Vanguard Announces Intent to Revert Diversification Status for Two Funds

August 25, 2025

VALLEY FORGE, PA (August 25, 2025)—Vanguard today announced its intent to seek shareholder approval to change the diversification status of both the ETF and mutual fund share classes of Vanguard Health Care Index Fund (ETF shares: VHT, Admiral shares: VHCIX) and Vanguard Financials Index Fund (ETF shares: VFH, Admiral shares: VFAIX) from diversified to non-diversified, which requires a shareholder vote.

Currently, the diversification limits constrain funds' ability to directly invest in securities in proportion to their weights in their respective benchmarks, as the benchmarks have become increasingly concentrated in a small number of stocks. If approved by fund shareholders, the diversification status changes will enable the funds to invest directly in securities in the same weights as their target benchmarks.

The Board of Trustees of each fund believes that the proposed changes are in the best interests of the funds and their shareholders because being non-diversified will allow the funds' portfolio managers to better track each fund's benchmark index, thus allowing for potentially better investment performance.

Shareholders of the funds as of the record date of August 26, 2025 will be invited to cast their votes ahead of and during a virtual shareholder meeting on November 4, 2025. Shareholders are encouraged to vote early online and over the phone. Shareholders will also be able to cast their votes through the mail or during the virtual shareholder meeting.

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About Vanguard

Founded in 1975, Vanguard is one of the world's leading investment management companies. The firm offers investments, advice, and retirement services to tens of millions of individual investors around the globe—directly, through workplace plans, and through financial intermediaries. Vanguard operates under a unique, investor-owned structure where Vanguard fund shareholders own the funds, which in turn own Vanguard. As such, Vanguard adheres to a simple purpose: To take a stand for all investors, to treat them fairly, and to give them the best chance for investment success. For more information, visit vanguard.com.

For more information about Vanguard funds, visit vanguard.com to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy and sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

All investing is subject to risk, including the possible loss of the money you invest.

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