

Annual Report | September 30, 2023

Vanguard Target Retirement Funds

Vanguard Target Retirement Income Fund

Vanguard Target Retirement 2020 Fund

Vanguard Target Retirement 2025 Fund

Vanguard Target Retirement 2030 Fund

Vanguard Target Retirement 2035 Fund

Vanguard Target Retirement 2040 Fund

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

Important information about shareholder reports

Beginning in July 2024, amendments adopted by the Securities and Exchange Commission will substantially impact the design, content, and transmission of shareholder reports. Shareholder reports will provide key fund information in a clear and concise format and must be mailed to each shareholder that has not elected to receive the reports electronically. Financial statements will no longer be included in the shareholder report but will be available at vanguard.com, can be mailed upon request, or can be accessed on the SEC’s website at www.sec.gov.

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.

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Please note: The opinions expressed in this report are just that—informed opinions. They should not be considered promises or advice. Also, please keep in mind that the information and opinions cover the period through the date on the front of this report. Of course, the risks of investing in your fund are spelled out in the prospectus.

Your Fund's Performance at a Glance

- For the 12 months ended September 30, 2023, returns for the six Vanguard Target Retirement Funds covered in this report ranged from 7.02% for the Income Fund to 16.15% for the 2040 Fund. (The funds with target dates of 2045 through 2070 are covered in a separate report.)
- Early in the period, inflation began to ease off multidecade highs amid aggressive interest rate hikes by the Federal Reserve and other major central banks. Unexpected resilience in labor markets and consumer spending helped dial back expectations of a sustained U.S. or global recession, but the prospect of higher rates for longer weighed on market sentiment toward the close of the period.
- Vanguard Target Retirement Funds are designed to reach an allocation of 70% bonds and 30% stocks within seven years after their target dates. The funds invest all of their assets in Vanguard index funds that seek to match the performance of broad stock and bond market indexes.
- For the 10 years ended September 30, the funds' average annual returns ranged from 3.60% for the Income Fund to 7.26% for the 2040 Fund.

Market Barometer

	Average Annual Total Returns Periods Ended September 30, 2023		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	21.19%	9.53%	9.63%
Russell 2000 Index (Small-caps)	8.93	7.16	2.40
Russell 3000 Index (Broad U.S. market)	20.46	9.38	9.14
FTSE All-World ex US Index (International)	20.67	4.23	3.00
Bonds			
Bloomberg U.S. Aggregate Float Adjusted Index (Broad taxable market)	0.78%	-5.18%	0.18%
Bloomberg Municipal Bond Index (Broad tax-exempt market)	2.66	-2.30	1.05
FTSE Three-Month U.S. Treasury Bill Index	4.71	1.78	1.74
CPI			
Consumer Price Index	3.70%	5.75%	4.04%

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. The Target Retirement Funds have no direct expenses, but each fund bears its proportionate share of the costs for the underlying funds in which it invests. These indirect expenses make up the acquired fund fees and expenses, also expressed as a percentage of average net assets. 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 costs were calculated using the acquired fund fees and expenses for each Target Retirement Fund.

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. 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 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 September 30, 2023

	Beginning Account Value 3/31/2023	Ending Account Value 9/30/2023	Expenses Paid During Period
Based on Actual Fund Return			
Target Retirement Income Fund	\$1,000.00	\$ 989.80	\$0.40
Target Retirement 2020 Fund	\$1,000.00	\$ 994.40	\$0.40
Target Retirement 2025 Fund	\$1,000.00	\$ 999.40	\$0.40
Target Retirement 2030 Fund	\$1,000.00	\$1,002.40	\$0.40
Target Retirement 2035 Fund	\$1,000.00	\$1,006.80	\$0.40
Target Retirement 2040 Fund	\$1,000.00	\$1,010.80	\$0.40
Based on Hypothetical 5% Yearly Return			
Target Retirement Income Fund	\$1,000.00	\$1,024.67	\$0.41
Target Retirement 2020 Fund	\$1,000.00	\$1,024.67	\$0.41
Target Retirement 2025 Fund	\$1,000.00	\$1,024.67	\$0.41
Target Retirement 2030 Fund	\$1,000.00	\$1,024.67	\$0.41
Target Retirement 2035 Fund	\$1,000.00	\$1,024.67	\$0.41
Target Retirement 2040 Fund	\$1,000.00	\$1,024.67	\$0.41

The calculations are based on acquired fund fees and expenses for the most recent six-month period. The underlying funds' annualized expense figures for that period are (in order as listed from top to bottom above) 0.08%, 0.08%, 0.08%, 0.08%, 0.08%, and 0.08%. The dollar amounts shown as "Expenses Paid" are equal to the annualized average weighted expense ratio for the underlying funds 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 (183/365).

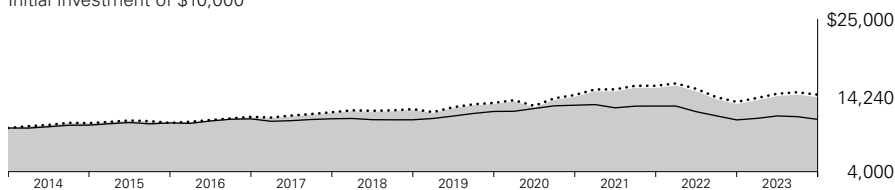
Target Retirement Income Fund

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: September 30, 2013, Through September 30, 2023

Initial Investment of \$10,000



Average Annual Total Returns
Periods Ended September 30, 2023

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
Target Retirement Income Fund	7.02%	2.69%	3.60%	\$14,240
Target Income Composite Index	7.31	2.97	3.84	14,578
Bloomberg U.S. Aggregate Bond Index	0.64	0.10	1.13	11,185

Target Income Composite Index: Derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks, the FTSE Global All Cap ex US Index; for U.S. bonds, the Bloomberg U.S. Aggregate Float Adjusted Index, and the Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index; for international bonds, the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged; and for U.S. stocks, the CRSP US Total Market Index. International stock benchmark returns are adjusted for withholding taxes.

Underlying Vanguard Funds

As of September 30, 2023

Vanguard Total Bond Market II Index Fund Investor Shares	37.2%
Vanguard Total Stock Market Index Fund Institutional Plus Shares	17.5
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	17.1
Vanguard Total International Bond II Index Fund Institutional Shares	16.2
Vanguard Total International Stock Index Fund Investor Shares	12.0

The table reflects the fund's investments, except for short-term investments and derivatives.

Financial Statements

Schedule of Investments

As of September 30, 2023

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.

	Shares	Market Value* (\$000)
Investment Companies (99.2%)		
U.S. Stock Fund (17.4%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	31,587,243	6,127,293
International Stock Fund (11.9%)		
Vanguard Total International Stock Index Fund Investor Shares	244,056,344	4,192,888
U.S. Bond Funds (53.8%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	1,434,365,655	13,009,696
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	253,514,275	5,967,726
		18,977,422
International Bond Fund (16.1%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	221,237,110	5,685,794
Total Investment Companies (Cost \$32,688,565)		34,983,397
Temporary Cash Investments (0.8%)		
Money Market Fund (0.8%)		
¹ Vanguard Market Liquidity Fund, 5.391% (Cost \$283,255)	2,833,704	283,342
Total Investments (100.0%) (Cost \$32,971,820)		35,266,739
Other Assets and Liabilities—Net (0.0%)		(3,466)
Net Assets (100%)		35,263,273

Cost is in \$000.

• See Note A in Notes to Financial Statements.

¹ Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

Target Retirement Income 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				
10-Year U.S. Treasury Note	December 2023	1,810	195,593	(3,893)
E-mini S&P 500 Index	December 2023	423	91,484	(3,927)
				(7,820)

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

Statement of Assets and Liabilities

As of September 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$32,971,820)	35,266,739
Cash	4
Cash Collateral Pledged—Futures Contracts	8,367
Receivables for Investment Securities Sold	5,578
Receivables for Accrued Income	89,060
Receivables for Capital Shares Issued	13,687
Variation Margin Receivable—Futures Contracts	114
Total Assets	35,383,549
Liabilities	
Payables for Investment Securities Purchased	89,070
Payables for Capital Shares Redeemed	31,206
Total Liabilities	120,276
Net Assets	35,263,273

At September 30, 2023, net assets consisted of:

Paid-in Capital	32,559,967
Total Distributable Earnings (Loss)	2,703,306
Net Assets	35,263,273

Net Assets

Applicable to 2,837,086,106 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	35,263,273
Net Asset Value Per Share	\$12.43

Statement of Operations

Year Ended
September 30, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	972,603
Net Investment Income— Note B	972,603
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	1
Affiliated Funds Sold ¹	427,570
Futures Contracts	(3,766)
Realized Net Gain (Loss)	423,805
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	1,111,662
Futures Contracts	35,496
Change in Unrealized Appreciation (Depreciation)	1,147,158
Net Increase (Decrease) in Net Assets Resulting from Operations	2,543,566

¹ Includes \$74,035,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Year Ended September 30,	
	2023	2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	972,603	682,240
Realized Net Gain (Loss)	423,805	367,744
Change in Unrealized Appreciation (Depreciation)	1,147,158	(5,178,040)
Net Increase (Decrease) in Net Assets Resulting from Operations	2,543,566	(4,128,056)
Distributions		
Total Distributions	(1,182,988)	(1,512,703)
Capital Share Transactions		
Issued	2,868,217	4,128,690
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement Income Fund—Note G	—	8,507,454
Issued in Connection with Acquisition of Vanguard Target Retirement 2015 Fund—Note G	—	17,151,053
Issued in Lieu of Cash Distributions	1,143,309	1,422,170
Redeemed	(6,630,784)	(5,368,260)
Net Increase (Decrease) from Capital Share Transactions	(2,619,258)	25,841,107
Total Increase (Decrease)	(1,258,680)	20,200,348
Net Assets		
Beginning of Period	36,521,953	16,321,605
End of Period	35,263,273	36,521,953

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	\$12.00	\$15.24	\$14.54	\$13.85	\$13.52
Investment Operations					
Net Investment Income ¹	.333	.380	.278	.308	.341
Capital Gain Distributions Received ¹	.000 ²	.017	.056	—	—
Net Realized and Unrealized Gain (Loss) on Investments	.503	(2.381)	.887	.696	.533
Total from Investment Operations	.836	(1.984)	1.221	1.004	.874
Distributions					
Dividends from Net Investment Income	(.360)	(.382)	(.256)	(.297)	(.352)
Distributions from Realized Capital Gains	(.046)	(.874)	(.265)	(.017)	(.192)
Total Distributions	(.406)	(1.256)	(.521)	(.314)	(.544)
Net Asset Value, End of Period	\$12.43	\$12.00	\$15.24	\$14.54	\$13.85
Total Return³	7.02%	-14.19%	8.48%	7.35%	6.75%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$35,263	\$36,522	\$16,322	\$17,576	\$16,984
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.12%	0.12%	0.12%
Ratio of Net Investment Income to Average Net Assets	2.64%	2.82%	1.84%	2.19%	2.54%
Portfolio Turnover Rate	4% ⁵	19% ⁵	6%	17%	10%

1 Calculated based on average shares outstanding.

2 Distribution was less than \$.001 per share.

3 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.

4 The Acquired Fund Fees and Expenses (AFFE) of 0.09% reflects the blended amount of expenses for the year ended September 30, 2022. Before the acquisition of Vanguard Institutional Target Retirement Income Fund on February 11, 2022, the AFFE was 0.12% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis and remained 0.08% following the acquisition of Vanguard Target Retirement 2015 Fund on July 8, 2022. See Note G.

5 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 Target Retirement Income Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. and international stocks, and U.S. and international bonds. Financial statements and other information about each underlying fund are available at www.vanguard.com.

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:** Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.
2. **Futures Contracts:** The fund uses stock and bond futures contracts to a limited extent, with the objectives of maintaining full exposure to the market and maintaining its target asset allocation. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of investments 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 securities 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 Statement of Assets and Liabilities. 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 year ended September 30, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.
4. **Distributions:** Distributions to shareholders 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.

5. **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 and are 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, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate 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 year ended September 30, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. **Other:** Income and capital gain distributions received are recorded on the ex-dividend 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.

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. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the year ended September 30, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants

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improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. 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 and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

At September 30, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for applicable in-kind redemptions and distributions in connection with fund share redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	95,844
Total Distributable Earnings (Loss)	(95,844)

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of losses from wash sales; and the recognition

Target Retirement Income Fund

of unrealized gains or losses from certain derivative contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	94,083
Undistributed Long-Term Gains	337,575
Net Unrealized Gains (Losses)	2,271,648
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Other Temporary Differences	—
Total	2,703,306

The tax character of distributions paid was as follows:

	Year Ended September 30,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	1,046,938	599,113
Long-Term Capital Gains	136,050	913,590
Total	1,182,988	1,512,703

* Includes short-term capital gains, if any.

As of September 30, 2023, 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	32,995,091
Gross Unrealized Appreciation	5,184,267
Gross Unrealized Depreciation	(2,912,619)
Net Unrealized Appreciation (Depreciation)	2,271,648

Target Retirement Income Fund

F. Capital shares issued and redeemed were:

	Year Ended September 30,	
	2023 Shares (000)	2022 Shares (000)
Issued	227,373	308,419
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement Income Fund—Note G	—	610,729
Issued in Connection with Acquisition of Vanguard Target Retirement 2015 Fund—Note G	—	1,349,414
Issued in Lieu of Cash Distributions	92,349	102,470
Redeemed	(527,079)	(397,574)
Net Increase (Decrease) in Shares Outstanding	(207,357)	1,973,458

G. On February 11, 2022, the Vanguard Target Retirement Income Fund acquired all the net assets of Vanguard Institutional Target Retirement Income Fund (the “Institutional Target Retirement Income Fund”) pursuant to a plan of reorganization approved by the funds’ board of trustees in September 2021. The acquisition was accomplished by a tax-free exchange of 610,729,000 shares of Vanguard Target Retirement Income Fund for the 358,209,000 shares of the Institutional Target Retirement Income Fund outstanding on February 11, 2022. The Institutional Target Retirement Income Fund’s net assets of \$8,507,454,000, including \$918,723,000 of unrealized appreciation, were combined with Vanguard Target Retirement Income Fund’s net assets of \$15,628,555,000, resulting in combined net assets of \$24,136,009,000 on February 11, 2022.

On July 8, 2022, the Vanguard Target Retirement Income Fund acquired all the net assets of Vanguard Target Retirement 2015 Fund (the “Target Retirement 2015 Fund”) pursuant to a plan of reorganization approved by the funds’ board of trustees in December 2021. The acquisition was accomplished by a tax-free exchange of 1,349,414,000 shares of Vanguard Target Retirement Income Fund for the 1,369,892,000 shares of the Target Retirement 2015 Fund outstanding on July 8, 2022. The Target Retirement 2015 Fund’s net assets of \$17,151,053,000, including \$1,731,772,000 of unrealized appreciation, were combined with Vanguard Target Retirement Income Fund’s net assets of \$22,160,053,000, resulting in combined net assets of \$39,311,106,000 on July 8, 2022.

H. Transactions during the period in affiliated underlying Vanguard funds were as follows:

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Sep. 30, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	446,308	NA ²	NA ²	40	40	18,340	1	283,342
Vanguard Short-Term Inflation- Protected Securities Index Fund	6,232,081	299,179	528,948	(19,058)	(15,528)	233,297	—	5,967,726
Vanguard Total Bond Market II Index Fund	13,535,615	697,940	931,283	(67,298)	(225,278)	392,575	—	13,009,696
Vanguard Total International Bond II Index Fund	5,936,226	94,066	380,148	(37,119)	72,769	94,066	—	5,685,794
Vanguard Total International Stock Index Fund	4,191,103	173,890	883,029	28,747	682,177	130,996	—	4,192,888
Vanguard Total Stock Market Index Fund	6,173,767	193,326	1,359,540	522,258	597,482	103,329	—	6,127,293
Total	36,515,100	1,458,401	4,082,948	427,570	1,111,662	972,603	1	35,266,739

1 Includes \$425,530,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

2 Not applicable—purchases and sales are for temporary cash investment purposes.

I. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

The use of derivatives may expose the fund to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can, therefore, increase volatility. Additional information regarding the fund's use of derivative(s) and the specific risks associated is described under significant accounting policies.

J. Management has determined that no events or transactions occurred subsequent to September 30, 2023, that would require recognition or disclosure in these financial statements.

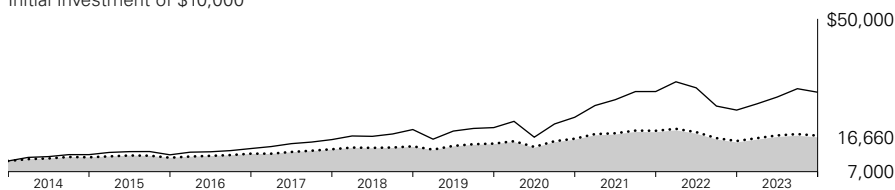
Target Retirement 2020 Fund

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: September 30, 2013, Through September 30, 2023

Initial Investment of \$10,000



Average Annual Total Returns Periods Ended September 30, 2023

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
Target Retirement 2020 Fund	9.36%	3.58%	5.24%	\$16,660
Target 2020 Composite Index	9.68	3.95	5.54	17,140
MSCI US Broad Market Index	20.67	9.26	11.37	29,352

Target 2020 Composite Index. Derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks, the FTSE Global All Cap ex US Index; for U.S. bonds, the Bloomberg U.S. Aggregate Float Adjusted Index and the Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index; for international bonds, the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged; and for U.S. stocks, the CRSP US Total Market Index. International stock benchmark returns are adjusted for withholding taxes.

Underlying Vanguard Funds

As of September 30, 2023

Vanguard Total Bond Market II Index Fund Investor Shares	32.9%
Vanguard Total Stock Market Index Fund Institutional Plus Shares	24.0
Vanguard Total International Stock Index Fund Investor Shares	16.4
Vanguard Total International Bond II Index Fund Institutional Shares	14.8
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	11.9

The table reflects the fund's investments, except for short-term investments and derivatives.

Financial Statements

Schedule of Investments

As of September 30, 2023

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.

	Shares	Market Value* (\$000)
Investment Companies (99.1%)		
U.S. Stock Fund (23.8%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	46,280,257	8,977,444
International Stock Fund (16.2%)		
Vanguard Total International Stock Index Fund Investor Shares	356,087,443	6,117,582
U.S. Bond Funds (44.4%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	1,357,403,938	12,311,654
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	189,118,244	4,451,843
		16,763,497
International Bond Fund (14.7%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	215,848,457	5,547,306
Total Investment Companies (Cost \$33,364,438)		37,405,829
Temporary Cash Investments (0.9%)		
Money Market Fund (0.9%)		
¹ Vanguard Market Liquidity Fund, 5.391% (Cost \$348,165)	3,482,929	348,258
Total Investments (100.0%) (Cost \$33,712,603)		37,754,087
Other Assets and Liabilities—Net (0.0%)		(3,579)
Net Assets (100%)		37,750,508

Cost is in \$000.

* See Note A in Notes to Financial Statements.

¹ Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

Target Retirement 2020 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				
10-Year U.S. Treasury Note	December 2023	1,969	212,775	(4,234)
E-mini S&P 500 Index	December 2023	652	141,011	(6,053)
				(10,287)

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

Statement of Assets and Liabilities

As of September 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$33,712,603)	37,754,087
Cash Collateral Pledged—Futures Contracts	11,250
Receivables for Accrued Income	76,341
Receivables for Capital Shares Issued	37,842
Variation Margin Receivable—Futures Contracts	9
Total Assets	37,879,529
Liabilities	
Payables for Investment Securities Purchased	85,380
Payables for Capital Shares Redeemed	43,641
Total Liabilities	129,021
Net Assets	37,750,508

At September 30, 2023, net assets consisted of:

Paid-in Capital	31,907,915
Total Distributable Earnings (Loss)	5,842,593
Net Assets	37,750,508

Net Assets

Applicable to 1,428,638,616 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	37,750,508
Net Asset Value Per Share	\$26.42

Statement of Operations

Year Ended
September 30, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	1,014,170
Net Investment Income— Note B	1,014,170
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	1
Affiliated Funds Sold ¹	1,512,603
Futures Contracts	(15,206)
Realized Net Gain (Loss)	1,497,398
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	1,133,492
Futures Contracts	36,087
Change in Unrealized Appreciation (Depreciation)	1,169,579
Net Increase (Decrease) in Net Assets Resulting from Operations	3,681,147

¹ Includes \$213,362,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Year Ended September 30,	
	2023 (\$000)	2022 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	1,014,170	947,441
Realized Net Gain (Loss)	1,497,398	1,480,701
Change in Unrealized Appreciation (Depreciation)	1,169,579	(9,865,534)
Net Increase (Decrease) in Net Assets Resulting from Operations	3,681,147	(7,437,392)
Distributions		
Total Distributions	(1,915,234)	(4,080,032)
Capital Share Transactions		
Issued	2,700,212	3,925,733
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2020 Fund—Note G	—	27,887,495
Issued in Lieu of Cash Distributions	1,876,931	3,912,325
Redeemed	(8,427,322)	(9,745,997)
Net Increase (Decrease) from Capital Share Transactions	(3,850,179)	25,979,556
Total Increase (Decrease)	(2,084,266)	14,462,132
Net Assets		
Beginning of Period	39,834,774	25,372,642
End of Period	37,750,508	39,834,774

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	\$25.37	\$36.04	\$33.79	\$32.24	\$32.14
Investment Operations					
Net Investment Income ¹	.671	.725	.613	.713	.778
Capital Gain Distributions Received ¹	.000 ²	.033	.110	—	—
Net Realized and Unrealized Gain (Loss) on Investments	1.643	(5.358)	3.680	1.987	.736
Total from Investment Operations	2.314	(4.600)	4.403	2.700	1.514
Distributions					
Dividends from Net Investment Income	(.654)	(.789)	(.554)	(.789)	(.745)
Distributions from Realized Capital Gains	(.610)	(5.281)	(1.599)	(.361)	(.669)
Total Distributions	(1.264)	(6.070)	(2.153)	(1.150)	(1.414)
Net Asset Value, End of Period	\$26.42	\$25.37	\$36.04	\$33.79	\$32.24
Total Return³	9.36%	-15.83%	13.37%	8.51%	5.29%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$37,751	\$39,835	\$25,373	\$31,887	\$32,790
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.13%	0.13%	0.13%
Ratio of Net Investment Income to Average Net Assets	2.52%	2.48%	1.73%	2.21%	2.51%
Portfolio Turnover Rate	3% ⁵	14% ⁵	5%	19%	13%

1 Calculated based on average shares outstanding.

2 Distribution was less than \$.001 per share.

3 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.

4 The Acquired Fund Fees and Expenses (AFFE) of 0.09% reflects the blended amount of expenses for the year ended September 30, 2022. Before the acquisition of Vanguard Institutional Target Retirement 2020 Fund on February 11, 2022, the AFFE was 0.13% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

5 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 Target Retirement 2020 Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. and international stocks, and U.S. and international bonds. Financial statements and other information about each underlying fund are available at www.vanguard.com.

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: Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. Futures Contracts: The fund uses stock and bond futures contracts to a limited extent, with the objectives of maintaining full exposure to the market and maintaining its target asset allocation. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of investments 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 securities 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 Statement of Assets and Liabilities. 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 year ended September 30, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Federal Income Taxes: The fund intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.

4. Distributions: Distributions to shareholders 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.

5. 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 and are 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, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate 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 year ended September 30, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend 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.

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. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the year ended September 30, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants

improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. 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 and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

At September 30, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for applicable in-kind redemptions and distributions in connection with fund share redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	313,615
Total Distributable Earnings (Loss)	(313,615)

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of losses from wash sales; and the recognition

Target Retirement 2020 Fund

of unrealized gains or losses from certain derivative contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	617,777
Undistributed Long-Term Gains	1,206,295
Net Unrealized Gains (Losses)	4,018,521
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Other Temporary Differences	—
Total	5,842,593

The tax character of distributions paid was as follows:

	Year Ended September 30,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	990,842	535,324
Long-Term Capital Gains	924,392	3,544,708
Total	1,915,234	4,080,032

* Includes short-term capital gains, if any.

As of September 30, 2023, 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	33,735,566
Gross Unrealized Appreciation	7,086,371
Gross Unrealized Depreciation	(3,067,850)
Net Unrealized Appreciation (Depreciation)	4,018,521

F. Capital shares issued and redeemed were:

	Year Ended September 30,	
	2023 Shares (000)	2022 Shares (000)
Issued	101,678	132,504
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2020 Fund—Note G	—	937,710
Issued in Lieu of Cash Distributions	74,363	126,123
Redeemed	(317,822)	(329,983)
Net Increase (Decrease) in Shares Outstanding	(141,781)	866,354

G. On February 11, 2022, the Vanguard Target Retirement 2020 Fund acquired all the net assets of Vanguard Institutional Target Retirement 2020 Fund (the "Acquired Fund") pursuant to a plan of reorganization approved by the funds' board of trustees in September 2021. The acquisition was accomplished by a tax-free exchange of 937,710,000 shares of Vanguard Target Retirement 2020 Fund for the 1,085,539,000 shares of the Acquired Fund outstanding on February 11, 2022. The Acquired Fund's net assets of \$27,887,495,000, including \$4,980,181,000 of unrealized appreciation, were combined with Vanguard Target Retirement 2020 Fund's net assets of \$23,510,659,000, resulting in combined net assets of \$51,398,154,000 on February 11, 2022.

H. Transactions during the period in affiliated underlying Vanguard funds were as follows:

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Sep. 30, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	500,087	NA ²	NA ²	17	76	18,613	1	348,258
Vanguard Short-Term Inflation- Protected Securities Index Fund	4,373,617	306,540	201,202	(6,377)	(20,735)	168,069	—	4,451,843
Vanguard Total Bond Market II Index Fund	12,595,113	595,636	598,322	(17,619)	(263,154)	374,709	—	12,311,654
Vanguard Total International Bond II Index Fund	5,745,903	90,188	320,987	(38,512)	70,714	90,188	—	5,547,306
Vanguard Total International Stock Index Fund	6,729,370	202,367	1,956,263	182,465	959,643	202,368	—	6,117,582
Vanguard Total Stock Market Index Fund	9,880,354	169,468	2,851,955	1,392,629	386,948	160,223	—	8,977,444
Total	39,824,444	1,364,199	5,928,729	1,512,603	1,133,492	1,014,170	1	37,754,087

1 Includes \$925,880,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

2 Not applicable—purchases and sales are for temporary cash investment purposes.

I. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

The use of derivatives may expose the fund to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can,

therefore, increase volatility. Additional information regarding the fund's use of derivative(s) and the specific risks associated is described under significant accounting policies.

J. Management has determined that no events or transactions occurred subsequent to September 30, 2023, that would require recognition or disclosure in these financial statements.

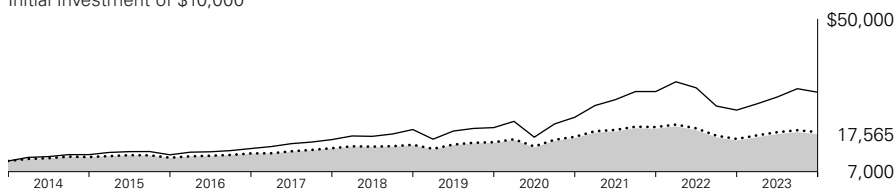
Target Retirement 2025 Fund

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: September 30, 2013, Through September 30, 2023

Initial Investment of \$10,000



Average Annual Total Returns Periods Ended September 30, 2023

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
Target Retirement 2025 Fund	11.56%	4.06%	5.79%	\$17,565
Target 2025 Composite Index	11.91	4.50	6.13	18,137
MSCI US Broad Market Index	20.67	9.26	11.37	29,352

Target 2025 Composite Index. Derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks, the FTSE Global All Cap ex US Index; for U.S. bonds, the Bloomberg U.S. Aggregate Float Adjusted Index and the Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index; for international bonds, the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged; and for U.S. stocks, the CRSP US Total Market Index. International stock benchmark returns are adjusted for withholding taxes.

Underlying Vanguard Funds

As of September 30, 2023

Vanguard Total Stock Market Index Fund Institutional Plus Shares	32.1%
Vanguard Total Bond Market II Index Fund Investor Shares	28.6
Vanguard Total International Stock Index Fund Investor Shares	21.8
Vanguard Total International Bond II Index Fund Institutional Shares	12.7
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	4.8

The table reflects the fund's investments, except for short-term investments and derivatives.

Financial Statements

Schedule of Investments

As of September 30, 2023

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.

	Shares	Market Value* (\$000)
Investment Companies (98.8%)		
U.S. Stock Fund (31.7%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	117,993,110	22,888,304
International Stock Fund (21.5%)		
Vanguard Total International Stock Index Fund Investor Shares	903,956,341	15,529,970
U.S. Bond Funds (33.1%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	2,249,638,429	20,404,221
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	147,506,565	3,472,304
		23,876,525
International Bond Fund (12.5%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	351,721,831	9,039,251
Total Investment Companies (Cost \$60,276,055)		71,334,050
Temporary Cash Investments (1.2%)		
Money Market Fund (1.2%)		
¹ Vanguard Market Liquidity Fund, 5.391% (Cost \$850,071)	8,503,181	850,233
Total Investments (100.0%) (Cost \$61,126,126)		72,184,283
Other Assets and Liabilities—Net (0.0%)		(4,458)
Net Assets (100%)		72,179,825

Cost is in \$000.

• See Note A in Notes to Financial Statements.

¹ Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

Target Retirement 2025 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				
10-Year U.S. Treasury Note	December 2023	5,801	626,870	(12,442)
E-mini S&P 500 Index	December 2023	1,123	242,877	(10,426)
				<u>(22,868)</u>

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

Statement of Assets and Liabilities

As of September 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$61,126,126)	72,184,283
Cash Collateral Pledged—Futures Contracts	24,625
Receivables for Accrued Income	99,240
Receivables for Capital Shares Issued	75,963
Variation Margin Receivable—Futures Contracts	504
Total Assets	72,384,615
Liabilities	
Payables for Investment Securities Purchased	127,661
Payables for Capital Shares Redeemed	77,129
Total Liabilities	204,790
Net Assets	72,179,825

At September 30, 2023, net assets consisted of:

Paid-in Capital	59,146,033
Total Distributable Earnings (Loss)	13,033,792
Net Assets	72,179,825

Net Assets

Applicable to 4,113,208,644 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	72,179,825
Net Asset Value Per Share	\$17.55

Statement of Operations

Year Ended
September 30, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	1,762,114
Net Investment Income— Note B	1,762,114
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	3
Affiliated Funds Sold ¹	1,455,569
Futures Contracts	(46,021)
Realized Net Gain (Loss)	1,409,551
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	4,693,038
Futures Contracts	57,779
Change in Unrealized Appreciation (Depreciation)	4,750,817
Net Increase (Decrease) in Net Assets Resulting from Operations	7,922,482

¹ Includes \$539,038,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Year Ended September 30,	
	2023 (\$000)	2022 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	1,762,114	1,430,621
Realized Net Gain (Loss)	1,409,551	1,472,838
Change in Unrealized Appreciation (Depreciation)	4,750,817	(17,396,559)
Net Increase (Decrease) in Net Assets Resulting from Operations	7,922,482	(14,493,100)
Distributions		
Total Distributions	(2,068,531)	(5,793,135)
Capital Share Transactions		
Issued	6,709,930	7,986,116
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2025 Fund—Note G	—	47,651,059
Issued in Lieu of Cash Distributions	2,031,053	5,596,269
Redeemed	(11,801,508)	(12,829,147)
Net Increase (Decrease) from Capital Share Transactions	(3,060,525)	48,404,297
Total Increase (Decrease)	2,793,426	28,118,062
Net Assets		
Beginning of Period	69,386,399	41,268,337
End of Period	72,179,825	69,386,399

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	\$16.20	\$22.84	\$20.56	\$19.34	\$19.02
Investment Operations					
Net Investment Income ¹	.418	.413	.362	.438	.464
Capital Gain Distributions Received ¹	.000 ²	.019	.063	—	—
Net Realized and Unrealized Gain (Loss) on Investments	1.426	(3.761)	2.792	1.292	.390
Total from Investment Operations	1.844	(3.329)	3.217	1.730	.854
Distributions					
Dividends from Net Investment Income	(.368)	(.440)	(.356)	(.471)	(.434)
Distributions from Realized Capital Gains	(.126)	(2.871)	(.581)	(.039)	(.100)
Total Distributions	(.494)	(3.311)	(.937)	(.510)	(.534)
Net Asset Value, End of Period	\$17.55	\$16.20	\$22.84	\$20.56	\$19.34
Total Return³	11.56%	-17.53%	15.93%	9.04%	4.89%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$72,180	\$69,386	\$41,268	\$46,521	\$44,146
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.13%	0.13%	0.13%
Ratio of Net Investment Income to Average Net Assets	2.39%	2.19%	1.63%	2.25%	2.51%
Portfolio Turnover Rate	6% ⁵	14% ⁵	7%	21%	11%

1 Calculated based on average shares outstanding.

2 Distribution was less than \$.001 per share.

3 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.

4 The Acquired Fund Fees and Expenses (AFFE) of 0.09% reflects the blended amount of expenses for the year ended September 30, 2022. Before the acquisition of Vanguard Institutional Target Retirement 2025 Fund on February 11, 2022, the AFFE was 0.13% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

5 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 Target Retirement 2025 Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. and international stocks, and U.S. and international bonds. Financial statements and other information about each underlying fund are available at www.vanguard.com.

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: Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. Futures Contracts: The fund uses stock and bond futures contracts to a limited extent, with the objectives of maintaining full exposure to the market and maintaining its target asset allocation. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of investments 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 securities 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 Statement of Assets and Liabilities. 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 year ended September 30, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Federal Income Taxes: The fund intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.

4. Distributions: Distributions to shareholders 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.

5. 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 and are 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, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate 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 year ended September 30, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend 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.

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. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the year ended September 30, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants

improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. 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 and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

At September 30, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for applicable in-kind redemptions and distributions in connection with fund share redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	594,268
Total Distributable Earnings (Loss)	(594,268)

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of losses from wash sales; and the recognition

Target Retirement 2025 Fund

of unrealized gains or losses from certain derivative contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	1,174,499
Undistributed Long-Term Gains	865,484
Net Unrealized Gains (Losses)	10,993,809
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Other Temporary Differences	—
Total	13,033,792

The tax character of distributions paid was as follows:

	Year Ended September 30,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	1,541,167	778,259
Long-Term Capital Gains	527,364	5,014,876
Total	2,068,531	5,793,135

* Includes short-term capital gains, if any.

As of September 30, 2023, 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	61,190,474
Gross Unrealized Appreciation	16,061,702
Gross Unrealized Depreciation	(5,067,893)
Net Unrealized Appreciation (Depreciation)	10,993,809

Target Retirement 2025 Fund

F. Capital shares issued and redeemed were:

	Year Ended September 30,	
	2023 Shares (000)	2022 Shares (000)
Issued	383,880	417,232
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2025 Fund—Note G	—	2,456,240
Issued in Lieu of Cash Distributions	122,574	275,136
Redeemed	(677,360)	(671,433)
Net Increase (Decrease) in Shares Outstanding	(170,906)	2,477,175

G. On February 11, 2022, the Vanguard Target Retirement 2025 Fund acquired all the net assets of Vanguard Institutional Target Retirement 2025 Fund (the "Acquired Fund") pursuant to a plan of reorganization approved by the funds' board of trustees in September 2021. The acquisition was accomplished by a tax-free exchange of 2,456,240,000 shares of Vanguard Target Retirement 2025 Fund for the 1,719,634,000 shares of the Acquired Fund outstanding on February 11, 2022. The Acquired Fund's net assets of \$47,651,059,000, including \$9,248,285,000 of unrealized appreciation, were combined with Vanguard Target Retirement 2025 Fund's net assets of \$39,508,070,000, resulting in combined net assets of \$87,159,129,000 on February 11, 2022.

H. Transactions during the period in affiliated underlying Vanguard funds were as follows:

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Sep. 30, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	861,189	NA ²	NA ²	(11)	188	38,180	3	850,233
Vanguard Short-Term Inflation- Protected Securities Index Fund	2,333,592	1,241,881	80,529	221	(22,861)	107,257	—	3,472,304
Vanguard Total Bond Market II Index Fund	19,950,264	1,686,886	743,540	(10,657)	(478,732)	604,526	—	20,404,221
Vanguard Total International Bond II Index Fund	8,964,226	359,257	330,457	(30,938)	77,163	142,701	—	9,039,251
Vanguard Total International Stock Index Fund	14,785,436	495,364	2,260,362	(137,958)	2,647,490	483,207	—	15,529,970
Vanguard Total Stock Market Index Fund	22,470,930	386,244	4,073,572	1,634,912	2,469,790	386,243	—	22,888,304
Total	69,365,637	4,169,632	7,488,460	1,455,569	4,693,038	1,762,114	3	72,184,283

1 Includes \$1,798,960,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

2 Not applicable—purchases and sales are for temporary cash investment purposes.

I. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

The use of derivatives may expose the fund to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can,

therefore, increase volatility. Additional information regarding the fund's use of derivative(s) and the specific risks associated is described under significant accounting policies.

J. Management has determined that no events or transactions occurred subsequent to September 30, 2023, that would require recognition or disclosure in these financial statements.

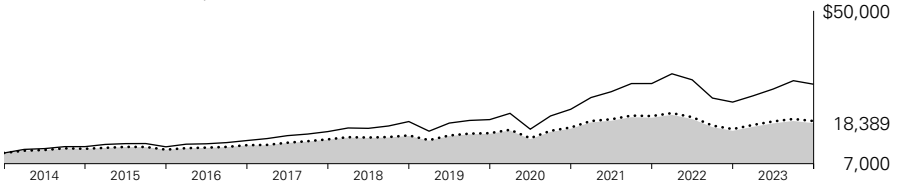
Target Retirement 2030 Fund

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: September 30, 2013, Through September 30, 2023

Initial Investment of \$10,000



Average Annual Total Returns Periods Ended September 30, 2023

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
Target Retirement 2030 Fund	13.14%	4.46%	6.28%	\$18,389
Target 2030 Composite Index	13.51	4.91	6.62	18,991
MSCI US Broad Market Index	20.67	9.26	11.37	29,352

Target 2030 Composite Index: Derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks, the FTSE Global All Cap ex US Index; for U.S. bonds, the Bloomberg U.S. Aggregate Float Adjusted Index; for international bonds, the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged; and for U.S. stocks, the CRSP US Total Market Index. International stock benchmark returns are adjusted for withholding taxes.

Underlying Vanguard Funds

As of September 30, 2023

Vanguard Total Stock Market Index Fund Institutional Plus Shares	38.1%
Vanguard Total Bond Market II Index Fund Investor Shares	25.7
Vanguard Total International Stock Index Fund Investor Shares	25.0
Vanguard Total International Bond II Index Fund Institutional Shares	11.2

The table reflects the fund's investments, except for short-term investments and derivatives.

Financial Statements

Schedule of Investments

As of September 30, 2023

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.

	Shares	Market Value* (\$000)
Investment Companies (99.0%)		
U.S. Stock Fund (37.7%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	158,714,881	30,787,513
International Stock Fund (24.7%)		
Vanguard Total International Stock Index Fund Investor Shares	1,173,984,640	20,169,055
U.S. Bond Fund (25.5%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	2,290,584,537	20,775,602
International Bond Fund (11.1%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	350,712,611	9,013,314
Total Investment Companies (Cost \$68,274,813)		80,745,484
Temporary Cash Investments (1.0%)		
Money Market Fund (1.0%)		
¹ Vanguard Market Liquidity Fund, 5.391% (Cost \$814,383)	8,146,289	814,547
Total Investments (100.0%) (Cost \$69,089,196)		81,560,031
Other Assets and Liabilities—Net (0.0%)		(6,401)
Net Assets (100%)		81,553,630

Cost is in \$000.

• See Note A in Notes to Financial Statements.

¹ Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

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				
10-Year U.S. Treasury Note	December 2023	5,249	567,220	(11,289)
E-mini S&P 500 Index	December 2023	1,299	280,941	(12,059)
				(23,348)

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

Statement of Assets and Liabilities

As of September 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$69,089,196)	81,560,031
Cash Collateral Pledged—Futures Contracts	25,055
Receivables for Accrued Income	74,983
Receivables for Capital Shares Issued	145,753
Variation Margin Receivable—Futures Contracts	287
Total Assets	81,806,109
Liabilities	
Payables for Investment Securities Purchased	146,631
Payables for Capital Shares Redeemed	105,848
Total Liabilities	252,479
Net Assets	81,553,630

At September 30, 2023, net assets consisted of:

Paid-in Capital	67,965,021
Total Distributable Earnings (Loss)	13,588,609
Net Assets	81,553,630

Net Assets

Applicable to 2,454,059,177 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	81,553,630
Net Asset Value Per Share	\$33.23

Statement of Operations

Year Ended
September 30, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	1,859,970
Net Investment Income— Note B	1,859,970
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	3
Affiliated Funds Sold ¹	642,957
Futures Contracts	(32,661)
Realized Net Gain (Loss)	610,299
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	6,861,828
Futures Contracts	66,695
Change in Unrealized Appreciation (Depreciation)	6,928,523
Net Increase (Decrease) in Net Assets Resulting from Operations	9,398,792

¹ Includes \$777,246,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Year Ended September 30,	
	2023 (\$000)	2022 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	1,859,970	1,349,350
Realized Net Gain (Loss)	610,299	1,416,136
Change in Unrealized Appreciation (Depreciation)	6,928,523	(18,554,899)
Net Increase (Decrease) in Net Assets Resulting from Operations	9,398,792	(15,789,413)
Distributions		
Total Distributions	(1,883,769)	(5,575,104)
Capital Share Transactions		
Issued	10,157,450	10,016,570
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2030 Fund—Note G	—	51,947,425
Issued in Lieu of Cash Distributions	1,854,906	5,417,389
Redeemed	(10,089,296)	(10,847,444)
Net Increase (Decrease) from Capital Share Transactions	1,923,060	56,533,940
Total Increase (Decrease)	9,438,083	35,169,423
Net Assets		
Beginning of Period	72,115,547	36,946,124
End of Period	81,553,630	72,115,547

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

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	\$30.12	\$43.40	\$37.63	\$35.22	\$34.74
Investment Operations					
Net Investment Income ¹	.767	.730	.679	.782	.830
Capital Gain Distributions Received ¹	.000 ²	.028	.098	—	—
Net Realized and Unrealized Gain (Loss) on Investments	3.137	(7.291)	6.031	2.495	.486
Total from Investment Operations	3.904	(6.533)	6.808	3.277	1.316
Distributions					
Dividends from Net Investment Income	(.643)	(.822)	(.661)	(.867)	(.767)
Distributions from Realized Capital Gains	(.151)	(5.925)	(.377)	—	(.069)
Total Distributions	(.794)	(6.747)	(1.038)	(.867)	(.836)
Net Asset Value, End of Period	\$33.23	\$30.12	\$43.40	\$37.63	\$35.22
Total Return³	13.14%	-18.42%	18.29%	9.38%	4.15%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$81,554	\$72,116	\$36,946	\$42,285	\$39,114
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.13%	0.14%	0.14%
Ratio of Net Investment Income to Average Net Assets	2.32%	2.07%	1.62%	2.20%	2.46%
Portfolio Turnover Rate	3% ⁵	11% ⁵	6%	21%	8%

1 Calculated based on average shares outstanding.

2 Distribution was less than \$.001 per share.

3 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.

4 The Acquired Fund Fees and Expenses (AFFE) of 0.09% reflects the blended amount of expenses for the year ended September 30, 2022. Before the acquisition of Vanguard Institutional Target Retirement 2030 Fund on February 11, 2022, the AFFE was 0.13% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

5 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 Target Retirement 2030 Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. and international stocks, and U.S. and international bonds. Financial statements and other information about each underlying fund are available at www.vanguard.com.

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: Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. Futures Contracts: The fund uses stock and bond futures contracts to a limited extent, with the objectives of maintaining full exposure to the market and maintaining its target asset allocation. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of investments 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 securities 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 Statement of Assets and Liabilities. 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 year ended September 30, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Federal Income Taxes: The fund intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.

4. Distributions: Distributions to shareholders 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.

5. **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 and are 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, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate 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 year ended September 30, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. **Other:** Income and capital gain distributions received are recorded on the ex-dividend 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.

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. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the year ended September 30, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants

improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. 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 and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

At September 30, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for applicable in-kind redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	777,246
Total Distributable Earnings (Loss)	(777,246)

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of qualified late-year losses; the deferral of losses from wash sales; and the recognition of unrealized gains or losses from certain derivative

Target Retirement 2030 Fund

contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	1,310,830
Undistributed Long-Term Gains	—
Net Unrealized Gains (Losses)	12,354,888
Capital Loss Carryforwards	—
Qualified Late-Year Losses	(77,109)
Other Temporary Differences	—
Total	13,588,609

The tax character of distributions paid was as follows:

	Year Ended September 30,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	1,534,433	681,656
Long-Term Capital Gains	349,336	4,893,448
Total	1,883,769	5,575,104

* Includes short-term capital gains, if any.

As of September 30, 2023, 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	69,205,143
Gross Unrealized Appreciation	17,638,722
Gross Unrealized Depreciation	(5,283,834)
Net Unrealized Appreciation (Depreciation)	12,354,888

Target Retirement 2030 Fund

F. Capital shares issued and redeemed were:

	Year Ended September 30,	
	2023 Shares (000)	2022 Shares (000)
Issued	307,590	280,621
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2030 Fund—Note G	—	1,421,270
Issued in Lieu of Cash Distributions	59,567	140,931
Redeemed	(307,233)	(299,972)
Net Increase (Decrease) in Shares Outstanding	59,924	1,542,850

G. On February 11, 2022, the Vanguard Target Retirement 2030 Fund acquired all the net assets of Vanguard Institutional Target Retirement 2030 Fund (the "Acquired Fund") pursuant to a plan of reorganization approved by the funds' board of trustees in September 2021. The acquisition was accomplished by a tax-free exchange of 1,421,270,000 shares of Vanguard Target Retirement 2030 Fund for the 1,801,853,000 shares of the Acquired Fund outstanding on February 11, 2022. The Acquired Fund's net assets of \$51,947,425,000, including \$10,095,444,000 of unrealized appreciation, were combined with Vanguard Target Retirement 2030 Fund's net assets of \$36,054,289,000, resulting in combined net assets of \$88,001,714,000 on February 11, 2022.

H. Transactions during the period in affiliated underlying Vanguard funds were as follows:

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Sep. 30, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	925,032	NA ²	NA ²	(20)	182	42,251	3	814,547
Vanguard Total Bond Market II Index Fund	18,202,037	3,730,027	622,899	2,509	(536,072)	579,501	—	20,775,602
Vanguard Total International Bond II Index Fund	8,025,494	1,221,868	263,703	(12,187)	41,842	136,616	—	9,013,314
Vanguard Total International Stock Index Fund	17,780,277	732,799	1,364,255	(2,498)	3,022,732	609,705	—	20,169,055
Vanguard Total Stock Market Index Fund	27,143,585	663,909	2,008,278	655,153	4,333,144	491,897	—	30,787,513
Total	72,076,425	6,348,603	4,259,135	642,957	6,861,828	1,859,970	3	81,560,031

1 Includes \$2,183,600,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

2 Not applicable—purchases and sales are for temporary cash investment purposes.

I. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

The use of derivatives may expose the fund to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can, therefore, increase volatility. Additional information regarding the fund's use of derivative(s) and the specific risks associated is described under significant accounting policies.

J. Management has determined that no events or transactions occurred subsequent to September 30, 2023, that would require recognition or disclosure in these financial statements.

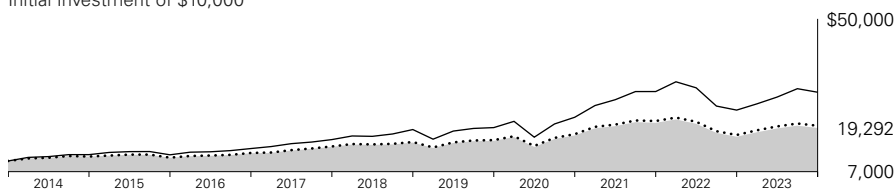
Target Retirement 2035 Fund

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: September 30, 2013, Through September 30, 2023

Initial Investment of \$10,000



Average Annual Total Returns Periods Ended September 30, 2023

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
Target Retirement 2035 Fund	14.61%	4.93%	6.79%	\$19,292
Target 2035 Composite Index	14.99	5.37	7.14	19,922
MSCI US Broad Market Index	20.67	9.26	11.37	29,352

Target 2035 Composite Index: Derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks, the FTSE Global All Cap ex US Index; for U.S. bonds, the Bloomberg U.S. Aggregate Float Adjusted Index; for international bonds, the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged; and for U.S. stocks, the CRSP US Total Market Index. International stock benchmark returns are adjusted for withholding taxes.

Underlying Vanguard Funds

As of September 30, 2023

Vanguard Total Stock Market Index Fund Institutional Plus Shares	42.8%
Vanguard Total International Stock Index Fund Investor Shares	27.7
Vanguard Total Bond Market II Index Fund Investor Shares	20.5
Vanguard Total International Bond II Index Fund Institutional Shares	9.0

The table reflects the fund's investments, except for short-term investments and derivatives.

Financial Statements

Schedule of Investments

As of September 30, 2023

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.

	Shares	Market Value* (\$000)
Investment Companies (98.9%)		
U.S. Stock Fund (42.3%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	179,867,882	34,890,772
International Stock Fund (27.4%)		
Vanguard Total International Stock Index Fund Investor Shares	1,312,469,991	22,548,234
U.S. Bond Fund (20.3%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	1,843,138,208	16,717,264
International Bond Fund (8.9%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	284,136,589	7,302,310
Total Investment Companies (Cost \$66,231,643)		81,458,580
Temporary Cash Investments (1.1%)		
Money Market Fund (1.1%)		
¹ Vanguard Market Liquidity Fund, 5.391% (Cost \$912,011)	9,122,748	912,183
Total Investments (100.0%) (Cost \$67,143,654)		82,370,763
Other Assets and Liabilities—Net (0.0%)		(6,190)
Net Assets (100%)		82,364,573

Cost is in \$000.

• See Note A in Notes to Financial Statements.

¹ Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

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				
10-Year U.S. Treasury Note	December 2023	4,970	537,070	(10,688)
E-mini S&P 500 Index	December 2023	1,850	400,109	(17,175)
				(27,863)

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

Statement of Assets and Liabilities

As of September 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$67,143,654)	82,370,763
Cash Collateral Pledged—Futures Contracts	30,665
Receivables for Accrued Income	61,522
Receivables for Capital Shares Issued	104,523
Total Assets	82,567,473
Liabilities	
Payables for Investment Securities Purchased	111,995
Payables for Capital Shares Redeemed	90,805
Variation Margin Payable—Futures Contracts	100
Total Liabilities	202,900
Net Assets	82,364,573

At September 30, 2023, net assets consisted of:

Paid-in Capital	66,026,416
Total Distributable Earnings (Loss)	16,338,157
Net Assets	82,364,573

Net Assets

Applicable to 3,991,444,796 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	82,364,573
Net Asset Value Per Share	\$20.64

Statement of Operations

Year Ended
September 30, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	1,835,942
Net Investment Income— Note B	1,835,942
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	3
Affiliated Funds Sold ¹	796,562
Futures Contracts	(15,093)
Realized Net Gain (Loss)	781,472
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	7,524,350
Futures Contracts	65,798
Change in Unrealized Appreciation (Depreciation)	7,590,148
Net Increase (Decrease) in Net Assets Resulting from Operations	10,207,562

¹ Includes \$889,568,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Year Ended September 30,	
	2023 (\$000)	2022 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	1,835,942	1,332,204
Realized Net Gain (Loss)	781,472	1,417,350
Change in Unrealized Appreciation (Depreciation)	7,590,148	(18,674,595)
Net Increase (Decrease) in Net Assets Resulting from Operations	10,207,562	(15,925,041)
Distributions		
Total Distributions	(1,976,113)	(6,285,063)
Capital Share Transactions		
Issued	10,669,339	9,880,784
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2035 Fund—Note G	—	47,857,993
Issued in Lieu of Cash Distributions	1,946,584	6,115,959
Redeemed	(8,732,751)	(9,216,559)
Net Increase (Decrease) from Capital Share Transactions	3,883,172	54,638,177
Total Increase (Decrease)	12,114,621	32,428,073
Net Assets		
Beginning of Period	70,249,952	37,821,879
End of Period	82,364,573	70,249,952

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	\$18.50	\$27.25	\$23.16	\$21.60	\$21.46
Investment Operations					
Net Investment Income ¹	.471	.455	.430	.470	.500
Capital Gain Distributions Received ¹	.000 ²	.014	.046	—	—
Net Realized and Unrealized Gain (Loss) on Investments	2.192	(4.566)	4.244	1.614	.146
Total from Investment Operations	2.663	(4.097)	4.720	2.084	.646
Distributions					
Dividends from Net Investment Income	(.402)	(.559)	(.409)	(.524)	(.464)
Distributions from Realized Capital Gains	(.121)	(4.094)	(.221)	—	(.042)
Total Distributions	(.523)	(4.653)	(.630)	(.524)	(.506)
Net Asset Value, End of Period	\$20.64	\$18.50	\$27.25	\$23.16	\$21.60
Total Return³	14.61%	-18.87%	20.60%	9.71%	3.37%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$82,365	\$70,250	\$37,822	\$40,597	\$37,126
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.14%	0.14%	0.14%
Ratio of Net Investment Income to Average Net Assets	2.30%	2.08%	1.64%	2.15%	2.42%
Portfolio Turnover Rate	1% ⁵	9% ⁵	6%	18%	7%

1 Calculated based on average shares outstanding.

2 Distribution was less than \$.001 per share.

3 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.

4 The Acquired Fund Fees and Expenses (AFFE) of 0.09% reflects the blended amount of expenses for the year ended September 30, 2022. Before the acquisition of Vanguard Institutional Target Retirement 2035 Fund on February 11, 2022, the AFFE was 0.14% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

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Level 3—Significant unobservable inputs (including the fund's own assumptions used to determine the fair value of investments). Any investments and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

At September 30, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for applicable in-kind redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	889,568
Total Distributable Earnings (Loss)	(889,568)

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to capital loss carryforwards; the deferral of losses from wash sales; and the recognition of unrealized gains or losses from certain derivative contracts. As of

Target Retirement 2035 Fund

period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	1,284,109
Undistributed Long-Term Gains	—
Net Unrealized Gains (Losses)	15,120,498
Capital Loss Carryforwards	(66,450)
Qualified Late-Year Losses	—
Other Temporary Differences	—
Total	16,338,157

The tax character of distributions paid was as follows:

	Year Ended September 30,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	1,518,471	772,223
Long-Term Capital Gains	457,642	5,512,840
Total	1,976,113	6,285,063

* Includes short-term capital gains, if any.

As of September 30, 2023, 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	67,250,265
Gross Unrealized Appreciation	19,481,758
Gross Unrealized Depreciation	(4,361,260)
Net Unrealized Appreciation (Depreciation)	15,120,498

Target Retirement 2035 Fund

F. Capital shares issued and redeemed were:

	Year Ended September 30,	
	2023 Shares (000)	2022 Shares (000)
Issued	521,644	448,756
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2035 Fund—Note G	—	2,113,869
Issued in Lieu of Cash Distributions	101,437	256,327
Redeemed	(429,813)	(408,647)
Net Increase (Decrease) in Shares Outstanding	193,268	2,410,305

G. On February 11, 2022, the Vanguard Target Retirement 2035 Fund acquired all the net assets of Vanguard Institutional Target Retirement 2035 Fund (the "Acquired Fund") pursuant to a plan of reorganization approved by the funds' board of trustees in September 2021. The acquisition was accomplished by a tax-free exchange of 2,113,869,000 shares of Vanguard Target Retirement 2035 Fund for the 1,603,283,000 shares of the Acquired Fund outstanding on February 11, 2022. The Acquired Fund's net assets of \$47,857,993,000, including \$10,559,260,000 of unrealized appreciation, were combined with Vanguard Target Retirement 2035 Fund's net assets of \$37,004,381,000, resulting in combined net assets of \$84,862,374,000 on February 11, 2022.

H. Transactions during the period in affiliated underlying Vanguard funds were as follows:

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Sep. 30, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	947,200	NA ²	NA ²	(15)	193	45,878	3	912,183
Vanguard Total Bond Market II Index Fund	14,118,599	3,550,686	520,859	5,603	(436,765)	460,047	—	16,717,264
Vanguard Total International Bond II Index Fund	6,157,142	1,316,195	190,393	(4,088)	23,454	107,981	—	7,302,310
Vanguard Total International Stock Index Fund	19,557,677	769,060	1,072,412	53,425	3,240,484	674,734	—	22,548,234
Vanguard Total Stock Market Index Fund	29,457,311	1,136,301	1,141,461	741,637	4,696,984	547,302	—	34,890,772
Total	70,237,929	6,772,242	2,925,125	796,562	7,524,350	1,835,942	3	82,370,763

1 Includes \$2,191,320,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

2 Not applicable—purchases and sales are for temporary cash investment purposes.

I. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

The use of derivatives may expose the fund to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can, therefore, increase volatility. Additional information regarding the fund's use of derivative(s) and the specific risks associated is described under significant accounting policies.

J. Management has determined that no events or transactions occurred subsequent to September 30, 2023, that would require recognition or disclosure in these financial statements.

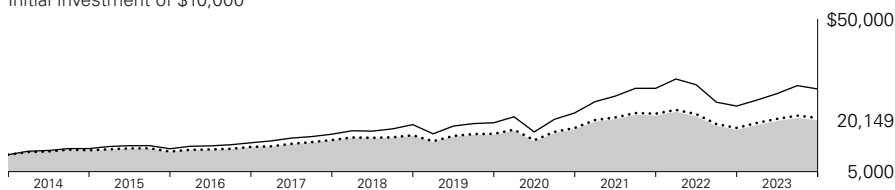
Target Retirement 2040 Fund

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: September 30, 2013, Through September 30, 2023

Initial Investment of \$10,000



Average Annual Total Returns Periods Ended September 30, 2023

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
Target Retirement 2040 Fund	16.15%	5.37%	7.26%	\$20,149
Target 2040 Composite Index	16.48	5.82	7.62	20,832
MSCI US Broad Market Index	20.67	9.26	11.37	29,352

Target 2040 Composite Index: Derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks, the FTSE Global All Cap ex US Index; for U.S. bonds, the Bloomberg U.S. Aggregate Float Adjusted Index; for international bonds, the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged; and for U.S. stocks, the CRSP US Total Market Index thereafter. International stock benchmark returns are adjusted for withholding taxes.

Underlying Vanguard Funds

As of September 30, 2023

Vanguard Total Stock Market Index Fund Institutional Plus Shares	47.4%
Vanguard Total International Stock Index Fund Investor Shares	30.3
Vanguard Total Bond Market II Index Fund Investor Shares	15.7
Vanguard Total International Bond II Index Fund Institutional Shares	6.6

The table reflects the fund's investments, except for short-term investments and derivatives.

Financial Statements

Schedule of Investments

As of September 30, 2023

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.

	Shares	Market Value* (\$000)
Investment Companies (99.0%)		
U.S. Stock Fund (46.9%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	174,628,081	33,874,355
International Stock Fund (30.0%)		
Vanguard Total International Stock Index Fund Investor Shares	1,259,339,936	21,635,460
U.S. Bond Fund (15.5%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	1,231,974,586	11,174,009
International Bond Fund (6.6%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	183,927,021	4,726,925
Total Investment Companies (Cost \$57,600,510)		71,410,749
Temporary Cash Investments (1.0%)		
Money Market Fund (1.0%)		
¹ Vanguard Market Liquidity Fund, 5.391% (Cost \$742,384)	7,425,998	742,525
Total Investments (100.0%) (Cost \$58,342,894)		72,153,274
Other Assets and Liabilities—Net (0.0%)		11,982
Net Assets (100%)		72,165,256

Cost is in \$000.

• See Note A in Notes to Financial Statements.

¹ Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

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				
10-Year U.S. Treasury Note	December 2023	4,329	467,802	(9,310)
E-mini S&P 500 Index	December 2023	1,373	296,946	(12,746)
				(22,056)

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

Statement of Assets and Liabilities

As of September 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$58,342,894)	72,153,274
Cash Collateral Pledged—Futures Contracts	24,045
Receivables for Accrued Income	41,535
Receivables for Capital Shares Issued	142,832
Variation Margin Receivable—Futures Contracts	56
Total Assets	72,361,742
Liabilities	
Payables for Investment Securities Purchased	89,390
Payables for Capital Shares Redeemed	107,096
Total Liabilities	196,486
Net Assets	72,165,256

At September 30, 2023, net assets consisted of:

Paid-in Capital	57,454,755
Total Distributable Earnings (Loss)	14,710,501
Net Assets	72,165,256

Net Assets

Applicable to 1,977,077,945 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	72,165,256
Net Asset Value Per Share	\$36.50

Statement of Operations

Year Ended
September 30, 2023

(\$'000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	1,580,870
Net Investment Income— Note B	1,580,870
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	2
Affiliated Funds Sold ¹	822,053
Futures Contracts	(9,396)
Realized Net Gain (Loss)	812,659
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	7,266,296
Futures Contracts	58,436
Change in Unrealized Appreciation (Depreciation)	7,324,732
Net Increase (Decrease) in Net Assets Resulting from Operations	9,718,261

¹ Includes \$942,728,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Year Ended September 30,	
	2023 (\$000)	2022 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	1,580,870	1,122,991
Realized Net Gain (Loss)	812,659	1,265,818
Change in Unrealized Appreciation (Depreciation)	7,324,732	(16,607,438)
Net Increase (Decrease) in Net Assets Resulting from Operations	9,718,261	(14,218,629)
Distributions		
Total Distributions	(1,648,245)	(5,068,358)
Capital Share Transactions		
Issued	9,888,244	9,029,706
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2040 Fund—Note G	—	44,528,150
Issued in Lieu of Cash Distributions	1,625,528	4,930,722
Redeemed	(7,781,857)	(7,921,967)
Net Increase (Decrease) from Capital Share Transactions	3,731,915	50,566,611
Total Increase (Decrease)	11,801,931	31,279,624
Net Assets		
Beginning of Period	60,363,325	29,083,701
End of Period	72,165,256	60,363,325

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	\$32.25	\$48.29	\$40.07	\$37.27	\$37.26
Investment Operations					
Net Investment Income ¹	.821	.797	.764	.799	.850
Capital Gain Distributions Received ¹	.000 ²	.017	.057	—	—
Net Realized and Unrealized Gain (Loss) on Investments	4.315	(8.162)	8.312	2.892	(.005)
Total from Investment Operations	5.136	(7.348)	9.133	3.691	.845
Distributions					
Dividends from Net Investment Income	(.714)	(1.003)	(.719)	(.891)	(.779)
Distributions from Realized Capital Gains	(.172)	(7.689)	(.194)	—	(.056)
Total Distributions	(.886)	(8.692)	(.913)	(.891)	(.835)
Net Asset Value, End of Period	\$36.50	\$32.25	\$48.29	\$40.07	\$37.27
Total Return³	16.15%	-19.42%	23.00%	9.96%	2.63%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$72,165	\$60,363	\$29,084	\$32,404	\$29,043
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.14%	0.14%	0.14%
Ratio of Net Investment Income to Average Net Assets	2.27%	2.08%	1.66%	2.12%	2.38%
Portfolio Turnover Rate	1% ⁵	7% ⁵	5%	13%	5%

1 Calculated based on average shares outstanding.

2 Distribution was less than \$.001 per share.

3 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.

4 The Acquired Fund Fees and Expenses (AFFE) of 0.09% reflects the blended amount of expenses for the year ended September 30, 2022. Before the acquisition of Vanguard Institutional Target Retirement 2040 Fund on February 11, 2022, the AFFE was 0.14% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

5 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 Target Retirement 2040 Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. and international stocks, and U.S. and international bonds. Financial statements and other information about each underlying fund are available at www.vanguard.com.

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: Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. Futures Contracts: The fund uses stock and bond futures contracts to a limited extent, with the objectives of maintaining full exposure to the market and maintaining its target asset allocation. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of investments 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 securities 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 Statement of Assets and Liabilities. 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 year ended September 30, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Federal Income Taxes: The fund intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.

4. Distributions: Distributions to shareholders 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.

5. **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 and are 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, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate 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 year ended September 30, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. **Other:** Income and capital gain distributions received are recorded on the ex-dividend 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.

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. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the year ended September 30, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants

improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. 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 and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

At September 30, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for applicable in-kind redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	942,728
Total Distributable Earnings (Loss)	(942,728)

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to capital loss carryforwards; the deferral of losses from wash sales; and the recognition of unrealized gains or losses from certain derivative contracts. As of

Target Retirement 2040 Fund

period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	1,093,159
Undistributed Long-Term Gains	—
Net Unrealized Gains (Losses)	13,683,190
Capital Loss Carryforwards	(65,848)
Qualified Late-Year Losses	—
Other Temporary Differences	—
Total	14,710,501

The tax character of distributions paid was as follows:

	Year Ended September 30,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	1,327,883	662,780
Long-Term Capital Gains	320,362	4,405,578
Total	1,648,245	5,068,358

* Includes short-term capital gains, if any.

As of September 30, 2023, 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	58,470,084
Gross Unrealized Appreciation	16,853,888
Gross Unrealized Depreciation	(3,170,698)
Net Unrealized Appreciation (Depreciation)	13,683,190

Target Retirement 2040 Fund

F. Capital shares issued and redeemed were:

	Year Ended September 30,	
	2023 Shares (000)	2022 Shares (000)
Issued	274,531	233,751
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2040 Fund—Note G	—	1,117,955
Issued in Lieu of Cash Distributions	48,264	117,203
Redeemed	(217,354)	(199,582)
Net Increase (Decrease) in Shares Outstanding	105,441	1,269,327

G. On February 11, 2022, the Vanguard Target Retirement 2040 Fund acquired all the net assets of Vanguard Institutional Target Retirement 2040 Fund (the "Acquired Fund") pursuant to a plan of reorganization approved by the funds' board of trustees in September 2021. The acquisition was accomplished by a tax-free exchange of 1,117,955,000 shares of Vanguard Target Retirement 2040 Fund for the 1,441,507,000 shares of the Acquired Fund outstanding on February 11, 2022. The Acquired Fund's net assets of \$44,528,150,000, including \$10,288,799,000 of unrealized appreciation, were combined with Vanguard Target Retirement 2040 Fund's net assets of \$28,598,081,000, resulting in combined net assets of \$73,126,231,000 on February 11, 2022.

H. Transactions during the period in affiliated underlying Vanguard funds were as follows:

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Sep. 30, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	814,453	NA ²	NA ²	(13)	163	40,063	2	742,525
Vanguard Total Bond Market II Index Fund	8,996,887	2,946,089	471,569	(9,144)	(288,254)	300,167	—	11,174,009
Vanguard Total International Bond II Index Fund	3,880,069	974,289	138,021	(312)	10,900	69,252	—	4,726,925
Vanguard Total International Stock Index Fund	18,622,532	1,103,089	1,238,027	41,030	3,106,836	644,700	—	21,635,460
Vanguard Total Stock Market Index Fund	28,037,857	1,750,988	1,141,633	790,492	4,436,651	526,688	—	33,874,355
Total	60,351,798	6,774,455	2,989,250	822,053	7,266,296	1,580,870	2	72,153,274

1 Includes \$2,141,280,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

2 Not applicable—purchases and sales are for temporary cash investment purposes.

I. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

The use of derivatives may expose the fund to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can, therefore, increase volatility. Additional information regarding the fund's use of derivative(s) and the specific risks associated is described under significant accounting policies.

J. Management has determined that no events or transactions occurred subsequent to September 30, 2023, that would require recognition or disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Chester Funds and Shareholders of Vanguard Target Retirement Income Fund, Vanguard Target Retirement 2020 Fund, Vanguard Target Retirement 2025 Fund, Vanguard Target Retirement 2030 Fund, Vanguard Target Retirement 2035 Fund and Vanguard Target Retirement 2040 Fund

Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Vanguard Target Retirement Income Fund, Vanguard Target Retirement 2020 Fund, Vanguard Target Retirement 2025 Fund, Vanguard Target Retirement 2030 Fund, Vanguard Target Retirement 2035 Fund and Vanguard Target Retirement 2040 Fund (six of the funds constituting Vanguard Chester Funds, hereafter collectively referred to as the "Funds") as of September 30, 2023, the related statements of operations for the year ended September 30, 2023, the statements of changes in net assets for each of the two years in the period ended September 30, 2023, including the related notes, and the financial highlights for each of the five years in the period ended September 30, 2023 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of September 30, 2023, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended September 30, 2023 and each of the financial highlights for each of the five years in the period ended September 30, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of September 30, 2023 by correspondence with the transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinions.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
November 16, 2023

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

Tax information (unaudited)

The following percentages, or if subsequently determined to be different, the maximum percentages allowable by law, of ordinary income (dividend income plus short-term gains, if any) for the fiscal year qualified for the dividends-received deduction for corporate shareholders.

Fund	Percentage
Target Retirement Income Fund	9.2%
Target Retirement 2020 Fund	14.1
Target Retirement 2025 Fund	19.4
Target Retirement 2030 Fund	23.2
Target Retirement 2035 Fund	26.2
Target Retirement 2040 Fund	29.2

The following amounts, or if subsequently determined to be different, the maximum amounts allowable by law, are hereby designated as qualified dividend income for individual shareholders for the fiscal year.

Fund	(\$000)
Target Retirement Income Fund	213,744
Target Retirement 2020 Fund	316,340
Target Retirement 2025 Fund	710,373
Target Retirement 2030 Fund	857,412
Target Retirement 2035 Fund	936,097
Target Retirement 2040 Fund	889,481

The following amounts, or if subsequently determined to be different, the maximum amounts allowable by law, are hereby designated as interest earned from obligations of the U.S. government which is generally exempt from state income tax.

Fund	(\$000)
Target Retirement Income Fund	371,256
Target Retirement 2020 Fund	300,323
Target Retirement 2025 Fund	323,511
Target Retirement 2030 Fund	209,789
Target Retirement 2035 Fund	170,723
Target Retirement 2040 Fund	114,956

For nonresident alien shareholders, 100% of short-term capital gain dividends distributed by the Target Retirement Income Fund and Target Retirement 2030 Fund are qualified short-term capital gains.

The following amounts were distributed as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

Fund	(\$000)
Target Retirement Income Fund	155,932
Target Retirement 2020 Fund	980,584
Target Retirement 2025 Fund	527,364
Target Retirement 2030 Fund	349,336
Target Retirement 2035 Fund	457,642
Target Retirement 2040 Fund	320,362

The following percentages, or if subsequently determined to be different, the maximum percentages allowable by law, are hereby designated as ordinary income dividends eligible to be treated as interest income for purposes of section 163(j) and the regulations thereunder for the fiscal year.

Fund	Percentage
Target Retirement Income Fund	67.6%
Target Retirement 2020 Fund	62.5
Target Retirement 2025 Fund	54.2
Target Retirement 2030 Fund	45.8
Target Retirement 2035 Fund	37.4
Target Retirement 2040 Fund	28.5

The following amounts, or if subsequently determined to be different, the maximum amounts allowable by law, are hereby designated to shareholders as foreign source income and foreign taxes paid. Form 1099-DIV reports calendar-year amounts that can be included on the income tax return of shareholders.

Fund	Foreign Source Income (\$000)	Foreign Taxes Paid (\$000)
Target Retirement Income Fund	234,206	12,612
Target Retirement 2020 Fund	307,653	18,630
Target Retirement 2025 Fund	663,130	43,359
Target Retirement 2030 Fund	791,987	53,914
Target Retirement 2035 Fund	835,979	59,128
Target Retirement 2040 Fund	764,596	55,866

"Bloomberg®," Bloomberg U.S. Aggregate Bond Index, Bloomberg U.S. Aggregate Float Adjusted Index, Bloomberg U.S. Treasury Inflation Protected Securities Index, Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) 0–5 Year Index, and Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) (the Indices) are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (BISL), the administrator of the Indices (collectively, Bloomberg), and have been licensed for use for certain purposes by The Vanguard Group, Inc. (Vanguard).

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The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 205 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at vanguard.com.

Interested Trustee¹

Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (2018–present) of Vanguard; chief executive officer, president, and trustee (2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Member of the board of governors of the Investment Company Institute and the board of governors of FINRA.

Independent Trustees

Tara Bunch

Born in 1962. Trustee since November 2021. Principal occupation(s) during the past five years and other experience: head of global operations at Airbnb (2020–present). Vice president of AppleCare (2012–2020). Member of the board of directors of Out & Equal, the advisory board of the University of California, Berkeley School of Engineering, and the advisory board of Santa Clara University's Leavey School of Business.

Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Member of the board of directors of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, Roberts Wesleyan College, and the Rochester Philharmonic Orchestra. Trustee of the University of Rochester.

F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Director of the V Foundation. Member of the advisory council for the College of Arts and Letters at the University of Notre Dame. Chairman of the board of Saint Anselm College.

¹ Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (retired 2020) and vice president (retired 2020) of the University of Notre Dame. Chair of the board of Catholic Investment Services, Inc. (investment advisors). Member of the board of superintendence of the Institute for the Works of Religion, the Notre Dame 403(b) Investment Committee, and the board of directors of Paxos Trust Company (finance).

Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chief executive officer of Purposeful (advisory firm for CEOs and C-level executives; 2021–present). Board chair (2020), chief executive officer (2011–2020), and president (2010–2019) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of the Guardian Life Insurance Company of America. Director of DuPont. Member of the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, and the NewYork-Presbyterian Hospital.

André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and partner of HighVista Strategies (private investment firm). Member of the board of RIT Capital Partners (investment firm).

Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Colin W. Brown Distinguished Professor of the Practice of Law, Duke Law School (2021–present); Rubenstein Fellow, Duke University (2017–2020); Distinguished Fellow of the Global Financial Markets Center, Duke Law School (2020–2022); and Senior Fellow, Duke Center on Risk (2020–present). Partner of Kaya Partners (climate policy advisory services). Member of the board of directors of Arcadia (energy solution technology).

Grant Reid

Born in 1959. Trustee since July 2023. Principal occupation(s) during the past five years and other experience: chief executive officer and president (2014–2022) and member of the board of directors (2015–2022) of Mars, Incorporated (multinational manufacturer). Member of the board of directors of Marriott International, Inc. Chair of Agribusiness Task Force, Sustainable Markets Initiative.

David Thomas

Born in 1956. Trustee since July 2021. Principal occupation(s) during the past five years and other experience: president of Morehouse College (2018–present). Professor of business administration, emeritus at Harvard University (2017–2018). Dean (2011–2016) and professor of management (2016–2017) at the Georgetown University McDonough School of Business. Director of DTE Energy Company. Trustee of Common Fund.

Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Member of the BMW Group Mobility Council.

Executive Officers

Jacqueline Angell

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (November 2022–present) of Vanguard and of each of the investment companies served by Vanguard. Chief compliance officer (2018–2022) and deputy chief compliance officer (2017–2019) of State Street.

Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2021–present) and treasurer (2017–2022) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

John Galloway

Born in 1973. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (September 2020–present) of each of the investment companies served by Vanguard. Head of Investor Advocacy (February 2020–present) and head of Marketing Strategy and Planning (2017–2020) at Vanguard. Special assistant to the President of the United States (2015).

Ashley Grim

Born in 1984. Principal occupation(s) during the past five years and other experience: treasurer (February 2022–present) of each of the investment companies served by Vanguard. Fund transfer agent controller (2019–2022) and director of Audit Services (2017–2019) at Vanguard. Senior manager (2015–2017) at PriceWaterhouseCoopers (audit and assurance, consulting, and tax services).

Jodi Miller

Born in 1980. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2022–present) of each of the investment companies served by Vanguard. Head of Enterprise Investment Services (2020–present), head of Retail Client Services and Operations (2020–2022), and head of Retail Strategic Support (2018–2020) at Vanguard.

Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express. Nonexecutive director (2022–present) of the board of National Grid (energy).

Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

Vanguard Senior Management Team

Matthew Benchener

Joseph Brennan

Mortimer J. Buckley

Gregory Davis

John James

Chris D. McIsaac

Thomas M. Rampulla

Karin A. Risi

Anne E. Robinson

Michael Rollings

Nitin Tandon

Lauren Valente



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All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can obtain a free copy of Vanguard's proxy voting guidelines by visiting [vanguard.com/proxyreporting](https://www.vanguard.com/proxyreporting) or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, www.sec.gov. In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either [vanguard.com/proxyreporting](https://www.vanguard.com/proxyreporting) or www.sec.gov.

You can review information about your fund on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to publicinfo@sec.gov.