

Semiannual Report | March 31, 2023

Vanguard PRIMECAP 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. This figure is known as the expense ratio. 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 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 and do not reflect transaction costs incurred by the fund for buying and selling securities. 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, including annual expense ratios, 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			
PRIMECAP Fund			
Investor Shares	\$1,000.00	\$1,175.60	\$2.06
Admiral™ Shares	1,000.00	1,176.00	1.68
Based on Hypothetical 5% Yearly Return			
PRIMECAP Fund			
Investor Shares	\$1,000.00	\$1,023.04	\$1.92
Admiral Shares	1,000.00	1,023.39	1.56

The calculations are based on expenses incurred in the most recent six-month period. The fund's annualized six-month expense ratios for that period are 0.38% for Investor Shares and 0.31% for Admiral Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio 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).

PRIMECAP Fund

Fund Allocation

As of March 31, 2023

Communication Services	6.2%
Consumer Discretionary	11.6
Consumer Staples	0.4
Energy	2.3
Financials	6.7
Health Care	31.1
Industrials	14.1
Information Technology	26.2
Materials	1.4

The table reflects the fund's investments, except for short-term investments. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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)		Shares	Market Value* (\$'000)
Common Stocks (97.1%)					
Communication Services (6.0%)					
* Alphabet Inc. Class A	11,851,340	1,229,339	MGM Resorts International	552,000	24,520
* Baidu Inc. ADR	5,414,548	817,164	* Carnival Corp.	2,054,065	20,849
* Alphabet Inc. Class C	6,833,320	710,665	* Ulta Beauty Inc.	21,000	11,459
* Walt Disney Co.	4,048,105	405,337	* O'Reilly Automotive Inc.	11,000	9,339
Activision Blizzard Inc.	3,950,000	338,080	* AutoZone Inc.	2,750	6,760
* Meta Platforms Inc. Class A	527,300	111,756			7,188,104
* Charter Communications Inc. Class A	195,400	69,877	Consumer Staples (0.4%)		
* T-Mobile US Inc.	349,440	50,613	Sysco Corp.	1,370,300	105,828
* Live Nation Entertainment Inc.	511,800	35,826	* Dollar Tree Inc.	661,600	94,973
* Netflix Inc.	78,500	27,120	Altria Group Inc.	612,900	27,348
* Altice USA Inc. Class A	1,001,500	3,425	Mowi ASA	417,100	7,715
* Comcast Corp. Class A	51,000	1,933	Constellation Brands Inc. Class A	25,700	5,805
* Roblox Corp. Class A	23,250	1,046	² Haleon plc ADR	548,000	4,461
Electronic Arts Inc.	5,700	687	Dollar General Corp.	20,400	4,293
Nintendo Co. Ltd.	17,500	680	Philip Morris International Inc.	43,300	4,211
		3,803,548			254,634
Consumer Discretionary (11.3%)			Energy (2.2%)		
* Tesla Inc.	6,275,800	1,301,977	Hess Corp.	4,863,510	643,637
Sony Group Corp. ADR	13,800,645	1,251,028	Pioneer Natural Resources Co.	2,294,300	468,588
* Alibaba Group Holding Ltd. ADR	9,903,277	1,011,917	EOG Resources Inc.	1,690,900	193,828
Ross Stores Inc.	7,889,800	837,344	* Transocean Ltd. (XNYS)	11,761,373	74,802
TJX Cos. Inc.	8,506,300	666,554	Schlumberger NV	694,100	34,800
* ¹ Mattel Inc.	27,302,838	502,645			1,414,935
¹ Whirlpool Corp.	2,993,302	395,176	Financials (6.5%)		
* Amazon.com Inc.	3,075,500	317,668	Wells Fargo & Co.	29,529,657	1,103,819
* Royal Caribbean Cruises Ltd.	2,585,047	168,804	Visa Inc. Class A	2,296,700	517,814
Bath & Body Works Inc.	3,528,014	129,055	JPMorgan Chase & Co.	3,797,800	494,891
* Flutter Entertainment plc (XDUB)	531,171	95,846	Marsh & McLennan Cos. Inc.	2,938,815	489,460
Marriott International Inc. Class A	451,410	74,952	Raymond James Financial Inc.	4,278,223	399,030
Hilton Worldwide Holdings Inc.	423,766	59,696	Bank of America Corp.	8,983,132	256,918
eBay Inc.	1,247,990	55,373	Fidelity National Information Services Inc.	2,754,100	149,630
Restaurant Brands International Inc.	808,900	54,310	Progressive Corp.	887,210	126,924
McDonald's Corp.	191,800	53,629	CME Group Inc.	620,068	118,755
* Burlington Stores Inc.	217,700	43,997	Mastercard Inc. Class A	308,300	112,039
* Victoria's Secret & Co.	1,177,271	40,204	Citigroup Inc.	1,959,200	91,867
* Las Vegas Sands Corp.	522,300	30,006	Northern Trust Corp.	975,200	85,944
Lowes's Cos. Inc.	125,000	24,996	* PayPal Holdings Inc.	903,500	68,612
			Goldman Sachs Group Inc.	150,000	49,067
			Charles Schwab Corp.	885,414	46,378

PRIMECAP Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Discover Financial Services	182,525	18,041	Otis Worldwide Corp.	1,372,260	115,819
Morgan Stanley	205,000	17,999	CSX Corp.	3,222,000	96,467
US Bancorp	414,900	14,957	JB Hunt Transport Services Inc.	515,900	90,520
		4,162,145	Rockwell Automation Inc.	171,000	50,180
Health Care (30.2%)			Deere & Co.	110,120	45,466
Eli Lilly & Co.	14,686,358	5,043,589	Honeywell International Inc.	228,300	43,633
*1 Biogen Inc.	9,005,701	2,503,855	Raytheon Technologies Corp.	387,070	37,906
Amgen Inc.	9,096,655	2,199,116	nVent Electric plc	880,400	37,804
AstraZeneca plc ADR	26,237,488	1,821,144	L3Harris Technologies Inc.	189,000	37,089
* Boston Scientific Corp.	26,418,844	1,321,735	AMETEK Inc.	221,000	32,118
Thermo Fisher Scientific Inc.	2,180,129	1,256,561	* Ryanair Holdings plc ADR	250,000	23,572
Novartis AG ADR	10,055,605	925,116	* Lyft Inc. Class A	2,142,900	19,865
Bristol-Myers Squibb Co.	11,819,323	819,197	* WillScot Mobile Mini Holdings Corp.	371,700	17,425
* BioMarin Pharmaceutical Inc.	6,604,288	642,201	Norfolk Southern Corp.	40,400	8,565
*2 BeiGene Ltd. ADR	2,297,790	495,243	* Uber Technologies Inc.	114,850	3,641
Roche Holding AG	1,707,013	487,766			8,709,497
Zimmer Biomet Holdings Inc.	2,379,000	307,367	Information Technology (25.4%)		
Abbott Laboratories	2,486,585	251,792	Texas Instruments Inc.	11,255,162	2,093,573
GSK plc ADR	6,786,850	241,476	Microsoft Corp.	6,841,410	1,972,378
CVS Health Corp.	2,247,040	166,978	* Adobe Inc.	4,462,557	1,719,736
* Elanco Animal Health Inc. (XNYS)	15,970,618	150,124	KLA Corp.	3,791,230	1,513,345
Agilent Technologies Inc.	771,606	106,744	Micron Technology Inc.	24,275,784	1,464,801
Stryker Corp.	357,850	102,155	Intel Corp.	41,212,418	1,346,410
Sanofi ADR	945,160	51,436	Oracle Corp.	9,269,770	861,347
Medtronic plc	620,160	49,997	Intuit Inc.	1,256,400	560,141
3 Siemens Healthineers AG	846,477	48,801	NetApp Inc.	8,563,411	546,774
* IQVIA Holdings Inc.	215,084	42,778	NVIDIA Corp.	1,874,030	520,549
Danaher Corp.	167,402	42,192	Analog Devices Inc.	2,595,690	511,922
* Edwards Lifesciences Corp.	492,100	40,711	QUALCOMM Inc.	3,468,196	442,472
Alcon Inc.	431,477	30,436	HP Inc.	13,185,546	386,996
* Seagen Inc.	110,256	22,324	* Splunk Inc.	3,928,158	376,632
* Waters Corp.	27,880	8,633	Hewlett Packard Enterprise Co.	17,753,982	282,821
UnitedHealth Group Inc.	8,685	4,104	Apple Inc.	1,610,000	265,489
Humana Inc.	5,576	2,707	Telefonaktiebolaget LM Ericsson ADR	40,512,241	236,997
* Zimvie Inc.	209,923	1,518	Cisco Systems Inc.	4,371,279	228,509
		19,187,796	Applied Materials Inc.	1,368,800	168,130
Industrials (13.7%)			Entegris Inc.	1,835,622	150,539
FedEx Corp.	8,800,958	2,010,931	* Corning Inc.	3,990,600	140,788
Siemens AG (Registered)	7,930,310	1,284,741	* Autodesk Inc.	424,200	88,301
Southwest Airlines Co.	25,729,948	837,253	* Palo Alto Networks Inc.	325,900	65,095
Airbus SE	4,524,737	604,358	*2 BlackBerry Ltd.	9,975,500	45,488
* United Airlines Holdings Inc.	12,332,333	545,706	* Western Digital Corp.	1,180,000	44,451
Caterpillar Inc.	1,937,508	443,379	Teradyne Inc.	339,100	36,457
* Delta Air Lines Inc.	11,355,680	396,540	* Keysight Technologies Inc.	184,000	29,712
United Parcel Service Inc. Class B (XNYS)	1,928,970	374,201	* Salesforce Inc.	103,500	20,677
Union Pacific Corp.	1,755,500	353,312	* VMware Inc. Class A	120,000	14,982
* American Airlines Group Inc.	19,302,113	284,706	Dell Technologies Inc. Class C	274,000	11,017
TransDigm Group Inc.	343,916	253,483	Marvell Technology Inc.	247,900	10,734
Textron Inc.	3,410,000	240,848	* Fortinet Inc.	68,005	4,520
* Alaska Air Group Inc.	3,600,130	151,061	Infineon Technologies AG ADR	75,000	3,072
Carrier Global Corp.	3,220,300	147,329	* Arista Networks Inc.	4,000	671
General Dynamics Corp.	532,750	121,579	* Okta Inc.	5,000	431
			* Unity Software Inc.	7,850	255
			* RingCentral Inc. Class A	6,000	184
					16,166,396

PRIMECAP Fund

	Shares	Market Value* (\$000)
Materials (1.4%)		
Glencore plc	37,983,549	218,565
Albemarle Corp.	882,935	195,164
DuPont de Nemours Inc.	2,000,656	143,587
Linde plc	259,300	92,166
Freeport-McMoRan Inc.	2,148,900	87,911
Corteva Inc.	1,219,216	73,531
Dow Inc.	1,339,817	73,449
		884,373
Total Common Stocks		
(Cost \$25,036,824)		61,771,428
Temporary Cash Investments (2.8%)		
Money Market Fund (2.8%)		
^{4,5} Vanguard Market Liquidity Fund, 4.839%		
(Cost \$1,737,521)	17,380,173	1,737,844
Total Investments (99.9%)		
(Cost \$26,774,345)		63,509,272
Other Assets and Liabilities—Net (0.1%)		85,938
Net Assets (100%)		63,595,210

Cost is in \$000.

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

1 Considered an affiliated company of the fund as the fund owns more than 5% of the outstanding voting securities of such company.

2 Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$9,996,000.

3 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2023, the aggregate value was \$48,801,000, representing 0.1% of net assets.

4 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

5 Collateral of \$10,648,000 was received for securities on loan. ADR—American Depositary Receipt.

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 ¹	
Unaffiliated Issuers (Cost \$23,826,545)	58,369,752
Affiliated Issuers (Cost \$2,947,800)	5,139,520
Total Investments in Securities	63,509,272
Investment in Vanguard	2,231
Cash	4,567
Receivables for Investment Securities Sold	71,043
Receivables for Accrued Income	70,418
Receivables for Capital Shares Issued	15,747
Total Assets	63,673,278
Liabilities	
Foreign Currency Due to Custodian, at Value (Proceeds \$0)	51
Payables for Investment Securities Purchased	25,500
Collateral for Securities on Loan	10,648
Payables to Investment Advisor	28,653
Payables for Capital Shares Redeemed	9,566
Payables to Vanguard	3,650
Total Liabilities	78,068
Net Assets	63,595,210

¹ Includes \$9,996,000 of securities on loan.

At March 31, 2023, net assets consisted of:

Paid-in Capital	24,824,208
Total Distributable Earnings (Loss)	38,771,002
Net Assets	63,595,210

Investor Shares—Net Assets

Applicable to 34,865,162 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	4,710,719
Net Asset Value Per Share—Investor Shares	\$135.11

Admiral Shares—Net Assets

Applicable to 420,688,666 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	58,884,491
Net Asset Value Per Share—Admiral Shares	\$139.97

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

Statement of Operations

Six Months Ended
March 31, 2023

(\$'000)

Investment Income	
Income	
Dividends—Unaffiliated Issuers ¹	495,991
Dividends—Affiliated Issuers	10,462
Interest—Unaffiliated Issuers	—
Interest—Affiliated Issuers	31,176
Securities Lending—Net	77
Total Income	537,706
Expenses	
Investment Advisory Fees—Note B	56,508
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	4,384
Management and Administrative—Admiral Shares	34,771
Marketing and Distribution—Investor Shares	85
Marketing and Distribution—Admiral Shares	823
Custodian Fees	1,228
Shareholders' Reports—Investor Shares	33
Shareholders' Reports—Admiral Shares	95
Trustees' Fees and Expenses	13
Other Expenses	6
Total Expenses	97,946
Expenses Paid Indirectly	(2)
Net Expenses	97,944
Net Investment Income	439,762
Realized Net Gain (Loss)	
Capital Gains Distributions Received – Affiliated Issuers	4
Investment Securities Sold—Unaffiliated Issuers	2,010,342
Investment Securities Sold—Affiliated Issuers	141
Foreign Currencies	4
Realized Net Gain (Loss)	2,010,491
Change in Unrealized Appreciation (Depreciation)	
Investment Securities—Unaffiliated Issuers	7,198,451
Investment Securities—Affiliated Issuers	75,994
Foreign Currencies	616
Change in Unrealized Appreciation (Depreciation)	7,275,061
Net Increase (Decrease) in Net Assets Resulting from Operations	9,725,314

¹ Dividends are net of foreign withholding taxes of \$15,698,000.

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	439,762	694,417
Realized Net Gain (Loss)	2,010,491	5,251,839
Change in Unrealized Appreciation (Depreciation)	7,275,061	(17,464,208)
Net Increase (Decrease) in Net Assets Resulting from Operations	9,725,314	(11,517,952)
Distributions		
Investor Shares	(408,795)	(553,707)
Admiral Shares	(5,062,138)	(6,487,189)
Total Distributions	(5,470,933)	(7,040,896)
Capital Share Transactions		
Investor Shares	143,348	(197,112)
Admiral Shares	3,356,514	659,600
Net Increase (Decrease) from Capital Share Transactions	3,499,862	462,488
Total Increase (Decrease)	7,754,243	(18,096,360)
Net Assets		
Beginning of Period	55,840,967	73,937,327
End of Period	63,595,210	55,840,967

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

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended March 31, 2023	Year Ended September 30,				
		2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$126.26	\$168.72	\$142.86	\$133.12	\$147.61	\$126.84
Investment Operations						
Net Investment Income ¹	.912	1.456	1.183	1.745	1.715	1.474
Net Realized and Unrealized Gain (Loss) on Investments	20.377	(27.430)	39.134	17.947	(6.495)	26.529
Total from Investment Operations	21.289	(25.974)	40.317	19.692	(4.780)	28.003
Distributions						
Dividends from Net Investment Income	(1.549)	(1.150)	(1.542)	(1.690)	(1.470)	(1.400)
Distributions from Realized Capital Gains	(10.890)	(15.336)	(12.915)	(8.262)	(8.240)	(5.833)
Total Distributions	(12.439)	(16.486)	(14.457)	(9.952)	(9.710)	(7.233)
Net Asset Value, End of Period	\$135.11	\$126.26	\$168.72	\$142.86	\$133.12	\$147.61
Total Return²	17.56%	-17.25%	29.74%	15.05%	-2.41%	22.86%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$4,711	\$4,243	\$5,878	\$5,697	\$6,095	\$7,126
Ratio of Total Expenses to Average Net Assets	0.38% ³	0.38% ³	0.38%	0.38%	0.38%	0.38%
Ratio of Net Investment Income to Average Net Assets	1.36%	0.95%	0.73%	1.31%	1.32%	1.08%
Portfolio Turnover Rate	3%	3%	5%	6%	5%	8%

The expense ratio and net investment income ratio for the current period have been annualized.

¹ Calculated based on average shares outstanding.

² 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.

³ The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.38%.

Financial Highlights

Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended March 31, 2023	Year Ended September 30,				
		2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$130.87	\$174.92	\$148.12	\$138.02	\$153.09	\$131.45
Investment Operations						
Net Investment Income ¹	.997	1.621	1.345	1.920	1.880	1.622
Net Realized and Unrealized Gain (Loss) on Investments	21.110	(28.426)	40.564	18.600	(6.756)	27.508
Total from Investment Operations	22.107	(26.805)	41.909	20.520	(4.876)	29.130
Distributions						
Dividends from Net Investment Income	(1.718)	(1.343)	(1.716)	(1.853)	(1.647)	(1.444)
Distributions from Realized Capital Gains	(11.289)	(15.902)	(13.393)	(8.567)	(8.547)	(6.046)
Total Distributions	(13.007)	(17.245)	(15.109)	(10.420)	(10.194)	(7.490)
Net Asset Value, End of Period	\$139.97	\$130.87	\$174.92	\$148.12	\$138.02	\$153.09

Total Return²	17.60%	-17.19%	29.83%	15.13%	-2.34%	22.95%
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Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$58,884	\$51,598	\$68,059	\$58,626	\$57,177	\$62,361
Ratio of Total Expenses to Average Net Assets	0.31% ³	0.31% ³	0.31%	0.31%	0.31%	0.31%
Ratio of Net Investment Income to Average Net Assets	1.43%	1.02%	0.80%	1.39%	1.39%	1.15%
Portfolio Turnover Rate	3%	3%	5%	6%	5%	8%

The expense ratio and net investment income ratio for the current period have been annualized.

¹ Calculated based on average shares outstanding.

² 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.

³ The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.31%.

Notes to Financial Statements

Vanguard PRIMECAP Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund offers two classes of shares: Investor Shares and Admiral Shares. Each of the share classes has different eligibility and minimum purchase requirements, and is designed for different types of investors.

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:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the valuation designee to represent fair value and subject to oversight by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value.
2. **Foreign Currency:** Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the fund's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).
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. **Securities Lending:** To earn additional income, the fund lends its securities to qualified institutional borrowers. Security loans are subject to termination by the fund at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The fund further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the fund may experience delays and costs in recovering the securities loaned. The fund invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the fund is entitled to all distributions made on or in respect of the loaned securities.

6. **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 included in Management and Administrative expenses on the fund's Statement of Operations. 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.

7. Other: Dividend income is recorded on the ex-dividend date. Non-cash dividends included in income, if any, are recorded at the fair value of the securities received. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. 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.

Taxes on foreign dividends and capital gains have been provided for in accordance with the fund's understanding of the applicable countries' tax rules and rates. Deferred foreign capital gains tax, if any, is accrued daily based upon net unrealized gains. The fund has filed tax reclaims for previously withheld taxes on dividends earned in certain European Union countries. These filings are subject to various administrative and judicial proceedings within these countries. Amounts related to these reclaims are recorded when there are no significant uncertainties as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment. Such tax reclaims and related professional fees, if any, are included in dividend income and other expenses, respectively.

Each class of shares has equal rights as to assets and earnings, except that each class separately bears certain class-specific expenses related to maintenance of shareholder accounts (included in Management and Administrative expenses) and shareholder reporting. Marketing and distribution expenses are allocated to each class of shares based on a method approved by the board of trustees. Income, other non-class-specific expenses, and gains and losses on investments are allocated to each class of shares based on its relative net assets.

B. PRIMECAP Management Company provides investment advisory services to the fund for a fee calculated at an annual percentage rate of average net assets. For the six months ended March 31, 2023, the investment advisory fee represented an effective annual basic rate of 0.18% of the fund's average net assets.

C. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund 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 and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At March 31, 2023, the fund had contributed to Vanguard capital in the amount of \$2,231,000, representing less than 0.01% of the fund's net assets and 0.89% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

D. The fund's custodian bank has agreed to reduce its fees when the fund maintains cash on deposit in the non-interest-bearing custody account. For the six months ended March 31, 2023, custodian fee offset arrangements reduced the fund's expenses by \$2,000 (an annual rate of less than 0.01% of average net assets).

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

The following table summarizes the market value of the fund's investments as of March 31, 2023, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stocks	59,022,956	2,748,472	—	61,771,428
Temporary Cash Investments	1,737,844	—	—	1,737,844
Total	60,760,800	2,748,472	—	63,509,272

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

	Amount (\$000)
Tax Cost	26,781,351
Gross Unrealized Appreciation	38,847,614
Gross Unrealized Depreciation	(2,119,693)
Net Unrealized Appreciation (Depreciation)	36,727,921

G. During the six months ended March 31, 2023, the fund purchased \$1,633,426,000 of investment securities and sold \$3,398,591,000 of investment securities, other than temporary cash investments.

H. Capital share transactions for each class of shares were:

	Six Months Ended March 31, 2023		Year Ended September 30, 2022	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	116,316	857	229,327	1,457
Issued in Lieu of Cash Distributions	388,809	3,083	527,986	3,387
Redeemed	(361,777)	(2,681)	(954,425)	(6,080)
Net Increase (Decrease)—Investor Shares	143,348	1,259	(197,112)	(1,236)

	Six Months Ended March 31, 2023		Year Ended September 30, 2022	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Admiral Shares				
Issued	949,014	7,009	1,600,922	10,130
Issued in Lieu of Cash Distributions	4,730,924	36,219	6,077,212	37,637
Redeemed	(2,323,424)	(16,802)	(7,018,534)	(42,598)
Net Increase (Decrease)—Admiral Shares	3,356,514	26,426	659,600	5,169

I. Certain of the fund's investments are in companies that are considered to be affiliated companies of the fund because the fund owns more than 5% of the outstanding voting securities of the company or the issuer is another member of The Vanguard Group. Transactions during the period in securities of these companies 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 (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	
Biogen Inc.	2,381,790	24,556	933	208	98,234	—	—	2,503,855
Mattel Inc.	517,760	—	674	(83)	(14,358)	—	—	502,645
Vanguard Market Liquidity Fund	1,696,764	NA ¹	NA ¹	143	202	31,176	4	1,737,844
Whirlpool Corp.	403,733	1,025	1,372	(127)	(8,084)	10,462	—	395,176
Total	5,000,047	25,581	2,979	141	75,994	41,638	4	5,139,520

¹ Not applicable—purchases and sales are for temporary cash investment purposes.

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

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 Vanguard PRIMECAP Fund's Program 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 fund’s liquidity risk.

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