BlackRock.

JUNE 30, 2021

2021 Semi-Annual Report (Unaudited)

BlackRock Variable Series Funds, Inc.

- BlackRock S&P 500 Index V.I. Fund

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The Markets in Review

Dear Shareholder,

The 12-month reporting period as of June 30, 2021 was a remarkable period of adaptation and recovery, as the global economy dealt with the implications of the coronavirus (or “COVID-19”) pandemic. The United States, along with most of the world, began the reporting period emerging from a severe recession, prompted by pandemic-related restrictions that disrupted many aspects of daily life. However, easing restrictions and robust government intervention led to a strong rebound, and the economy grew at a significant pace for the reporting period, recovering much of the output lost at the beginning of the pandemic.

Equity prices rose with the broader economy, as investors became increasingly optimistic about the economic outlook. Stocks rose through the summer of 2020, fed by strong fiscal and monetary support and positive economic indicators. The implementation of mass vaccination campaigns and passage of an additional $1.9 trillion of fiscal stimulus further boosted stocks, and many equity indices neared or surpassed all-time highs late in the reporting period. In the United States, both large- and small-capitalization stocks posted a significant advance. International equities also gained, as both developed countries and emerging markets rebounded substantially.

The 10-year U.S. Treasury yield (which is inversely related to bond prices) had fallen sharply prior to the beginning of the reporting period, which meant bonds were priced for extreme risk avoidance and economic disruption. Despite expectations of doom and gloom, the economy expanded rapidly, stoking inflation concerns in early 2021, which led to higher yields and a negative overall return for most U.S. Treasuries. In the corporate bond market, support from the U.S. Federal Reserve (the “Fed”) assuaged credit concerns and led to substantial returns for high-yield corporate bonds, although investment-grade corporates declined slightly.

The Fed remained committed to accommodative monetary policy by maintaining near zero interest rates and by reiterating that inflation could exceed its 2% target for a sustained period without triggering a rate increase. Late in the period the Fed elaborated on their expected timeline, raising the likelihood of slower bond purchasing and the possibility of higher rates in 2023.

Looking ahead, while coronavirus-related disruptions have clearly hindered worldwide economic growth, we believe that the global expansion will continue to accelerate as vaccination efforts ramp up and pent-up consumer demand leads to higher spending. While we expect inflation to increase somewhat as the expansion continues, we believe the recent uptick owes more to temporary supply disruptions than a lasting change in fundamentals. The change in Fed policy also means that moderate inflation is less likely to be followed by interest rate hikes that could threaten the economic expansion.

Overall, we favor a moderately positive stance toward risk, with an overweight in equities. Sectors that are better poised to manage the transition to a lower-carbon world, such as technology and healthcare, are particularly attractive in the long-term. U.S. small-caps and European equities are likely to benefit from the continuing vaccine-led restart. We are underweight long-term on credit, but inflation-protected U.S. Treasuries, Asian fixed income, and Chinese government bonds offer potential opportunities. We believe that international diversification and a focus on sustainability can help provide portfolio resilience, and the disruption created by the coronavirus appears to be accelerating the shift toward sustainable investments.

In this environment, our view is that investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit **blackrock.com** for further insight about investing in today’s markets.

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

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President, BlackRock Advisors, LLC

Total Returns as of June 30, 2021

	6-Month	12-Month
U.S. large cap equities (S&P 500® Index)	15.25%	40.79%
U.S. small cap equities (Russell 2000® Index)	17.54	62.03
International equities (MSCI Europe, Australasia, Far East Index)	8.83	32.35
Emerging market equities (MSCI Emerging Markets Index)	7.45	40.90
3-month Treasury bills (ICE BofA 3-Month U.S. Treasury Bill Index)	0.02	0.09
U.S. Treasury securities (ICE BofA 10-Year U.S. Treasury Index)	(4.10)	(5.89)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	(1.60)	(0.33)
Tax-exempt municipal bonds (S&P Municipal Bond Index)	1.24	4.20
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	3.61	15.34

Past performance is not an indication of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Investment Objective

BlackRock S&P 500 Index V.I. Fund's (the "Fund") investment objective is to seek investment results that, before expenses, correspond to the aggregate price and yield performance of the Standard and Poor's ("S&P") 500® Index.

Portfolio Management Commentary

How did the Fund perform?

For the six-month period ended June 30, 2021, the Fund's Class I, Class II and Class III Shares returned 15.18%, 15.09% and 15.04%, respectively. The benchmark S&P 500® Index returned 15.25% for the same period.

Returns for the Fund's respective share classes differ from the benchmark index based on individual share-class expenses.

Describe the market environment.

Following the strong end to 2020, favorable market conditions continued with signs of a sooner-than-expected economic activity restart. Monetary conditions remained supportive, as the Fed signaled a continuing environment of low interest rates. With both the Senate and Congress passing a new $1.9 trillion stimulus package, and the United States starting to lead in the COVID-19 vaccine rollout, optimism continued to rise for strong economic growth in the first quarter of 2021. Despite the heightened volatility at the beginning of the quarter related to retail trading activity, the positive news about the stimulus package and the potential infrastructure bill soothed the market and supported a positive return over the quarter.

All Global Industry Classification Standard ("GICS") sectors within the S&P 500® Index posted positive returns over first quarter of 2021. Energy and financials sectors were the best performers over the first quarter. Having performed relatively poorly in 2020, these sectors were supported by the market optimism about a sustained opening of the economy. Market conditions supported the outperformance of financials, while the energy sector rallied as oil prices increased due to a surge in demand while OPEC left production levels unchanged and the Suez Canal blockage raised concern about the delivery of oil. On the other hand, information technology and consumer staples lagged other GICS sectors within the U.S. market, albeit still posting positive returns. Those sectors were among the top performers during the COVID-19 pandemic.

Over the second quarter of 2021, the U.S. equity market rallied as the COVID-19 vaccination campaign continued to accelerate, and as more signs emerged for a sooner-than-expected economic activity restart. The U.S. Consumer Price Index (a measure of the average change overtime in the prices paid by consumers for a market basket of consumer goods and services) increased by more than 4% (over the one-year period as of April 2021), which raised questions on whether this surge was sparked by temporary factors at play. However, inflation concerns and the Fed's cautious optimism about the recovery muted the market rally in May 2021. In June 2021, the U.S. equity market extended its rally, supported by the prospect of more fiscal stimulus, as President Joe Biden reached a bipartisan $1 trillion agreement for infrastructure spending. The domestic markets continued climbing in June, as Fed commentary eased investors' worries about the potential for tightening monetary policy too quickly. Furthermore, U.S. economic data over the second quarter of 2021 was generally very strong.

From a sector perspective, nearly all GICS sectors within the S&P 500® Index finished the six-month period in positive territory. Real estate (+13.09%), information technology (+11.56%), and energy (+11.30%) were among the best performers, while utilities (-0.41%), consumer staples (+3.83%), and industrials (4.48%) were among the lowest performers.

Describe recent portfolio activity.

During the period, as changes were made to the composition of the S&P 500® Index, the Fund purchased and sold securities to maintain its objective of replicating the risks and return of the benchmark index.

Describe portfolio positioning at period end.

The Fund remains positioned to match the risk characteristics of its benchmark index, irrespective of the market's future direction.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Performance Summary for the Period Ended June 30, 2021

	6-Month Total Returns [a]	Average Annual Total Returns [a]		
		1 Year	5 Years	10 Years
Class I [b][c]	15.18%	40.64%	17.43%	14.52%
Class II [b][c]	15.09	40.44	17.26	14.35
Class III [b][c]	15.04	40.26	17.13[d]	14.24[d]
S&P 500® Index[e]	15.25	40.79	17.65	14.84

[a] For a portion of the period, the Fund's investment adviser waived a portion of its fee. Without such waiver, the Fund's performance would have been lower.
[b] Average annual and cumulative total returns are based on changes in net asset value ("NAV") for the periods shown, and assume reinvestment of all distributions at NAV on the ex-dividend date. Insurance-related fees and expenses are not reflected in these returns.
[c] Under normal circumstances, the Fund invests at least 80% of its assets in the common stocks represented in the S&P 500® Index and in derivative instruments linked to the S&P 500® Index.
[d] The returns for Class III Shares prior to February 14, 2018, the recommencement of operations of Class III Shares, are based upon the performance of the Fund's Class I Shares, as adjusted to reflect the distribution (12b-1) fees applicable to Class III Shares.
[e] An unmanaged index that covers 500 leading companies and captures approximately 80% coverage of available market capitalization.

Past performance is not an indication of future results. Performance results do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Portfolio Information

SECTOR ALLOCATION

Sector	*Percent of Net Assets*
Information Technology	27%
Health Care	13
Consumer Discretionary	12
Financials	11
Communication Services	11
Industrials	9
Consumer Staples	6
Energy	3
Materials	3
Real Estate	3
Utilities	2
Short-Term Securities	1
Liabilities in Excess of Other Assets	(1)

For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Disclosure of Expenses

Shareholders of the Fund may incur the following charges: (a) transactional expenses; and (b) operating expenses, including investment advisory fees, service and distribution fees, including 12b-1 fees, acquired fund fees and expenses, and other fund expenses. The expense example shown (which is based on a hypothetical investment of $1,000 invested on January 1, 2021 and held through June 30, 2021) is intended to assist shareholders both in calculating expenses based on an investment in the Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The expense example provides information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by $1,000 and then multiply the result by the number corresponding to their share class under the heading entitled "Expenses Paid During the Period."

The expense example also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in the Fund and other funds, compare the 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

The expenses shown in the expense example are intended to highlight shareholders' ongoing costs only and do not reflect transactional expenses, such as sales charges, if any. Therefore, the hypothetical example is useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

	Actual			Hypothetical [(a)]			
	Beginning Account Value (01/01/21)	*Ending Account Value (06/30/21)*	*Expenses Paid During the Period* [(b)]	*Beginning Account Value (01/01/21)*	*Ending Account Value (06/30/21)*	*Expenses Paid During the Period* [(b)]	*Annualized Expense Ratio*
Class I	$ 1,000.00	$ 1,151.80	$ 0.75	$ 1,000.00	$ 1,024.10	$ 0.70	0.14%
Class II	1,000.00	1,150.90	1.55	1,000.00	1,023.36	1.45	0.29
Class III	1,000.00	1,150.40	2.08	1,000.00	1,022.86	1.96	0.39

(a) Hypothetical 5% annual return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.

(b) For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period shown).

Derivative Financial Instruments

The Fund may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other assets without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the instrument. The Fund's successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation the Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Fund's investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

Security	Shares	Value
Common Stocks — 99.9%		
Aerospace & Defense — 1.6%		
Boeing Co. (The)[(a)]	35,596	$ 8,527,378
General Dynamics Corp.	14,805	2,787,189
Howmet Aerospace, Inc.[(a)]	24,514	844,998
Huntington Ingalls Industries, Inc.	2,485	523,714
L3Harris Technologies, Inc.	13,377	2,891,438
Lockheed Martin Corp.	15,819	5,985,119
Northrop Grumman Corp.	9,738	3,539,081
Raytheon Technologies Corp.	97,923	8,353,811
Teledyne Technologies, Inc.[(a)]	3,071	1,286,227
Textron, Inc.	14,771	1,015,802
TransDigm Group, Inc.[(a)]	3,524	2,281,050
		38,035,807
Air Freight & Logistics — 0.7%		
CH Robinson Worldwide, Inc.	8,629	808,279
Expeditors International of Washington, Inc.	10,788	1,365,761
FedEx Corp.	15,873	4,735,392
United Parcel Service, Inc., Class B	46,761	9,724,885
		16,634,317
Airlines — 0.3%[(a)]		
Alaska Air Group, Inc.	7,551	455,401
American Airlines Group, Inc.[(b)]	41,424	878,603
Delta Air Lines, Inc.	41,985	1,816,271
Southwest Airlines Co.	38,353	2,036,161
United Airlines Holdings, Inc.	20,190	1,055,735
		6,242,171
Auto Components — 0.2%		
Aptiv plc[(a)]	17,622	2,772,469
BorgWarner, Inc.	15,734	763,729
		3,536,198
Automobiles — 1.8%[(a)]		
Ford Motor Co.	255,341	3,794,367
General Motors Co.	82,797	4,899,099
Tesla, Inc.	49,776	33,832,747
		42,526,213
Banks — 4.3%		
Bank of America Corp.	487,119	20,083,916
Citigroup, Inc.	133,447	9,441,375
Citizens Financial Group, Inc.	27,750	1,272,893
Comerica, Inc.	9,489	676,945
Fifth Third Bancorp	46,382	1,773,184
First Republic Bank	11,312	2,117,267
Huntington Bancshares, Inc.	95,157	1,357,890
JPMorgan Chase & Co.	195,495	30,407,292
KeyCorp.	63,043	1,301,838
M&T Bank Corp.	8,162	1,186,020
People's United Financial, Inc.	25,211	432,117
PNC Financial Services Group, Inc. (The)	27,592	5,263,450
Regions Financial Corp.	63,103	1,273,419
SVB Financial Group[(a)]	3,460	1,925,248
Truist Financial Corp.	86,911	4,823,561
US Bancorp	87,985	5,012,505
Wells Fargo & Co.	266,701	12,078,888
Zions Bancorp NA	9,843	520,301
		100,948,109
Beverages — 1.4%		
Brown-Forman Corp., Class B	11,318	848,171
Coca-Cola Co. (The)	250,204	13,538,538
Constellation Brands, Inc., Class A	11,039	2,581,912
Molson Coors Beverage Co., Class B[(a)(b)]	11,838	635,582
Monster Beverage Corp.[(a)]	23,956	2,188,381
Beverages (continued)		
PepsiCo, Inc.	89,002	$ 13,187,426
		32,980,010
Biotechnology — 1.8%		
AbbVie, Inc.	113,921	12,832,061
Alexion Pharmaceuticals, Inc.[(a)]	14,194	2,607,580
Amgen, Inc.	37,260	9,082,125
Biogen, Inc.[(a)]	9,647	3,340,467
Gilead Sciences, Inc.	81,066	5,582,205
Incyte Corp.[(a)]	12,171	1,023,946
Regeneron Pharmaceuticals, Inc.[(a)]	6,753	3,771,821
Vertex Pharmaceuticals, Inc.[(a)]	16,873	3,402,103
		41,642,308
Building Products — 0.5%		
Allegion plc	5,762	802,647
AO Smith Corp.	8,422	606,889
Carrier Global Corp.	52,667	2,559,616
Fortune Brands Home & Security, Inc.	8,850	881,548
Johnson Controls International plc	46,392	3,183,883
Masco Corp.	16,954	998,760
Trane Technologies plc	15,618	2,875,899
		11,909,242
Capital Markets — 3.0%		
Ameriprise Financial, Inc.	7,429	1,848,929
Bank of New York Mellon Corp. (The)	51,608	2,643,878
BlackRock, Inc.[(c)]	9,200	8,049,724
Cboe Global Markets, Inc.	6,825	812,516
Charles Schwab Corp. (The)	96,993	7,062,060
CME Group, Inc.	23,264	4,947,788
Franklin Resources, Inc.[(b)]	18,342	586,761
Goldman Sachs Group, Inc. (The)	21,984	8,343,587
Intercontinental Exchange, Inc.	36,237	4,301,332
Invesco Ltd.	25,400	678,942
MarketAxess Holdings, Inc.	2,386	1,106,126
Moody's Corp.	10,391	3,765,387
Morgan Stanley	96,043	8,806,183
MSCI, Inc.	5,294	2,822,125
Nasdaq, Inc.	7,477	1,314,457
Northern Trust Corp.	13,174	1,523,178
Raymond James Financial, Inc.	8,140	1,057,386
S&P Global, Inc.[(b)]	15,622	6,412,050
State Street Corp.	22,698	1,867,591
T. Rowe Price Group, Inc.	14,790	2,927,976
		70,877,976
Chemicals — 1.8%		
Air Products & Chemicals, Inc.	14,348	4,127,633
Albemarle Corp.	7,586	1,277,937
Celanese Corp.	7,260	1,100,616
CF Industries Holdings, Inc.	14,415	741,652
Corteva, Inc.	48,318	2,142,903
Dow, Inc.	48,432	3,064,777
DuPont de Nemours, Inc.	34,704	2,686,437
Eastman Chemical Co.	8,637	1,008,370
Ecolab, Inc.	15,970	3,289,341
FMC Corp.	8,087	875,013
International Flavors & Fragrances, Inc.	15,979	2,387,263
Linde plc	33,729	9,751,054
LyondellBasell Industries NV, Class A	16,544	1,701,881
Mosaic Co. (The)	21,579	688,586
PPG Industries, Inc.	15,341	2,604,442
Sherwin-Williams Co. (The)	15,479	4,217,253
		41,665,158

Security	Shares	Value
Commercial Services & Supplies — 0.4%		
Cintas Corp.	5,607	$ 2,141,874
Copart, Inc.[a]	13,609	1,794,074
Republic Services, Inc.	13,148	1,446,412
Rollins, Inc.	15,270	522,234
Waste Management, Inc.	25,115	3,518,863
		9,423,457
Communications Equipment — 0.8%		
Arista Networks, Inc.[a]	3,571	1,293,809
Cisco Systems, Inc.	272,358	14,434,974
F5 Networks, Inc.[a]	3,878	723,867
Juniper Networks, Inc.	19,682	538,303
Motorola Solutions, Inc.	10,945	2,373,423
		19,364,376
Construction & Engineering — 0.0%		
Quanta Services, Inc.	8,682	786,329
Construction Materials — 0.1%		
Martin Marietta Materials, Inc.	3,964	1,394,575
Vulcan Materials Co.	8,623	1,501,005
		2,895,580
Consumer Finance — 0.7%		
American Express Co.	42,023	6,943,460
Capital One Financial Corp.	29,094	4,500,551
Discover Financial Services	19,787	2,340,604
Synchrony Financial	34,651	1,681,267
		15,465,882
Containers & Packaging — 0.3%		
Amcor plc	101,257	1,160,405
Avery Dennison Corp.	5,339	1,122,471
Ball Corp.	21,075	1,707,497
International Paper Co.	25,164	1,542,805
Packaging Corp. of America	6,109	827,281
Sealed Air Corp.	9,481	561,749
WestRock Co.	17,741	944,176
		7,866,384
Distributors — 0.1%		
Genuine Parts Co.	9,113	1,152,521
LKQ Corp.[a]	18,703	920,562
Pool Corp.	2,525	1,158,116
		3,231,199
Diversified Financial Services — 1.5%		
Berkshire Hathaway, Inc., Class B[a]	122,507	34,047,145
Diversified Telecommunication Services — 1.2%		
AT&T, Inc.	460,088	13,241,333
Lumen Technologies, Inc.	62,562	850,217
Verizon Communications, Inc.	266,962	14,957,881
		29,049,431
Electric Utilities — 1.5%		
Alliant Energy Corp.	15,821	882,179
American Electric Power Co., Inc.	32,235	2,726,759
Duke Energy Corp.	49,588	4,895,327
Edison International	24,738	1,430,351
Entergy Corp.	13,122	1,308,263
Evergy, Inc.	14,635	884,393
Eversource Energy	22,078	1,771,539
Exelon Corp.	63,781	2,826,136
FirstEnergy Corp.	35,295	1,313,327
NextEra Energy, Inc.	126,436	9,265,230
NRG Energy, Inc.	15,211	613,003
Pinnacle West Capital Corp.	6,973	571,577
PPL Corp.	49,079	1,372,740

Security	Shares	Value
Electric Utilities (continued)		
Southern Co. (The)	67,994	$ 4,114,317
Xcel Energy, Inc.	34,802	2,292,756
		36,267,897
Electrical Equipment — 0.6%		
AMETEK, Inc.	14,860	1,983,810
Eaton Corp. plc[b]	25,840	3,828,971
Emerson Electric Co.	38,460	3,701,391
Generac Holdings, Inc.[a]	4,107	1,705,021
Rockwell Automation, Inc.	7,512	2,148,582
		13,367,775
Electronic Equipment, Instruments & Components — 0.6%		
Amphenol Corp., Class A	38,998	2,667,853
CDW Corp.	8,943	1,561,895
Corning, Inc.	49,524	2,025,532
IPG Photonics Corp.[a]	2,423	510,696
Keysight Technologies, Inc.[a]	11,835	1,827,442
TE Connectivity Ltd.	21,077	2,849,821
Trimble, Inc.[a]	16,702	1,366,725
Zebra Technologies Corp., Class A[a]	3,425	1,813,503
		14,623,467
Energy Equipment & Services — 0.2%		
Baker Hughes Co.[b]	46,544	1,064,461
Halliburton Co.	57,407	1,327,250
NOV, Inc.[a]	26,419	404,739
Schlumberger NV	90,569	2,899,114
		5,695,564
Entertainment — 1.9%		
Activision Blizzard, Inc.	50,072	4,778,872
Electronic Arts, Inc.	18,443	2,652,657
Live Nation Entertainment, Inc.[a]	9,551	836,572
Netflix, Inc.[a]	28,572	15,092,016
Take-Two Interactive Software, Inc.[a]	7,277	1,288,174
Walt Disney Co. (The)[a]	117,503	20,653,502
		45,301,793
Equity Real Estate Investment Trusts (REITs) — 2.5%		
Alexandria Real Estate Equities, Inc.	9,187	1,671,483
American Tower Corp.	29,516	7,973,452
AvalonBay Communities, Inc.	8,903	1,857,967
Boston Properties, Inc.	9,085	1,041,050
Crown Castle International Corp.	28,067	5,475,872
Digital Realty Trust, Inc.	18,051	2,715,953
Duke Realty Corp.	24,845	1,176,411
Equinix, Inc.	5,809	4,662,303
Equity Residential	22,327	1,719,179
Essex Property Trust, Inc.	4,253	1,275,943
Extra Space Storage, Inc.	8,388	1,374,122
Federal Realty Investment Trust	4,684	548,824
Healthpeak Properties, Inc.	33,888	1,128,131
Host Hotels & Resorts, Inc.[a]	44,281	756,762
Iron Mountain, Inc.	19,590	829,049
Kimco Realty Corp.	29,782	620,955
Mid-America Apartment Communities, Inc.	7,396	1,245,634
Prologis, Inc.	47,528	5,681,022
Public Storage	9,905	2,978,334
Realty Income Corp.[b]	23,586	1,574,130
Regency Centers Corp.	9,883	633,204
SBA Communications Corp.	6,987	2,226,757
Simon Property Group, Inc.	21,195	2,765,524
UDR, Inc.	18,934	927,387
Ventas, Inc.	24,186	1,381,021
Vornado Realty Trust	10,876	507,583
Welltower, Inc.	26,957	2,240,127

Security	Shares	Value
Equity Real Estate Investment Trusts (REITs) (continued)		
Weyerhaeuser Co.	47,743	$ 1,643,314
		58,631,493
Food & Staples Retailing — 1.3%		
Costco Wholesale Corp.	28,557	11,299,148
Kroger Co. (The)	50,024	1,916,420
Sysco Corp.	33,260	2,585,965
Walgreens Boots Alliance, Inc.	46,625	2,452,941
Walmart, Inc.	88,702	12,508,756
		30,763,230
Food Products — 0.9%		
Archer-Daniels-Midland Co.	35,902	2,175,661
Campbell Soup Co.	12,707	579,312
Conagra Brands, Inc.	32,012	1,164,597
General Mills, Inc.	39,879	2,429,827
Hershey Co. (The)	9,270	1,614,649
Hormel Foods Corp.	18,030	860,932
JM Smucker Co. (The)	6,864	889,368
Kellogg Co.	16,443	1,057,778
Kraft Heinz Co. (The)	42,464	1,731,682
Lamb Weston Holdings, Inc.	9,237	745,056
McCormick & Co., Inc. (Non-Voting)	16,334	1,442,619
Mondelez International, Inc., Class A.	91,099	5,688,222
Tyson Foods, Inc., Class A	19,106	1,409,259
		21,788,962
Gas Utilities — 0.0%		
Atmos Energy Corp.	9,128	877,292
Health Care Equipment & Supplies — 3.6%		
Abbott Laboratories	115,057	13,338,558
ABIOMED, Inc.[(a)]	2,906	906,992
Align Technology, Inc.[(a)]	4,685	2,862,535
Baxter International, Inc.	32,356	2,604,658
Becton Dickinson and Co.	18,682	4,543,276
Boston Scientific Corp.[(a)]	91,281	3,903,176
Cooper Cos., Inc. (The)	3,187	1,262,912
Danaher Corp.	40,892	10,973,777
Dentsply Sirona, Inc.	14,029	887,475
DexCom, Inc.[(a)]	6,252	2,669,604
Edwards Lifesciences Corp.[(a)]	40,236	4,167,242
Hologic, Inc.[(a)]	17,120	1,142,246
IDEXX Laboratories, Inc.[(a)]	5,576	3,521,523
Intuitive Surgical, Inc.[(a)]	7,623	7,010,416
Medtronic plc	86,967	10,795,214
ResMed, Inc.	9,301	2,292,882
STERIS plc.	6,409	1,322,177
Stryker Corp.	21,025	5,460,823
Teleflex, Inc.	3,068	1,232,692
West Pharmaceutical Services, Inc.	4,690	1,684,179
Zimmer Biomet Holdings, Inc.	13,436	2,160,777
		84,743,134
Health Care Providers & Services — 2.6%		
AmerisourceBergen Corp.	9,358	1,071,397
Anthem, Inc.	15,869	6,058,784
Cardinal Health, Inc.	19,142	1,092,817
Centene Corp.[(a)]	37,725	2,751,284
Cigna Corp.	22,211	5,265,562
CVS Health Corp.	84,599	7,058,941
DaVita, Inc.[(a)]	4,551	548,077
HCA Healthcare, Inc.	17,014	3,517,474
Henry Schein, Inc.[(a)]	8,855	656,953
Humana, Inc.	8,287	3,668,821
Laboratory Corp. of America Holdings[(a)]	6,261	1,727,097
McKesson Corp.	10,167	1,944,337

Security	Shares	Value
Health Care Providers & Services (continued)		
Quest Diagnostics, Inc.	8,490	$ 1,120,425
UnitedHealth Group, Inc.	60,985	24,420,833
Universal Health Services, Inc., Class B	5,192	760,265
		61,663,067
Health Care Technology — 0.1%		
Cerner Corp.	19,924	1,557,260
Hotels, Restaurants & Leisure — 2.0%		
Booking Holdings, Inc.[(a)]	2,664	5,829,072
Caesars Entertainment, Inc.[(a)]	13,538	1,404,567
Carnival Corp.[(a)]	52,493	1,383,715
Chipotle Mexican Grill, Inc.[(a)]	1,826	2,830,921
Darden Restaurants, Inc.	8,192	1,195,950
Domino's Pizza, Inc.	2,453	1,144,300
Expedia Group, Inc.[(a)]	9,080	1,486,487
Hilton Worldwide Holdings, Inc.[(a)]	17,909	2,160,184
Las Vegas Sands Corp.[(a)]	20,727	1,092,106
Marriott International, Inc., Class A[(a)]	17,268	2,357,427
McDonald's Corp.	48,099	11,110,388
MGM Resorts International	25,737	1,097,683
Norwegian Cruise Line Holdings Ltd.[(a)]	23,870	702,017
Penn National Gaming, Inc.[(a)]	9,681	740,500
Royal Caribbean Cruises Ltd.[(a)]	14,040	1,197,331
Starbucks Corp.	75,907	8,487,162
Wynn Resorts Ltd.[(a)]	6,665	815,129
Yum! Brands, Inc.	19,530	2,246,536
		47,281,475
Household Durables — 0.4%		
DR Horton, Inc.	21,319	1,926,598
Garmin Ltd.	9,831	1,421,956
Leggett & Platt, Inc.	9,250	479,242
Lennar Corp., Class A.	17,728	1,761,277
Mohawk Industries, Inc.[(a)]	3,744	719,559
Newell Brands, Inc.	23,373	642,056
NVR, Inc.[(a)]	220	1,094,126
PulteGroup, Inc.	17,908	977,240
Whirlpool Corp.	3,951	861,397
		9,883,451
Household Products — 1.4%		
Church & Dwight Co., Inc.	15,630	1,331,989
Clorox Co. (The)	8,013	1,441,619
Colgate-Palmolive Co.	54,636	4,444,638
Kimberly-Clark Corp.	21,995	2,942,491
Procter & Gamble Co. (The)	158,860	21,434,980
		31,595,717
Independent Power and Renewable Electricity Producers — 0.1%		
AES Corp. (The)	44,428	1,158,238
Industrial Conglomerates — 1.2%		
3M Co.	37,359	7,420,618
General Electric Co.	563,751	7,588,088
Honeywell International, Inc.	44,868	9,841,796
Roper Technologies, Inc.	6,750	3,173,850
		28,024,352
Insurance — 1.9%		
Aflac, Inc.	40,522	2,174,411
Allstate Corp. (The)	19,317	2,519,709
American International Group, Inc.	56,400	2,684,640
Aon plc, Class A	14,750	3,521,710
Arthur J Gallagher & Co.	13,415	1,879,173
Assurant, Inc.	4,017	627,375
Chubb Ltd.	29,038	4,615,300
Cincinnati Financial Corp.	9,636	1,123,750

Security	Shares	Value
Insurance (continued)		
Everest Re Group Ltd.	2,469	$ 622,213
Globe Life, Inc.	5,997	571,214
Hartford Financial Services Group, Inc. (The)	23,541	1,458,836
Lincoln National Corp.	11,395	716,062
Loews Corp.	14,825	810,186
Marsh & McLennan Cos., Inc.	32,784	4,612,053
MetLife, Inc.	48,847	2,923,493
Principal Financial Group, Inc.[b]	16,314	1,030,882
Progressive Corp. (The)	37,776	3,709,981
Prudential Financial, Inc.	25,611	2,624,359
Travelers Cos., Inc. (The)	16,460	2,464,227
Unum Group	14,011	397,912
Willis Towers Watson plc	8,292	1,907,326
WR Berkley Corp.	8,711	648,360
		43,643,172
Interactive Media & Services — 6.4%[a]		
Alphabet, Inc., Class A	19,401	47,373,168
Alphabet, Inc., Class C	18,445	46,229,072
Facebook, Inc., Class A	154,861	53,846,719
Twitter, Inc.	51,826	3,566,147
		151,015,106
Internet & Direct Marketing Retail — 4.3%		
Amazon.com, Inc.[a]	27,709	95,323,393
eBay, Inc.	42,022	2,950,365
Etsy, Inc.[a]	8,149	1,677,390
		99,951,148
IT Services — 5.2%		
Accenture plc, Class A	40,917	12,061,922
Akamai Technologies, Inc.[a]	10,686	1,245,988
Automatic Data Processing, Inc.	27,607	5,483,302
Broadridge Financial Solutions, Inc.	7,536	1,217,290
Cognizant Technology Solutions Corp., Class A	34,328	2,377,557
DXC Technology Co.[a]	17,049	663,888
Fidelity National Information Services, Inc.	40,203	5,695,559
Fiserv, Inc.[a]	38,584	4,124,244
FleetCor Technologies, Inc.[a]	5,508	1,410,379
Gartner, Inc.[a]	5,498	1,331,616
Global Payments, Inc.	19,274	3,614,646
International Business Machines Corp.	57,482	8,426,286
Jack Henry & Associates, Inc.	4,932	806,431
Mastercard, Inc., Class A	56,563	20,650,586
Paychex, Inc.	20,600	2,210,380
PayPal Holdings, Inc.[a]	75,928	22,131,493
VeriSign, Inc.[a]	6,350	1,445,832
Visa, Inc., Class A	109,420	25,584,584
Western Union Co. (The)	25,704	590,421
		121,072,404
Leisure Products — 0.0%		
Hasbro, Inc.	8,195	774,591
Life Sciences Tools & Services — 1.3%		
Agilent Technologies, Inc.	19,629	2,901,363
Bio-Rad Laboratories, Inc., Class A[a]	1,365	879,456
Charles River Laboratories International, Inc.[a]	3,237	1,197,431
Illumina, Inc.[a]	9,412	4,453,853
IQVIA Holdings, Inc.[a]	12,444	3,015,430
Mettler-Toledo International, Inc.[a]	1,527	2,115,414
PerkinElmer, Inc.	6,996	1,080,252
Thermo Fisher Scientific, Inc.	25,405	12,816,060
Waters Corp.[a]	4,005	1,384,168
		29,843,427
Machinery — 1.7%		
Caterpillar, Inc.	35,179	$ 7,656,006
Cummins, Inc.	9,608	2,342,526
Deere & Co.	20,138	7,102,874
Dover Corp.	9,328	1,404,797
Fortive Corp.	22,182	1,546,973
IDEX Corp.	4,919	1,082,426
Illinois Tool Works, Inc.	18,720	4,185,043
Ingersoll Rand, Inc.[a]	24,274	1,184,814
Otis Worldwide Corp.	26,219	2,143,928
PACCAR, Inc.	22,343	1,994,113
Parker-Hannifin Corp.	8,366	2,569,282
Pentair plc	10,279	693,730
Snap-on, Inc.	3,420	764,131
Stanley Black & Decker, Inc.	10,283	2,107,912
Westinghouse Air Brake Technologies Corp.	11,598	954,515
Xylem, Inc.	11,836	1,419,846
		39,152,916
Media — 1.3%		
Charter Communications, Inc., Class A[a]	8,951	6,457,699
Comcast Corp., Class A	296,874	16,927,755
Discovery, Inc., Class A[a]	11,085	340,088
Discovery, Inc., Class C[a]	18,405	533,377
DISH Network Corp., Class A[a]	15,304	639,707
Fox Corp., Class A	22,915	850,834
Fox Corp., Class B	8,644	304,269
Interpublic Group of Cos., Inc. (The)	24,424	793,536
News Corp., Class A	23,938	616,882
News Corp., Class B	8,848	215,449
Omnicom Group, Inc.	14,359	1,148,576
ViacomCBS, Inc.	39,118	1,768,134
		30,596,306
Metals & Mining — 0.4%		
Freeport-McMoRan, Inc.	95,351	3,538,475
Newmont Corp.	51,547	3,267,049
Nucor Corp.	19,086	1,830,920
		8,636,444
Multiline Retail — 0.5%		
Dollar General Corp.	15,346	3,320,721
Dollar Tree, Inc.[a]	15,114	1,503,843
Target Corp.	32,011	7,738,339
		12,562,903
Multi-Utilities — 0.7%		
Ameren Corp.	16,006	1,281,120
CenterPoint Energy, Inc.	37,390	916,803
CMS Energy Corp.	18,379	1,085,831
Consolidated Edison, Inc.	22,031	1,580,063
Dominion Energy, Inc.	52,425	3,856,907
DTE Energy Co.	12,655	1,640,088
NiSource, Inc.	23,894	585,403
Public Service Enterprise Group, Inc.	32,563	1,945,314
Sempra Energy	20,841	2,761,016
WEC Energy Group, Inc.	20,290	1,804,796
		17,457,341
Oil, Gas & Consumable Fuels — 2.6%		
APA Corp.	25,339	548,082
Cabot Oil & Gas Corp.	23,934	417,888
Chevron Corp.	124,576	13,048,090
ConocoPhillips	87,397	5,322,477
Devon Energy Corp.	37,979	1,108,607
Diamondback Energy, Inc.	11,800	1,107,902
EOG Resources, Inc.	37,647	3,141,266
Exxon Mobil Corp.	273,112	17,227,905

Security	Shares	Value
Oil, Gas & Consumable Fuels (continued)		
Hess Corp.	17,640	$ 1,540,325
Kinder Morgan, Inc.	125,290	2,284,037
Marathon Oil Corp.	53,060	722,677
Marathon Petroleum Corp.	42,301	2,555,826
Occidental Petroleum Corp.	53,515	1,673,414
ONEOK, Inc.	28,417	1,581,122
Phillips 66	28,184	2,418,751
Pioneer Natural Resources Co.	15,132	2,459,253
Valero Energy Corp.	26,316	2,054,753
Williams Cos., Inc. (The)	78,173	2,075,493
		61,287,868
Personal Products — 0.2%		
Estee Lauder Cos., Inc. (The), Class A	14,886	4,734,939
Pharmaceuticals — 3.6%		
Bristol-Myers Squibb Co.	144,539	9,658,096
Catalent, Inc.[(a)]	11,001	1,189,428
Eli Lilly & Co.	51,319	11,778,737
Johnson & Johnson	170,497	28,087,676
Merck & Co., Inc.	163,237	12,694,941
Organon & Co.[(a)]	16,323	493,934
Perrigo Co. plc	9,152	419,619
Pfizer, Inc.	362,481	14,194,756
Viatris, Inc.	79,879	1,141,471
Zoetis, Inc.	30,711	5,723,302
		85,381,960
Professional Services — 0.4%		
Equifax, Inc.	7,769	1,860,753
IHS Markit Ltd.	24,221	2,728,738
Jacobs Engineering Group, Inc.	8,658	1,155,150
Leidos Holdings, Inc.	8,570	866,427
Nielsen Holdings plc	21,810	538,053
Robert Half International, Inc.	6,983	621,278
Verisk Analytics, Inc.	10,495	1,833,686
		9,604,085
Real Estate Management & Development — 0.1%		
CBRE Group, Inc., Class A[(a)]	21,577	1,849,796
Road & Rail — 1.0%		
CSX Corp.	147,441	4,729,907
JB Hunt Transport Services, Inc.	5,355	872,597
Kansas City Southern	5,915	1,676,134
Norfolk Southern Corp.	16,254	4,313,974
Old Dominion Freight Line, Inc.	6,267	1,590,565
Union Pacific Corp.	42,822	9,417,842
		22,601,019
Semiconductors & Semiconductor Equipment — 5.7%		
Advanced Micro Devices, Inc.[(a)]	78,674	7,389,849
Analog Devices, Inc.[(b)]	23,848	4,105,672
Applied Materials, Inc.	59,201	8,430,222
Broadcom, Inc.	26,336	12,558,058
Enphase Energy, Inc.[(a)]	8,917	1,637,429
Intel Corp.	260,914	14,647,712
KLA Corp.	9,810	3,180,500
Lam Research Corp.	9,270	6,031,989
Maxim Integrated Products, Inc.	17,558	1,849,911
Microchip Technology, Inc.	17,723	2,653,842
Micron Technology, Inc.[(a)]	71,928	6,112,442
Monolithic Power Systems, Inc.	2,807	1,048,274
NVIDIA Corp.	40,257	32,209,626
NXP Semiconductors NV	18,031	3,709,337
Qorvo, Inc.[(a)]	7,134	1,395,767
QUALCOMM, Inc.	72,766	10,400,444

Security	Shares	Value
Semiconductors & Semiconductor Equipment (continued)		
Skyworks Solutions, Inc.	10,680	$ 2,047,890
Teradyne, Inc.	10,980	1,470,881
Texas Instruments, Inc.	59,367	11,416,274
Xilinx, Inc.	15,914	2,301,801
		134,597,920
Software — 8.9%		
Adobe, Inc.[(a)]	30,922	18,109,160
ANSYS, Inc.[(a)]	5,504	1,910,218
Autodesk, Inc.[(a)]	14,230	4,153,737
Cadence Design Systems, Inc.[(a)]	18,213	2,491,903
Citrix Systems, Inc.	8,079	947,424
Fortinet, Inc.[(a)]	8,735	2,080,590
Intuit, Inc.	17,584	8,619,149
Microsoft Corp.	486,567	131,811,000
NortonLifeLock, Inc.	37,596	1,023,363
Oracle Corp.	117,755	9,166,049
Paycom Software, Inc.[(a)]	3,227	1,172,918
PTC, Inc.[(a)]	6,841	966,360
salesforce.com, Inc.[(a)]	59,857	14,621,269
ServiceNow, Inc.[(a)(b)]	12,809	7,039,186
Synopsys, Inc.[(a)]	9,676	2,668,544
Tyler Technologies, Inc.[(a)]	2,612	1,181,591
		207,962,461
Specialty Retail — 2.2%		
Advance Auto Parts, Inc.	4,074	835,740
AutoZone, Inc.[(a)]	1,418	2,115,968
Best Buy Co., Inc.	14,204	1,633,176
CarMax, Inc.[(a)]	10,758	1,389,396
Gap, Inc. (The)	14,155	476,316
Home Depot, Inc. (The)	68,780	21,933,254
L Brands, Inc.	14,543	1,047,969
Lowe's Cos., Inc.	45,728	8,869,860
O'Reilly Automotive, Inc.[(a)]	4,512	2,554,739
Ross Stores, Inc.	22,817	2,829,308
TJX Cos., Inc. (The)	78,128	5,267,390
Tractor Supply Co.	7,564	1,407,358
Ulta Beauty, Inc.[(a)]	3,542	1,224,717
		51,585,191
Technology Hardware, Storage & Peripherals — 6.2%		
Apple, Inc.	1,013,709	138,837,585
Hewlett Packard Enterprise Co.	83,500	1,217,430
HP, Inc.	78,096	2,357,718
NetApp, Inc.	14,025	1,147,526
Seagate Technology Holdings plc	13,182	1,159,093
Western Digital Corp.[(a)]	19,531	1,390,021
		146,109,373
Textiles, Apparel & Luxury Goods — 0.7%		
Hanesbrands, Inc.	23,134	431,912
NIKE, Inc., Class B	82,026	12,672,197
PVH Corp.[(a)]	4,733	509,223
Ralph Lauren Corp.	3,279	386,299
Tapestry, Inc.[(a)]	17,332	753,595
Under Armour, Inc., Class A[(a)]	12,618	266,871
Under Armour, Inc., Class C[(a)]	13,493	250,565
VF Corp.	20,540	1,685,102
		16,955,764
Tobacco — 0.7%		
Altria Group, Inc.	119,600	5,702,528
Philip Morris International, Inc.	100,466	9,957,185
		15,659,713

Security	*Shares*	*Value*
Trading Companies & Distributors — 0.2%		
Fastenal Co.	36,944	$ 1,921,088
United Rentals, Inc.[a]	4,615	1,472,231
WW Grainger, Inc.	2,807	1,229,466
		4,622,785
Water Utilities — 0.1%		
American Water Works Co., Inc.	11,670	1,798,697
Wireless Telecommunication Services — 0.2%		
T-Mobile US, Inc.[a]	37,975	5,499,919
Total Common Stocks — 99.9% **(Cost: $829,104,694)**		2,347,308,707
Total Long-Term Investments — 99.9% **(Cost: $829,104,694)**		2,347,308,707

Security	*Shares*	*Value*
Short-Term Securities — 0.7%[c][d]		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.01%	7,170,708	$ 7,170,708
SL Liquidity Series, LLC, Money Market Series, 0.13%[e]	9,941,493	9,944,476
Total Short-Term Securities — 0.7% **(Cost: $17,115,184)**		17,115,184
Total Investments — 100.6% **(Cost: $846,219,878)**		2,364,423,891
Liabilities in Excess of Other Assets — (0.6)%		(13,465,483)
Net Assets — 100.0%		$ 2,350,958,408

[a] Non-income producing security.
[b] All or a portion of this security is on loan.
[c] Affiliate of the Fund.
[d] Annualized 7-day yield as of period end.
[e] All or a portion of this security was purchased with the cash collateral from loaned securities.

Affiliates

Investments in issuers considered to be affiliate(s) of the Fund during the six months ended June 30, 2021 for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliated Issuer	*Value at 12/31/20*	*Purchases at Cost*	*Proceeds from Sale*	*Net Realized Gain (Loss)*	*Change in Unrealized Appreciation (Depreciation)*	*Value at 06/30/21*	*Shares Held at 06/30/21*	*Income*	*Capital Gain Distributions from Underlying Funds*
BlackRock Liquidity Funds, T-Fund, Institutional Class[a]	$ 20,694,526	$ —	$ (13,523,818)	$ —	$ —	$ 7,170,708	7,170,708	$ 1,110	$ —
SL Liquidity Series, LLC, Money Market Series[a]	13,895,670	—	(3,953,855)	2,661	—	9,944,476	9,941,493	24,151[b]	—
BlackRock, Inc.	6,836,592	—	(200,087)	144,335	1,268,884	8,049,724	9,200	76,355	—
				$ 146,996	$ 1,268,884	$ 25,164,908		$ 101,616	$ —

[a] Represents net amount purchased (sold).
[b] All or a portion represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

For Fund compliance purposes, the Fund's industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

Description	*Number of Contracts*	*Expiration Date*	*Notional Amount (000)*	*Value/ Unrealized Appreciation (Depreciation)*
Long Contracts				
S&P 500 E-Mini Index	37	09/17/21	$ 7,934	$ 96,097

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Statement of Assets and Liabilities were as follows:

	Commodity Contracts	*Credit Contracts*	*Equity Contracts*	*Foreign Currency Exchange Contracts*	*Interest Rate Contracts*	*Other Contracts*	*Total*
Assets — Derivative Financial Instruments							
Futures contracts							
Unrealized appreciation on futures contracts [(a)]	$ —	$ —	$ 96,097	$ —	$ —	$ —	$ 96,097

[(a)] Net cumulative unrealized appreciation (depreciation) on futures contracts, if any, are reported in the Schedule of Investments. In the Statement of Assets and Liabilities, only current day's variation margin is reported in receivables or payables and the net cumulative unrealized appreciation (depreciation) is included in accumulated earnings (loss).

For the six months ended June 30, 2021, the effect of derivative financial instruments in the Statement of Operations was as follows:

	Commodity Contracts	*Credit Contracts*	*Equity Contracts*	*Foreign Currency Exchange Contracts*	*Interest Rate Contracts*	*Other Contracts*	*Total*
Net Realized Gain (Loss) from:							
Futures contracts	$ —	$ —	$ 2,706,886	$ —	$ —	$ —	$ 2,706,886
Net Change in Unrealized Appreciation (Depreciation) on:							
Futures contracts	—	—	(190,040)	—	—	—	(190,040)

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:	
Average notional value of contracts — long	$ 7,537,615

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of financial instruments. For a description of the input levels and information about the Fund's policy regarding valuation of financial instruments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's financial instruments categorized in the fair value hierarchy. The breakdown of the Fund's financial instruments into major categories is disclosed in the Schedule of Investments above.

	Level 1	*Level 2*	*Level 3*	*Total*
Assets:				
Investments:				
Long-Term Investments	$ 2,347,308,707	$ —	$ —	$ 2,347,308,707
Short-Term Securities	7,170,708	—	—	7,170,708
	$ 2,354,479,415	$ —	$ —	$ 2,354,479,415
Investments valued at NAV [(a)]				9,944,476
				$ 2,364,423,891
Derivative Financial Instruments [(b)]				
Assets:				
Equity contracts	$ 96,097	$ —	$ —	$ 96,097

[(a)] Certain investments of the Fund were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.
[(b)] Derivative financial instruments are futures contracts. Futures contracts are valued at the unrealized appreciation (depreciation) on the instrument.

See notes to financial statements.

Statement of Assets and Liabilities (unaudited)

June 30, 2021

	BlackRock S&P 500 Index V.I. Fund
ASSETS	
Investments, at value — unaffiliated [(a)(b)]	$ 2,339,258,983
Investments, at value — affiliated [(c)]	25,164,908
Cash	5,767
Cash pledged for futures contracts	412,000
Receivables:	
Securities lending income — affiliated	1,980
Capital shares sold	305,300
Dividends — affiliated	52
Dividends — unaffiliated	1,362,769
Variation margin on futures contracts	12,200
Prepaid expenses	23,623
Total assets	2,366,547,582
LIABILITIES	
Collateral on securities loaned, at value	10,043,170
Payables:	
Capital shares redeemed	4,544,906
Distribution fees	51,472
Investment advisory fees	133,643
Directors' and Officer's fees	3,264
Other affiliate fees	8,313
Transfer agent fees	343,794
Other accrued expenses	460,612
Total liabilities	15,589,174
NET ASSETS	$ 2,350,958,408
NET ASSETS CONSIST OF	
Paid-in capital	$ 751,365,084
Accumulated earnings	1,599,593,324
NET ASSETS	$ 2,350,958,408
[(a)] Investments, at cost — unaffiliated	$ 826,355,868
[(b)] Securities loaned, at value	$ 9,830,588
[(c)] Investments, at cost — affiliated	$ 19,864,010

See notes to financial statements.

Statement of Assets and Liabilities (unaudited) (continued)

June 30, 2021

		BlackRock S&P 500 Index V.I. Fund
NET ASSET VALUE		
Class I		
Net assets	$	2,063,773,388
Shares outstanding		65,685,774
Net asset value	$	31.42
Shares authorized		300 million
Par value	$	0.10
Class II		
Net assets	$	10,504,363
Shares outstanding		338,294
Net asset value	$	31.05
Shares authorized		100 million
Par value	$	0.10
Class III		
Net assets	$	276,680,657
Shares outstanding		8,909,449
Net asset value	$	31.05
Shares authorized		100 million
Par value	$	0.10

See notes to financial statements.

Statement of Operations (unaudited)

Six Months Ended June 30, 2021

	BlackRock S&P 500 Index V.I. Fund
INVESTMENT INCOME	
Dividends — affiliated	$ 77,465
Dividends — unaffiliated	16,092,257
Securities lending income — affiliated — net	24,151
Foreign taxes withheld	(1,521)
Total investment income	16,192,352
EXPENSES	
Investment advisory	776,897
Transfer agent — class specific	552,948
Distribution — class specific	343,675
Accounting services	79,299
Professional	24,472
Custodian	18,909
Transfer agent	8,565
Directors and Officer	6,480
Miscellaneous	96,612
Total expenses	1,907,857
Less:	
Fees waived and/or reimbursed by the Manager	(2,835)
Transfer agent fees reimbursed — class specific	(9,299)
Total expenses after fees waived and/or reimbursed	1,895,723
Net investment income	14,296,629
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain from:	
Investments — affiliated	146,996
Investments — unaffiliated	56,285,999
Futures contracts	2,706,886
	59,139,881
Net change in unrealized appreciation (depreciation) on:	
Investments — affiliated	1,268,884
Investments — unaffiliated	241,477,823
Futures contracts	(190,040)
	242,556,667
Net realized and unrealized gain	301,696,548
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 315,993,177

See notes to financial statements.

Statements of Changes in Net Assets

	BlackRock S&P 500 Index V.I. Fund	
	Six Months Ended 06/30/21 (unaudited)	Year Ended 12/31/20
INCREASE (DECREASE) IN NET ASSETS		
OPERATIONS		
Net investment income (loss)	$ 14,296,629	$ 32,491,017
Net realized gain (loss)	59,139,881	142,974,461
Net change in unrealized appreciation (depreciation)	242,556,667	153,801,613
Net increase in net assets resulting from operations	315,993,177	329,267,091
DISTRIBUTIONS TO SHAREHOLDERS [(a)]		
Class I	—	(137,187,142)
Class II	—	(661,108)
Class III	—	(19,843,841)
Decrease in net assets resulting from distributions to shareholders	—	(157,692,091)
CAPITAL SHARE TRANSACTIONS		
Net decrease in net assets derived from capital share transactions	(101,940,345)	(51,063,425)
NET ASSETS		
Total increase in net assets	214,052,832	120,511,575
Beginning of period	2,136,905,576	2,016,394,001
End of period	$ 2,350,958,408	$ 2,136,905,576

[(a)] Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

See notes to financial statements.

Financial Highlights

(For a share outstanding throughout each period)

	BlackRock S&P 500 Index V.I. Fund					
	Class I					
	Six Months Ended 06/30/21 (unaudited)	Year Ended December 31,				
		2020	2019	2018	2017	2016
Net asset value, beginning of period	$ 27.28	$ 24.94	$ 20.50	$ 22.82	$ 19.90	$ 19.08
Net investment income (loss) [(a)]	0.19	0.43	0.45	0.44	0.37	0.37
Net realized and unrealized gain (loss)	3.95	4.05	5.94	(1.51)	3.91	1.85
Net increase (decrease) from investment operations	4.14	4.48	6.39	(1.07)	4.28	2.22
Distributions [(b)]						
From net investment income	—	(0.46)	(0.54)	(0.25)	(0.39)	(0.38)
From net realized gain	—	(1.68)	(1.41)	(1.00)	(0.97)	(1.02)
Total distributions	—	(2.14)	(1.95)	(1.25)	(1.36)	(1.40)
Net asset value, end of period	$ 31.42	$ 27.28	$ 24.94	$ 20.50	$ 22.82	$ 19.90
Total Return [(c)]						
Based on net asset value	15.18%[(d)]	18.24%	31.34%	(4.61)%	21.50%	11.60%
Ratios to Average Net Assets						
Total expenses	0.14%[(e)]	0.16%	0.15%	0.19%[(f)]	0.46%	0.46%
Total expenses after fees waived and/or reimbursed	0.14%[(e)]	0.15%	0.14%	0.16%[(f)]	0.30%	0.31%
Net investment income (loss)	1.32%[(e)]	1.73%	1.90%	1.88%	1.68%	1.87%
Supplemental Data						
Net assets, end of period (000)	$ 2,063,773	$ 1,857,885	$ 1,709,703	$ 1,412,400	$ 216,251	$ 195,261
Portfolio turnover rate	1%	4%	3%	5%	3%	4%

[(a)] Based on average shares outstanding.
[(b)] Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
[(c)] Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.
[(d)] Aggregate total return.
[(e)] Annualized.
[(f)] Includes reorganization costs associated with the Fund's reorganization. Without these costs, total expenses and total expenses after fees waived and/or reimbursed would have been 0.18% and 0.15%, respectively.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock S&P 500 Index V.I. Fund					
	Class II					
	Six Months Ended 06/30/21 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Net asset value, beginning of period	$ 26.98	$ 24.70	$ 20.32	$ 22.63	$ 19.75	$ 18.94
Net investment income (loss) [(a)]	0.17	0.39	0.41	0.38	0.34	0.33
Net realized and unrealized gain (loss)	3.90	3.99	5.89	(1.47)	3.87	1.85
Net increase (decrease) from investment operations	4.07	4.38	6.30	(1.09)	4.21	2.18
Distributions [(b)]						
From net investment income	—	(0.42)	(0.51)	(0.22)	(0.36)	(0.35)
From net realized gain	—	(1.68)	(1.41)	(1.00)	(0.97)	(1.02)
Total distributions	—	(2.10)	(1.92)	(1.22)	(1.33)	(1.37)
Net asset value, end of period	$ 31.05	$ 26.98	$ 24.70	$ 20.32	$ 22.63	$ 19.75
Total Return [(c)]						
Based on net asset value	15.09%[(d)]	18.03%	31.17%	(4.74)%	21.31%	11.47%
Ratios to Average Net Assets						
Total expenses	0.29%[(e)]	0.31%	0.31%	0.40%[(f)]	0.60%	0.62%
Total expenses after fees waived and/or reimbursed	0.29%[(e)]	0.30%	0.30%	0.33%[(f)]	0.45%	0.46%
Net investment income (loss)	1.17%[(e)]	1.60%	1.74%	1.64%	1.54%	1.71%
Supplemental Data						
Net assets, end of period (000)	$ 10,504	$ 9,215	$ 7,979	$ 4,485	$ 3,340	$ 2,298
Portfolio turnover rate	1%	4%	3%	5%	3%	4%

(a) Based on average shares outstanding.
(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(c) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.
(d) Aggregate total return.
(e) Annualized.
(f) Includes reorganization costs associated with the Fund's reorganization. Without these costs, total expenses and total expenses after fees waived and/or reimbursed would have been 0.39% and 0.33%, respectively.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock S&P 500 Index V.I. Fund			
	Class III			
	Six Months Ended 06/30/21 (unaudited)	Year Ended December 31, 2020	Year Ended December 31, 2019	Period from 02/14/18 [(a)] to 12/31/18
Net asset value, beginning of period	$ 26.99	$ 24.70	$ 20.32	$ 22.88
Net investment income (loss) [(b)]	0.15	0.36	0.39	0.34
Net realized and unrealized gain (loss)	3.91	4.00	5.87	(1.69)
Net increase (decrease) from investment operations	4.06	4.36	6.26	(1.35)
Distributions [(c)]				
From net investment income	—	(0.39)	(0.47)	(0.21)
From net realized gain	—	(1.68)	(1.41)	(1.00)
Total distributions	—	(2.07)	(1.88)	(1.21)
Net asset value, end of period	$ 31.05	$ 26.99	$ 24.70	$ 20.32
Total Return [(d)]				
Based on net asset value	15.04%[(e)]	17.92%	30.97%	(5.82)%[(e)]
Ratios to Average Net Assets				
Total expenses	0.39%[(f)]	0.41%	0.44%	0.38%[(f)(g)]
Total expenses after fees waived and/or reimbursed	0.39%[(f)]	0.40%	0.40%	0.36%[(f)(g)]
Net investment income (loss)	1.07%[(f)]	1.49%	1.65%	1.64%[(f)]
Supplemental Data				
Net assets, end of period (000)	$ 276,681	$ 269,805	$ 298,712	$ 319,453
Portfolio turnover rate	1%	4%	3%	5%[(h)]

(a) Recommencement of operations.
(b) Based on average shares outstanding.
(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(d) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.
(e) Aggregate total return.
(f) Annualized.
(g) Includes reorganization costs associated with the Fund's reorganization. Without these costs, total expenses and total expenses after fees waived and/or reimbursed would have been 0.37% and 0.35%, respectively.
(h) Portfolio turnover rate is representative of the portfolio for the entire year.

See notes to financial statements.

1. ORGANIZATION

BlackRock Variable Series Funds, Inc. (the "Company") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Company is organized as a Maryland corporation that is comprised of 15 separate funds. The funds offer shares to insurance companies for their separate accounts to fund benefits under certain variable annuity and variable life insurance contracts. The financial statements presented are for BlackRock S&P 500 Index V.I. Fund (the "Fund"). The Fund is classified as diversified. Class I, Class II and Class III Shares have equal voting, dividend, liquidation and other rights, except that only shares of the respective classes are entitled to vote on matters concerning only that class. In addition, Class II and Class III Shares bear certain expenses related to the distribution of such shares.

The Fund, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the "Manager") or its affiliates, is included in a complex of equity, multi-asset, index and money market funds referred to as the BlackRock Multi-Asset Complex.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

Investment Transactions and Income Recognition: For financial reporting purposes, investment transactions are recorded on the dates the transactions are executed. Realized gains and losses on investment transactions are determined using the specific identification method. Dividend income and capital gain distributions, if any, are recorded on the ex-dividend dates. Non-cash dividends, if any, are recorded on the ex-dividend dates at fair value. Dividends from foreign securities where the ex-dividend dates may have passed are subsequently recorded when the Fund is informed of the ex-dividend dates. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Upon notification from issuers, a portion of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Income, expenses and realized and unrealized gains and losses are allocated daily to each class based on its relative net assets.

Foreign Taxes: The Fund may be subject to foreign taxes (a portion of which may be reclaimable) on income, stock dividends, capital gains on investments, or certain foreign currency transactions. All foreign taxes are recorded in accordance with the applicable foreign tax regulations and rates that exist in the foreign jurisdictions in which the Fund invests. These foreign taxes, if any, are paid by the Fund and are reflected in its Statement of Operations as follows: foreign taxes withheld at source are presented as a reduction of income, foreign taxes on securities lending income are presented as a reduction of securities lending income, foreign taxes on stock dividends are presented as “Foreign taxes withheld”, and foreign taxes on capital gains from sales of investments and foreign taxes on foreign currency transactions are included in their respective net realized gain (loss) categories. Foreign taxes payable or deferred as of June 30, 2021, if any, are disclosed in the Statement of Assets and Liabilities.

The Fund files withholding tax reclaims in certain jurisdictions to recover a portion of amounts previously withheld. The Fund may record a reclaim receivable based on collectability, which includes factors such as the jurisdiction’s applicable laws, payment history and market convention. The Statement of Operations includes tax reclaims recorded as well as professional and other fees, if any, associated with recovery of foreign withholding taxes.

Segregation and Collateralization: In cases where the Fund enters into certain investments (e.g., futures contracts) that would be treated as “senior securities” for 1940 Act purposes, the Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments. Doing so allows the investment to be excluded from treatment as a “senior security.” Furthermore, if required by an exchange or counterparty agreement, the Fund may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

Distributions: Distributions paid by the Fund are recorded on the ex-dividend dates. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

Indemnifications: In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnification. The Fund’s maximum exposure under these arrangements is unknown because it involves future potential claims against the Fund, which cannot be predicted with any certainty.

Other: Expenses directly related to the Fund or its classes are charged to the Fund or the applicable class. Expenses directly related to the Fund and other shared expenses prorated to the Fund are allocated daily to each class based on its relative net assets or other appropriate methods. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Investment Valuation Policies: The Fund’s investments are valued at fair value (also referred to as “market value” within the financial statements) each day that the Fund is open for business and, for financial reporting purposes, as of the report date. U.S. GAAP defines fair value as the price a fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund determines the fair values of its financial instruments using various independent dealers or pricing services under policies approved by the Board of Directors of the Company (the “Board”). If a security’s market price is not readily available or does not otherwise accurately represent the fair value of the security, the security will be valued in accordance with a policy approved by the Board as reflecting fair value. The BlackRock Global Valuation Methodologies Committee (the “Global Valuation Committee”) is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

Fair Value Inputs and Methodologies: The following methods and inputs are used to establish the fair value of the Fund’s assets and liabilities:

- Equity investments traded on a recognized securities exchange are valued at that day's official closing price, as applicable, on the exchange where the stock is primarily traded. Equity investments traded on a recognized exchange for which there were no sales on that day may be valued at the last available bid (long positions) or ask (short positions) price.

  Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of trading on the New York Stock Exchange ("NYSE"). Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of trading on the NYSE that may not be reflected in the computation of the Fund’s net assets. Each business day, the Fund uses a pricing service to assist with the valuation of certain foreign exchange-traded equity securities and foreign exchange-traded and over-the-counter (“OTC”) options (the “Systematic Fair Value Price”). Using current market factors, the Systematic Fair Value Price is designed to value such foreign securities and foreign options at fair value as of the close of trading on the NYSE, which follows the close of the local markets.

- Investments in open-end U.S. mutual funds (including money market funds) are valued at that day's published net asset value (“NAV”).

- The Fund values its investment in SL Liquidity Series, LLC, Money Market Series (the “Money Market Series”) at fair value, which is ordinarily based upon its pro rata ownership in the underlying fund’s net assets.

- Futures contracts are valued based on that day’s last reported settlement or trade price on the exchange where the contract is traded.

If events (e.g., a market closure, market volatility, company announcement or a natural disaster) occur that are expected to materially affect the value of such investment, or in the event that application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value (“Fair Valued Investments”). The fair valuation approaches that may be used by the Global Valuation Committee include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that the Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm’s-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

Fair Value Hierarchy: Various inputs are used in determining the fair value of financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial reporting purposes as follows:

- Level 1 — Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Fund has the ability to access;

- Level 2 — Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market–corroborated inputs); and

- Level 3 — Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Global Valuation Committee's assumptions used in determining the fair value of financial instruments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by privately held companies or funds that may not have a secondary market and/or may have a limited number of investors. The categorization of a value determined for financial instruments is based on the pricing transparency of the financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

As of June 30, 2021, certain investments of the Fund were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

4. SECURITIES AND OTHER INVESTMENTS

Securities Lending: The Fund may lend its securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Fund collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. Government. The initial collateral received by the Fund is required to have a value of at least 102% of the current value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter at a value equal to at least 100% of the current market value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Fund and any additional required collateral is delivered to the Fund, or excess collateral returned by the Fund, on the next business day. During the term of the loan, the Fund is entitled to all distributions made on or in respect of the loaned securities, but does not receive interest income on securities received as collateral. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

As of period end, any securities on loan were collateralized by cash and/or U.S. Government obligations. Cash collateral invested by the securities lending agent, BlackRock Investment Management, LLC (“BIM”), if any, is disclosed in the Schedule of Investments. Any non-cash collateral received cannot be sold, re-invested or pledged by the

Fund, except in the event of borrower default. The securities on loan, if any, are disclosed in the Fund's Schedule of Investments. The market value of any securities on loan and the value of any related collateral are shown separately in the Statement of Assets and Liabilities as a component of investments at value – unaffiliated and collateral on securities loaned at value, respectively.

Securities lending transactions are entered into by the Fund under Master Securities Lending Agreements (each, an "MSLA"), which provide the right, in the event of default (including bankruptcy or insolvency), for the non-defaulting party to liquidate the collateral and calculate a net exposure to the defaulting party or request additional collateral. In the event that a borrower defaults, the Fund, as lender, would offset the market value of the collateral received against the market value of the securities loaned. When the value of the collateral is greater than that of the market value of the securities loaned, the lender is left with a net amount payable to the defaulting party. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of an MSLA counterparty's bankruptcy or insolvency. Under the MSLA, absent an event of default, the borrower can resell or re-pledge the loaned securities, and the Fund can reinvest cash collateral received in connection with loaned securities. Upon an event of default, the parties' obligations to return the securities or collateral to the other party are extinguished, and the parties can resell or re-pledge the loaned securities or the collateral received in connection with the loaned securities in order to satisfy the defaulting party's net payment obligation for all transactions under the MSLA. The defaulting party remains liable for any deficiency.

As of period end, the following table is a summary of the Fund's securities on loan by counterparty which are subject to offset under an MSLA:

Counterparty	*Securities Loaned at Value*	*Cash Collateral Received* [(a)]	*Net Amount*
Barclays Capital, Inc.	$ 137,728	$ (137,728)	$ —
Citigroup Global Markets, Inc.	5,103,830	(5,103,830)	—
JP Morgan Securities LLC	4,589,030	(4,589,030)	—
	$ 9,830,588	$ (9,830,588)	$ —

(a) Collateral received in excess of the market value of securities on loan is not presented in this table. The total cash collateral received by the Fund is disclosed in the Fund's Statement of Assets and Liabilities.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Fund benefits from a borrower default indemnity provided by BIM. BIM's indemnity allows for full replacement of the securities loaned to the extent the collateral received does not cover the value on the securities loaned in the event of borrower default. The Fund could incur a loss if the value of an investment purchased with cash collateral falls below the market value of loaned securities or if the value of an investment purchased with cash collateral falls below the value of the original cash collateral received. Such losses are borne entirely by the Fund.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund engages in various portfolio investment strategies using derivative contracts both to increase the returns of the Fund and/or to manage its exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Schedule of Investments. These contracts may be transacted on an exchange or OTC.

Futures Contracts: Futures contracts are purchased or sold to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk) and changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are exchange-traded agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Amounts pledged, which are considered restricted, are included in cash pledged for futures contracts in the Statement of Assets and Liabilities.

Securities deposited as initial margin are designated in the Schedule of Investments and cash deposited, if any, are shown as cash pledged for futures contracts in the Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract ("variation margin"). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Statement of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statement of Operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest rates, foreign currency exchange rates or underlying assets.

6. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Advisory: The Company, on behalf of the Fund, entered into an Investment Advisory Agreement with the Manager, the Fund's investment adviser and an indirect, wholly-owned subsidiary of BlackRock, Inc. ("BlackRock"), to provide investment advisory and administrative services. The Manager is responsible for the management of the Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of the Fund.

For such services, the Fund pays the Manager a monthly fee at an annual rate equal to 0.07% of the average daily value of the Fund's net assets.

For the six months ended June 30, 2021, the Fund reimbursed the Manager $9,389 for certain accounting services, which is included in accounting services in the Statement of Operations.

Distribution Fees: The Company, on behalf of the Fund, entered into a Distribution Agreement and a Distribution Plan with BlackRock Investments, LLC (“BRIL”), an affiliate of the Manager. Pursuant to the Distribution Plan and in accordance with Rule 12b-1 under the 1940 Act, the Fund pays BRIL ongoing distribution fees. The fees are accrued daily and paid monthly at annual rates based upon the average daily net assets of the relevant share class of the Fund as follows:

	Distribution Fees
Class II	0.15%
Class III	0.25

BRIL and broker-dealers, pursuant to sub-agreements with BRIL, provide shareholder distribution services to the Fund. The ongoing distribution fee compensates BRIL and each broker-dealer for providing shareholder distribution related services to shareholders.

For the six months ended June 30, 2021, the following table shows the class specific distribution fees borne directly by each share class of the Fund:

	Distribution Fees
Class II	$ 7,273
Class III	336,402
	$ 343,675

Transfer Agent: On behalf of the Fund, the Manager entered into agreements with insurance companies and other financial intermediaries (“Service Organizations”), some of which may be affiliates. Pursuant to these agreements, the Service Organizations provide the Fund with administrative, networking, recordkeeping, sub-transfer agency and shareholder services to underlying investor accounts. For these services, the Service Organizations receive an annual fee per shareholder account, which will vary depending on share class and/or net assets of Fund shareholders serviced by the Service Organizations which is shown as transfer agent – class specific. For the six months ended June 30, 2021, the Fund did not pay any amounts to affiliates in return for these services.

In addition, the Fund pays the transfer agent, which is not an affiliate, a fee for the issuance, transfer and redemption of shares and the opening and maintenance of shareholder accounts, which is included in transfer agent in the Statement of Operations.

For the six months ended June 30, 2021, the following table shows the class specific transfer agent fees borne directly by each share class of the Fund:

Class I	$ 483,891
Class II	2,445
Class III	66,612
	$ 552,948

Expense Limitations, Waivers and Reimbursements: The Manager contractually agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Manager indirectly through its investment in affiliated money market funds (the “affiliated money market fund waiver”) through June 30, 2023. The contractual agreement may be terminated upon 90 days’ notice by a majority of the directors who are not "interested persons" of the Company, as defined in the 1940 Act ("Independent Directors"), or by a vote of a majority of the outstanding voting securities of the Fund. The amount of waivers and/or reimbursements of fees and expenses made pursuant to the expense limitation described below will be reduced by the amount of the affiliated money market fund waiver. This amount is included in fees waived and/or reimbursed by the Manager in the Statement of Operations. For the six months ended June 30, 2021, the amount waived was $2,835.

The Manager has contractually agreed to waive its investment advisory fee with respect to any portion of the Fund’s assets invested in affiliated equity and fixed-income mutual funds and affiliated exchange-traded funds that have a contractual management fee through June 30, 2023. The contractual agreement may be terminated upon 90 days’ notice by a majority of the Independent Directors, or by a vote of a majority of the outstanding voting securities of the Fund. For the six months ended June 30, 2021, there were no fees waived and/or reimbursed by the Manager pursuant to this arrangement.

The Manager has contractually agreed to reimburse certain transfer agent fees in order to limit such expenses to a percentage of average daily net assets as follows:

Class I	0.05%
Class II	0.05
Class III	0.05

The Manager has agreed not to reduce or discontinue the contractual expense limitations through June 30, 2023, unless approved by the Board, including a majority of the Independent Directors, or by a vote of a majority of the outstanding voting securities of the Fund. These amounts are included in transfer agent fees reimbursed – class specific in the Statement of Operations. For the six months ended June 30, 2021, class specific reimbursements were as follows:

Fund Name/Share Class	*Transfer Agent Fees Reimbursed*
BlackRock S&P 500 Index V.I. Fund	
Class I	$ 7,522
Class II	47
Class III	1,001
	$ 8,570

The Manager contractually agreed to waive and/or reimburse fees or expenses in order to limit expenses, excluding interest expense, dividend expense, tax expense, acquired fund fees and expenses, and certain other fund expenses, which constitute extraordinary expenses not incurred in the ordinary course of the Fund's business ("expense limitation"). The expense limitations as a percentage of average daily net assets are as follows:

Class I	0.15%
Class II	0.30
Class III	0.40

The Manager has agreed not to reduce or discontinue these contractual expense limitations through June 30, 2023, unless approved by the Board, including a majority of the Independent Directors, or by a vote of a majority of the outstanding voting securities of the Fund. For the six months ended June 30, 2021, the Manager waived and/or reimbursed $729 which is included in transfer agent fees reimbursed — class specific in the Statement of Operations.

Securities Lending: The U.S. Securities and Exchange Commission ("SEC") has issued an exemptive order which permits BIM, an affiliate of the Manager, to serve as securities lending agent for the Fund, subject to applicable conditions. As securities lending agent, BIM bears all operational costs directly related to securities lending. The Fund is responsible for expenses in connection with the investment of cash collateral received for securities on loan (the "collateral investment expenses"). The cash collateral is invested in a private investment company, Money Market Series, managed by the Manager or its affiliates. However, BIM has agreed to cap the collateral investment expenses of the Money Market Series to an annual rate of 0.04%. The investment adviser to the Money Market Series will not charge any advisory fees with respect to shares purchased by the Fund. The Money Market Series may, under certain circumstances, impose a liquidity fee of up to 2% of the value withdrawn or temporarily restrict withdrawals for up to 10 business days during a 90 day period, in the event that the private investment company's weekly liquid assets fall below certain thresholds. The Money Market Series seeks current income consistent with maintaining liquidity and preserving capital. Although the Money Market Series is not registered under the 1940 Act, its investments may follow the parameters of investments by a money market fund that is subject to Rule 2a-7 under the 1940 Act.

Securities lending income is equal to the total of income earned from the reinvestment of cash collateral, net of fees and other payments to and from borrowers of securities, and less the collateral investment expenses. The Fund retains a portion of securities lending income and remits a remaining portion to BIM as compensation for its services as securities lending agent.

Pursuant to the current securities lending agreement, the Fund retains 77% of securities lending income (which excludes collateral investment expenses), and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

In addition, commencing the business day following the date that the aggregate securities lending income earned across the BlackRock Multi-Asset Complex in a calendar year exceeds a specified threshold, the Fund, pursuant to the securities lending agreement, will retain for the remainder of that calendar year securities lending income in an amount equal to 81% of securities lending income (which excludes collateral investment expenses), and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

The share of securities lending income earned by the Fund is shown as securities lending income — affiliated — net in the Statement of Operations. For the six months ended June 30, 2021, the Fund paid BIM $5,952 for securities lending agent services.

Interfund Lending: In accordance with an exemptive order (the "Order") from the SEC, the Fund may participate in a joint lending and borrowing facility for temporary purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the Fund's investment policies and restrictions. The Fund is currently permitted to borrow under the Interfund Lending Program.

A lending BlackRock fund may lend in aggregate up to 15% of its net assets, but may not lend more than 5% of its net assets to any one borrowing fund through the Interfund Lending Program. A borrowing BlackRock fund may not borrow through the Interfund Lending Program or from any other source more than 33 1/3% of its total assets (or any lower threshold provided for by the fund's investment restrictions). If a borrowing BlackRock fund's total outstanding borrowings exceed 10% of its total assets, each of its outstanding interfund loans will be subject to collateralization of at least 102% of the outstanding principal value of the loan. All interfund loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the highest current overnight repurchase agreement rate available to a lending fund and the bank loan rate, as calculated according to a formula established by the Board.

During the period ended June 30, 2021, the Fund did not participate in the Interfund Lending Program.

Directors and Officers: Certain directors and/or officers of the Company are directors and/or officers of BlackRock or its affiliates. The Fund reimburses the Manager for a portion of the compensation paid to the Company's Chief Compliance Officer, which is included in Directors and Officer in the Statement of Operations.

Other Transactions: The Fund may purchase securities from, or sell securities to, an affiliated fund provided the affiliation is due solely to having a common investment adviser, common officers, or common directors. For the six months ended June 30, 2021, the purchase and sale transactions and any net realized gains (losses) with affiliated funds in compliance with Rule 17a-7 under the 1940 Act were as follows:

Purchases	$ 13,303,944
Sales	4,366,528
Net Realized Gain	696,367

7. PURCHASES AND SALES

For the six months ended June 30, 2021, purchases and sales of investments, excluding short-term investments, were $22,907,696 and $89,382,526, respectively.

8. INCOME TAX INFORMATION

It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

The Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Fund's U.S. federal tax returns generally remains open for a period of three fiscal years after they are filed. The statutes of limitations on the Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Fund as of June 30, 2021, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Fund's financial statements.

As of June 30, 2021, gross unrealized appreciation and depreciation based on cost of investments (including short positions and derivatives, if any) for U.S. federal income tax purposes were as follows:

Fund Name	*Tax Cost*	*Gross Unrealized Appreciation*	*Gross Unrealized Depreciation*	*Net Unrealized Appreciation (Depreciation)*
BlackRock S&P 500 Index V.I. Fund	$ 877,464,271	$ 1,515,072,240	$ (28,016,523)	$ 1,487,055,717

9. BANK BORROWINGS

The Company, on behalf of the Fund, along with certain other funds managed by the Manager and its affiliates ("Participating Funds"), is a party to a 364-day, $2.25 billion credit agreement with a group of lenders. Under this agreement, the Fund may borrow to fund shareholder redemptions. Excluding commitments designated for certain individual funds, the Participating Funds, including the Fund, can borrow up to an aggregate commitment amount of $1.75 billion at any time outstanding, subject to asset coverage and other limitations as specified in the agreement. The credit agreement has the following terms: a fee of 0.10% per annum on unused commitment amounts and interest at a rate equal to the higher of (a) one-month London Interbank Offered Rate ("LIBOR") (but, in any event, not less than 0.00%) on the date the loan is made plus 0.80% per annum or (b) the Fed Funds rate (but, in any event, not less than 0.00%) in effect from time to time plus 0.80% per annum on amounts borrowed. The agreement expires in April 2022 unless extended or renewed These fees were allocated among such funds based upon portions of the aggregate commitment available to them and relative net assets of Participating Funds. During the six months ended June 30, 2021, the Fund did not borrow under the credit agreement.

10. PRINCIPAL RISKS

In the normal course of business, the Fund invests in securities or other instruments and may enter into certain transactions, and such activities subject the Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation or international tax treaties between various countries; or (iv) currency, interest rate and price fluctuations. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Fund and its investments. The Fund's prospectus provides details of the risks to which the Fund is subject.

The Manager uses a "passive" or index approach to try to achieve the Fund's investment objective following the securities included in its underlying index during upturns as well as downturns. The Manager does not take steps to reduce market exposure or to lessen the effects of a declining market. Divergence from the underlying index and the composition of the portfolio is monitored by the Manager.

The Fund may be exposed to additional risks when reinvesting cash collateral in money market funds that do not seek to maintain a stable NAV per share of $1.00, which may be subject to redemption gates or liquidity fees under certain circumstances.

Market Risk: An outbreak of respiratory disease caused by a novel coronavirus has developed into a global pandemic and has resulted in closing borders, quarantines, disruptions to supply chains and customer activity, as well as general concern and uncertainty. The impact of this pandemic, and other global health crises that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. This pandemic may result in substantial market volatility and may adversely impact the prices and liquidity of a fund's investments. The duration of this pandemic and its effects cannot be determined with certainty.

Valuation Risk: The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. The Fund may invest in illiquid investments. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. The Fund may experience difficulty in selling illiquid investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause the Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

Counterparty Credit Risk: The Fund may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions, including making timely interest and/or principal payments or otherwise honoring its obligations. The Fund manages counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Fund to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Fund's exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statement of Assets and Liabilities, less any collateral held by the Fund.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

With exchange-traded futures, there is less counterparty credit risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Fund.

Concentration Risk: A diversified portfolio, where this is appropriate and consistent with a fund's objectives, minimizes the risk that a price change of a particular investment will have a material impact on the NAV of a fund. The investment concentrations within the Fund's portfolio are disclosed in its Schedule of Investments.

The Fund invests a significant portion of its assets in securities within a single or limited number of market sectors. When a Fund concentrates its investments in this manner, it assumes the risk that economic, regulatory, political and social conditions affecting such sectors may have a significant impact on the Fund and could affect the income from, or the value or liquidity of, the Fund's portfolio. Investment percentages in specific sectors are presented in the Schedule of Investments.

LIBOR Transition Risk: The United Kingdom's Financial Conduct Authority announced a phase out of LIBOR. Although many LIBOR rates will be phased out by the end of 2021, a selection of widely used USD LIBOR rates will continue to be published through June 2023 in order to assist with the transition. The Fund may be exposed to financial instruments tied to LIBOR to determine payment obligations, financing terms, hedging strategies or investment value. The transition process away from LIBOR might lead to increased volatility and illiquidity in markets for, and reduce the effectiveness of new hedges placed against, instruments whose terms currently include LIBOR. The ultimate effect of the LIBOR transition process on the Fund is uncertain.

11. CAPITAL SHARE TRANSACTIONS

Transactions in capital shares for each class were as follows:

	Six Months Ended 06/30/21		Year Ended 12/31/20	
	Shares	*Amount*	*Shares*	*Amount*
Class I				
Shares sold	678,208	$ 19,795,782	2,248,347	$ 53,578,258
Shares issued in reinvestment of distributions	—	—	5,144,584	137,187,142
Shares redeemed	(3,103,444)	(90,477,245)	(7,827,472)	(192,065,813)
Net decrease	(2,425,236)	$ (70,681,463)	(434,541)	$ (1,300,413)
Class II				
Shares sold	5,892	$ 175,733	106,158	$ 2,515,464
Shares issued in reinvestment of distributions	—	—	25,041	661,108
Shares redeemed	(9,176)	(263,740)	(112,724)	(2,669,268)
Net increase (decrease)	(3,284)	$ (88,007)	18,475	$ 507,304
Class III				
Shares sold	268,344	$ 7,839,738	1,099,343	$ 24,867,644
Shares issued in reinvestment of distributions	—	—	752,853	19,842,938
Shares redeemed	(1,353,742)	(39,010,613)	(3,948,658)	(94,980,898)
Net decrease	(1,085,398)	$ (31,170,875)	(2,096,462)	$ (50,270,316)
Total Net Decrease	(3,513,918)	$ (101,940,345)	(2,512,527)	$ (51,063,425)

As of June 30, 2021, BlackRock Financial Management, Inc., an affiliate of the Fund, owned 437 Class III Shares of the Fund.

12. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were issued and has determined that there were no subsequent events requiring adjustment or additional disclosure in the financial statements.

Glossary of Terms Used in this Report

Portfolio Abbreviations

MSCI	Morgan Stanley Capital International
S&P	Standard & Poor's

Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements

The Board of Directors (the "Board," the members of which are referred to as "Board Members") of BlackRock Variable Series Funds, Inc. (the "Corporation") met on April 7, 2021 (the "April Meeting") and May 10-12, 2021 (the "May Meeting") to consider the approval to continue the investment advisory agreement (the "Advisory Agreement") between the Corporation, on behalf of BlackRock Advantage Large Cap Core V.I. Fund ("Large Cap Core V.I. Fund"), BlackRock Advantage Large Cap Value V.I. Fund ("Large Cap Value V.I. Fund"), BlackRock Advantage SMID Cap V.I. Fund ("SMID Cap V.I. Fund"), BlackRock Basic Value V.I. Fund ("Basic Value V.I. Fund"), BlackRock Capital Appreciation V.I. Fund ("Capital Appreciation V.I. Fund"), BlackRock Equity Dividend V.I. Fund ("Equity Dividend V.I. Fund"), BlackRock Global Allocation V.I. Fund ("Global Allocation V.I. Fund"), BlackRock Government Money Market V.I. Fund ("Government Money Market V.I. Fund"), BlackRock International V.I. Fund ("International V.I. Fund"), BlackRock International Index V.I. Fund ("International Index V.I. Fund"), BlackRock 60/40 Target Allocation ETF V.I. Fund ("60/40 Target Allocation ETF V.I. Fund"), BlackRock Large Cap Focus Growth V.I. Fund ("Large Cap Focus Growth V.I. Fund"), BlackRock Managed Volatility V.I. Fund ("Managed Volatility V.I. Fund"), BlackRock Small Cap Index V.I. Fund ("Small Cap Index V.I. Fund") and BlackRock S&P 500 Index V.I. Fund ("S&P 500 Index V.I. Fund") (each, a "Fund," and collectively the "Funds"), and BlackRock Advisors, LLC (the "Manager"), each Fund's investment advisor. The Board also considered the approval of the sub-advisory agreement between the Manager and (a) BlackRock International Limited ("BIL") with respect to International V.I. Fund and Managed Volatility V.I. Fund (the "BIL Sub-Advisory Agreements"); (b) BlackRock Asset Management North Asia Limited ("BNA") with respect to Managed Volatility V.I. Fund (the "BNA Sub-Advisory Agreement"); and (c) BlackRock (Singapore) Limited ("BSL" and together with BIL and BNA, the "Sub-Advisors") with respect to Managed Volatility V.I. Fund (the "BSL Sub-Advisory Agreement" and together with the BIL Sub-Advisory Agreements and the BNA Sub-Advisory Agreement, the "Sub-Advisory Agreements"). The Manager and the Sub-Advisor are referred to herein as "BlackRock." The Advisory Agreement and the Sub-Advisory Agreements are referred to herein as the "Agreements."

The Approval Process: Consistent with the requirements of the Investment Company Act of 1940 (the "1940 Act"), the Board considers the approval of the continuation of the Agreements for each Fund on an annual basis. The Board members whom are not "interested persons" of the Corporation, as defined in the 1940 Act, are considered independent Board members (the "Independent Board Members"). The Board's consideration entailed a year-long deliberative process during which the Board and its committees assessed BlackRock's various services to each Fund, including through the review of written materials and oral presentations, and the review of additional information provided in response to requests from the Independent Board Members. The Board had four quarterly meetings per year, each typically extending for two days, as well as additional ad hoc meetings and executive sessions throughout the year, as needed. The committees of the Board similarly met throughout the year. The Board also had a fifth one-day meeting to consider specific information surrounding the renewal of the Agreements. In particular, the Board assessed, among other things, the nature, extent and quality of the services provided to the Fund by BlackRock, BlackRock's personnel and affiliates, including (as applicable): investment management services; accounting oversight; administrative and shareholder services; oversight of the Fund's service providers; risk management and oversight; and legal, regulatory and compliance services. Throughout the year, including during the contract renewal process, the Independent Board Members were advised by independent legal counsel, and met with independent legal counsel in various executive sessions outside of the presence of BlackRock's management.

During the year, the Board, acting directly and through its committees, considered information that was relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Fund and its shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. Among the matters the Board considered were: (a) investment performance for one-year, three-year, five-year, and/or since inception periods, as applicable, against peer funds, an applicable benchmark, and other performance metrics, as applicable, as well as BlackRock senior management's and portfolio managers' analyses of the reasons for any outperformance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Fund for services; (c) Fund operating expenses and how BlackRock allocates expenses to the Fund; (d) the resources devoted to risk oversight of, and compliance reports relating to, implementation of the Fund's investment objective, policies and restrictions, and meeting regulatory requirements; (e) BlackRock's and the Corporation's adherence to applicable compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services, as available; (g) BlackRock's and other service providers' internal controls and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Board; (i) the use of brokerage commissions and execution quality of portfolio transactions; (j) BlackRock's implementation of the Fund's valuation and liquidity procedures; (k) an analysis of management fees paid to BlackRock for products with similar investment mandates across the open-end fund, exchange-traded fund ("ETF"), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to the Fund; (l) BlackRock's compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals' investments in the fund(s) they manage; and (m) periodic updates on BlackRock's business.

Prior to and in preparation for the April Meeting, the Board received and reviewed materials specifically relating to the renewal of the Agreements. The Independent Board Members continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to the Board to better assist its deliberations. The materials provided in connection with the April Meeting included, among other things: (a) information independently compiled and prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), based on either a Lipper classification or Morningstar category, regarding each Fund's fees and expenses as compared with a peer group of funds as determined by Broadridge ("Expense Peers") and the investment performance of each Fund as compared with a peer group of funds ("Performance Peers"); (b) information on the composition of the Expense Peers and Performance Peers and a description of Broadridge's methodology; (c) information on the estimated profits realized by BlackRock and its affiliates pursuant to the Agreements and a discussion of fall-out benefits to BlackRock and its affiliates; (d) a general analysis provided by BlackRock concerning investment management fees received in connection with other types of investment products, such as institutional accounts, sub-advised mutual funds, ETFs, closed-end funds, open-end funds, and separately managed accounts under similar investment mandates, as well as the performance of such other products, as applicable; (e) a review of non-management fees; (f) the existence, impact and sharing of potential economies of scale, if any, with the Funds; (g) a summary of aggregate amounts paid by each Fund to BlackRock; (h) sales and redemption data regarding each Fund's shares; and (i) various additional information requested by the Board as appropriate regarding BlackRock's and the Funds' operations.

At the April Meeting, the Board reviewed materials relating to its consideration of the Agreements. As a result of the discussions that occurred during the April Meeting, and as a culmination of the Board's year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these questions and requests with additional written information in advance of the May Meeting.

At the May Meeting, the Board concluded its assessment of, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund as compared to its Performance Peers and to other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and estimated profits realized by BlackRock and its affiliates from their relationship with the Funds; (d) each Fund's fees and expenses compared to its Expense Peers; (e) the existence and sharing of potential economies of scale; (f) any fall-out benefits to BlackRock and its affiliates as a result of BlackRock's relationship with the Funds; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates relating to securities lending and cash management, and BlackRock's services related to the valuation and pricing of Fund portfolio holdings. The Board noted the willingness of BlackRock's personnel to engage in open, candid discussions with the Board. The members of the Board gave attention to all of the information that was furnished, and each Board Member placed varying degrees of importance on the various pieces of information that were provided to them. The Board evaluated the information available to it on a fund by fund basis. The following paragraphs provide more information about some of the primary factors that were relevant to the Board's decision. The Board Members did not identify any particular information, or any single factor as determinative, and each Board Member may have attributed different weights to the various items and factors considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Fund. Throughout the year, the Board compared each Fund's performance to the performance of a comparable group of mutual funds, relevant benchmark, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by each Fund's portfolio management team discussing the Fund's performance, investment strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and each Fund's portfolio management team; research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the nature and quality of the administrative and other non-investment advisory services provided to each Fund. BlackRock and its affiliates provide the Funds with certain administrative, shareholder and other services (in addition to any such services provided to the Funds by third-parties) and officers and other personnel as are necessary for the operations of the Funds. In particular, BlackRock and its affiliates provide the Funds with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of third-party service providers, including, among others, each Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing or managing administrative functions necessary for the operation of the Funds, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing each Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations. The Board considered the operation of BlackRock's business continuity plans, including in light of the ongoing COVID-19 pandemic.

B. The Investment Performance of the Funds and BlackRock: The Board, including the Independent Board Members, reviewed and considered the performance history of the Fund throughout the year and at the April Meeting. In preparation for the April Meeting, the Board was provided with reports independently prepared by Broadridge, which included an analysis of the Fund's performance as of December 31, 2020, as compared to its Performance Peers. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, the Board received and reviewed information regarding the investment performance of the Fund as compared to its Performance Peers and, with respect to 60/40 Target Allocation ETF V.I. Fund, Large Cap Focus Growth V.I. Fund, Capital Appreciation V.I. Fund, Large Cap Core V.I. Fund, Large Cap Value V.I. Fund, Global Allocation V.I. Fund, Basic Value V.I. Fund, SMID Cap V.I. Fund, Equity Dividend V.I. Fund and International V.I. Fund, the respective Morningstar open-end fund category ("Morningstar Open-End Category"); with respect to Managed Volatility V.I. Fund, in light of the Fund's outcome-oriented investment objective, certain performance metrics ("Outcome-Oriented Performance Metrics"); with respect to International Index V.I. Fund, Small Cap Index V.I. Fund and S&P 500 Index V.I. Fund, the performance of the Fund as compared with its benchmark; and, with respect to Government Money Market V.I. Fund, a weighted average benchmark of similar funds, as defined by BlackRock ("Benchmark Weighted Average"). The Board and its Performance Oversight Committee regularly review and meet with Fund management to discuss the performance of each Fund throughout the year.

In evaluating performance, the Board focused particular attention on funds with less favorable performance records. The Board also noted that while it found the data provided by Broadridge generally useful, it recognized the limitations of such data, including in particular, that notable differences may exist between a fund and its Performance Peers (for example, the investment objectives and strategies). Further, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. The Board also acknowledged that long-term performance could be impacted by even one period of significant outperformance or underperformance, and that a single investment theme could have the ability to disproportionately affect long-term performance.

The Board noted that for each of the one-, three- and five-year periods reported, each of Capital Appreciation V.I. Fund, Global Allocation V.I. Fund, International V.I. Fund and Large Cap Focus Growth V.I. Fund ranked in the first quartile against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for each Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-, three-, and five-year periods reported, 60/40 Target Allocation ETF V.I. Fund ranked in the second, first and first quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-, three- and five-year periods reported, SMID Cap V.I. Fund ranked in the second, second and first quartiles, respectively against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board also noted that effective February 9, 2021, the Fund had undergone a change in its investment strategy and in that connection had changed its name from BlackRock Advantage U.S. Total Market V.I. Fund to BlackRock Advantage SMID Cap V.I. Fund.

The Board noted that for the one-, three- and five-year periods reported, Equity Dividend V.I. Fund ranked in the second, second and first quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for each of the one-, three- and five-year periods reported, each of Large Cap Core V.I. Fund and Large Cap Value V.I. Fund ranked in the second quartile against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for each Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-, three- and five-year periods reported, Basic Value V.I. Fund ranked in the second, third and third quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its Morningstar Open-End Category during the applicable periods.

The Board reviewed Government Money Market V.I. Fund's performance within the context of the low yield environment. In addition to reviewing the Fund's performance and current yield, it also reviews the liquidity, duration, credit quality and other risk factors of the Fund's portfolio. The Board noted that for each of the one-and three-year periods reported, the Fund outperformed its Benchmark Weighted Average. The Board noted that BlackRock believes that the Benchmark Weighted Average is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-year period reported, each of S&P 500 Index V.I. Fund's and Small Cap Index V.I. Fund's net performance was within the tolerance range of its benchmark. The Board noted that BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board reviewed and considered Managed Volatility V.I. Fund's performance relative to the Fund's Outcome-Oriented Performance Metrics including a total return target. The Board noted that for each of the one-, three- and five-year periods reported, the Fund underperformed its total return target. The Board noted that BlackRock believes that the Outcome-Oriented Performance Metrics are an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its total return target during the applicable periods.

The Board noted that for the one-year period reported, International Index V.I. Fund's net performance was above the tolerance range of its benchmark. The Board noted that BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's above tolerance performance relative to its benchmark over the period.

C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with the Funds: The Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared each Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total expense ratio represents a fund's total net operating expenses, including any 12b-1 or non-12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers, and the actual management fee rate gives effect to any management fee reimbursements or waivers. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Board reviewed BlackRock's estimated profitability with respect to each Fund and other funds the Board currently oversees for the year ended December 31, 2020 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. The Board thus recognized that calculating and comparing profitability at the individual fund level is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk, and liability profile in servicing the Funds, including in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that International Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that Small Cap Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that S&P 500 Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Finally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that SMID Cap V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that Equity Dividend V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

BlackRock has reviewed with the Board that the varying fee structure for fund of funds can limit the value of management fee comparisons. The Board noted that 60/40 Target Allocation ETF V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers. The Board further noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that Basic Value V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that Large Cap Core V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the second and first quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that Managed Volatility V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the second and first quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Finally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that International V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio ranked in the second and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. In addition, the Board noted that BlackRock and the Board agreed to a lower contractual expense cap, on a class-by-class basis. After discussions between the Board, including Independent Board Members, and BlackRock, the Board and BlackRock agreed to a continuation of the contractual cap. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that Capital Appreciation V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio ranked in the second and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that Large Cap Focus Growth V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio ranked in the second and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board noted that Global Allocation V.I. Fund's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio each ranked in the second quartile relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

The Board reviewed the Government Money Market V.I. Fund's expenses within the context of the low yield environment, and any consequent expense waivers and reimbursements necessary to maintain minimum levels of daily net investment income, as applicable. The Board noted that Government Money Market V.I. Fund's contractual management fee rate ranked in the fourth quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that Large Cap Value V.I. Fund's contractual management fee rate ranked in the fourth quartile, and that the actual management fee rate and total expense ratio ranked in the second and first quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. Additionally, the Board noted that BlackRock had voluntarily agreed to waive a portion of the advisory fee payable by the Fund. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. Finally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

D. Economies of Scale: The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of the Funds increase, including the existence of fee waivers and/or expense caps, as applicable, noting that any contractual fee waivers and contractual expense caps had been approved by the Board. In its consideration, the Board further considered the continuation and/or implementation of fee waivers and/or expense caps, as applicable. The Board also considered the extent to which the Funds benefit from such economies of scale in a variety of ways and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Funds to more fully participate in these economies of scale. The Board considered each Fund's asset levels and whether the current fee schedule was appropriate.

E. Other Factors Deemed Relevant by the Board Members: The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and its risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including for administrative, distribution, securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third-party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreements, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the open-end fund marketplace, and that shareholders are able to redeem their Fund shares if they believe that the pertinent Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

Conclusion

The Board, including the Independent Board Members, unanimously approved the continuation of (i) the Advisory Agreement between the Manager and the Corporation, on behalf of each Fund, (ii) the BIL Sub-Advisory Agreements between the Manager and BIL with respect to International V.I. Fund and Managed Volatility V.I. Fund, (iii) the BNA Sub-Advisory Agreement between the Manager and BNA with respect to Managed Volatility V.I. Fund and (iv) BSL Sub-Advisory Agreement between the Manager and BSL with respect to Managed Volatility V.I. Fund, each for a one-year term ending June 30, 2022. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreements were fair and reasonable and, in the best interest of each Fund and its shareholders. In arriving at its decision to approve the Agreements, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Disclosure of Investment Sub-Advisory Agreement

The Board of Directors (the "Board," the members of which are referred to as "Board Members") of BlackRock Variable Series Funds, Inc. (the "Corporation") met on May 11, 2021 (the "Meeting") to consider the initial approval of the proposed sub-advisory agreement (the "Sub-Advisory Agreement") between BlackRock Advisors, LLC (the "Manager"), the Corporation's investment advisor, and BlackRock (Singapore) Limited (the "Sub-Advisor") with respect to Global Allocation V.I. Fund (the "Fund"), a series of the Corporation.

Consistent with the requirements of the Investment Company Act of 1940 (the "1940 Act"), at the Meeting, the Board reviewed materials relating to its consideration of the Sub-Advisory Agreement. The Board Members whom are not "interested persons" of the Fund, as defined in the 1940 Act, are considered independent Board members (the "Independent Board Members"). The Board previously met on May 11-13, 2020 (the "May 2020 Meeting") to consider the approval of the continuation of the Corporation's investment advisory agreement (the "Advisory Agreement") between the Corporation and the Manager. At the May 2020 Meeting, the Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement for a one-year term ending June 30, 2021. A discussion of the basis for the Board's approval of the Advisory Agreement at the May 2020 Meeting is included in the semi-annual shareholder report for the Fund for the period ended June 30, 2020. The factors considered by the Board at the Meeting in connection with the approval of the proposed Sub-Advisory Agreement were substantially the same as the factors considered at the May 2020 Meeting with respect to approval of the Advisory Agreement.

Following discussion, the Board, including the Independent Board Members, unanimously approved the Sub-Advisory Agreement between the Manager and the Sub-Advisor, with respect to the Fund, for a two-year term beginning on the effective date of the Sub-Advisory Agreement. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including a majority of the Independent Board Members, was satisfied that the terms of the Sub-Advisory Agreement were fair and reasonable and in the best interest of the Fund and its shareholders. In arriving at its decision to approve the Sub-Advisory Agreement, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements

The Board of Directors (the "Board," the members of which are referred to as "Board Members") of BlackRock Variable Series Funds II, Inc. (the "Company") met on May 4, 2021 (the "May Meeting") and June 8-9, 2021 (the "June Meeting") to consider the approval to continue the investment advisory agreement (the "Advisory Agreement") between the Company, on behalf of BlackRock High Yield V.I. Fund (the "High Yield V.I. Fund"), BlackRock Total Return V.I. Fund (the "Total Return V.I. Fund") and BlackRock U.S. Government Bond V.I. Fund (the U.S. Government Bond V.I. Fund and together with the High Yield V.I. Fund and the Total Return V.I. Fund, the "Funds" and each, a "Fund"), and BlackRock Advisors, LLC (the "Manager"), each Fund's investment advisor. The Board also considered the approval to continue the sub-advisory agreements (the "Sub-Advisory Agreements") between the Manager and BlackRock International Limited (the "Sub-Advisor"), with respect to each Fund. The Manager and the Sub-Advisor are referred to herein as "BlackRock." The Advisory Agreement and the Sub-Advisory Agreements are referred to herein as the "Agreements."

The Approval Process: Consistent with the requirements of the Investment Company Act of 1940 (the "1940 Act"), the Board considers the approval of the continuation of the Agreement for each Fund on an annual basis. The Board members whom are not "interested persons" of the Company, as defined in the 1940 Act, are considered independent Board members (the "Independent Board Members"). The Board's consideration entailed a year-long deliberative process during which the Board and its committees assessed BlackRock's various services to each Fund, including through the review of written materials and oral presentations, and the review of additional information provided in response to requests from the Independent Board Members. The Board had four quarterly meetings per year, each typically extending for two days, as well as additional ad hoc meetings and executive sessions throughout the year, as needed. The committees of the Board similarly met throughout the year. The Board also had a fifth one-day meeting to consider specific information surrounding the renewal of the Agreements. In particular, the Board assessed, among other things, the nature, extent and quality of the services provided to each Fund by BlackRock, BlackRock's personnel and affiliates, including (as applicable): investment management services; accounting oversight; administrative and shareholder services; oversight of each Fund's service providers; risk management and oversight; and legal, regulatory and compliance services. Throughout the year, including during the contract renewal process, the Independent Board Members were advised by independent legal counsel, and met with independent legal counsel in various executive sessions outside of the presence of BlackRock's management.

During the year, the Board, acting directly and through its committees, considered information that was relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to each Fund and its shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. Among the matters the Board considered were: (a) investment performance for one-year, three-year, five-year, and/or since inception periods, as applicable, against peer funds, relevant benchmarks, and other performance metrics, as applicable, as well as BlackRock senior management's and portfolio managers' analyses of the reasons for any outperformance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by each Fund for services; (c) Fund operating expenses and how BlackRock allocates expenses to each Fund; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of each Fund's investment objective, policies and restrictions, and meeting regulatory requirements; (e) BlackRock's and each Fund's adherence to applicable compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services, as applicable; (g) BlackRock's and other service providers' internal controls and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Board; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of each Fund's valuation and liquidity procedures; (k) an analysis of management fees paid to BlackRock for products with similar investment mandates across the open-end fund, exchange-traded fund ("ETF"), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to each Fund; (l) BlackRock's compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals' investments in the fund(s) they manage; and (m) periodic updates on BlackRock's business.

Prior to and in preparation for the May Meeting, the Board received and reviewed materials specifically relating to the renewal of the Agreements. The Independent Board Members continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to the Board to better assist its deliberations. The materials provided in connection with the May Meeting included, among other things: (a) information independently compiled and prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), based on either a Lipper classification or Morningstar category, regarding each Fund's fees and expenses as compared with a peer group of funds as determined by Broadridge ("Expense Peers") and the investment performance of each Fund as compared with a peer group of funds ("Performance Peers"); (b) information on the composition of the Expense Peers and Performance Peers and a description of Broadridge's methodology; (c) information on the estimated profits realized by BlackRock and its affiliates pursuant to the Agreements and a discussion of fall-out benefits to BlackRock and its affiliates; (d) a general analysis provided by BlackRock concerning investment management fees received in connection with other types of investment products, such as institutional accounts, sub-advised mutual funds, ETFs, closed-end funds, open-end funds, and separately managed accounts, under similar investment mandates, as well as the performance of such other products, as applicable; (e) a review of non-management fees; (f) the existence, impact and sharing of potential economies of scale, if any, with each Fund; (g) a summary of aggregate amounts paid by each Fund to BlackRock; (h) sales and redemption data regarding each Fund's shares; and (i) various additional information requested by the Board as appropriate regarding BlackRock's and each Fund's operations.

At the May Meeting, the Board reviewed materials relating to its consideration of the Agreements. As a result of the discussions that occurred during the May Meeting, and as a culmination of the Board's year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these questions and requests with additional written information in advance of the June Meeting.

At the June Meeting, the Board concluded its assessment of, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund as compared to its Performance Peers and to other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and estimated profits realized by BlackRock and its affiliates from their relationship with each Fund; (d) each Fund's fees and expenses compared to its Expense Peers; (e) the existence and sharing of potential economies of scale; (f) any fall-out benefits to BlackRock and its affiliates as a result of BlackRock's relationship with each Fund; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates relating to securities lending and cash management, and BlackRock's services related to the valuation and pricing of Fund portfolio holdings. The Board noted the willingness of BlackRock's personnel to engage in open, candid discussions with the Board. The Board Members did not identify any particular information, or any single factor as determinative, and each Board Member may have attributed different weights to the various items and factors considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services, and the resulting performance of each Fund. Throughout the year, the Board compared Fund performance to the performance of a comparable group of mutual funds, relevant benchmarks, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by each Fund's portfolio management team discussing each Fund's performance, investment strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and each Fund's portfolio management team; research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the nature and quality of the administrative and other non-investment advisory services provided to each Fund. BlackRock and its affiliates provide each Fund with certain administrative, shareholder and other services (in addition to any such services provided to each Fund by third parties) and officers and other personnel as are necessary for the operations of each Fund. In particular, BlackRock and its affiliates provide each Fund with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of third-party service providers including, among others, each Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing or managing administrative functions necessary for the operation of each Fund, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing each Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations. The Board considered the operation of BlackRock's business continuity plans, including in light of the ongoing COVID-19 pandemic.

B. The Investment Performance of each Fund and BlackRock: The Board, including the Independent Board Members, reviewed and considered the performance history of each Fund throughout the year and at the May meeting. In preparation for the May Meeting, the Board was provided with reports independently prepared by Broadridge, which included an analysis of each Fund's performance as of December 31, 2020, as compared to its Performance Peers. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, the Board received and reviewed information regarding the investment performance of each Fund as compared to its Performance Peers and the respective Morningstar open-end fund category ("Morningstar Open-End Category"). The Board and its Performance Oversight Committee regularly review and meet with Fund management to discuss the performance of each Fund throughout the year.

In evaluating performance, the Board focused particular attention on funds with less favorable performance records. The Board also noted that while it found the data provided by Broadridge generally useful, it recognized the limitations of such data, including in particular, that notable differences may exist between a fund and its Performance Peers (for example, the investment objectives and strategies). Further, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. The Board also acknowledged that long-term performance could be impacted by even one period of significant outperformance or underperformance, and that a single investment theme could have the ability to disproportionately affect long-term performance.

The Board noted that for the one-, three- and five-year periods reported, the High Yield V.I. Fund ranked in the first, first and second quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the High Yield V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-, three- and five-year periods reported, the Total Return V.I. Fund ranked in the second, second and third quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Total Return V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Total Return V.I. Fund's underperformance relative to its Morningstar Open-End Category during the applicable period.

The Board noted that for each of the one-, three- and five-year periods reported, the U.S. Government Bond V.I. Fund ranked in the second quartile against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the U.S. Government Bond V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board.

C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with each Fund: The Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared each Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total expense ratio represents a fund's total net operating expenses, including any 12b-1 or non-12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers, and the actual management fee rate gives effect to any management fee reimbursements or waivers. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Board reviewed BlackRock's estimated profitability with respect to each Fund and other funds the Board currently oversees for the year ended December 31, 2020 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. The Board thus recognized that calculating and comparing profitability at the individual fund level is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk, and liability profile in servicing each Fund, including in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that the High Yield V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the High Yield V.I. Fund's Expense Peers. The Board also noted that the High Yield V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the aggregate assets of the High Yield V.I. Fund, combined with the assets of the Total Return V.I. Fund, increase above certain contractually specified levels. The Board noted that if the size of the High Yield V.I. Fund or the Total Return V.I. Fund were to decrease, the High Yield V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the High Yield V.I. Fund's total expenses as a percentage of the High Yield V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the High Yield V.I. Fund on a class-by-class basis.

The Board noted that the Total Return V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio ranked in the second and first quartiles, respectively, relative to the Total Return V.I. Fund's Expense Peers. The Board also noted that the Total Return V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the aggregate assets of the Total Return V.I. Fund, combined with the assets of the High Yield V.I. Fund, increase above certain contractually specified levels. The Board noted that if the size of the Total Return V.I. Fund or the High Yield V.I Fund were to decrease, the Total Return V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Total Return V.I. Fund's total expenses as a percentage of the Total Return V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Total Return V.I. Fund on a class-by-class basis.

The Board noted that the U.S. Government Bond V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the U.S. Government Bond V.I. Fund's Expense Peers. The Board also noted that the U.S. Government Bond V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the U.S. Government Bond V.I. Fund increases above certain contractually specified levels. The Board noted that if the size of the U.S. Government Bond V.I. Fund were to decrease, the U.S. Government Bond V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the U.S. Government Bond V.I. Fund's total expenses as a percentage of the U.S. Government Bond V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the U.S. Government Bond V.I. Fund on a class-by-class basis. In addition, the Board noted that BlackRock has voluntarily agreed to waive a portion of the advisory fee payable by the U.S. Government Bond V.I. Fund. An advisory fee waiver has been in effect since 2016, that amount of which may have varied from time to time. After discussion between the Board, including the Independent Board Members, and BlackRock, the Board and BlackRock agreed to a continuation of the current 26 basis point voluntary advisory fee waiver.

D. Economies of Scale: The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of each Fund increase, including the existence of fee waivers and/or expense caps, as applicable, noting that any contractual fee waivers and contractual expense caps had been approved by the Board. In its consideration, the Board further considered the continuation and/or implementation of fee waivers and/or expense caps, as applicable. The Board also considered the extent to which each Fund benefits from such economies of scale in a variety of ways, and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable each Fund to more fully participate in these economies of scale. The Board considered each Fund's asset levels and whether the current fee schedule was appropriate.

E. Other Factors Deemed Relevant by the Board Members: The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with each Fund, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and its risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to each Fund, including for administrative, distribution, securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third-party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreements, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the open-end fund marketplace, and that shareholders are able to redeem their Fund shares if they believe that each Fund's fees and expenses are too high or if they are dissatisfied with the performance of each Fund.

Conclusion

The Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreements between the Manager and the Company, on behalf of each Fund, for a one-year term ending June 30, 2022, and the Sub-Advisory Agreements between the Manager and the Sub-Advisor, with respect to each Fund, for a one-year term ending June 30, 2022. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreements were fair and reasonable and in the best interest of each Fund and its shareholders. In arriving at its decision to approve the Agreements, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Additional Information

Regulation Regarding Derivatives

On October 28, 2020, the Securities and Exchange Commission (the "SEC") adopted new regulations governing the use of derivatives by registered investment companies ("Rule 18f-4"). The Funds will be required to implement and comply with Rule 18f-4 by August 19, 2022. Once implemented, Rule 18f-4 will impose limits on the amount of derivatives a fund can enter into, eliminate the asset segregation framework currently used by funds to comply with Section 18 of the 1940 Act, treat derivatives as senior securities and require funds whose use of derivatives is more than a limited specified exposure amount to establish and maintain a comprehensive derivatives risk management program and appoint a derivatives risk manager.

General Information

Quarterly performance, semi-annual and annual reports and other information regarding the Funds may be found on BlackRock's website, which can be accessed at blackrock.com. Any reference to BlackRock's website in this report is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

Householding

The Funds will mail only one copy of shareholder documents, including prospectuses, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 441-7762.

Availability of Quarterly Schedule of Investments

The Funds (except BlackRock Government Money Market V.I. Fund) file their complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to their reports on Form N-PORT. The Funds' Forms N-PORT are available on the SEC's website at **sec.gov**.

The BlackRock Government Money Market V.I. Fund files its complete schedule of portfolio holdings with the SEC each month on Form N-MFP. The Fund's reports on Form N-MFP are available on the SEC's website at **sec.gov**. The Fund makes portfolio holdings available to shareholders on its website at **blackrock.com**.

Availability of Proxy Voting Policies, Procedures and Voting Records

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available without charge, upon request (1) by calling (800) 441-7762; (2) on the BlackRock website at **blackrock.com/prospectus/insurance**; and (3) on the SEC's website at **sec.gov**.

BlackRock's Mutual Fund Family

BlackRock offers a diverse lineup of open-end mutual funds crossing all investment styles and managed by experts in equity, fixed-income and tax-exempt investing. Visit **blackrock.com** for more information.

Shareholder Privileges

Account Information

Call us at (800) 441-7762 from 8:00 AM to 6:00 PM ET on any business day to get information about your account balances, recent transactions and share prices. You can also visit **blackrock.com** for more information.

Automatic Investment Plans

Investor class shareholders who want to invest regularly can arrange to have $50 or more automatically deducted from their checking or savings account and invested in any of the BlackRock funds.

Systematic Withdrawal Plans

Investor class shareholders can establish a systematic withdrawal plan and receive periodic payments of $50 or more from their BlackRock funds, as long as their account balance is at least $10,000.

Retirement Plans

Shareholders may make investments in conjunction with Traditional, Rollover, Roth, Coverdell, Simple IRAs, SEP IRAs and 403(b) Plans.

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

Fund and Service Providers

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North Asia Limited [(b)]
Hong Kong

BlackRock (Singapore) Limited [(c)]
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Transfer Agent
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Custodians
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Independent Registered Public Accounting Firm
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(a) For BlackRock High Yield V.I. Fund, BlackRock International V.I. Fund, BlackRock Managed Volatility V.I. Fund, BlackRock Total Return V.I. Fund and BlackRock U.S. Government Bond V.I. Fund.

(b) For BlackRock Managed Volatility V.I. Fund.

(c) For BlackRock Global Allocation V.I. Fund, BlackRock Managed Volatility V.I Fund and BlackRock Total Return V.I. Fund.

(d) For BlackRock 60/40 Target Allocation ETF V.I. Fund, BlackRock Advantage Large Cap Core V.I. Fund, BlackRock Advantage Large Cap Value V.I. Fund, BlackRock Advantage SMID Cap V.I. Fund, BlackRock Basic Value V.I. Fund, BlackRock Capital Appreciation V.I. Fund, BlackRock Equity Dividend V.I. Fund, BlackRock Government Money Market V.I. Fund, BlackRock High Yield V.I. Fund, BlackRock International Index V.I. Fund, BlackRock Managed Volatility V.I. Fund, BlackRock S&P 500 Index V.I. Fund, BlackRock Small Cap Index V.I. Fund, BlackRock Total Return V.I. Fund and BlackRock U.S. Government Bond V.I. Fund.

(e) For BlackRock Global Allocation V.I. Fund, BlackRock International V.I. Fund and BlackRock Large Cap Focus Growth V.I. Fund.

(f) For BlackRock 60/40 Target Allocation ETF V.I. Fund, BlackRock Advantage Large Cap Core V.I. Fund, BlackRock Advantage Large Cap Value V.I. Fund, BlackRock Advantage SMID Cap V.I. Fund, BlackRock Basic Value V.I. Fund, BlackRock Capital Appreciation V.I. Fund, BlackRock Equity Dividend V.I. Fund, BlackRock Global Allocation V.I. Fund, BlackRock Government Money Market V.I. Fund, BlackRock International V.I. Fund, BlackRock International Index V.I. Fund, BlackRock Large Cap Focus Growth V.I. Fund, BlackRock Managed Volatility V.I. Fund, BlackRock S&P 500 Index V.I. Fund and BlackRock Small Cap Index V.I. Fund.

(g) For BlackRock High Yield V.I. Fund, BlackRock Total Return V.I. Fund and BlackRock U.S. Government Bond V.I. Fund.

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This report is only for distribution to shareholders of the Funds of BlackRock Variable Series Funds, Inc. and BlackRock Variable Series Funds II, Inc. Past performance results shown in this report should not be considered a representation of future performance. Investment return and principal value of non-money market fund shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. You could lose money by investing in the Funds. Although BlackRock Government Money Market V.I. Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in BlackRock Government Money Market V.I. Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. BlackRock Government Money Market V.I. Fund's sponsor has no legal obligation to provide financial support to the Fund at any time. Performance data quoted represents past performance and does not guarantee future results. Total return information assumes reinvestment of all distributions. Current performance may be higher or lower than the performance data quoted. For current month-end performance information, call (800) 626-1960. BlackRock Government Money Market V.I. Fund's current 7-day yield more closely reflects the current earnings of the Fund than the total returns quoted. Statements and other information herein are as dated and are subject to change.

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