

Annual Report | December 31, 2021

Vanguard Variable Insurance Funds

Balanced Portfolio

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

Your Portfolio's Performance at a Glance

- The Balanced Portfolio returned 19.02% for the 12 months ended December 31, 2021, outperforming the 17.34% return of its composite benchmark. Please note that the portfolio's returns are different from those in Vanguard Variable Annuity (and other plans that invest in the portfolio), which take into account insurance-related expenses.
- The U.S. economy continued to heal over the period. Vaccination programs started rolling out early in the year, enabling more workers to return to the labor force and helping some hard-hit sectors such as hospitality, leisure, and travel begin to rebound. U.S. stocks performed strongly even with the spread of new COVID-19 variants, a surge in inflation, and Federal Reserve monetary policy turning less accommodative. Bond yields ended the period higher.
- Returns were positive in all 10 stock sectors the portfolio invests in. Communication services and financial stocks were the largest contributors relative to the benchmark. Energy and information technology stocks were net detractors.
- Over the decade ended December 31, the portfolio's average annual return trailed that of its composite benchmark by less than one percentage point.

Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2021		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	26.45%	26.21%	18.43%
Russell 2000 Index (Small-caps)	14.82	20.02	12.02
Russell 3000 Index (Broad U.S. market)	25.66	25.79	17.97
FTSE All-World ex US Index (International)	8.36	13.66	9.89
Bonds			
Bloomberg U.S. Aggregate Bond Index (Broad taxable market)	-1.54%	4.79%	3.57%
Bloomberg Municipal Bond Index (Broad tax-exempt market)	1.52	4.73	4.17
FTSE Three-Month U.S. Treasury Bill Index	0.05	0.95	1.11
CPI			
Consumer Price Index	7.04%	3.53%	2.92%

Advisor's Report

The Balanced Portfolio returned 19.02% for the 12 months ended December 31, 2021, outperforming the 17.34% return of its blended benchmark (a mix of 65% large-capitalization stocks and 35% high-quality corporate bonds). The stock and bond portions of the portfolio outperformed their benchmarks, the Standard & Poor's 500 Index and the Bloomberg U.S. Credit A or Better Bond Index, respectively.

The investment environment

Stock markets in the United States and abroad posted positive results for 2021. The S&P 500 Index returned 28.71%, the MSCI World Index returned 22.35%, and the MSCI EAFE Index returned 11.26%.

In the first and second quarters, global equities continued to advance amid the accelerating global rollout of vaccines and a favorable outlook for global economic growth. The global decline in COVID-19 cases, however, came to a halt midyear, with the rapid spread of the highly infectious Delta variant, which disrupted plans to lift lockdowns in many countries and reopen economies. During the third quarter, global equities fell for the first time in six quarters. Markets contended with pandemic uncertainty, moderating growth, the imminent prospect of reduced quantitative easing and policy tightening, and persistent supply-chain dislocations that amplified the risk of more sustained inflation.

Global equities rebounded in the fourth quarter. Equity volatility spiked sharply as the Omicron variant proliferated across the globe, though its impact on financial markets was tempered by evidence that it poses less-severe health consequences than prior variants.

Broad fixed income markets largely generated negative total returns over the 12 months, driven by rising U.S. Treasury yields. Yields rose significantly in the first quarter of 2021 following an improving growth outlook and a reinforced reflation narrative, offsetting positive price appreciation from spread tightening. Credit spreads tightened considerably during the first half of 2021 as vaccination

rates increased, economic data improved, and fiscal stimulus remained supportive.

However, spreads widened in the second half of the year, driven by increased inflation risk and concerns about the impact of new variants on the economic recovery. Global central banks maintained highly accommodative policy stances throughout the period, although focus shifted late in the year to accelerating the timelines for tapering large-scale asset purchase programs and raising interest rates.

The Bloomberg U.S. Aggregate Bond Index returned -1.54% for the 12 months ended December 31, outperforming the higher-quality credit market as measured by the Bloomberg U.S. Credit A or Better Bond Index, which returned -1.68%. The yield of the 10-year Treasury note rose 60 basis points, ending the period at 1.51%. (A basis point is one hundredth of a percentage point.)

Our successes

In the stock portfolio, strong selection in communication services, financials, and health care contributed to relative performance. Alphabet, Charles Schwab, and Blackstone were strong individual contributors to results. A lack of exposure to benchmark constituents such as Walt Disney and PayPal also boosted relative returns for the period. In addition, an underweight allocation to Amazon helped overall performance.

The fixed income portfolio outperformed the Bloomberg U.S. Credit A or Better Bond Index, driven primarily by security selection. Selection within investment-grade corporate bonds, particularly industrials (consumer non-cyclical, technology, and communications), drove positive relative performance. Security selection within taxable municipals (particularly revenue bonds), financials, and utilities also helped results, as did modest out-of-benchmark allocations to asset-backed securities and commercial mortgage-backed securities (MBS). Duration and yield curve positioning boosted relative results as well. An underweight allocation to the

20-year portion of the yield curve at the beginning of the 12-month period, which was notable for its rising yields, benefited the portfolio.

Our shortfalls

In the stock portfolio, sector allocation detracted from relative returns, driven by an underweighting of information technology and an overweighting of consumer staples. Security selection in energy, IT, and consumer staples also detracted. Key relative detractors included Global Payments, Novartis, and Becton Dickinson. A lack of exposure to NVIDIA and Tesla also dampened relative returns.

On the fixed income side, the underweight allocation to credit spread duration was the primary detractor. An out-of-benchmark allocation to MBS detracted moderately from relative returns, particularly agency MBS.

Portfolio positioning

The global economy is at a crossroads. Some believe we are entering a new phase in which demand, and therefore inflation, will be the strongest in two decades. Others see this condition as temporary, as supply chains rebuild and post-COVID adjustments take shape. Although these debates are worth monitoring, our most differentiated insights and therefore highest conviction are really at the company level—rather than around macroeconomic forecasts—and we have constructed the portfolio accordingly.

Over the year, we initiated new positions in Workday, Amazon, S&P Global, and several other businesses. Workday is a leader in human resources cloud solutions, with 60% of Fortune 500 companies as customers. We believe that Workday is in the early days of delivering the benefit of artificial intelligence and machine learning to its customers. Amazon has clearly demonstrated an ability to grow in all market environments with resilience across business lines. We believe that it continues to have a long runway for growth, and we were able to initiate a position at an attractive price

following a period of significant underperformance. S&P Global is a leading data and analytics provider to capital markets worldwide and is on the verge of a transformational merger with IHS Markit. We believe this merger will position the business for stronger growth and returns.

Our largest sector overweighting remains financials, as many companies in the sector continue to look attractive in our intrinsic return framework. The portfolio remains underweighted in IT stocks; however, we did find opportunities in the sector over the year and invested in competitively advantaged, growing businesses with strong management teams at reasonable valuations.

We remain committed to our investment philosophy and process to construct a portfolio of resilient businesses at reasonable valuations run by management teams that are likely to make value-enhancing decisions over the long term. Our goal is for the portfolio to deliver a superior rate of economic growth over the long term and provide downside protection in difficult economic and market environments.

On the fixed income side, we maintain a modestly pro-risk posture as growth is expected to normalize in 2022. Fiscal stimulus and infrastructure spending should continue to support the economy, albeit to a lesser extent than we expected six months ago. Supply disruptions and labor shortages are weighing on the recovery and pressuring inflation but should wane throughout this year. Inflation has been running persistently higher than both the Federal Reserve's forecast and its target range and has shown signs of broadening across more goods and services. Although we expect inflation to eventually moderate, it could remain sticky through 2022. Energy prices are still a wild card. Credit conditions are robust but may have peaked. With most sector valuations remaining within the bottom decile, forward excess returns will likely be challenged. COVID variants and future waves remain a risk to global growth. Fed

policy missteps and China's weakening growth impulse are also potential risks.

We have positioned the fixed income portion of the portfolio with a largely neutral duration posture relative to the benchmark as of the end of 2021. Our base case is that rates will move higher in 2022 but not necessarily in a linear path. Therefore, we are looking to hold a modest duration underweight in the fixed income portfolio relative to the benchmark. The Fed is on track to conclude tapering by the end of 2022's first quarter and to lift policy rates thereafter. The pace and magnitude of rate increases will largely be determined by the impact on financial conditions and the path of inflation.

U.S. government securities remain a source of liquidity for the portfolio. We continue to hold an out-of-benchmark allocation to agency MBS but are more cautious about the sector. Prepayment speeds remain faster than they were after the global financial crisis but have started to slow amid rising rates and burnout in higher coupons. Spreads have widened from the tight levels as risks have increased amid the acceleration of tapering and potential for quantitative tightening. Within agency MBS, we favor collateralized mortgage obligations, which are expected to earn their income through stable cash flows.

Credit fundamentals improved dramatically during 2021. We believe that further improvement is likely limited, and there is the potential for deterioration in some sectors as management teams shift focus decidedly to shareholders. The main risks to corporate fundamentals are debt-funded share repurchases and inflationary pressures on operating margins. Mergers and acquisitions also pose a risk, though several recent actions from the current administration seem to limit the potential for large-scale transactions.

From a sector perspective, we prefer financials over industrials broadly. Within financials, we favor well-capitalized global

banks that are limited by regulators in their ability to impair their balance sheets to reward shareholders. Technicals remain favorable, as strong demand has easily absorbed elevated supply. U.S. investment-grade credit remains attractive on a relative basis for non-U.S. investors, though this relationship has inflected negatively as U.S. rates at the short end of the curve have moved higher and foreign currency hedging costs have risen. From a credit curve standpoint, we see value in the seven- to 10-year range as steep spread curves provide potential for an attractive roll-down profile.

Given tight valuations and continued tail risks to markets, we maintain a robust liquidity profile including 25.06% in cash, U.S. government securities, and agency MBS.

We continue to be disciplined in our application of our investment process, which allows us to create a balanced portfolio that we believe should perform well in a variety of environments. We remain focused on long-term, low-turnover investing—features that we believe will serve the fund's shareholders well over time.

Portfolio Managers:

Daniel J. Pozen
Senior Managing Director and
Equity Portfolio Manager

Loren L. Moran, CFA,
Senior Managing Director and
Fixed Income Portfolio Manager

Wellington Management Company LLP

January 18, 2022

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 December 31, 2021

Balanced Portfolio	Beginning Account Value 6/30/2021	Ending Account Value 12/31/2021	Expenses Paid During Period
Based on Actual Portfolio Return	\$1,000.00	\$ 1,081.90	\$1.05
Based on Hypothetical 5% Yearly Return	1,000.00	1,024.20	1.02

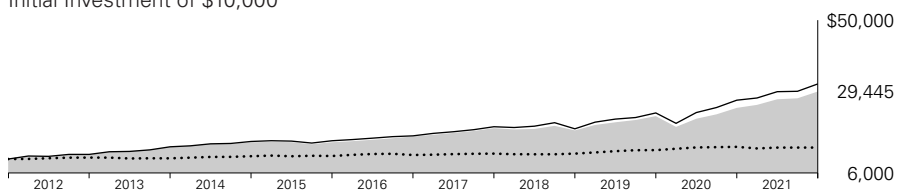
The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.20%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, 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 (184/365).

Balanced Portfolio

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio's returns would be lower.

Cumulative Performance: December 31, 2011, Through December 31, 2021
Initial Investment of \$10,000



Average Annual Total Returns
Periods Ended December 31, 2021

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
— Balanced Portfolio	19.02%	12.32%	11.40%	\$29,445
..... Composite Stock/Bond Index	17.34	13.65	12.20	31,626
— Dow Jones U.S. Total Stock Market Float Adjusted Index	25.66	17.92	16.24	45,050

Composite Stock/Bond Index: Weighted 65% S&P 500 Index and 35% Bloomberg U.S. Credit A or Better Bond Index

Portfolio Allocation

As of December 31, 2021

Asset-Backed/Commercial Mortgage-Backed Securities	1.5%
Common Stocks	67.3
Corporate Bonds	21.1
Sovereign Bonds	0.4
Taxable Municipal Bonds	1.6
U.S. Government and Agency Obligations	8.1

The table reflects the portfolio's investments, except for short-term investments and derivatives. The agency and mortgage-backed securities may include issues from government-sponsored enterprises; such issues are generally not backed by the full faith and credit of the U.S. government.

Financial Statements

Schedule of Investments

As of December 31, 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 (66.3%)			Baxter International Inc.	147,201	12,636
Communication Services (7.4%)					364,070
* Alphabet Inc. Class A	56,621	164,033	Industrials (6.2%)		
* Meta Platforms Inc. Class A	309,867	104,224	Johnson Controls International plc	437,933	35,608
Electronic Arts Inc.	98,311	12,967	Raytheon Technologies Corp.	344,932	29,685
		281,224	Trane Technologies plc	135,545	27,384
Consumer Discretionary (7.7%)			Fortive Corp.	344,583	26,288
McDonald's Corp.	242,958	65,130	Deere & Co.	70,358	24,125
Home Depot Inc.	133,768	55,515	Illinois Tool Works Inc.	93,210	23,004
* Amazon.com Inc.	16,514	55,063	Northrop Grumman Corp.	44,435	17,200
TJX Cos. Inc.	504,643	38,312	Union Pacific Corp.	66,864	16,845
Starbucks Corp.	240,855	28,173	Schneider Electric SE	71,865	14,128
Dollar General Corp.	99,940	23,569	* Airbus SE	83,372	10,667
Lennar Corp. Class A	87,028	10,109	Parker-Hannifin Corp.	32,958	10,485
* Coupang Inc.	294,543	8,654			235,419
DR Horton Inc.	61,933	6,717	Information Technology (15.4%)		
		291,242	Microsoft Corp.	604,215	203,210
Consumer Staples (4.4%)			Apple Inc.	536,104	95,196
Procter & Gamble Co.	361,948	59,207	Texas Instruments Inc.	250,952	47,297
Sysco Corp.	532,462	41,825	Accenture plc Class A	77,747	32,230
Nestle SA (Registered)	228,596	31,916	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	245,360	29,519
Coca-Cola Co.	407,879	24,151	Marvell Technology Inc.	280,098	24,506
Diageo plc	165,428	9,045	* Workday Inc. Class A	86,743	23,696
		166,144	* salesforce.com Inc.	91,111	23,154
Energy (2.1%)			Global Payments Inc.	156,485	21,154
TotalEnergies SE	956,446	48,683	Cisco Systems Inc.	267,538	16,954
Royal Dutch Shell plc Class A (XLON)	1,338,016	29,269	Mastercard Inc. Class A	41,385	14,870
Royal Dutch Shell plc Class A	77,515	1,699	Visa Inc. Class A	67,806	14,694
		79,651	Lam Research Corp.	17,701	12,730
Financials (10.0%)			KLA Corp.	28,528	12,270
Charles Schwab Corp.	1,131,488	95,158	Fidelity National Information Services Inc.	98,457	10,747
JPMorgan Chase & Co.	401,153	63,523			582,227
Progressive Corp.	367,174	37,690	Real Estate (1.4%)		
BlackRock Inc.	40,384	36,974	American Tower Corp.	86,801	25,389
Bank of America Corp.	802,354	35,697	Prologis Inc.	109,817	18,489
Blackstone Inc.	213,632	27,642	VICI Properties Inc.	259,482	7,813
American Express Co.	167,160	27,347			51,691
S&P Global Inc.	53,181	25,098	Utilities (2.1%)		
Morgan Stanley	198,313	19,466	Exelon Corp.	767,437	44,327
Goldman Sachs Group Inc.	19,448	7,440	Duke Energy Corp.	327,355	34,340
Prudential plc (XLON)	257,179	4,447			78,667
		380,482	Total Common Stocks (Cost \$1,571,924)		2,510,817
Health Care (9.6%)					
Pfizer Inc.	1,020,352	60,252			
UnitedHealth Group Inc.	114,474	57,482			
HCA Healthcare Inc.	184,673	47,446			
Anthem Inc.	75,042	34,785			
Novartis AG (Registered)	371,067	32,606			
Becton Dickinson and Co.	112,630	28,324			
Humana Inc.	56,540	26,226			
AstraZeneca plc ADR	443,622	25,841			
Danaher Corp.	69,207	22,770			
Abbott Laboratories	111,567	15,702			

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
U.S. Government and Agency Obligations (8.0%)									
U.S. Government Securities (7.8%)									
¹ United States Treasury Note/Bond	0.125%	4/30/23	410	408	United States Treasury Note/Bond	1.125%	10/31/26	12,140	12,060
United States Treasury Note/Bond	0.125%	5/15/23	355	353	United States Treasury Note/Bond	1.250%	11/30/26	1,500	1,499
United States Treasury Note/Bond	2.625%	6/30/23	6,650	6,852	United States Treasury Note/Bond	1.250%	8/15/31	880	860
United States Treasury Note/Bond	0.125%	7/31/23	2,600	2,579	United States Treasury Note/Bond	1.375%	11/15/31	6,735	6,647
United States Treasury Note/Bond	0.125%	8/31/23	5,700	5,649	United States Treasury Note/Bond	1.750%	8/15/41	21,645	20,938
United States Treasury Note/Bond	0.250%	9/30/23	1,500	1,490	United States Treasury Note/Bond	2.000%	11/15/41	38,220	38,584
United States Treasury Note/Bond	0.375%	10/31/23	4,500	4,475	United States Treasury Note/Bond	1.875%	2/15/51	65	64
United States Treasury Note/Bond	2.875%	10/31/23	5,600	5,821	United States Treasury Note/Bond	2.000%	8/15/51	6,365	6,488
United States Treasury Note/Bond	2.625%	12/31/23	6,400	6,638	United States Treasury Note/Bond	1.875%	11/15/51	9,830	9,752
United States Treasury Note/Bond	0.125%	1/15/24	3,530	3,485					295,064
United States Treasury Note/Bond	0.125%	2/15/24	7,690	7,590	Conventional Mortgage-Backed Securities (0.1%)				
United States Treasury Note/Bond	0.250%	3/15/24	6,750	6,670	^{2,3} Fannie Mae Pool	1.770%	1/1/36	554	539
United States Treasury Note/Bond	0.375%	4/15/24	1,000	990	^{2,3} Fannie Mae Pool	3.070%	2/1/25	500	523
United States Treasury Note/Bond	0.250%	5/15/24	5,050	4,981	^{2,3} Freddie Mac Gold Pool	4.000%	9/1/41	2	2
United States Treasury Note/Bond	0.250%	6/15/24	270	266	² Ginnie Mae I Pool	7.000%	11/15/31 - 11/15/33	39	44
United States Treasury Note/Bond	1.750%	6/30/24	9,085	9,282	² Ginnie Mae I Pool	8.000%	9/15/30	33	39
United States Treasury Note/Bond	0.375%	8/15/24	16,500	16,281	^{2,3} UMBS Pool	2.500%	4/1/37 - 4/1/38	855	878
United States Treasury Note/Bond	0.375%	9/15/24	3,100	3,056					2,025
United States Treasury Note/Bond	0.625%	10/15/24	26,675	26,458	Nonconventional Mortgage-Backed Securities (0.1%)				
United States Treasury Note/Bond	1.500%	10/31/24	3,350	3,402	^{2,3} Fannie Mae REMICS	1.500%	8/25/41 - 6/25/42	407	407
United States Treasury Note/Bond	0.750%	11/15/24	750	746	^{2,3} Fannie Mae REMICS	1.700%	6/25/43	72	72
United States Treasury Note/Bond	1.000%	12/15/24	5,350	5,355	^{2,3} Fannie Mae REMICS	2.000%	6/25/44	46	46
United States Treasury Note/Bond	1.125%	2/28/25	6,395	6,417	^{2,3} Fannie Mae REMICS	3.000%	2/25/49 - 9/25/57	730	756
United States Treasury Note/Bond	0.250%	5/31/25	5,985	5,820	^{2,3} Fannie Mae REMICS	3.500%	4/25/31 - 11/25/57	2,523	2,663
United States Treasury Note/Bond	0.250%	7/31/25	5,655	5,485	^{2,3} Fannie Mae REMICS	4.000%	5/25/31 - 7/25/53	278	292
United States Treasury Note/Bond	0.250%	8/31/25	4,800	4,649	^{2,3} Freddie Mac REMICS	3.500%	3/15/31	67	71
United States Treasury Note/Bond	0.250%	10/31/25	22,365	21,614	^{2,3} Freddie Mac REMICS	4.000%	12/15/30 - 4/15/31	1,263	1,335
United States Treasury Note/Bond	0.375%	12/31/25	890	863	² Ginnie Mae	1.700%	10/20/45	91	92
United States Treasury Note/Bond	0.375%	1/31/26	12,825	12,408	² Ginnie Mae	1.800%	5/20/41	18	18
United States Treasury Note/Bond	0.500%	2/28/26	2,100	2,040					5,752
United States Treasury Note/Bond	0.750%	3/31/26	1,360	1,334	Total U.S. Government and Agency Obligations (Cost \$304,564)				
United States Treasury Note/Bond	0.750%	5/31/26	2,625	2,571					302,841
United States Treasury Note/Bond	0.875%	6/30/26	1,900	1,870	Asset-Backed/Commercial Mortgage-Backed Securities (1.4%)				
United States Treasury Note/Bond	0.750%	8/31/26	5,100	4,985	^{2,4} Aaset Trust Class A Series 2019-1	3.844%	5/15/39	335	300
United States Treasury Note/Bond	0.875%	9/30/26	5,385	5,289	^{2,4} Affirm Asset Securitization Trust Class A Series 2021-B	1.030%	8/17/26	510	506
					^{2,4} Affirm Asset Securitization Trust Class A Series 2021-Z1	1.070%	8/15/25	415	414
					^{2,4} Affirm Asset Securitization Trust Class A Series 2021-Z2	1.170%	11/16/26	585	584
					^{2,4} Aligned Data Centers Issuer LLC Class A2 Series 2021-1A	1.937%	8/15/46	1,260	1,241
					^{2,4} American Tower Trust #1 Class 2A Series 13	3.070%	3/15/48	1,100	1,098
					^{2,4,5} Angel Oak Mortgage Trust Class A1 Series 2019-5	2.593%	10/25/49	148	148
					^{2,4,5} Angel Oak Mortgage Trust Class A1 Series 2019-6	2.620%	11/25/59	299	300
					^{2,4,5} Angel Oak Mortgage Trust Class A1 Series 2021-6	1.458%	9/25/66	897	888
					^{2,4,5} Angel Oak Mortgage Trust I LLC Class A1 Series 2019-2	3.628%	3/25/49	45	45
					^{2,4,5} Angel Oak Mortgage Trust I LLC Class A1 Series 2019-4	2.993%	7/26/49	157	158

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		
2.4.5	Atlas Senior Loan Fund X Ltd. Class A Series 2018-10A, 3M USD LIBOR + 1.090%	1.216%	1/15/31	246	245	2.4	Enterprise Fleet Financing LLC Class A2 Series 2018-3	3.380%	5/20/24	1	1
2.4.5	Bain Capital Credit CLO Ltd. Class A Series 2021-3A, 3M USD LIBOR + 1.160%	1.346%	7/24/34	420	420	2.4	Enterprise Fleet Financing LLC Class A2 Series 2019-1	2.980%	10/20/24	81	82
2.4.5	Barings CLO Ltd. Class B Series 2020-4A, 3M USD LIBOR + 1.180%	1.299%	1/20/35	1,240	1,242	2.4	Enterprise Fleet Financing LLC Class A2 Series 2019-2	2.290%	2/20/25	338	338
2.4.5	Barings CLO Ltd. Class B Series 2020-4A, 3M USD LIBOR + 1.550%	1.684%	1/20/32	340	339	2.4	Enterprise Fleet Financing LLC Class A2 Series 2019-3	2.060%	5/20/25	262	264
2.4.5	Battalion CLO XX Ltd. Class B Series 2021-20A, 3M USD LIBOR + 1.750%	1.888%	7/15/34	535	535	2.3.5	Fannie Mae Connecticut Avenue Securities Class 2M2 Series 2016-C03, 1M USD LIBOR + 5.900%	6.003%	10/25/28	157	166
2.4.5	BlueMountain CLO XXXI Ltd. Class A1 Series 2021-31A, 3M USD LIBOR + 1.150%	1.274%	4/19/34	1,000	998	2.3	FHLMC Multifamily Structured Pass Through Certificates Class A2 Series K-1521	2.184%	8/25/36	495	495
2.4.5	BlueMountain CLO XXXII Ltd. Class A Series 2021-32A, 3M USD LIBOR + 1.170%	1.253%	10/15/34	595	594	2.4	FirstKey Homes Trust Class A Series 2021-SFR1	1.538%	8/17/38	1,883	1,840
2.4.5	Bristol Park CLO LTD Class BR, Series 2016-1A, 3M USD LIBOR + 1.450%	1.576%	4/15/29	278	277	2.3	Freddie Mac Multifamily Structured Pass Through Certificates Class A3 Series K-1512	3.059%	4/25/34	300	328
2.4.5	BX Commercial Mortgage Trust Class A Series 2021-VOLT, 1M USD LIBOR + 0.700%	0.810%	9/15/36	870	867	2.3	Freddie Mac Multifamily Structured Pass Through Certificates Class A3 Series K-1513	2.797%	8/25/34	300	320
2.4.5	BX Trust Class A Series 2021-ARIA, 1M USD LIBOR + 0.8991%	1.009%	10/15/36	425	424	2.4	Home Partners of America Trust Class A Series 2021-2	1.901%	12/17/26	1,072	1,060
2.4.5	BXHPP Trust Class A Series 2021-FILM, 1M USD LIBOR + 0.650%	0.760%	8/15/36	440	436	2.4	Horizon Aircraft Finance II Ltd. Class A Series 2019-1	3.721%	7/15/39	293	288
2.4.5	BXHPP Trust Class B Series 2021-FILM, 1M USD LIBOR + 0.900%	1.010%	8/15/36	95	94	2.4	Horizon Aircraft Finance III Ltd. Class A Series 2019-2	3.425%	11/15/39	300	293
2.4	Castlelake Aircraft Structured Trust Class A Series 2019-1A	3.967%	4/15/39	635	626	2.4.5	Life Mortgage Trust Class A Series 2021-BMR, 1M USD LIBOR + 0.700%	0.810%	3/15/38	295	293
2.4	CF Hippolyta LLC Class A1 Series 2021-A1	1.530%	3/15/61	721	710	2.4	MACH 1 Cayman Ltd. Class A Series 2019-1	3.474%	10/15/39	303	297
2.4	Chesapeake Funding II LLC Class A1 Series 2018-3A	3.390%	1/15/31	236	239	2.4.5	Madison Park Funding XI Ltd. Class BR2 Series 2013-11A, 3M USD LIBOR + 1.450%	1.574%	7/23/29	350	349
2.4.5	CIFC Funding 2021-III Ltd. Class B Series 2021-3A, 3M USD LIBOR + 1.700%	1.824%	7/15/36	400	399	2.4.5	Madison Park Funding XIII Ltd. Class AR2 Series 2014-13A, 3M USD LIBOR + 0.950%	1.074%	4/19/30	915	914
2.4.5	CIFC Funding Ltd. Class A Series 2018-1A, 3M USD LIBOR + 1.000%	1.122%	4/18/31	500	500	2.4.5	Magnetite VII Ltd. Class A1R2 Series 2012-7A, 3M USD LIBOR + 0.800%	0.926%	1/15/28	1,569	1,567
2.4.5	Cloud Pass-Through Trust Class CLOU Series 2019-1A	3.554%	12/5/22	11	11	2.4	MAPS Ltd. Class A Series 2019-1A	4.458%	3/15/44	188	185
2.4.5	COLT Mortgage Loan Trust Class A1 Series 2020-1	2.488%	2/25/50	123	123	2.4.5	Master Credit Card Trust II Class A Series 2018-1A, 1M USD LIBOR + 0.490%	0.593%	7/21/24	700	702
2.4.5.6	Columbia Cent CLO 27 Ltd. Class AR Series 2018-27A, 3M USD LIBOR + 1.190%	1.442%	1/25/35	535	535	2.4	Mercury Financial Credit Card Master Trust Class A Series 2021-1A	1.540%	3/20/26	1,005	1,006
2.4.5	Columbia Cent CLO 30 Ltd. Class B Series 2020-30A, 3M USD LIBOR + 1.750%	1.884%	1/20/34	450	450	2.4	New Economy Assets Phase 1 Sponsor LLC Class A1 Series 2021-1	1.910%	10/20/61	2,875	2,819
2.4.5	Columbia Cent CLO 31 Ltd. Class B Series 2021-31A, 3M USD LIBOR + 1.550%	1.684%	4/20/34	570	564	2.4	New Economy Assets Phase 1 Sponsor LLC Class B1 Series 2021-1	2.410%	10/20/61	300	301
2	COMM Mortgage Trust Class A4 Series 2012-CR2	3.147%	8/15/45	480	481	2.4.5	Oaktree CLO Ltd. Class A1 Series 2021-1A, 3M USD LIBOR + 1.160%	1.284%	7/15/34	1,100	1,101
2.4	DB Master Finance LLC Class A2II Series 2019-1A	4.021%	5/20/49	396	411	2.4.5	Octagon 54 Ltd. Class A1 Series 2021-1A, 3M USD LIBOR + 1.120%	1.253%	7/15/34	1,100	1,098
2.4	Domino's Pizza Master Issuer LLC Class A2I Series 2021-1A	2.662%	4/25/51	995	999	2.4.5	Octagon Investment Partners 51 Ltd. Class A Series 2021-1A, 3M USD LIBOR + 1.150%	1.282%	7/20/34	1,000	1,000
2.4	Domino's Pizza Master Issuer LLC Class A2II Series 2021-1A	3.151%	4/25/51	891	910	2.4.5	OHA Credit Funding 3 Ltd. Class AR Series 2019-3A, 3M USD LIBOR + 1.140%	1.272%	7/2/35	1,480	1,478
2.4.5	Dryden 87 CLO Ltd. Class A1 Series 2021-87A, 3M USD LIBOR + 1.100%	1.260%	5/20/34	1,090	1,089	2.4	OneMain Direct Auto Receivables Trust Class A Series 2018-1A	3.430%	12/16/24	33	33

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
2.4 OneMain Direct Auto Receivables Trust Class A Series 2021-1A	0.870%	7/14/28	875	864
2.4 OneMain Financial Issuance Trust Class A Series 2019-1A	3.480%	2/14/31	209	210
2.4.5 Regatta VI Funding Ltd. Class AR2 Series 2016-1A, 3M USD LIBOR + 1.160%	1.294%	4/20/34	700	699
2.4.5 RR 16 Ltd. Class A1 Series 2021-16A, 3M USD LIBOR + 1.110%	1.234%	7/15/36	775	774
2.4.5 RR 16 Ltd. Class A2 Series 2021-16A, 3M USD LIBOR + 1.650%	1.774%	7/15/36	755	757
2.4.5 RR 18 Ltd. Class A2 Series 2021-18A, 3M USD LIBOR + 1.600%	1.684%	10/15/34	625	624
2.4 Santander Retail Auto Lease Trust Class A3 Series 2019-B	2.300%	1/20/23	85	85
2.3 Seasoned Credit Risk Transfer Trust Class MA Series 2019-3	3.500%	10/25/58	947	978
2.4.5 SFAVE Commercial Mortgage Securities Trust Class A2B Series 2015-5AVE	4.144%	1/5/43	700	739
2.4.5 Shackleton 2021-XVI Clo Ltd. Class A Series 2021-16A, 3M USD LIBOR + 1.210%	1.334%	10/20/34	725	725
2.4 SoFi Consumer Loan Program Trust Class A Series 2020-1	2.020%	1/25/29	75	76
2.4 SoFi Professional Loan Program Trust Class AFX Series 2021-B	1.140%	2/15/47	578	568
2.4.5 Sound Point CLO XXXI Ltd. Class B Series 2021-3A, 3M USD LIBOR + 1.650%	1.781%	10/25/34	315	313
2.4 START Ireland Class A Series 2019-1	4.089%	3/15/44	342	340
2.4.5 Symphony CLO XIV Ltd. Class AR Series 2014-14A, 3M USD LIBOR + 0.950%	1.077%	7/14/26	382	382
2.4 Taco Bell Funding LLC Class A2I Series 2021-1A	1.946%	8/25/51	1,145	1,122
2.4 Taco Bell Funding LLC Class A2II Series 2021-1A	2.294%	8/25/51	1,050	1,038
2.4.5 Taconic Park CLO Ltd. Class A2R Series 2016-1A, 3M USD LIBOR + 1.450%	1.584%	1/20/29	350	349
2.4.5 Towd Point Mortgage Trust Class A1 Series 2016-3	2.250%	4/25/56	2	2
2.4 Vantage Data Centers Issuer LLC Class A2 Series 2019-1A	3.188%	7/15/44	317	323
2.4 Vantage Data Centers Issuer LLC Class A2 Series 2021-1A	2.165%	10/15/46	1,405	1,386
2.4 Vantage Data Centers LLC Class A2 Series 2020-1A	1.645%	9/15/45	855	830
2.4.5 Venture 43 CLO Ltd. Class A1 Series 2021-43A, 3M USD LIBOR + 1.240%	1.364%	4/15/34	355	354
2.4.5 Voya CLO Ltd. Class A Series 2021-2A, 3M USD LIBOR + 1.150%	1.277%	10/20/34	1,100	1,100
2.4.5 Voya CLO Ltd. Class AAR2 Series 2014-1A, 3M USD LIBOR + 0.990%	1.112%	4/18/31	511	511
2.4.5 Wellfleet CLO X LTD Class A2R Series 2019-XA, 3M USD LIBOR + 1.750%	1.882%	7/20/32	550	548
Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$54,789)				54,515

Corporate Bonds (20.8%)

Communications (1.6%)

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
America Movil SAB de CV	3.625%	4/22/29	780	844
America Movil SAB de CV	6.125%	3/30/40	390	540
AT&T Inc.	2.750%	6/1/31	1,305	1,331
AT&T Inc.	4.900%	6/15/42	457	549
AT&T Inc.	4.300%	12/15/42	205	231
AT&T Inc.	3.650%	6/1/51	248	257
AT&T Inc.	3.500%	9/15/53	895	905
AT&T Inc.	3.850%	6/1/60	747	780
AT&T Inc.	3.500%	2/1/61	550	543
4 British Telecommunications plc	3.250%	11/8/29	505	517
Charter Communications Operating LLC / Charter Communications Operating Capital	2.800%	4/1/31	215	213
Charter Communications Operating LLC / Charter Communications Operating Capital	2.300%	2/1/32	215	204
Charter Communications Operating LLC / Charter Communications Operating Capital	3.500%	3/1/42	705	684
Charter Communications Operating LLC / Charter Communications Operating Capital	5.375%	5/1/47	110	131
Charter Communications Operating LLC / Charter Communications Operating Capital	5.125%	7/1/49	94	109
Charter Communications Operating LLC / Charter Communications Operating Capital	4.800%	3/1/50	127	142
Charter Communications Operating LLC / Charter Communications Operating Capital	3.700%	4/1/51	530	512
Charter Communications Operating LLC / Charter Communications Operating Capital	3.850%	4/1/61	505	476
Charter Communications Operating LLC / Charter Communications Operating Capital	4.400%	12/1/61	415	429
Comcast Corp.	3.375%	2/15/25	70	74
Comcast Corp.	4.250%	1/15/33	1,032	1,209
Comcast Corp.	4.200%	8/15/34	730	859
Comcast Corp.	5.650%	6/15/35	110	146
Comcast Corp.	4.400%	8/15/35	877	1,043
Comcast Corp.	6.500%	11/15/35	24	34
Comcast Corp.	3.969%	11/1/47	252	289
Comcast Corp.	4.000%	3/1/48	345	397
Comcast Corp.	3.999%	11/1/49	602	698
4 Comcast Corp.	2.887%	11/1/51	1,520	1,471
Comcast Corp.	2.450%	8/15/52	1,380	1,236
Comcast Corp.	4.049%	11/1/52	617	725
4 Comcast Corp.	2.937%	11/1/56	5,264	5,014
Comcast Corp.	2.650%	8/15/62	615	546
4 Comcast Corp.	2.987%	11/1/63	2,321	2,206
4 Cox Communications Inc.	3.150%	8/15/24	63	66
4 Cox Communications Inc.	2.600%	6/15/31	385	385
4 Cox Communications Inc.	4.800%	2/1/35	1,540	1,815
4 Deutsche Telekom International Finance BV	3.600%	1/19/27	300	322
4 Deutsche Telekom International Finance BV	4.375%	6/21/28	671	751
Discovery Communications LLC	3.950%	3/20/28	430	467
Discovery Communications LLC	4.125%	5/15/29	125	138

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		
	Discovery Communications LLC	3.625%	5/15/30	145	155		Home Depot Inc.	3.900%	12/6/28	290	327
	Discovery Communications LLC	5.200%	9/20/47	959	1,186		Home Depot Inc.	3.300%	4/15/40	825	894
	Discovery Communications LLC	4.650%	5/15/50	648	763		Home Depot Inc.	4.400%	3/15/45	780	973
	Discovery Communications LLC	4.000%	9/15/55	497	523		Home Depot Inc.	4.250%	4/1/46	500	615
	NBCUniversal Media LLC	4.450%	1/15/43	189	228		Home Depot Inc.	4.500%	12/6/48	345	447
4	NBN Co. Ltd.	1.625%	1/8/27	760	746	4	Hyundai Capital America	0.800%	4/3/23	2,415	2,408
4	NBN Co. Ltd.	2.625%	5/5/31	655	658	4	Hyundai Capital America	0.875%	6/14/24	1,875	1,845
4	NBN Co. Ltd.	2.500%	1/8/32	2,179	2,150	4	Hyundai Capital America	1.650%	9/17/26	1,060	1,040
4	NTT Finance Corp.	1.162%	4/3/26	1,040	1,019	2	Johns Hopkins University	4.083%	7/1/53	200	265
4	NTT Finance Corp.	2.065%	4/3/31	285	285	2	Johns Hopkins University	2.813%	1/1/60	180	183
4	Ooredoo International Finance Ltd.	2.625%	4/8/31	725	728		Lowe's Cos. Inc.	3.100%	5/3/27	1,300	1,387
	Orange SA	9.000%	3/1/31	530	812		Lowe's Cos. Inc.	6.500%	3/15/29	334	426
4	SK Telecom Co. Ltd.	3.750%	4/16/23	385	398		McDonald's Corp.	2.625%	1/15/22	195	195
4	Sky Ltd.	3.750%	9/16/24	1,435	1,529		McDonald's Corp.	3.250%	6/10/24	140	147
2,4	Sprint Spectrum Co LLC / Sprint Spectrum Co II LLC / Sprint Spectrum Co III LLC	4.738%	9/20/29	1,051	1,099		McDonald's Corp.	4.875%	12/9/45	1,160	1,494
	Telefonica Emisiones SA	5.213%	3/8/47	490	608		McDonald's Corp.	3.625%	9/1/49	470	520
	Telefonica Emisiones SA	5.520%	3/1/49	710	926	2	McDonald's Corp.	2.894%	10/1/50	225	225
	Time Warner Entertainment Co. LP	8.375%	3/15/23	95	103		Starbucks Corp.	4.500%	11/15/48	1,471	1,820
	T-Mobile USA Inc.	2.050%	2/15/28	900	895		University of Chicago	2.761%	4/1/45	165	167
	T-Mobile USA Inc.	3.875%	4/15/30	1,080	1,182		VF Corp.	2.800%	4/23/27	595	623
	T-Mobile USA Inc.	2.550%	2/15/31	145	144		VF Corp.	2.950%	4/23/30	1,320	1,370
	T-Mobile USA Inc.	2.250%	11/15/31	150	146						
	T-Mobile USA Inc.	4.375%	4/15/40	485	553						
	T-Mobile USA Inc.	4.500%	4/15/50	710	832						
	T-Mobile USA Inc.	3.300%	2/15/51	580	566						
	T-Mobile USA Inc.	3.600%	11/15/60	290	289						
	TWDC Enterprises 18 Corp.	4.375%	8/16/41	133	162						
	TWDC Enterprises 18 Corp.	4.125%	6/1/44	95	113						
	Verizon Communications Inc.	4.329%	9/21/28	675	768						
	Verizon Communications Inc.	4.812%	3/15/39	2,406	3,020						
	Verizon Communications Inc.	4.750%	11/1/41	190	235						
	Verizon Communications Inc.	2.987%	10/30/56	256	243						
	ViacomCBS Inc.	3.700%	6/1/28	440	477						
	Vodafone Group plc	5.000%	5/30/38	50	62						
	Vodafone Group plc	5.250%	5/30/48	1,260	1,645						
	Walt Disney Co.	3.000%	9/15/22	245	249						
	Walt Disney Co.	2.000%	9/1/29	2,600	2,586						
	Walt Disney Co.	2.650%	1/13/31	170	177						
	Walt Disney Co.	3.500%	5/13/40	1,490	1,633						
	Walt Disney Co.	4.750%	9/15/44	26	33						
	Walt Disney Co.	2.750%	9/1/49	560	542						
	Walt Disney Co.	3.600%	1/13/51	805	911						
	Walt Disney Co.	3.800%	5/13/60	485	563						
					61,230						
	Consumer Discretionary (0.9%)						Consumer Staples (0.7%)				33,561
	Amazon.com Inc.	2.800%	8/22/24	345	361		Altria Group Inc.	5.800%	2/14/39	550	662
	Amazon.com Inc.	4.800%	12/5/34	995	1,271		Altria Group Inc.	4.500%	5/2/43	135	141
	Amazon.com Inc.	4.950%	12/5/44	580	792		Altria Group Inc.	3.875%	9/16/46	625	606
	Amazon.com Inc.	4.250%	8/22/57	1,335	1,712		Anheuser-Busch Cos. LLC / Anheuser-Busch InBev Worldwide Inc.	4.700%	2/1/36	1,290	1,558
	American Honda Finance Corp.	2.000%	3/24/28	825	835		Anheuser-Busch Cos. LLC / Anheuser-Busch InBev Worldwide Inc.	4.900%	2/1/46	1,195	1,514
	AutoZone Inc.	3.700%	4/15/22	1,371	1,372		Anheuser-Busch InBev Worldwide Inc.	3.750%	7/15/42	520	565
4	BMW US Capital LLC	2.250%	9/15/23	2,500	2,552		Archer-Daniels-Midland Co.	4.500%	3/15/49	970	1,276
4	BMW US Capital LLC	0.800%	4/1/24	390	387		BAT Capital Corp.	3.557%	8/15/27	1,875	1,968
4	BMW US Capital LLC	1.250%	8/12/26	840	827	4	Cargill Inc.	6.875%	5/1/28	645	808
4	Daimler Finance North America LLC	3.250%	8/1/24	160	168	4	Cargill Inc.	2.125%	4/23/30	225	223
2	Duke University	2.832%	10/1/55	775	803	4	Cargill Inc.	4.760%	11/23/45	635	838
	Emory University	2.143%	9/1/30	765	774		CK Hutchison International 20 Ltd.	3.375%	5/8/50	560	611
4	ERAC USA Finance LLC	3.300%	10/15/22	40	41	4	Coca-Cola Europacific Partners plc	0.800%	5/3/24	885	871
4	ERAC USA Finance LLC	7.000%	10/15/37	1,150	1,697		Colgate Palmolive Co.	7.600%	5/19/25	480	575
4	ERAC USA Finance LLC	5.625%	3/15/42	340	462		Conagra Brands Inc.	4.600%	11/1/25	220	242
	General Motors Financial Co. Inc.	3.950%	4/13/24	1,570	1,653		Conagra Brands Inc.	1.375%	11/1/27	345	331
	Georgetown University	4.315%	4/1/49	150	187		Conagra Brands Inc.	5.300%	11/1/38	300	379
	Georgetown University	2.943%	4/1/50	295	296		Conagra Brands Inc.	3.750%	5/1/50	105	115
							Constellation Brands Inc.	3.750%	5/1/50	105	115
							Danone SA	2.947%	11/2/26	735	773
							Diageo Capital plc	2.625%	4/29/23	1,230	1,256
							Diageo Capital plc	2.375%	10/24/29	580	592
							Diageo Capital plc	2.000%	4/29/30	265	262
							Diageo Investment Corp.	2.875%	5/11/22	525	529
							Estee Lauder Cos. Inc.	2.375%	12/1/29	370	379
							Hormel Foods Corp.	1.700%	6/3/28	135	135
							Imperial Brands Finance plc	3.750%	7/21/22	1,680	1,698
							Kroger Co.	3.850%	8/1/23	270	281
							Kroger Co.	4.000%	2/1/24	540	568
							McCormick & Co. Inc.	2.500%	4/15/30	135	136
							Molson Coors Beverage Co.	3.500%	5/1/22	690	697
							Molson Coors Beverage Co.	3.000%	7/15/26	1,800	1,889
							PepsiCo Inc.	2.375%	10/6/26	1,945	2,032
							Philip Morris International Inc.	2.500%	8/22/22	575	582
							Philip Morris International Inc.	2.625%	3/6/23	1,150	1,175
							Philip Morris International Inc.	3.600%	11/15/23	620	650
							Philip Morris International Inc.	3.375%	8/11/25	424	451
							Philip Morris International Inc.	4.875%	11/15/43	145	176
							Sigma Alimentos SA de CV	4.125%	5/2/26	510	539
											28,083

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)			
Energy (1.2%)						AerCap Ireland Capital DAC / AerCap Global Aviation Trust	3.400%	10/29/33	175	178		
	BP Capital Markets America Inc.	1.749%	8/10/30	345	332	AerCap Ireland Capital DAC / AerCap Global Aviation Trust	3.850%	10/29/41	210	218		
	BP Capital Markets America Inc.	2.772%	11/10/50	470	442	4	AIA Group Ltd.	3.600%	4/9/29	1,475	1,613	
	BP Capital Markets America Inc.	2.939%	6/4/51	925	894	4	AIA Group Ltd.	3.375%	4/7/30	370	400	
	BP Capital Markets America Inc.	3.001%	3/17/52	1,530	1,500		American Express Credit Corp.	2.700%	3/3/22	1,505	1,508	
	BP Capital Markets America Inc.	3.379%	2/8/61	370	382		American International Group Inc.	3.750%	7/10/25	275	295	
	BP Capital Markets plc	2.500%	11/6/22	500	508		American International Group Inc.	4.250%	3/15/29	1,040	1,188	
	BP Capital Markets plc	3.994%	9/26/23	420	442		American International Group Inc.	4.700%	7/10/35	75	90	
	BP Capital Markets plc	3.814%	2/10/24	1,700	1,794		American International Group Inc.	6.250%	5/1/36	245	340	
	BP Capital Markets plc	3.506%	3/17/25	1,280	1,364		American International Group Inc.	4.500%	7/16/44	875	1,078	
	Chevron Corp.	3.191%	6/24/23	525	542		American International Group Inc.	4.800%	7/10/45	220	279	
4	ConocoPhillips Co.	4.950%	3/15/26	115	130		American International Group Inc.	4.750%	4/1/48	495	634	
4	Coterra Energy Inc.	4.375%	6/1/24	927	982		American International Group Inc.	4.375%	6/30/50	290	361	
4	Eastern Gas Transmission & Storage Inc.	3.000%	11/15/29	585	602		4	Athene Global Funding	1.000%	4/16/24	685	680
4	Eastern Gas Transmission & Storage Inc.	4.800%	11/1/43	125	153	4	Australia & New Zealand Banking Group Ltd.	2.570%	11/25/35	685	658	
4	Eastern Gas Transmission & Storage Inc.	4.600%	12/15/44	1,603	1,905		Banco Santander SA	3.125%	2/23/23	800	819	
	Energy Transfer LP	5.250%	4/15/29	1,375	1,580		Banco Santander SA	3.848%	4/12/23	400	414	
	Energy Transfer LP	5.350%	5/15/45	90	104		Banco Santander SA	1.849%	3/25/26	1,000	994	
	Energy Transfer LP	5.300%	4/15/47	155	179		Banco Santander SA	2.749%	12/3/30	400	391	
	Energy Transfer LP	5.400%	10/1/47	20	24		Banco Santander SA	2.958%	3/25/31	200	204	
	Enterprise Products Operating LLC	5.100%	2/15/45	280	348		Bank of America Corp.	4.000%	1/22/25	875	936	
	Enterprise Products Operating LLC	4.250%	2/15/48	730	832		Bank of America Corp.	3.559%	4/23/27	2,450	2,622	
	Enterprise Products Operating LLC	3.700%	1/31/51	170	179		Bank of America Corp.	3.593%	7/21/28	1,025	1,103	
	Enterprise Products Operating LLC	3.300%	2/15/53	750	748		Bank of America Corp.	3.419%	12/20/28	512	547	
	Equinor ASA	2.450%	1/17/23	382	389		Bank of America Corp.	4.271%	7/23/29	4,780	5,329	
	Equinor ASA	2.650%	1/15/24	360	371		Bank of America Corp.	3.974%	2/7/30	1,895	2,090	
	Equinor ASA	3.700%	3/1/24	640	676		Bank of America Corp.	3.194%	7/23/30	1,055	1,113	
	Equinor ASA	3.250%	11/10/24	655	691		Bank of America Corp.	2.496%	2/13/31	1,495	1,500	
	Equinor ASA	2.875%	4/6/25	140	146		Bank of America Corp.	2.687%	4/22/32	955	970	
	Equinor ASA	3.125%	4/6/30	2,350	2,525		Bank of America Corp.	2.572%	10/20/32	490	492	
	Equinor ASA	2.375%	5/22/30	335	341		Bank of America Corp.	5.875%	2/7/42	260	368	
	Exxon Mobil Corp.	2.726%	3/1/23	320	327		Bank of America Corp.	3.311%	4/22/42	870	914	
	Exxon Mobil Corp.	3.043%	3/1/26	225	238		Bank of America Corp.	5.000%	1/21/44	1,000	1,314	
	Exxon Mobil Corp.	2.275%	8/16/26	1,070	1,106		Bank of America Corp.	4.330%	3/15/50	2,235	2,767	
	Exxon Mobil Corp.	2.440%	8/16/29	735	754		Bank of America Corp.	2.972%	7/21/52	1,225	1,230	
	Exxon Mobil Corp.	2.610%	10/15/30	1,055	1,095		4	Bank of Montreal	2.500%	1/11/22	1,700	1,701
	Exxon Mobil Corp.	4.114%	3/1/46	320	374		Bank of New York Mellon Corp.	2.200%	8/16/23	460	470	
4	Galaxy Pipeline Assets Bidco Ltd.	2.160%	3/31/34	1,450	1,423		Bank of New York Mellon Corp.	3.000%	2/24/25	720	756	
4	Galaxy Pipeline Assets Bidco Ltd.	2.940%	9/30/40	1,125	1,120		Bank of New York Mellon Corp., 3M USD LIBOR + 1.050%	1.179%	10/30/23	1,145	1,153	
4	Qatar Energy	2.250%	7/12/31	925	916		Bank of Nova Scotia	2.700%	8/3/26	1,825	1,904	
4	Qatar Energy	3.125%	7/12/41	675	683		4	Banque Federative du Credit Mutuel SA	1.604%	10/4/26	1,000	988
4	Saudi Arabian Oil Co.	3.500%	4/16/29	630	673		Barclays plc	3.932%	5/7/25	1,565	1,647	
4	Schlumberger Holdings Corp.	3.900%	5/17/28	807	873		Barclays plc	2.667%	3/10/32	1,270	1,260	
4	Schlumberger Investment SA	2.400%	8/1/22	630	634		Barclays plc	2.894%	11/24/32	1,300	1,306	
4	Schlumberger Investment SA	3.650%	12/1/23	1,120	1,170		Barclays plc	3.330%	11/24/42	465	472	
	Shell International Finance BV	4.125%	5/11/35	1,130	1,322		5	Barclays plc, 3M USD LIBOR + 1.380%	1.535%	5/16/24	1,005	1,017
	Shell International Finance BV	5.500%	3/25/40	345	468		4	Berkshire Hathaway Inc.	3.125%	3/15/26	715	764
	Shell International Finance BV	4.375%	5/11/45	2,500	3,046		4	BNP Paribas SA	2.950%	5/23/22	200	202
	Shell International Finance BV	3.000%	11/26/51	2,255	2,291		4	BNP Paribas SA	3.250%	3/3/23	190	196
	Suncor Energy Inc.	5.950%	12/1/34	500	646		4	BNP Paribas SA	3.800%	1/10/24	585	614
	Total Capital International SA	2.700%	1/25/23	885	904		4	BNP Paribas SA	3.375%	1/9/25	1,775	1,866
	Total Capital International SA	3.750%	4/10/24	1,400	1,486		4	BNP Paribas SA	2.819%	11/19/25	1,335	1,374
	TransCanada PipeLines Ltd.	4.875%	1/15/26	1,255	1,400		4	BNP Paribas SA	1.323%	1/13/27	585	569
	TransCanada PipeLines Ltd.	4.100%	4/15/30	415	463		4	BNP Paribas SA	3.500%	11/16/27	2,050	2,194
					44,517		4	BNP Paribas SA	2.159%	9/15/29	910	891
Financials (8.2%)												
	AerCap Ireland Capital DAC / AerCap Global Aviation Trust	3.000%	10/29/28	480	487							
	AerCap Ireland Capital DAC / AerCap Global Aviation Trust	3.300%	1/30/32	345	352							

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
⁴ BNP Paribas SA	2.871%	4/19/32	845	856		Goldman Sachs Group Inc.	3.625%	1/22/23	1,980	2,038
⁴ BPCE SA	5.700%	10/22/23	270	290		Goldman Sachs Group Inc.	3.272%	9/29/25	1,205	1,264
BPCE SA	4.000%	4/15/24	775	825		Goldman Sachs Group Inc.	3.500%	11/16/26	2,000	2,133
⁴ BPCE SA	5.150%	7/21/24	1,260	1,364		Goldman Sachs Group Inc.	3.850%	1/26/27	740	797
⁴ BPCE SA	3.500%	10/23/27	1,780	1,883		Goldman Sachs Group Inc.	1.431%	3/9/27	2,190	2,145
⁴ BPCE SA	2.700%	10/1/29	1,450	1,489		Goldman Sachs Group Inc.	1.542%	9/10/27	1,165	1,142
⁴ Brighthouse Financial Global Funding	1.000%	4/12/24	65	65		Goldman Sachs Group Inc.	3.691%	6/5/28	810	874
⁴ Brighthouse Financial Global Funding	1.550%	5/24/26	525	518		Goldman Sachs Group Inc.	3.814%	4/23/29	3,065	3,336
⁴ Brighthouse Financial Global Funding	2.000%	6/28/28	520	512		Goldman Sachs Group Inc.	4.223%	5/1/29	2,630	2,923
⁴ Canadian Imperial Bank of Commerce	1.150%	7/8/26	1,005	992		Goldman Sachs Group Inc.	2.615%	4/22/32	1,130	1,136
⁵ Canadian Imperial Bank of Commerce, 3M USD LIBOR + 0.720%	0.931%	6/16/22	1,565	1,569		Goldman Sachs Group Inc.	2.383%	7/21/32	1,040	1,024
Capital One Financial Corp.	3.750%	4/24/24	1,305	1,376		Goldman Sachs Group Inc.	2.650%	10/21/32	625	629
Capital One Financial Corp.	3.200%	2/5/25	760	798		Goldman Sachs Group Inc.	6.750%	10/1/37	835	1,184
Charles Schwab Corp.	0.750%	3/18/24	1,350	1,344		Guardian Life Global Funding	1.250%	5/13/26	205	202
Charles Schwab Corp.	3.200%	3/2/27	545	583		HSBC Holdings plc	3.600%	5/25/23	1,600	1,660
Charles Schwab Corp.	2.000%	3/20/28	1,100	1,113		HSBC Holdings plc	0.976%	5/24/25	300	296
Chubb INA Holdings Inc.	3.350%	5/15/24	555	586		HSBC Holdings plc	1.589%	5/24/27	805	787
Chubb INA Holdings Inc.	4.350%	11/3/45	800	994		HSBC Holdings plc	2.251%	11/22/27	1,440	1,445
Citigroup Inc.	4.500%	1/14/22	1,975	1,977		HSBC Holdings plc	4.041%	3/13/28	890	962
Citigroup Inc.	0.981%	5/1/25	1,190	1,181		HSBC Holdings plc	4.583%	6/19/29	1,675	1,877
Citigroup Inc.	1.462%	6/9/27	1,325	1,301		HSBC Holdings plc	2.206%	8/17/29	1,440	1,413
Citigroup Inc.	3.520%	10/27/28	1,975	2,118		HSBC Holdings plc	2.357%	8/18/31	1,625	1,588
Citigroup Inc.	6.625%	6/15/32	2,000	2,652		HSBC Holdings plc	2.804%	5/24/32	1,555	1,563
Citigroup Inc.	2.520%	11/3/32	745	745		HSBC Holdings plc	2.871%	11/22/32	2,125	2,144
Citigroup Inc.	3.878%	1/24/39	1,025	1,163		HSBC Holdings plc	6.500%	5/2/36	1,000	1,360
Citigroup Inc.	2.904%	11/3/42	560	553		HSBC Holdings plc	6.100%	1/14/42	375	537
Comerica Bank	2.500%	7/23/24	790	816		HSBC Holdings plc	5.250%	3/14/44	440	573
⁴ Commonwealth Bank of Australia	2.688%	3/11/31	2,285	2,248		HSBC Holdings plc, 3M USD LIBOR + 1.000%	1.160%	5/18/24	730	737
⁴ Cooperatieve Rabobank UA	1.106%	2/24/27	1,365	1,326		HSBC USA Inc.	3.500%	6/23/24	620	653
⁴ Credit Agricole SA	3.750%	4/24/23	1,160	1,203		ING Groep NV	3.150%	3/29/22	365	367
⁴ Credit Agricole SA	3.250%	10/4/24	2,390	2,510		ING Groep NV	3.950%	3/29/27	2,695	2,954
⁴ Credit Suisse AG	3.625%	9/9/24	250	265		ING Groep NV	1.726%	4/1/27	500	497
⁴ Credit Suisse Group AG	3.574%	1/9/23	550	550		Intercontinental Exchange Inc.	2.650%	9/15/40	170	165
⁴ Credit Suisse Group AG	4.207%	6/12/24	340	354		Intercontinental Exchange Inc.	3.000%	6/15/50	930	940
⁴ Credit Suisse Group AG	3.750%	3/26/25	3,470	3,686		Intercontinental Exchange Inc.	3.000%	9/15/60	850	840
⁴ Credit Suisse Group AG	2.593%	9/11/25	520	531		JAB Holdings BV	2.200%	11/23/30	290	284
⁴ Credit Suisse Group AG	3.869%	1/12/29	305	326		JAB Holdings BV	3.750%	5/28/51	500	548
⁴ Credit Suisse Group AG	3.091%	5/14/32	1,195	1,215		JPMorgan Chase & Co.	3.375%	5/1/23	490	506
^{4,5} Credit Suisse Group AG, 3M USD LIBOR + 1.240%	1.441%	6/12/24	690	698		JPMorgan Chase & Co.	3.875%	2/1/24	800	847
Credit Suisse Group Funding Guernsey Ltd.	3.800%	9/15/22	1,335	1,364		JPMorgan Chase & Co.	3.900%	7/15/25	2,270	2,456
⁴ Danske Bank A/S	5.000%	1/12/22	610	611		JPMorgan Chase & Co.	4.125%	12/15/26	765	844
⁴ Danske Bank A/S	3.875%	9/12/23	1,220	1,271		JPMorgan Chase & Co.	4.250%	10/1/27	2,295	2,570
⁴ Danske Bank A/S	5.375%	1/12/24	795	856		JPMorgan Chase & Co.	2.069%	6/1/29	740	734
⁴ Danske Bank A/S	1.621%	9/11/26	855	844		JPMorgan Chase & Co.	4.452%	12/5/29	2,100	2,383
⁴ Danske Bank A/S	1.549%	9/10/27	1,605	1,567		JPMorgan Chase & Co.	3.702%	5/6/30	2,525	2,754
⁴ DNB Bank ASA	1.535%	5/25/27	960	946		JPMorgan Chase & Co.	3.109%	4/22/41	835	865
⁴ DNB Bank ASA	1.605%	3/30/28	1,330	1,300		JPMorgan Chase & Co.	5.400%	1/6/42	750	1,020
⁴ DNB Boligkreditt A/S	2.500%	3/28/22	1,315	1,322		JPMorgan Chase & Co.	3.157%	4/22/42	560	583
⁴ Equitable Financial Life Global Funding	1.400%	7/7/25	370	366		JPMorgan Chase & Co.	3.964%	11/15/48	6,150	7,200
⁴ Equitable Financial Life Global Funding	1.300%	7/12/26	825	806		JPMorgan Chase & Co.	3.109%	4/22/51	845	872
⁴ Equitable Financial Life Global Funding	1.400%	8/27/27	535	520		Liberty Mutual Group Inc.	4.250%	6/15/23	80	84
⁴ Equitable Financial Life Global Funding	1.800%	3/8/28	870	856		Liberty Mutual Group Inc.	4.569%	2/1/29	280	322
Fifth Third Bancorp	2.550%	5/5/27	425	439		Loews Corp.	2.625%	5/15/23	440	449
Fifth Third Bank NA	3.850%	3/15/26	830	896		LSEGA Financing plc	1.375%	4/6/26	1,555	1,523
⁴ Five Corners Funding Trust	4.419%	11/15/23	210	223		LSEGA Financing plc	2.000%	4/6/28	630	621
⁴ GA Global Funding Trust	1.000%	4/8/24	750	744		LSEGA Financing plc	2.500%	4/6/31	1,110	1,116
Goldman Sachs Group Inc.	5.750%	1/24/22	360	361		Macquarie Group Ltd.	4.150%	3/27/24	1,375	1,425
						Macquarie Group Ltd.	1.935%	4/14/28	1,245	1,223
						Macquarie Group Ltd.	2.871%	1/14/33	1,740	1,734
						Manufacturers & Traders Trust Co.	2.900%	2/6/25	685	716
						Marsh & McLennan Cos. Inc.	4.375%	3/15/29	675	771
						Marsh & McLennan Cos. Inc.	4.900%	3/15/49	305	411
						Marsh & McLennan Cos. Inc.	2.900%	12/15/51	560	560
						Massachusetts Mutual Life Insurance Co.	7.625%	11/15/23	1,500	1,633
						Massachusetts Mutual Life Insurance Co.	3.200%	12/1/61	590	584

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		
	MetLife Inc.	3.600%	4/10/24	580	613						
	MetLife Inc.	4.125%	8/13/42	145	172						
	MetLife Inc.	4.875%	11/13/43	530	691						
4	Metropolitan Life Global Funding I	2.650%	4/8/22	340	342	4	Temasek Financial I Ltd.	2.375%	8/2/41	1,345	1,315
4	Metropolitan Life Global Funding I	3.450%	12/18/26	640	691	4	Temasek Financial I Ltd.	2.250%	4/6/51	1,150	1,080
4	Metropolitan Life Global Funding I	3.000%	9/19/27	1,165	1,239	4	Temasek Financial I Ltd.	2.500%	10/6/70	670	625
	Mitsubishi UFJ Financial Group Inc.	2.623%	7/18/22	1,940	1,962	4	Toronto-Dominion Bank	2.500%	1/18/23	2,100	2,102
	Morgan Stanley	2.750%	5/19/22	1,710	1,725	4	Truist Bank	3.300%	5/15/26	340	362
	Morgan Stanley	3.700%	10/23/24	750	799	4	Truist Financial Corp.	2.750%	4/1/22	1,700	1,706
	Morgan Stanley	2.720%	7/22/25	1,750	1,804	4	Truist Financial Corp.	3.700%	6/5/25	1,385	1,489
	Morgan Stanley	3.125%	7/27/26	1,345	1,426	4	Truist Financial Corp.	1.950%	6/5/30	795	785
	Morgan Stanley	6.250%	8/9/26	3,000	3,581	4	UBS AG	1.250%	6/1/26	985	965
	Morgan Stanley	3.625%	1/20/27	1,250	1,356	4	UBS Group AG	2.650%	2/1/22	1,250	1,252
	Morgan Stanley	3.772%	1/24/29	3,910	4,257	4	UBS Group AG	1.494%	8/10/27	1,160	1,132
	Morgan Stanley	2.699%	1/22/31	1,105	1,132	4	UBS Group AG	3.126%	8/13/30	555	581
	Morgan Stanley	2.239%	7/21/32	1,805	1,768	4	UBS Group AG	2.095%	2/11/32	720	697
	Morgan Stanley	2.511%	10/20/32	490	490	4	UniCredit SpA	1.982%	6/3/27	1,015	988
	Morgan Stanley	2.484%	9/16/36	1,220	1,174	4	UniCredit SpA	3.127%	6/3/32	1,200	1,185
	Morgan Stanley	4.300%	1/27/45	850	1,045		US Bancorp	3.700%	1/30/24	1,560	1,646
	Nasdaq Inc.	3.250%	4/28/50	150	153		US Bancorp	2.491%	11/3/36	1,860	1,855
4	National Australia Bank Ltd.	2.332%	8/21/30	2,140	2,048		Wachovia Corp.	7.500%	4/15/35	1,000	1,457
4	National Australia Bank Ltd.	2.990%	5/21/31	2,227	2,234		Wells Fargo & Co.	3.500%	3/8/22	107	108
4	Nationwide Building Society	3.622%	4/26/23	680	686		Wells Fargo & Co.	3.450%	2/13/23	735	756
4	Nationwide Financial Services Inc.	3.900%	11/30/49	1,430	1,672		Wells Fargo & Co.	4.480%	1/16/24	1,199	1,277
4	Nationwide Mutual Insurance Co.	4.350%	4/30/50	1,520	1,748		Wells Fargo & Co.	3.750%	1/24/24	1,560	1,639
	NatWest Group plc	1.642%	6/14/27	870	857		Wells Fargo & Co.	3.000%	2/19/25	890	930
4	NatWest Markets plc	0.800%	8/12/24	670	659		Wells Fargo & Co.	0.805%	5/19/25	430	425
4	NBK SPC Ltd.	2.750%	5/30/22	1,530	1,541		Wells Fargo & Co.	3.550%	9/29/25	860	918
4	NBK SPC Ltd.	1.625%	9/15/27	1,975	1,926		Wells Fargo & Co.	3.000%	4/22/26	1,045	1,098
4	New York Life Global Funding	2.900%	1/17/24	810	840		Wells Fargo & Co.	4.100%	6/3/26	340	371
4	New York Life Insurance Co.	5.875%	5/15/33	2,100	2,774		Wells Fargo & Co.	3.000%	10/23/26	170	179
4	New York Life Insurance Co.	3.750%	5/15/50	345	393		Wells Fargo & Co.	3.196%	6/17/27	1,705	1,801
4	New York Life Insurance Co.	4.450%	5/15/69	435	557		Wells Fargo & Co.	2.879%	10/30/30	435	452
4	Nordea Bank Abp	1.500%	9/30/26	1,900	1,866		Wells Fargo & Co.	2.572%	2/11/31	2,235	2,281
4	Northwestern Mutual Life Insurance Co.	3.850%	9/30/47	656	741		Wells Fargo & Co.	5.606%	1/15/44	2,276	3,073
4	Northwestern Mutual Life Insurance Co.	3.625%	9/30/59	270	297		Wells Fargo & Co.	4.900%	11/17/45	515	649
4	Pacific Life Global Funding II	1.375%	4/14/26	795	791		Wells Fargo & Co.	4.750%	12/7/46	2,070	2,575
	PNC Bank NA	3.300%	10/30/24	460	486						309,993
	PNC Bank NA	2.950%	2/23/25	1,105	1,160		Health Care (2.5%)				
	PNC Bank NA	4.200%	11/1/25	255	280		AbbVie Inc.	3.450%	3/15/22	450	451
	PNC Bank NA	3.100%	10/25/27	1,165	1,247		AbbVie Inc.	3.800%	3/15/25	575	613
	PNC Bank NA	3.250%	1/22/28	1,675	1,798		AbbVie Inc.	4.050%	11/21/39	590	676
	PNC Financial Services Group Inc.	3.900%	4/29/24	580	614		AbbVie Inc.	4.850%	6/15/44	450	564
	PNC Financial Services Group Inc.	2.550%	1/22/30	1,625	1,676		AbbVie Inc.	4.450%	5/14/46	1,010	1,220
4	Principal Life Global Funding II	2.500%	9/16/29	1,000	1,040		AbbVie Inc.	4.250%	11/21/49	565	678
	Prudential plc	3.125%	4/14/30	645	688		AdventHealth Obligated Group	2.795%	11/15/51	900	889
	Royal Bank of Canada	2.750%	2/1/22	1,195	1,197		Advocate Health & Hospitals Corp.	2.211%	6/15/30	360	360
	Santander Holdings USA Inc.	3.700%	3/28/22	915	919		Advocate Health & Hospitals Corp.	3.008%	6/15/50	540	563
	Santander Holdings USA Inc.	3.400%	1/18/23	605	618		Aetna Inc.	2.800%	6/15/23	680	697
4	Societe Generale SA	3.250%	1/12/22	1,015	1,016		Alcon Finance Corp.	2.750%	9/23/26	200	207
4	Standard Chartered plc	1.214%	3/23/25	285	283		Alcon Finance Corp.	2.600%	5/27/30	200	202
	State Street Corp.	2.653%	5/15/23	840	846		Alcon Finance Corp.	3.800%	9/23/49	800	895
4	Sumitomo Mitsui Trust Bank Ltd.	0.850%	3/25/24	2,000	1,981		AmerisourceBergen Corp.	0.737%	3/15/23	845	843
4	Svenska Handelsbanken AB	1.418%	6/11/27	1,875	1,844		Amgen Inc.	2.300%	2/25/31	1,575	1,582
4	Teachers Insurance & Annuity Assn. of America	4.900%	9/15/44	875	1,125		Amgen Inc.	3.150%	2/21/40	575	588
4	Teachers Insurance & Annuity Assn. of America	4.270%	5/15/47	1,145	1,388		Amgen Inc.	5.150%	11/15/41	311	398
4	Temasek Financial I Ltd.	2.375%	1/23/23	1,130	1,148		Amgen Inc.	2.770%	9/1/53	430	403
4	Temasek Financial I Ltd.	3.625%	8/1/28	1,025	1,147		Anthem Inc.	3.300%	1/15/23	1,100	1,130
							Anthem Inc.	3.650%	12/1/27	750	823
							Anthem Inc.	4.101%	3/1/28	1,140	1,270
							Anthem Inc.	2.550%	3/15/31	1,100	1,125
							Anthem Inc.	4.650%	8/15/44	92	115
							Ascension Health	2.532%	11/15/29	1,405	1,464
							Ascension Health	4.847%	11/15/53	50	71
							AstraZeneca plc	4.000%	1/17/29	2,345	2,644
							AstraZeneca plc	6.450%	9/15/37	615	907
							Banner Health	2.907%	1/1/42	910	924
							Baxter International Inc.	2.272%	12/1/28	800	806
							Bayer US Finance II LLC	4.250%	12/15/25	1,100	1,193
							Bayer US Finance LLC	3.375%	10/8/24	815	852

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		
	Alabama Power Co.	4.100%	1/15/42	215	242		Eastern Energy Gas Holdings LLC	3.550%	11/1/23	470	489
	Alabama Power Co.	3.750%	3/1/45	630	698		Electricite de France SA	4.875%	9/21/38	2,200	2,674
	Alabama Power Co.	4.300%	7/15/48	775	939	4	Electricite de France SA	4.875%	1/22/44	50	62
	Ameren Illinois Co.	3.800%	5/15/28	590	651	4	Electricite de France SA	4.950%	10/13/45	400	503
	Ameren Illinois Co.	6.125%	12/15/28	1,000	1,177		Emera US Finance LP	3.550%	6/15/26	965	1,026
	Ameren Illinois Co.	3.700%	12/1/47	140	160		Entergy Louisiana LLC	3.120%	9/1/27	410	433
	American Water Capital Corp.	2.950%	9/1/27	540	571		Energy Inc.	2.450%	9/15/24	425	436
	American Water Capital Corp.	3.750%	9/1/47	45	50		Evergy Kansas Central Inc.	3.250%	9/1/49	630	656
	American Water Capital Corp.	4.200%	9/1/48	845	1,015		Evergy Metro Inc.	2.250%	6/1/30	205	205
	American Water Capital Corp.	4.150%	6/1/49	25	30		Evergy Metro Inc.	4.200%	3/15/48	137	164
	American Water Capital Corp.	3.450%	5/1/50	95	102		Eversource Energy	2.900%	10/1/24	690	716
	Arizona Public Service Co.	3.350%	5/15/50	410	419		Eversource Energy	3.150%	1/15/25	110	115
	Baltimore Gas and Electric Co.	2.900%	6/15/50	238	237		Eversource Energy	3.300%	1/15/28	400	426
	Berkshire Hathaway Energy Co.	6.125%	4/1/36	1,135	1,549		Florida Power & Light Co.	5.650%	2/1/35	1,000	1,300
	Berkshire Hathaway Energy Co.	5.950%	5/15/37	25	34		Florida Power & Light Co.	4.950%	6/1/35	1,000	1,265
	Berkshire Hathaway Energy Co.	5.150%	11/15/43	1,490	1,919		Florida Power & Light Co.	5.950%	2/1/38	785	1,097
	Berkshire Hathaway Energy Co.	4.250%	10/15/50	115	140		Florida Power & Light Co.	5.690%	3/1/40	675	957
4	Boston Gas Co.	3.150%	8/1/27	140	146		Florida Power & Light Co.	3.700%	12/1/47	480	551
4	Brooklyn Union Gas Co.	3.407%	3/10/26	95	100		Fortis Inc.	3.055%	10/4/26	1,195	1,247
4	Brooklyn Union Gas Co.	4.273%	3/15/48	1,720	1,958		Georgia Power Co.	5.400%	6/1/40	205	253
	CenterPoint Energy Houston Electric LLC	4.250%	2/1/49	195	243		Georgia Power Co.	4.750%	9/1/40	988	1,167
	CenterPoint Energy Resources Corp.	4.000%	4/1/28	1,369	1,502		Georgia Power Co.	4.300%	3/15/42	1,076	1,232
	Cleco Corporate Holdings LLC	3.743%	5/1/26	185	197		Georgia Power Co.	3.700%	1/30/50	170	182
	Cleco Corporate Holdings LLC	3.375%	9/15/29	405	414	4	Indiana Michigan Power Co.	4.250%	8/15/48	415	493
	Commonwealth Edison Co.	2.950%	8/15/27	645	683	4	KeySpan Gas East Corp.	2.742%	8/15/26	670	685
	Commonwealth Edison Co.	4.350%	11/15/45	375	453	4	Massachusetts Electric Co.	5.900%	11/15/39	585	778
	Commonwealth Edison Co.	3.650%	6/15/46	175	195		Metropolitan Edison Co.	4.300%	1/15/29	249	278
	Commonwealth Edison Co.	4.000%	3/1/48	480	565		MidAmerican Energy Co.	4.400%	10/15/44	15	18
	Consolidated Edison Co. of New York Inc.	4.500%	12/1/45	980	1,156		MidAmerican Energy Co.	4.250%	5/1/46	45	55
	Consolidated Edison Co. of New York Inc.	3.850%	6/15/46	76	82	4	MidAmerican Energy Co.	4.250%	7/15/49	315	389
	Consolidated Edison Co. of New York Inc.	3.950%	4/1/50	50	57	4	MidAtlantic Interstate Transmission LLC	3.150%	4/15/50	1,390	1,460
	Consolidated Edison Co. of New York Inc.	3.200%	12/1/51	435	438		Monongahela Power Co.	5.400%	12/15/43	135	175
	Consolidated Edison Co. of New York Inc.	4.625%	12/1/54	1,835	2,284		National Rural Utilities Cooperative Finance Corp.	2.950%	2/7/24	415	430
	Consolidated Edison Co. of New York Inc.	4.500%	5/15/58	630	775		National Rural Utilities Cooperative Finance Corp.	2.850%	1/27/25	1,040	1,086
	Delmarva Power & Light Co.	3.500%	11/15/23	305	318		Nevada Power Co.	3.125%	8/1/50	380	386
4	Dominion Energy Inc.	2.450%	1/15/23	3,240	3,295		NextEra Energy Capital Holdings Inc.	3.550%	5/1/27	880	955
	Dominion Energy Inc.	5.250%	8/1/33	1,000	1,229		NextEra Energy Capital Holdings Inc.	1.900%	6/15/28	670	665
	Dominion Energy Inc.	4.600%	3/15/49	760	954		NextEra Energy Capital Holdings Inc.	3.500%	4/1/29	390	420
	Dominion Energy South Carolina Inc.	6.625%	2/1/32	138	188		NextEra Energy Capital Holdings Inc.	2.750%	11/1/29	590	608
	Dominion Energy South Carolina Inc.	5.300%	5/15/33	44	56		NextEra Energy Capital Holdings Inc.	2.250%	6/1/30	1,185	1,182
	Dominion Energy South Carolina Inc.	5.450%	2/1/41	95	128	4	Niagara Mohawk Power Corp.	4.278%	12/15/28	1,000	1,105
	Dominion Energy South Carolina Inc.	4.600%	6/15/43	202	247	4	Niagara Mohawk Power Corp.	3.025%	6/27/50	540	516
	Duke Energy Carolinas LLC	6.100%	6/1/37	391	532		NiSource Inc.	5.250%	2/15/43	390	502
	Duke Energy Carolinas LLC	3.700%	12/1/47	470	525	2,4,7	NiSource Inc.	4.800%	2/15/44	270	330
	Duke Energy Corp.	2.650%	9/1/26	315	327		Northern States Power Co.	6.250%	6/1/36	2,000	2,857
	Duke Energy Corp.	3.400%	6/15/29	350	373		Oglethorpe Power Corp.	6.191%	1/1/31	1,065	1,295
	Duke Energy Corp.	3.300%	6/15/41	945	962		Oglethorpe Power Corp.	5.950%	11/1/39	170	227
	Duke Energy Corp.	4.800%	12/15/45	1,200	1,478		Oglethorpe Power Corp.	4.550%	6/1/44	50	57
	Duke Energy Corp.	3.750%	9/1/46	265	284		Oglethorpe Power Corp.	4.250%	4/1/46	537	578
	Duke Energy Corp.	3.500%	6/15/51	990	1,029		Oglethorpe Power Corp.	5.050%	10/1/48	80	101
	Duke Energy Florida LLC	6.350%	9/15/37	200	286		Oglethorpe Power Corp.	5.250%	9/1/50	630	810
	Duke Energy Progress LLC	6.300%	4/1/38	365	517	4	Oncor Electric Delivery Co. LLC	4.550%	12/1/41	75	93
	Duke Energy Progress LLC	4.100%	3/15/43	118	137		Oncor Electric Delivery Co. LLC	2.700%	11/15/51	355	346
	Duke Energy Progress LLC	4.200%	8/15/45	2,045	2,447		PacifiCorp	6.250%	10/15/37	2,000	2,781
2	Duke Energy Progress NC Storm Funding LLC	2.387%	7/1/39	1,010	1,015		PacifiCorp	4.125%	1/15/49	26	30
4	East Ohio Gas Co.	2.000%	6/15/30	325	315	2	PacifiCorp	4.150%	2/15/50	345	409
4	East Ohio Gas Co.	3.000%	6/15/50	475	470		PacifiCorp	3.300%	3/15/51	169	177
							PG&E Energy Recovery Funding LLC	2.280%	1/15/38	109	108

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
² PG&E Energy Recovery Funding LLC	2.822%	7/15/48	494	491		Broward FL Airport System Port, Airport & Marina Revenue	3.477%	10/1/43	300	308
Potomac Electric Power Co.	3.050%	4/1/22	460	462		California GO	7.500%	4/1/34	155	237
Potomac Electric Power Co.	6.500%	11/15/37	750	1,089		California GO	7.350%	11/1/39	1,550	2,446
San Diego Gas & Electric Co.	6.000%	6/1/26	600	709		California State University College & University Revenue	2.719%	11/1/52	350	353
San Diego Gas & Electric Co.	3.750%	6/1/47	160	178		California State University College & University Revenue	2.939%	11/1/52	445	446
San Diego Gas & Electric Co.	4.150%	5/15/48	545	651		Chicago O'Hare International Airport Port, Airport & Marina Revenue	6.395%	1/1/40	155	233
² SCE Recovery Funding LLC	0.861%	11/15/31	298	284		Chicago Transit Authority Sales & Transfer Tax Receipts Sales Tax Revenue	6.899%	12/1/40	1,780	2,507
SCE Recovery Funding LLC	1.942%	5/15/38	110	106		Chicago Transit Authority Sales & Transfer Tax Receipts Sales Tax Revenue	6.899%	12/1/40	825	1,162
SCE Recovery Funding LLC	2.510%	11/15/43	100	98		Chicago Transit Authority Sales Tax Receipts Fund Sales Tax Revenue	6.200%	12/1/40	550	752
Sempra Energy	3.250%	6/15/27	1,095	1,157		Commonwealth of Massachusetts GO	2.514%	7/1/41	270	266
Sempra Energy	6.000%	10/15/39	600	827		Dallas Fort Worth International Airport Port, Airport & Marina Revenue	2.843%	11/1/46	515	518
Sierra Pacific Power Co.	3.375%	8/15/23	850	878		Dallas-Fort Worth International Airport Port, Airport & Marina Revenue	3.089%	11/1/40	220	225
Sierra Pacific Power Co.	2.600%	5/1/26	221	230		Foothill-Eastern Transportation Corridor Agency Highway Revenue	4.094%	1/15/49	155	167
Southern California Edison Co.	2.400%	2/1/22	170	170		⁷ Foothill-Eastern Transportation Corridor Agency Highway Revenue	3.924%	1/15/53	1,170	1,251
Southern California Edison Co.	3.700%	8/1/25	90	96		Georgia Municipal Electric Authority Electric Power & Light Revenue	6.637%	4/1/57	1,852	2,820
Southern California Edison Co.	6.000%	1/15/34	1,000	1,295		Golden State Tobacco Securitization Corp. Tobacco Settlement Funded Revenue	2.746%	6/1/34	70	70
Southern California Edison Co.	5.550%	1/15/37	2,250	2,799		Golden State Tobacco Securitization Corp. Tobacco Settlement Funded Revenue	3.293%	6/1/42	130	132
Southern California Edison Co.	6.050%	3/15/39	55	72		Golden State Tobacco Securitization Corp. Tobacco Settlement Funded Revenue	3.000%	6/1/46	330	338
Southern California Edison Co.	4.000%	4/1/47	195	215		Grand Parkway Transportation Corp. Highway Revenue	5.184%	10/1/42	140	187
Southern California Edison Co.	4.125%	3/1/48	645	725		Grand Parkway Transportation Corp. Texas System Highway Revenue	3.236%	10/1/52	930	941
Southern California Edison Co.	3.650%	2/1/50	155	166		Great Lakes Water Authority Sewage Disposal System Sewer Revenue	3.056%	7/1/39	250	264
Southern California Gas Co.	2.600%	6/15/26	820	853		Houston TX GO	6.290%	3/1/32	365	460
Southern Co.	2.950%	7/1/23	1,280	1,312		Illinois GO	5.100%	6/1/33	3,780	4,369
Southern Co.	4.400%	7/1/46	755	892		Illinois State Toll Highway Authority Highway Revenue	6.184%	1/1/34	750	1,023
Southwest Gas Corp.	2.200%	6/15/30	230	226		JobsOhio Beverage System Miscellaneous Revenue	2.833%	1/1/38	160	165
Southwestern Electric Power Co.	6.200%	3/15/40	400	560		⁸ Kansas Development Finance Authority Appropriations Revenue	2.774%	5/1/51	390	387
Southwestern Public Service Co.	3.700%	8/15/47	102	114		⁷ Kansas Development Finance Authority Lease (Appropriation) Revenue	5.501%	5/1/34	2,000	2,464
⁴ State Grid Overseas Investment BVI Ltd.	2.750%	5/4/22	1,550	1,559		Maryland State Transportation Authority Transit Revenue	5.888%	7/1/43	545	775
⁴ State Grid Overseas Investment BVI Ltd.	3.500%	5/4/27	775	836		Massachusetts School Building Authority Sales Tax Revenue	1.753%	8/15/30	890	880
Union Electric Co.	4.000%	4/1/48	423	500		Massachusetts School Building Authority Sales Tax Revenue	5.715%	8/15/39	1,000	1,382
Virginia Electric and Power Co.	2.750%	3/15/23	690	703		Massachusetts School Building Authority Sales Tax Revenue	3.395%	10/15/40	500	523
Virginia Electric and Power Co.	3.500%	3/15/27	435	470						
Wisconsin Electric Power Co.	5.700%	12/1/36	690	918						
				100,423						
Total Corporate Bonds (Cost \$735,981)				787,496						
Sovereign Bonds (0.4%)										
⁴ Government of Bermuda	2.375%	8/20/30	400	399						
⁴ Government of Bermuda	3.375%	8/20/50	200	200						
International Bank for Reconstruction & Development	4.750%	2/15/35	2,000	2,658						
⁴ Kingdom of Saudi Arabia	2.875%	3/4/23	930	952						
Republic of Chile	2.550%	1/27/32	1,075	1,072						
Republic of Chile	2.550%	7/27/33	1,285	1,251						
Republic of Chile	3.500%	4/15/53	575	595						
Republic of Chile	3.100%	1/22/61	410	381						
Republic of Colombia	4.000%	2/26/24	970	1,001						
Republic of Panama	2.252%	9/29/32	1,520	1,445						
Republic of Panama	3.870%	7/23/60	885	885						
⁴ State of Qatar	3.875%	4/23/23	1,985	2,064						
⁴ State of Qatar	4.400%	4/16/50	430	536						
Total Sovereign Bonds (Cost \$12,808)				13,439						
Taxable Municipal Bonds (1.6%)										
Alabama Federal Aid Highway Finance Authority Government Fund/Grant Revenue	2.650%	9/1/37	160	162						
Bay Area Toll Authority Highway Revenue	2.574%	4/1/31	450	464						
Bay Area Toll Authority Highway Revenue	6.263%	4/1/49	60	96						
Bay Area Toll Authority Highway Revenue	7.043%	4/1/50	820	1,434						

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Repurchase Agreement (1.2%)				
RBS Securities Inc. (Dated 12/31/21, Repurchase Value \$46,900,000, collateralized by U.S. Treasury Note/Bond 1.625%–3.000%, 8/15/41–11/15/50, with a value of \$47,838,000)	0.050%	1/3/22	46,900	46,900
Total Temporary Cash Investments (Cost \$50,703)				50,702
Total Investments (99.8%) (Cost \$2,783,699)				3,779,909
Other Assets and Liabilities— Net (0.2%)				7,472
Net Assets (100%)				3,787,381

Cost is in \$000.

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

- 1 Securities with a value of \$503,000 have been segregated as initial margin for open futures contracts.
- 2 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.
- 3 The issuer was placed under federal conservatorship in September 2008; since that time, its daily operations have been managed by the Federal Housing Finance Agency and it receives capital from the U.S. Treasury, as needed to maintain a positive net worth, in exchange for senior preferred stock.
- 4 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 December 31, 2021, the aggregate value was \$249,859,000, representing 6.6% of net assets.
- 5 Variable-rate security; rate shown is effective rate at period end. Certain variable-rate securities are not based on a published reference rate and spread but are determined by the issuer or agent based on current market conditions.
- 6 Security value determined using significant unobservable inputs.
- 7 Scheduled principal and interest payments are guaranteed by Assured Guaranty Municipal Corp.
- 8 Scheduled principal and interest payments are guaranteed by Build America Mutual Assurance Co.
- 9 Scheduled principal and interest payments are guaranteed by National Public Finance Guarantee Corp.
- 10 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.
1M—1-month.
3M—3-month.
ADR—American Depositary Receipt.
GO—General Obligation Bond.
LIBOR—London Interbank Offered Rate.
REMICS—Real Estate Mortgage Investment Conduits.
UMBS—Uniform Mortgage-Backed Securities.
USD—U.S. dollar.

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				
5-Year U.S. Treasury Note	March 2022	170	20,566	34
10-Year U.S. Treasury Note	March 2022	31	4,045	45
Ultra 10-Year U.S. Treasury Note	March 2022	107	15,669	54
				<hr/> 133

Statement of Assets and Liabilities

As of December 31, 2021

(\$000s, except shares and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$2,783,687)	3,779,897
Affiliated Issuers (Cost \$12)	12
Total Investments in Securities	3,779,909
Investment in Vanguard	121
Cash	49
Foreign Currency, at Value (Cost \$219)	216
Receivables for Investment Securities Sold	1,531
Receivables for Accrued Income	9,795
Receivables for Capital Shares Issued	499
Variation Margin Receivable—Futures Contracts	39
Total Assets	3,792,159
Liabilities	
Payables for Investment Securities Purchased	3,637
Payables to Investment Advisor	377
Payables for Capital Shares Redeemed	502
Payables to Vanguard	262
Total Liabilities	4,778
Net Assets	3,787,381

At December 31, 2021, net assets consisted of:

Paid-in Capital	2,420,969
Total Distributable Earnings (Loss)	1,366,412
Net Assets	3,787,381

Net Assets	
Applicable to 133,290,918 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	3,787,381
Net Asset Value Per Share	\$28.41

Statement of Operations

	Year Ended December 31, 2021
	(\$000)
Investment Income	
Income	
Dividends ¹	39,311
Interest ²	30,320
Securities Lending—Net	28
Total Income	69,659
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	1,770
Performance Adjustment	(279)
The Vanguard Group—Note C	
Management and Administrative	5,393
Marketing and Distribution	189
Custodian Fees	30
Auditing Fees	30
Shareholders' Reports	37
Trustees' Fees and Expenses	2
Total Expenses	7,172
Net Investment Income	62,487
Realized Net Gain (Loss)	
Investment Securities Sold ³	311,995
Futures Contracts	(130)
Forward Currency Contracts	107
Foreign Currencies	(50)
Realized Net Gain (Loss)	311,922
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ³	242,543
Futures Contracts	117
Forward Currency Contracts	24
Foreign Currencies	(33)
Change in Unrealized Appreciation (Depreciation)	242,651
Net Increase (Decrease) in Net Assets Resulting from Operations	617,060

1 Dividends are net of foreign withholding taxes of \$1,213,000.

2 Interest is net of foreign withholding taxes of \$1,000.

3 Realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$0, and less than \$1,000, respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

	Year Ended December 31,	
	2021	2020
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	62,487	69,665
Realized Net Gain (Loss)	311,922	175,861
Change in Unrealized Appreciation (Depreciation)	242,651	68,099
Net Increase (Decrease) in Net Assets Resulting from Operations	617,060	313,625
Distributions		
Total Distributions	(240,358)	(186,299)
Capital Share Transactions		
Issued	255,089	249,434
Issued in Lieu of Cash Distributions	240,358	186,299
Redeemed	(431,072)	(483,258)
Net Increase (Decrease) from Capital Share Transactions	64,375	(47,525)
Total Increase (Decrease)	441,077	79,801
Net Assets		
Beginning of Period	3,346,304	3,266,503
End of Period	3,787,381	3,346,304

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2021	2020	2019	2018	2017
Net Asset Value, Beginning of Period	\$25.68	\$24.94	\$22.20	\$24.80	\$23.03
Investment Operations					
Net Investment Income ¹	.468	.526	.623	.626	.582
Net Realized and Unrealized Gain (Loss) on Investments	4.137	1.692	4.105	(1.414)	2.648
Total from Investment Operations	4.605	2.218	4.728	(.788)	3.230
Distributions					
Dividends from Net Investment Income	(.497)	(.666)	(.660)	(.582)	(.567)
Distributions from Realized Capital Gains	(1.378)	(.812)	(1.328)	(1.230)	(.893)
Total Distributions	(1.875)	(1.478)	(1.988)	(1.812)	(1.460)
Net Asset Value, End of Period	\$28.41	\$25.68	\$24.94	\$22.20	\$24.80
Total Return	19.02%	10.68%	22.48%	-3.41%	14.72%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$3,787	\$3,346	\$3,267	\$2,708	\$2,942
Ratio of Total Expenses to Average Net Assets ²	0.20%	0.20%	0.21%	0.21%	0.23%
Ratio of Net Investment Income to Average Net Assets	1.76%	2.24%	2.68%	2.67%	2.49%
Portfolio Turnover Rate ³	33%	49%	29%	36%	28%

1 Calculated based on average shares outstanding.

2 Includes performance-based investment advisory fee increases (decreases) of (0.01%), (0.01%), (0.00%), (0.00%), and (0.00%).

3 Includes 1%, 3%, 8%, 2%, and 0%, respectively, attributable to mortgage-dollar-roll activity.

Notes to Financial Statements

The Balanced 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. Certain of the portfolio's investments are in corporate debt instruments; the issuers' abilities to meet their obligations may be affected by economic developments in their respective industries. 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. Bonds and 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. Structured debt securities, including mortgages and asset-backed securities, are valued using the latest bid prices or using valuations based on a matrix system that considers such factors as issuer, tranche, nominal or option-adjusted spreads, weighted average coupon, weighted average maturity, credit enhancements, and collateral, as furnished by independent pricing services. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued at their fair values calculated according to procedures adopted 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 portfolio's pricing time. When fair-value pricing is employed, the prices of securities used by a portfolio to calculate its net asset value may differ from quoted or published prices for the same securities.

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 portfolio'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. **Futures Contracts:** The portfolio uses futures contracts to invest in fixed income asset classes with greater efficiency and lower cost than is possible through direct investment, to add value when these instruments are attractively priced, or to adjust sensitivity to changes in interest rates. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of bonds 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 year ended December 31, 2021, the portfolio's average investments in long and short futures contracts each represented less than 1% of net assets, based on the average of the notional amounts at each quarter-end during the period.

4. Forward Currency Contracts: The portfolio enters into forward currency contracts to provide the appropriate currency exposure related to any open futures contracts or to protect the value of securities and related receivables and payables against changes in foreign exchange rates. The portfolio's risks in using these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the ability of the counterparties to fulfill their obligations under the contracts. The portfolio mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. The master netting arrangements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate the forward currency contracts, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the portfolio under the master netting arrangements. The forward currency contracts contain provisions whereby a counterparty may terminate open contracts if the portfolio's net assets decline below a certain level, triggering a payment by the portfolio if the portfolio is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the portfolio has pledged. Any securities pledged as collateral for open contracts are noted in the Schedule of Investments. The value of collateral received or pledged is compared daily to the value of the forward currency contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets 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 forward currency contract gains (losses).

During the year ended December 31, 2021, the portfolio's average investment in forward currency contracts represented less than 1% of net assets, based on the average of the notional amounts at each quarter-end during the period. The portfolio had no open forward currency contracts at December 31, 2021.

5. To Be Announced (TBA) Transactions: A TBA transaction is an agreement to buy or sell mortgage-backed securities with agreed-upon characteristics (face amount, coupon, maturity) for settlement at a future date. The portfolio may be a seller of TBA transactions to reduce its exposure to the mortgage-backed securities market or in order to sell mortgage-backed securities it owns under delayed-delivery arrangements. When the portfolio is a buyer of TBA transactions, it maintains cash or short-term investments in an amount sufficient to meet the purchase price at the settlement date of the TBA transaction. The primary risk associated with TBA transactions is that a counterparty may default on its obligations. The portfolio mitigates its counterparty risk by, among other things, performing a credit analysis of counterparties, allocating transactions among numerous counterparties, and monitoring its exposure to each counterparty. The portfolio may also enter into a Master Securities Forward Transaction Agreement (MSFTA) with certain counterparties and require them to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. Under an MSFTA, upon a counterparty default (including bankruptcy), the portfolio may terminate any TBA transactions with that counterparty, determine the net amount owed by either party in accordance with its MSFTA, and sell or retain any collateral held up to the net amount owed to the portfolio under the MSFTA.

6. Mortgage Dollar Rolls: The portfolio enters into mortgage-dollar-roll transactions, in which the portfolio sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. The proceeds of the securities sold in mortgage-dollar-roll transactions are typically invested in high-quality short-term fixed income securities. The portfolio forgoes principal and interest paid on the securities sold, and is compensated by interest earned on the proceeds of the sale and by a lower price on the securities to be repurchased. The portfolio also enters into mortgage-dollar-roll transactions in which the portfolio buys mortgage-backed securities from a dealer pursuant to a TBA transaction and simultaneously agrees to sell similar securities in the future at a predetermined price. The securities bought in mortgage-dollar-roll transactions are used to cover an open TBA sell position. The portfolio continues to earn interest on mortgage-backed security pools already held and receives a lower price on the securities to be sold in the future. The portfolio accounts for mortgage-dollar-roll transactions as purchases and sales; as such, these transactions may increase the portfolio's portfolio turnover rate.

Amounts to be received or paid in connection with open mortgage dollar rolls are included in Receivables for Investment Securities Sold or Payables for Investment Securities Purchased in the Statement of Assets and Liabilities.

7. Repurchase Agreements: The portfolio enters into repurchase agreements with institutional counterparties. Securities pledged as collateral to the portfolio under repurchase agreements are held by a custodian bank until the agreements mature, and in the absence of a default, such collateral cannot be repledged, resold, or rehypothecated. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. The portfolio further mitigates its counterparty risk by entering into repurchase agreements only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any repurchase agreements with that counterparty, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio. Such action may be subject to legal proceedings, which may delay or limit the disposition of collateral.

8. 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.

9. 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.

10. 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 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.

11. 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 alternate 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 year ended December 31, 2021, the portfolio did not utilize the credit facilities or the Interfund Lending Program.

12. 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.

Taxes on foreign dividends and capital gains have been provided for in accordance with the portfolio’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 portfolio 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. Such tax reclaims received during the year, if any, are included in dividend income. No other amounts for additional tax reclaims are reflected in the financial statements due to the uncertainty as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment.

B. Wellington Management Company LLP provides investment advisory services to the portfolio for a fee calculated at an annual percentage rate of average net assets. The basic fee is subject to quarterly adjustments based on the portfolio’s performance relative to the combined index comprising the S&P 500 Index and the Bloomberg Barclays U.S. Credit A or Better Bond Index for the preceding three years. For the year ended December 31, 2021, the investment advisory fee represented an effective annual rate of 0.05% of the portfolio’s average net assets, before a net decrease of \$279,000 (0.01%) based on performance.

C. In accordance with the terms of a Funds’ Service Agreement (the “FSA”) between Vanguard and the portfolio, Vanguard furnishes to the portfolio 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 December 31, 2021, the portfolio had contributed to Vanguard capital in the amount of \$121,000, representing less than 0.01% of the portfolio’s net assets and 0.05% of Vanguard’s capital received pursuant to the FSA. The portfolio’s trustees and officers are also directors and employees, respectively, of Vanguard.

D. 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.

Balanced Portfolio

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2021, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stocks	2,328,357	182,460	—	2,510,817
U.S. Government and Agency Obligations	—	302,841	—	302,841
Asset-Backed/Commercial Mortgage-Backed Securities	—	53,980	535	54,515
Corporate Bonds	—	787,496	—	787,496
Sovereign Bonds	—	13,439	—	13,439
Taxable Municipal Bonds	—	60,099	—	60,099
Temporary Cash Investments	12	50,690	—	50,702
Total	2,328,369	1,451,005	535	3,779,909
Derivative Financial Instruments				
Assets				
Futures Contracts ¹	133	—	—	133

¹ Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

E. At December 31, 2021, the fair values of derivatives were reflected in the Statement of Assets and Liabilities as follows:

	Interest Rate Contracts (\$000)	Total (\$000)
Statement of Assets and Liabilities		
Unrealized Appreciation—Futures Contracts ¹	133	133
Total Assets	133	133

¹ Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

Realized net gain (loss) and the change in unrealized appreciation (depreciation) on derivatives for the year ended December 31, 2021, were:

	Interest Rate Contracts (\$000)	Foreign Exchange Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives			
Futures Contracts	(130)	—	(130)
Forward Currency Contracts	—	107	107
Realized Net Gain (Loss) on Derivatives	(130)	107	(23)
Change in Unrealized Appreciation (Depreciation) on Derivatives			
Futures Contracts	117	—	117
Forward Currency Contracts	—	24	24
Change in Unrealized Appreciation (Depreciation) on Derivatives	117	24	141

F. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for foreign currency transactions were reclassified between the individual components of total distributable earnings (loss).

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

Balanced Portfolio

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

	Amount (\$000)
Undistributed Ordinary Income	99,471
Undistributed Long-Term Gains	272,286
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	994,655

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2021 Amount (\$000)	2020 Amount (\$000)
Ordinary Income*	79,182	87,602
Long-Term Capital Gains	161,176	98,697
Total	240,358	186,299

* Includes short-term capital gains, if any.

As of December 31, 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	2,785,308
Gross Unrealized Appreciation	1,023,101
Gross Unrealized Depreciation	(28,501)
Net Unrealized Appreciation (Depreciation)	994,600

G. During the year ended December 31, 2021, the portfolio purchased \$684,447,000 of investment securities and sold \$849,764,000 of investment securities, other than U.S. government securities and temporary cash investments. Purchases and sales of U.S. government securities were \$475,881,000 and \$365,572,000, respectively.

The portfolio purchased securities from and sold securities to other funds or accounts managed by its investment advisor or their 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 year ended December 31, 2021, such purchases were \$0 and sales were \$3,398,000, resulting in net realized gain of \$450,000; these amounts, other than temporary cash investments, are included in the purchases and sales of investment securities noted above.

H. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2021 Shares (000)	2020 Shares (000)
Issued	9,605	10,781
Issued in Lieu of Cash Distributions	9,716	9,447
Redeemed	(16,345)	(20,878)
Net Increase (Decrease) in Shares Outstanding	2,976	(650)

At December 31, 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 69% 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.

I. Management has determined that no events or transactions occurred subsequent to December 31, 2021, that would require recognition or disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Balanced Portfolio

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Balanced Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2021, the related statement of operations for the year ended December 31, 2021, the statement of changes in net assets for each of the two years in the period ended December 31, 2021, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2021 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2021 and the financial highlights for each of the five years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2021 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 17, 2022

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

Special 2021 tax information (unaudited) for corporate shareholders only for Balanced Portfolio, a portfolio of Vanguard Variable Insurance Funds

This information for the fiscal year ended December 31, 2021, is included pursuant to provisions of the Internal Revenue Code for corporate shareholders only.

For corporate shareholders, 29.5% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

For nonresident alien shareholders, 100% of short-term capital gain dividends distributed by the portfolio are qualified short-term capital gains.

The portfolio distributed \$161,176,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

The percentage of the ordinary dividends reported by the portfolio that is treated as a Section 163(j) interest dividend and thus is eligible to be treated as interest income for purposes of Section 163(j) and the regulations thereunder is 34.4%.

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The People Who Govern Your Fund

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

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 217 Vanguard funds.

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

Interested Trustee¹

Mortimer J. Buckley

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

Independent Trustees

Tara Bunch

Born in 1962. Trustee since November 2021. Principal occupation(s) during the past five years and other experience: head of global operations at Airbnb (2020–present). Vice president of AppleCare (2012–2020). Member of the board of directors of Out & Equal (2002–2006), the advisory board of the University of California, Berkeley School of Engineering (2020–present), and the advisory board of Santa Clara University's Leavey School of Business (2018–present).

Emerson U. Fullwood

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

Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania.

F. Joseph Loughrey

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

Mark Loughridge

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

Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: adjunct professor of finance at the University of Notre Dame (2020–present). Chief investment officer (retired 2020) and vice president (retired 2020) of the University of Notre Dame. Assistant professor (retired June 2020) of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee. Member of the board of Catholic Investment Services, Inc. (investment advisors), the board of superintendence of the Institute for the Works of Religion, and the board of directors of Paxos Trust Company (finance).

Deanna Mulligan

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

André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Member of the board (2018–present) of RIT Capital Partners (investment firm). Member of the investment committee of Partners Health Care System.

Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Colin W. Brown Distinguished Professor of the Practice of Law (2021–present), professor (2020–present), Distinguished Fellow of the Global Financial Markets Center (2020–present), and Rubenstein Fellow (2017–2020) at Duke University. Trustee (2017–present) of Amherst College and member of Amherst College Investment Committee (2019–present). Member of the Regenerative Crisis Response Committee (2020–present).

David A. Thomas

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

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

Energy Company (2013–present). Trustee of Common Fund (2019–present).

Peter F. Volanakis

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

Executive Officers

Christine M. Buchanan

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

David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

John Galloway

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

Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

Anne E. Robinson

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

Michael Rollings

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

John E. Schadt

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (2019–present) of Vanguard Marketing Corporation.

Vanguard Senior Management Team

Matthew Benchener	Thomas M. Rampulla
Joseph Brennan	Karin A. Risi
Mortimer J. Buckley	Anne E. Robinson
Gregory Davis	Michael Rollings
John James	Nitin Tandon
John T. Marcante	Lauren Valente
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