

Annual Report | December 31, 2022

Vanguard Variable Insurance Funds

Balanced Portfolio

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Your Portfolio's Performance at a Glance

- Despite some relief in midsummer and late fall, the 12 months ended December 31, 2022, were a volatile, challenging period for financial markets. The Balanced Portfolio returned -14.30%, ahead of the -16.64% return of its composite benchmark.
- Overall, the economic backdrop deteriorated as inflation soared to multidecade highs, driven by government spending during the pandemic as well as higher energy and food prices in the wake of Russia's invasion of Ukraine. That prompted aggressive tightening by many central banks to bring inflation back in check, which weighed on bond prices and increased fears of recession.
- Equity returns were negative across all portfolio sectors except energy and utilities. Even so, poor selection in energy detracted most from the portfolio's benchmark-relative performance. Consumer discretionary stocks, buoyed by strong selection, made the largest contribution.
- Bond returns also fell, driven in part by security selection in investment-grade credit and overweighting of securitized sectors.
- Over the decade ended December 31, the portfolio's average annual return slightly lagged the 8.81% 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 insurance-related expenses into account.

Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2022		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	-19.13%	7.35%	9.13%
Russell 2000 Index (Small-caps)	-20.44	3.10	4.13
Russell 3000 Index (Broad U.S. market)	-19.21	7.07	8.79
FTSE All-World ex US Index (International)	-15.49	0.61	1.28
Bonds			
Bloomberg U.S. Aggregate Float Adjusted Index (Broad taxable market)	-13.07%	-2.67%	0.06%
Bloomberg Municipal Bond Index (Broad tax-exempt market)	-8.53	-0.77	1.25
FTSE Three-Month U.S. Treasury Bill Index	1.50	0.70	1.24
CPI			
Consumer Price Index	6.45%	4.92%	3.78%

Advisor's Report

The Balanced Portfolio returned –14.30% for the 12 months ended December 31, 2022, outperforming the –16.64% 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 negative results for the year. The S&P 500 Index returned –18.11%, the MSCI World Index returned –17.73%, and the MSCI EAFE Index returned –14.45%.

Amid rising geopolitical instability, tighter monetary policy to address accelerating inflation, and fears about the global economic growth outlook, volatility rose sharply during the first quarter of 2022. Russia's large-scale military attack on Ukraine forced more than 4 million people to flee Ukraine as fighting intensified and living conditions deteriorated rapidly in many cities. Prices for natural gas, select grains, and metals surged, and Brent crude oil prices topped \$100 per barrel amid expectations that economic sanctions would cripple Russian energy exports and restrict supplies of key commodities.

Risk sentiment plunged in the second quarter as investors grew increasingly concerned about the economic toll of persistent geopolitical instability, soaring inflation, rising interest rates, and constrained supply chains. Inflation remained elevated globally and energy prices continued to rise. These challenges continued into the third quarter, with the U.S. Federal Reserve hiking interest rates to rein in decades-high inflation. During the fourth quarter, stocks rallied and investor sentiment improved after softer-than-expected inflation in the U.S. and Europe fueled hopes that the Fed and the European Central Bank would begin to taper their pace of rate hikes. That

triggered significant declines in U.S. Treasury yields and the U.S. dollar.

For the full year, broad fixed income markets largely generated negative total returns, driven by rising U.S. Treasury yields. Government bond yields moved sharply higher following ongoing monetary policy tightening intentions in response to persistent inflation pressures. U.S. labor market strength persisted while housing market resilience was tested by surging mortgage rates, lack of inventory, and home price appreciation. Central banks across most developed markets indicated their hawkish intentions and expressed a willingness to keep policy in restrictive territory, even in the face of slower growth and weaker labor markets. The Bloomberg U.S. Aggregate Bond Index returned –13.01% during the 12 months, outperforming the higher-quality credit market as represented by the Bloomberg U.S. Credit A or Better Bond Index, which returned –14.64%. The yield on the 10-year U.S. Treasury note rose 236 basis points, ending the period at 3.87%. (A basis point is one hundredth of a percentage point.)

Our successes

In the stock portfolio, sector allocation contributed most to relative performance, driven by an underweight allocation to information technology and overweight allocations to health care and financials. Strong security selection in consumer discretionary, utilities, and industrials also contributed to relative performance. Strong individual contributors to investment performance were positions in Shell, Progressive, and Charles Schwab. Not holding certain stocks, most notably Tesla and NVIDIA, also helped relative returns.

In the fixed income portfolio, relative results benefited from duration and yield curve positioning, an underweight allocation to the 1- and 30-year portion of the yield curve as yields rose. An underweight allocation to credit spread duration also contributed.

Our shortfalls

In the stock portfolio, weak selection in the energy, communication services, and consumer staples sectors detracted from relative performance. Underweight allocations to materials and real estate and an overweight allocation to consumer discretionary stocks also dampened results. Top detractors included Meta Platforms and Marvell Tech. Not holding Exxon Mobil, Chevron, and Merck also detracted from relative returns.

In the fixed income portfolio, underperformance was primarily driven by security selection. Selection within investment-grade corporate bonds, particularly within financials (banking issuers) and industrials (consumer non-cyclical, technology, and communications) detracted most. Within non-corporate credit, security selection within taxable municipals (particularly revenue bonds) held back relative results.

An out-of-benchmark allocation to securitized sectors also detracted from relative returns, including agency mortgage-backed securities (MBS), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS).

Portfolio positioning

The range of potential outcomes is wide for the global economy and, therefore, for asset markets. On one hand, financial conditions have tightened considerably, causing economic growth to slow and inflation to begin to moderate. On the other hand, consumer spending and corporate earnings remain robust and have not yet experienced the significant slowdown central bankers are trying to engineer. We monitor the macro environment closely and direct most of our research efforts to company-specific analysis where we believe our most differentiated insights are likely to lie. Our focus remains on companies that can deliver resilient results across economic and market environments and on stock prices that trade at moderate valuations.

Over the year, we initiated new positions in ConocoPhillips, Honeywell, Glencore, and 15 other businesses. ConocoPhillips is a low-cost producer of oil and gas globally. We prefer Conoco over Total because of its U.S. domicile, where the risk of windfall tax and/or disruption around the Russia/Ukraine war is lower. Honeywell is a well-managed industrial conglomerate with concentrations in aerospace and building controls. We believe their long-term growth prospects are not fully reflected in its current valuation. Glencore is a low-cost producer of a range of metals, many of which will be necessary in the global energy transition away from combustible engine vehicles. We believe the supply side of metals production will remain constrained causing sustainably high metals prices.

Our largest sector overweights are to health care, consumer discretionary, and industrials. Conversely, our largest sector underweights are information technology, communication services, and real estate.

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 downside protection during difficult economic and market environments.

On the fixed income side, we maintain a modestly defensive stance in the portfolio. Market volatility has remained elevated because of sustained inflation pressures, the Fed engaging in an aggressive tightening agenda, continued COVID-19 impacts, and ongoing geopolitical risks. The Fed's hawkish stance at a time of slowing growth has pushed the recession narrative to the market's forefront, and the rapid pace of tightening by other central banks has raised concerns of global economic slowdown. The Treasury yield curve is reflective of recessionary expectations. During the 12-month period, the Fed responded to sustained inflation pressures with hawkish messaging in

conjunction with an aggressive tightening agenda and the start of quantitative tightening. While the substantially higher interest rate environment and growing growth concerns are likely to provide support for fixed income assets and greater downside protection going forward, we maintained a modest short duration position at year-end in light of recent interest rate volatility.

The fixed income portfolio maintains an out-of-benchmark allocation to U.S. governments and agency MBS as our liquidity buffer, which should provide downside protection for shareholders if the economic cycle or the equity portfolio takes an unfavorable turn. Although major central banks, including the Fed, will likely slow the pace of interest rate hikes from here, we expect they will continue to tighten in the near term and for interest rates to remain restrictive into a cyclical downturn, potentially resulting in global liquidity continuing to be drained. Given tight valuations and continued tail risks to markets, we maintain a robust liquidity profile using cash, U.S. government securities, and agency MBS.

The portfolio also holds out-of-benchmark allocations to the high-quality securitized sectors, such as traditional asset-backed securities, commercial mortgage-backed securities, and very modestly to collateral loan obligations and non-agency residential mortgages. We are more cautious on certain securitized sectors, and this has been an area of reduced exposure during the period as the portfolio has focused on more liquid areas of the fixed income markets.

Investment-grade credit fundamentals are strong but have likely peaked. While financial conditions have tightened meaningfully in 2022, we believe their impacts are only beginning to be felt. Corporate fundamentals have surprised to the upside in the past year, but they are likely to deteriorate in the quarters ahead as sustained inflation pressures margins and as demand possibly wanes. We expect the evolving macroeconomic landscape will result in more fundamental and performance dispersion, which should

create better security selection opportunities. Our primary focus on fundamentals will be the impact of persistent cost inflation (particularly labor) on free-cash-flow generation. We have reduced exposure to more cyclical issuers that we feel will have difficulty generating positive free cash flow in a recessionary environment and to issuers operating with more levered balance sheets that will be more substantially impacted by higher borrowing costs. We have also been more cautious on companies that are mostly directly exposed to commodity cost inflation. From a sector perspective, we have increased our positions in the utility sector and some parts of the insurance sector where we view valuations as attractive. In terms of non-corporate credit, we remain positive on taxable municipals, as we think this sector still provides diversification and a broad selection of high-quality issuers that have benefited from fiscal support, although the ongoing operational headwinds make us more cautious on the not-for-profit hospital sector. In terms of quality, we have reduced our exposure to the BBB-rated cohort of our market and remain focused on investing in companies with defensive operating profiles and balance sheets that will be able to weather a more difficult operating environment in 2023.

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 portfolio'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, 2023

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, 2022

Balanced Portfolio	Beginning Account Value 6/30/2022	Ending Account Value 12/31/2022	Expenses Paid During Period
Based on Actual Portfolio Return	\$1,000.00	\$1,021.20	\$1.07
Based on Hypothetical 5% Yearly Return	1,000.00	1,024.15	1.07

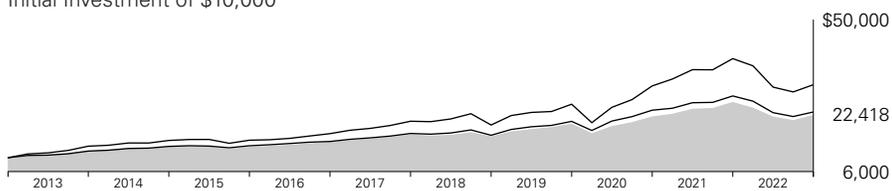
The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.21%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, 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, 2012, Through December 31, 2022
Initial Investment of \$10,000



Average Annual Total Returns
Periods Ended December 31, 2022

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
— Balanced Portfolio	-14.30%	5.96%	8.41%	\$22,418
..... Composite Stock/Bond Index	-16.64	6.43	8.81	23,256
— Dow Jones U.S. Total Stock Market Float Adjusted Index	-19.53	8.65	12.03	31,151

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, 2022

Asset-Backed/Commercial Mortgage-Backed Securities	0.8%
Common Stocks	66.0
Corporate Bonds	22.5
Sovereign Bonds	0.3
Taxable Municipal Bonds	1.5
U.S. Government and Agency Obligations	8.9

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, 2022

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)		Shares	Market Value• (\$000)
Common Stocks (65.4%)								
Communication Services (3.8%)			Novartis AG (Registered)	409,475	37,056	American Electric Power Co. Inc.	21,355	2,028
* Alphabet Inc. Class A	775,904	68,458	Becton Dickinson and Co.	130,894	33,286			90,399
* Meta Platforms Inc. Class A	253,329	30,486	Danaher Corp.	72,605	19,271	Total Common Stocks (Cost \$1,663,491)		
Electronic Arts Inc.	161,764	19,764	Johnson & Johnson	51,146	9,035	2,053,900		
		118,708	Baxter International Inc.	168,138	8,570			
			Zoetis Inc.	55,020	8,063			
					383,248			
Consumer Discretionary (7.8%)			Industrials (6.9%)					
McDonald's Corp.	163,397	43,060	Raytheon Technologies Corp.	341,597	34,474			
* Amazon.com Inc.	506,205	42,521	Honeywell International Inc.	150,655	32,285			
TJX Cos. Inc.	460,480	36,654	Deere & Co.	69,884	29,964			
Starbucks Corp.	358,503	35,564	Johnson Controls International plc	445,294	28,499			
Home Depot Inc.	93,712	29,600	Illinois Tool Works Inc.	112,643	24,815			
NIKE Inc. Class B	112,453	13,158	Northrop Grumman Corp.	44,136	24,081			
Dollar General Corp.	48,539	11,953	Fortive Corp.	342,258	21,990			
Lennar Corp. Class A	105,624	9,559	Parker-Hannifin Corp.	62,653	18,232			
* Coupang Inc.	509,163	7,490	Schneider Electric SE	21,158	2,971			
DR Horton Inc.	81,606	7,274			217,311			
Ross Stores Inc.	55,822	6,479						
		243,312	Information Technology (12.5%)					
Consumer Staples (4.9%)			Microsoft Corp.	575,922	138,118			
Coca-Cola Co.	789,008	50,189	Apple Inc.	532,220	69,151			
Procter & Gamble Co.	297,552	45,097	Texas Instruments Inc.	262,590	43,385			
Sysco Corp.	495,275	37,864	Mastercard Inc. Class A	75,326	26,193			
Nestle SA (Registered)	188,244	21,744	Visa Inc. Class A	121,468	25,236			
		154,894	Global Payments Inc.	175,443	17,425			
Energy (3.5%)			Accenture plc Class A	63,201	16,865			
Shell plc	1,388,883	39,385	Taiwan Semiconductor Manufacturing Co. Ltd. ADR	221,780	16,521			
ConocoPhillips	271,586	32,047	* Salesforce Inc.	80,845	10,719			
Cenovus Energy Inc.	620,392	12,042	Fidelity National Information Services Inc.	120,101	8,149			
Pioneer Natural Resources Co.	30,536	6,974	Intel Corp.	306,414	8,099			
Chesapeake Energy Corp.	54,394	5,133	KLA Corp.	19,519	7,359			
Coterra Energy Inc.	202,600	4,978	Marvell Technology Inc.	166,478	6,166			
EQT Corp.	143,327	4,849			393,386			
EOG Resources Inc.	19,673	2,548	Materials (1.3%)					
Shell plc (XLON)	62,733	1,769	Glencore plc	4,348,978	29,002			
		109,725	Anglo American plc	327,415	12,821			
Financials (8.3%)					41,823			
Charles Schwab Corp.	1,091,519	90,880	Real Estate (1.3%)					
Progressive Corp.	380,724	49,384	Welltower Inc.	204,795	13,424			
JPMorgan Chase & Co.	209,185	28,052	American Tower Corp.	57,154	12,109			
Morgan Stanley	317,825	27,021	VICI Properties Inc.	259,482	8,407			
BlackRock Inc.	26,314	18,647	Prologis Inc.	52,535	5,922			
S&P Global Inc.	54,931	18,399			39,862			
American Express Co.	80,279	11,861	Utilities (2.9%)					
Goldman Sachs Group Inc.	34,185	11,738	Duke Energy Corp.	347,707	35,810			
Blackstone Inc.	70,763	5,250	Exelon Corp.	814,415	35,207			
		261,232	Constellation Energy Corp.	201,302	17,354			
Health Care (12.2%)								
UnitedHealth Group Inc.	103,263	54,748						
HCA Healthcare Inc.	200,401	48,088						
Pfizer Inc.	892,927	45,754						
Humana Inc.	81,519	41,753						
AstraZeneca plc ADR	578,045	39,192						
Elevance Health Inc.	74,920	38,432						

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
U.S. Government and Agency Obligations (8.8%)				
U.S. Government Securities (8.0%)				
	0.250%	5/15/24	800	753
	1.750%	6/30/24	9,215	8,832
	0.375%	9/15/24	1,200	1,118
	4.250%	9/30/24	5,600	5,571
¹	0.625%	10/15/24	21,375	19,956
	1.500%	10/31/24	3,350	3,173
	4.375%	10/31/24	7,020	6,999
	0.750%	11/15/24	750	700
	4.500%	11/30/24	6,700	6,701
	1.000%	12/15/24	5,350	5,006
	1.125%	1/15/25	8,600	8,045
	1.125%	2/28/25	6,395	5,968
	1.750%	3/15/25	9,980	9,426
	2.625%	4/15/25	10,390	9,995
	0.250%	5/31/25	4,850	4,400
	0.250%	7/31/25	5,655	5,102
	3.125%	8/15/25	18,000	17,474
	0.250%	8/31/25	4,800	4,315
	3.500%	9/15/25	3,760	3,684
	4.250%	10/15/25	2,800	2,798
	0.250%	10/31/25	22,365	19,996
	0.375%	12/31/25	890	795
	0.375%	1/31/26	7,010	6,234
	0.500%	2/28/26	2,100	1,871
	0.750%	3/31/26	1,350	1,210
	2.500%	3/31/27	4,664	4,376
	2.750%	7/31/27	11,552	10,927
	3.125%	8/31/27	650	625
	4.125%	9/30/27	13,477	13,524
	4.125%	10/31/27	10,200	10,235
	3.875%	11/30/27	2,400	2,386
	3.875%	9/30/29	744	738
	4.000%	10/31/29	5,000	5,001
	2.750%	8/15/32	1,224	1,114
	4.125%	11/15/32	2,850	2,907
	2.000%	11/15/41	20,500	14,654
	2.375%	2/15/42	865	660
	3.250%	5/15/42	785	688
	3.375%	8/15/42	20,134	18,001
	4.000%	11/15/42	4,249	4,164
	2.875%	5/15/52	703	565
	3.000%	8/15/52	909	752
	4.000%	11/15/52	210	211
				251,650
Conventional Mortgage-Backed Securities (0.7%)				
^{2,3}	1.770%	1/1/36	543	414
^{2,3}	4.000%	9/1/41	2	2
²	7.000%	11/15/31 - 11/15/33	29	29
²	8.000%	9/15/30	27	27
^{2,3}	2.500%	4/1/37 - 4/1/38	706	618
^{2,3,4}	3.500%	2/25/49	2,675	2,435
^{2,3,4}	4.000%	1/12/53	10,320	9,699
^{2,3}	4.500%	5/1/52 - 11/1/52	3,923	3,790
^{2,3,4}	5.000%	1/12/53	4,830	4,763
				21,777
Nonconventional Mortgage-Backed Securities (0.1%)				
^{2,3}	1.500%	8/25/41	90	84
^{2,3}	1.700%	6/25/43	44	42
^{2,3}	2.000%	6/25/44	17	16
^{2,3}	2.500%	8/25/46	439	339
^{2,3}	3.000%	12/25/39 - 9/25/57	1,237	1,106

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
^{2,3}	3.500%	4/25/31 - 11/25/57	2,054	1,944
^{2,3}	4.000%	7/25/53	70	68
^{2,3}	3.000%	6/15/44 - 7/15/45	290	254
^{2,3}	3.500%	3/15/31 - 10/15/45	257	236
^{2,3}	4.000%	12/15/30 - 2/15/31	117	114
²	1.700%	10/20/45	23	23
				4,226
Total U.S. Government and Agency Obligations (Cost \$296,687)				277,653
Asset-Backed/Commercial Mortgage-Backed Securities (0.8%)				
^{2,5}	3.844%	5/15/39	218	142
^{2,5}	1.030%	8/17/26	510	485
^{2,5}	1.070%	8/15/25	186	179
^{2,5}	1.170%	11/16/26	273	261
^{2,5}	1.937%	8/15/46	1,260	1,077
^{2,5}	3.070%	3/15/48	1,100	1,094
^{2,5,6}	2.593%	10/25/49	69	67
^{2,5,6}	2.620%	11/25/59	159	153
^{2,5,6}	1.458%	9/25/66	711	564
^{2,5,6}	2.993%	7/26/49	17	17
^{2,5,6}	5.018%	9/15/36	870	837
^{2,5,6}	5.217%	10/15/36	425	404
^{2,5,6}	4.968%	8/15/36	440	415
^{2,5,6}	5.128%	8/15/36	95	90
^{2,5}	3.967%	4/15/39	544	459
^{2,5}	1.530%	3/15/61	712	614
^{2,5}	4.021%	5/20/49	392	362
^{2,5}	2.662%	4/25/51	266	222
^{2,5}	3.151%	4/25/51	734	585
^{2,5}	2.290%	2/20/25	15	15
^{2,5}	2.060%	5/20/25	18	18
^{2,3,6}	10.289%	10/25/28	86	89
^{2,3}	3.059%	4/25/34	300	253
^{2,5}	1.538%	8/17/38	1,872	1,611
^{2,3}	2.184%	8/25/36	495	375
^{2,3}	2.797%	8/25/34	300	248

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		
2.5	Home Partners of America Trust Class A Series 2021-2	1.901%	12/17/26	1,027	880	Comcast Corp.	3.999%	11/1/49	602	479	
2.5	Horizon Aircraft Finance II Ltd. Class A Series 2019-1	3.721%	7/15/39	266	209	Comcast Corp.	2.887%	11/1/51	1,520	984	
2.5	Horizon Aircraft Finance III Ltd. Class A Series 2019-2	3.425%	11/15/39	289	223	Comcast Corp.	2.450%	8/15/52	1,025	606	
2.5,6	Life Mortgage Trust Class A Series 2021-BMR, 1M USD LIBOR + 0.700%	5.018%	3/15/38	290	281	Comcast Corp.	4.049%	11/1/52	2,279	1,834	
2.5	MACH 1 Cayman Ltd. Class A Series 2019-1	3.474%	10/15/39	265	214	Comcast Corp.	2.937%	11/1/56	5,619	3,524	
2.5,6	Madison Park Funding XIII Ltd. Class AR2 Series 2014-13A, 3M USD LIBOR + 0.950%	5.177%	4/19/30	878	868	Comcast Corp.	2.650%	8/15/62	615	351	
2.5,6	Magnetite VII Ltd. Class A1R2 Series 2012-7A, 3M USD LIBOR + 0.800%	4.879%	1/15/28	1,460	1,444	Comcast Corp.	2.987%	11/1/63	2,321	1,413	
2.5	MAPS Ltd. Class A Series 2019-1A	4.458%	3/15/44	133	117	5	Cox Communications Inc.	3.150%	8/15/24	63	61
2.5	Mercury Financial Credit Card Master Trust Class A Series 2021-1A	1.540%	3/20/26	1,005	958	5	Cox Communications Inc.	4.800%	2/1/35	1,540	1,366
2.5	New Economy Assets Phase 1 Sponsor LLC Class A1 Series 2021-1	1.910%	10/20/61	2,875	2,429		Discovery Communications LLC	4.125%	5/15/29	125	108
2.5	New Economy Assets Phase 1 Sponsor LLC Class B1 Series 2021-1	2.410%	10/20/61	300	246		Discovery Communications LLC	3.625%	5/15/30	505	417
2.5	OneMain Direct Auto Receivables Trust Class A Series 2021-1A	0.870%	7/14/28	875	806		Discovery Communications LLC	4.000%	9/15/55	537	323
2.3	Seasoned Credit Risk Transfer Trust Class MA Series 2019-3	3.500%	10/25/58	730	703		NBCUniversal Media LLC	4.450%	1/15/43	189	166
2.5,6	SFAVE Commercial Mortgage Securities Trust Class A2B Series 2015-5AVE	4.144%	1/5/43	700	494	5	NBN Co. Ltd.	1.625%	1/8/27	760	660
2.5	SoFi Professional Loan Program Trust Class AFX Series 2021-B	1.140%	2/15/47	468	364	5	NBN Co. Ltd.	2.625%	5/5/31	1,105	880
2.5	START Ireland Class A Series 2019-1	4.089%	3/15/44	285	244	5	NBN Co. Ltd.	2.500%	1/8/32	2,179	1,692
2.5,6	Symphony CLO XIV Ltd. Class AR Series 2014-14A, 3M USD LIBOR + 0.950%	4.961%	7/14/26	43	43	5	NTT Finance Corp.	1.162%	4/3/26	1,040	920
2.5	Taco Bell Funding LLC Class A2I Series 2021-1A	1.946%	8/25/51	564	475	5	NTT Finance Corp.	2.065%	4/3/31	285	228
2.5	Taco Bell Funding LLC Class A2II Series 2021-1A	2.294%	8/25/51	1,040	834	5	Ooredoo International Finance Ltd.	2.625%	4/8/31	725	624
2.5	Vantage Data Centers Issuer LLC Class A2 Series 2019-1A	3.188%	7/15/44	314	298		Orange SA	9.000%	3/1/31	530	648
2.5	Vantage Data Centers Issuer LLC Class A2 Series 2021-1A	2.165%	10/15/46	1,405	1,208	5	SK Telecom Co. Ltd.	3.750%	4/16/23	385	383
2.5	Vantage Data Centers LLC Class A2 Series 2020-1A	1.645%	9/15/45	855	751	5	Sky Ltd.	3.750%	9/16/24	1,435	1,401
Total Asset-Backed/Commercial Mortgage-Backed Securities (Cost \$28,206)				24,725		2.5	Sprint Spectrum Co. LLC / Sprint Spectrum Co. III LLC	4.738%	9/20/29	731	722
Corporate Bonds (22.3%)							Telefonica Emisiones SA	5.213%	3/8/47	490	396
Communications (1.4%)							Telefonica Emisiones SA	5.520%	3/1/49	710	594
	America Movil SAB de CV	3.625%	4/22/29	780	710		Time Warner Cable Enterprises LLC	8.375%	3/15/23	95	96
	America Movil SAB de CV	6.125%	3/30/40	390	403		T-Mobile USA Inc.	2.050%	2/15/28	900	774
	AT&T Inc.	2.750%	6/1/31	1,305	1,084		T-Mobile USA Inc.	3.875%	4/15/30	1,684	1,529
	AT&T Inc.	4.300%	12/15/42	205	169		T-Mobile USA Inc.	2.550%	2/15/31	575	469
	AT&T Inc.	3.650%	6/1/51	248	175		T-Mobile USA Inc.	2.250%	11/15/31	150	118
	AT&T Inc.	3.500%	9/15/53	895	609		T-Mobile USA Inc.	4.375%	4/15/40	485	416
	AT&T Inc.	3.850%	6/1/60	747	521		T-Mobile USA Inc.	4.500%	4/15/50	710	586
	Comcast Corp.	3.375%	2/15/25	70	68		TWDC Enterprises 18 Corp.	4.375%	8/16/41	133	118
	Comcast Corp.	3.400%	4/1/30	145	132		TWDC Enterprises 18 Corp.	4.125%	6/1/44	95	82
	Comcast Corp.	4.250%	1/15/33	1,032	972		Verizon Communications Inc.	4.329%	9/21/28	675	650
	Comcast Corp.	4.200%	8/15/34	730	674		Verizon Communications Inc.	2.355%	3/15/32	2,400	1,903
	Comcast Corp.	5.650%	6/15/35	110	115		Verizon Communications Inc.	4.812%	3/15/39	2,406	2,213
	Comcast Corp.	4.400%	8/15/35	877	815		Verizon Communications Inc.	4.750%	11/1/41	190	173
	Comcast Corp.	6.500%	11/15/35	24	27		Verizon Communications Inc.	2.987%	10/30/56	256	157
	Comcast Corp.	3.969%	11/1/47	252	202		Walt Disney Co.	2.000%	9/1/29	2,600	2,183
	Comcast Corp.	4.000%	3/1/48	345	278		Walt Disney Co.	2.650%	1/13/31	385	329
							Walt Disney Co.	3.500%	5/13/40	1,490	1,202
							Walt Disney Co.	4.750%	9/15/44	26	24
							Walt Disney Co.	2.750%	9/1/49	560	371
							Walt Disney Co.	3.600%	1/13/51	3,851	2,953
							Walt Disney Co.	3.800%	5/13/60	485	373
						5	Warnermedia Holdings Inc.	4.054%	3/15/29	150	130
										44,583	
Consumer Discretionary (1.0%)											
	Amazon.com Inc.	2.800%	8/22/24	220	213						
	Amazon.com Inc.	3.600%	4/13/32	2,300	2,110						
	Amazon.com Inc.	4.800%	12/5/34	995	995						
	Amazon.com Inc.	4.950%	12/5/44	580	573						
	Amazon.com Inc.	3.950%	4/13/52	780	653						
	Amazon.com Inc.	4.250%	8/22/57	1,335	1,158						
	American Honda Finance Corp.	2.000%	3/24/28	825	713						
	BMW US Capital LLC	2.250%	9/15/23	2,500	2,451						
	BMW US Capital LLC	0.800%	4/1/24	390	370						
	BMW US Capital LLC	1.250%	8/12/26	840	735						
	Duke University	2.832%	10/1/55	775	522						
	Emory University	2.143%	9/1/30	765	630						
	ERAC USA Finance LLC	7.000%	10/15/37	1,150	1,253						
	ERAC USA Finance LLC	5.625%	3/15/42	340	321						
	ERAC USA Finance LLC	4.500%	2/15/45	1,669	1,366						
	General Motors Financial Co. Inc.	3.950%	4/13/24	1,570	1,539						
	Georgetown University	4.315%	4/1/49	150	124						

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
Georgetown University	2.943%	4/1/50	295	189		Philip Morris International Inc.	3.375%	8/11/25	424	407
Home Depot Inc.	3.900%	12/6/28	290	279		Philip Morris International Inc.	5.125%	11/17/27	840	848
Home Depot Inc.	2.700%	4/15/30	215	188		Philip Morris International Inc.	5.625%	11/17/29	1,160	1,181
Home Depot Inc.	3.250%	4/15/32	370	329		Philip Morris International Inc.	5.750%	11/17/32	1,470	1,504
Home Depot Inc.	4.500%	9/15/32	575	563		Philip Morris International Inc.	4.875%	11/15/43	145	128
Home Depot Inc.	3.300%	4/15/40	825	658	5	Sigma Alimentos SA de CV	4.125%	5/2/26	510	484
Home Depot Inc.	4.400%	3/15/45	780	697						
Home Depot Inc.	4.250%	4/1/46	1,332	1,160						30,090
Home Depot Inc.	4.500%	12/6/48	345	316		Energy (1.1%)				
Home Depot Inc.	3.125%	12/15/49	75	54		BP Capital Markets America Inc.	1.749%	8/10/30	345	275
Home Depot Inc.	2.375%	3/15/51	70	42		BP Capital Markets America Inc.	2.721%	1/12/32	3,210	2,687
Home Depot Inc.	2.750%	9/15/51	575	381		BP Capital Markets America Inc.	2.772%	11/10/50	470	300
Home Depot Inc.	3.625%	4/15/52	655	512		BP Capital Markets America Inc.	2.939%	6/4/51	925	611
Home Depot Inc.	4.950%	9/15/52	1,215	1,174		BP Capital Markets America Inc.	3.001%	3/17/52	1,530	1,019
5 Hyundai Capital America	0.800%	4/3/23	2,415	2,387		BP Capital Markets America Inc.	3.379%	2/8/61	370	256
5 Hyundai Capital America	0.875%	6/14/24	1,875	1,750		Eastern Gas Transmission & Storage Inc.	3.000%	11/15/29	585	506
5 Hyundai Capital America	1.650%	9/17/26	1,060	918		Eastern Gas Transmission & Storage Inc.	4.800%	11/1/43	125	108
2 Johns Hopkins University	4.083%	7/1/53	200	168		Eastern Gas Transmission & Storage Inc.	4.600%	12/15/44	1,603	1,317
2 Johns Hopkins University	2.813%	1/1/60	180	113		5 EIG Pearl Holdings Sarl	3.545%	8/31/36	1,260	1,058
Lowe's Cos. Inc.	3.100%	5/3/27	767	715		5 EIG Pearl Holdings Sarl	4.387%	11/30/46	470	361
Lowe's Cos. Inc.	6.500%	3/15/29	334	359		Energy Transfer LP	5.250%	4/15/29	1,375	1,333
Lowe's Cos. Inc.	3.750%	4/1/32	185	165		Energy Transfer LP	5.350%	5/15/45	90	77
McDonald's Corp.	3.250%	6/10/24	140	137		Energy Transfer LP	5.300%	4/15/47	155	130
McDonald's Corp.	3.625%	9/1/49	470	358		Energy Transfer LP	5.400%	10/1/47	20	17
2 Northeastern University	2.894%	10/1/50	225	148		Enterprise Products Operating LLC	5.100%	2/15/45	280	253
Thomas Jefferson University	3.847%	11/1/57	690	502		Enterprise Products Operating LLC	4.250%	2/15/48	730	589
2 University of Chicago	2.761%	4/1/45	165	125		Enterprise Products Operating LLC	3.700%	1/31/51	170	124
University of Miami	4.063%	4/1/52	440	361		Enterprise Products Operating LLC	3.300%	2/15/53	750	501
VF Corp.	2.800%	4/23/27	595	540		Equinor ASA	2.450%	1/17/23	382	381
VF Corp.	2.950%	4/23/30	1,320	1,098		Equinor ASA	2.650%	1/15/24	360	351
				32,112		Equinor ASA	3.700%	3/1/24	640	631
Consumer Staples (1.0%)						Equinor ASA	3.250%	11/10/24	655	639
Altria Group Inc.	4.500%	5/2/43	135	102		Equinor ASA	2.875%	4/6/25	140	134
Anheuser-Busch Cos. LLC / Anheuser-Busch InBev Worldwide Inc.	4.700%	2/1/36	1,290	1,216		Equinor ASA	3.125%	4/6/30	2,350	2,113
Anheuser-Busch Cos. LLC / Anheuser-Busch InBev Worldwide Inc.	4.900%	2/1/46	1,995	1,826		Equinor ASA	2.375%	5/22/30	335	285
Anheuser-Busch InBev Worldwide Inc.	4.375%	4/15/38	543	488		Exxon Mobil Corp.	2.726%	3/1/23	320	319
Anheuser-Busch InBev Worldwide Inc.	4.950%	1/15/42	169	158		Exxon Mobil Corp.	3.043%	3/1/26	225	215
Anheuser-Busch InBev Worldwide Inc.	4.500%	6/1/50	1,369	1,210		Exxon Mobil Corp.	2.275%	8/16/26	1,070	991
Archer-Daniels-Midland Co.	4.500%	3/15/49	970	885		Exxon Mobil Corp.	2.440%	8/16/29	735	643
BAT Capital Corp.	3.557%	8/15/27	1,875	1,707		Exxon Mobil Corp.	2.610%	10/15/30	1,055	921
5 Cargill Inc.	6.875%	5/1/28	645	686		5 Exxon Mobil Corp.	4.114%	3/1/46	320	274
5 Cargill Inc.	2.125%	4/23/30	225	185		5 Galaxy Pipeline Assets Bidco Ltd.	2.160%	3/31/34	1,341	1,139
5 Cargill Inc.	4.760%	11/23/45	635	580		5 Galaxy Pipeline Assets Bidco Ltd.	2.940%	9/30/40	1,087	875
5 CK Hutchison International 20 Ltd.	3.375%	5/8/50	560	395		5 QatarEnergy Trading LLC	2.250%	7/12/31	925	767
5 Coca-Cola Europacific Partners plc	0.800%	5/3/24	885	832		5 QatarEnergy Trading LLC	3.125%	7/12/41	675	518
Colgate Palmolive Co.	7.600%	5/19/25	480	511		5 Saudi Arabian Oil Co.	3.500%	4/16/29	630	578
Conagra Brands Inc.	4.600%	11/1/25	220	216		5 Schlumberger Holdings Corp.	3.900%	5/17/28	807	754
Conagra Brands Inc.	1.375%	11/1/27	345	287		Schlumberger Investment SA	3.650%	12/1/23	1,120	1,106
Conagra Brands Inc.	5.300%	11/1/38	300	284		Shell International Finance BV	4.125%	5/11/35	1,130	1,046
5 Danone SA	2.947%	11/2/26	735	684		Shell International Finance BV	5.500%	3/25/40	345	353
Diageo Capital plc	2.625%	4/29/23	1,230	1,218		Shell International Finance BV	4.375%	5/11/45	2,500	2,190
Diageo Capital plc	2.375%	10/24/29	6,156	5,260		Shell International Finance BV	3.000%	11/26/51	2,255	1,535
Diageo Capital plc	2.000%	4/29/30	265	218		Suncor Energy Inc.	5.950%	12/1/34	500	497
Estee Lauder Cos. Inc.	2.375%	12/1/29	370	318		Total Capital International SA	2.700%	1/25/23	885	884
Hormel Foods Corp.	1.700%	6/3/28	135	117		Total Capital International SA	3.750%	4/10/24	1,400	1,382
Kroger Co.	3.850%	8/1/23	270	268		TransCanada PipeLines Ltd.	4.875%	1/15/26	1,255	1,249
Kroger Co.	4.000%	2/1/24	540	533		TransCanada PipeLines Ltd.	4.100%	4/15/30	415	380
McCormick & Co. Inc.	2.500%	4/15/30	135	113						34,672
Molson Coors Beverage Co.	3.000%	7/15/26	1,800	1,671		Financials (9.2%)				
PepsiCo Inc.	2.375%	10/6/26	1,945	1,812		AerCap Ireland Capital DAC / AerCap Global Aviation Trust	3.000%	10/29/28	480	403
Philip Morris International Inc.	2.625%	3/6/23	1,150	1,145		AerCap Ireland Capital DAC / AerCap Global Aviation Trust	3.400%	10/29/33	325	247
Philip Morris International Inc.	3.600%	11/15/23	620	613		5 AIA Group Ltd.	3.600%	4/9/29	1,475	1,347
						5 AIA Group Ltd.	3.375%	4/7/30	370	329
						American International Group Inc.	6.250%	5/1/36	245	259
						American International Group Inc.	4.800%	7/10/45	260	233

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
American International Group Inc.	4.750%	4/1/48	640	572	5	Brighthouse Financial Global Funding	1.550%	5/24/26	525	462
American International Group Inc.	4.375%	6/30/50	375	319	5	Brighthouse Financial Global Funding	2.000%	6/28/28	520	430
Ameriprise Financial Inc.	4.500%	5/13/32	335	324	5	Canadian Imperial Bank of Commerce	1.150%	7/8/26	1,005	884
Aon Corp. / Aon Global Holdings plc	2.850%	5/28/27	550	504		Capital One Financial Corp.	3.750%	4/24/24	1,305	1,281
5 Athene Global Funding	1.000%	4/16/24	685	641		Capital One Financial Corp.	3.200%	2/5/25	760	732
5 Athene Global Funding	1.985%	8/19/28	10	8		Charles Schwab Corp.	0.750%	3/18/24	1,350	1,283
5 Athene Global Funding	2.717%	1/7/29	980	810		Charles Schwab Corp.	3.200%	3/2/27	545	513
5 Australia & New Zealand Banking Group Ltd.	2.570%	11/25/35	685	503		Charles Schwab Corp.	2.000%	3/20/28	1,100	965
5 Aviation Capital Group LLC	1.950%	9/20/26	415	351		Charles Schwab Corp.	2.900%	3/3/32	875	744
Banco Santander SA	3.125%	2/23/23	800	798		Chubb INA Holdings Inc.	3.350%	5/15/24	555	543
Banco Santander SA	3.848%	4/12/23	400	398		Chubb INA Holdings Inc.	4.350%	11/3/45	800	694
Banco Santander SA	1.849%	3/25/26	1,000	888		Citigroup Inc.	0.981%	5/1/25	1,190	1,114
Banco Santander SA	2.749%	12/3/30	400	306		Citigroup Inc.	1.462%	6/9/27	1,325	1,150
Banco Santander SA	2.958%	3/25/31	200	160		Citigroup Inc.	3.070%	2/24/28	1,000	902
Bank of America Corp.	3.559%	4/23/27	2,450	2,296		Citigroup Inc.	3.520%	10/27/28	1,975	1,799
Bank of America Corp.	3.593%	7/21/28	1,025	944		Citigroup Inc.	3.878%	1/24/39	1,025	848
Bank of America Corp.	3.419%	12/20/28	512	464		Citigroup Inc.	2.904%	11/3/42	560	390
Bank of America Corp.	4.271%	7/23/29	4,780	4,465	5	CNO Global Funding	1.650%	1/6/25	260	241
Bank of America Corp.	3.974%	2/7/30	1,895	1,721	5	CNO Global Funding	2.650%	1/6/29	370	314
Bank of America Corp.	3.194%	7/23/30	1,055	908	5	Commonwealth Bank of Australia	2.688%	3/11/31	2,285	1,757
Bank of America Corp.	2.496%	2/13/31	1,495	1,215	5	Commonwealth Bank of Australia	3.784%	3/14/32	1,927	1,583
Bank of America Corp.	2.572%	10/20/32	490	384	5	Cooperatieve Rabobank UA	1.106%	2/24/27	1,365	1,189
Bank of America Corp.	4.571%	4/27/33	2,746	2,516	5	Cooperatieve Rabobank UA	4.655%	8/22/28	875	840
Bank of America Corp.	3.846%	3/8/37	1,700	1,406	5	Corebridge Financial Inc.	3.900%	4/5/32	1,810	1,585
Bank of America Corp.	5.875%	2/7/42	260	263	5	Corebridge Financial Inc.	4.350%	4/5/42	105	86
Bank of America Corp.	3.311%	4/22/42	870	640	5	Corebridge Financial Inc.	4.400%	4/5/52	315	251
Bank of America Corp.	5.000%	1/21/44	1,000	918	5	Credit Agricole SA	3.750%	4/24/23	1,160	1,154
Bank of America Corp.	4.330%	3/15/50	2,235	1,838	5	Credit Agricole SA	3.250%	10/4/24	2,390	2,303
Bank of America Corp.	2.972%	7/21/52	1,225	773	5	Credit Suisse Group AG	3.750%	3/26/25	3,470	3,134
Bank of New York Mellon Corp.	2.200%	8/16/23	460	452	5	Credit Suisse Group AG	1.305%	2/2/27	545	434
Bank of New York Mellon Corp.	3.000%	2/24/25	720	694	5	Credit Suisse Group AG	3.091%	5/14/32	1,195	830
Bank of New York Mellon Corp.	5.834%	10/25/33	404	420	5	Credit Suisse Group AG	6.537%	8/12/33	985	865
Bank of Nova Scotia	2.700%	8/3/26	1,825	1,690	5	Danske Bank A/S	3.875%	9/12/23	1,220	1,204
Bank of Nova Scotia	1.950%	2/2/27	360	321	5	Danske Bank A/S	5.375%	1/12/24	795	791
5 Banque Federative du Credit Mutuel SA	1.604%	10/4/26	1,000	870	5	Danske Bank A/S	1.621%	9/11/26	855	752
Barclays plc	3.932%	5/7/25	1,565	1,517	5	Danske Bank A/S	1.549%	9/10/27	1,605	1,373
Barclays plc	2.852%	5/7/26	220	204	5	DNB Bank ASA	1.535%	5/25/27	960	836
Barclays plc	2.279%	11/24/27	400	347	5	DNB Bank ASA	1.605%	3/30/28	1,330	1,125
Barclays plc	2.667%	3/10/32	1,270	971	5	Equitable Financial Life Global Funding	1.400%	7/7/25	370	336
Barclays plc	2.894%	11/24/32	1,300	989	5	Equitable Financial Life Global Funding	1.300%	7/12/26	825	716
Barclays plc	3.330%	11/24/42	465	320	5	Equitable Financial Life Global Funding	1.700%	11/12/26	365	320
6 Barclays plc, 3M USD LIBOR + 1.380%	6.024%	5/16/24	1,005	1,003	5	Equitable Financial Life Global Funding	1.400%	8/27/27	535	448
Berkshire Hathaway Finance Corp.	2.875%	3/15/32	300	260	5	Fifth Third Bancorp	4.055%	4/25/28	325	309
Berkshire Hathaway Inc.	3.125%	3/15/26	715	686	5	Fifth Third Bancorp	4.337%	4/25/33	290	266
BlackRock Inc.	2.100%	2/25/32	733	589	5	Fifth Third Bank NA	3.850%	3/15/26	830	792
5 Blackstone Holdings Finance Co. LLC	2.550%	3/30/32	605	470	5	Five Corners Funding Trust	4.419%	11/15/23	210	208
BNP Paribas SA	3.250%	3/3/23	190	190	5	GA Global Funding Trust	1.000%	4/8/24	750	703
5 BNP Paribas SA	3.800%	1/10/24	585	575		Goldman Sachs Group Inc.	3.625%	1/22/23	1,980	1,978
5 BNP Paribas SA	3.375%	1/9/25	1,775	1,710		Goldman Sachs Group Inc.	3.272%	9/29/25	1,205	1,159
5 BNP Paribas SA	2.819%	11/19/25	1,335	1,263		Goldman Sachs Group Inc.	3.500%	11/16/26	2,000	1,879
5 BNP Paribas SA	1.323%	1/13/27	585	511		Goldman Sachs Group Inc.	3.850%	1/26/27	740	705
5 BNP Paribas SA	3.500%	11/16/27	2,050	1,879		Goldman Sachs Group Inc.	1.431%	3/9/27	2,190	1,916
5 BNP Paribas SA	2.591%	1/20/28	885	779		Goldman Sachs Group Inc.	1.542%	9/10/27	1,165	1,006
5 BNP Paribas SA	2.159%	9/15/29	1,943	1,585		Goldman Sachs Group Inc.	3.691%	6/5/28	810	752
5 BNP Paribas SA	2.871%	4/19/32	845	661		Goldman Sachs Group Inc.	3.814%	4/23/29	3,065	2,789
5 BPCE SA	5.700%	10/22/23	270	268		Goldman Sachs Group Inc.	4.223%	5/1/29	2,630	2,450
BPCE SA	4.000%	4/15/24	775	762		Goldman Sachs Group Inc.	3.800%	3/15/30	40	36
5 BPCE SA	5.150%	7/21/24	1,260	1,236		Goldman Sachs Group Inc.	2.615%	4/22/32	3,130	2,494
5 BPCE SA	3.500%	10/23/27	1,780	1,597		Goldman Sachs Group Inc.	2.383%	7/21/32	1,040	806
5 BPCE SA	2.700%	10/1/29	1,450	1,213		Goldman Sachs Group Inc.	2.650%	10/21/32	625	493
5 Brighthouse Financial Global Funding	1.000%	4/12/24	65	61		Goldman Sachs Group Inc.	3.102%	2/24/33	2,541	2,072
5 Brighthouse Financial Global Funding	1.750%	1/13/25	505	465						

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		
5	Goldman Sachs Group Inc.	6.750%	10/1/37	835	889	5	Metropolitan Life Global Funding I	4.300%	8/25/29	440	417
5	Guardian Life Global Funding	1.250%	5/13/26	205	181	5	Metropolitan Life Global Funding I	2.400%	1/11/32	1,410	1,137
	HSBC Holdings plc	3.600%	5/25/23	1,600	1,591		Mitsubishi UFJ Financial Group Inc.	5.017%	7/20/28	815	796
	HSBC Holdings plc	0.976%	5/24/25	300	278		Morgan Stanley	3.700%	10/23/24	750	733
	HSBC Holdings plc	1.589%	5/24/27	805	694		Morgan Stanley	2.720%	7/22/25	1,750	1,674
	HSBC Holdings plc	2.251%	11/22/27	2,165	1,875		Morgan Stanley	2.630%	2/18/26	1,805	1,696
	HSBC Holdings plc	4.041%	3/13/28	890	821		Morgan Stanley	3.125%	7/27/26	1,345	1,255
	HSBC Holdings plc	7.390%	11/3/28	1,340	1,406		Morgan Stanley	6.250%	8/9/26	3,000	3,124
	HSBC Holdings plc	4.583%	6/19/29	1,675	1,540		Morgan Stanley	3.625%	1/20/27	1,250	1,180
	HSBC Holdings plc	2.206%	8/17/29	1,440	1,163		Morgan Stanley	3.772%	1/24/29	3,910	3,579
	HSBC Holdings plc	2.357%	8/18/31	1,625	1,245		Morgan Stanley	2.699%	1/22/31	1,105	914
	HSBC Holdings plc	2.804%	5/24/32	1,555	1,200		Morgan Stanley	2.239%	7/21/32	1,805	1,383
	HSBC Holdings plc	2.871%	11/22/32	2,125	1,627		Morgan Stanley	2.511%	10/20/32	615	481
	HSBC Holdings plc	6.500%	5/2/36	1,000	1,007		Morgan Stanley	2.943%	1/21/33	920	746
	HSBC Holdings plc	6.100%	1/14/42	375	392		Morgan Stanley	4.889%	7/20/33	2,891	2,715
	HSBC Holdings plc	5.250%	3/14/44	440	373		Morgan Stanley	2.484%	9/16/36	1,475	1,076
	Huntington National Bank	4.582%	5/17/28	320	309		Morgan Stanley	5.297%	4/20/37	270	247
	ING Groep NV	3.950%	3/29/27	2,695	2,542		Morgan Stanley	4.300%	1/27/45	850	723
	ING Groep NV	1.726%	4/1/27	500	440		Nasdaq Inc.	3.950%	3/7/52	540	413
	Intercontinental Exchange Inc.	4.000%	9/15/27	3,545	3,425		National Australia Bank Ltd.	3.905%	6/9/27	885	848
	Intercontinental Exchange Inc.	4.350%	6/15/29	255	247	5	National Australia Bank Ltd.	2.332%	8/21/30	2,140	1,625
	Intercontinental Exchange Inc.	1.850%	9/15/32	180	135	5	National Australia Bank Ltd.	2.990%	5/21/31	2,227	1,747
	Intercontinental Exchange Inc.	4.600%	3/15/33	1,140	1,093	5	National Australia Bank Ltd.	3.347%	1/12/37	1,252	955
	Intercontinental Exchange Inc.	2.650%	9/15/40	170	118	5	National Securities Clearing Corp.	5.100%	11/21/27	1,565	1,573
	Intercontinental Exchange Inc.	3.000%	6/15/50	1,010	676	5	Nationwide Financial Services Inc.	3.900%	11/30/49	1,430	1,001
	Intercontinental Exchange Inc.	4.950%	6/15/52	2,135	1,981	5	Nationwide Mutual Insurance Co.	4.350%	4/30/50	1,520	1,138
	Intercontinental Exchange Inc.	3.000%	9/15/60	850	530	5	NatWest Group plc	1.642%	6/14/27	870	754
5	JAB Holdings BV	2.200%	11/23/30	290	217	5	NatWest Markets plc	0.800%	8/12/24	670	622
5	JAB Holdings BV	3.750%	5/28/51	500	296	5	NBK SPC Ltd.	1.625%	9/15/27	1,975	1,745
5	JAB Holdings BV	4.500%	4/8/52	860	584	5	New York Life Global Funding	2.900%	1/17/24	810	793
5	Jackson National Life Global Funding	1.750%	1/12/25	555	515	5	New York Life Insurance Co.	5.875%	5/15/33	2,100	2,169
	JPMorgan Chase & Co.	3.375%	5/1/23	490	488	5	New York Life Insurance Co.	3.750%	5/15/50	345	264
	JPMorgan Chase & Co.	3.875%	2/1/24	800	791	5	New York Life Insurance Co.	4.450%	5/15/69	435	362
	JPMorgan Chase & Co.	3.900%	7/15/25	2,270	2,221	5	Nordea Bank Abp	1.500%	9/30/26	1,900	1,650
	JPMorgan Chase & Co.	2.069%	6/1/29	740	618	5	Northwestern Mutual Life Insurance Co.	3.850%	9/30/47	696	533
	JPMorgan Chase & Co.	4.452%	12/5/29	2,100	1,974	5	Northwestern Mutual Life Insurance Co.	3.625%	9/30/59	270	187
	JPMorgan Chase & Co.	3.702%	5/6/30	2,525	2,260	5	Pacific Life Global Funding II	1.375%	4/14/26	795	701
	JPMorgan Chase & Co.	4.912%	7/25/33	5,633	5,359	5	Pacific LifeCorp	5.400%	9/15/52	500	479
	JPMorgan Chase & Co.	3.109%	4/22/41	835	606	5	Penske Truck Leasing Co. LP / PTL Finance Corp.	3.450%	7/1/24	465	449
	JPMorgan Chase & Co.	5.400%	1/6/42	750	737	5	Penske Truck Leasing Co. LP / PTL Finance Corp.	2.700%	11/1/24	385	363
	JPMorgan Chase & Co.	3.157%	4/22/42	560	407	5	Penske Truck Leasing Co. LP / PTL Finance Corp.	3.950%	3/10/25	1,435	1,382
	JPMorgan Chase & Co.	3.964%	11/15/48	6,150	4,815	5	Penske Truck Leasing Co. LP / PTL Finance Corp.	4.450%	1/29/26	925	889
	JPMorgan Chase & Co.	3.109%	4/22/51	845	561	5	Penske Truck Leasing Co. LP / PTL Finance Corp.	5.875%	11/15/27	1,370	1,380
5	Liberty Mutual Group Inc.	4.250%	6/15/23	80	79	5	PNC Bank NA	3.300%	10/30/24	460	448
5	Liberty Mutual Group Inc.	4.569%	2/1/29	280	262	5	PNC Bank NA	2.950%	2/23/25	1,105	1,061
5	Liberty Mutual Group Inc.	5.500%	6/15/52	1,709	1,533	5	PNC Bank NA	4.200%	11/1/25	255	249
	Loews Corp.	2.625%	5/15/23	440	436	5	PNC Bank NA	3.100%	10/25/27	1,165	1,091
5	LSEGA Financing plc	1.375%	4/6/26	1,555	1,371	5	PNC Bank NA	3.250%	1/22/28	1,675	1,565
5	LSEGA Financing plc	2.000%	4/6/28	630	537	5	PNC Financial Services Group Inc.	3.900%	4/29/24	580	573
5	LSEGA Financing plc	2.500%	4/6/31	1,110	917	5	PNC Financial Services Group Inc.	2.550%	1/22/30	1,625	1,381
5	Macquarie Group Ltd.	4.150%	3/27/24	1,375	1,369	5	PNC Financial Services Group Inc.	6.037%	10/28/33	40	42
5	Macquarie Group Ltd.	1.935%	4/14/28	1,245	1,048	5	Principal Life Global Funding II	2.500%	9/16/29	1,000	844
5	Macquarie Group Ltd.	2.871%	1/14/33	1,740	1,333	5	Protective Life Global Funding	4.714%	7/6/27	750	727
	Manufacturers & Traders Trust Co.	2.900%	2/6/25	685	656	5	Prudential Financial Inc.	4.350%	2/25/50	1,856	1,575
	Marsh & McLennan Cos. Inc.	4.375%	3/15/29	675	652	5	RGA Global Funding	2.700%	1/18/29	425	360
	Marsh & McLennan Cos. Inc.	4.900%	3/15/49	305	284	5	Standard Chartered plc	1.214%	3/23/25	285	267
	Marsh & McLennan Cos. Inc.	2.900%	12/15/51	560	360	5	Sumitomo Mitsui Trust Bank Ltd.	0.850%	3/25/24	2,000	1,892
5	Massachusetts Mutual Life Insurance Co.	7.625%	11/15/23	1,000	1,013	5	Svenska Handelsbanken AB	1.418%	6/11/27	1,875	1,643
5	Massachusetts Mutual Life Insurance Co.	3.200%	12/1/61	590	362	5	Teachers Insurance & Annuity Assn. of America	4.900%	9/15/44	915	837
	MetLife Inc.	3.600%	4/10/24	580	570	5	Teachers Insurance & Annuity Assn. of America	4.270%	5/15/47	1,145	946
	MetLife Inc.	4.125%	8/13/42	145	123	5	Temasek Financial I Ltd.	2.375%	1/23/23	1,130	1,129
	MetLife Inc.	4.875%	11/13/43	530	493						
	MetLife Inc.	5.000%	7/15/52	387	371						
5	Metropolitan Life Global Funding I	3.450%	12/18/26	640	599						
5	Metropolitan Life Global Funding I	4.400%	6/30/27	300	291						
5	Metropolitan Life Global Funding I	3.000%	9/19/27	1,165	1,058						

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
⁵	Temasek Financial I Ltd.	3.625%	8/1/28	1,025	980				
⁵	Temasek Financial I Ltd.	2.375%	8/2/41	1,345	948				
⁵	Temasek Financial I Ltd.	2.250%	4/6/51	1,150	719				
⁵	Temasek Financial I Ltd.	2.500%	10/6/70	670	399				
	Toronto-Dominion Bank	4.456%	6/8/32	332	316				
	Truist Bank	3.300%	5/15/26	340	320				
	Truist Financial Corp.	3.700%	6/5/25	1,385	1,346				
	Truist Financial Corp.	1.950%	6/5/30	795	639				
⁵	UBS AG	1.250%	6/1/26	985	861				
⁵	UBS Group AG	1.494%	8/10/27	1,160	998				
⁵	UBS Group AG	3.126%	8/13/30	555	469				
⁵	UBS Group AG	2.095%	2/11/32	720	541				
⁵	UBS Group AG	2.746%	2/11/33	330	255				
⁵	UBS Group AG	3.179%	2/11/43	855	578				
⁵	UniCredit SpA	1.982%	6/3/27	1,015	864				
⁵	UniCredit SpA	3.127%	6/3/32	1,200	907				
	US Bancorp	3.700%	1/30/24	1,560	1,540				
	US Bancorp	2.677%	1/27/33	1,910	1,577	²			
	US Bancorp	4.967%	7/22/33	650	618				
	US Bancorp	2.491%	11/3/36	1,860	1,420				
	Wachovia Corp.	7.500%	4/15/35	1,000	1,124				
	Wells Fargo & Co.	4.480%	1/16/24	1,199	1,191	⁵			
	Wells Fargo & Co.	3.750%	1/24/24	1,560	1,540	⁵			
	Wells Fargo & Co.	3.000%	2/19/25	890	853				
	Wells Fargo & Co.	3.550%	9/29/25	860	827				
	Wells Fargo & Co.	3.000%	4/22/26	1,045	978				
	Wells Fargo & Co.	3.000%	10/23/26	170	157				
	Wells Fargo & Co.	3.196%	6/17/27	1,705	1,583				
	Wells Fargo & Co.	3.526%	3/24/28	1,230	1,140				
	Wells Fargo & Co.	2.879%	10/30/30	435	370				
	Wells Fargo & Co.	2.572%	2/11/31	2,235	1,849				
	Wells Fargo & Co.	3.350%	3/2/33	235	198				
	Wells Fargo & Co.	4.897%	7/25/33	3,814	3,612				
	Wells Fargo & Co.	5.606%	1/15/44	2,316	2,245				
	Wells Fargo & Co.	4.900%	11/17/45	515	445				
	Wells Fargo & Co.	4.750%	12/7/46	2,070	1,734				
	Wells Fargo & Co.	4.611%	4/25/53	1,245	1,059				
				287,120					
	Health Care (2.4%)								
	AbbVie Inc.	3.800%	3/15/25	575	560				
	AbbVie Inc.	4.300%	5/14/36	100	90				
	AbbVie Inc.	4.050%	11/21/39	630	540				
	AdventHealth Obligated Group	2.795%	11/15/51	900	573				
	Advocate Health & Hospitals Corp.	2.211%	6/15/30	360	297				
	Advocate Health & Hospitals Corp.	3.008%	6/15/50	540	360				
	Aetna Inc.	2.800%	6/15/23	680	673				
⁵	Alcon Finance Corp.	2.750%	9/23/26	200	183				
⁵	Alcon Finance Corp.	2.600%	5/27/30	200	170				
⁵	Alcon Finance Corp.	5.375%	12/6/32	255	257				
⁵	Alcon Finance Corp.	3.800%	9/23/49	800	610				
⁵	Alcon Finance Corp.	5.750%	12/6/52	200	203				
	AmerisourceBergen Corp.	0.737%	3/15/23	374	371				
	Anthem Inc.	3.300%	1/15/23	1,100	1,099				
	Anthem Inc.	3.650%	12/1/27	750	707				
	Anthem Inc.	4.101%	3/1/28	1,140	1,093				
	Anthem Inc.	2.550%	3/15/31	1,100	921				
	Anthem Inc.	4.650%	8/15/44	92	82				
	Ascension Health	2.532%	11/15/29	1,405	1,204				
²	Ascension Health	4.847%	11/15/53	50	47				
	AstraZeneca plc	4.000%	1/17/29	2,345	2,254				
	AstraZeneca plc	6.450%	9/15/37	615	694				
	Banner Health	2.907%	1/1/42	910	665				
	Baxter International Inc.	2.272%	12/1/28	800	683				
⁵	Bayer US Finance II LLC	4.250%	12/15/25	1,100	1,068				
⁵	Bayer US Finance LLC	3.375%	10/8/24	815	787				
	Beth Israel Lahey Health Inc.	3.080%	7/1/51	255	157				
	Bon Secours Mercy Health Inc.	4.302%	7/1/28	570	540	²			
²	Bon Secours Mercy Health Inc.	3.464%	6/1/30	590	524				
	Bon Secours Mercy Health Inc.	2.095%	6/1/31	330	256				
	Bristol-Myers Squibb Co.	2.750%	2/15/23	138	138				
	Bristol-Myers Squibb Co.	3.400%	7/26/29	274	254				
	Bristol-Myers Squibb Co.	2.950%	3/15/32	115	100				
	Bristol-Myers Squibb Co.	4.125%	6/15/39	505	450				
	Bristol-Myers Squibb Co.	3.550%	3/15/42	1,205	980				
	Bristol-Myers Squibb Co.	4.550%	2/20/48	169	154				
	Bristol-Myers Squibb Co.	4.250%	10/26/49	1,473	1,274				
	Bristol-Myers Squibb Co.	2.550%	11/13/50	465	294				
	Bristol-Myers Squibb Co.	3.700%	3/15/52	460	359				
	Cedars-Sinai Health System	2.288%	8/15/31	1,330	1,066				
	Children's Hospital Corp.	2.585%	2/1/50	160	97				
	Cigna Corp.	3.250%	4/15/25	880	848				
	Cigna Corp.	4.375%	10/15/28	515	497				
	CommonSpirit Health	4.200%	8/1/23	535	531				
	CommonSpirit Health	2.760%	10/1/24	860	825				
	CommonSpirit Health	3.347%	10/1/29	1,015	880				
	CommonSpirit Health	2.782%	10/1/30	684	563				
	CommonSpirit Health	4.350%	11/1/42	601	505				
	CommonSpirit Health	4.187%	10/1/49	1,687	1,310				
	CommonSpirit Health	3.910%	10/1/50	70	52				
	Cottage Health Obligated Group	3.304%	11/1/49	295	210				
⁵	CSL UK Holdings Ltd.	4.250%	4/27/32	2,152	2,026				
⁵	CSL UK Holdings Ltd.	4.750%	4/27/52	1,239	1,117				
	CVS Health Corp.	4.300%	3/25/28	43	42				
	CVS Health Corp.	1.750%	8/21/30	145	114				
	CVS Health Corp.	4.875%	7/20/35	315	299				
	CVS Health Corp.	4.125%	4/1/40	430	358				
	Dignity Health	3.812%	11/1/24	560	543				
	Elevance Health Inc.	5.500%	10/15/32	320	328				
	Elevance Health Inc.	6.100%	10/15/52	75	81				
	Gilead Sciences Inc.	3.700%	4/1/24	1,010	993				
	Gilead Sciences Inc.	3.500%	2/1/25	560	542				
	Gilead Sciences Inc.	4.500%	2/1/45	290	254				
	Gilead Sciences Inc.	4.150%	3/1/47	1,640	1,358				
	Gilead Sciences Inc.	2.800%	10/1/50	1,235	799				
	GlaxoSmithKline Capital Inc.	5.375%	4/15/34	2,000	2,065				
⁵	HCA Inc.	3.625%	3/15/32	455	385				
⁵	HCA Inc.	4.375%	3/15/42	135	108				
⁵	HCA Inc.	4.625%	3/15/52	265	208				
	Indiana University Health Inc. Obligated Group	2.852%	11/1/51	365	229				
	Inova Health System Foundation	4.068%	5/15/52	475	393				
	Kaiser Foundation Hospitals	3.150%	5/1/27	380	354				
	Kaiser Foundation Hospitals	2.810%	6/1/41	1,130	819				
	Kaiser Foundation Hospitals	3.002%	6/1/51	1,105	751				
	Mass General Brigham Inc.	3.192%	7/1/49	535	372				
	Mass General Brigham Inc.	3.342%	7/1/60	955	643				
	Memorial Sloan-Kettering Cancer Center	2.955%	1/1/50	590	393				
	Memorial Sloan-Kettering Cancer Center	4.125%	7/1/52	310	256				
	Merck & Co. Inc.	3.400%	3/7/29	1,470	1,369				
	Merck & Co. Inc.	4.150%	5/18/43	760	675				
	Merck & Co. Inc.	4.000%	3/7/49	1,915	1,641				
	Novartis Capital Corp.	3.400%	5/6/24	415	407				
	Novartis Capital Corp.	4.400%	5/6/44	640	594				
	OhioHealth Corp.	2.297%	11/15/31	760	609				
	OhioHealth Corp.	2.834%	11/15/41	485	344				
	Pfizer Inc.	3.000%	12/15/26	725	687				
	Pfizer Inc.	3.450%	3/15/29	2,165	2,040				
	Pfizer Inc.	4.100%	9/15/38	1,505	1,365				
	Pfizer Inc.	2.550%	5/28/40	275	200				
	Piedmont Healthcare Inc.	2.044%	1/1/32	255	196				
	Piedmont Healthcare Inc.	2.719%	1/1/42	255	173				
	Piedmont Healthcare Inc.	2.864%	1/1/52	340	210				
	Providence St. Joseph Health Obligated Group	2.532%	10/1/29	985	829				
²	Providence St. Joseph Health Obligated Group	3.930%	10/1/48	325	256				

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
Providence St. Joseph Health Obligated Group	2.700%	10/1/51	1,000	586		Raytheon Technologies Corp.	4.125%	11/16/28	1,125	1,078
⁵ Roche Holdings Inc.	2.375%	1/28/27	1,650	1,510	⁵	Raytheon Technologies Corp.	4.450%	11/16/38	275	250
⁵ Roche Holdings Inc.	2.607%	12/13/51	305	199	⁵	Siemens				
Royalty Pharma plc	3.550%	9/2/50	1,405	906	⁵	Financieringsmaatschappij NV	3.125%	3/16/24	1,680	1,641
Rush Obligated Group	3.922%	11/15/29	330	298	⁵	Financieringsmaatschappij NV	1.700%	3/11/28	630	539
SSM Health Care Corp.	3.823%	6/1/27	940	888	⁵	Siemens				
Sutter Health	2.294%	8/15/30	560	452	⁵	Financieringsmaatschappij NV	2.150%	3/11/31	1,100	895
Thermo Fisher Scientific Inc.	1.750%	10/15/28	260	220	⁵	Siemens				
Thermo Fisher Scientific Inc.	2.000%	10/15/31	560	453		Financieringsmaatschappij NV	4.400%	5/27/45	800	714
Thermo Fisher Scientific Inc.	4.950%	11/21/32	735	747		Union Pacific Corp.	3.700%	3/1/29	505	476
Toledo Hospital	5.750%	11/15/38	545	511		Union Pacific Corp.	2.800%	2/14/32	120	103
UnitedHealth Group Inc.	3.100%	3/15/26	430	411		Union Pacific Corp.	3.375%	2/14/42	530	422
UnitedHealth Group Inc.	3.850%	6/15/28	1,190	1,141		Union Pacific Corp.	3.250%	2/5/50	200	146
UnitedHealth Group Inc.	2.000%	5/15/30	275	228		Union Pacific Corp.	3.799%	10/1/51	1,096	878
UnitedHealth Group Inc.	2.300%	5/15/31	435	362		Union Pacific Corp.	3.500%	2/14/53	1,025	774
UnitedHealth Group Inc.	4.200%	5/15/32	335	318		Union Pacific Corp.	3.839%	3/20/60	860	668
UnitedHealth Group Inc.	4.625%	7/15/35	240	233		Union Pacific Corp.	2.973%	9/16/62	625	400
UnitedHealth Group Inc.	3.500%	8/15/39	215	176	²	Union Pacific Corp.	3.750%	2/5/70	335	244
UnitedHealth Group Inc.	2.750%	5/15/40	310	226		United Airlines Class B Series 2018-1 Pass Through Trust	4.600%	9/1/27	136	123
UnitedHealth Group Inc.	4.375%	3/15/42	1,318	1,184						
UnitedHealth Group Inc.	4.250%	3/15/43	1,600	1,418						30,987
UnitedHealth Group Inc.	4.750%	7/15/45	592	559		Materials (0.0%)				
UnitedHealth Group Inc.	4.200%	1/15/47	215	185	⁵	Corp. Nacional del Cobre de Chile	3.700%	1/30/50	600	449
UnitedHealth Group Inc.	3.750%	10/15/47	145	116						
UnitedHealth Group Inc.	4.250%	6/15/48	880	767		Real Estate (0.4%)				
UnitedHealth Group Inc.	4.450%	12/15/48	140	125		American Tower Corp.	5.000%	2/15/24	80	80
UnitedHealth Group Inc.	3.700%	8/15/49	675	534		American Tower Corp.	4.400%	2/15/26	450	439
UnitedHealth Group Inc.	2.900%	5/15/50	2,293	1,563		American Tower Corp.	3.800%	8/15/29	981	892
UnitedHealth Group Inc.	3.250%	5/15/51	295	213		Boston Properties LP	3.125%	9/1/23	355	349
UnitedHealth Group Inc.	4.750%	5/15/52	245	227		Boston Properties LP	3.800%	2/1/24	45	44
UnitedHealth Group Inc.	5.875%	2/15/53	1,655	1,797		Crown Castle International Corp.	3.650%	9/1/27	285	265
UnitedHealth Group Inc.	3.875%	8/15/59	615	483		Crown Castle International Corp.	3.800%	2/15/28	235	218
				75,516		Crown Castle International Corp.	2.100%	4/1/31	2,185	1,720
Industrials (1.0%)						CubeSmart LP	2.250%	12/15/28	360	297
⁵ Ashtead Capital Inc.	2.450%	8/12/31	495	382		Healthpeak Properties Inc.	2.125%	12/1/28	880	740
⁵ BAE Systems Holdings Inc.	3.850%	12/15/25	1,085	1,046		Healthpeak Properties Inc.	3.000%	1/15/30	930	797
⁵ BAE Systems plc	3.400%	4/15/30	215	189		Realty Income Corp.	3.400%	1/15/28	210	193
Boeing Co.	1.433%	2/4/24	940	899		Realty Income Corp.	2.200%	6/15/28	735	630
Boeing Co.	2.700%	2/1/27	495	447		Realty Income Corp.	3.250%	1/15/31	380	329
Boeing Co.	3.625%	2/1/31	720	630		Realty Income Corp.	2.850%	12/15/32	545	443
Burlington Northern Santa Fe LLC	3.000%	3/15/23	565	563	⁵	SBA Tower Trust	1.840%	4/15/27	1,570	1,315
Burlington Northern Santa Fe LLC	3.850%	9/1/23	1,630	1,619	⁵	SBA Tower Trust	2.836%	1/15/50	725	683
Burlington Northern Santa Fe LLC	4.550%	9/1/44	250	227	⁵	SBA Tower Trust	1.884%	7/15/50	265	235
Burlington Northern Santa Fe LLC	4.150%	4/1/45	415	355	⁵	SBA Tower Trust	1.631%	5/15/51	1,060	906
Burlington Northern Santa Fe LLC	4.050%	6/15/48	60	50	⁵	SBA Tower Trust	2.593%	10/15/56	1,500	1,151
Burlington Northern Santa Fe LLC	3.050%	2/15/51	405	281	⁵	Scentre Group Trust 1 / Scentre Group Trust 2	4.375%	5/28/30	695	615
Burlington Northern Santa Fe LLC	2.875%	6/15/52	705	473		Simon Property Group LP	3.750%	2/1/24	90	89
Burlington Northern Santa Fe LLC	4.450%	1/15/53	145	130		Simon Property Group LP	3.375%	10/1/24	275	267
Canadian National Railway Co.	2.450%	5/1/50	205	129		Simon Property Group LP	2.450%	9/13/29	1,160	970
Canadian Pacific Railway Co.	2.450%	12/2/31	260	216						13,667
Canadian Pacific Railway Co.	3.100%	12/2/51	770	525		Technology (1.7%)				
Carrier Global Corp.	2.722%	2/15/30	448	378		Apple Inc.	3.000%	2/9/24	620	608
Caterpillar Inc.	3.400%	5/15/24	810	794		Apple Inc.	3.450%	5/6/24	1,000	983
CSX Corp.	3.350%	9/15/49	235	169		Apple Inc.	2.850%	5/11/24	1,225	1,193
⁵ Daimler Trucks Finance North America LLC	3.650%	4/7/27	445	417		Apple Inc.	3.250%	2/23/26	1,020	980
Eaton Corp.	4.150%	3/15/33	510	475		Apple Inc.	2.450%	8/4/26	1,170	1,086
Eaton Corp.	4.700%	8/23/52	130	119		Apple Inc.	3.350%	2/9/27	1,545	1,479
Honeywell International Inc.	5.000%	2/15/33	2,226	2,269		Apple Inc.	3.200%	5/11/27	1,065	1,011
Illinois Tool Works Inc.	3.500%	3/1/24	1,295	1,274		Apple Inc.	2.900%	9/12/27	2,250	2,101
John Deere Capital Corp.	3.450%	3/13/25	1,200	1,169		Apple Inc.	3.850%	5/4/43	430	374
Kansas City Southern	4.950%	8/15/45	480	434		Apple Inc.	4.450%	5/6/44	120	114
Lockheed Martin Corp.	1.850%	6/15/30	60	49		Apple Inc.	3.850%	8/4/46	985	839
Lockheed Martin Corp.	5.250%	1/15/33	2,975	3,076		Apple Inc.	2.650%	5/11/50	640	426
Lockheed Martin Corp.	4.500%	5/15/36	211	201		Apple Inc.	2.550%	8/20/60	1,425	872
Lockheed Martin Corp.	4.700%	5/15/46	376	350		Broadcom Corp. / Broadcom Cayman Finance Ltd.	3.875%	1/15/27	305	289
Lockheed Martin Corp.	4.090%	9/15/52	144	122		Broadcom Inc.	4.110%	9/15/28	1,452	1,355
Lockheed Martin Corp.	5.700%	11/15/54	2,055	2,179						

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
⁵ State of Qatar	4.400%	4/16/50	430	393					
United Mexican States	4.400%	2/12/52	890	655					
Total Sovereign Bonds (Cost \$9,451)				8,393					
Taxable Municipal Bonds (1.5%)									
Alabama Federal Aid Highway Finance Authority Government Fund/Grant Revenue	2.650%	9/1/37	160	119					
Bay Area Toll Authority Highway Revenue	2.574%	4/1/31	450	394					
Bay Area Toll Authority Highway Revenue	6.263%	4/1/49	60	68					
Bay Area Toll Authority Highway Revenue	7.043%	4/1/50	820	1,008					
Broward FL Airport System Port, Airport & Marina Revenue	3.477%	10/1/43	300	227					
California GO	7.500%	4/1/34	155	187					
California GO	7.350%	11/1/39	1,550	1,892					
California Health Facilities Financing Authority Intergovernmental Agreement Revenue	4.190%	6/1/37	175	156					
California State University College & University Revenue	2.719%	11/1/52	350	236					
California State University College & University Revenue	2.939%	11/1/52	445	301					
Chicago O'Hare International Airport Port, Airport & Marina Revenue	6.395%	1/1/40	155	173					
Chicago Transit Authority Sales & Transfer Tax Receipts Sales Tax Revenue	6.899%	12/1/40	1,730	1,918					
Chicago Transit Authority Sales & Transfer Tax Receipts Sales Tax Revenue	6.899%	12/1/40	800	887					
Chicago Transit Authority Sales Tax Receipts Fund Sales Tax Revenue	6.200%	12/1/40	550	592					
Commonwealth of Massachusetts GO	4.110%	7/15/31	570	550					
Commonwealth of Massachusetts GO	2.514%	7/1/41	270	194					
Dallas Fort Worth International Airport Port, Airport & Marina Revenue	2.843%	11/1/46	515	370					
Dallas Fort Worth International Airport Port, Airport & Marina Revenue	4.087%	11/1/51	75	63					
Dallas-Fort Worth International Airport Port, Airport & Marina Revenue	3.089%	11/1/40	220	171					
Dallas-Fort Worth International Airport Port, Airport & Marina Revenue	4.507%	11/1/51	535	481					
Florida State Board of Administration Finance Corp. Miscellaneous Revenue	1.705%	7/1/27	925	805					
Foothill-Eastern Transportation Corridor Agency Highway Revenue	4.094%	1/15/49	155	117					
⁷ Foothill-Eastern Transportation Corridor Agency Highway Revenue	3.924%	1/15/53	1,170	840					
Georgia Municipal Electric Authority Electric Power & Light Revenue	6.637%	4/1/57	2,031	2,173					
Golden State Tobacco Securitization Corp. Tobacco Settlement Funded Revenue	2.746%	6/1/34	70	56					
Golden State Tobacco Securitization Corp. Tobacco Settlement Funded Revenue	3.293%	6/1/42	130	96					
Golden State Tobacco Securitization Corp. Tobacco Settlement Funded Revenue	3.000%	6/1/46	290	268					
Grand Parkway Transportation Corp. Highway Revenue	5.184%	10/1/42	140	143					
Grand Parkway Transportation Corp. Texas System Highway Revenue	3.236%	10/1/52	930	659					
Great Lakes Water Authority Sewage Disposal System Sewer Revenue	3.056%	7/1/39	250	192					
Houston TX GO	6.290%	3/1/32	340	356					
Illinois GO	5.100%	6/1/33	4,395	4,218					
Illinois State Toll Highway Authority Highway Revenue	6.184%	1/1/34	750	805					
JobsOhio Beverage System Miscellaneous Revenue	2.833%	1/1/38	160	125					
⁸ Kansas Development Finance Authority Appropriations Revenue	2.774%	5/1/51	390	263					
⁷ Kansas Development Finance Authority Lease (Appropriation) Revenue	5.501%	5/1/34	2,000	2,041					
Maryland State Transportation Authority Transit Revenue	5.888%	7/1/43	545	574					
Massachusetts School Building Authority Sales Tax Revenue	1.753%	8/15/30	890	727					
Massachusetts School Building Authority Sales Tax Revenue	5.715%	8/15/39	1,000	1,024					
Massachusetts School Building Authority Sales Tax Revenue	3.395%	10/15/40	475	383					
Massachusetts School Building Authority Sales Tax Revenue	2.950%	5/15/43	650	475					
Massachusetts Water Resources Authority Water Revenue	2.823%	8/1/41	710	522					
Metropolitan Transportation Authority Fuel Sales Tax Revenue	6.089%	11/15/40	445	482					
Metropolitan Transportation Authority Miscellaneous Taxes Revenue	7.336%	11/15/39	325	398					
Metropolitan Transportation Authority Transit Revenue	6.200%	11/15/26	50	51					
Metropolitan Transportation Authority Transit Revenue	6.814%	11/15/40	785	820					
Metropolitan Transportation Authority Transit Revenue	5.175%	11/15/49	910	785					
Michigan Finance Authority Health, Hospital, Nursing Home Revenue	3.084%	12/1/34	295	247					
New Jersey Turnpike Authority Highway Revenue	7.414%	1/1/40	410	508					
New York State Dormitory Authority Income Tax Revenue	3.110%	2/15/39	640	504					
New York State Dormitory Authority Income Tax Revenue	3.190%	2/15/43	355	261					
New York State Thruway Authority Highway Revenue	2.900%	1/1/35	490	402					
New York State Thruway Authority Highway Revenue	3.500%	1/1/42	275	215					
North Texas Tollway Authority Highway Revenue	3.011%	1/1/43	450	337					
North Texas Tollway Authority Highway Revenue	6.718%	1/1/49	465	551					
Oregon Department of Transportation Fuel Sales Tax Revenue	5.834%	11/15/34	655	703					
⁷ Oregon School Boards Assn. GO	5.528%	6/30/28	2,000	2,031					
⁸ Oregon State University College & University Revenue	3.424%	3/1/60	1,000	692					
⁹ Philadelphia Authority for Industrial Development Miscellaneous Revenue	6.550%	10/15/28	1,945	2,033					

Balanced Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Port Authority of New York & New Jersey Port, Airport & Marina Revenue	5.859%	12/1/24	65	66
Port Authority of New York & New Jersey Port, Airport & Marina Revenue	3.175%	7/15/60	485	313
Port Authority of New York & New Jersey Port, Airport & Marina Revenue	4.458%	10/1/62	1,175	1,020
Port Authority of New York & New Jersey Port, Airport & Marina Revenue	4.810%	10/15/65	640	593
Regents of the University of California Medical Center Pooled Health, Hospital, Nursing Home Revenue	4.132%	5/15/32	465	433
Riverside CA General Fund Revenue	3.857%	6/1/45	260	210
Riverside County CA Appropriations Revenue	3.818%	2/15/38	290	253
Rutgers State University of New Jersey College & University Revenue	3.270%	5/1/43	350	264
Sales Tax Securitization Corp. Intergovernmental Agreement Revenue	3.238%	1/1/42	1,000	760
Texas Transportation Commission GO	2.562%	4/1/42	235	174
Texas Transportation Commission State Highway Fund Miscellaneous Revenue	4.000%	10/1/33	395	359
University of California College & University Revenue	1.316%	5/15/27	385	332
University of California College & University Revenue	1.614%	5/15/30	645	514
University of California College & University Revenue	4.601%	5/15/31	590	580
University of California College & University Revenue	4.765%	5/15/44	145	136
University of California College & University Revenue	3.931%	5/15/45	570	498
University of California Regents Medical Center Pooled Health, Hospital, Nursing Home Revenue	6.548%	5/15/48	80	91
University of California Regents Medical Center Pooled Health, Hospital, Nursing Home Revenue	6.583%	5/15/49	695	790
University of California Regents Medical Center Pooled Health, Hospital, Nursing Home Revenue	3.006%	5/15/50	450	297
University of California Regents Medical Center Pooled Health, Hospital, Nursing Home Revenue	4.563%	5/15/53	1,350	1,181
University of California Regents Medical Center Pooled Health, Hospital, Nursing Home Revenue	3.256%	5/15/60	780	506
University of Michigan College & University Revenue	3.504%	4/1/52	210	164
University of Minnesota College & University Revenue	4.048%	4/1/52	840	712
Utility Debt Securitization Authority Electric Power & Light Revenue	3.435%	12/15/25	84	83
Total Taxable Municipal Bonds (Cost \$55,362)				48,198

	Coupon	Shares	Market Value* (\$000)
Temporary Cash Investments (0.9%)			
Money Market Fund (0.0%)			
¹⁰ Vanguard Market Liquidity Fund	4.334%	117	11
		Face Amount (\$000)	
Repurchase Agreement (0.9%)			
NatWest Markets plc (Dated 12/30/22, Repurchase Value \$29,614,000, collateralized by U.S. Treasury Note/Bond 4.000%, 12/15/25, with a value of \$30,192,000)	4.250%	1/3/23	29,600
Total Temporary Cash Investments (Cost \$29,612)			29,611
Total Investments (100.0%) (Cost \$2,873,468)			3,142,536
Other Assets and Liabilities—Net (0.0%)			(620)
Net Assets (100%)			3,141,916

Cost is in \$000.

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

- Securities with a value of \$391,000 have been segregated as initial margin for open futures contracts.
- 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.
- 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.
- Includes securities purchased on a when-issued or delayed-delivery basis for which the portfolio has not taken delivery as of December 31, 2022.
- 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, 2022, the aggregate value was \$194,598,000, representing 6.2% of net assets.
- 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.
- Scheduled principal and interest payments are guaranteed by Assured Guaranty Municipal Corp.
- Scheduled principal and interest payments are guaranteed by Build America Mutual Assurance Co.
- Scheduled principal and interest payments are guaranteed by National Public Finance Guarantee Corp.
- 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.
CLO—Collateralized Loan Obligation.
DAC—Designated Activity Company.
GO—General Obligation Bond.
LIBOR—London Interbank Offered Rate.
REMICS—Real Estate Mortgage Investment Conduits.
UMBS—Uniform Mortgage-Backed Securities.
USD—U.S. dollar.

Balanced Portfolio

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				
Ultra Long U.S. Treasury Bond	March 2023	4	537	(4)
5-Year U.S. Treasury Note	March 2023	55	5,936	(9)
				(13)
Short Futures Contracts				
10-Year U.S. Treasury Note	March 2023	(83)	(9,321)	103
Ultra 10-Year U.S. Treasury Note	March 2023	(58)	(6,860)	40
				143
				130

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

Statement of Assets and Liabilities

As of December 31, 2022

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$2,873,456)	3,142,525
Affiliated Issuers (Cost \$12)	11
Total Investments in Securities	3,142,536
Investment in Vanguard	118
Cash	17
Foreign Currency, at Value (Cost \$213)	203
Receivables for Investment Securities Sold	14,826
Receivables for Accrued Income	12,755
Receivables for Capital Shares Issued	791
Variation Margin Receivable—Futures Contracts	19
Total Assets	3,171,265
Liabilities	
Payables for Investment Securities Purchased	28,331
Payables to Investment Advisor	391
Payables for Capital Shares Redeemed	331
Payables to Vanguard	296
Total Liabilities	29,349
Net Assets	3,141,916

At December 31, 2022, net assets consisted of:

Paid-in Capital	2,683,578
Total Distributable Earnings (Loss)	458,338
Net Assets	3,141,916

Net Assets	
Applicable to 144,645,422 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	3,141,916
Net Asset Value Per Share	\$21.72

Statement of Operations

	Year Ended December 31, 2022 (\$000)
Investment Income	
Income	
Dividends ¹	38,658
Interest	34,459
Securities Lending—Net	1
Total Income	73,118
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	1,647
Performance Adjustment	(143)
The Vanguard Group—Note C	
Management and Administrative	4,867
Marketing and Distribution	163
Custodian Fees	31
Auditing Fees	28
Shareholders' Reports	86
Trustees' Fees and Expenses	1
Other Expenses	84
Total Expenses	6,764
Expenses Paid Indirectly	(3)
Net Expenses	6,761
Net Investment Income	66,357
Realized Net Gain (Loss)	
Investment Securities Sold ²	131,422
Futures Contracts	(3,623)
Swap Contracts	104
Forward Currency Contracts	(12)
Foreign Currencies	32
Realized Net Gain (Loss)	127,923
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ²	(727,142)
Futures Contracts	(3)
Foreign Currencies	(5)
Change in Unrealized Appreciation (Depreciation)	(727,150)
Net Increase (Decrease) in Net Assets Resulting from Operations	(532,870)

¹ Dividends are net of foreign withholding taxes of \$42,000.

² Realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$0, and (\$1,000), respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

	Year Ended December 31,	
	2022 (\$000)	2021 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	66,357	62,487
Realized Net Gain (Loss)	127,923	311,922
Change in Unrealized Appreciation (Depreciation)	(727,150)	242,651
Net Increase (Decrease) in Net Assets Resulting from Operations	(532,870)	617,060
Distributions		
Total Distributions	(375,204)	(240,358)
Capital Share Transactions		
Issued	313,136	255,089
Issued in Lieu of Cash Distributions	375,204	240,358
Redeemed	(425,731)	(431,072)
Net Increase (Decrease) from Capital Share Transactions	262,609	64,375
Total Increase (Decrease)	(645,465)	441,077
Net Assets		
Beginning of Period	3,787,381	3,346,304
End of Period	3,141,916	3,787,381

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$28.41	\$25.68	\$24.94	\$22.20	\$24.80
Investment Operations					
Net Investment Income ¹	.471	.468	.526	.623	.626
Net Realized and Unrealized Gain (Loss) on Investments	(4.277)	4.137	1.692	4.105	(1.414)
Total from Investment Operations	(3.806)	4.605	2.218	4.728	(.788)
Distributions					
Dividends from Net Investment Income	(.480)	(.497)	(.666)	(.660)	(.582)
Distributions from Realized Capital Gains	(2.404)	(1.378)	(.812)	(1.328)	(1.230)
Total Distributions	(2.884)	(1.875)	(1.478)	(1.988)	(1.812)
Net Asset Value, End of Period	\$21.72	\$28.41	\$25.68	\$24.94	\$22.20
Total Return	-14.30%	19.02%	10.68%	22.48%	-3.41%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$3,142	\$3,787	\$3,346	\$3,267	\$2,708
Ratio of Total Expenses to Average Net Assets ²	0.21% ³	0.20%	0.20%	0.21%	0.21%
Ratio of Net Investment Income to Average Net Assets	2.05%	1.76%	2.24%	2.68%	2.67%
Portfolio Turnover Rate ⁴	40%	33%	49%	29%	36%

¹ Calculated based on average shares outstanding.

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

³ The ratio of expenses to average net assets for the period net of reduction from custody fee offset and broker commission abatement arrangements was 0.21%.

⁴ Includes 7%, 1%, 3%, 8%, and 2%, 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. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the portfolio's investments and 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 by methods deemed by the valuation designee to represent fair value and subject to oversight by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the 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. **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.

4. 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.

5. 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.

6. 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, 2022, the portfolio's average investments in long and short futures contracts represented 1% and less than 1% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

7. Forward Currency Contracts: The portfolio enters into forward currency contracts to protect the value of securities and related receivables and payables against changes in future 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 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 forward currency contracts.

During the year ended December 31, 2022, the portfolio's average investment in forward currency contracts represented 0% 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, 2022.

8. Swap Contracts: The portfolio invests in credit default swaps to adjust the overall credit risk of the portfolio or to actively overweight or underweight credit risk to a specific issuer or group of issuers. The portfolio may sell credit protection through credit default swaps to simulate investments in long positions that are either unavailable or considered to be less attractively priced in the bond market. The portfolio may purchase credit protection through credit default swaps to reduce credit exposure to a given issuer or issuers. Under the terms of the swaps, an up-front payment may be exchanged between the seller and buyer. In addition, the seller of the credit protection receives a periodic payment of premium from the buyer that is a fixed percentage applied to a notional amount. If, for example, the reference entity is subject to a credit event (such as bankruptcy, failure to pay, or obligation acceleration) during the term of the swap, the seller agrees to either physically settle or cash settle the swap contract. If the swap is physically settled, the seller agrees to pay the buyer an amount equal to the notional amount and take delivery of a debt instrument of the reference issuer with a par amount equal to such notional amount. If the swap is cash settled, the seller agrees to pay the buyer the difference between the notional amount and the final price for the relevant debt instrument, as determined either in a market auction or pursuant to a pre-agreed-upon valuation procedure.

The portfolio enters into centrally cleared credit default swaps to achieve the same objectives specified with respect to the equivalent over-the-counter swaps but with less counterparty risk because a regulated clearinghouse is the counterparty instead of the clearing broker or executing broker. 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. To further mitigate counterparty risk, the portfolio trades with a diverse group of prequalified executing brokers; monitors the financial strength of its clearing brokers, executing brokers, and clearinghouse; and has entered into agreements with its clearing brokers and executing brokers.

The primary risk associated with selling credit protection is that, upon the occurrence of a defined credit event, the market value of the debt instrument received by the portfolio (or, in a cash settled swap, the debt instruments used to determine the settlement payment by the portfolio) will be significantly less than the amount paid by the portfolio and, in a physically settled swap, the portfolio may receive an illiquid debt instrument. A risk associated with all types of swaps is the possibility that a counterparty may default on its obligation to pay net amounts due to the portfolio. The portfolio's maximum amount subject to counterparty risk is the unrealized appreciation on the swap contract. The portfolio mitigates its counterparty risk by entering into swaps 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. In the event of a counterparty's default (including bankruptcy), the portfolio may terminate any swap contracts with that counterparty, 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 swap 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 swap 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.

The notional amounts of swap contracts are not recorded in the Statement of Assets and Liabilities. Swaps are valued daily based on market quotations received from independent pricing services or recognized dealers and the change in value is recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the seller of credit protection is required to take delivery (or, in a cash settled swap, pay the settlement amount determined) upon occurrence of a credit event, periodic payments are made, or the swap terminates, at which time realized gain (loss) is recorded. The net premium to be received or paid by the portfolio under swap contracts is accrued daily and recorded as realized gain (loss) over the life of the contract.

During the year ended December 31, 2022, the portfolio's average amounts of investments in credit protection sold and credit protection purchased 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 credit default swap contracts at December 31, 2022.

9. Federal Income Taxes: The portfolio intends to continue to qualify as a regulated investment company and distribute virtually 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.

10. 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.

11. Securities Lending: To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

12. Credit Facilities and Interfund Lending Program: The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.4 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the 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, which 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 an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the 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, 2022, the portfolio did not utilize the credit facilities or the Interfund Lending Program.

13. 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. Amounts related to these reclaims are recorded when there are no significant uncertainties as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment. Such tax reclaims and related professional fees, if any, are included in dividend income and other expenses, respectively.

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, 2022, the investment advisory fee represented an effective annual basic rate of 0.05% of the portfolio's average net assets, before a net decrease of \$143,000 (less than 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, 2022, the portfolio had contributed to Vanguard capital in the amount of \$118,000, 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. The portfolio has asked its investment advisor to direct certain security trades, subject to obtaining the best price and execution, to brokers who have agreed to rebate to the portfolio part of the commissions generated. Such rebates are used solely to reduce the portfolio's management and administrative expenses. The portfolio's custodian bank has also agreed to reduce its fees when the portfolio maintains cash on deposit in the non-interest-bearing custody account. For the year ended December 31, 2022, these arrangements reduced the portfolio's management and administrative expenses by \$2,000 and custodian fees by \$1,000. The total expense reduction represented an effective annual rate of less than 0.01% of the portfolio's average net assets.

E. 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.

Balanced Portfolio

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.

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2022, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stocks	1,909,152	144,748	—	2,053,900
U.S. Government and Agency Obligations	—	277,653	—	277,653
Asset-Backed/Commercial Mortgage-Backed Securities	—	24,725	—	24,725
Corporate Bonds	—	700,056	—	700,056
Sovereign Bonds	—	8,393	—	8,393
Taxable Municipal Bonds	—	48,198	—	48,198
Temporary Cash Investments	11	29,600	—	29,611
Total	1,909,163	1,233,373	—	3,142,536
Derivative Financial Instruments				
Assets				
Futures Contracts ¹	143	—	—	143
Liabilities				
Futures Contracts ¹	13	—	—	13

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.

F. At December 31, 2022, the fair values of derivatives were reflected in the Statement of Assets and Liabilities as follows:

Statement of Assets and Liabilities	Interest Rate Contracts (\$000)	Foreign Exchange Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Unrealized Appreciation—Futures Contracts ¹	143	—	—	143
Total Assets	143	—	—	143
Unrealized Depreciation—Futures Contracts ¹	13	—	—	13
Total Liabilities	13	—	—	13

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, 2022, were:

	Interest Rate Contracts (\$000)	Foreign Exchange Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives				
Futures Contracts	(3,623)	—	—	(3,623)
Swap Contracts	—	—	104	104
Forward Currency Contracts	—	(12)	—	(12)
Realized Net Gain (Loss) on Derivatives	(3,623)	(12)	104	(3,531)
Change in Unrealized Appreciation (Depreciation) on Derivatives				
Futures Contracts	(3)	—	—	(3)
Change in Unrealized Appreciation (Depreciation) on Derivatives	(3)	—	—	(3)

G. 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 applicable foreign currency transactions and swap agreements were reclassified between the individual components of total distributable earnings (loss).

Balanced Portfolio

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; the recognition of unrealized gains or losses from certain derivative contracts; and the treatment of amortization adjustments from certain fixed income securities. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	63,343
Undistributed Long-Term Gains	128,886
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	266,109

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2022 Amount (\$000)	2021 Amount (\$000)
Ordinary Income*	102,569	79,182
Long-Term Capital Gains	272,635	161,176
Total	375,204	240,358

* Includes short-term capital gains, if any.

As of December 31, 2022, 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	2,876,478
Gross Unrealized Appreciation	542,441
Gross Unrealized Depreciation	(276,384)
Net Unrealized Appreciation (Depreciation)	266,057

H. During the year ended December 31, 2022, the portfolio purchased \$658,050,000 of investment securities and sold \$691,403,000 of investment securities, other than U.S. government securities and temporary cash investments. Purchases and sales of U.S. government securities were \$646,235,000 and \$633,254,000, 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, 2022, such purchases were \$5,563,000 and sales were \$0; these amounts, other than temporary cash investments, are included in the purchases and sales of investment securities noted above.

I. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2022 Shares (000)	2021 Shares (000)
Issued	13,936	9,605
Issued in Lieu of Cash Distributions	15,732	9,716
Redeemed	(18,314)	(16,345)
Net Increase (Decrease) in Shares Outstanding	11,354	2,976

At December 31, 2022, 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 65% 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.

J. Management has determined that no events or transactions occurred subsequent to December 31, 2022, 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, 2022, the related statement of operations for the year ended December 31, 2022, the statement of changes in net assets for each of the two years in the period ended December 31, 2022, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2022 (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, 2022, 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, 2022 and the financial highlights for each of the five years in the period ended December 31, 2022 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, 2022 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 16, 2023

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

Tax information (unaudited)

For corporate shareholders, 41.4%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income (dividend income plus short-term gains, if any) for the fiscal year qualified for the dividends-received deduction.

The portfolio hereby designates \$3,773,000, or if subsequently determined to be different, the maximum amount allowable by law, of interest earned from obligations of the U.S. government which is generally exempt from state income tax.

The portfolio distributed \$272,635,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

The portfolio hereby designates 30.5%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income dividends eligible to be treated as interest income for purposes of Section 163(j) and the regulations thereunder for the fiscal year.

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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 206 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.

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 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.

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.

Executive Officers

Jacqueline Angell

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (November 2022–present) of Vanguard and of each of the investment companies served by Vanguard. Chief compliance officer (2018–2022) and deputy chief compliance officer (2017–2019) of State Street Corporation.

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 (2017–2022) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

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).

Ashley Grim

Born in 1984. Principal occupation(s) during the past five years and other experience: treasurer (February 2022–present) of each of the investment companies served by Vanguard. Fund transfer agent controller (2019–2022) and director of Audit Services (2017–2019) at Vanguard. Senior manager (2015–2017) at PriceWaterhouseCoopers (audit and assurance, consulting, and tax services).

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. Nonexecutive director of the board of National Grid (energy).

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.

Vanguard Senior Management Team

Matthew Benchener

Joseph Brennan

Mortimer J. Buckley

Gregory Davis

John James

Chris D. McIsaac

Thomas M. Rampulla

Karin A. Risi

Anne E. Robinson

Michael Rollings

Nitin Tandon

Lauren Valente



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