

Annual Report | December 31, 2023

Vanguard Variable Insurance Funds

Real Estate Index Portfolio

See the inside front cover for important information about your fund's annual and semiannual shareholder reports.

Important information about shareholder reports

Beginning in July 2024, amendments adopted by the Securities and Exchange Commission will substantially impact the design, content, and transmission of shareholder reports. Shareholder reports will provide fund information in a clear and concise format and must be mailed to each shareholder that has not elected to receive the reports electronically. Financial statements will no longer be included in the shareholder report but will be available on vanguard.com, can be mailed upon request, or can be accessed on the SEC website at www.sec.gov.

You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to vanguard.com.

Contents

€ The financial markets delivered very robust returns for the 12 months ended December 31, 2023. The Real Estate Index Portfolio returned 11.70%. Its expense-free benchmark returned 11.96%.

€ With inflation continuing to ease, a number of major central banks left off hiking interest rates. Global growth, employment, and consumer spending showed resilience, but the prospect of rates remaining high for an extended period spurred volatility at

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For

Portfolio Allocation

As of December 31, 2023

Data Center REITs	7.5%
Diversified Real Estate Activities	0.2
Diversified REITs	2.1
Health Care REITs	7.9
Hotel & Resort REITs	2.8
Industrial REITs	12.8
Multi-Family Residential REITs	8.4
Office REITs	4.7
Other Specialized REITs	6.3
Real Estate Development	0.3
Real Estate Operating Companies	0.3
Real Estate Services	7.0
Retail REITs	12.8
Self-Storage REITs	7.0
Single-Family Residential REITs	4.5
Telecom Tower REITs	12.9
Timber REITs	2.5

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

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

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

The portfolio files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The portfolio's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value (\$'000)		Shares	Market Value (\$'000)
Equity Real Estate Investment Trusts (REITs) (91.4%)			Terreno Realty Corp.		
Data Center REITs (7.4%)			LXP Industrial Trust		
Equinix Inc.	63,622	51,241	Innovative Industrial Properties Inc.	22,993	2,388
Digital Realty Trust Inc.	247,855	33,356	Plymouth Industrial REIT Inc.	32,676	787
		84,597	Industrial Logistics Properties Trust	45,418	3,211
Diversified REITs (2.1%)			Multi-Family Residential REITs (8.3%)		
WP Carey Inc.	174,890	11,335	AvalonBay Communities Inc.	116,335	21,780
Essential Properties Realty Trust Inc.	127,930	3,270	Equity Residential	294,967	18,040
Broadstone Net Lease Inc.	153,552	2,644	Essex Property Trust Inc.	52,582	13,037
Global Net Lease Inc.	160,663	1,599	Mid-America Apartment Communities Inc.	95,410	12,829
Alexander & Baldwin Inc.	59,240	1,127	UDR Inc.	256,353	9,816
Empire State Realty Trust Inc.			Camden Property Trust	87,469	8,685
Class A	111,791	1,083	Apartment Income REIT Corp.		
American Assets Trust Inc.	39,839	897	Class A	121,587	4,223
Armada Hoffer Properties Inc.	55,416	685	Independence Realty Trust Inc.	184,252	2,819
Gladstone Commercial Corp.	32,863	435	Elme Communities	72,365	1,057
One Liberty Properties Inc.	14,176	310	Veris Residential Inc.	60,738	955
¹ NexPoint Diversified Real Estate Trust	26,996	215	Apartment Investment & Management Co.		
		23,600	Class A	108,831	852
Health Care REITs (7.9%)			Centerspace		
Welltower Inc.	424,790	38,303	NexPoint Residential Trust Inc.	12,341	718
Ventas Inc.	329,553	16,425		18,933	652
Healthpeak Properties Inc.	447,576	8,862			95,463
Omega Healthcare Investors Inc.	200,754	6,155	Office REITs (4.7%)		
Healthcare Realty Trust Inc.			Alexandria Real Estate Equities Inc.	134,510	17,052
Class A	310,489	5,350	Boston Properties Inc.	121,850	8,550
Sabra HealthCare REIT Inc.	189,576	2,705	Vornado Realty Trust	132,792	3,752
Physicians Realty Trust	195,508	2,602	Kilroy Realty Corp.	91,273	3,636
Medical Properties Trust Inc.	490,631	2,409	Cousins Properties Inc.	124,443	3,030
National Health Investors Inc.	35,590	1,988	SL Green Realty Corp.	52,793	2,385
CareTrust REIT Inc.	81,555	1,825	COPT Defense Properties	92,266	2,365
LTC Properties Inc.	33,813	1,086	Highwoods Properties Inc.	86,497	1,986
Global Medical REIT Inc.	50,782	564	Douglas Emmett Inc.	136,751	1,982
Community Healthcare Trust Inc.	20,671	551	Equity Commonwealth	89,904	1,726
Diversified Healthcare Trust	138,485	518	JBG SMITH Properties	80,556	1,370
Universal Health Realty Income Trust	10,661	461	Easterly Government Properties Inc.		
		89,804	Class A	76,498	1,028
Hotel & Resort REITs (2.8%)			Hudson Pacific Properties Inc.		
Host Hotels & Resorts Inc.	582,909	11,349	Brandywine Realty Trust	104,621	970
Ryman Hospitality Properties Inc.	46,508	5,119		140,198	757
Apple Hospitality REIT Inc.	178,216	2,960	Piedmont Office Realty Trust Inc.		
Park Hotels & Resorts Inc.	176,886	2,706	Class A	101,446	721
Sunstone Hotel Investors Inc.	161,106	1,729	Paramount Group Inc.	133,678	691
Diamond Rock Hospitality Co.	171,868	1,614	Peakstone Realty Trust	29,498	588
Pebblebrook Hotel Trust	98,796	1,579	Office Properties Income Trust	40,122	294
RLJ Lodging Trust	129,119	1,533	Orion Office REIT Inc.	44,884	257
Xenia Hotels & Resorts Inc.	87,745	1,195	NET Lease Office Properties	11,801	218
Service Properties Trust	134,979	1,153	City Office REIT Inc.	32,893	201
Summit Hotel Properties Inc.	87,436	587	Franklin Street Properties Corp.	68,101	174
Chatham Lodging Trust	39,660	425			53,733
		31,929	Other Specialized REITs (6.2%)		
Industrial REITs (12.7%)			VICI Properties Inc.		
Prologis Inc.	756,476	100,838	Class A	830,005	26,461
Rexford Industrial Realty Inc.	168,739	9,466	Iron Mountain Inc.	238,827	86,428
East Group Properties Inc.	37,219	6,831			8,2728 (Mount) 7Lher
Americold Realty Trust Inc.	220,709	6,681			
STAG Industrial Inc.	146,628	5,757			
First Industrial Realty Trust Inc.	107,960	5,686			

	Shares	Market Value (\$000)
Uniti Group Inc.	194,792	1,126
Safehold Inc.	37,963	888
Farmland Partners Inc.	38,037	475
Gladstone Land Corp.	28,267	408
		<u>70,891</u>
Retail REITs (12.7%)		
Simon Property Group Inc.	267,893	38,212
Realty Income Corp.	580,431	33,328
Kimco Realty Corp.	507,146	10,807
Regency Centers Corp.	135,806	9,099

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
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Long Futures Contracts				
Dow Jones U.S. Real Estate Index	March 2024	3	107	7

Over-the-Counter Total Return Swaps

Reference Entity	Termination
	Da024n33j -0.3258o60y

Statement of Assets and Liabilities

As of December 31, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$1,218,475)	1,132,298
Affiliated Issuers (Cost \$6,927)	6,926
Total Investments in Securities	1,139,224
Investment in Vanguard	35
Cash	10
Cash Collateral Pledged Futures Contracts	12
Receivables for Accrued Income	5,178
Receivables for Capital Shares Issued	151
Total Assets	1,144,610
Liabilities	
Payables for Investment Securities Purchased	1,123
Collateral for Securities Loan	
Payables for Capital Shares Redeemed	559
Payables to Vanguard	130
Variation Margin Payable Futures Contracts	1
Unrealized Depreciation Over-the-Counter Swap Contracts	114
Total Liabilities	1,927
Net Assets	1,142,683

1 Includes less than \$1,000 of securities on loan.

At December 31, 2023, net assets consisted of:

Paid-in Capital	1,166,404
Total Distributable Earnings (Loss)	(23,721)
Net Assets	1,142,683
Net Assets	
Applicable to 95,850,565 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	1,142,683
Net Asset Value Per Share	\$11.92

Statement of Changes in Net Assets

	Year Ended December 31,	
	2023 (\$000)	2022 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	31,862	28,122
Realized Net Gain (Loss)	30,041	49,985
Change in Unrealized Appreciation (Depreciation)	59,739	(476,1
Net Increase(Decrease) in Net Assets Resulting from Operations	121,642	(398,078)
Distributions		
Total Distributions	(77,195)	(77,984)
Capital Share Transactions		
Issued	98,954	14795
Issued in Lieu of Cash Distributions	77,195	77,984
Redeemed	(171,797)	(193,133)
Net Increase(Decrease) from Capital Share Transactions	4,352	32,046
Total Increase(Decrease)	48,799	(444,016)
Net Assets		
Beginning of Period	1,093,884	1,537,900
End of Period	1,142,683	1,093,884

The Real Estate Index Portfolio, a portfolio of Vanguard Variable I

decline below a certain level, triggering a payment by the portfolio if the portfolio is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the portfolio has pledged. Any securities pledged as collateral for open contracts are noted in the Schedule of Investments. The value of collateral received or pledged is compared daily to the value of the swap contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

The notional amounts of swap contracts are not recorded in the Statement of Assets and Liabilities. Swaps are valued daily based on market quotations received from independent pricing services or recognized dealers and the change in value is recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement

In accordance with an exemptive order (the Order) from the SEC, the portfolio may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the Interfund

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

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

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To the Board of Trustees of Vanguard Variable I

Tax information (unaudited)

The portfolio hereby designates \$39,000 if subsequently determined to be different, the maximum amount allowable by law, of interest earned from obligations of the U.S. government which is generally exempt from state income tax.

The portfolio distributed \$49,995,000 as capital dividends (from net long-term capital gains) to shareholders (from) dividend income

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

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

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund's name, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-4477, or online at vanguard.com.

Interested Trustee

Mortimer J. Buckley

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

Independent Trustees

Tara Bunch

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

Emerson U. Fullwood

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

F. Joseph Loughrey

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

Mark Loughridge

Born in 1953. Trustee since March 2021. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004-2013), senior vice president and general manager (2002-2004) of IBM Global Financing, vice president and controller (1998-2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

Scott C. Malpass

Born in 1962. Trustee since March 2021. Principal occupation(s) during the past five years and other experience: co-founder and managing partner (2022 present) of Crafton Street Partners (investment advisory firm); chief investment officer (retired 2020) and vice president (retired 2020) of the University of Notre Dame. Chair of the board of Catholic Investment Services, Inc. (investment advisors). Member of the board of superintendence of the Institute for the Works of Religion, the Notre Dame 403(b) Investment Committee, and the board of directors of Paxos Trust Company (finance).

Deanna Mulligan

Born in 1963. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: chief executive officer of Purposeful (advisory firm for CEOs and C-level executives; 2021 present). Board chair (2020 present), chief executive officer (2011-2020), and president (2010-2009) of the Guardian Life Insurance Company of America. Chief operating officer (2010-2011) and executive vice president (2008-2010) of Individual Life and Disability of the Guardian Life Insurance Company of America. Director of DuPont. Member of the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, and the New York-Presbyterian Hospital.

Andr  F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011); chief investment officer and partner of HighVista Strategies (private investment firm). Member of the board of RIT Capital Partners (investment firm).

Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014-2017) of the United States Department of the Treasury. Governor (2010-2014) of the Federal Reserve Board. Commissioner (2007-2010) of financial regulation for the State of Maryland. Colin W. Brown Distinguished Proff

Vanguard