained in this report as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the ETF may invest and the risks detailed from time to time in the ETF's prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Because of the potential impact of these factors, Vanguard Investments Canada Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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