

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|--|-----------------------------------|---|-----------------------------|
| 1 Issuer's name | | 2 Issuer's employer identification number (EIN) | |
| Vanguard GNMA Fund Investor Shares | | 23-2439154 | |
| 3 Name of contact for additional information | 4 Telephone No. of contact | 5 Email address of contact | |
| Vanguard Investor and Client Information | 877-662-7447 | online@vanguard.com | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact | | 7 City, town, or post office, state, and ZIP code of contact | |
| P.O. Box 2600 | | Valley Forge, PA 19482-2600 | |
| 8 Date of action | | 9 Classification and description | |
| January 31, 2021 | | Regulated Investment Company - Investor Shares | |
| 10 CUSIP number | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |
| 922031307 | | VFII | |

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Vanguard GNMA Fund Investor Shares ("Fund") declared a distribution of \$0.004208 to shareholders of record on January 29, 2021.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Of the Fund's distribution declared and record on January 29, 2021, \$0.003474, or 82.57%, of the total distribution is a non-taxable return of capital. This amount is a non-taxable return of capital to the extent of a shareholder's basis in each of its Fund shares, with any remaining amounts being taxed as a capital gain to a shareholder.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The calculation of the return of capital is based upon the Fund's accumulated earnings and profits as of the fiscal year ended January 31, 2021. The amount of the return of capital should be applied against the shareholder's adjusted basis of the stock, reducing the basis until its zero. The amount of the return of capital, if any, that exceeds a zero basis shall be treated as a gain from the sale or exchange of property.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____
Internal Revenue Code Sections 301(c) and 316(a)

18 Can any resulting loss be recognized? ▶ Not applicable.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ None.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ Deborah Perch Date ▶ 03/12/2021

| | | | | | |
|-------------------------------|--|----------------------|-------------------------------------|---|------|
| Paid Preparer Use Only | Print your name ▶ <u>Deborah Perch</u> | Preparer's signature | Title ▶ <u>Director of Fund Tax</u> | Check <input type="checkbox"/> if self-employed | PTIN |
| | Print/Type preparer's name | | Date | | |
| | Firm's name ▶ | | | Firm's EIN ▶ | |
| | Firm's address ▶ | | | Phone no. | |