

Semiannual Report | March 31, 2023

Vanguard Target Retirement Funds

Vanguard Target Retirement Income Fund

Vanguard Target Retirement 2020 Fund

Vanguard Target Retirement 2025 Fund

Vanguard Target Retirement 2030 Fund

Vanguard Target Retirement 2035 Fund

Vanguard Target Retirement 2040 Fund

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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, 2023

	Beginning Account Value 9/30/2022	Ending Account Value 3/31/2023	Expenses Paid During Period
Based on Actual Fund Return			
Target Retirement Income Fund	\$1,000.00	\$1,081.20	\$0.42
Target Retirement 2020 Fund	\$1,000.00	\$1,099.80	\$0.42
Target Retirement 2025 Fund	\$1,000.00	\$1,116.30	\$0.42
Target Retirement 2030 Fund	\$1,000.00	\$1,128.70	\$0.42
Target Retirement 2035 Fund	\$1,000.00	\$1,138.30	\$0.43
Target Retirement 2040 Fund	\$1,000.00	\$1,149.10	\$0.43
Based on Hypothetical 5% Yearly Return			
Target Retirement Income Fund	\$1,000.00	\$1,024.53	\$0.40
Target Retirement 2020 Fund	\$1,000.00	\$1,024.53	\$0.40
Target Retirement 2025 Fund	\$1,000.00	\$1,024.53	\$0.40
Target Retirement 2030 Fund	\$1,000.00	\$1,024.53	\$0.40
Target Retirement 2035 Fund	\$1,000.00	\$1,024.53	\$0.40
Target Retirement 2040 Fund	\$1,000.00	\$1,024.53	\$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 (182/365).

Target Retirement Income Fund

Underlying Vanguard Funds

As of March 31, 2023

Vanguard Total Bond Market II Index Fund Investor Shares	37.0%
Vanguard Total Stock Market Index Fund Institutional Plus Shares	17.6
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	16.8
Vanguard Total International Bond II Index Fund Institutional Shares	16.4
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, 2023

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value* (\$000)
Investment Companies (98.7%)		
U.S. Stock Fund (17.4%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	34,656,534	6,459,631
International Stock Fund (12.0%)		
Vanguard Total International Stock Index Fund Investor Shares	252,051,681	4,468,876
U.S. Bond Funds (53.2%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	1,418,180,287	13,614,531
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	258,380,454	6,185,628
		19,800,159
International Bond Fund (16.1%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	228,769,398	6,012,060
Total Investment Companies (Cost \$33,297,951)		36,740,726
Temporary Cash Investments (1.3%)		
Money Market Fund (1.3%)		
¹ Vanguard Market Liquidity Fund, 4.839% (Cost \$469,974)	4,701,485	470,102
Total Investments (100.0%) (Cost \$33,767,925)		37,210,828
Other Assets and Liabilities—Net (0.0%)		(3,755)
Net Assets (100%)		37,207,073

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 2023	1,903	218,696	5,624
E-mini S&P 500 Index	June 2023	1,299	268,747	15,758
				<u>21,382</u>

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

Statement of Assets and Liabilities

As of March 31, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$33,767,925)	37,210,828
Cash	4
Cash Collateral Pledged—Futures Contracts	18,837
Receivables for Investment Securities Sold	22,440
Receivables for Accrued Income	47,020
Receivables for Capital Shares Issued	11,686
Variation Margin Receivable—Futures Contracts	4,405
Total Assets	37,315,220
Liabilities	
Payables for Investment Securities Purchased	47,028
Payables for Capital Shares Redeemed	61,119
Total Liabilities	108,147
Net Assets	37,207,073

At March 31, 2023, net assets consisted of:

Paid-in Capital	33,607,211
Total Distributable Earnings (Loss)	3,599,862
Net Assets	37,207,073

Net Assets

Applicable to 2,926,251,251 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	37,207,073
Net Asset Value Per Share	\$12.71

Statement of Operations

Six Months Ended
March 31, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	496,557
Net Investment Income— Note B	496,557
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	1
Affiliated Funds Sold ¹	120,742
Futures Contracts	(30,129)
Realized Net Gain (Loss)	90,614
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	2,259,646
Futures Contracts	64,698
Change in Unrealized Appreciation (Depreciation)	2,324,344
Net Increase (Decrease) in Net Assets Resulting from Operations	2,911,515

¹ Includes \$52,086,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	496,557	682,240
Realized Net Gain (Loss)	90,614	367,744
Change in Unrealized Appreciation (Depreciation)	2,324,344	(5,178,040)
Net Increase (Decrease) in Net Assets Resulting from Operations	2,911,515	(4,128,056)
Distributions		
Total Distributions	(750,225)	(1,512,703)
Capital Share Transactions		
Issued	1,583,088	4,128,690
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement Income Fund—Note G	—	8,507,454
Issued in Connection with Acquisition of Vanguard Target Retirement 2015 Fund—Note G	—	17,151,053
Issued in Lieu of Cash Distributions	725,501	1,422,170
Redeemed	(3,784,759)	(5,368,260)
Net Increase (Decrease) from Capital Share Transactions	(1,476,170)	25,841,107
Total Increase (Decrease)	685,120	20,200,348
Net Assets		
Beginning of Period	36,521,953	16,321,605
End of Period	37,207,073	36,521,953

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended March 31,	Year Ended September 30,				
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$12.00	\$15.24	\$14.54	\$13.85	\$13.52	\$13.46
Investment Operations						
Net Investment Income ¹	.167	.380	.278	.308	.341	.334
Capital Gain Distributions Received ¹	.000 ²	.017	.056	—	—	.001
Net Realized and Unrealized Gain (Loss) on Investments	.797	(2.381)	.887	.696	.533	.107
Total from Investment Operations	.964	(1.984)	1.221	1.004	.874	.442
Distributions						
Dividends from Net Investment Income	(.208)	(.382)	(.256)	(.297)	(.352)	(.327)
Distributions from Realized Capital Gains	(.046)	(.874)	(.265)	(.017)	(.192)	(.055)
Total Distributions	(.254)	(1.256)	(.521)	(.314)	(.544)	(.382)
Net Asset Value, End of Period	\$12.71	\$12.00	\$15.24	\$14.54	\$13.85	\$13.52
Total Return³	8.12%	-14.19%	8.48%	7.35%	6.75%	3.31%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$37,207	\$36,522	\$16,322	\$17,576	\$16,984	\$16,613
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.12%	0.12%	0.12%	0.12%
Ratio of Net Investment Income to Average Net Assets	2.70%	2.82%	1.84%	2.19%	2.54%	2.47%
Portfolio Turnover Rate	2% ⁵	19% ⁵	6%	17%	10%	6%

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. See Note G.

5 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

Notes to Financial Statements

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

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

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, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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

4. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. Credit Facilities and Interfund Lending Program: The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended March 31, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the six months ended March 31, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

Target Retirement Income Fund

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

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

At March 31, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2023, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	33,782,102
Gross Unrealized Appreciation	5,406,141
Gross Unrealized Depreciation	(1,956,033)
Net Unrealized Appreciation (Depreciation)	3,450,108

Target Retirement Income Fund

F. Capital shares issued and redeemed were:

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	Shares (000)	Shares (000)
Issued	126,703	308,419
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement Income Fund—Note G	—	610,729
Issued in Connection with Acquisition of Vanguard Target Retirement 2015 Fund—Note G	—	1,349,414
Issued in Lieu of Cash Distributions	59,166	102,470
Redeemed	(304,061)	(397,574)
Net Increase (Decrease) in Shares Outstanding	(118,192)	1,973,458

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

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

Target Retirement Income Fund

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

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Mar. 31, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	446,308	NA ²	NA ²	9	81	9,047	1	470,102
Vanguard Short-Term Inflation- Protected Securities Index Fund	6,232,081	180,625	294,614	(10,084)	77,620	145,476	—	6,185,628
Vanguard Total Bond Market II Index Fund	13,535,615	425,459	809,185	(64,719)	527,361	184,069	—	13,614,531
Vanguard Total International Bond II Index Fund	5,936,226	41,480	131,191	(9,963)	175,508	41,480	—	6,012,060
Vanguard Total International Stock Index Fund	4,191,103	75,574	639,044	2,136	839,107	61,238	—	4,468,876
Vanguard Total Stock Market Index Fund	6,173,767	91,428	648,896	203,363	639,969	55,247	—	6,459,631
Total	36,515,100	814,566	2,522,930	120,742	2,259,646	496,557	1	37,210,828

1 Includes \$304,640,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

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

I. Management has determined that no events or transactions occurred subsequent to March 31, 2023, that would require recognition or disclosure in these financial statements.

Target Retirement 2020 Fund

Underlying Vanguard Funds

As of March 31, 2023

Vanguard Total Bond Market II Index Fund Investor Shares	32.1%
Vanguard Total Stock Market Index Fund Institutional Plus Shares	25.5
Vanguard Total International Stock Index Fund Investor Shares	17.2
Vanguard Total International Bond II Index Fund Institutional Shares	14.2
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	11.0

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2023

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value* (\$000)
Investment Companies (98.9%)		
U.S. Stock Fund (25.1%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	54,914,073	10,235,434
International Stock Fund (17.0%)		
Vanguard Total International Stock Index Fund Investor Shares	390,866,734	6,930,067
U.S. Bond Funds (42.7%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	1,346,165,021	12,923,184
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	185,241,631	4,434,685
		17,357,869
International Bond Fund (14.1%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	217,894,344	5,726,263
Total Investment Companies (Cost \$34,567,741)		40,249,633
Temporary Cash Investments (1.1%)		
Money Market Fund (1.1%)		
¹ Vanguard Market Liquidity Fund, 4.839% (Cost \$421,908)	4,220,533	422,011
Total Investments (100.0%) (Cost \$34,989,649)		40,671,644
Other Assets and Liabilities—Net (0.0%)		11,857
Net Assets (100%)		40,683,501

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 2023	1,969	226,281	5,689
E-mini S&P 500 Index	June 2023	992	205,233	12,034
				17,723

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

Statement of Assets and Liabilities

As of March 31, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$34,989,649)	40,671,644
Cash	25
Cash Collateral Pledged—Futures Contracts	15,550
Receivables for Investment Securities Sold	16,174
Receivables for Accrued Income	43,801
Receivables for Capital Shares Issued	20,096
Variation Margin Receivable—Futures Contracts	3,541
Total Assets	40,770,831
Liabilities	
Payables for Investment Securities Purchased	43,807
Payables for Capital Shares Redeemed	43,523
Total Liabilities	87,330
Net Assets	40,683,501

At March 31, 2023, net assets consisted of:

Paid-in Capital	34,350,527
Total Distributable Earnings (Loss)	6,332,974
Net Assets	40,683,501

Net Assets

Applicable to 1,531,107,296 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	40,683,501
Net Asset Value Per Share	\$26.57

Statement of Operations

Six Months Ended
March 31, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	515,045
Net Investment Income— Note B	515,045
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	1
Affiliated Funds Sold ¹	537,703
Futures Contracts	(32,928)
Realized Net Gain (Loss)	504,776
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	2,774,003
Futures Contracts	64,097
Change in Unrealized Appreciation (Depreciation)	2,838,100
Net Increase (Decrease) in Net Assets Resulting from Operations	3,857,921

¹ Includes \$159,357,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	515,045	947,441
Realized Net Gain (Loss)	504,776	1,480,701
Change in Unrealized Appreciation (Depreciation)	2,838,100	(9,865,534)
Net Increase (Decrease) in Net Assets Resulting from Operations	3,857,921	(7,437,392)
Distributions		
Total Distributions	(1,915,242)	(4,080,032)
Capital Share Transactions		
Issued	1,523,495	3,925,733
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2020 Fund—Note G	—	27,887,495
Issued in Lieu of Cash Distributions	1,876,939	3,912,325
Redeemed	(4,494,386)	(9,745,997)
Net Increase (Decrease) from Capital Share Transactions	(1,093,952)	25,979,556
Total Increase (Decrease)	848,727	14,462,132
Net Assets		
Beginning of Period	39,834,774	25,372,642
End of Period	40,683,501	39,834,774

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended March 31,	Year Ended September 30,				
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$25.37	\$36.04	\$33.79	\$32.24	\$32.14	\$31.19
Investment Operations						
Net Investment Income ¹	.333	.725	.613	.713	.778	.729
Capital Gain Distributions Received ¹	.000 ²	.033	.110	—	—	.002
Net Realized and Unrealized Gain (Loss) on Investments	2.131	(5.358)	3.680	1.987	.736	1.079
Total from Investment Operations	2.464	(4.600)	4.403	2.700	1.514	1.810
Distributions						
Dividends from Net Investment Income	(.654)	(.789)	(.554)	(.789)	(.745)	(.631)
Distributions from Realized Capital Gains	(.610)	(5.281)	(1.599)	(.361)	(.669)	(.229)
Total Distributions	(1.264)	(6.070)	(2.153)	(1.150)	(1.414)	(.860)
Net Asset Value, End of Period	\$26.57	\$25.37	\$36.04	\$33.79	\$32.24	\$32.14
Total Return³	9.98%	-15.83%	13.37%	8.51%	5.29%	5.87%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$40,684	\$39,835	\$25,373	\$31,887	\$32,790	\$33,114
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.13%	0.13%	0.13%	0.13%
Ratio of Net Investment Income to Average Net Assets	2.54%	2.48%	1.73%	2.21%	2.51%	2.30%
Portfolio Turnover Rate	2% ⁵	14% ⁵	5%	19%	13%	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 2020 Fund on February 11, 2022, the AFFE was 0.13% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

5 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

Notes to Financial Statements

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

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

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, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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

4. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. Credit Facilities and Interfund Lending Program: The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended March 31, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the six months ended March 31, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

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

At March 31, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2023, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	35,010,297
Gross Unrealized Appreciation	7,840,449
Gross Unrealized Depreciation	(2,161,379)
Net Unrealized Appreciation (Depreciation)	5,679,070

F. Capital shares issued and redeemed were:

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	Shares (000)	Shares (000)
Issued	57,893	132,504
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2020 Fund—Note G	—	937,710
Issued in Lieu of Cash Distributions	74,364	126,123
Redeemed	(171,570)	(329,983)
Net Increase (Decrease) in Shares Outstanding	(39,313)	866,354

Target Retirement 2020 Fund

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

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

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Mar. 31, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	500,087	NA ²	NA ²	9	86	8,881	1	422,011
Vanguard Short-Term Inflation-Protected Securities Index Fund	4,373,617	189,585	175,638	(6,831)	53,952	103,970	—	4,434,685
Vanguard Total Bond Market II Index Fund	12,595,113	397,915	506,438	(15,480)	452,074	176,676	—	12,923,184
Vanguard Total International Bond II Index Fund	5,745,903	39,433	217,622	(27,145)	185,694	39,434	—	5,726,263
Vanguard Total International Stock Index Fund	6,729,370	97,556	1,226,726	87,924	1,241,943	97,558	—	6,930,067
Vanguard Total Stock Market Index Fund	9,880,354	88,527	1,072,927	499,226	840,254	88,526	—	10,235,434
Total	39,824,444	813,016	3,199,351	537,703	2,774,003	515,045	1	40,671,644

1 Includes \$708,970,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

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

I. Management has determined that no events or transactions occurred subsequent to March 31, 2023, that would require recognition or disclosure in these financial statements.

Target Retirement 2025 Fund

Underlying Vanguard Funds

As of March 31, 2023

Vanguard Total Stock Market Index Fund Institutional Plus Shares	33.2%
Vanguard Total Bond Market II Index Fund Investor Shares	28.2
Vanguard Total International Stock Index Fund Investor Shares	22.4
Vanguard Total International Bond II Index Fund Institutional Shares	12.2
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	4.0

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2023

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value* (\$000)
Investment Companies (99.0%)		
U.S. Stock Fund (32.8%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	130,984,543	24,414,209
International Stock Fund (22.2%)		
Vanguard Total International Stock Index Fund Investor Shares	929,910,769	16,487,318
U.S. Bond Funds (31.9%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	2,165,761,541	20,791,311
Vanguard Short-Term Inflation-Protected Securities Index Fund Admiral Shares	122,762,157	2,938,926
		23,730,237
International Bond Fund (12.1%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	342,932,241	9,012,259
Total Investment Companies (Cost \$60,541,381)		73,644,023
Temporary Cash Investments (1.0%)		
Money Market Fund (1.0%)		
¹ Vanguard Market Liquidity Fund, 4.839% (Cost \$728,496)	7,287,149	728,642
Total Investments (100.0%) (Cost \$61,269,877)		74,372,665
Other Assets and Liabilities—Net (0.0%)		22,086
Net Assets (100%)		74,394,751

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 2023	4,401	505,771	13,064
E-mini S&P 500 Index	June 2023	1,098	227,163	12,978
				26,042

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

Statement of Assets and Liabilities

As of March 31, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$61,269,877)	74,372,665
Cash	5
Cash Collateral Pledged—Futures Contracts	22,205
Receivables for Investment Securities Sold	47,332
Receivables for Accrued Income	67,801
Receivables for Capital Shares Issued	59,558
Variation Margin Receivable—Futures Contracts	4,683
Total Assets	74,574,249
Liabilities	
Payables for Investment Securities Purchased	67,803
Payables for Capital Shares Redeemed	111,695
Total Liabilities	179,498
Net Assets	74,394,751

At March 31, 2023, net assets consisted of:

Paid-in Capital	60,747,048
Total Distributable Earnings (Loss)	13,647,703
Net Assets	74,394,751

Net Assets

Applicable to 4,235,997,860 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	74,394,751
Net Asset Value Per Share	\$17.56

Statement of Operations

Six Months Ended
March 31, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	849,654
Net Investment Income— Note B	849,654
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	3
Affiliated Funds Sold ¹	301,627
Futures Contracts	(53,516)
Realized Net Gain (Loss)	248,114
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	6,737,669
Futures Contracts	106,689
Change in Unrealized Appreciation (Depreciation)	6,844,358
Net Increase (Decrease) in Net Assets Resulting from Operations	7,942,126

¹ Includes \$402,345,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	849,654	1,430,621
Realized Net Gain (Loss)	248,114	1,472,838
Change in Unrealized Appreciation (Depreciation)	6,844,358	(17,396,559)
Net Increase (Decrease) in Net Assets Resulting from Operations	7,942,126	(14,493,100)
Distributions		
Total Distributions	(2,068,532)	(5,793,135)
Capital Share Transactions		
Issued	3,501,817	7,986,116
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2025 Fund—Note G	—	47,651,059
Issued in Lieu of Cash Distributions	2,031,055	5,596,269
Redeemed	(6,398,114)	(12,829,147)
Net Increase (Decrease) from Capital Share Transactions	(865,242)	48,404,297
Total Increase (Decrease)	5,008,352	28,118,062
Net Assets		
Beginning of Period	69,386,399	41,268,337
End of Period	74,394,751	69,386,399

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended March 31,		Year Ended September 30,			
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$16.20	\$22.84	\$20.56	\$19.34	\$19.02	\$18.25
Investment Operations						
Net Investment Income ¹	.200	.413	.362	.438	.464	.419
Capital Gain Distributions Received ¹	.000 ²	.019	.063	—	—	.001
Net Realized and Unrealized Gain (Loss) on Investments	1.654	(3.761)	2.792	1.292	.390	.807
Total from Investment Operations	1.854	(3.329)	3.217	1.730	.854	1.227
Distributions						
Dividends from Net Investment Income	(.368)	(.440)	(.356)	(.471)	(.434)	(.369)
Distributions from Realized Capital Gains	(.126)	(2.871)	(.581)	(.039)	(.100)	(.088)
Total Distributions	(.494)	(3.311)	(.937)	(.510)	(.534)	(.457)
Net Asset Value, End of Period	\$17.56	\$16.20	\$22.84	\$20.56	\$19.34	\$19.02
Total Return³	11.63%	-17.53%	15.93%	9.04%	4.89%	6.79%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$74,395	\$69,386	\$41,268	\$46,521	\$44,146	\$41,860
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.13%	0.13%	0.13%	0.13%
Ratio of Net Investment Income to Average Net Assets	2.35%	2.19%	1.63%	2.25%	2.51%	2.24%
Portfolio Turnover Rate	3% ⁵	14% ⁵	7%	21%	11%	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 2025 Fund on February 11, 2022, the AFFE was 0.13% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

5 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

Notes to Financial Statements

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

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

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, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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

4. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. Credit Facilities and Interfund Lending Program: The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended March 31, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the six months ended March 31, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

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

At March 31, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2023, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	61,351,330
Gross Unrealized Appreciation	16,721,405
Gross Unrealized Depreciation	(3,674,028)
Net Unrealized Appreciation (Depreciation)	13,047,377

F. Capital shares issued and redeemed were:

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	Shares (000)	Shares (000)
Issued	204,310	417,232
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2025 Fund—Note G	—	2,456,240
Issued in Lieu of Cash Distributions	122,574	275,136
Redeemed	(375,001)	(671,433)
Net Increase (Decrease) in Shares Outstanding	(48,117)	2,477,175

Target Retirement 2025 Fund

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

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

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Mar. 31, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	861,189	NA ²	NA ²	3	172	16,286	3	728,642
Vanguard Short-Term Inflation- Protected Securities Index Fund	2,333,592	634,405	60,151	(136)	31,216	59,926	—	2,938,926
Vanguard Total Bond Market II Index Fund	19,950,264	774,853	621,789	(11,225)	699,208	280,163	—	20,791,311
Vanguard Total International Bond II Index Fund	8,964,226	77,036	278,278	(30,265)	279,540	62,035	—	9,012,259
Vanguard Total International Stock Index Fund	14,785,436	237,249	1,545,172	(129,378)	3,139,183	225,092	—	16,487,318
Vanguard Total Stock Market Index Fund	22,470,930	206,153	1,323,852	472,628	2,588,350	206,152	—	24,414,209
Total	69,365,637	1,929,696	3,829,242	301,627	6,737,669	849,654	3	74,372,665

1 Includes \$1,376,870,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

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

I. Management has determined that no events or transactions occurred subsequent to March 31, 2023, that would require recognition or disclosure in these financial statements.

Target Retirement 2030 Fund

Underlying Vanguard Funds

As of March 31, 2023

Vanguard Total Stock Market Index Fund Institutional Plus Shares	38.1%
Vanguard Total International Stock Index Fund Investor Shares	26.1
Vanguard Total Bond Market II Index Fund Investor Shares	24.9
Vanguard Total International Bond II Index Fund Institutional Shares	10.9

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2023

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value* (\$000)
Investment Companies (99.0%)		
U.S. Stock Fund (37.8%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	163,550,520	30,484,182
International Stock Fund (25.9%)		
Vanguard Total International Stock Index Fund Investor Shares	1,177,961,538	20,885,258
U.S. Bond Fund (24.6%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	2,070,474,811	19,876,558
International Bond Fund (10.7%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	330,028,514	8,673,149
Total Investment Companies (Cost \$66,476,062)		79,919,147
Temporary Cash Investments (1.0%)		
Money Market Fund (1.0%)		
¹ Vanguard Market Liquidity Fund, 4.839% (Cost \$828,765)	8,290,016	828,919
Total Investments (100.0%) (Cost \$67,304,827)		80,748,066
Other Assets and Liabilities—Net (0.0%)		25,228
Net Assets (100%)		80,773,294

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

	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation) (\$000)
Long Futures Contracts				
10-Year U.S. Treasury Note	June 2023	3,745	430,383	13,278
E-mini S&P 500 Index	June 2023	1,980	409,637	22,654
				35,932

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

Statement of Assets and Liabilities

As of March 31, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$67,304,827)	80,748,066
Cash	5
Cash Collateral Pledged—Futures Contracts	30,605
Receivables for Investment Securities Sold	24,727
Receivables for Accrued Income	63,627
Receivables for Capital Shares Issued	89,097
Variation Margin Receivable—Futures Contracts	7,005
Total Assets	80,963,132
Liabilities	
Payables for Investment Securities Purchased	83,655
Payables for Capital Shares Redeemed	106,183
Total Liabilities	189,838
Net Assets	80,773,294

At March 31, 2023, net assets consisted of:

Paid-in Capital	66,607,422
Total Distributable Earnings (Loss)	14,165,872
Net Assets	80,773,294

Net Assets

Applicable to 2,436,856,852 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	80,773,294
Net Asset Value Per Share	\$33.15

Statement of Operations

Six Months Ended
March 31, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	868,040
Net Investment Income— Note B	868,040
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	3
Affiliated Funds Sold ¹	436,014
Futures Contracts	(65,455)
Realized Net Gain (Loss)	370,562
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	7,834,232
Futures Contracts	125,975
Change in Unrealized Appreciation (Depreciation)	7,960,207
Net Increase (Decrease) in Net Assets Resulting from Operations	9,198,809

¹ Includes \$543,653,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	868,040	1,349,350
Realized Net Gain (Loss)	370,562	1,416,136
Change in Unrealized Appreciation (Depreciation)	7,960,207	(18,554,899)
Net Increase (Decrease) in Net Assets Resulting from Operations	9,198,809	(15,789,413)
Distributions		
Total Distributions	(1,883,769)	(5,575,104)
Capital Share Transactions		
Issued	5,081,942	10,016,570
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2030 Fund—Note G	—	51,947,425
Issued in Lieu of Cash Distributions	1,854,906	5,417,389
Redeemed	(5,594,141)	(10,847,444)
Net Increase (Decrease) from Capital Share Transactions	1,342,707	56,533,940
Total Increase (Decrease)	8,657,747	35,169,423
Net Assets		
Beginning of Period	72,115,547	36,946,124
End of Period	80,773,294	72,115,547

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended March 31,		Year Ended September 30,			
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$30.12	\$43.40	\$37.63	\$35.22	\$34.74	\$32.93
Investment Operations						
Net Investment Income ¹	.361	.730	.679	.782	.830	.754
Capital Gain Distributions Received ¹	.000 ²	.028	.098	—	—	.001
Net Realized and Unrealized Gain (Loss) on Investments	3.463	(7.291)	6.031	2.495	.486	1.744
Total from Investment Operations	3.824	(6.533)	6.808	3.277	1.316	2.499
Distributions						
Dividends from Net Investment Income	(.643)	(.822)	(.661)	(.867)	(.767)	(.670)
Distributions from Realized Capital Gains	(.151)	(5.925)	(.377)	—	(.069)	(.019)
Total Distributions	(.794)	(6.747)	(1.038)	(.867)	(.836)	(.689)
Net Asset Value, End of Period	\$33.15	\$30.12	\$43.40	\$37.63	\$35.22	\$34.74
Total Return³	12.87%	-18.42%	18.29%	9.38%	4.15%	7.65%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$80,773	\$72,116	\$36,946	\$42,285	\$39,114	\$35,913
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.13%	0.14%	0.14%	0.14%
Ratio of Net Investment Income to Average Net Assets	2.25%	2.07%	1.62%	2.20%	2.46%	2.22%
Portfolio Turnover Rate	1% ⁵	11% ⁵	6%	21%	8%	9%

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. See Note G.

5 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

Notes to Financial Statements

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

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

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, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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

4. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. Credit Facilities and Interfund Lending Program: The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended March 31, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the six months ended March 31, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

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

At March 31, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2023, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	67,382,425
Gross Unrealized Appreciation	17,255,098
Gross Unrealized Depreciation	(3,853,525)
Net Unrealized Appreciation (Depreciation)	13,401,573

F. Capital shares issued and redeemed were:

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	Shares (000)	Shares (000)
Issued	157,623	280,621
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2030 Fund—Note G	—	1,421,270
Issued in Lieu of Cash Distributions	59,567	140,931
Redeemed	(174,468)	(299,972)
Net Increase (Decrease) in Shares Outstanding	42,722	1,542,850

Target Retirement 2030 Fund

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

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

	Current Period Transactions							Mar. 31, 2023 Market Value (\$000)
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	
Vanguard Market Liquidity Fund	925,032	NA ²	NA ²	17	172	17,543	3	828,919
Vanguard Total Bond Market II Index Fund	18,202,037	1,494,482	461,640	(10)	641,689	260,304	—	19,876,558
Vanguard Total International Bond II Index Fund	8,025,494	611,537	194,593	(13,307)	244,018	57,431	—	8,673,149
Vanguard Total International Stock Index Fund	17,780,277	401,981	967,980	(3,919)	3,674,899	278,120	—	20,885,258
Vanguard Total Stock Market Index Fund	27,143,585	426,654	812,744	453,233	3,273,454	254,642	—	30,484,182
Total	72,076,425	2,934,654	2,436,957	436,014	7,834,232	868,040	3	80,748,066

1 Includes \$1,561,540,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

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

I. Management has determined that no events or transactions occurred subsequent to March 31, 2023, that would require recognition or disclosure in these financial statements.

Target Retirement 2035 Fund

Underlying Vanguard Funds

As of March 31, 2023

Vanguard Total Stock Market Index Fund Institutional Plus Shares	42.4%
Vanguard Total International Stock Index Fund Investor Shares	29.1
Vanguard Total Bond Market II Index Fund Investor Shares	19.9
Vanguard Total International Bond II Index Fund Institutional Shares	8.6

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2023

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value* (\$000)
Investment Companies (98.7%)		
U.S. Stock Fund (41.8%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	180,233,796	33,593,777
International Stock Fund (28.8%)		
Vanguard Total International Stock Index Fund Investor Shares	1,304,093,854	23,121,584
U.S. Bond Fund (19.6%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	1,644,996,582	15,791,967
International Bond Fund (8.5%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	259,512,248	6,819,982
Total Investment Companies (Cost \$63,369,545)		79,327,310
Temporary Cash Investments (1.2%)		
Money Market Fund (1.2%)		
¹ Vanguard Market Liquidity Fund, 4.839% (Cost \$950,545)	9,508,071	950,712
Total Investments (99.9%) (Cost \$64,320,090)		80,278,022
Other Assets and Liabilities—Net (0.1%)		54,085
Net Assets (100%)		80,332,107

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

	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation) (\$000)
Long Futures Contracts				
10-Year U.S. Treasury Note	June 2023	3,833	440,495	13,196
E-mini S&P 500 Index	June 2023	2,562	530,046	30,126
				43,322

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

Statement of Assets and Liabilities

As of March 31, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$64,320,090)	80,278,022
Cash	1
Cash Collateral Pledged—Futures Contracts	37,325
Receivables for Investment Securities Sold	26,000
Receivables for Accrued Income	51,599
Receivables for Capital Shares Issued	103,796
Variation Margin Receivable—Futures Contracts	8,715
Total Assets	80,505,458
Liabilities	
Payables for Investment Securities Purchased	86,681
Payables for Capital Shares Redeemed	86,670
Total Liabilities	173,351
Net Assets	80,332,107

At March 31, 2023, net assets consisted of:

Paid-in Capital	63,607,212
Total Distributable Earnings (Loss)	16,724,895
Net Assets	80,332,107

Net Assets

Applicable to 3,918,664,027 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	80,332,107
Net Asset Value Per Share	\$20.50

Statement of Operations

Six Months Ended
March 31, 2023

(\$000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	852,740
Net Investment Income— Note B	852,740
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	3
Affiliated Funds Sold ¹	526,201
Futures Contracts	(66,367)
Realized Net Gain (Loss)	459,837
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	8,255,173
Futures Contracts	136,983
Change in Unrealized Appreciation (Depreciation)	8,392,156
Net Increase (Decrease) in Net Assets Resulting from Operations	9,704,733

¹ Includes \$613,571,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	852,740	1,332,204
Realized Net Gain (Loss)	459,837	1,417,350
Change in Unrealized Appreciation (Depreciation)	8,392,156	(18,674,595)
Net Increase (Decrease) in Net Assets Resulting from Operations	9,704,733	(15,925,041)
Distributions		
Total Distributions	(1,976,114)	(6,285,063)
Capital Share Transactions		
Issued	5,304,494	9,880,784
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2035 Fund—Note G	—	47,857,993
Issued in Lieu of Cash Distributions	1,946,585	6,115,959
Redeemed	(4,897,543)	(9,216,559)
Net Increase (Decrease) from Capital Share Transactions	2,353,536	54,638,177
Total Increase (Decrease)	10,082,155	32,428,073
Net Assets		
Beginning of Period	70,249,952	37,821,879
End of Period	80,332,107	70,249,952

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended March 31,		Year Ended September 30,			
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$18.50	\$27.25	\$23.16	\$21.60	\$21.46	\$20.20
Investment Operations						
Net Investment Income ¹	.222	.455	.430	.470	.500	.459
Capital Gain Distributions Received ¹	.000 ²	.014	.046	—	—	.001
Net Realized and Unrealized Gain (Loss) on Investments	2.301	(4.566)	4.244	1.614	.146	1.243
Total from Investment Operations	2.523	(4.097)	4.720	2.084	.646	1.703
Distributions						
Dividends from Net Investment Income	(.402)	(.559)	(.409)	(.524)	(.464)	(.410)
Distributions from Realized Capital Gains	(.121)	(4.094)	(.221)	—	(.042)	(.033)
Total Distributions	(.523)	(4.653)	(.630)	(.524)	(.506)	(.443)
Net Asset Value, End of Period	\$20.50	\$18.50	\$27.25	\$23.16	\$21.60	\$21.46
Total Return³	13.83%	-18.87%	20.60%	9.71%	3.37%	8.51%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$80,332	\$70,250	\$37,822	\$40,597	\$37,126	\$34,522
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.14%	0.14%	0.14%	0.14%
Ratio of Net Investment Income to Average Net Assets	2.24%	2.08%	1.64%	2.15%	2.42%	2.19%
Portfolio Turnover Rate	1% ⁵	9% ⁵	6%	18%	7%	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 2035 Fund on February 11, 2022, the AFFE was 0.14% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

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.

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

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, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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

4. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. Credit Facilities and Interfund Lending Program: The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended March 31, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the six months ended March 31, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

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

At March 31, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2023, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	64,412,790
Gross Unrealized Appreciation	19,070,526
Gross Unrealized Depreciation	(3,161,972)
Net Unrealized Appreciation (Depreciation)	15,908,554

F. Capital shares issued and redeemed were:

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	Shares (000)	Shares (000)
Issued	266,426	448,756
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2035 Fund—Note G	—	2,113,869
Issued in Lieu of Cash Distributions	101,437	256,327
Redeemed	(247,376)	(408,647)
Net Increase (Decrease) in Shares Outstanding	120,487	2,410,305

Target Retirement 2035 Fund

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

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

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Mar. 31, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	947,200	NA ²	NA ²	3	188	19,316	3	950,712
Vanguard Total Bond Market II Index Fund	14,118,599	1,549,480	386,046	2,466	507,468	204,371	—	15,791,967
Vanguard Total International Bond II Index Fund	6,157,142	615,792	132,615	(5,023)	184,686	44,614	—	6,819,982
Vanguard Total International Stock Index Fund	19,557,677	399,049	858,226	9,667	4,013,417	304,722	—	23,121,584
Vanguard Total Stock Market Index Fund	29,457,311	780,121	712,157	519,088	3,549,414	279,717	—	33,593,777
Total	70,237,929	3,344,442	2,089,044	526,201	8,255,173	852,740	3	80,278,022

1 Includes \$1,539,770,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

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

I. Management has determined that no events or transactions occurred subsequent to March 31, 2023, that would require recognition or disclosure in these financial statements.

Target Retirement 2040 Fund

Underlying Vanguard Funds

As of March 31, 2023

Vanguard Total Stock Market Index Fund Institutional Plus Shares	46.9%
Vanguard Total International Stock Index Fund Investor Shares	31.8
Vanguard Total Bond Market II Index Fund Investor Shares	15.0
Vanguard Total International Bond II Index Fund Institutional Shares	6.3

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

Financial Statements (unaudited)

Schedule of Investments

As of March 31, 2023

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value* (\$000)
Investment Companies (98.6%)		
U.S. Stock Fund (46.3%)		
Vanguard Total Stock Market Index Fund Institutional Plus Shares	173,879,554	32,409,409
International Stock Fund (31.3%)		
Vanguard Total International Stock Index Fund Investor Shares	1,237,565,430	21,942,035
U.S. Bond Fund (14.7%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	1,075,056,931	10,320,547
International Bond Fund (6.3%)		
¹ Vanguard Total International Bond II Index Fund Institutional Shares	166,625,441	4,378,917
Total Investment Companies (Cost \$54,837,352)		69,050,908
Temporary Cash Investments (1.3%)		
Money Market Fund (1.3%)		
¹ Vanguard Market Liquidity Fund, 4.839% (Cost \$900,967)	9,011,983	901,108
Total Investments (99.9%) (Cost \$55,738,319)		69,952,016
Other Assets and Liabilities—Net (0.1%)		39,905
Net Assets (100%)		69,991,921

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 2023	4,049	465,319	12,557
E-mini S&P 500 Index	June 2023	2,221	459,497	26,605
				39,162

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

Statement of Assets and Liabilities

As of March 31, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$55,738,319)	69,952,016
Cash Collateral Pledged—Futures Contracts	33,995
Receivables for Investment Securities Sold	15,000
Receivables for Accrued Income	34,670
Receivables for Capital Shares Issued	97,851
Variation Margin Receivable—Futures Contracts	7,805
Total Assets	70,141,337
Liabilities	
Payables for Investment Securities Purchased	77,297
Payables for Capital Shares Redeemed	72,119
Total Liabilities	149,416
Net Assets	69,991,921

At March 31, 2023, net assets consisted of:

Paid-in Capital	55,081,024
Total Distributable Earnings (Loss)	14,910,897
Net Assets	69,991,921

Net Assets

Applicable to 1,938,439,894 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	69,991,921
Net Asset Value Per Share	\$36.11

Statement of Operations

Six Months Ended
March 31, 2023

(\$'000)

Investment Income	
Income	
Income Distributions Received from Affiliated Funds	735,755
Net Investment Income— Note B	735,755
Realized Net Gain (Loss)	
Capital Gain Distributions Received from Affiliated Funds	2
Affiliated Funds Sold ¹	507,296
Futures Contracts	(56,391)
Realized Net Gain (Loss)	450,907
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	7,669,613
Futures Contracts	119,654
Change in Unrealized Appreciation (Depreciation)	7,789,267
Net Increase (Decrease) in Net Assets Resulting from Operations	8,975,929

¹ Includes \$624,480,000 of net gain (loss) resulting from in-kind redemptions.

Statement of Changes in Net Assets

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	735,755	1,122,991
Realized Net Gain (Loss)	450,907	1,265,818
Change in Unrealized Appreciation (Depreciation)	7,789,267	(16,607,438)
Net Increase (Decrease) in Net Assets Resulting from Operations	8,975,929	(14,218,629)
Distributions		
Total Distributions	(1,648,245)	(5,068,358)
Capital Share Transactions		
Issued	4,979,493	9,029,706
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2040 Fund—Note G	—	44,528,150
Issued in Lieu of Cash Distributions	1,625,528	4,930,722
Redeemed	(4,304,109)	(7,921,967)
Net Increase (Decrease) from Capital Share Transactions	2,300,912	50,566,611
Total Increase (Decrease)	9,628,596	31,279,624
Net Assets		
Beginning of Period	60,363,325	29,083,701
End of Period	69,991,921	60,363,325

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended March 31,		Year Ended September 30,			
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$32.25	\$48.29	\$40.07	\$37.27	\$37.26	\$34.73
Investment Operations						
Net Investment Income ¹	.389	.797	.764	.799	.850	.786
Capital Gain Distributions Received ¹	.000 ²	.017	.057	—	—	.001
Net Realized and Unrealized Gain (Loss) on Investments	4.357	(8.162)	8.312	2.892	(.005)	2.441
Total from Investment Operations	4.746	(7.348)	9.133	3.691	.845	3.228
Distributions						
Dividends from Net Investment Income	(.714)	(1.003)	(.719)	(.891)	(.779)	(.684)
Distributions from Realized Capital Gains	(.172)	(7.689)	(.194)	—	(.056)	(.014)
Total Distributions	(.886)	(8.692)	(.913)	(.891)	(.835)	(.698)
Net Asset Value, End of Period	\$36.11	\$32.25	\$48.29	\$40.07	\$37.27	\$37.26
Total Return³	14.91%	-19.42%	23.00%	9.96%	2.63%	9.37%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$69,992	\$60,363	\$29,084	\$32,404	\$29,043	\$26,445
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—	—
Acquired Fund Fees and Expenses	0.08%	0.09% ⁴	0.14%	0.14%	0.14%	0.14%
Ratio of Net Investment Income to Average Net Assets	2.23%	2.08%	1.66%	2.12%	2.38%	2.17%
Portfolio Turnover Rate	1% ⁵	7% ⁵	5%	13%	5%	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 2040 Fund on February 11, 2022, the AFFE was 0.14% on an annualized basis. Following the acquisition, the AFFE was 0.08% on an annualized basis. See Note G.

5 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares.

Notes to Financial Statements

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

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

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, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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

4. Distributions: Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. Credit Facilities and Interfund Lending Program: The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and borne by the funds in which the fund invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended March 31, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the fund and all other expenses incurred by the fund during the six months ended March 31, 2023, were borne by the underlying Vanguard funds in which the fund invests. The fund's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. The fund's SEC registrant (the Vanguard Chester Funds (the "Trust")), certain officers and trustees of the Trust, and The Vanguard Group Inc. (collectively, the "Defendants") were named in putative class action lawsuits filed in 2022 by certain investors (the "Plaintiffs") in the U.S. District Court for the Eastern District of Pennsylvania; these class action lawsuits were later consolidated into one action. The Plaintiffs assert claims related to their allegations that the Defendants improperly decided to lower minimum investment limits in 2020 for the Trust's Institutional Target Retirement funds for certain smaller retirement plan participants, which purportedly harmed certain investors in taxable accounts. The Plaintiffs seek damages and various other forms of relief. The Defendants do not agree with these allegations and claims and intend to vigorously defend against them.

D. Various inputs may be used to determine the value of the fund's investments and derivatives. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

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

At March 31, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

E. As of March 31, 2023, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	55,858,854
Gross Unrealized Appreciation	16,464,349
Gross Unrealized Depreciation	(2,332,025)
Net Unrealized Appreciation (Depreciation)	14,132,324

F. Capital shares issued and redeemed were:

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	Shares (000)	Shares (000)
Issued	142,305	233,751
Issued in Connection with Acquisition of Vanguard Institutional Target Retirement 2040 Fund—Note G	—	1,117,955
Issued in Lieu of Cash Distributions	48,264	117,203
Redeemed	(123,766)	(199,582)
Net Increase (Decrease) in Shares Outstanding	66,803	1,269,327

Target Retirement 2040 Fund

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

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

	Current Period Transactions							
	Sep. 30, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold ¹ (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	Mar. 31, 2023 Market Value (\$000)
Vanguard Market Liquidity Fund	814,453	NA ²	NA ²	4	163	17,214	2	901,108
Vanguard Total Bond Market II Index Fund	8,996,887	1,352,318	355,739	(10,668)	337,749	131,044	—	10,320,547
Vanguard Total International Bond II Index Fund	3,880,069	476,027	91,432	(1,037)	115,290	28,403	—	4,378,917
Vanguard Total International Stock Index Fund	18,622,532	496,401	1,018,492	(13,957)	3,855,551	291,427	—	21,942,035
Vanguard Total Stock Market Index Fund	28,037,857	1,157,164	679,426	532,954	3,360,860	267,667	—	32,409,409
Total	60,351,798	3,481,910	2,145,089	507,296	7,669,613	735,755	2	69,952,016

1 Includes \$1,437,150,000 of portfolio securities delivered as a result of in-kind redemptions of the fund's capital shares.

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

I. Management has determined that no events or transactions occurred subsequent to March 31, 2023, 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. 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, 2022, through December 31, 2022 (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.