

Semiannual Report | June 30, 2021

Vanguard Variable Insurance Funds

Mid-Cap Index Portfolio

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About Your Portfolio's Expenses

As a shareholder of the portfolio, 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 portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio'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 portfolio 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 portfolio's costs in two ways:

- **Based on actual portfolio 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 portfolio'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 portfolio. 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 portfolio under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio 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 portfolio'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 portfolio'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 portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

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 portfolio'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 portfolio's current prospectus.

Six Months Ended June 30, 2021

| Mid-Cap Index Portfolio | Beginning Account Value 12/31/2020 | Ending Account Value 6/30/2021 | Expenses Paid During Period |
|--|--|--------------------------------------|-----------------------------------|
| Based on Actual Portfolio Return | \$1,000.00 | \$1,152.40 | \$0.91 |
| Based on Hypothetical 5% Yearly Return | 1,000.00 | 1,023.95 | 0.85 |

The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.17%. 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 (181/365).

Mid-Cap Index Portfolio

Portfolio Allocation

As of June 30, 2021

| | |
|------------------------|------|
| Basic Materials | 3.3% |
| Consumer Discretionary | 15.8 |
| Consumer Staples | 3.9 |
| Energy | 4.3 |
| Financials | 11.2 |
| Health Care | 11.7 |
| Industrials | 14.6 |
| Real Estate | 8.6 |
| Technology | 18.7 |
| Telecommunications | 2.2 |
| Utilities | 5.7 |

The table reflects the portfolio's investments, except for short-term investments and derivatives. Sector categories are based on the Industry Classification Benchmark ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

The portfolio may invest in derivatives (such as futures and swap contracts) for various reasons, including, but not limited to, attempting to remain fully invested and tracking its target index as closely as possible.

The Industry Classification Benchmark ("ICB") is owned by FTSE. FTSE does not accept any liability to any person for any loss or damage arising out of any error or omission in the ICB.

Financial Statements (unaudited)

Schedule of Investments

As of June 30, 2021

The portfolio 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 portfolio'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 (100.0%) | | | | | |
| Basic Materials (3.3%) | | | | | |
| International Flavors & Fragrances Inc. | 92,655 | 13,843 | * Live Nation Entertainment Inc. | 52,619 | 4,609 |
| Fastenal Co. | 213,702 | 11,112 | Hasbro Inc. | 48,588 | 4,593 |
| Nucor Corp. | 111,353 | 10,682 | Fox Corp. Class A | 121,200 | 4,500 |
| International Paper Co. | 145,752 | 8,936 | BorgWarner Inc. | 89,040 | 4,322 |
| Albemarle Corp. | 43,446 | 7,319 | * Discovery Inc. Class C | 117,112 | 3,394 |
| Avery Dennison Corp. | 30,890 | 6,494 | L Brands Inc. | 41,500 | 2,990 |
| Celanese Corp. | 41,967 | 6,362 | Rollins Inc. | 81,717 | 2,795 |
| Eastman Chemical Co. | 50,725 | 5,922 | * American Airlines Group Inc. | 120,351 | 2,553 |
| FMC Corp. | 48,006 | 5,194 | * Liberty Media Corp.-Liberty SiriusXM Class C | 53,336 | 2,474 |
| LyondellBasell Industries NV Class A | 49,797 | 5,123 | Interpublic Group of Cos. Inc. | 73,701 | 2,395 |
| CF Industries Holdings Inc. | 39,494 | 2,032 | * Vail Resorts Inc. | 7,552 | 2,390 |
| Westlake Chemical Corp. | 6,047 | 545 | GameStop Corp. Class A | 11,100 | 2,377 |
| | | | * Penn National Gaming Inc. | 29,200 | 2,233 |
| | | | * Chewy Inc. Class A | 27,620 | 2,202 |
| | | | Fox Corp. Class B | 57,068 | 2,009 |
| | | | Sirius XM Holdings Inc. | 304,800 | 1,993 |
| | | 83,564 | Lear Corp. | 11,329 | 1,986 |
| Consumer Discretionary (15.8%) | | | * Discovery Inc. Class A | 59,304 | 1,819 |
| * Chipotle Mexican Grill Inc. | 10,448 | 16,198 | Aramark | 47,749 | 1,779 |
| * Aptiv plc | 100,651 | 15,835 | * QuantumScape Corp. Class A | 48,068 | 1,406 |
| * Trade Desk Inc. Class A | 160,800 | 12,439 | * Liberty Media Corp.-Liberty SiriusXM Class A | 29,745 | 1,386 |
| * Peloton Interactive Inc. Class A | 95,000 | 11,782 | Warner Music Group Corp. Class A | 34,867 | 1,257 |
| DR Horton Inc. | 120,739 | 10,911 | Lennar Corp. Class B | 6,899 | 562 |
| * Copart Inc. | 79,230 | 10,445 | ViacomCBS Inc. Class A | 2,790 | 135 |
| *,1 AMC Entertainment Holdings Inc. Class A | 183,600 | 10,406 | News Corp. Class B | 3,475 | 85 |
| * Delta Air Lines Inc. | 237,800 | 10,287 | * Endeavor Group Holdings Inc. Class A | 426 | 12 |
| Lennar Corp. Class A | 101,692 | 10,103 | | | |
| * Etsy Inc. | 47,300 | 9,736 | | | |
| ViacomCBS Inc. Class B | 215,141 | 9,724 | | | 404,398 |
| Best Buy Co. Inc. | 83,830 | 9,639 | Consumer Staples (3.9%) | | |
| * Wayfair Inc. Class A | 27,513 | 8,686 | Corteva Inc. | 274,769 | 12,186 |
| * Dollar Tree Inc. | 87,044 | 8,661 | Clorox Co. | 46,311 | 8,332 |
| * Expedia Group Inc. | 52,649 | 8,619 | McCormick & Co. Inc. (Non-Voting) | 92,626 | 8,181 |
| Garmin Ltd. | 57,246 | 8,280 | Tyson Foods Inc. Class A | 109,715 | 8,093 |
| * Carnival Corp. | 307,916 | 8,117 | Church & Dwight Co. Inc. | 91,230 | 7,775 |
| * Lululemon Athletica Inc. | 22,072 | 8,056 | Conagra Brands Inc. | 178,614 | 6,498 |
| Tractor Supply Co. | 42,913 | 7,984 | Archer-Daniels-Midland Co. | 104,000 | 6,302 |
| * Burlington Stores Inc. | 24,760 | 7,972 | AmerisourceBergen Corp. | 53,524 | 6,128 |
| * CarMax Inc. | 60,677 | 7,836 | Kellogg Co. | 95,020 | 6,113 |
| * Caesars Entertainment Inc. | 73,800 | 7,657 | McKesson Corp. | 29,400 | 5,622 |
| * Take-Two Interactive Software Inc. | 42,997 | 7,611 | J M Smucker Co. | 38,780 | 5,025 |
| * Ulta Beauty Inc. | 20,572 | 7,113 | Kroger Co. | 126,804 | 4,858 |
| Darden Restaurants Inc. | 48,694 | 7,109 | Hormel Foods Corp. | 100,587 | 4,803 |
| * Royal Caribbean Cruises Ltd. | 80,543 | 6,869 | Lamb Weston Holdings Inc. | 54,413 | 4,389 |
| Genuine Parts Co. | 53,783 | 6,802 | Campbell Soup Co. | 73,158 | 3,335 |
| Domino's Pizza Inc. | 14,459 | 6,745 | * Molson Coors Beverage Co. Class B | 33,908 | 1,820 |
| MGM Resorts International | 155,096 | 6,615 | | | |
| Omnicom Group Inc. | 80,144 | 6,411 | | | 99,460 |
| * NVR Inc. | 1,283 | 6,381 | Energy (4.3%) | | |
| * United Airlines Holdings Inc. | 120,304 | 6,291 | Pioneer Natural Resources Co. | 81,695 | 13,277 |
| * Hilton Worldwide Holdings Inc. | 51,800 | 6,248 | Valero Energy Corp. | 152,100 | 11,876 |
| * AutoZone Inc. | 4,142 | 6,181 | Occidental Petroleum Corp. | 330,000 | 10,319 |
| * Southwest Airlines Co. | 109,900 | 5,835 | ONEOK Inc. | 165,782 | 9,224 |
| * Lyft Inc. Class A | 95,398 | 5,770 | Hess Corp. | 103,336 | 9,023 |
| * DraftKings Inc. Class A | 104,466 | 5,450 | * Cheniere Energy Inc. | 84,920 | 7,366 |
| Whirlpool Corp. | 23,316 | 5,083 | Marathon Petroleum Corp. | 121,379 | 7,334 |
| PulteGroup Inc. | 92,928 | 5,071 | Halliburton Co. | 314,455 | 7,270 |
| Advance Auto Parts Inc. | 24,386 | 5,003 | * Plug Power Inc. | 211,500 | 7,231 |
| News Corp. Class A | 183,921 | 4,740 | Phillips 66 | 81,500 | 6,995 |
| * Wynn Resorts Ltd. | 38,750 | 4,739 | Baker Hughes Co. | 273,512 | 6,255 |
| * LKQ Corp. | 95,538 | 4,702 | Williams Cos. Inc. | 226,064 | 6,002 |

Mid-Cap Index Portfolio

| | Shares | Market Value* (\$000) | | Shares | Market Value* (\$000) |
|--|---------|--------------------------|---|---------|--------------------------|
| * Enphase Energy Inc. | 22,700 | 4,169 | Cooper Cos. Inc. | 18,307 | 7,255 |
| Devon Energy Corp. | 125,900 | 3,675 | Teleflex Inc. | 17,418 | 6,998 |
| | | 110,016 | * Insulet Corp. | 24,700 | 6,780 |
| Financials (11.2%) | | | Viartis Inc. | 449,857 | 6,428 |
| MSCI Inc. | 29,129 | 15,528 | Quest Diagnostics Inc. | 48,592 | 6,413 |
| Discover Financial Services | 113,432 | 13,418 | * Hologic Inc. | 95,389 | 6,364 |
| First Republic Bank | 65,630 | 12,284 | Cardinal Health Inc. | 108,023 | 6,167 |
| * SVB Financial Group | 20,167 | 11,221 | * Elanco Animal Health Inc. | 176,040 | 6,107 |
| Willis Towers Watson plc | 47,967 | 11,033 | * Incyte Corp. | 69,581 | 5,854 |
| Arthur J Gallagher & Co. | 76,700 | 10,744 | * 10X Genomics Inc. Class A | 29,200 | 5,718 |
| Ameriprise Financial Inc. | 43,092 | 10,725 | * BioMarin Pharmaceutical Inc. | 67,814 | 5,658 |
| State Street Corp. | 123,009 | 10,121 | * ABIOMED Inc. | 16,855 | 5,261 |
| Fifth Third Bancorp | 261,966 | 10,015 | DENTSPLY SIRONA Inc. | 81,273 | 5,141 |
| Northern Trust Corp. | 73,630 | 8,513 | Royalty Pharma plc Class A | 117,004 | 4,796 |
| Hartford Financial Services Group Inc. | 132,912 | 8,237 | Universal Health Services Inc. Class B | 27,563 | 4,036 |
| Huntington Bancshares Inc. | 549,433 | 7,840 | * Henry Schein Inc. | 52,390 | 3,887 |
| American International Group Inc. | 159,700 | 7,602 | * Novocure Ltd. | 16,400 | 3,638 |
| Nasdaq Inc. | 42,726 | 7,511 | * Catalent Inc. | 31,600 | 3,417 |
| KeyCorp | 361,236 | 7,459 | * DaVita Inc. | 25,728 | 3,098 |
| Citizens Financial Group Inc. | 158,550 | 7,273 | * Oak Street Health Inc. | 44,505 | 2,607 |
| Regions Financial Corp. | 357,793 | 7,220 | * Bio-Rad Laboratories Inc. Class A | 3,853 | 2,482 |
| Broadridge Financial Solutions Inc. | 43,192 | 6,977 | * PPD Inc. | 46,177 | 2,128 |
| M&T Bank Corp. | 47,886 | 6,958 | * agilon health Inc. | 21,800 | 884 |
| Ally Financial Inc. | 137,908 | 6,873 | * GoodRx Holdings Inc. Class A | 21,975 | 791 |
| Cincinnati Financial Corp. | 57,004 | 6,648 | | | 301,581 |
| Principal Financial Group Inc. | 101,264 | 6,399 | Industrials (14.6%) | | |
| MarketAxess Holdings Inc. | 13,426 | 6,224 | Carrier Global Corp. | 323,405 | 15,717 |
| KKR & Co. Inc. | 102,772 | 6,088 | IHS Markit Ltd. | 133,493 | 15,039 |
| * Markel Corp. | 5,124 | 6,081 | Cintas Corp. | 33,281 | 12,713 |
| Raymond James Financial Inc. | 46,058 | 5,983 | * TransDigm Group Inc. | 19,392 | 12,552 |
| * Arch Capital Group Ltd. | 142,748 | 5,559 | * Mettler-Toledo International Inc. | 8,656 | 11,991 |
| Equitable Holdings Inc. | 159,413 | 4,854 | AMETEK Inc. | 85,922 | 11,471 |
| Cboe Global Markets Inc. | 39,670 | 4,723 | Equifax Inc. | 45,321 | 10,855 |
| FactSet Research Systems Inc. | 14,057 | 4,718 | * Keysight Technologies Inc. | 68,720 | 10,611 |
| Annaly Capital Management Inc. | 520,590 | 4,623 | * Zebra Technologies Corp. Class A | 19,960 | 10,569 |
| Loews Corp. | 83,233 | 4,549 | Verisk Analytics Inc. | 60,321 | 10,539 |
| Fidelity National Financial Inc. | 102,144 | 4,439 | Synchrony Financial | 216,400 | 10,500 |
| Everest Re Group Ltd. | 14,824 | 3,736 | Ball Corp. | 122,142 | 9,896 |
| W R Berkley Corp. | 49,456 | 3,681 | Old Dominion Freight Line Inc. | 38,805 | 9,849 |
| Franklin Resources Inc. | 112,647 | 3,604 | * Generac Holdings Inc. | 23,400 | 9,715 |
| Tradeweb Markets Inc. Class A | 39,000 | 3,298 | Kansas City Southern | 33,800 | 9,578 |
| Globe Life Inc. | 34,507 | 3,287 | * United Rentals Inc. | 26,978 | 8,606 |
| * Opendoor Technologies Inc. | 161,200 | 2,858 | Vulcan Materials Co. | 49,412 | 8,601 |
| Lincoln National Corp. | 33,536 | 2,107 | Fortive Corp. | 119,711 | 8,349 |
| Interactive Brokers Group Inc. Class A | 30,350 | 1,995 | Martin Marietta Materials Inc. | 23,216 | 8,168 |
| * Alleghany Corp. | 2,497 | 1,666 | Dover Corp. | 53,543 | 8,064 |
| AGNC Investment Corp. | 97,601 | 1,648 | Xylem Inc. | 66,968 | 8,033 |
| SEI Investments Co. | 24,233 | 1,502 | Expeditors International of Washington Inc. | 62,818 | 7,953 |
| ¹ UWM Holdings Corp. | 30,700 | 259 | * FleetCor Technologies Inc. | 31,057 | 7,952 |
| | | 288,081 | * Waters Corp. | 22,928 | 7,924 |
| Health Care (11.7%) | | | TransUnion | 71,203 | 7,819 |
| * IDEXX Laboratories Inc. | 31,746 | 20,049 | * Trimble Inc. | 93,404 | 7,643 |
| * IQVIA Holdings Inc. | 71,273 | 17,271 | * Teledyne Technologies Inc. | 17,300 | 7,246 |
| * Veeva Systems Inc. Class A | 51,338 | 15,964 | WW Grainger Inc. | 16,463 | 7,211 |
| * Centene Corp. | 216,860 | 15,816 | * Ingersoll Rand Inc. | 140,412 | 6,853 |
| * Dexcom Inc. | 35,993 | 15,369 | Otis Worldwide Corp. | 79,796 | 6,525 |
| ResMed Inc. | 54,184 | 13,357 | Jacobs Engineering Group Inc. | 48,480 | 6,468 |
| * Laboratory Corp. of America Holdings | 36,320 | 10,019 | Rockwell Automation Inc. | 21,574 | 6,171 |
| West Pharmaceutical Services Inc. | 27,500 | 9,875 | Textron Inc. | 84,018 | 5,778 |
| Cerner Corp. | 112,148 | 8,765 | Masco Corp. | 94,428 | 5,563 |
| * Teladoc Health Inc. | 51,800 | 8,614 | Westinghouse Air Brake Technologies Corp. | 66,855 | 5,502 |
| * Align Technology Inc. | 14,014 | 8,563 | Westrock Co. | 99,303 | 5,285 |
| * Seagen Inc. | 50,644 | 7,996 | Fortune Brands Home & Security Inc. | 51,576 | 5,137 |
| * Exact Sciences Corp. | 64,048 | 7,962 | JB Hunt Transport Services Inc. | 31,469 | 5,128 |
| * Horizon Therapeutics plc | 83,600 | 7,828 | Crown Holdings Inc. | 50,163 | 5,127 |
| * Alexion Pharmaceuticals Inc. | 41,091 | 7,549 | Packaging Corp. of America | 35,308 | 4,781 |
| * Alnylam Pharmaceuticals Inc. | 43,733 | 7,414 | CH Robinson Worldwide Inc. | 49,490 | 4,636 |
| STERIS plc | 35,200 | 7,262 | Snap-on Inc. | 20,157 | 4,504 |
| | | | Western Union Co. | 152,226 | 3,497 |

Mid-Cap Index Portfolio

| | Shares | Market Value* (\$000) | | Shares | Market Value* (\$000) |
|--|---------|-----------------------|--|---------|-----------------------|
| HEICO Corp. Class A | 27,099 | 3,365 | * VeriSign Inc. | 35,631 | 8,113 |
| Cognex Corp. | 30,941 | 2,601 | * Pinterest Inc. Class A | 101,804 | 8,037 |
| * XPO Logistics Inc. | 18,101 | 2,532 | * Palantir Technologies Inc. Class A | 302,320 | 7,969 |
| Jack Henry & Associates Inc. | 13,860 | 2,266 | * Slack Technologies Inc. Class A | 177,603 | 7,868 |
| HEICO Corp. | 16,169 | 2,254 | * Western Digital Corp. | 108,328 | 7,710 |
| * Mohawk Industries Inc. | 10,319 | 1,983 | * Gartner Inc. | 30,437 | 7,372 |
| Hubbell Inc. Class B | 10,232 | 1,912 | * Coupa Software Inc. | 27,400 | 7,182 |
| * Affirm Holdings Inc. Class A | 19,223 | 1,295 | * Akamai Technologies Inc. | 60,652 | 7,072 |
| * Marqeta Inc. Class A | 17,897 | 502 | * Hewlett Packard Enterprise Co. | 484,068 | 7,058 |
| | | | * Paycom Software Inc. | 18,992 | 6,903 |
| | | 374,829 | * Tyler Technologies Inc. | 15,200 | 6,876 |
| Real Estate (8.6%) | | | NetApp Inc. | 82,880 | 6,781 |
| Digital Realty Trust Inc. | 104,775 | 15,764 | Seagate Technology Holdings plc | 76,690 | 6,743 |
| SBA Communications Corp. | 40,705 | 12,973 | * Zscaler Inc. | 27,800 | 6,007 |
| Welltower Inc. | 155,414 | 12,915 | * SS&C Technologies Holdings Inc. | 80,861 | 5,827 |
| * CoStar Group Inc. | 146,840 | 12,161 | * Unity Software Inc. | 51,998 | 5,711 |
| AvalonBay Communities Inc. | 51,959 | 10,843 | NortonLifeLock Inc. | 204,963 | 5,579 |
| Equity Residential | 132,236 | 10,182 | Citrix Systems Inc. | 46,353 | 5,436 |
| * CBRE Group Inc. Class A | 118,719 | 10,178 | * GoDaddy Inc. Class A | 62,397 | 5,426 |
| Alexandria Real Estate Equities Inc. | 54,883 | 9,985 | * IAC/InterActiveCorp | 29,470 | 4,543 |
| Weyerhaeuser Co. | 278,821 | 9,597 | * Black Knight Inc. | 55,385 | 4,319 |
| Realty Income Corp. | 138,969 | 9,275 | * MongoDB Inc. Class A | 10,957 | 3,961 |
| Extra Space Storage Inc. | 49,792 | 8,157 | * Bentley Systems Inc. Class B | 59,200 | 3,835 |
| Simon Property Group Inc. | 61,133 | 7,977 | * Dropbox Inc. Class A | 112,386 | 3,406 |
| Ventas Inc. | 139,600 | 7,971 | * Zendesk Inc. | 22,200 | 3,204 |
| Invitation Homes Inc. | 211,174 | 7,875 | * ON Semiconductor Corp. | 79,500 | 3,043 |
| * Zillow Group Inc. Class C | 59,800 | 7,309 | Monolithic Power Systems Inc. | 8,063 | 3,011 |
| Essex Property Trust Inc. | 24,228 | 7,269 | * IPG Photonics Corp. | 12,891 | 2,717 |
| Mid-America Apartment Communities Inc. | 42,638 | 7,181 | Leidos Holdings Inc. | 26,200 | 2,649 |
| Sun Communities Inc. | 41,588 | 7,128 | * F5 Networks Inc. | 11,131 | 2,078 |
| Healthpeak Properties Inc. | 200,609 | 6,678 | * ZoomInfo Technologies Inc. Class A | 36,508 | 1,905 |
| Duke Realty Corp. | 139,599 | 6,610 | * Vimeo Inc. | 24,193 | 1,186 |
| Boston Properties Inc. | 52,274 | 5,990 | * Bumble Inc. Class A | 20,051 | 1,155 |
| UDR Inc. | 110,450 | 5,410 | * AppLovin Corp. Class A | 12,107 | 910 |
| WP Carey Inc. | 66,127 | 4,934 | * Qualtrics International Inc. Class A | 9,964 | 381 |
| Camden Property Trust | 36,330 | 4,820 | | | 480,421 |
| Iron Mountain Inc. | 107,463 | 4,548 | Telecommunications (2.2%) | | |
| * Host Hotels & Resorts Inc. | 130,158 | 2,224 | Motorola Solutions Inc. | 63,131 | 13,690 |
| * Zillow Group Inc. Class A | 16,500 | 2,022 | * Roku Inc. Class A | 21,396 | 9,826 |
| Regency Centers Corp. | 31,299 | 2,005 | * Liberty Broadband Corp. Class C | 56,539 | 9,818 |
| VEREIT Inc. | 43,098 | 1,980 | * Arista Networks Inc. | 21,290 | 7,714 |
| | | 221,961 | Lumen Technologies Inc. | 409,887 | 5,570 |
| Technology (18.7%) | | | * DISH Network Corp. Class A | 90,931 | 3,801 |
| * DocuSign Inc. | 68,800 | 19,234 | * Altice USA Inc. Class A | 81,577 | 2,785 |
| Marvell Technology Inc. | 297,838 | 17,373 | Juniper Networks Inc. | 60,139 | 1,645 |
| * Synopsys Inc. | 56,761 | 15,654 | * Liberty Broadband Corp. Class A | 8,986 | 1,511 |
| * Match Group Inc. | 95,504 | 15,400 | Ubiquiti Inc. | 2,366 | 739 |
| Microchip Technology Inc. | 101,789 | 15,242 | | | 57,099 |
| Amphenol Corp. Class A | 222,452 | 15,218 | Utilities (5.7%) | | |
| * Cadence Design Systems Inc. | 103,545 | 14,167 | Waste Connections Inc. | 97,387 | 11,631 |
| Xilinx Inc. | 91,515 | 13,237 | WEC Energy Group Inc. | 117,363 | 10,439 |
| * Okta Inc. Class A | 53,377 | 13,060 | American Water Works Co. Inc. | 67,562 | 10,413 |
| * Palo Alto Networks Inc. | 34,466 | 12,789 | Eversource Energy | 127,784 | 10,253 |
| * Fortinet Inc. | 51,670 | 12,307 | DTE Energy Co. | 71,996 | 9,331 |
| Skyworks Solutions Inc. | 61,429 | 11,779 | Consolidated Edison Inc. | 127,539 | 9,147 |
| Corning Inc. | 285,245 | 11,667 | Edison International | 141,241 | 8,167 |
| * ANSYS Inc. | 32,442 | 11,259 | PPL Corp. | 271,967 | 7,607 |
| Maxim Integrated Products Inc. | 99,889 | 10,524 | Ameren Corp. | 95,006 | 7,604 |
| * EPAM Systems Inc. | 19,900 | 10,168 | FirstEnergy Corp. | 202,378 | 7,530 |
| * Twitter Inc. | 141,077 | 9,708 | Entergy Corp. | 74,656 | 7,443 |
| * HubSpot Inc. | 16,500 | 9,615 | AES Corp. | 247,823 | 6,461 |
| KLA Corp. | 28,519 | 9,246 | CMS Energy Corp. | 107,699 | 6,363 |
| CDW Corp. | 52,162 | 9,110 | * PG&E Corp. | 553,967 | 5,634 |
| * Cloudflare Inc. Class A | 85,800 | 9,081 | CenterPoint Energy Inc. | 215,895 | 5,294 |
| * Splunk Inc. | 60,887 | 8,803 | Alliant Energy Corp. | 92,998 | 5,186 |
| * RingCentral Inc. Class A | 29,990 | 8,715 | Evergy Inc. | 84,465 | 5,104 |
| * Datadog Inc. Class A | 82,700 | 8,607 | NiSource Inc. | 145,893 | 3,574 |
| Teradyne Inc. | 61,900 | 8,292 | Vistra Corp. | 179,426 | 3,328 |
| * Qorvo Inc. | 41,878 | 8,193 | | | |

Mid-Cap Index Portfolio

| | Shares | Market Value* (\$000) |
|---|--------|--------------------------|
| NRG Energy Inc. | 45,871 | 1,849 |
| Pinnacle West Capital Corp. | 21,194 | 1,737 |
| Avangrid Inc. | 28,845 | 1,484 |
| | | 145,579 |
| Total Common Stocks (Cost \$1,760,505) | | 2,566,989 |
| Temporary Cash Investments (0.4%) | | |
| Money Market Fund (0.4%) | | |
| ^{2,3} Vanguard Market Liquidity Fund, 0.056% (Cost \$9,497) | 94,967 | 9,497 |
| Total Investments (100.4%) (Cost \$1,770,002) | | 2,576,486 |
| Other Assets and Liabilities—Net (-0.4%) | | (9,446) |
| Net Assets (100%) | | 2,567,040 |

Cost is in \$000.

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

1 Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$9,235,000.

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

3 Collateral of \$9,490,000 was received for securities on loan.

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 | | | | |
| E-mini S&P Mid-Cap 400 Index | September 2021 | 6 | 1,615 | — |

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

Statement of Assets and Liabilities

As of June 30, 2021

| (\$000s, except shares and per-share amounts) | Amount |
|---|------------------|
| Assets | |
| Investments in Securities, at Value | |
| Unaffiliated Issuers (Cost \$1,760,505) | 2,566,989 |
| Affiliated Issuers (Cost \$9,497) | 9,497 |
| Total Investments in Securities | 2,576,486 |
| Investment in Vanguard | 88 |
| Cash Collateral Pledged—Futures Contracts | 155 |
| Receivables for Investment Securities Sold | 316 |
| Receivables for Accrued Income | 2,424 |
| Receivables for Capital Shares Issued | 753 |
| Total Assets | 2,580,222 |
| Liabilities | |
| Due to Custodian | 1,135 |
| Payables for Investment Securities Purchased | 226 |
| Collateral for Securities on Loan | 9,490 |
| Payables for Capital Shares Redeemed | 2,153 |
| Payables to Vanguard | 178 |
| Variation Margin Payable—Futures Contracts | — |
| Total Liabilities | 13,182 |
| Net Assets | 2,567,040 |

At June 30, 2021, net assets consisted of:

| | |
|-------------------------------------|------------------|
| Paid-in Capital | 1,607,820 |
| Total Distributable Earnings (Loss) | 959,220 |
| Net Assets | 2,567,040 |

| | |
|---|----------------|
| Net Assets | |
| Applicable to 93,966,597 outstanding \$.001 par value shares of beneficial interest (unlimited authorization) | 2,567,040 |
| Net Asset Value Per Share | \$27.32 |

Statement of Operations

| | Six Months Ended June 30, 2021 |
|--|-----------------------------------|
| | (\$000) |
| Investment Income | |
| Income | |
| Dividends | 13,078 |
| Interest ¹ | 1 |
| Securities Lending—Net | 109 |
| Total Income | 13,188 |
| Expenses | |
| The Vanguard Group—Note B | |
| Investment Advisory Services | 182 |
| Management and Administrative | 1,755 |
| Marketing and Distribution | 61 |
| Custodian Fees | 32 |
| Shareholders' Reports | 11 |
| Trustees' Fees and Expenses | — |
| Total Expenses | 2,041 |
| Net Investment Income | 11,147 |
| Realized Net Gain (Loss) | |
| Investment Securities Sold ¹ | 142,281 |
| Futures Contracts | 662 |
| Realized Net Gain (Loss) | 142,943 |
| Change in Unrealized Appreciation (Depreciation) | |
| Investment Securities ¹ | 185,296 |
| Futures Contracts | (129) |
| Change in Unrealized Appreciation (Depreciation) | 185,167 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 339,257 |

¹ Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$1,000, (\$2,000), and \$2,000, respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

| | Six Months Ended June 30, 2021 | Year Ended December 31, 2020 |
|---|--------------------------------------|------------------------------------|
| | (\$000) | (\$000) |
| Increase (Decrease) in Net Assets | | |
| Operations | | |
| Net Investment Income | 11,147 | 29,290 |
| Realized Net Gain (Loss) | 142,943 | 163,685 |
| Change in Unrealized Appreciation (Depreciation) | 185,167 | 140,812 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 339,257 | 333,787 |
| Distributions | | |
| Total Distributions | (190,939) | (142,409) |
| Capital Share Transactions | | |
| Issued | 185,798 | 302,317 |
| Issued in Lieu of Cash Distributions | 190,939 | 142,409 |
| Redeemed | (199,039) | (549,858) |
| Net Increase (Decrease) from Capital Share Transactions | 177,698 | (105,132) |
| Total Increase (Decrease) | 326,016 | 86,246 |
| Net Assets | | |
| Beginning of Period | 2,241,024 | 2,154,778 |
| End of Period | 2,567,040 | 2,241,024 |

Financial Highlights

| For a Share Outstanding Throughout Each Period | Six Months Ended June 30, | | | Year Ended December 31, | | |
|--|---------------------------------|---------------------|-------------------|-------------------------|-------------------|----------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net Asset Value, Beginning of Period | \$25.77 | \$24.03 | \$20.23 | \$23.72 | \$21.11 | \$20.76 |
| Investment Operations | | | | | | |
| Net Investment Income | .123 ¹ | .325 ^{1,2} | .334 ¹ | .343 ¹ | .292 ¹ | .280 |
| Net Realized and Unrealized Gain (Loss) on Investments | 3.643 | 3.047 | 5.621 | (2.386) | 3.575 | 1.814 |
| Total from Investment Operations | 3.766 | 3.372 | 5.955 | (2.043) | 3.867 | 2.094 |
| Distributions | | | | | | |
| Dividends from Net Investment Income | (.318) | (.344) | (.350) | (.286) | (.270) | (.292) |
| Distributions from Realized Capital Gains | (1.898) | (1.288) | (1.805) | (1.161) | (.987) | (1.452) |
| Total Distributions | (2.216) | (1.632) | (2.155) | (1.447) | (1.257) | (1.744) |
| Net Asset Value, End of Period | \$27.32 | \$25.77 | \$24.03 | \$20.23 | \$23.72 | \$21.11 |
| Total Return | 15.24% | 18.07% | 30.87% | -9.33% | 19.08% | 11.11% |
| Ratios/Supplemental Data | | | | | | |
| Net Assets, End of Period (Millions) | \$2,567 | \$2,241 | \$2,155 | \$1,621 | \$1,804 | \$1,495 |
| Ratio of Total Expenses to Average Net Assets | 0.17% | 0.17% | 0.17% | 0.17% | 0.19% | 0.19% |
| Ratio of Net Investment Income to Average Net Assets | 0.94% | 1.50% ² | 1.49% | 1.49% | 1.32% | 1.40% |
| Portfolio Turnover Rate | 12% | 28% | 21% | 21% | 18% | 21% |

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

1 Calculated based on average shares outstanding.

2 Net investment income per share and the ratio of net investment income to average net assets include \$0.036 and 0.17%, respectively, resulting from a special dividend from NortonLifeLock Inc. in February 2020.

Notes to Financial Statements

The Mid-Cap Index Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts. Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the portfolio and thus portfolio performance.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio 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 materially affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. Futures Contracts: The portfolio uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, maintaining liquidity, and minimizing transaction costs. The portfolio may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the portfolio 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 portfolio 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 portfolio'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 June 30, 2021, the portfolio's average investments in long and short futures contracts represented less than 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 portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. The portfolio'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 portfolio'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 portfolio'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 portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio 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 portfolio 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 portfolio 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 portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio 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 portfolio is entitled to all distributions made on or in respect of the loaned securities.

6. Credit Facilities and Interfund Lending Program: The portfolio 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, subject to the portfolio'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; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under either facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate (or an acceptable alternate rate, if necessary), federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread, except that borrowings under the uncommitted credit facility may bear interest based upon an alternative rate agreed to by the portfolio and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the portfolio 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 portfolio'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 June 30, 2021, the portfolio 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. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call 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 portfolio, Vanguard furnishes to the portfolio 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 portfolio based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At June 30, 2021, the portfolio had contributed to Vanguard capital in the amount of \$88,000, representing less than 0.01% of the portfolio's net assets and 0.04% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

C. Various inputs may be used to determine the value of the portfolio'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 portfolio'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 June 30, 2021, 100% of the market value of the portfolio's investments and derivatives was determined based on Level 1 inputs.

D. As of June 30, 2021, 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 | 1,770,420 |
| Gross Unrealized Appreciation | 850,562 |
| Gross Unrealized Depreciation | (44,496) |
| Net Unrealized Appreciation (Depreciation) | 806,066 |

E. During the six months ended June 30, 2021, the portfolio purchased \$286,883,000 of investment securities and sold \$283,107,000 of investment securities, other than temporary cash investments.

The portfolio purchased securities from and sold securities to other Vanguard funds or accounts managed by Vanguard or its affiliates, in accordance with procedures adopted by the board of trustees in compliance with Rule 17a-7 of the Investment Company Act of 1940. For the six months ended June 30, 2021, such purchases and sales were \$61,180,000 and \$60,427,000, respectively; these amounts, other than temporary cash investments, are included in the purchases and sales of investment securities noted above.

F. Capital shares issued and redeemed were:

| | Six Months Ended June 30, 2021 | Year Ended December 31, 2020 |
|---|-----------------------------------|---------------------------------|
| | Shares (000) | Shares (000) |
| Issued | 6,942 | 14,451 |
| Issued in Lieu of Cash Distributions | 7,500 | 8,812 |
| Redeemed | (7,441) | (25,982) |
| Net Increase (Decrease) in Shares Outstanding | 7,001 | (2,719) |

At June 30, 2021 one shareholder, (an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders) was the record or beneficial owner of 39% of the portfolio's net assets. If this shareholder were to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

G. Management has determined that no events or transactions occurred subsequent to June 30, 2021, that would require recognition or disclosure in these financial statements.

Trustees Approve Advisory Arrangement

The board of trustees of Vanguard Variable Insurance Funds Mid-Cap Index Portfolio has renewed the portfolio's investment advisory arrangement with The Vanguard Group, Inc. (Vanguard), through its Equity Index Group. The board determined that continuing the portfolio's internalized management structure was in the best interests of the portfolio and its 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 monthly reports, which included a Market and Economic Report, a Fund Dashboard Monthly Summary, and a Fund Performance Report.

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 arrangement. Rather, it was the totality of the circumstances that drove the board's decision.

Nature, extent, and quality of services

The board reviewed the quality of the portfolio's 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 arrangement.

Investment performance

The board considered the short- and long-term performance of the portfolio, including any periods of outperformance or underperformance compared with its target index and peer group. The board concluded that the performance was such that the advisory arrangement should continue.

Cost

The board concluded that the portfolio's expense ratio was well below the average expense ratio charged by funds in its peer group and that the portfolio's advisory expenses were also well below the 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 the portfolio's arrangement with Vanguard ensures that the portfolio will realize economies of scale as it grows, with the cost to shareholders declining as portfolio assets increase.

The board will consider whether to renew the advisory arrangement 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 Variable Insurance Funds approved the appointment of liquidity risk management program administrators responsible for administering the Mid-Cap Index Portfolio'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, 2020, through December 31, 2020 (the "Review Period"). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the portfolio's liquidity risk.

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You can review information about your portfolio 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.

This material may be used in conjunction with the offering of shares of any Vanguard fund only if preceded or accompanied by the fund's current prospectus.

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