

# Vanguard Massachusetts Tax-Exempt Fund

Bond fund

## Fund facts

Total net assets	Expense ratio as of 03/27/26	Ticker symbol	Turnover rate	Inception date	Fund number
\$3,556 MM	0.09%	VMATX	44.0%	12/09/98	0168

## Investment objective

Vanguard Massachusetts Tax-Exempt Fund seeks to provide a high level of current income that is exempt from both federal and Massachusetts personal income taxes. The fund is intended for Massachusetts residents only.

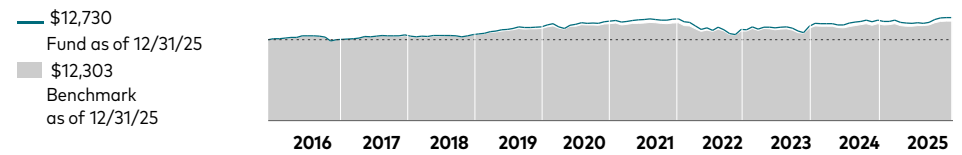
## Investment strategy

The fund invests primarily in high-quality municipal bonds issued by Massachusetts state and local governments, as well as by regional governmental and public financing authorities. Under normal circumstances, at least 80% of the fund's assets will be invested in securities whose income is exempt from federal and Massachusetts state taxes. Although the fund has no limitations on the maturities of individual securities, its dollar-weighted average maturity is expected to be between 10 and 25 years.

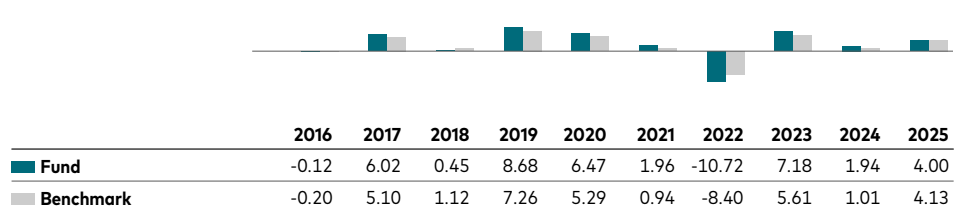
## Benchmark

Bloomberg MA Municipal Bond Index

## Growth of a \$10,000 investment: December 31, 2015–December 31, 2025



## Annual returns



## Total returns

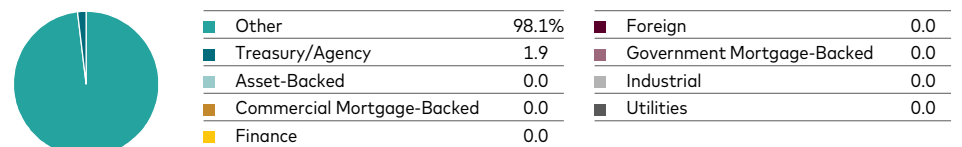
Periods ended March 31, 2026

	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	-0.19%	-0.19%	4.76%	3.26%	0.75%	2.25%
<b>Benchmark</b>	-0.19%	-0.19%	4.53%	2.58%	0.63%	1.91%

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance). The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

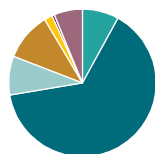
## Distribution by issuer—bonds



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Distribution by credit quality\*



AAA	8.0%	BB	1.8
AA	64.4	B or lower	0.5
A	8.6	Not rated	6.3
BBB	10.5		

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## Plain talk about risk

As with any investment, an investment in the fund could lose money over any time period. The fund's share price and total return may fluctuate, potentially within a wide range. The principal risks of investing in the fund are summarized below. Each of the following risks could affect the fund's performance:

**General Market Risk.** The markets in which the fund invests can be affected by a variety of factors. These factors, which can be real or perceived, may include economic, market, political, and regulatory conditions and developments as well as local, regional, or global events such as wars, military conflicts, natural disasters, and public health issues. In addition, investor sentiment and expectations regarding these factors can also impact the markets. Different parts of the market, including different industries and sectors as well as different types of securities, may react differently to factors that affect the market. These factors can contribute to market uncertainty, market volatility, and fluctuations in the value of the fund's investments, thereby resulting in potential losses to the fund over short or long periods.

**Investing in Bond Markets.** The fund may be impacted by the general condition of the bond markets and by factors that affect bonds and bond issuers. For example, as a general rule, bond prices and interest rates move in opposite directions. When interest rates rise, bond prices tend to fall, and when interest rates fall, bond prices tend to go up. Bond income also is affected by changes in interest rates. Interest rates can rise or fall for a number of reasons, including, but not limited to, central bank monetary policy, inflationary or deflationary pressures, and changes in general market and economic conditions. Changing interest rates, including, but not limited to, rates that fall below zero, could have unpredictable effects on the overall market and may expose the bond markets in particular to heightened volatility and potential illiquidity. The degree to which the fund is impacted by certain bond market risks may vary based on factors disclosed in its principal investment strategies, such as the types of bonds in which it invests and the overall credit quality, average maturity, and/or average duration of its bond holdings.

**Investing in the Municipal Bond Market.** In addition to the general risks associated with investing in bonds, municipal bonds are subject to unique risks. The values of the fund's municipal bond holdings could be impacted significantly by economic, regulatory, political, or other developments or circumstances affecting municipal bond issuers. These developments or circumstances could create uncertainty in the municipal bond market and/or adversely impact the ability of municipal bond issuers to make principal and interest payments, which could result in a loss to the fund. Municipal bonds can vary from one another in a number of ways, which can impact their sensitivity to certain risks. For example, investing in revenue bonds, which make up a significant portion of the municipal bond market, will generally subject the fund to a higher risk of loss than investing in municipal bonds secured by the full faith, credit, and taxing power of the issuer (general obligation bonds). Because the interest and principal on revenue bonds is payable only from a particular stream of revenue, they generally carry more **Credit Risk** than general obligation bonds. Revenue bonds also tend to be more sensitive to economic conditions than general obligation bonds, which could make their prices more volatile. The fund also is subject to the risk that all or a significant portion of its municipal bond holdings will be affected in the same manner. Because many municipal bonds are issued to finance similar projects, conditions in related sectors could have an outsized impact on the municipal bond market. As a result, the fund may underperform funds that invest more broadly.

**Interest Rate Risk.** During periods of rising interest rates, bond prices overall may decline, which could result in a decline in the fund's value. The prices of longer-term bonds are more sensitive to changes in interest rates than the prices of shorter-term bonds.

**Income Risk.** During periods of falling interest rates, the fund's income may decline. The income paid by shorter-term bonds is subject to a higher degree of fluctuation than the income paid by longer-term bonds.

**Credit Risk.** Credit risk refers to the chance that an issuer will default (fail to meet its credit obligations) or fail to make payments in a timely manner, which could result in a loss to the fund. In addition, negative perceptions of an issuer's ability to make payments can cause the price of a security to decline. While all debt securities are subject to credit risk to some extent, those with higher credit quality ratings generally pose less credit risk than those with lower credit quality ratings.

**Municipal Bond Liquidity Risk.** Limited trading in the municipal bond market and a relative lack of publicly available information about the financial condition of municipal bond issuers may make municipal bonds more difficult to value or sell than other types of debt securities. If the fund is unable to sell a security at an advantageous time or price, its returns may be reduced.

**Call Risk.** Certain bonds held by the fund may be callable. The issuer of a callable bond has the right to "call" (redeem) the bond before its maturity date. Calls on bonds held by the fund would result in the fund losing any price appreciation above the bond's call price. In addition, because bond calls occur more frequently during periods of falling interest rates, the fund likely would be forced to reinvest the proceeds of any called bonds at a lower interest rate than that of the called bonds, resulting in a decline in the fund's income and a potential loss in the value of the fund's investments. If the proceeds from a called bond generate taxable income, the fund may need to distribute income subject to federal or Massachusetts personal income tax or to the federal alternative minimum tax. Frequent bond calls and subsequent reinvestments of the proceeds also would increase the fund's turnover rate.

**Extension Risk.** During periods of rising interest rates, certain bonds held by the fund may be paid off substantially more slowly than originally anticipated. As a result, the value of the bonds may fall, resulting in a decline in the fund's income and a potential loss in the value of the fund's investments.

**State-Specific Focus.** The fund invests primarily in securities issued by Massachusetts and its municipalities. Any adverse tax, legislative, or political developments in Massachusetts may have far-reaching impacts on the overall Massachusetts municipal bond market, which could adversely affect the fund's holdings and/or the securities that are available for investment by the fund. In addition, the fund is more susceptible to the credit risk of and unfavorable developments in Massachusetts than a fund that invests more widely. Unfavorable developments in any economic sector may have far-reaching ramifications on the overall Massachusetts municipal bond market.

**Tax-Exempt Income Risk.** There is no guarantee that the interest payable on municipal bonds will remain exempt from federal, state, or local income taxes. Tax-exempt income from the fund's municipal bond holdings could be declared taxable, possibly with retroactive effect, due to a variety of circumstances such as tax law changes, adverse interpretations by tax authorities, or noncompliant conduct by a municipal bond issuer. Any of these circumstances could cause the prices of municipal bonds to decline significantly or impair the fund's ability to achieve its investment objective.

**Active Management.** The fund is actively managed. The advisor's security selection and/or strategy execution could cause the fund to underperform relevant securities markets or

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other funds with a similar investment objective.

**Nondiversified funds.** The fund is considered a nondiversified fund as defined under the Investment Company Act of 1940. Nondiversified funds invest a greater percentage of their assets in a small number of issuers than diversified funds, their performance may be negatively impacted by relatively few securities or even a single security, and their shares may experience significant fluctuations in value.

### Note on frequent trading restrictions

Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to [vanguard.com](https://www.vanguard.com) for your employer plans or contact Participant Services at 800-523-1188 for additional information.

Municipal bond fund distributions, including any market discount recognized by the fund's investments, may be taxable as ordinary income or capital gains. A majority of the income dividends that you receive from the fund are expected to be exempt from federal income taxes. However, a portion of the fund's distributions may be subject to federal, state, or local income taxes or the federal alternative minimum tax. You should consult your own tax advisor with respect to any particular U.S. or non-U.S. tax consequences of your investment in the fund.

\*Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. NR securities may include internal money market funds, derivatives, and futures. U.S. Treasury, U.S. agency, and U.S. agency mortgage-backed securities appear under "U.S. Government." Credit-quality ratings for each issue are either obtained from Bloomberg using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P), or directly from Moody's and S&P. Credit-quality ratings obtained from Bloomberg use the following methodologies: When ratings from all three agencies are available, the median rating is used; when ratings from only two of the agencies are available, the lower rating is used; and when one rating is available, that rating is used. Credit-quality ratings obtained directly from Moody's and S&P use the higher rating for each issue. Exposures are calculated using investment book of record positions, which is based on when transactions occur, not when they settle, which can lead to the appearance of temporary negative cash balances or gross exposures greater than 100%.

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