

**Semiannual Report** | July 31, 2020

# 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

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

## Important information about access to shareholder reports

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

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

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

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# 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, 2020

	Beginning Account Value 1/31/2020	Ending Account Value 7/31/2020	Expenses Paid During Period
<b>Based on Actual Fund Return</b>			
Short-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,029.57	\$1.01
Admiral™ Shares	1,000.00	1,030.08	0.50
Short-Term Federal Fund			
Investor Shares	\$1,000.00	\$1,028.65	\$1.01
Admiral Shares	1,000.00	1,029.15	0.50
Intermediate-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,061.99	\$1.03
Admiral Shares	1,000.00	1,062.52	0.51
Long-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,179.23	\$1.08
Admiral Shares	1,000.00	1,179.81	0.54
<b>Based on Hypothetical 5% Yearly Return</b>			
Short-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,023.87	\$1.01
Admiral Shares	1,000.00	1,024.37	0.50
Short-Term Federal Fund			
Investor Shares	\$1,000.00	\$1,023.87	\$1.01
Admiral Shares	1,000.00	1,024.37	0.50
Intermediate-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,023.87	\$1.01
Admiral Shares	1,000.00	1,024.37	0.50
Long-Term Treasury Fund			
Investor Shares	\$1,000.00	\$1,023.87	\$1.01
Admiral Shares	1,000.00	1,024.37	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 (182/366).

# Short-Term Treasury Fund

## Fund Allocation

As of July 31, 2020

Agency Bonds and Notes	4.6%
Asset-Backed/Commercial Mortgage-Backed Securities	0.4
Government Mortgage-Backed	13.5
U.S. Government Securities	81.5

The table reflects the fund's investments, except for short-term investments and derivatives. The agency and mortgage-backed securities sectors 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, 2020

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 (103.7%)</b>				
<b>U.S. Government Securities (84.7%)</b>				
United States Treasury Inflation Indexed Bonds	1.125%	1/15/21	455,499	538,964
<sup>1</sup> United States Treasury Inflation Indexed Bonds	0.125%	4/15/21	1,320,000	1,436,901
United States Treasury Inflation Indexed Bonds	0.125%	4/15/25	384,900	406,714
United States Treasury Note/Bond	2.750%	8/15/21	125,000	128,379
United States Treasury Note/Bond	1.125%	8/31/21	150,000	151,593
United States Treasury Note/Bond	2.750%	9/15/21	3,600	3,705
United States Treasury Note/Bond	1.625%	12/31/21	81,700	83,423
United States Treasury Note/Bond	2.000%	12/31/21	215,000	220,644
United States Treasury Note/Bond	2.500%	1/15/22	150,000	155,133
United States Treasury Note/Bond	1.375%	1/31/22	384,700	391,852
United States Treasury Note/Bond	1.875%	1/31/22	125,000	128,242
United States Treasury Note/Bond	2.500%	2/15/22	13,000	13,471
United States Treasury Note/Bond	1.125%	2/28/22	150,000	152,367
United States Treasury Note/Bond	2.375%	3/15/22	75,000	77,719
United States Treasury Note/Bond	0.375%	3/31/22	108,000	108,456
United States Treasury Note/Bond	1.750%	5/15/22	22,500	23,150
United States Treasury Note/Bond	2.125%	5/15/22	25,000	25,887
United States Treasury Note/Bond	1.750%	9/30/22	125,000	129,375
United States Treasury Note/Bond	1.375%	10/15/22	102,500	105,319
United States Treasury Note/Bond	1.875%	10/31/22	45,500	47,292
United States Treasury Note/Bond	2.000%	10/31/22	50,000	52,102
United States Treasury Note/Bond	1.625%	11/15/22	185,500	191,848
United States Treasury Note/Bond	2.000%	11/30/22	135,500	141,406
United States Treasury Note/Bond	2.125%	12/31/22	26,500	27,779
United States Treasury Note/Bond	1.500%	2/28/23	15,500	16,047
United States Treasury Note/Bond	0.500%	3/15/23	50,000	50,500
United States Treasury Note/Bond	0.250%	4/15/23	40,000	40,138
United States Treasury Note/Bond	1.625%	4/30/23	26,500	27,589
United States Treasury Note/Bond	2.750%	4/30/23	16,500	17,686
United States Treasury Note/Bond	0.250%	6/15/23	75,000	75,269
United States Treasury Note/Bond	1.375%	6/30/23	23,500	24,352
United States Treasury Note/Bond	0.125%	7/15/23	112,500	112,518
United States Treasury Note/Bond	2.750%	7/31/23	20,800	22,432
United States Treasury Note/Bond	2.750%	8/31/23	70,500	76,162
United States Treasury Note/Bond	2.875%	9/30/23	98,000	106,483
United States Treasury Note/Bond	1.625%	10/31/23	80,000	83,862
United States Treasury Note/Bond	2.875%	10/31/23	20,000	21,769

## Short-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
United States Treasury Note/Bond	2.125%	11/30/23	18,000	19,187
United States Treasury Note/Bond	2.875%	11/30/23	117,500	128,148
United States Treasury Note/Bond	2.625%	12/31/23	117,500	127,415
United States Treasury Note/Bond	2.250%	1/31/24	28,500	30,593
United States Treasury Note/Bond	2.500%	1/31/24	256,500	277,541
United States Treasury Note/Bond	2.750%	2/15/24	40,500	44,221
United States Treasury Note/Bond	2.125%	2/29/24	200,000	214,124
United States Treasury Note/Bond	2.375%	2/29/24	40,000	43,169
United States Treasury Note/Bond	2.125%	3/31/24	100,000	107,188
United States Treasury Note/Bond	2.000%	4/30/24	110,000	117,562
United States Treasury Note/Bond	2.000%	5/31/24	185,000	197,950
United States Treasury Note/Bond	2.000%	6/30/24	150,000	160,734
United States Treasury Note/Bond	1.750%	7/31/24	90,000	95,653
United States Treasury Note/Bond	2.375%	8/15/24	85,000	92,517
United States Treasury Note/Bond	2.125%	9/30/24	60,000	64,837
United States Treasury Note/Bond	2.250%	10/31/24	90,000	97,847
United States Treasury Note/Bond	2.250%	12/31/24	72,500	79,047
United States Treasury Note/Bond	1.375%	1/31/25	20,000	21,056
United States Treasury Note/Bond	2.125%	5/15/25	125,000	136,367
United States Treasury Note/Bond	0.250%	6/30/25	120,000	120,226
United States Treasury Note/Bond	2.750%	6/30/25	100,000	112,344
United States Treasury Note/Bond	0.250%	7/31/25	100,000	100,156
United States Treasury Note/Bond	2.000%	8/15/25	110,000	119,728

**7,924,138**

### Agency Bonds and Notes (4.8%)

<sup>2</sup> Federal Home Loan Mortgage Corp.	0.250%	6/26/23	28,000	28,017
<sup>2,3</sup> Federal Home Loan Mortgage Corp.	0.800%	7/21/25	300,000	300,231
<sup>2,3</sup> Federal Home Loan Mortgage Corp.	0.750%	7/28/25	112,000	112,113
Government Trust Certificate	0.000%	10/1/20	12,119	12,106

**452,467**

### Conventional Mortgage-Backed Securities (9.8%)

<sup>2,3</sup> Fannie Mae Pool	3.000%	12/1/49–1/1/50	76,471	79,383
<sup>2,3</sup> Fannie Mae Pool	3.500%	10/1/44–8/1/49	88,855	92,534
<sup>2,3</sup> Fannie Mae Pool	4.000%	12/1/40–8/1/49	99,612	107,580
<sup>2,3</sup> Fannie Mae Pool	4.500%	7/1/47–11/1/49	98,696	107,879
<sup>2,3</sup> Fannie Mae Pool	5.000%	2/1/44	2,861	3,352
<sup>2,3</sup> Freddie Mac Gold Pool	4.000%	6/1/46	3,280	3,604
<sup>2,3</sup> Freddie Mac Gold Pool	4.500%	1/1/49	2,017	2,133
<sup>2,3</sup> Freddie Mac Gold Pool	6.000%	10/1/27–4/1/28	45	52
<sup>0,3</sup> Ginnie Mae II Pool	2.000%	8/1/50–9/1/50	59,000	61,619
<sup>0,3</sup> Ginnie Mae II Pool	2.500%	6/1/50–9/1/50	70,000	73,781
<sup>3</sup> Ginnie Mae II Pool	3.000%	9/20/49–11/20/49	15,460	16,139
<sup>0,3</sup> UMBS Pool	2.000%	8/1/50–9/1/50	127,000	131,307
<sup>0,3</sup> UMBS Pool	2.500%	8/1/50–9/1/50	146,000	153,147
<sup>3</sup> UMBS Pool	3.000%	11/1/49	13,054	13,621
<sup>3</sup> UMBS Pool	3.500%	2/1/49–8/1/49	39,325	42,446
<sup>3</sup> UMBS Pool	4.000%	2/1/47	5,973	6,635
<sup>3</sup> UMBS Pool	4.500%	8/1/49	20,312	22,104
<sup>3</sup> UMBS Pool	5.000%	3/1/42	2,696	3,124

**920,440**

Short-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
<b>Nonconventional Mortgage-Backed Securities (4.2%)</b>				
2.3 Fannie Mae REMICS	1.750%	11/25/32-3/25/46	61,316	62,362
2.3 Fannie Mae REMICS	1.850%	8/25/46	8,857	9,188
2.3 Fannie Mae REMICS	2.125%	10/25/42	3,949	4,010
2.3 Fannie Mae REMICS	2.250%	10/25/43-6/25/44	10,001	10,327
2.3 Fannie Mae REMICS	2.500%	11/25/42-12/25/49	11,143	11,555
2.3 Fannie Mae REMICS	3.000%	10/25/33-9/25/49	36,079	38,830
2.3 Fannie Mae REMICS	4.000%	12/25/46	11,779	12,462
2.3 Fannie Mae REMICS	5.000%	9/25/40	6,427	7,507
2.3 Freddie Mac REMICS	1.750%	4/15/43	3,361	3,444
2.3 Freddie Mac REMICS	2.000%	7/15/42	4,260	4,405
2.3 Freddie Mac REMICS	2.250%	3/15/41-9/25/49	20,470	21,153
2.3 Freddie Mac REMICS	2.500%	12/15/39-12/25/49	25,596	26,703
2.3 Freddie Mac REMICS	3.000%	6/15/42-7/25/49	14,022	14,931
2.3 Freddie Mac REMICS	3.500%	12/25/49-3/25/50	42,148	45,144
2.3 Freddie Mac REMICS	5.000%	12/15/40	9,680	11,385
3 Ginnie Mae REMICS	1.500%	10/20/45	16,149	16,274
3 Ginnie Mae REMICS	2.500%	11/20/47-9/20/49	12,401	13,175
3 Ginnie Mae REMICS	2.750%	9/20/45-5/20/46	46,960	48,102
3 Ginnie Mae REMICS	3.000%	8/20/44-12/20/47	28,505	29,224
3 Ginnie Mae REMICS	4.000%	10/20/47	2,474	2,652
			<b>392,833</b>	
<b>Total U.S. Government and Agency Obligations (Cost \$9,574,155)</b>				<b>9,689,878</b>
<b>Asset-Backed/Commercial Mortgage-Backed Securities (0.4%)</b>				
2.3 Freddie Mac Strip 2017-357	2.500%	9/15/47	14,142	15,010
3 Small Business Administration Participation Certs 2002-20L	5.100%	12/1/22	323	333
3 Small Business Administration Participation Certs 2004-20G	5.190%	7/1/24	224	238
3 Small Business Administration Participation Certs 2005-20J	5.090%	10/1/25	769	820
3 Small Business Administration Participation Certs 2006-20D	5.640%	4/1/26	921	990
3 Small Business Administration Participation Certs 2006-20L	5.120%	12/1/26	1,610	1,739
3 Small Business Administration Participation Certs 2007-20D	5.320%	4/1/27	1,075	1,162
3 Small Business Administration Participation Certs 2007-20G	5.820%	7/1/27	884	969
3 Small Business Administration Participation Certs 2007-20I	5.560%	9/1/27	4,614	5,036
3 Small Business Administration Participation Certs 2009-20I	4.200%	9/1/29	1,928	2,055
3 Small Business Administration Participation Certs 2009-20J	3.920%	10/1/29	3,079	3,269
3 Small Business Administration Participation Certs 2009-20K	4.090%	11/1/29	1,587	1,711
3 Small Business Administration Participation Certs 2018-20C	5.230%	3/1/27	1,427	1,534
3 Small Business Administration Participation Certs 2018-20E	5.310%	5/1/27	2,296	2,479
3 Small Business Administration Participation Certs 2019-25L	5.520%	6/1/24	506	537
<b>Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$36,721)</b>				<b>37,882</b>



## Short-Term Treasury Fund

	Coupon	Shares	Market Value* (\$000)
<b>Temporary Cash Investment (0.2%)</b>			
<b>Money Market Fund (0.2%)</b>			
<sup>4</sup> Vanguard Market Liquidity Fund (Cost \$16,838)	0.194%	168,374	16,838
<b>Total Investments (104.1%) (Cost \$9,627,714)</b>			<b>9,744,598</b>
<b>Other Assets and Liabilities—Net (-4.1%)</b>			<b>(384,561)</b>
<b>Net Assets (100%)</b>			<b>9,360,037</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

o Includes securities purchased on a when-issued or delayed-delivery basis for which the fund has not taken delivery as of July 31, 2020.

1 Securities with a value of \$8,050,000 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.

## Short-Term Treasury Fund

### Derivative Financial Instruments Outstanding as of Period End

#### Options Written

	Expiration Date	Contracts	Exercise Price	Notional Amount (\$000)	Market Value (\$000)
Exchange-Traded Options					
Call Options					
10-Year U.S. Treasury Note Futures Contracts	9/25/20	1,055	\$141.00	148,755	(346)
Total Options Written (Premiums Received \$282)					(346)

#### 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 2020	3,758	830,459	1,028
Short Futures Contracts				
5-Year U.S. Treasury Note	September 2020	(1,764)	(222,485)	(558)
Ultra 10-Year U.S. Treasury Note	September 2020	(939)	(149,536)	(2,670)
Ultra Long U.S. Treasury Bond	September 2020	(471)	(107,241)	(4,438)
10-Year U.S. Treasury Note	September 2020	(526)	(73,681)	11
				(7,655)
				(6,627)

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

# Statement of Assets and Liabilities

As of July 31, 2020

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$9,610,876)	9,727,760
Affiliated Issuers (Cost \$16,838)	16,838
Total Investments in Securities	9,744,598
Investment in Vanguard	420
Receivables for Investment Securities Sold	680,208
Receivables for Accrued Income	25,211
Receivables for Capital Shares Issued	7,534
Variation Margin Receivable—Futures Contracts	231
Other Assets	309
<b>Total Assets</b>	<b>10,458,511</b>
<b>Liabilities</b>	
Due to Custodian	1,185
Payables for Investment Securities Purchased	1,073,488
Payables for Capital Shares Redeemed	22,607
Payables for Distributions	104
Payables to Vanguard	501
Options Written, at Value (Premiums Received \$282)	346
Variation Margin Payable—Futures Contracts	243
<b>Total Liabilities</b>	<b>1,098,474</b>
<b>Net Assets</b>	<b>9,360,037</b>

At July 31, 2020, net assets consisted of:

Paid-in Capital	9,176,464
Total Distributable Earnings (Loss)	183,573
<b>Net Assets</b>	<b>9,360,037</b>

**Investor Shares—Net Assets**

Applicable to 72,545,219 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	791,585
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$10.91</b>

**Admiral Shares—Net Assets**

Applicable to 785,260,038 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	8,568,452
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$10.91</b>

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

## Statement of Operations

Six Months Ended  
July 31, 2020

	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Interest <sup>1</sup>	38,291
<b>Total Income</b>	<b>38,291</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	462
Management and Administrative—Investor Shares	622
Management and Administrative—Admiral Shares	3,283
Marketing and Distribution—Investor Shares	54
Marketing and Distribution—Admiral Shares	269
Custodian Fees	49
Shareholders' Reports—Investor Shares	38
Shareholders' Reports—Admiral Shares	82
Trustees' Fees and Expenses	4
<b>Total Expenses</b>	<b>4,863</b>
<b>Net Investment Income</b>	<b>33,428</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	152,074
Futures Contracts	18,958
Options Purchased	3,252
Options Written	221
<b>Realized Net Gain (Loss)</b>	<b>174,505</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	54,780
Futures Contracts	(11,290)
Options Purchased	184
Options Written	386
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>44,060</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>251,993</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$589,000, \$59,000, and (\$1,000), respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Six Months Ended July 31, 2020	Year Ended January 31, 2020
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	33,428	205,386
Realized Net Gain (Loss)	174,505	87,891
Change in Unrealized Appreciation (Depreciation)	44,060	46,440
Net Increase (Decrease) in Net Assets Resulting from Operations	251,993	339,717
<b>Distributions<sup>1</sup></b>		
Investor Shares	(2,987)	(15,949)
Admiral Shares	(36,371)	(189,824)
Total Distributions	(39,358)	(205,773)
<b>Capital Share Transactions</b>		
Investor Shares	118,555	(27,066)
Admiral Shares	130,484	735,111
Net Increase (Decrease) from Capital Share Transactions	249,039	708,045
Total Increase (Decrease)	461,674	841,989
<b>Net Assets</b>		
Beginning of Period	8,898,363	8,056,374
End of Period	9,360,037	8,898,363

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

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2020	Year Ended January 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.64</b>	<b>\$10.48</b>	<b>\$10.49</b>	<b>\$10.65</b>	<b>\$10.73</b>	<b>\$10.75</b>
<b>Investment Operations</b>						
Net Investment Income	.036 <sup>1</sup>	.245 <sup>1</sup>	.227 <sup>1</sup>	.127 <sup>1</sup>	.094	.074
Net Realized and Unrealized Gain (Loss) on Investments	.278	.160	(.009)	(.160)	(.048)	(.004)
Total from Investment Operations	.314	.405	.218	(.033)	.046	.070
<b>Distributions</b>						
Dividends from Net Investment Income	(.044)	(.245)	(.228)	(.127)	(.094)	(.074)
Distributions from Realized Capital Gains	—	—	—	—	(.032)	(.016)
Total Distributions	(.044)	(.245)	(.228)	(.127)	(.126)	(.090)
<b>Net Asset Value, End of Period</b>	<b>\$10.91</b>	<b>\$10.64</b>	<b>\$10.48</b>	<b>\$10.49</b>	<b>\$10.65</b>	<b>\$10.73</b>
<b>Total Return<sup>2</sup></b>	<b>2.96%</b>	<b>3.91%</b>	<b>2.11%</b>	<b>-0.31%</b>	<b>0.43%</b>	<b>0.66%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$792	\$655	\$671	\$737	\$900	\$1,005
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	0.66%	2.30%	2.18%	1.20%	0.87%	0.69%
Portfolio Turnover Rate <sup>3</sup>	190%	340%	282%	280%	249%	211%

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 16%, 5%, 37%, 7%, 3%, and 35% attributable to mortgage-dollar-roll activity.

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2020	Year Ended January 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.64</b>	<b>\$10.48</b>	<b>\$10.49</b>	<b>\$10.65</b>	<b>\$10.73</b>	<b>\$10.75</b>
<b>Investment Operations</b>						
Net Investment Income	.041 <sup>1</sup>	.254 <sup>1</sup>	.238 <sup>1</sup>	.138 <sup>1</sup>	.105	.085
Net Realized and Unrealized Gain (Loss) on Investments	.279	.162	(.010)	(.160)	(.048)	(.004)
Total from Investment Operations	.320	.416	.228	(.022)	.057	.081
<b>Distributions</b>						
Dividends from Net Investment Income	(.050)	(.256)	(.238)	(.138)	(.105)	(.085)
Distributions from Realized Capital Gains	—	—	—	—	(.032)	(.016)
Total Distributions	(.050)	(.256)	(.238)	(.138)	(.137)	(.101)
<b>Net Asset Value, End of Period</b>	<b>\$10.91</b>	<b>\$10.64</b>	<b>\$10.48</b>	<b>\$10.49</b>	<b>\$10.65</b>	<b>\$10.73</b>
<b>Total Return<sup>2</sup></b>	<b>3.01%</b>	<b>4.01%</b>	<b>2.21%</b>	<b>-0.21%</b>	<b>0.53%</b>	<b>0.76%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$8,568	\$8,243	\$7,385	\$7,044	\$6,805	\$6,271
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	0.75%	2.40%	2.28%	1.30%	0.97%	0.79%
Portfolio Turnover Rate <sup>3</sup>	190%	340%	282%	280%	249%	211%

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

<sup>1</sup> Calculated based on average shares outstanding.

<sup>2</sup> 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.

<sup>3</sup> Includes 16%, 5%, 37%, 7%, 3%, and 35% 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. 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 assets 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 Schedule of Investments. 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, 2020, the fund's average investments in long and short futures contracts represented 15% and 5% 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.

The fund invests in options on futures, which are exchange-traded. Counterparty risk involving exchange-traded options on futures 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 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. 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, 2020, the fund's average value of investments in options purchased and options written represented less than 1% of net assets, respectively, based on the average market values at each quarter-end during the period.

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 master netting arrangements, and sell or retain any collateral held up to the net amount owed to the fund under the master netting arrangements.

At July 31, 2020, counterparties had deposited in segregated accounts securities with a value of \$1,959,000 and cash of \$2,997,000 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 has also entered 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 taxable income. Management has analyzed the fund's tax positions taken for all open federal income tax years (January 31, 2017–2020), and for the period ended July 31, 2020, and has concluded that no provision for federal 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 alternative rate agreed to by the fund and Vanguard.

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

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

For the six months ended July 31, 2020, 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, 2020, the fund had contributed to Vanguard capital in the amount of \$420,000, representing less than 0.01% of the fund's net assets and 0.17% 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. 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 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, 2020, 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	—	9,704,888	—	9,704,888
Asset-Backed/Commercial Mortgage-Backed Securities	—	22,872	—	22,872
Temporary Cash Investments	16,838	—	—	16,838
<b>Total</b>	<b>16,838</b>	<b>9,727,760</b>	<b>—</b>	<b>9,744,598</b>
<b>Derivative Financial Instruments</b>				
<b>Assets</b>				
Futures Contracts <sup>1</sup>	231	—	—	231
<b>Liabilities</b>				
Options Written	346	—	—	346
Futures Contracts <sup>1</sup>	243	—	—	243
<b>Total</b>	<b>589</b>	<b>—</b>	<b>—</b>	<b>589</b>

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

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

	Amount (\$000)
Tax Cost	9,630,248
Gross Unrealized Appreciation	116,949
Gross Unrealized Depreciation	(9,290)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>107,659</b>

The fund's tax-basis capital gains and losses are determined only at the end of each fiscal year. For tax purposes, at January 31, 2020, the fund had available capital losses totaling \$88,155,000 that may be carried forward indefinitely to offset future net capital gains. The fund will use these capital losses to offset net taxable capital gains, if any, realized during the year ending January 31, 2021; should the fund realize net capital losses for the year, the losses will be added to the loss carryforward balance above.

E. During the six months ended July 31, 2020, the fund purchased \$16,459,182,000 of investment securities and sold \$15,832,930,000 of investment securities, other than temporary cash investments.

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

	Six Months Ended July 31, 2020		Year Ended January 31, 2020	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	370,884	34,307	276,043	26,184
Issued in Lieu of Cash Distributions	2,688	248	13,877	1,313
Redeemed	(255,017)	(23,547)	(316,986)	(30,037)
Net Increase (Decrease)—Investor Shares	118,555	11,008	(27,066)	(2,540)
<b>Admiral Shares</b>				
Issued	3,322,222	307,025	2,554,837	241,901
Issued in Lieu of Cash Distributions	31,087	2,873	150,526	14,242
Redeemed	(3,222,825)	(299,244)	(1,970,252)	(186,524)
Net Increase (Decrease)—Admiral Shares	130,484	10,654	735,111	69,619

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

# Short-Term Federal Fund

## Fund Allocation

As of July 31, 2020

Agency Bonds and Notes	35.3%
Asset-Backed/Commercial Mortgage-Backed Securities	7.0
Government Mortgage-Backed Securities	49.3
U.S. Government Securities	8.4

The table reflects the fund's investments, except for short-term investments and derivatives. The agency and mortgage-backed securities sectors 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, 2020

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 (100.0%)</b>					
<b>U.S. Government Securities (9.0%)</b>					
1	United States Treasury Inflation Indexed Bonds	0.125%	4/15/21	250,000	272,140
	United States Treasury Note/Bond	0.125%	4/30/22	50,400	50,400
	United States Treasury Note/Bond	1.375%	10/15/22	69,300	71,206
	United States Treasury Note/Bond	1.625%	12/15/22	67,500	69,904
	United States Treasury Note/Bond	0.125%	7/15/23	98,000	98,016
	United States Treasury Note/Bond	0.250%	6/30/25	58,000	58,109
					<b>619,775</b>
<b>Agency Bonds and Notes (38.0%)</b>					
2	AID-Israel	0.000%	11/1/24	6,905	6,712
3	Fannie Mae Interest Strip	0.000%	11/15/25	72,402	70,004
3	Fannie Mae Interest Strip	0.000%	5/15/26	91,000	87,318
3,4	Fannie Mae Interest Strip	0.000%	10/25/40	12,339	11,798
3	Fannie Mae Principal Strip	0.000%	1/15/30	5,100	4,576
3	Fannie Mae Principal Strip	0.000%	5/15/30	24,708	22,065
	Federal Farm Credit Banks Funding Corp.	0.250%	5/6/22	50,000	50,053
	Federal Farm Credit Banks Funding Corp.	0.950%	4/1/25	175,000	179,617
	Federal Home Loan Banks	0.500%	4/14/25	105,000	105,593
	Federal Home Loan Banks	1.750%	3/8/30	13,375	14,393
3	Federal Home Loan Mortgage Corp.	0.250%	6/26/23	82,000	82,048
3	Federal Home Loan Mortgage Corp.	1.500%	2/12/25	171,000	179,675
3	Federal Home Loan Mortgage Corp.	0.375%	7/21/25	140,000	139,839
3,4	Federal Home Loan Mortgage Corp.	0.800%	7/21/25	500,000	500,385
3,4	Federal Home Loan Mortgage Corp.	0.750%	7/28/25	300,000	300,303
3,4	Federal Home Loan Mortgage Corp.	0.800%	8/4/25	145,400	145,508
3	Federal National Mortgage Assn.	0.250%	5/22/23	140,000	140,080
3	Federal National Mortgage Assn.	0.250%	7/10/23	337,500	337,699
3	Federal National Mortgage Assn.	2.500%	2/5/24	50,000	53,852
3	Federal National Mortgage Assn.	0.500%	6/17/25	50,000	50,245
3	Federal National Mortgage Assn.	1.875%	9/24/26	30,000	32,425
3	Freddie Mac Principal Strip	0.000%	7/15/32	15,300	13,106
	Government Trust Certificate	0.000%	10/1/20	7,711	7,703
	Private Export Funding Corp.	4.300%	12/15/21	4,430	4,669
	Private Export Funding Corp.	3.550%	1/15/24	8,700	9,609
	Resolution Funding Corp. Interest Strip	0.000%	10/15/27	9,894	9,244
	Resolution Funding Corp. Interest Strip	0.000%	1/15/28	6,400	5,935
	Resolution Funding Corp. Interest Strip	0.000%	4/15/28	4,590	4,242
	Resolution Funding Corp. Principal Strip	0.000%	1/15/30	38,500	34,451
	Tennessee Valley Authority Principal Strip	0.000%	11/1/25	17,342	16,624
					<b>2,619,771</b>

Short-Term Federal Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
<b>Conventional Mortgage-Backed Securities (31.0%)</b>					
3.4	Fannie Mae Pool	2.000%	10/1/27-7/1/28	4,296	4,470
3.4	Fannie Mae Pool	2.500%	2/1/28-9/1/31	18,547	19,588
3.4	Fannie Mae Pool	3.000%	12/1/20-1/1/50	156,910	163,781
3.4	Fannie Mae Pool	3.500%	8/1/20-12/1/49	254,431	270,552
3.4	Fannie Mae Pool	4.000%	9/1/20-8/1/49	122,274	133,674
3.4	Fannie Mae Pool	4.500%	8/1/20-11/1/49	146,723	156,377
3.4	Fannie Mae Pool	5.000%	8/1/20-2/1/44	4,245	4,901
3.4	Fannie Mae Pool	5.500%	8/1/20-9/1/41	28,027	33,330
3.4	Fannie Mae Pool	6.000%	5/1/24-1/1/41	28,053	33,889
3.4	Freddie Mac Gold Pool	2.000%	9/1/28-6/1/30	4,942	5,143
3.4	Freddie Mac Gold Pool	2.500%	6/1/22-10/1/31	14,631	15,456
3.4	Freddie Mac Gold Pool	3.000%	11/1/29-3/1/31	22,361	23,525
3.4	Freddie Mac Gold Pool	3.500%	3/1/21-8/1/29	8,693	9,231
3.4	Freddie Mac Gold Pool	4.000%	6/1/21-6/1/46	9,297	10,078
3.4	Freddie Mac Gold Pool	4.500%	8/1/20-1/1/49	18,657	19,717
3.4	Freddie Mac Gold Pool	5.000%	4/1/21-6/1/25	728	758
0.4	Ginnie Mae II Pool	2.000%	8/1/50-9/1/50	50,000	52,218
0.4	Ginnie Mae II Pool	2.500%	6/1/50-9/1/50	58,000	61,133
4	Ginnie Mae II Pool	3.000%	9/20/49-11/20/49	42,227	44,085
0.4	UMBS Pool	1.500%	8/1/35	103,000	105,591
0.4	UMBS Pool	2.000%	7/1/35-9/1/50	457,000	473,422
0.4	UMBS Pool	2.500%	1/1/23-9/1/50	349,701	366,804
4	UMBS Pool	3.000%	9/1/34-11/1/49	71,012	74,279
4	UMBS Pool	3.500%	8/1/29-8/1/49	21,535	23,242
4	UMBS Pool	4.000%	2/1/47	3,289	3,653
4	UMBS Pool	4.500%	8/1/49	10,903	11,865
4	UMBS Pool	5.000%	3/1/42	2,118	2,454
4	UMBS Pool	6.000%	4/1/39	12,857	15,337
					<b>2,138,553</b>
<b>Nonconventional Mortgage-Backed Securities (22.0%)</b>					
3.4	Fannie Mae REMICS	1.500%	12/25/41-1/25/43	75,403	76,864
3.4	Fannie Mae REMICS	1.650%	12/25/42	12,377	12,635
3.4	Fannie Mae REMICS	1.750%	11/25/32-3/25/46	131,323	133,516
3.4	Fannie Mae REMICS	1.850%	8/25/46	13,728	14,241
3.4	Fannie Mae REMICS	2.000%	12/25/44	7,342	7,436
3.4	Fannie Mae REMICS	2.100%	4/25/43	5,398	5,499
3.4	Fannie Mae REMICS	2.125%	10/25/42	12,719	12,915
3.4	Fannie Mae REMICS	2.250%	7/25/43-6/25/44	30,041	31,007
3.4	Fannie Mae REMICS	2.500%	6/25/40-1/25/50	63,914	66,370
3.4	Fannie Mae REMICS	3.000%	10/25/33-9/25/49	110,715	116,659
3.4	Fannie Mae REMICS	3.500%	3/25/43-10/25/48	63,475	66,086
3.4	Fannie Mae REMICS	4.000%	12/25/46-10/25/48	7,258	7,747
3.4	Fannie Mae REMICS	5.000%	9/25/40	10,753	12,559
3.4	Fannie Mae REMICS	5.250%	9/25/41	4,741	5,551
3.4	Freddie Mac REMICS	1.250%	2/15/42	26,539	26,863
3.4	Freddie Mac REMICS	1.500%	10/15/42	27,098	27,499
3.4	Freddie Mac REMICS	1.750%	4/15/43	14,049	14,395
3.4	Freddie Mac REMICS	2.000%	7/15/42	13,940	14,416
3.4	Freddie Mac REMICS	2.250%	3/15/41-9/25/49	55,755	57,604
3.4	Freddie Mac REMICS	2.500%	4/15/37-12/25/49	166,550	174,638
3.4	Freddie Mac REMICS	2.750%	1/15/46-10/25/49	5,225	5,538
3.4	Freddie Mac REMICS	3.000%	6/15/42-7/25/49	54,492	57,508



Short-Term Federal Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
3.4 Freddie Mac REMICS	3.500%	5/15/40–3/25/50	88,830	94,996
3.4 Freddie Mac REMICS	4.000%	8/15/47–5/15/49	28,836	32,008
3.4 Freddie Mac REMICS	5.000%	12/15/40	16,721	19,665
3.4 Freddie Mac REMICS	6.500%	5/15/24	4,132	4,399
4 Ginnie Mae REMICS	1.500%	10/20/45	107,407	108,233
4 Ginnie Mae REMICS	2.001%	12/20/42	5,160	5,296
4 Ginnie Mae REMICS	2.500%	9/20/43–9/20/49	24,938	26,319
4 Ginnie Mae REMICS	2.750%	9/20/45–5/20/49	138,392	141,608
4 Ginnie Mae REMICS	3.000%	3/20/41–3/20/48	106,135	109,316
4 Ginnie Mae REMICS	3.500%	4/20/48–5/20/49	9,400	10,256
4 Ginnie Mae REMICS	4.000%	10/20/47–9/20/48	20,332	21,711
				<b>1,521,353</b>
<b>Total U.S. Government and Agency Obligations (Cost \$6,787,660)</b>				<b>6,899,452</b>
<b>Asset-Backed/Commercial Mortgage-Backed Securities (7.5%)</b>				
3.4 FHLMC Multifamily Structured Pass Through Certificates K027	2.637%	1/25/23	2,000	2,091
3.4 FHLMC Multifamily Structured Pass Through Certificates K037	3.490%	1/25/24	1,000	1,091
3.4 FHLMC Multifamily Structured Pass Through Certificates K040	3.241%	9/25/24	6,900	7,593
3.4 FHLMC Multifamily Structured Pass Through Certificates K041	3.171%	10/25/24	4,000	4,402
3.4 FHLMC Multifamily Structured Pass Through Certificates K042	2.670%	12/25/24	5,000	5,417
3.4 FHLMC Multifamily Structured Pass Through Certificates K043	3.062%	12/25/24	4,000	4,398
3.4 FHLMC Multifamily Structured Pass Through Certificates K044	2.811%	1/25/25	3,000	3,270
3.4 FHLMC Multifamily Structured Pass Through Certificates K047	3.329%	5/25/25	1,000	1,118
3.4 FHLMC Multifamily Structured Pass Through Certificates K048	3.284%	6/25/25	1,000	1,116
3.4 FHLMC Multifamily Structured Pass Through Certificates K053	2.995%	12/25/25	16,000	17,748
3.4,5 FHLMC Multifamily Structured Pass Through Certificates K054	1.171%	1/25/26	84,283	4,666
3.4,5 FHLMC Multifamily Structured Pass Through Certificates K057	1.189%	7/25/26	140,495	8,329
3.4 FHLMC Multifamily Structured Pass Through Certificates K104	1.127%	1/25/30	85,400	7,849
3.4,5 FHLMC Multifamily Structured Pass Through Certificates K105	1.645%	1/25/30	220,042	27,210
3.4,5 FHLMC Multifamily Structured Pass Through Certificates K109	1.700%	4/25/30	89,382	11,534
3.4,5 FHLMC Multifamily Structured Pass Through Certificates K110	1.698%	4/25/30	40,295	5,475
3.4,5 FHLMC Multifamily Structured Pass Through Certificates K111	1.682%	5/25/30	58,000	7,545
3.4,5 FHLMC Multifamily Structured Pass Through Certificates K112	1.536%	5/25/30	22,600	2,707
3.4,5 FHLMC Multifamily Structured Pass Through Certificates K1502	0.957%	1/25/31	85,515	6,633

Short-Term Federal Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
3.4 FHLMC Multifamily Structures Pass Through Certificates K725	2.946%	7/25/24	24,220	26,071
3.4,5 Freddie Mac Multiclass Certificates 2015-P001	2.441%	12/27/28	88,401	13,202
3.4,5 Freddie Mac Multiclass Certificates 2015-P001	2.843%	1/27/29	112,919	21,852
3.4 Freddie Mac Strip 2017-357	2.500%	9/15/47	22,031	23,384
4 Small Business Administration Participation Certs 2002-20L	5.100%	12/1/22	199	206
4 Small Business Administration Participation Certs 2004-20G	5.190%	7/1/24	137	146
4 Small Business Administration Participation Certs 2005-20A	4.860%	1/1/25	153	162
4 Small Business Administration Participation Certs 2005-20B	4.625%	2/1/25	70	75
4 Small Business Administration Participation Certs 2005-20C	4.950%	3/1/25	53	56
4 Small Business Administration Participation Certs 2005-20G	4.750%	7/1/25	37	40
4 Small Business Administration Participation Certs 2005-20J	5.090%	10/1/25	475	506
4 Small Business Administration Participation Certs 2006-20D	5.640%	4/1/26	567	609
4 Small Business Administration Participation Certs 2006-20H	5.700%	8/1/26	809	883
4 Small Business Administration Participation Certs 2006-20J	5.370%	10/1/26	1,923	2,065
4 Small Business Administration Participation Certs 2006-20K	5.360%	11/1/26	3,382	3,643
4 Small Business Administration Participation Certs 2006-20L	5.120%	12/1/26	999	1,079
4 Small Business Administration Participation Certs 2007-20D	5.320%	4/1/27	668	722
4 Small Business Administration Participation Certs 2007-20G	5.820%	7/1/27	542	594
4 Small Business Administration Participation Certs 2007-20I	5.560%	9/1/27	2,844	3,104
4 Small Business Administration Participation Certs 2007-20L	5.290%	12/1/27	36	39
4 Small Business Administration Participation Certs 2008-20B	5.160%	2/1/28	94	102
4 Small Business Administration Participation Certs 2008-20C	5.490%	3/1/28	78	85
4 Small Business Administration Participation Certs 2008-20D	5.370%	4/1/28	193	210
4 Small Business Administration Participation Certs 2008-20F	5.680%	6/1/28	64	70
4 Small Business Administration Participation Certs 2008-20H	6.020%	8/1/28	62	69
4 Small Business Administration Participation Certs 2008-20J	5.630%	10/1/28	78	86
4 Small Business Administration Participation Certs 2009-20A	5.720%	1/1/29	47	52

Short-Term Federal Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
4 Small Business Administration Participation Certs 2009-20D	4.310%	4/1/29	46	49
4 Small Business Administration Participation Certs 2009-20I	4.200%	9/1/29	1,054	1,123
4 Small Business Administration Participation Certs 2009-20J	3.920%	10/1/29	1,673	1,776
4 Small Business Administration Participation Certs 2009-20K	4.090%	11/1/29	855	921
4 Small Business Administration Participation Certs 2010-20H	3.520%	8/1/30	139	149
4 Small Business Administration Participation Certs 2011-20B	4.220%	2/1/31	285	313
4 Small Business Administration Participation Certs 2011-20H	3.290%	8/1/31	65	70
4 Small Business Administration Participation Certs 2012-20I	2.200%	9/1/32	46	47
4 Small Business Administration Participation Certs 2013-20G	3.150%	7/1/33	71	76
4 Small Business Administration Participation Certs 2013-20K	3.380%	11/1/33	85	92
4 Small Business Administration Participation Certs 2017-20	2.780%	12/1/37	2,262	2,449
4 Small Business Administration Participation Certs 2017-20	3.310%	4/1/38	26,279	29,179
4 Small Business Administration Participation Certs 2017-20	3.600%	6/1/38	14,042	15,880
4 Small Business Administration Participation Certs 2017-20	3.370%	1/1/39	8,450	9,310
4 Small Business Administration Participation Certs 2018-20	2.920%	1/1/38	11,542	12,744
4 Small Business Administration Participation Certs 2018-20	3.220%	2/1/38	18,628	20,690
4 Small Business Administration Participation Certs 2018-20C	5.230%	3/1/27	883	950
4 Small Business Administration Participation Certs 2018-20C	3.200%	3/1/38	37,705	41,572
4 Small Business Administration Participation Certs 2018-20E	5.310%	5/1/27	1,422	1,535
4 Small Business Administration Participation Certs 2018-20E	3.500%	5/1/38	7,736	8,688
4 Small Business Administration Participation Certs 2018-20J	3.770%	10/1/38	25,285	28,763
4 Small Business Administration Participation Certs 2018-20J	2.690%	7/1/44	10,616	11,529
4 Small Business Administration Participation Certs 2018-20K	3.870%	11/1/38	15,550	17,826
4 Small Business Administration Participation Certs 2018-20L	3.540%	12/1/38	20,007	22,238
4 Small Business Administration Participation Certs 2018-25F	3.670%	12/1/43	2,092	2,371
4 Small Business Administration Participation Certs 2019-20C	3.200%	3/1/39	8,622	9,473
4 Small Business Administration Participation Certs 2019-25E	3.070%	5/1/44	6,167	6,838

## Short-Term Federal Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
4 Small Business Administration Participation Certs 2019-25F	2.770%	6/1/44	9,884	10,787
4 Small Business Administration Participation Certs 2019-25H	2.310%	8/1/44	11,747	12,525
4 Small Business Administration Participation Certs 2019-25K	2.480%	11/1/44	8,517	9,182
4 Small Business Administration Participation Certs 2019-25L	5.520%	6/1/24	465	494
4 Small Business Administration Participation Certs 2019-25L	2.380%	12/1/44	6,794	7,276
<b>Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$485,732)</b>				<b>516,219</b>
Shares				
<b>Temporary Cash Investment (9.4%)</b>				
<b>Money Market Fund (9.4%)</b>				
6 Vanguard Market Liquidity Fund (Cost \$650,801)	0.194%		6,508,054	650,805
<b>Total Investments (116.9%) (Cost \$7,924,193)</b>				<b>8,066,476</b>
<b>Other Assets and Liabilities—Net (-16.9%)</b>				<b>(1,165,748)</b>
<b>Net Assets (100%)</b>				<b>6,900,728</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

o Includes securities purchased on a when-issued or delayed-delivery basis for which the fund has not taken delivery as of July 31, 2020.

1 Securities with a value of \$12,930,000 have been segregated as initial margin for open futures contracts.

2 U.S. government-guaranteed.

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 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.

5 Interest-only security.

6 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.

## Short-Term Federal Fund

### Derivative Financial Instruments Outstanding as of Period End

#### Futures Contracts

			(\$000)	
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
2-Year U.S. Treasury Note	September 2020	1,231	272,032	7
Short Futures Contracts				
Ultra 10-Year U.S. Treasury Note	September 2020	(3,480)	(554,190)	(6,881)
10-Year U.S. Treasury Note	September 2020	(1,023)	(143,300)	(857)
5-Year U.S. Treasury Note	September 2020	(928)	(117,044)	(290)
Ultra Long U.S. Treasury Bond	September 2020	(230)	(52,368)	(2,065)
30-Year U.S. Treasury Bond	September 2020	(122)	(22,238)	(605)
			(10,698)	
			(10,691)	

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

# Statement of Assets and Liabilities

As of July 31, 2020

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$7,273,392)	7,415,671
Affiliated Issuers (Cost \$650,801)	650,805
Total Investments in Securities	8,066,476
Investment in Vanguard	291
Cash	89
Receivables for Investment Securities Sold	818,596
Receivables for Accrued Income	16,155
Receivables for Capital Shares Issued	20,867
Variation Margin Receivable—Futures Contracts	133
Other Assets	245
<b>Total Assets</b>	<b>8,922,852</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	2,014,542
Payables for Capital Shares Redeemed	5,712
Payables for Distributions	861
Payables to Vanguard	368
Variation Margin Payable—Futures Contracts	641
<b>Total Liabilities</b>	<b>2,022,124</b>
<b>Net Assets</b>	<b>6,900,728</b>

At July 31, 2020, net assets consisted of:

Paid-in Capital	6,791,779
Total Distributable Earnings (Loss)	108,949
<b>Net Assets</b>	<b>6,900,728</b>

**Investor Shares—Net Assets**

Applicable to 65,760,150 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	724,305
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$11.01</b>

**Admiral Shares—Net Assets**

Applicable to 560,761,620 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	6,176,423
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$11.01</b>

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

## Statement of Operations

Six Months Ended  
July 31, 2020

	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Interest <sup>1</sup>	51,785
<b>Total Income</b>	<b>51,785</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	308
Management and Administrative—Investor Shares	549
Management and Administrative—Admiral Shares	2,041
Marketing and Distribution—Investor Shares	46
Marketing and Distribution—Admiral Shares	173
Custodian Fees	56
Shareholders' Reports—Investor Shares	33
Shareholders' Reports—Admiral Shares	57
Trustees' Fees and Expenses	2
<b>Total Expenses</b>	<b>3,265</b>
<b>Net Investment Income</b>	<b>48,520</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	68,605
Futures Contracts	(30,768)
Options Purchased	961
Options Written	2,015
<b>Realized Net Gain (Loss)</b>	<b>40,813</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	80,144
Futures Contracts	(4,952)
Options Purchased	(322)
Options Written	(134)
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>74,736</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>164,069</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$1,077,000, (\$89,000), and \$1,000, respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Six Months Ended July 31, 2020	Year Ended January 31, 2020
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	48,520	112,498
Realized Net Gain (Loss)	40,813	27,714
Change in Unrealized Appreciation (Depreciation)	74,736	69,989
Net Increase (Decrease) in Net Assets Resulting from Operations	164,069	210,201
<b>Distributions<sup>1</sup></b>		
Investor Shares	(5,379)	(13,781)
Admiral Shares	(43,805)	(98,841)
Total Distributions	(49,184)	(112,622)
<b>Capital Share Transactions</b>		
Investor Shares	87,833	(11,719)
Admiral Shares	1,703,934	323,046
Net Increase (Decrease) from Capital Share Transactions	1,791,767	311,327
Total Increase (Decrease)	1,906,652	408,906
<b>Net Assets</b>		
Beginning of Period	4,994,076	4,585,170
End of Period	6,900,728	4,994,076

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



# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2020	Year Ended January 31,				
	2020	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.79</b>	<b>\$10.57</b>	<b>\$10.55</b>	<b>\$10.70</b>	<b>\$10.79</b>	<b>\$10.82</b>
<b>Investment Operations</b>						
Net Investment Income	.086 <sup>1</sup>	.246 <sup>1</sup>	.208 <sup>1</sup>	.142 <sup>1</sup>	.116	.095
Net Realized and Unrealized Gain (Loss) on Investments	.222	.221	.021	(.144)	(.063)	.005
Total from Investment Operations	.308	.467	.229	(.002)	.053	.100
<b>Distributions</b>						
Dividends from Net Investment Income	(.088)	(.247)	(.209)	(.142)	(.116)	(.095)
Distributions from Realized Capital Gains	—	—	—	(.006)	(.027)	(.035)
Total Distributions	(.088)	(.247)	(.209)	(.148)	(.143)	(.130)
<b>Net Asset Value, End of Period</b>	<b>\$11.01</b>	<b>\$10.79</b>	<b>\$10.57</b>	<b>\$10.55</b>	<b>\$10.70</b>	<b>\$10.79</b>
<b>Total Return<sup>2</sup></b>	<b>2.86%</b>	<b>4.46%</b>	<b>2.20%</b>	<b>-0.02%</b>	<b>0.49%</b>	<b>0.93%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$724	\$623	\$622	\$719	\$827	\$817
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	1.58%	2.30%	1.98%	1.33%	1.07%	0.88%
Portfolio Turnover Rate <sup>3</sup>	272%	499%	327%	211%	304%	314%

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 38%, 32%, 90%, 30%, 38%, and 75% attributable to mortgage-dollar-roll activity.

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2020	Year Ended January 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.79</b>	<b>\$10.57</b>	<b>\$10.55</b>	<b>\$10.70</b>	<b>\$10.79</b>	<b>\$10.82</b>
<b>Investment Operations</b>						
Net Investment Income	.091 <sup>1</sup>	.257 <sup>1</sup>	.219 <sup>1</sup>	.153 <sup>1</sup>	.127	.105
Net Realized and Unrealized Gain (Loss) on Investments	.223	.220	.020	(.144)	(.063)	.005
Total from Investment Operations	.314	.477	.239	.009	.064	.110
<b>Distributions</b>						
Dividends from Net Investment Income	(.094)	(.257)	(.219)	(.153)	(.127)	(.105)
Distributions from Realized Capital Gains	—	—	—	(.006)	(.027)	(.035)
Total Distributions	(.094)	(.257)	(.219)	(.159)	(.154)	(.140)
<b>Net Asset Value, End of Period</b>	<b>\$11.01</b>	<b>\$10.79</b>	<b>\$10.57</b>	<b>\$10.55</b>	<b>\$10.70</b>	<b>\$10.79</b>
<b>Total Return<sup>2</sup></b>	<b>2.92%</b>	<b>4.56%</b>	<b>2.30%</b>	<b>0.08%</b>	<b>0.59%</b>	<b>1.03%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$6,176	\$4,371	\$3,963	\$4,239	\$4,819	\$4,342
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	1.66%	2.40%	2.08%	1.43%	1.17%	0.98%
Portfolio Turnover Rate <sup>3</sup>	272%	499%	327%	211%	304%	314%

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 38%, 32%, 90%, 30%, 38%, and 75% 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. 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 assets 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 Schedule of Investments. 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, 2020, the fund's average investments in long and short futures contracts represented 10% and 14% 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.

The fund invests in options on futures, which are exchange-traded. Counterparty risk involving exchange-traded options on futures 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 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. 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, 2020, the fund's average value of investments in options purchased and options written each represented less than 1% of net assets, 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, 2020.

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 master netting arrangements, and sell or retain any collateral held up to the net amount owed to the fund under the master netting arrangements.

At July 31, 2020, counterparties had deposited in segregated accounts securities with a value of \$2,597,000 and cash of \$5,971,000 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 has also entered 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 taxable income. Management has analyzed the fund's tax positions taken for all open federal income tax years (January 31, 2017–2020), and for the period ended July 31, 2020, and has concluded that no provision for federal 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 alternative rate agreed to by the fund and Vanguard.

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

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

For the six months ended July 31, 2020, 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, 2020, the fund had contributed to Vanguard capital in the amount of \$291,000, representing less than 0.01% of the fund's net assets and 0.12% 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. 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 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, 2020, 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	—	6,899,452	—	6,899,452
Asset-Backed/Commercial Mortgage-Backed Securities	—	516,219	—	516,219
Temporary Cash Investments	650,805	—	—	650,805
<b>Total</b>	<b>650,805</b>	<b>7,415,671</b>	<b>—</b>	<b>8,066,476</b>
<b>Derivative Financial Instruments</b>				
<b>Assets</b>				
Futures Contracts <sup>1</sup>	133	—	—	133
<b>Liabilities</b>				
Futures Contracts <sup>1</sup>	641	—	—	641

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

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

	Amount (\$000)
Tax Cost	7,925,248
Gross Unrealized Appreciation	147,487
Gross Unrealized Depreciation	(16,950)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>130,537</b>

The fund's tax-basis capital gains and losses are determined only at the end of each fiscal year. For tax purposes, at January 31, 2020, the fund had available capital losses totaling \$66,304,000 that may be carried forward indefinitely to offset future net capital gains. The fund will use these capital losses to offset net taxable capital gains, if any, realized during the year ending January 31, 2021; should the fund realize net capital losses for the year, the losses will be added to the loss carryforward balance above.

E. During the six months ended July 31, 2020, the fund purchased \$17,045,297,000 of investment securities and sold \$14,760,612,000 of investment securities, other than temporary cash investments.

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

	Six Months Ended July 31, 2020		Year Ended January 31, 2020	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	263,165	24,052	210,669	19,720
Issued in Lieu of Cash Distributions	4,738	433	12,178	1,138
Redeemed	(180,070)	(16,470)	(234,566)	(22,019)
Net Increase (Decrease)—Investor Shares	87,833	8,015	(11,719)	(1,161)
<b>Admiral Shares</b>				
Issued	2,883,462	263,468	1,620,521	151,597
Issued in Lieu of Cash Distributions	38,835	3,545	86,596	8,093
Redeemed	(1,218,363)	(111,460)	(1,384,071)	(129,514)
Net Increase (Decrease)—Admiral Shares	1,703,934	155,553	323,046	30,176

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



# Intermediate-Term Treasury Fund

## Fund Allocation

As of July 31, 2020

Agency Bonds and Notes	1.3%
Asset-Backed/Comercial Mortgage-Backed Securities	5.0
Government Mortgage-Backed Securities	10.5
U.S. Government Securities	83.2

The table reflects the fund's investments, except for short-term investments and derivatives. The agency and mortgage-backed securities sectors 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, 2020

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 (97.0%)</b>				
<b>U.S. Government Securities (85.0%)</b>				
United States Treasury Inflation Indexed Bonds	0.625%	4/15/23	312,000	337,299
United States Treasury Inflation Indexed Bonds	0.125%	4/15/25	298,400	315,311
United States Treasury Note/Bond	2.250%	12/31/23	53,000	56,793
United States Treasury Note/Bond	2.625%	12/31/23	118,000	127,957
United States Treasury Note/Bond	2.250%	1/31/24	45,000	48,305
United States Treasury Note/Bond	2.375%	2/29/24	126,500	136,521
United States Treasury Note/Bond	2.125%	3/31/24	74,000	79,319
United States Treasury Note/Bond	2.500%	5/15/24	108,000	117,552
United States Treasury Note/Bond	2.000%	5/31/24	85,500	91,485
United States Treasury Note/Bond	1.750%	6/30/24	50,600	53,723
United States Treasury Note/Bond	1.750%	7/31/24	147,000	156,233
United States Treasury Note/Bond	1.250%	8/31/24	88,000	91,850
United States Treasury Note/Bond	1.500%	9/30/24	170,000	179,297
United States Treasury Note/Bond	2.125%	9/30/24	33,000	35,660
United States Treasury Note/Bond	1.500%	10/31/24	75,000	79,183
United States Treasury Note/Bond	1.500%	11/30/24	138,000	145,805
United States Treasury Note/Bond	1.750%	12/31/24	75,000	80,144
United States Treasury Note/Bond	1.375%	1/31/25	150,000	157,921
United States Treasury Note/Bond	2.000%	2/15/25	32,000	34,600
United States Treasury Note/Bond	1.125%	2/28/25	184,830	192,685
United States Treasury Note/Bond	2.875%	4/30/25	16,000	18,015
United States Treasury Note/Bond	2.125%	5/15/25	68,000	74,184
United States Treasury Note/Bond	0.250%	5/31/25	49,000	49,107
United States Treasury Note/Bond	2.750%	6/30/25	30,000	33,703
United States Treasury Note/Bond	2.000%	8/15/25	149,250	162,450
United States Treasury Note/Bond	3.000%	9/30/25	48,400	55,252
United States Treasury Note/Bond	2.250%	11/15/25	86,500	95,556
United States Treasury Note/Bond	2.875%	11/30/25	45,000	51,237
United States Treasury Note/Bond	2.625%	12/31/25	63,500	71,557
United States Treasury Note/Bond	1.625%	2/15/26	198,384	213,047
United States Treasury Note/Bond	6.000%	2/15/26	17,000	22,328
United States Treasury Note/Bond	2.250%	3/31/26	90,450	100,414
United States Treasury Note/Bond	1.625%	5/15/26	64,000	68,870
United States Treasury Note/Bond	2.125%	5/31/26	66,000	72,950
United States Treasury Note/Bond	1.875%	6/30/26	60,000	65,494
United States Treasury Note/Bond	1.875%	7/31/26	55,000	60,079
United States Treasury Note/Bond	1.500%	8/15/26	83,000	88,836
United States Treasury Note/Bond	1.375%	8/31/26	96,500	102,591
United States Treasury Note/Bond	1.625%	9/30/26	87,000	93,851

Intermediate-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
United States Treasury Note/Bond	2.000%	11/15/26	259,000	285,628
United States Treasury Note/Bond	6.500%	11/15/26	5,000	6,920
United States Treasury Note/Bond	1.625%	11/30/26	32,000	34,560
United States Treasury Note/Bond	1.750%	12/31/26	230,000	250,341
United States Treasury Note/Bond	2.250%	2/15/27	98,000	109,944
United States Treasury Note/Bond	6.625%	2/15/27	7,000	9,834
United States Treasury Note/Bond	1.125%	2/28/27	44,000	46,166
United States Treasury Note/Bond	0.625%	3/31/27	78,000	79,280
United States Treasury Note/Bond	0.500%	4/30/27	88,000	88,701
United States Treasury Note/Bond	2.375%	5/15/27	123,000	139,451
United States Treasury Note/Bond	0.500%	5/31/27	70,000	70,536
United States Treasury Note/Bond	2.250%	8/15/27	137,000	154,661
United States Treasury Note/Bond	2.250%	11/15/27	50,000	56,610
1 United States Treasury Note/Bond	6.125%	11/15/27	14,000	19,775
United States Treasury Note/Bond	2.750%	2/15/28	112,000	131,320
United States Treasury Note/Bond	5.500%	8/15/28	10,000	13,991
United States Treasury Note/Bond	3.125%	11/15/28	89,500	108,854
United States Treasury Note/Bond	5.250%	11/15/28	19,500	27,108
United States Treasury Note/Bond	2.625%	2/15/29	173,000	204,033
United States Treasury Note/Bond	5.250%	2/15/29	10,000	14,003
United States Treasury Note/Bond	1.625%	8/15/29	14,000	15,396
United States Treasury Note/Bond	1.750%	11/15/29	20,500	22,822
United States Treasury Note/Bond	1.500%	2/15/30	147,000	160,414
United States Treasury Note/Bond	0.625%	5/15/30	219,250	221,030
				<b>6,288,542</b>
<b>Agency Bonds and Notes (1.3%)</b>				
2 AID-Israel	0.000%	11/1/24	50,000	48,604
2 AID-Israel	0.000%	8/15/25	7,929	7,637
Private Export Funding Corp.	4.300%	12/15/21	4,150	4,373
Private Export Funding Corp.	3.550%	1/15/24	10,300	11,377
Resolution Funding Corp.	0.000%	1/15/28	7,800	7,233
Resolution Funding Corp. Interest Strip	0.000%	10/15/27	12,004	11,216
Resolution Funding Corp. Interest Strip	0.000%	4/15/28	5,560	5,139
				<b>95,579</b>
<b>Conventional Mortgage-Backed Securities (5.8%)</b>				
3,4 Fannie Mae Pool	3.000%	11/1/49-1/1/50	47,908	49,901
3,4 Fannie Mae Pool	3.500%	1/1/49-8/1/49	16,023	16,400
3,4 Fannie Mae Pool	4.000%	2/1/49-10/1/49	19,279	20,099
3,4 Fannie Mae Pool	4.500%	9/1/48-11/1/49	18,416	19,345
3,4 Fannie Mae Pool	5.000%	2/1/44	2,641	3,094
3,4 Freddie Mac Gold Pool	4.500%	1/1/49	1,637	1,730
0,3 Ginnie Mae	2.500%	9/1/50	56,500	59,552
0,3 Ginnie Mae II Pool	2.000%	8/1/50-9/1/50	49,000	51,175
3 Ginnie Mae II Pool	2.500%	6/1/50-8/1/50	—	—
3 Ginnie Mae II Pool	3.000%	9/20/49	6,428	6,707
0,3 UMBS Pool	2.000%	8/1/50-9/1/50	61,000	63,069
0,3 UMBS Pool	2.500%	8/1/50-9/1/50	113,000	118,531
3 UMBS Pool	3.000%	11/1/49	17,469	18,228
3 UMBS Pool	5.000%	3/1/42	2,118	2,454
				<b>430,285</b>
<b>Nonconventional Mortgage-Backed Securities (4.9%)</b>				
3,4 Fannie Mae REMICS	1.750%	7/25/41-3/25/46	56,179	57,441
3,4 Fannie Mae REMICS	1.850%	8/25/46	17,271	17,916

Intermediate-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
3.4	Fannie Mae REMICS	2.125%	10/25/42	5,436	5,519
3.4	Fannie Mae REMICS	2.250%	10/25/43	8,413	8,690
3.4	Fannie Mae REMICS	2.500%	9/25/49–12/25/49	20,922	22,092
3.4	Fannie Mae REMICS	3.000%	2/25/43–9/25/49	16,397	17,290
3.4	Fannie Mae REMICS	3.500%	3/25/43–7/25/48	9,065	9,915
3.4	Fannie Mae REMICS	4.000%	12/25/47–10/25/48	3,611	4,069
3.4	Freddie Mac REMICS	2.250%	7/15/44	8,218	8,507
3.4	Freddie Mac REMICS	2.500%	2/25/50	13,205	13,940
3.4	Freddie Mac REMICS	3.000%	12/15/47	4,250	4,660
3.4	Freddie Mac REMICS	3.500%	4/15/38–3/25/50	27,598	29,509
3.4	Freddie Mac REMICS	4.000%	1/15/48–5/15/49	84,348	94,327
3	Ginnie Mae REMICS	1.500%	10/20/45	32,299	32,547
3	Ginnie Mae REMICS	2.500%	11/20/47	9,016	9,657
3	Ginnie Mae REMICS	2.750%	1/20/46	7,514	7,695
3	Ginnie Mae REMICS	3.000%	12/20/44–2/20/48	12,450	13,484
3	Ginnie Mae REMICS	3.500%	6/20/48–5/20/49	4,550	5,066
				<b>362,324</b>	
<b>Total U.S. Government and Agency Obligations (Cost \$6,941,937)</b>					<b>7,176,730</b>
<b>Asset-Backed/Commercial Mortgage-Backed Securities (5.1%)</b>					
3.4	Freddie Mac Strip 2017-357	2.500%	9/15/47	27,772	29,478
3	Small Business Administration Participation Certs 2017-20	2.780%	12/1/37	2,764	2,994
3	Small Business Administration Participation Certs 2017-20	3.310%	4/1/38	32,492	36,077
3	Small Business Administration Participation Certs 2017-20	3.600%	6/1/38	16,675	18,858
3	Small Business Administration Participation Certs 2017-20	3.370%	1/1/39	10,520	11,590
3	Small Business Administration Participation Certs 2018-20	2.920%	1/1/38	14,299	15,788
3	Small Business Administration Participation Certs 2018-20	3.220%	2/1/38	23,067	25,621
3	Small Business Administration Participation Certs 2018-20C	3.200%	3/1/38	46,983	51,801
3	Small Business Administration Participation Certs 2018-20E	3.500%	5/1/38	9,455	10,619
3	Small Business Administration Participation Certs 2018-20J	3.770%	10/1/38	29,790	33,888
3	Small Business Administration Participation Certs 2018-20J	2.690%	7/1/44	13,511	14,673
3	Small Business Administration Participation Certs 2018-20k	3.870%	11/1/38	19,775	22,670
3	Small Business Administration Participation Certs 2018-20L	3.540%	12/1/38	25,645	28,505
3	Small Business Administration Participation Certs 2018-25F	3.670%	12/1/43	2,456	2,783
3	Small Business Administration Participation Certs 2019-20C	3.200%	3/1/39	10,634	11,683
3	Small Business Administration Participation Certs 2019-25E	3.070%	5/1/44	7,923	8,784
3	Small Business Administration Participation Certs 2019-25F	2.770%	6/1/44	12,925	14,106

## Intermediate-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
3 Small Business Administration Participation Certs 2019-25H	2.310%	8/1/44	14,684	15,656
3 Small Business Administration Participation Certs 2019-25K	2.480%	11/1/44	10,083	10,871
3 Small Business Administration Participation Certs 2019-25L	2.380%	12/1/44	7,975	8,541
<b>Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$340,330)</b>				<b>374,986</b>
Shares				
<b>Temporary Cash Investment (2.0%)</b>				
<b>Money Market Fund (2.0%)</b>				
5 Vanguard Market Liquidity Fund (Cost \$149,563)	0.194%		1,495,658	149,566
<b>Total Investments (104.1%) (Cost \$7,431,830)</b>				<b>7,701,282</b>
<b>Other Assets and Liabilities—Net (-4.1%)</b>				<b>(306,486)</b>
<b>Net Assets (100%)</b>				<b>7,394,796</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

o Includes securities purchased on a when-issued or delayed-delivery basis for which the fund has not taken delivery as of July 31, 2020.

1 Securities with a value of \$4,704,000 have been segregated as initial margin for open futures contracts.

2 U.S. government-guaranteed.

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 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.

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.

UMBS—Uniform Mortgage-Backed Securities.

Intermediate-Term Treasury Fund

Derivative Financial Instruments Outstanding as of Period End

Options Written

	Expiration Date	Contracts	Exercise Price	Notional Amount (\$000)	Market Value (\$000)
Exchange-Traded Options					
Call Options					
10-Year U.S. Treasury Note Futures Contracts	9/25/20	821	\$141.00	115,761	(269)
Total Options Written (Premiums Received \$219)					(269)

Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
				(\$000)
Long Futures Contracts				
5-Year U.S. Treasury Note	September 2020	5,249	662,030	2,839
Short Futures Contracts				
2-Year U.S. Treasury Note	September 2020	(2,251)	(497,436)	(698)
Ultra 10-Year U.S. Treasury Note	September 2020	(778)	(123,897)	(2,422)
Ultra Long U.S. Treasury Bond	September 2020	(363)	(82,651)	(3,400)
10-Year U.S. Treasury Note	September 2020	(405)	(56,732)	8
				(6,512)
				(3,673)

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

# Statement of Assets and Liabilities

As of July 31, 2020

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$7,282,267)	7,551,716
Affiliated Issuers (Cost \$149,563)	149,566
Total Investments in Securities	7,701,282
Investment in Vanguard	329
Cash	77
Receivables for Investment Securities Sold	434,793
Receivables for Accrued Income	32,163
Receivables for Capital Shares Issued	7,723
Variation Margin Receivable—Futures Contracts	415
Other Assets	138
<b>Total Assets</b>	<b>8,176,920</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	775,564
Payables for Capital Shares Redeemed	4,759
Payables for Distributions	939
Payables to Vanguard	413
Options Written, at Value (Premiums Received \$219)	269
Variation Margin Payable—Futures Contracts	180
<b>Total Liabilities</b>	<b>782,124</b>
<b>Net Assets</b>	<b>7,394,796</b>

At July 31, 2020, net assets consisted of:

Paid-in Capital	6,907,442
Total Distributable Earnings (Loss)	487,354
<b>Net Assets</b>	<b>7,394,796</b>

**Investor Shares—Net Assets**

Applicable to 88,374,101 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	1,079,225
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$12.21</b>

**Admiral Shares—Net Assets**

Applicable to 517,160,612 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	6,315,571
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$12.21</b>

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

## Statement of Operations

Six Months Ended  
July 31, 2020

	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Interest <sup>1</sup>	50,740
<b>Total Income</b>	<b>50,740</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	362
Management and Administrative—Investor Shares	835
Management and Administrative—Admiral Shares	2,391
Marketing and Distribution—Investor Shares	61
Marketing and Distribution—Admiral Shares	197
Custodian Fees	23
Shareholders' Reports—Investor Shares	56
Shareholders' Reports—Admiral Shares	61
Trustees' Fees and Expenses	3
<b>Total Expenses</b>	<b>3,989</b>
<b>Net Investment Income</b>	<b>46,751</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	299,476
Futures Contracts	10,221
Options Purchased	2,594
Options Written	204
<b>Realized Net Gain (Loss)</b>	<b>312,495</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	54,158
Futures Contracts	(1,556)
Options Purchased	130
Options Written	264
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>52,996</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>412,242</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$368,000, (\$102,000), and (\$1,000), respectively. Purchases and sales are for temporary cash investment purposes.



## Statement of Changes in Net Assets

	Six Months Ended July 31, 2020	Year Ended January 31, 2020
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	46,751	141,945
Realized Net Gain (Loss)	312,495	168,571
Change in Unrealized Appreciation (Depreciation)	52,996	156,723
Net Increase (Decrease) in Net Assets Resulting from Operations	412,242	467,239
<b>Distributions<sup>1</sup></b>		
Investor Shares	(6,345)	(19,628)
Admiral Shares	(40,532)	(122,275)
Total Distributions	(46,877)	(141,903)
<b>Capital Share Transactions</b>		
Investor Shares	109,870	33,277
Admiral Shares	551,408	196,463
Net Increase (Decrease) from Capital Share Transactions	661,278	229,740
Total Increase (Decrease)	1,026,643	555,076
<b>Net Assets</b>		
Beginning of Period	6,368,153	5,813,077
End of Period	7,394,796	6,368,153

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

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2020	Year Ended January 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.57</b>	<b>\$10.96</b>	<b>\$10.88</b>	<b>\$11.11</b>	<b>\$11.51</b>	<b>\$11.66</b>
<b>Investment Operations</b>						
Net Investment Income	.075 <sup>1</sup>	.255 <sup>1</sup>	.260 <sup>1</sup>	.198 <sup>1</sup>	.177	.188
Net Realized and Unrealized Gain (Loss) on Investments	.641	.611	.081	(.230)	(.271)	(.057)
Total from Investment Operations	.716	.866	.341	(.032)	(.094)	.131
<b>Distributions</b>						
Dividends from Net Investment Income	(.076)	(.256)	(.261)	(.198)	(.177)	(.188)
Distributions from Realized Capital Gains	—	—	—	—	(.129)	(.093)
Total Distributions	(.076)	(.256)	(.261)	(.198)	(.306)	(.281)
<b>Net Asset Value, End of Period</b>	<b>\$12.21</b>	<b>\$11.57</b>	<b>\$10.96</b>	<b>\$10.88</b>	<b>\$11.11</b>	<b>\$11.51</b>
<b>Total Return<sup>2</sup></b>	<b>6.20%</b>	<b>7.98%</b>	<b>3.20%</b>	<b>-0.31%</b>	<b>-0.84%</b>	<b>1.17%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$1,079	\$917	\$837	\$967	\$1,185	\$1,326
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	1.25%	2.27%	2.42%	1.78%	1.53%	1.64%
Portfolio Turnover Rate <sup>3</sup>	167%	214%	231%	181%	152%	142%

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 7%, 5%, 35%, 6%, 3%, and 34% attributable to mortgage-dollar-roll activity.

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2020	Year Ended January 31,				
	2020	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.57</b>	<b>\$10.96</b>	<b>\$10.88</b>	<b>\$11.11</b>	<b>\$11.51</b>	<b>\$11.66</b>
<b>Investment Operations</b>						
Net Investment Income	.081 <sup>1</sup>	.267 <sup>1</sup>	.272 <sup>1</sup>	.210 <sup>1</sup>	.188	.199
Net Realized and Unrealized Gain (Loss) on Investments	.641	.610	.080	(.230)	(.271)	(.057)
Total from Investment Operations	.722	.877	.352	(.020)	(.083)	.142
<b>Distributions</b>						
Dividends from Net Investment Income	(.082)	(.267)	(.272)	(.210)	(.188)	(.199)
Distributions from Realized Capital Gains	—	—	—	—	(.129)	(.093)
Total Distributions	(.082)	(.267)	(.272)	(.210)	(.317)	(.292)
<b>Net Asset Value, End of Period</b>	<b>\$12.21</b>	<b>\$11.57</b>	<b>\$10.96</b>	<b>\$10.88</b>	<b>\$11.11</b>	<b>\$11.51</b>
<b>Total Return<sup>2</sup></b>	<b>6.25%</b>	<b>8.09%</b>	<b>3.30%</b>	<b>-0.21%</b>	<b>-0.74%</b>	<b>1.27%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$6,316	\$5,452	\$4,976	\$5,100	\$5,190	\$4,849
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	1.36%	2.37%	2.52%	1.88%	1.63%	1.74%
Portfolio Turnover Rate <sup>3</sup>	167%	214%	231%	181%	152%	142%

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 7%, 5%, 35%, 6%, 3%, and 34% 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. 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 assets 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 Schedule of Investments. 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, 2020, the fund's average investments in long and short futures contracts represented 9% and 8% 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.

The fund invests in options on futures, which are exchange-traded. Counterparty risk involving exchange-traded options on futures 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 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. 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, 2020, the fund's average value of investments in options purchased and options written each represented less than 1% of net assets, based on the average market values at each quarter-end during the period.

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 master netting arrangements, and sell or retain any collateral held up to the net amount owed to the fund under the master netting arrangements.

At July 31, 2020, counterparties had deposited in segregated accounts securities with a value of \$1,788,000 and cash of \$2,145,000 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 has also entered 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 taxable income. Management has analyzed the fund's tax positions taken for all open federal income tax years (January 31, 2017–2020), and for the period ended July 31, 2020, and has concluded that no provision for federal 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 alternative rate agreed to by the fund and Vanguard.

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

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

For the six months ended July 31, 2020, 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, 2020, the fund had contributed to Vanguard capital in the amount of \$329,000, representing less than 0.01% of the fund’s net assets and 0.13% 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. 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 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, 2020, 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	—	7,176,730	—	7,176,730
Asset-Backed/Commercial Mortgage-Backed Securities	—	374,986	—	374,986
Temporary Cash Investments	149,566	—	—	149,566
<b>Total</b>	<b>149,566</b>	<b>7,551,716</b>	<b>—</b>	<b>7,701,282</b>
<b>Derivative Financial Instruments</b>				
<b>Assets</b>				
Futures Contracts <sup>1</sup>	415	—	—	415
<b>Liabilities</b>				
Options Written	269	—	—	269
Futures Contracts <sup>1</sup>	180	—	—	180
<b>Total</b>	<b>449</b>	<b>—</b>	<b>—</b>	<b>449</b>

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

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

	Amount (\$000)
Tax Cost	7,436,045
Gross Unrealized Appreciation	271,567
Gross Unrealized Depreciation	(10,053)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>261,514</b>

The fund's tax-basis capital gains and losses are determined only at the end of each fiscal year. For tax purposes, at January 31, 2020, the fund had available capital losses totaling \$89,173,000 that may be carried forward indefinitely to offset future net capital gains. The fund will use these capital losses to offset net taxable capital gains, if any, realized during the year ending January 31, 2021; should the fund realize net capital losses for the year, the losses will be added to the loss carryforward balance above.

E. During the six months ended July 31, 2020, the fund purchased \$12,867,522,000 of investment securities and sold \$11,676,990,000 of investment securities, other than temporary cash investments.



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

	Six Months Ended July 31, 2020		Year Ended January 31, 2020	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	294,181	24,499	232,837	20,585
Issued in Lieu of Cash Distributions	5,826	483	17,969	1,591
Redeemed	(190,137)	(15,833)	(217,529)	(19,329)
Net Increase (Decrease)—Investor Shares	109,870	9,149	33,277	2,847
<b>Admiral Shares</b>				
Issued	1,967,186	163,783	1,426,848	126,322
Issued in Lieu of Cash Distributions	33,713	2,798	102,003	9,033
Redeemed	(1,449,491)	(120,603)	(1,332,388)	(118,220)
Net Increase (Decrease)—Admiral Shares	551,408	45,978	196,463	17,135

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

# Long-Term Treasury Fund

## Fund Allocation

As of July 31, 2020

Agency Bonds and Notes	6.4%
Government Mortgage-Backed Securities	9.7
U.S. Government Securities	83.9

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, 2020

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 (100.1%)</b>				
<b>U.S. Government Securities (84.0%)</b>				
United States Treasury Inflation Indexed Bonds	0.125%	1/15/30	48,000	53,058
United States Treasury Note/Bond	4.750%	2/15/37	12,500	20,307
United States Treasury Note/Bond	4.375%	2/15/38	2,122	3,370
United States Treasury Note/Bond	3.500%	2/15/39	15,000	21,762
United States Treasury Note/Bond	4.250%	5/15/39	15,000	23,754
United States Treasury Note/Bond	4.500%	8/15/39	28,467	46,467
United States Treasury Note/Bond	4.375%	11/15/39	42,000	67,751
United States Treasury Note/Bond	4.625%	2/15/40	44,700	74,370
United States Treasury Note/Bond	1.125%	5/15/40	200,950	206,287
United States Treasury Note/Bond	4.375%	5/15/40	33,111	53,728
United States Treasury Note/Bond	3.875%	8/15/40	63,191	96,870
United States Treasury Note/Bond	4.750%	2/15/41	37,917	64,726
United States Treasury Note/Bond	4.375%	5/15/41	14,963	24,513
United States Treasury Note/Bond	3.750%	8/15/41	42,271	64,331
United States Treasury Note/Bond	3.000%	5/15/42	9,149	12,626
United States Treasury Note/Bond	3.125%	2/15/43	72,211	101,636
United States Treasury Note/Bond	2.875%	5/15/43	152,046	206,474
United States Treasury Note/Bond	3.625%	8/15/43	50,164	76,007
United States Treasury Note/Bond	3.750%	11/15/43	72,157	111,392
United States Treasury Note/Bond	3.625%	2/15/44	101,548	154,337
United States Treasury Note/Bond	3.125%	8/15/44	72,849	103,366
United States Treasury Note/Bond	3.000%	11/15/44	90,901	126,721
United States Treasury Note/Bond	3.000%	5/15/45	35,505	49,652
United States Treasury Note/Bond	2.875%	8/15/45	62,763	86,172
United States Treasury Note/Bond	3.000%	11/15/45	13,619	19,117
United States Treasury Note/Bond	2.500%	2/15/46	73,795	95,426
United States Treasury Note/Bond	2.500%	5/15/46	22,510	29,157
United States Treasury Note/Bond	2.250%	8/15/46	84,500	104,780
United States Treasury Note/Bond	2.875%	11/15/46	67,469	93,539
United States Treasury Note/Bond	3.000%	2/15/47	125,998	178,858
United States Treasury Note/Bond	3.000%	5/15/47	49,137	69,827
<sup>1</sup> United States Treasury Note/Bond	2.750%	8/15/47	84,117	114,768
United States Treasury Note/Bond	2.750%	11/15/47	51,490	70,388
United States Treasury Note/Bond	3.000%	2/15/48	76,304	109,091
United States Treasury Note/Bond	3.125%	5/15/48	84,462	123,525

Long-Term Treasury Fund

	Coupon	Maturity Date	Face Amount (\$'000)	Market Value* (\$'000)
United States Treasury Note/Bond	3.000%	8/15/48	87,333	125,377
United States Treasury Note/Bond	3.375%	11/15/48	118,561	181,658
United States Treasury Note/Bond	3.000%	2/15/49	128,440	185,155
<sup>1</sup> United States Treasury Note/Bond	2.875%	5/15/49	134,861	190,660
United States Treasury Note/Bond	2.250%	8/15/49	120,000	151,181
United States Treasury Note/Bond	2.375%	11/15/49	115,900	149,910
United States Treasury Note/Bond	2.000%	2/15/50	117,500	141,110
United States Treasury Note/Bond	1.250%	5/15/50	135,000	136,646
				<b>4,119,850</b>
<b>Agency Bonds and Notes (6.4%)</b>				
<sup>2</sup> Fannie Mae Interest Strip	0.000%	5/15/29	4,592	4,174
<sup>2</sup> Fannie Mae Principal Strip	0.000%	5/15/30	60,829	54,323
Federal Home Loan Banks	1.750%	3/8/30	10,970	11,805
<sup>2</sup> Federal Home Loan Mortgage Corp.	0.000%	12/14/29	20,000	18,031
<sup>2</sup> Federal Home Loan Mortgage Corp.	6.250%	7/15/32	12,000	18,974
<sup>2</sup> Federal National Mortgage Assn.	0.000%	11/15/30	55,000	48,734
<sup>2</sup> Federal National Mortgage Assn.	6.625%	11/15/30	9,500	14,758
<sup>2</sup> Freddie Mac Coupon Strip	0.000%	3/15/28	1,771	1,648
<sup>2</sup> Freddie Mac Coupon Strip	0.000%	9/15/28	1,000	922
<sup>2</sup> Freddie Mac Coupon Strip	0.000%	1/15/30	15,658	14,050
<sup>2</sup> Freddie Mac Coupon Strip	0.000%	3/15/30	12,896	11,550
<sup>2</sup> Freddie Mac Principal Strip	0.000%	3/15/31	75,000	65,917
Resolution Funding Corp. Interest Strip	0.000%	4/15/28	21,802	20,151
Resolution Funding Corp. Principal Strip	0.000%	1/15/30	30,000	26,845
				<b>311,882</b>
<b>Conventional Mortgage-Backed Securities (3.9%)</b>				
<sup>2,3</sup> Fannie Mae Pool	3.000%	12/1/49–1/1/50	15,928	16,534
<sup>2,3</sup> Fannie Mae Pool	3.500%	1/1/45–7/1/49	16,486	17,335
<sup>2,3</sup> Fannie Mae Pool	4.000%	12/1/46–8/1/49	24,106	25,443
<sup>2,3</sup> Fannie Mae Pool	4.500%	7/1/47–7/1/49	35,019	38,720
<sup>2,3</sup> Fannie Mae Pool	6.000%	2/1/26–11/1/28	7	7
<sup>3</sup> Ginnie Mae II Pool	3.000%	9/20/49–11/20/49	11,970	12,493
<sup>2,3,4</sup> UMBS Pool	2.000%	9/1/50	50,000	51,696
<sup>2,3</sup> UMBS Pool	3.500%	2/1/49–8/1/49	18,048	19,481
<sup>2,3</sup> UMBS Pool	4.500%	8/1/49	9,320	10,142
				<b>191,851</b>
<b>Nonconventional Mortgage-Backed Securities (5.8%)</b>				
<sup>2,3</sup> Fannie Mae REMICS	3.000%	10/25/33–12/25/49	141,563	152,520
<sup>2,3</sup> Fannie Mae REMICS	3.500%	3/25/43–7/25/48	28,947	32,904
<sup>2,3</sup> Fannie Mae REMICS	4.000%	10/25/48	699	787
<sup>2,3</sup> Freddie Mac REMICS	3.000%	1/15/47–12/15/47	33,549	36,367
<sup>2,3</sup> Freddie Mac REMICS	3.500%	2/15/48	12,513	14,319
<sup>2,3</sup> Freddie Mac REMICS	4.000%	5/15/48–9/15/48	31,062	34,489
<sup>3</sup> Ginnie Mae REMICS	3.000%	12/20/44–8/20/46	8,800	9,703
<sup>3</sup> Ginnie Mae REMICS	3.500%	6/20/48–5/20/49	3,700	4,120
<sup>3</sup> Ginnie Mae REMICS	4.000%	10/20/47	1,142	1,224
				<b>286,433</b>
<b>Total U.S. Government and Agency Obligations (Cost \$4,057,849)</b>				<b>4,910,016</b>

## Long-Term Treasury Fund

	Coupon	Shares	Market Value* (\$000)
<b>Temporary Cash Investment (1.7%)</b>			
<b>Money Market Fund (1.7%)</b>			
<sup>5</sup> Vanguard Market Liquidity Fund (Cost \$81,227)	0.194%	812,272	81,227
<b>Total Investments (101.8%) (Cost \$4,139,076)</b>			<b>4,991,243</b>
<b>Other Assets and Liabilities—Net (-1.8%)</b>			<b>(87,445)</b>
<b>Net Assets (100%)</b>			<b>4,903,798</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

1 Securities with a value of \$27,305,000 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, 2020.

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.

UMBS—Uniform Mortgage-Backed Securities.

## Long-Term Treasury Fund

### Derivative Financial Instruments Outstanding as of Period End

#### Options Written

	Expiration Date	Contracts	Exercise Price	Notional Amount (\$000)	Market Value (\$000)
Exchange-Traded Options					
Call Options					
10-Year U.S. Treasury Note Futures Contracts	9/25/20	535	\$141.00	75,435	(175)
Total Options Written (Premiums Received \$143)					(175)

#### Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
				(\$000)
Long Futures Contracts				
Ultra Long U.S. Treasury Bond	September 2020	2,148	489,073	17,115
30-Year U.S. Treasury Bond	September 2020	1,581	288,186	7,775
5-Year U.S. Treasury Note	September 2020	193	24,342	—
				24,890
Short Futures Contracts				
Ultra 10-Year U.S. Treasury Note	September 2020	(3,129)	(498,293)	(7,676)
2-Year U.S. Treasury Note	September 2020	(691)	(152,700)	(250)
10-Year U.S. Treasury Note	September 2020	(754)	(105,619)	(678)
				(8,604)
				16,286

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

# Statement of Assets and Liabilities

As of July 31, 2020

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$4,057,849)	4,910,016
Affiliated Issuers (Cost \$81,227)	81,227
Total Investments in Securities	4,991,243
Investment in Vanguard	206
Cash	383
Receivables for Investment Securities Sold	163,841
Receivables for Accrued Income	31,940
Receivables for Capital Shares Issued	8,891
Variation Margin Receivable—Futures Contracts	362
Other Assets	52
<b>Total Assets</b>	<b>5,196,918</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	285,918
Payables for Capital Shares Redeemed	4,870
Payables for Distributions	889
Payables to Vanguard	294
Options Written, at Value (Premiums Received \$143)	175
Variation Margin Payable—Futures Contracts	974
<b>Total Liabilities</b>	<b>293,120</b>
<b>Net Assets</b>	<b>4,903,798</b>

At July 31, 2020, net assets consisted of:

Paid-in Capital	3,668,390
Total Distributable Earnings (Loss)	1,235,408
<b>Net Assets</b>	<b>4,903,798</b>

**Investor Shares—Net Assets**

Applicable to 73,364,754 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	1,194,502
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$16.28</b>

**Admiral Shares—Net Assets**

Applicable to 227,819,920 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	3,709,296
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$16.28</b>

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

## Statement of Operations

Six Months Ended  
July 31, 2020

	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Interest <sup>1</sup>	46,944
<b>Total Income</b>	<b>46,944</b>
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	233
Management and Administrative—Investor Shares	914
Management and Administrative—Admiral Shares	1,363
Marketing and Distribution—Investor Shares	61
Marketing and Distribution—Admiral Shares	112
Custodian Fees	16
Shareholders' Reports—Investor Shares	65
Shareholders' Reports—Admiral Shares	46
Trustees' Fees and Expenses	2
<b>Total Expenses</b>	<b>2,812</b>
<b>Net Investment Income</b>	<b>44,132</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	340,216
Futures Contracts	33,969
Options Purchased	1,640
Options Written	134
<b>Realized Net Gain (Loss)</b>	<b>375,959</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	300,663
Futures Contracts	7,510
Options Purchased	81
Options Written	159
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>308,413</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>728,504</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$192,000, \$48,000, and (\$1,000), respectively. Purchases and sales are for temporary cash investment purposes.



## Statement of Changes in Net Assets

	Six Months Ended July 31, 2020	Year Ended January 31, 2020
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	44,132	97,090
Realized Net Gain (Loss)	375,959	149,853
Change in Unrealized Appreciation (Depreciation)	308,413	490,876
Net Increase (Decrease) in Net Assets Resulting from Operations	728,504	737,819
<b>Distributions<sup>1</sup></b>		
Investor Shares	(19,651)	(25,091)
Admiral Shares	(62,561)	(82,450)
Total Distributions	(82,212)	(107,541)
<b>Capital Share Transactions</b>		
Investor Shares	66,409	29,041
Admiral Shares	148,895	56,913
Net Increase (Decrease) from Capital Share Transactions	215,304	85,954
Total Increase (Decrease)	861,596	716,232
<b>Net Assets</b>		
Beginning of Period	4,042,202	3,325,970
End of Period	4,903,798	4,042,202

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

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended July 31, 2020	Year Ended January 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$14.05</b>	<b>\$11.86</b>	<b>\$11.96</b>	<b>\$11.79</b>	<b>\$12.80</b>	<b>\$14.19</b>
<b>Investment Operations</b>						
Net Investment Income	.144 <sup>1</sup>	.331 <sup>1</sup>	.334 <sup>1</sup>	.328 <sup>1</sup>	.332	.351
Net Realized and Unrealized Gain (Loss) on Investments	2.362	2.226	(.100)	.170	(.725)	(1.070)
Total from Investment Operations	2.506	2.557	.234	.498	(.393)	(.719)
<b>Distributions</b>						
Dividends from Net Investment Income	(.144)	(.331)	(.334)	(.328)	(.332)	(.351)
Distributions from Realized Capital Gains	(.132)	(.036)	—	—	(.285)	(.320)
Total Distributions	(.276)	(.367)	(.334)	(.328)	(.617)	(.671)
<b>Net Asset Value, End of Period</b>	<b>\$16.28</b>	<b>\$14.05</b>	<b>\$11.86</b>	<b>\$11.96</b>	<b>\$11.79</b>	<b>\$12.80</b>
<b>Total Return<sup>2</sup></b>	<b>17.92%</b>	<b>21.84%</b>	<b>2.05%</b>	<b>4.21%</b>	<b>-3.21%</b>	<b>-4.91%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$1,195	\$971	\$794	\$882	\$995	\$1,148
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	1.87%	2.55%	2.89%	2.70%	2.53%	2.76%
Portfolio Turnover Rate <sup>3</sup>	79%	96% <sup>4</sup>	122%	103% <sup>4</sup>	94%	117%

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 7%, 4%, 34%, 6%, 3%, and 36% 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, 2020	Year Ended January 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$14.05</b>	<b>\$11.86</b>	<b>\$11.96</b>	<b>\$11.79</b>	<b>\$12.80</b>	<b>\$14.19</b>
<b>Investment Operations</b>						
Net Investment Income	.152 <sup>1</sup>	.344 <sup>1</sup>	.346 <sup>1</sup>	.340 <sup>1</sup>	.345	.363
Net Realized and Unrealized Gain (Loss) on Investments	2.362	2.226	(.100)	.170	(.725)	(1.070)
Total from Investment Operations	2.514	2.570	.246	.510	(.380)	(.707)
<b>Distributions</b>						
Dividends from Net Investment Income	(.152)	(.344)	(.346)	(.340)	(.345)	(.363)
Distributions from Realized Capital Gains	(.132)	(.036)	—	—	(.285)	(.320)
Total Distributions	(.284)	(.380)	(.346)	(.340)	(.630)	(.683)
<b>Net Asset Value, End of Period</b>	<b>\$16.28</b>	<b>\$14.05</b>	<b>\$11.86</b>	<b>\$11.96</b>	<b>\$11.79</b>	<b>\$12.80</b>
<b>Total Return<sup>2</sup></b>	<b>17.98%</b>	<b>21.96%</b>	<b>2.16%</b>	<b>4.32%</b>	<b>-3.12%</b>	<b>-4.81%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$3,709	\$3,071	\$2,532	\$2,588	\$2,509	\$2,400
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	1.97%	2.65%	2.99%	2.80%	2.63%	2.86%
Portfolio Turnover Rate <sup>3</sup>	79%	96% <sup>4</sup>	122%	103% <sup>4</sup>	94%	117%

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 7%, 4%, 34%, 6%, 3%, and 36% 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. 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. 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 assets 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 Schedule of Investments. 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, 2020, the fund's average investments in long and short futures contracts represented 13% 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.

The fund invests in options on futures, which are exchange-traded. Counterparty risk involving exchange-traded options on futures 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 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. 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, 2020, the fund's average value of investments in options purchased and options written each represented less than 1% net assets, respectively, based on the average market values at each quarter-end during the period.

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 master netting arrangements, and sell or retain any collateral held up to the net amount owed to the fund under the master netting arrangements.

At July 31, 2020, a counterparty had deposited in segregated accounts securities with a value of \$303,000 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 has also entered 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 taxable income. Management has analyzed the fund's tax positions taken for all open federal income tax years (January 31, 2017–2020), and for the period ended July 31, 2020, and has concluded that no provision for federal 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 alternative rate agreed to by the fund and Vanguard.

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

For the six months ended July 31, 2020, 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, 2020, the fund had contributed to Vanguard capital in the amount of \$206,000, representing less than 0.01% of the fund's net assets and 0.08% 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. 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.

## Long-Term Treasury Fund

**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 valued with significant unobservable inputs are noted on the Schedule of Investments.

The following table summarizes the market value of the fund's investments and derivatives as of July 31, 2020, 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	—	4,910,016	—	4,910,016
Temporary Cash Investments	81,227	—	—	81,227
<b>Total</b>	<b>81,227</b>	<b>4,910,016</b>	<b>—</b>	<b>4,991,243</b>
<b>Derivative Financial Instruments</b>				
<b>Assets</b>				
Futures Contracts <sup>1</sup>	362	—	—	362
<b>Liabilities</b>				
Options Written	175	—	—	175
Futures Contracts <sup>1</sup>	974	—	—	974
<b>Total</b>	<b>1,149</b>	<b>—</b>	<b>—</b>	<b>1,149</b>

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

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

	Amount (\$000)
Tax Cost	4,139,347
Gross Unrealized Appreciation	879,563
Gross Unrealized Depreciation	(11,556)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>868,007</b>

E. During the six months ended July 31, 2020, the fund purchased \$3,940,626,000 of investment securities and sold \$3,511,676,000 of investment securities, other than temporary cash investments.



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

	Six Months Ended July 31, 2020		Year Ended January 31, 2020	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	333,916	21,658	260,097	19,936
Issued in Lieu of Cash Distributions	18,356	1,173	23,396	1,791
Redeemed	(285,863)	(18,612)	(254,452)	(19,530)
Net Increase (Decrease)—Investor Shares	66,409	4,219	29,041	2,197
<b>Admiral Shares</b>				
Issued	1,124,185	72,874	902,904	69,193
Issued in Lieu of Cash Distributions	54,546	3,486	71,329	5,465
Redeemed	(1,029,836)	(67,182)	(917,320)	(69,588)
Net Increase (Decrease)—Admiral Shares	148,895	9,178	56,913	5,070

G. Management has determined that no events or transactions occurred subsequent to July 31, 2020, 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 decision.

### **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 well below the average expense ratio charged by funds in its peer group and that each fund's advisory fee rate or 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 December 1, 2018, through December 31, 2019 (the "Review Period"). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the funds' liquidity risk.

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