

Semiannual Report | March 31, 2024

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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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 March 31, 2024

| | Beginning Account Value 9/30/2023 | Ending Account Value 3/31/2024 | Expenses Paid During Period |
|---|---|--------------------------------------|-----------------------------------|
| Based on Actual Fund Return | | | |
| Target Retirement Income Fund | \$1,000.00 | \$1,095.80 | \$0.42 |
| Target Retirement 2020 Fund | \$1,000.00 | \$1,110.50 | \$0.42 |
| Target Retirement 2025 Fund | \$1,000.00 | \$1,130.10 | \$0.43 |
| Target Retirement 2030 Fund | \$1,000.00 | \$1,145.30 | \$0.43 |
| Target Retirement 2035 Fund | \$1,000.00 | \$1,155.80 | \$0.43 |
| Target Retirement 2040 Fund | \$1,000.00 | \$1,166.80 | \$0.43 |
| Based on Hypothetical 5% Yearly Return | | | |
| Target Retirement Income Fund | \$1,000.00 | \$1,024.60 | \$0.40 |
| Target Retirement 2020 Fund | \$1,000.00 | \$1,024.60 | \$0.40 |
| Target Retirement 2025 Fund | \$1,000.00 | \$1,024.60 | \$0.40 |
| Target Retirement 2030 Fund | \$1,000.00 | \$1,024.60 | \$0.40 |
| Target Retirement 2035 Fund | \$1,000.00 | \$1,024.60 | \$0.40 |
| Target Retirement 2040 Fund | \$1,000.00 | \$1,024.60 | \$0.40 |

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 (183/366).

Target Retirement Income Fund

Underlying Vanguard Funds

As of March 31, 2024

| | |
|---|-------|
| Vanguard Total Bond Market II Index Fund Investor Shares | 37.1% |
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 17.9 |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares | 16.6 |
| Vanguard Total International Bond II Index Fund Institutional Shares | 16.2 |
| Vanguard Total International Stock Index Fund Investor Shares | 12.2 |

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2024

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 (17.7%) | | |
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 27,057,055 | 6,426,051 |
| International Stock Fund (12.1%) | | |
| Vanguard Total International Stock Index Fund Investor Shares | 226,356,390 | 4,379,996 |
| U.S. Bond Funds (53.3%) | | |
| ¹ Vanguard Total Bond Market II Index Fund Investor Shares | 1,415,815,225 | 13,351,138 |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares | 248,981,385 | 5,973,063 |
| | | <u>19,324,201</u> |
| International Bond Fund (16.1%) | | |
| ¹ Vanguard Total International Bond II Index Fund Institutional Shares | 221,098,398 | 5,848,053 |
| Total Investment Companies (Cost \$31,648,427) | | 35,978,301 |
| Temporary Cash Investments (0.8%) | | |
| Money Market Fund (0.8%) | | |
| ¹ Vanguard Market Liquidity Fund, 5.407% (Cost \$267,727) | 2,678,273 | 267,774 |
| Total Investments (100.0%) (Cost \$31,916,154) | | 36,246,075 |
| Other Assets and Liabilities—Net (0.0%) | | 16,365 |
| Net Assets (100%) | | 36,262,440 |

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 | June 2024 | 1,137 | 125,976 | 511 |
| E-mini S&P 500 Index | June 2024 | 576 | 152,885 | 3,378 |
| | | | | <u>3,889</u> |

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

Statement of Assets and Liabilities

As of March 31, 2024

| (\$000s, except shares, footnotes, and per-share amounts) | Amount |
|--|-------------------|
| Assets | |
| Investments in Securities, at Value—Affiliated Funds (Cost \$31,916,154) | 36,246,075 |
| Cash Collateral Pledged—Futures Contracts | 9,217 |
| Receivables for Investment Securities Sold | 18,018 |
| Receivables for Accrued Income | 54,892 |
| Receivables for Capital Shares Issued | 9,989 |
| Variation Margin Receivable—Futures Contracts | — |
| Total Assets | 36,338,191 |
| Liabilities | |
| Due to Custodian | 294 |
| Payables for Investment Securities Purchased | 54,865 |
| Payables for Capital Shares Redeemed | 20,592 |
| Total Liabilities | 75,751 |
| Net Assets | 36,262,440 |

At March 31, 2024, net assets consisted of:

| | |
|-------------------------------------|-------------------|
| Paid-in Capital | 31,344,506 |
| Total Distributable Earnings (Loss) | 4,917,934 |
| Net Assets | 36,262,440 |

Net Assets

| | |
|--|----------------|
| Applicable to 2,741,211,512 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 36,262,440 |
| Net Asset Value Per Share | \$13.23 |

Statement of Operations

Six Months Ended
March 31, 2024

| | (\$000) |
|--|------------------|
| Investment Income | |
| Income | |
| Income Distributions Received from Affiliated Funds | 647,687 |
| Net Investment Income— Note B | 647,687 |
| Realized Net Gain (Loss) | |
| Capital Gain Distributions Received from Affiliated Funds | 2 |
| Affiliated Funds Sold ¹ | 562,190 |
| Futures Contracts | 15,634 |
| Realized Net Gain (Loss) | 577,826 |
| Change in Unrealized Appreciation (Depreciation) | |
| Affiliated Funds | 2,035,002 |
| Futures Contracts | 11,709 |
| Change in Unrealized Appreciation (Depreciation) | 2,046,711 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 3,272,224 |

1 Includes \$11,095,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|---------------------------------------|-------------------------------------|
| | (\$000) | (\$000) |
| Increase (Decrease) in Net Assets | | |
| Operations | | |
| Net Investment Income | 647,687 | 972,603 |
| Realized Net Gain (Loss) | 577,826 | 423,805 |
| Change in Unrealized Appreciation (Depreciation) | 2,046,711 | 1,147,158 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 3,272,224 | 2,543,566 |
| Distributions | | |
| Total Distributions | (1,057,596) | (1,182,988) |
| Capital Share Transactions | | |
| Issued | 1,253,434 | 2,868,217 |
| Issued in Lieu of Cash Distributions | 1,022,081 | 1,143,309 |
| Redeemed | (3,490,976) | (6,630,784) |
| Net Increase (Decrease) from Capital Share Transactions | (1,215,461) | (2,619,258) |
| Total Increase (Decrease) | 999,167 | (1,258,680) |
| Net Assets | | |
| Beginning of Period | 35,263,273 | 36,521,953 |
| End of Period | 36,262,440 | 35,263,273 |

Financial Highlights

| For a Share Outstanding Throughout Each Period | Six Months Ended March 31, | | | Year Ended September 30, | | |
|---|----------------------------------|-------------------|--------------------|--------------------------|----------------|----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
| Net Asset Value, Beginning of Period | \$12.43 | \$12.00 | \$15.24 | \$14.54 | \$13.85 | \$13.52 |
| Investment Operations | | | | | | |
| Net Investment Income ¹ | .233 | .333 | .380 | .278 | .308 | .341 |
| Capital Gain Distributions Received ¹ | .000 ² | .000 ² | .017 | .056 | — | — |
| Net Realized and Unrealized Gain (Loss) on Investments | .952 | .503 | (2.381) | .887 | .696 | .533 |
| Total from Investment Operations | 1.185 | .836 | (1.984) | 1.221 | 1.004 | .874 |
| Distributions | | | | | | |
| Dividends from Net Investment Income | (.251) | (.360) | (.382) | (.256) | (.297) | (.352) |
| Distributions from Realized Capital Gains | (.134) | (.046) | (.874) | (.265) | (.017) | (.192) |
| Total Distributions | (.385) | (.406) | (1.256) | (.521) | (.314) | (.544) |
| Net Asset Value, End of Period | \$13.23 | \$12.43 | \$12.00 | \$15.24 | \$14.54 | \$13.85 |
| Total Return³ | 9.58% | 7.02% | -14.19% | 8.48% | 7.35% | 6.75% |
| Ratios/Supplemental Data | | | | | | |
| Net Assets, End of Period (Millions) | \$36,262 | \$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% | 0.08% | 0.09% ⁴ | 0.12% | 0.12% | 0.12% |
| Ratio of Net Investment Income to Average Net Assets | 3.62% | 2.64% | 2.82% | 1.84% | 2.19% | 2.54% |
| Portfolio Turnover Rate | 2% ⁵ | 4% ⁵ | 19% ⁵ | 6% | 17% | 10% |

The expense ratio, acquired fund fees and expenses, and net investment income ratio for the current period have been annualized.

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.

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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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

Target Retirement Income Fund

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 March 31, 2024, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2024, 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 | 31,943,776 |
| Gross Unrealized Appreciation | 6,379,515 |
| Gross Unrealized Depreciation | (2,073,327) |
| Net Unrealized Appreciation (Depreciation) | 4,306,188 |

F. Capital shares issued and redeemed were:

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|------------------------------------|----------------------------------|
| | Shares (000) | Shares (000) |
| Issued | 97,244 | 227,373 |
| Issued in Lieu of Cash Distributions | 78,100 | 92,349 |
| Redeemed | (271,218) | (527,079) |
| Net Increase (Decrease) in Shares Outstanding | (95,874) | (207,357) |

Target Retirement Income Fund

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

| | Current Period Transactions | | | | | | | |
|---|--|---------------------------------|--|---|---|-------------------|--|--|
| | Sep. 30, 2023 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) | Mar. 31, 2024 Market Value (\$000) |
| Vanguard Market Liquidity Fund | 283,342 | NA ² | NA ² | 15 | (40) | 6,850 | 2 | 267,774 |
| Vanguard Short-Term Inflation-Protected Securities Index Fund | 5,967,726 | 98,549 | 204,525 | (10,548) | 121,861 | 81,148 | — | 5,973,063 |
| Vanguard Total Bond Market II Index Fund | 13,009,696 | 227,949 | 400,708 | (27,988) | 542,189 | 228,213 | — | 13,351,138 |
| Vanguard Total International Bond II Index Fund | 5,685,794 | 202,637 | 202,067 | (20,297) | 181,986 | 202,637 | — | 5,848,053 |
| Vanguard Total International Stock Index Fund | 4,192,888 | 104,590 | 435,304 | 61,409 | 456,413 | 78,997 | — | 4,379,996 |
| Vanguard Total Stock Market Index Fund | 6,127,293 | 127,425 | 1,120,859 | 559,599 | 732,593 | 49,842 | — | 6,426,051 |
| Total | 35,266,739 | 761,150 | 2,363,463 | 562,190 | 2,035,002 | 647,687 | 2 | 36,246,075 |

1 Includes \$61,270,000 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.

H. Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, 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.

I. Management has determined that no events or transactions occurred subsequent to March 31, 2024, that would require recognition or disclosure in these financial statements.

Target Retirement 2020 Fund

Underlying Vanguard Funds

As of March 31, 2024

| | |
|---|-------|
| Vanguard Total Bond Market II Index Fund Investor Shares | 33.5% |
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 23.5 |
| Vanguard Total International Stock Index Fund Investor Shares | 16.0 |
| Vanguard Total International Bond II Index Fund Institutional Shares | 14.8 |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares | 12.2 |

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2024

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 (23.3%) | | |
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 37,660,663 | 8,944,408 |
| International Stock Fund (15.9%) | | |
| Vanguard Total International Stock Index Fund Investor Shares | 313,925,844 | 6,074,465 |
| U.S. Bond Funds (45.3%) | | |
| ¹ Vanguard Total Bond Market II Index Fund Investor Shares | 1,352,841,254 | 12,757,293 |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares | 192,924,205 | 4,628,252 |
| | | 17,385,545 |
| International Bond Fund (14.7%) | | |
| ¹ Vanguard Total International Bond II Index Fund Institutional Shares | 213,687,985 | 5,652,047 |
| Total Investment Companies (Cost \$31,841,319) | | 38,056,465 |
| Temporary Cash Investments (0.8%) | | |
| Money Market Fund (0.8%) | | |
| ¹ Vanguard Market Liquidity Fund, 5.407% (Cost \$299,249) | 2,993,579 | 299,298 |
| Total Investments (100.0%) (Cost \$32,140,568) | | 38,355,763 |
| Other Assets and Liabilities—Net (0.0%) | | 16,795 |
| Net Assets (100%) | | 38,372,558 |

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 | June 2024 | 1,294 | 143,371 | 582 |
| E-mini S&P 500 Index | June 2024 | 652 | 173,057 | 3,823 |
| | | | | 4,405 |

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

Statement of Assets and Liabilities

As of March 31, 2024

| (\$000s, except shares, footnotes, and per-share amounts) | Amount |
|--|-------------------|
| Assets | |
| Investments in Securities, at Value—Affiliated Funds (Cost \$32,140,568) | 38,355,763 |
| Cash Collateral Pledged—Futures Contracts | 10,450 |
| Receivables for Investment Securities Sold | 28,970 |
| Receivables for Accrued Income | 52,248 |
| Receivables for Capital Shares Issued | 11,528 |
| Variation Margin Receivable—Futures Contracts | — |
| Total Assets | 38,458,959 |
| Liabilities | |
| Due to Custodian | 93 |
| Payables for Investment Securities Purchased | 52,222 |
| Payables for Capital Shares Redeemed | 34,086 |
| Total Liabilities | 86,401 |
| Net Assets | 38,372,558 |

At March 31, 2024, net assets consisted of:

| | |
|-------------------------------------|-------------------|
| Paid-in Capital | 30,826,513 |
| Total Distributable Earnings (Loss) | 7,546,045 |
| Net Assets | 38,372,558 |

Net Assets

| | |
|--|----------------|
| Applicable to 1,388,746,924 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 38,372,558 |
| Net Asset Value Per Share | \$27.63 |

Statement of Operations

Six Months Ended
March 31, 2024

| | (\$000) |
|--|------------------|
| Investment Income | |
| Income | |
| Income Distributions Received from Affiliated Funds | 665,538 |
| Net Investment Income— Note B | 665,538 |
| Realized Net Gain (Loss) | |
| Capital Gain Distributions Received from Affiliated Funds | 2 |
| Affiliated Funds Sold ¹ | 1,124,595 |
| Futures Contracts | 14,634 |
| Realized Net Gain (Loss) | 1,139,231 |
| Change in Unrealized Appreciation (Depreciation) | |
| Affiliated Funds | 2,173,711 |
| Futures Contracts | 14,692 |
| Change in Unrealized Appreciation (Depreciation) | 2,188,403 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 3,993,172 |

1 Includes \$19,943,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|---------------------------------------|-------------------------------------|
| | (\$000) | (\$000) |
| Increase (Decrease) in Net Assets | | |
| Operations | | |
| Net Investment Income | 665,538 | 1,014,170 |
| Realized Net Gain (Loss) | 1,139,231 | 1,497,398 |
| Change in Unrealized Appreciation (Depreciation) | 2,188,403 | 1,169,579 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 3,993,172 | 3,681,147 |
| Distributions | | |
| Total Distributions | (2,289,720) | (1,915,234) |
| Capital Share Transactions | | |
| Issued | 1,156,915 | 2,700,212 |
| Issued in Lieu of Cash Distributions | 2,242,720 | 1,876,931 |
| Redeemed | (4,481,037) | (8,427,322) |
| Net Increase (Decrease) from Capital Share Transactions | (1,081,402) | (3,850,179) |
| Total Increase (Decrease) | 622,050 | (2,084,266) |
| Net Assets | | |
| Beginning of Period | 37,750,508 | 39,834,774 |
| End of Period | 38,372,558 | 37,750,508 |

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

Financial Highlights

| For a Share Outstanding Throughout Each Period | Six Months Ended March 31, | | Year Ended September 30, | | | |
|---|----------------------------------|-------------------|--------------------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
| Net Asset Value, Beginning of Period | \$26.42 | \$25.37 | \$36.04 | \$33.79 | \$32.24 | \$32.14 |
| Investment Operations | | | | | | |
| Net Investment Income ¹ | .472 | .671 | .725 | .613 | .713 | .778 |
| Capital Gain Distributions Received ¹ | .000 ² | .000 ² | .033 | .110 | — | — |
| Net Realized and Unrealized Gain (Loss) on Investments | 2.406 | 1.643 | (5.358) | 3.680 | 1.987 | .736 |
| Total from Investment Operations | 2.878 | 2.314 | (4.600) | 4.403 | 2.700 | 1.514 |
| Distributions | | | | | | |
| Dividends from Net Investment Income | (.790) | (.654) | (.789) | (.554) | (.789) | (.745) |
| Distributions from Realized Capital Gains | (.878) | (.610) | (5.281) | (1.599) | (.361) | (.669) |
| Total Distributions | (1.668) | (1.264) | (6.070) | (2.153) | (1.150) | (1.414) |
| Net Asset Value, End of Period | \$27.63 | \$26.42 | \$25.37 | \$36.04 | \$33.79 | \$32.24 |
| Total Return³ | 11.05% | 9.36% | -15.83% | 13.37% | 8.51% | 5.29% |
| Ratios/Supplemental Data | | | | | | |
| Net Assets, End of Period (Millions) | \$38,373 | \$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% | 0.08% | 0.09% ⁴ | 0.13% | 0.13% | 0.13% |
| Ratio of Net Investment Income to Average Net Assets | 3.49% | 2.52% | 2.48% | 1.73% | 2.21% | 2.51% |
| Portfolio Turnover Rate | 2% ⁵ | 3% ⁵ | 14% ⁵ | 5% | 19% | 13% |

The expense ratio, acquired fund fees and expenses, and net investment income ratio for the current period have been annualized.

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.

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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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

Target Retirement 2020 Fund

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 March 31, 2024, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2024, 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 | 32,170,408 |
| Gross Unrealized Appreciation | 8,489,279 |
| Gross Unrealized Depreciation | (2,299,519) |
| Net Unrealized Appreciation (Depreciation) | 6,189,760 |

F. Capital shares issued and redeemed were:

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|------------------------------------|----------------------------------|
| | Shares (000) | Shares (000) |
| Issued | 42,799 | 101,678 |
| Issued in Lieu of Cash Distributions | 83,218 | 74,363 |
| Redeemed | (165,909) | (317,822) |
| Net Increase (Decrease) in Shares Outstanding | (39,892) | (141,781) |

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

| | Current Period Transactions | | | | | | | |
|---|--|---------------------------------|--|---|---|-------------------|--|--|
| | Sep. 30, 2023 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) | Mar. 31, 2024 Market Value (\$000) |
| Vanguard Market Liquidity Fund | 348,258 | NA ² | NA ² | 15 | (44) | 7,943 | 2 | 299,298 |
| Vanguard Short-Term Inflation- Protected Securities Index Fund | 4,451,843 | 110,535 | 19,549 | (605) | 86,028 | 62,448 | — | 4,628,252 |
| Vanguard Total Bond Market II Index Fund | 12,311,654 | 216,894 | 255,683 | (20,496) | 504,924 | 217,202 | — | 12,757,293 |
| Vanguard Total International Bond II Index Fund | 5,547,306 | 194,688 | 244,798 | (32,318) | 187,169 | 194,689 | — | 5,652,047 |
| Vanguard Total International Stock Index Fund | 6,117,582 | 112,712 | 890,358 | 139,183 | 595,346 | 112,711 | — | 6,074,465 |
| Vanguard Total Stock Market Index Fund | 8,977,444 | 153,372 | 2,025,512 | 1,038,816 | 800,288 | 70,545 | — | 8,944,408 |
| Total | 37,754,087 | 788,201 | 3,435,900 | 1,124,595 | 2,173,711 | 665,538 | 2 | 38,355,763 |

1 Includes \$78,380,000 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.

H. Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, 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.

I. Management has determined that no events or transactions occurred subsequent to March 31, 2024, that would require recognition or disclosure in these financial statements.

Target Retirement 2025 Fund

Underlying Vanguard Funds

As of March 31, 2024

| | |
|--|-------|
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 31.7% |
| Vanguard Total Bond Market II Index Fund Investor Shares | 28.6 |
| Vanguard Total International Stock Index Fund Investor Shares | 21.4 |
| Vanguard Total International Bond II Index Fund Institutional Shares | 12.4 |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares | 5.9 |

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2024

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 (31.4%) | | |
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 102,475,304 | 24,337,885 |
| International Stock Fund (21.1%) | | |
| Vanguard Total International Stock Index Fund Investor Shares | 846,339,573 | 16,376,671 |
| U.S. Bond Funds (34.2%) | | |
| ¹ Vanguard Total Bond Market II Index Fund Investor Shares | 2,330,143,820 | 21,973,256 |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares | 187,265,257 | 4,492,493 |
| | | 26,465,749 |
| International Bond Fund (12.3%) | | |
| ¹ Vanguard Total International Bond II Index Fund Institutional Shares | 360,303,692 | 9,530,032 |
| Total Investment Companies (Cost \$59,616,414) | | 76,710,337 |
| Temporary Cash Investments (1.0%) | | |
| Money Market Fund (1.0%) | | |
| ¹ Vanguard Market Liquidity Fund, 5.407% (Cost \$772,872) | 7,731,042 | 772,949 |
| Total Investments (100.0%) (Cost \$60,389,286) | | 77,483,286 |
| Other Assets and Liabilities—Net (0.0%) | | (8,680) |
| Net Assets (100%) | | 77,474,606 |

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 | June 2024 | 4,417 | 489,390 | 1,986 |
| E-mini S&P 500 Index | June 2024 | 1,123 | 298,072 | 6,585 |
| | | | | 8,571 |

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

Statement of Assets and Liabilities

As of March 31, 2024

| (\$000s, except shares, footnotes, and per-share amounts) | Amount |
|--|-------------------|
| Assets | |
| Investments in Securities, at Value—Affiliated Funds (Cost \$60,389,286) | 77,483,286 |
| Cash Collateral Pledged—Futures Contracts | 22,645 |
| Receivables for Investment Securities Sold | 17,140 |
| Receivables for Accrued Income | 88,569 |
| Receivables for Capital Shares Issued | 28,873 |
| Variation Margin Receivable—Futures Contracts | — |
| Total Assets | 77,640,513 |
| Liabilities | |
| Due to Custodian | 331 |
| Payables for Investment Securities Purchased | 88,525 |
| Payables for Capital Shares Redeemed | 77,051 |
| Total Liabilities | 165,907 |
| Net Assets | 77,474,606 |

At March 31, 2024, net assets consisted of:

| | |
|-------------------------------------|-------------------|
| Paid-in Capital | 58,192,752 |
| Total Distributable Earnings (Loss) | 19,281,854 |
| Net Assets | 77,474,606 |

Net Assets

| | |
|--|----------------|
| Applicable to 4,059,478,902 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 77,474,606 |
| Net Asset Value Per Share | \$19.08 |

Statement of Operations

Six Months Ended
March 31, 2024

(\$000)

| | |
|--|------------------|
| Investment Income | |
| Income | |
| Income Distributions Received from Affiliated Funds | 1,245,689 |
| Net Investment Income— Note B | 1,245,689 |
| Realized Net Gain (Loss) | |
| Capital Gain Distributions Received from Affiliated Funds | 5 |
| Affiliated Funds Sold ¹ | 1,837,846 |
| Futures Contracts | 22,911 |
| Realized Net Gain (Loss) | 1,860,762 |
| Change in Unrealized Appreciation (Depreciation) | |
| Affiliated Funds | 6,035,843 |
| Futures Contracts | 31,439 |
| Change in Unrealized Appreciation (Depreciation) | 6,067,282 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 9,173,733 |

1 Includes \$112,464,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|---------------------------------------|-------------------------------------|
| | (\$000) | (\$000) |
| Increase (Decrease) in Net Assets | | |
| Operations | | |
| Net Investment Income | 1,245,689 | 1,762,114 |
| Realized Net Gain (Loss) | 1,860,762 | 1,409,551 |
| Change in Unrealized Appreciation (Depreciation) | 6,067,282 | 4,750,817 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 9,173,733 | 7,922,482 |
| Distributions | | |
| Total Distributions | (2,925,671) | (2,068,531) |
| Capital Share Transactions | | |
| Issued | 3,133,364 | 6,709,930 |
| Issued in Lieu of Cash Distributions | 2,869,836 | 2,031,053 |
| Redeemed | (6,956,481) | (11,801,508) |
| Net Increase (Decrease) from Capital Share Transactions | (953,281) | (3,060,525) |
| Total Increase (Decrease) | 5,294,781 | 2,793,426 |
| Net Assets | | |
| Beginning of Period | 72,179,825 | 69,386,399 |
| End of Period | 77,474,606 | 72,179,825 |

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

Financial Highlights

| For a Share Outstanding Throughout Each Period | Six Months Ended March 31, | | | Year Ended September 30, | | |
|--|----------------------------------|-------------------|----------------|--------------------------|----------------|----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
| Net Asset Value, Beginning of Period | \$17.55 | \$16.20 | \$22.84 | \$20.56 | \$19.34 | \$19.02 |
| Investment Operations | | | | | | |
| Net Investment Income ¹ | .305 | .418 | .413 | .362 | .438 | .464 |
| Capital Gain Distributions Received ¹ | .000 ² | .000 ² | .019 | .063 | — | — |
| Net Realized and Unrealized Gain (Loss) on Investments | 1.953 | 1.426 | (3.761) | 2.792 | 1.292 | .390 |
| Total from Investment Operations | 2.258 | 1.844 | (3.329) | 3.217 | 1.730 | .854 |
| Distributions | | | | | | |
| Dividends from Net Investment Income | (.505) | (.368) | (.440) | (.356) | (.471) | (.434) |
| Distributions from Realized Capital Gains | (.223) | (.126) | (2.871) | (.581) | (.039) | (.100) |
| Total Distributions | (.728) | (.494) | (3.311) | (.937) | (.510) | (.534) |
| Net Asset Value, End of Period | \$19.08 | \$17.55 | \$16.20 | \$22.84 | \$20.56 | \$19.34 |
| Total Return³ | 13.01% | 11.56% | -17.53% | 15.93% | 9.04% | 4.89% |

Ratios/Supplemental Data

| | | | | | | |
|--|-----------------|-----------------|--------------------|----------|----------|----------|
| Net Assets, End of Period (Millions) | \$77,475 | \$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% | 0.08% | 0.09% ⁴ | 0.13% | 0.13% | 0.13% |
| Ratio of Net Investment Income to Average Net Assets | 3.33% | 2.39% | 2.19% | 1.63% | 2.25% | 2.51% |
| Portfolio Turnover Rate | 4% ⁵ | 6% ⁵ | 14% ⁵ | 7% | 21% | 11% |

The expense ratio, acquired fund fees and expenses, and net investment income ratio for the current period have been annualized.

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.

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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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

Target Retirement 2025 Fund

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 March 31, 2024, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2024, 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 | 60,448,537 |
| Gross Unrealized Appreciation | 20,966,880 |
| Gross Unrealized Depreciation | (3,923,560) |
| Net Unrealized Appreciation (Depreciation) | 17,043,320 |

F. Capital shares issued and redeemed were:

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|------------------------------------|----------------------------------|
| | Shares (000) | Shares (000) |
| Issued | 171,133 | 383,880 |
| Issued in Lieu of Cash Distributions | 155,715 | 122,574 |
| Redeemed | (380,578) | (677,360) |
| Net Increase (Decrease) in Shares Outstanding | (53,730) | (170,906) |

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

| | Current Period Transactions | | | | | | | |
|---|--|---------------------------------|--|---|---|-------------------|--|--|
| | Sep. 30, 2023 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) | Mar. 31, 2024 Market Value (\$000) |
| Vanguard Market Liquidity Fund | 850,233 | NA ² | NA ² | 25 | (85) | 20,099 | 5 | 772,949 |
| Vanguard Short-Term Inflation- Protected Securities Index Fund | 3,472,304 | 968,205 | 19,030 | 253 | 70,761 | 53,086 | — | 4,492,493 |
| Vanguard Total Bond Market II Index Fund | 20,404,221 | 863,167 | 106,759 | 2,157 | 810,470 | 365,108 | — | 21,973,256 |
| Vanguard Total International Bond II Index Fund | 9,039,251 | 349,651 | 118,921 | (7,369) | 267,420 | 325,964 | — | 9,530,032 |
| Vanguard Total International Stock Index Fund | 15,529,970 | 293,542 | 1,361,424 | 85,717 | 1,828,866 | 293,542 | — | 16,376,671 |
| Vanguard Total Stock Market Index Fund | 22,888,304 | 187,888 | 3,553,781 | 1,757,063 | 3,058,411 | 187,890 | — | 24,337,885 |
| Total | 72,184,283 | 2,662,453 | 5,159,915 | 1,837,846 | 6,035,843 | 1,245,689 | 5 | 77,483,286 |

1 Includes \$339,330,000 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.

H. Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, 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.

I. Management has determined that no events or transactions occurred subsequent to March 31, 2024, that would require recognition or disclosure in these financial statements.

Target Retirement 2030 Fund

Underlying Vanguard Funds

As of March 31, 2024

| | |
|---|-------|
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 37.5% |
| Vanguard Total Bond Market II Index Fund Investor Shares | 26.2 |
| Vanguard Total International Stock Index Fund Investor Shares | 25.0 |
| Vanguard Total International Bond II Index Fund Institutional Shares | 11.3 |

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2024

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 (37.2%) | | |
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 145,223,475 | 34,490,575 |
| International Stock Fund (24.8%) | | |
| Vanguard Total International Stock Index Fund Investor Shares | 1,189,360,495 | 23,014,126 |
| U.S. Bond Fund (25.9%) | | |
| ¹ Vanguard Total Bond Market II Index Fund Investor Shares | 2,551,335,196 | 24,059,091 |
| International Bond Fund (11.2%) | | |
| ¹ Vanguard Total International Bond II Index Fund Institutional Shares | 392,881,940 | 10,391,727 |
| Total Investment Companies (Cost \$69,789,143) | | 91,955,519 |
| Temporary Cash Investments (0.9%) | | |
| Money Market Fund (0.9%) | | |
| ¹ Vanguard Market Liquidity Fund, 5.407% (Cost \$819,726) | 8,199,714 | 819,808 |
| Total Investments (100.0%) (Cost \$70,608,869) | | 92,775,327 |
| Other Assets and Liabilities—Net (0.0%) | | 19,747 |
| Net Assets (100%) | | 92,795,074 |

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 | June 2024 | 4,582 | 507,671 | 2,019 |
| E-mini S&P 500 Index | June 2024 | 1,299 | 344,787 | 7,617 |
| | | | | <u>9,636</u> |

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

Statement of Assets and Liabilities

As of March 31, 2024

| (\$000s, except shares, footnotes, and per-share amounts) | Amount |
|--|-------------------|
| Assets | |
| Investments in Securities, at Value—Affiliated Funds (Cost \$70,608,869) | 92,775,327 |
| Cash Collateral Pledged—Futures Contracts | 25,065 |
| Receivables for Investment Securities Sold | 2,392 |
| Receivables for Accrued Income | 94,076 |
| Receivables for Capital Shares Issued | 58,642 |
| Variation Margin Receivable—Futures Contracts | — |
| Total Assets | 92,955,502 |
| Liabilities | |
| Due to Custodian | 342 |
| Payables for Investment Securities Purchased | 94,028 |
| Payables for Capital Shares Redeemed | 66,058 |
| Total Liabilities | 160,428 |
| Net Assets | 92,795,074 |

At March 31, 2024, net assets consisted of:

| | |
|-------------------------------------|-------------------|
| Paid-in Capital | 69,679,463 |
| Total Distributable Earnings (Loss) | 23,115,611 |
| Net Assets | 92,795,074 |

Net Assets

| | |
|--|----------------|
| Applicable to 2,501,459,670 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 92,795,074 |
| Net Asset Value Per Share | \$37.10 |

Statement of Operations

Six Months Ended
March 31, 2024

| | (\$000) |
|--|-------------------|
| Investment Income | |
| Income | |
| Income Distributions Received from Affiliated Funds | 1,396,302 |
| Net Investment Income— Note B | 1,396,302 |
| Realized Net Gain (Loss) | |
| Capital Gain Distributions Received from Affiliated Funds | 6 |
| Affiliated Funds Sold ¹ | 613,616 |
| Futures Contracts | 31,891 |
| Realized Net Gain (Loss) | 645,513 |
| Change in Unrealized Appreciation (Depreciation) | |
| Affiliated Funds | 9,695,623 |
| Futures Contracts | 32,984 |
| Change in Unrealized Appreciation (Depreciation) | 9,728,607 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 11,770,422 |

¹ Includes \$191,891,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|---------------------------------------|-------------------------------------|
| | (\$000) | (\$000) |
| Increase (Decrease) in Net Assets | | |
| Operations | | |
| Net Investment Income | 1,396,302 | 1,859,970 |
| Realized Net Gain (Loss) | 645,513 | 610,299 |
| Change in Unrealized Appreciation (Depreciation) | 9,728,607 | 6,928,523 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 11,770,422 | 9,398,792 |
| Distributions | | |
| Total Distributions | (2,243,420) | (1,883,769) |
| Capital Share Transactions | | |
| Issued | 5,504,169 | 10,157,450 |
| Issued in Lieu of Cash Distributions | 2,206,276 | 1,854,906 |
| Redeemed | (5,996,003) | (10,089,296) |
| Net Increase (Decrease) from Capital Share Transactions | 1,714,442 | 1,923,060 |
| Total Increase (Decrease) | 11,241,444 | 9,438,083 |
| Net Assets | | |
| Beginning of Period | 81,553,630 | 72,115,547 |
| End of Period | 92,795,074 | 81,553,630 |

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

Financial Highlights

| For a Share Outstanding Throughout Each Period | Six Months Ended March 31, | | Year Ended September 30, | | | |
|--|----------------------------------|-------------------|--------------------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
| Net Asset Value, Beginning of Period | \$33.23 | \$30.12 | \$43.40 | \$37.63 | \$35.22 | \$34.74 |
| Investment Operations | | | | | | |
| Net Investment Income ¹ | .565 | .767 | .730 | .679 | .782 | .830 |
| Capital Gain Distributions Received ¹ | .000 ² | .000 ² | .028 | .098 | — | — |
| Net Realized and Unrealized Gain (Loss) on Investments | 4.225 | 3.137 | (7.291) | 6.031 | 2.495 | .486 |
| Total from Investment Operations | 4.790 | 3.904 | (6.533) | 6.808 | 3.277 | 1.316 |
| Distributions | | | | | | |
| Dividends from Net Investment Income | (.920) | (.643) | (.822) | (.661) | (.867) | (.767) |
| Distributions from Realized Capital Gains | — | (.151) | (5.925) | (.377) | — | (.069) |
| Total Distributions | (.920) | (.794) | (6.747) | (1.038) | (.867) | (.836) |
| Net Asset Value, End of Period | \$37.10 | \$33.23 | \$30.12 | \$43.40 | \$37.63 | \$35.22 |
| Total Return³ | 14.53% | 13.14% | -18.42% | 18.29% | 9.38% | 4.15% |

Ratios/Supplemental Data

| | | | | | | |
|--|-----------------|-----------------|--------------------|----------|----------|----------|
| Net Assets, End of Period (Millions) | \$92,795 | \$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% | 0.08% | 0.09% ⁴ | 0.13% | 0.14% | 0.14% |
| Ratio of Net Investment Income to Average Net Assets | 3.22% | 2.32% | 2.07% | 1.62% | 2.20% | 2.46% |
| Portfolio Turnover Rate | 4% ⁵ | 3% ⁵ | 11% ⁵ | 6% | 21% | 8% |

The expense ratio, acquired fund fees and expenses, and net investment income ratio for the current period have been annualized.

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.

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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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

Target Retirement 2030 Fund

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 March 31, 2024, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2024, 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 | 70,715,187 |
| Gross Unrealized Appreciation | 25,922,491 |
| Gross Unrealized Depreciation | (3,852,715) |
| Net Unrealized Appreciation (Depreciation) | 22,069,776 |

F. Capital shares issued and redeemed were:

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|------------------------------------|----------------------------------|
| | Shares (000) | Shares (000) |
| Issued | 156,492 | 307,590 |
| Issued in Lieu of Cash Distributions | 62,026 | 59,567 |
| Redeemed | (171,117) | (307,233) |
| Net Increase (Decrease) in Shares Outstanding | 47,401 | 59,924 |

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

| | Current Period Transactions | | | | | | | |
|--|--|---------------------------------|--|---|---|-------------------|--|--|
| | Sep. 30, 2023 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) | Mar. 31, 2024 Market Value (\$000) |
| Vanguard Market Liquidity Fund | 814,547 | NA ² | NA ² | 17 | (82) | 21,913 | 6 | 819,808 |
| Vanguard Total Bond Market II Index Fund | 20,775,602 | 2,576,543 | 132,699 | 4,326 | 835,319 | 383,180 | — | 24,059,091 |
| Vanguard Total International Bond II Index Fund | 9,013,314 | 1,174,283 | 56,871 | 1,056 | 259,945 | 335,653 | — | 10,391,727 |
| Vanguard Total International Stock Index Fund | 20,169,055 | 407,893 | 124,956 | 33,998 | 2,528,136 | 394,159 | — | 23,014,126 |
| Vanguard Total Stock Market Index Fund | 30,787,513 | 261,397 | 3,204,859 | 574,219 | 6,072,305 | 261,397 | — | 34,490,575 |
| Total | 81,560,031 | 4,420,116 | 3,519,385 | 613,616 | 9,695,623 | 1,396,302 | 6 | 92,775,327 |

1 Includes \$501,960,000 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.

H. Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, 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.

I. Management has determined that no events or transactions occurred subsequent to March 31, 2024, that would require recognition or disclosure in these financial statements.

Target Retirement 2035 Fund

Underlying Vanguard Funds

As of March 31, 2024

| | |
|--|-------|
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 42.7% |
| Vanguard Total International Stock Index Fund Investor Shares | 27.4 |
| Vanguard Total Bond Market II Index Fund Investor Shares | 20.9 |
| 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 (unaudited)

Schedule of Investments

As of March 31, 2024

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 (42.3%) | | |
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 171,235,659 | 40,668,469 |
| International Stock Fund (27.1%) | | |
| Vanguard Total International Stock Index Fund Investor Shares | 1,346,396,021 | 26,052,763 |
| U.S. Bond Fund (20.7%) | | |
| ¹ Vanguard Total Bond Market II Index Fund Investor Shares | 2,105,973,663 | 19,859,332 |
| International Bond Fund (9.0%) | | |
| ¹ Vanguard Total International Bond II Index Fund Institutional Shares | 325,129,128 | 8,599,665 |
| Total Investment Companies (Cost \$68,950,388) | | 95,180,229 |
| Temporary Cash Investments (0.9%) | | |
| Money Market Fund (0.9%) | | |
| ¹ Vanguard Market Liquidity Fund, 5.407% (Cost \$886,396) | 8,866,535 | 886,476 |
| Total Investments (100.0%) (Cost \$69,836,784) | | 96,066,705 |
| Other Assets and Liabilities—Net (0.0%) | | 266 |
| Net Assets (100%) | | 96,066,971 |

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 | June 2024 | 4,783 | 529,942 | 2,073 |
| E-mini S&P 500 Index | June 2024 | 1,481 | 393,094 | 8,684 |
| | | | | 10,757 |

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

Statement of Assets and Liabilities

As of March 31, 2024

| (\$000s, except shares, footnotes, and per-share amounts) | Amount |
|--|-------------------|
| Assets | |
| Investments in Securities, at Value—Affiliated Funds (Cost \$69,836,784) | 96,066,705 |
| Cash Collateral Pledged—Futures Contracts | 27,415 |
| Receivables for Accrued Income | 78,460 |
| Receivables for Capital Shares Issued | 63,224 |
| Variation Margin Receivable—Futures Contracts | 230 |
| Total Assets | 96,236,034 |
| Liabilities | |
| Due to Custodian | 570 |
| Payables for Investment Securities Purchased | 88,344 |
| Payables for Capital Shares Redeemed | 80,149 |
| Total Liabilities | 169,063 |
| Net Assets | 96,066,971 |

At March 31, 2024, net assets consisted of:

| | |
|-------------------------------------|-------------------|
| Paid-in Capital | 69,032,411 |
| Total Distributable Earnings (Loss) | 27,034,560 |
| Net Assets | 96,066,971 |

Net Assets

| | |
|--|----------------|
| Applicable to 4,126,324,019 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 96,066,971 |
| Net Asset Value Per Share | \$23.28 |

Statement of Operations

Six Months Ended
March 31, 2024

(\$000)

| | |
|--|-------------------|
| Investment Income | |
| Income | |
| Income Distributions Received from Affiliated Funds | 1,356,877 |
| Net Investment Income— Note B | 1,356,877 |
| Realized Net Gain (Loss) | |
| Capital Gain Distributions Received from Affiliated Funds | 6 |
| Affiliated Funds Sold ¹ | 444,108 |
| Futures Contracts | 43,723 |
| Realized Net Gain (Loss) | 487,837 |
| Change in Unrealized Appreciation (Depreciation) | |
| Affiliated Funds | 11,002,812 |
| Futures Contracts | 38,620 |
| Change in Unrealized Appreciation (Depreciation) | 11,041,432 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 12,886,146 |

1 Includes \$241,220,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|---------------------------------------|-------------------------------------|
| | (\$000) | (\$000) |
| Increase (Decrease) in Net Assets | | |
| Operations | | |
| Net Investment Income | 1,356,877 | 1,835,942 |
| Realized Net Gain (Loss) | 487,837 | 781,472 |
| Change in Unrealized Appreciation (Depreciation) | 11,041,432 | 7,590,148 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 12,886,146 | 10,207,562 |
| Distributions | | |
| Total Distributions | (2,189,743) | (1,976,113) |
| Capital Share Transactions | | |
| Issued | 5,915,555 | 10,669,339 |
| Issued in Lieu of Cash Distributions | 2,156,717 | 1,946,584 |
| Redeemed | (5,066,277) | (8,732,751) |
| Net Increase (Decrease) from Capital Share Transactions | 3,005,995 | 3,883,172 |
| Total Increase (Decrease) | 13,702,398 | 12,114,621 |
| Net Assets | | |
| Beginning of Period | 82,364,573 | 70,249,952 |
| End of Period | 96,066,971 | 82,364,573 |

Financial Highlights

| For a Share Outstanding Throughout Each Period | Six Months Ended March 31, | | | Year Ended September 30, | | |
|---|----------------------------------|-------------------|----------------|--------------------------|----------------|----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
| Net Asset Value, Beginning of Period | \$20.64 | \$18.50 | \$27.25 | \$23.16 | \$21.60 | \$21.46 |
| Investment Operations | | | | | | |
| Net Investment Income ¹ | .335 | .471 | .455 | .430 | .470 | .500 |
| Capital Gain Distributions Received ¹ | .000 ² | .000 ² | .014 | .046 | — | — |
| Net Realized and Unrealized Gain (Loss) on Investments | 2.853 | 2.192 | (4.566) | 4.244 | 1.614 | .146 |
| Total from Investment Operations | 3.188 | 2.663 | (4.097) | 4.720 | 2.084 | .646 |
| Distributions | | | | | | |
| Dividends from Net Investment Income | (.548) | (.402) | (.559) | (.409) | (.524) | (.464) |
| Distributions from Realized Capital Gains | — | (.121) | (4.094) | (.221) | — | (.042) |
| Total Distributions | (.548) | (.523) | (4.653) | (.630) | (.524) | (.506) |
| Net Asset Value, End of Period | \$23.28 | \$20.64 | \$18.50 | \$27.25 | \$23.16 | \$21.60 |
| Total Return³ | 15.58% | 14.61% | -18.87% | 20.60% | 9.71% | 3.37% |

Ratios/Supplemental Data

| | | | | | | |
|---|-----------------|-----------------|--------------------|----------|----------|----------|
| Net Assets, End of Period (Millions) | \$96,067 | \$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% | 0.08% | 0.09% ⁴ | 0.14% | 0.14% | 0.14% |
| Ratio of Net Investment Income to Average Net Assets | 3.06% | 2.30% | 2.08% | 1.64% | 2.15% | 2.42% |
| Portfolio Turnover Rate | 2% ⁵ | 1% ⁵ | 9% ⁵ | 6% | 18% | 7% |

The expense ratio, acquired fund fees and expenses, and net investment income ratio for the current period have been annualized.

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.

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 2035 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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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

Target Retirement 2035 Fund

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 March 31, 2024, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2024, 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 | 69,933,055 |
| Gross Unrealized Appreciation | 29,191,647 |
| Gross Unrealized Depreciation | (3,047,240) |
| Net Unrealized Appreciation (Depreciation) | 26,144,407 |

The fund's tax-basis capital gains and losses are determined only at the end of each fiscal year. For tax purposes, at September 30, 2023, the fund had available capital losses totaling \$66,450,000 that may be carried forward indefinitely to offset future net capital gains. The fund will use these capital losses to offset net taxable capital gains, if any, realized during the year ending September 30, 2024; should the fund realize net capital losses for the year, the losses will be added to the loss carryforward balance above.

F. Capital shares issued and redeemed were:

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|------------------------------------|----------------------------------|
| | Shares (000) | Shares (000) |
| Issued | 269,672 | 521,644 |
| Issued in Lieu of Cash Distributions | 97,237 | 101,437 |
| Redeemed | (232,030) | (429,813) |
| Net Increase (Decrease) in Shares Outstanding | 134,879 | 193,268 |

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

| | Current Period Transactions | | | | | | | |
|---|--|---------------------------------|--|---|---|-------------------|--|--|
| | Sep. 30, 2023 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) | Mar. 31, 2024 Market Value (\$000) |
| Vanguard Market Liquidity Fund | 912,183 | NA ² | NA ² | 22 | (92) | 24,427 | 6 | 886,476 |
| Vanguard Total Bond Market II Index Fund | 16,717,264 | 2,585,909 | 119,466 | 3,890 | 671,735 | 311,475 | — | 19,859,332 |
| Vanguard Total International Bond II Index Fund | 7,302,310 | 1,136,236 | 51,200 | 1,052 | 211,267 | 273,238 | — | 8,599,665 |
| Vanguard Total International Stock Index Fund | 22,548,234 | 765,457 | 157,438 | 42,430 | 2,854,080 | 443,640 | — | 26,052,763 |
| Vanguard Total Stock Market Index Fund | 34,890,772 | 304,098 | 2,188,937 | 396,714 | 7,265,822 | 304,097 | — | 40,668,469 |
| Total | 82,370,763 | 4,791,700 | 2,517,041 | 444,108 | 11,002,812 | 1,356,877 | 6 | 96,066,705 |

1 Includes \$564,260,000 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.

H. Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, 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.

I. Management has determined that no events or transactions occurred subsequent to March 31, 2024, that would require recognition or disclosure in these financial statements.

Target Retirement 2040 Fund

Underlying Vanguard Funds

As of March 31, 2024

| | |
|--|-------|
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 47.5% |
| Vanguard Total International Stock Index Fund Investor Shares | 30.1 |
| Vanguard Total Bond Market II Index Fund Investor Shares | 15.6 |
| Vanguard Total International Bond II Index Fund Institutional Shares | 6.8 |

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2024

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 (47.0%) | | |
| Vanguard Total Stock Market Index Fund Institutional Plus Shares | 168,525,905 | 40,024,902 |
| International Stock Fund (29.9%) | | |
| Vanguard Total International Stock Index Fund Investor Shares | 1,313,838,980 | 25,422,784 |
| U.S. Bond Fund (15.5%) | | |
| ¹ Vanguard Total Bond Market II Index Fund Investor Shares | 1,397,518,669 | 13,178,601 |
| International Bond Fund (6.7%) | | |
| ¹ Vanguard Total International Bond II Index Fund Institutional Shares | 215,320,855 | 5,695,237 |
| Total Investment Companies (Cost \$59,977,986) | | 84,321,524 |
| Temporary Cash Investments (0.9%) | | |
| Money Market Fund (0.9%) | | |
| ¹ Vanguard Market Liquidity Fund, 5.407% (Cost \$742,804) | 7,430,124 | 742,864 |
| Total Investments (100.0%) (Cost \$60,720,790) | | 85,064,388 |
| Other Assets and Liabilities—Net (0.0%) | | 22,617 |
| Net Assets (100%) | | 85,087,005 |

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 | June 2024 | 3,673 | 406,957 | 1,632 |
| E-mini S&P 500 Index | June 2024 | 1,373 | 364,428 | 8,051 |
| | | | | 9,683 |

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

Statement of Assets and Liabilities

As of March 31, 2024

| (\$000s, except shares, footnotes, and per-share amounts) | Amount |
|--|-------------------|
| Assets | |
| Investments in Securities, at Value—Affiliated Funds (Cost \$60,720,790) | 85,064,388 |
| Cash Collateral Pledged—Futures Contracts | 24,005 |
| Receivables for Accrued Income | 52,704 |
| Receivables for Capital Shares Issued | 64,795 |
| Variation Margin Receivable—Futures Contracts | 10 |
| Total Assets | 85,205,902 |
| Liabilities | |
| Due to Custodian | 279 |
| Payables for Investment Securities Purchased | 53,001 |
| Payables for Capital Shares Redeemed | 65,617 |
| Total Liabilities | 118,897 |
| Net Assets | 85,087,005 |

At March 31, 2024, net assets consisted of:

| | |
|-------------------------------------|-------------------|
| Paid-in Capital | 60,154,255 |
| Total Distributable Earnings (Loss) | 24,932,750 |
| Net Assets | 85,087,005 |

Net Assets

| | |
|--|----------------|
| Applicable to 2,045,390,391 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 85,087,005 |
| Net Asset Value Per Share | \$41.60 |

Statement of Operations

Six Months Ended
March 31, 2024

| | (\$000) |
|--|-------------------|
| Investment Income | |
| Income | |
| Income Distributions Received from Affiliated Funds | 1,133,405 |
| Net Investment Income— Note B | 1,133,405 |
| Realized Net Gain (Loss) | |
| Capital Gain Distributions Received from Affiliated Funds | 4 |
| Affiliated Funds Sold ¹ | 346,251 |
| Futures Contracts | 29,410 |
| Realized Net Gain (Loss) | 375,665 |
| Change in Unrealized Appreciation (Depreciation) | |
| Affiliated Funds | 10,533,218 |
| Futures Contracts | 31,739 |
| Change in Unrealized Appreciation (Depreciation) | 10,564,957 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 12,074,027 |

¹ Includes \$240,276,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|---------------------------------------|-------------------------------------|
| | (\$000) | (\$000) |
| Increase (Decrease) in Net Assets | | |
| Operations | | |
| Net Investment Income | 1,133,405 | 1,580,870 |
| Realized Net Gain (Loss) | 375,665 | 812,659 |
| Change in Unrealized Appreciation (Depreciation) | 10,564,957 | 7,324,732 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 12,074,027 | 9,718,261 |
| Distributions | | |
| Total Distributions | (1,851,778) | (1,648,245) |
| Capital Share Transactions | | |
| Issued | 5,443,091 | 9,888,244 |
| Issued in Lieu of Cash Distributions | 1,824,415 | 1,625,528 |
| Redeemed | (4,568,006) | (7,781,857) |
| Net Increase (Decrease) from Capital Share Transactions | 2,699,500 | 3,731,915 |
| Total Increase (Decrease) | 12,921,749 | 11,801,931 |
| Net Assets | | |
| Beginning of Period | 72,165,256 | 60,363,325 |
| End of Period | 85,087,005 | 72,165,256 |

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

Financial Highlights

| For a Share Outstanding Throughout Each Period | Six Months Ended March 31, | | Year Ended September 30, | | | |
|---|----------------------------------|-------------------|--------------------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
| Net Asset Value, Beginning of Period | \$36.50 | \$32.25 | \$48.29 | \$40.07 | \$37.27 | \$37.26 |
| Investment Operations | | | | | | |
| Net Investment Income ¹ | .565 | .821 | .797 | .764 | .799 | .850 |
| Capital Gain Distributions Received ¹ | .000 ² | .000 ² | .017 | .057 | — | — |
| Net Realized and Unrealized Gain (Loss) on Investments | 5.471 | 4.315 | (8.162) | 8.312 | 2.892 | (.005) |
| Total from Investment Operations | 6.036 | 5.136 | (7.348) | 9.133 | 3.691 | .845 |
| Distributions | | | | | | |
| Dividends from Net Investment Income | (.936) | (.714) | (1.003) | (.719) | (.891) | (.779) |
| Distributions from Realized Capital Gains | — | (.172) | (7.689) | (.194) | — | (.056) |
| Total Distributions | (.936) | (.886) | (8.692) | (.913) | (.891) | (.835) |
| Net Asset Value, End of Period | \$41.60 | \$36.50 | \$32.25 | \$48.29 | \$40.07 | \$37.27 |
| Total Return³ | 16.68% | 16.15% | -19.42% | 23.00% | 9.96% | 2.63% |
| Ratios/Supplemental Data | | | | | | |
| Net Assets, End of Period (Millions) | \$85,087 | \$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% | 0.08% | 0.09% ⁴ | 0.14% | 0.14% | 0.14% |
| Ratio of Net Investment Income to Average Net Assets | 2.91% | 2.27% | 2.08% | 1.66% | 2.12% | 2.38% |
| Portfolio Turnover Rate | 2% ⁵ | 1% ⁵ | 7% ⁵ | 5% | 13% | 5% |

The expense ratio, acquired fund fees and expenses, and net investment income ratio for the current period have been annualized.

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.

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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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 six months ended March 31, 2024, 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

Target Retirement 2040 Fund

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 March 31, 2024, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2024, 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 | 60,839,758 |
| Gross Unrealized Appreciation | 26,275,440 |
| Gross Unrealized Depreciation | (2,041,127) |
| Net Unrealized Appreciation (Depreciation) | 24,234,313 |

The fund's tax-basis capital gains and losses are determined only at the end of each fiscal year. For tax purposes, at September 30, 2023, the fund had available capital losses totaling \$65,848,000 that may be carried forward indefinitely to offset future net capital gains. The fund will use these capital losses to offset net taxable capital gains, if any, realized during the year ending September 30, 2024; should the fund realize net capital losses for the year, the losses will be added to the loss carryforward balance above.

F. Capital shares issued and redeemed were:

| | Six Months Ended March 31, 2024 | Year Ended September 30, 2023 |
|---|------------------------------------|----------------------------------|
| | Shares (000) | Shares (000) |
| Issued | 139,685 | 274,531 |
| Issued in Lieu of Cash Distributions | 46,328 | 48,264 |
| Redeemed | (117,701) | (217,354) |
| Net Increase (Decrease) in Shares Outstanding | 68,312 | 105,441 |

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

| | Current Period Transactions | | | | | | | |
|---|--|---------------------------------|--|---|---|-------------------|--|--|
| | Sep. 30, 2023 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) | Mar. 31, 2024 Market Value (\$000) |
| Vanguard Market Liquidity Fund | 742,525 | NA ² | NA ² | 18 | (81) | 18,242 | 4 | 742,864 |
| Vanguard Total Bond Market II Index Fund | 11,174,009 | 1,639,366 | 84,004 | 2,600 | 446,630 | 206,995 | — | 13,178,601 |
| Vanguard Total International Bond II Index Fund | 4,726,925 | 864,671 | 35,852 | 701 | 138,792 | 180,055 | — | 5,695,237 |
| Vanguard Total International Stock Index Fund | 21,635,460 | 1,123,082 | 161,977 | 40,972 | 2,785,247 | 431,255 | — | 25,422,784 |
| Vanguard Total Stock Market Index Fund | 33,874,355 | 296,858 | 1,610,901 | 301,960 | 7,162,630 | 296,858 | — | 40,024,902 |
| Total | 72,153,274 | 3,923,977 | 1,892,734 | 346,251 | 10,533,218 | 1,133,405 | 4 | 85,064,388 |

1 Includes \$524,450,000 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.

H. Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, 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.

I. Management has determined that no events or transactions occurred subsequent to March 31, 2024, that would require recognition or disclosure in these financial statements.

Trustees Approve Advisory Arrangements

The board of trustees of Vanguard Target Retirement Funds has renewed each fund's investment advisory arrangement with The Vanguard Group, Inc. (Vanguard), through its Equity Index Group. The board determined that continuing each fund's internalized management structure was in the best interests of the funds and their shareholders.

The board based its decision upon an evaluation of the advisor's investment staff, portfolio management process, and performance. This evaluation included information provided to the board by Vanguard's Portfolio Review Department, which is responsible for fund and advisor oversight and product management. The Portfolio Review Department met regularly with the advisor and made monthly presentations to the board during the fiscal year that directed the board's focus to relevant information and topics.

The board, or an investment committee made up of board members, also received information throughout the year during advisor presentations conducted by the Portfolio Review Department. For each advisor presentation, the board was provided with letters and reports that included information about, among other things, the advisory firm and the advisor's assessment of the investment environment, portfolio performance, and portfolio characteristics.

In addition, the board received periodic reports throughout the year, which included information about each fund's performance relative to its peers and benchmark, as applicable, and updates, as needed, on the Portfolio Review Department's ongoing assessment of the advisor.

Prior to their meeting, the trustees were provided with a memo and materials that summarized the information they received over the course of the year. They also considered the factors discussed below, among others. However, no single factor determined whether the board approved the arrangements. Rather, it was the totality of the circumstances that drove the board's decisions.

Nature, extent, and quality of services

The board reviewed the quality of the funds' investment management services over both the short and long term, and took into account the organizational depth and stability of the advisor. The board considered that Vanguard has been managing investments for more than four decades. The Equity Index Group adheres to a sound, disciplined investment management process; the team has considerable experience, stability, and depth.

The board concluded that Vanguard's experience, stability, depth, and performance, among other factors, warranted continuation of the advisory arrangements.

Investment performance

The board considered the performance of each fund, including any periods of outperformance or underperformance compared with a relevant benchmark index and peer group. The board concluded that the performance was such that the advisory arrangements should continue.

Cost

The board concluded that each fund's acquired fund fees and expenses were below the average expense ratios charged by funds in its respective peer group. The funds do not incur advisory expenses directly; however, the board noted that each of the underlying funds in which the funds invest has advisory expenses below the relevant peer-group average.

The board does not conduct a profitability analysis of Vanguard because of Vanguard's unique structure. Unlike most other mutual fund management companies, Vanguard is owned by the funds it oversees.

The benefit of economies of scale

The board concluded that Vanguard's arrangements with the Target Retirement Funds and their underlying funds ensure that the funds will realize economies of scale as they grow, with the cost to shareholders declining as assets increase.

The board will consider whether to renew the advisory arrangements again after a one-year period.

Liquidity Risk Management

Vanguard funds (except for the money market funds) have adopted and implemented a written liquidity risk management program (the “Program”) as required by Rule 22e-4 under the Investment Company Act of 1940. Rule 22e-4 requires that each fund adopt a program that is reasonably designed to assess and manage the fund’s liquidity risk, which is the risk that the fund could not meet redemption requests without significant dilution of remaining investors’ interests in the fund.

Assessment and management of a fund’s liquidity risk under the Program take into consideration certain factors, such as the fund’s investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions, its short- and long-term cash-flow projections during both normal and reasonably foreseeable stressed conditions, and its cash and cash-equivalent holdings and access to other funding sources. As required by the rule, the Program includes policies and procedures for classification of fund portfolio holdings in four liquidity categories, maintaining certain levels of highly liquid investments, and limiting holdings of illiquid investments.

The board of trustees of Vanguard Chester Funds approved the appointment of liquidity risk management program administrators responsible for administering the Program for 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, and for carrying out the specific responsibilities set forth in the Program, including reporting to the board on at least an annual basis regarding the Program’s operation, its adequacy, and the effectiveness of its implementation for the past year (the “Program Administrator Report”). The board has reviewed the Program Administrator Report covering the period from January 1, 2023, through December 31, 2023 (the “Review Period”). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the funds’ liquidity risk.



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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.