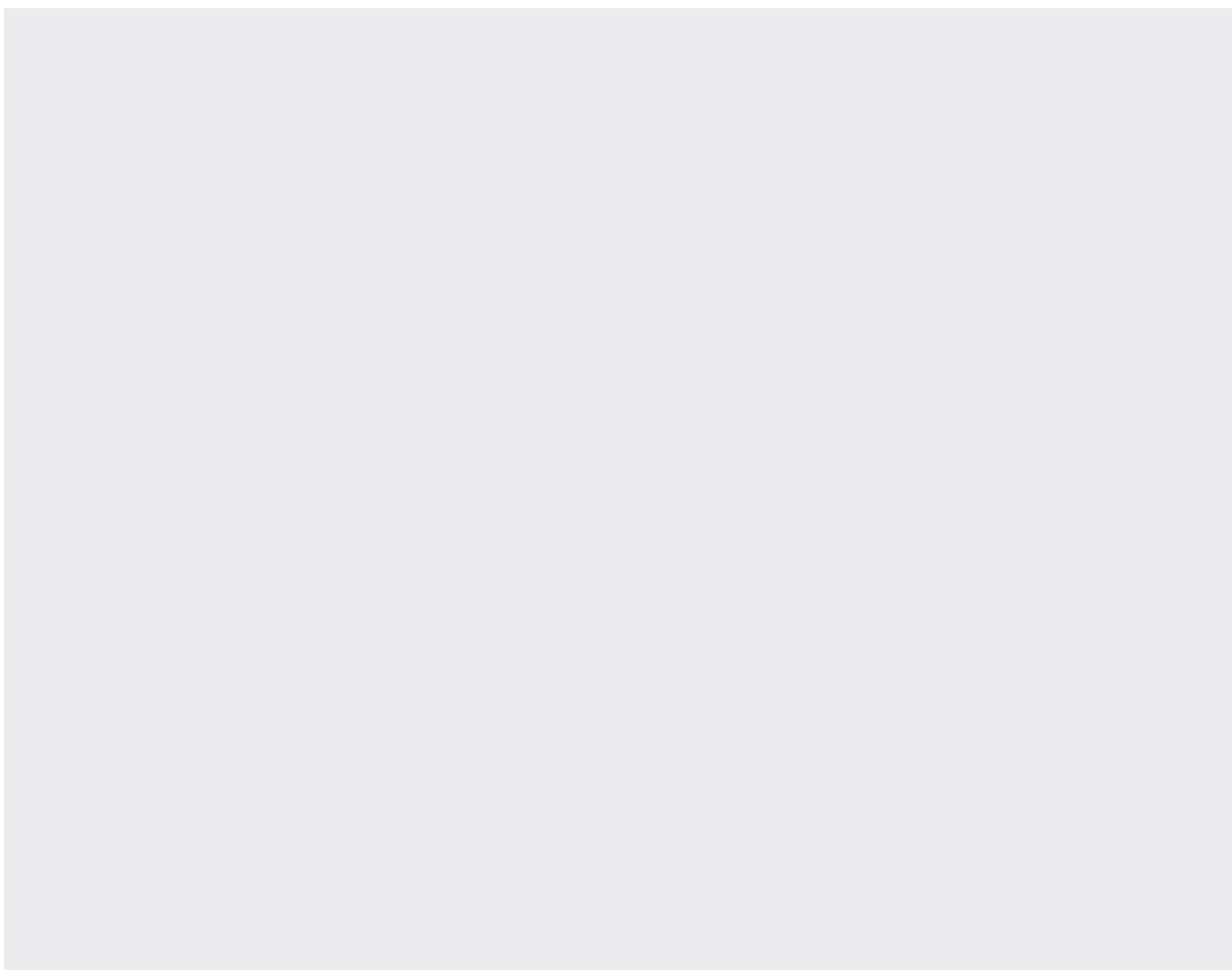
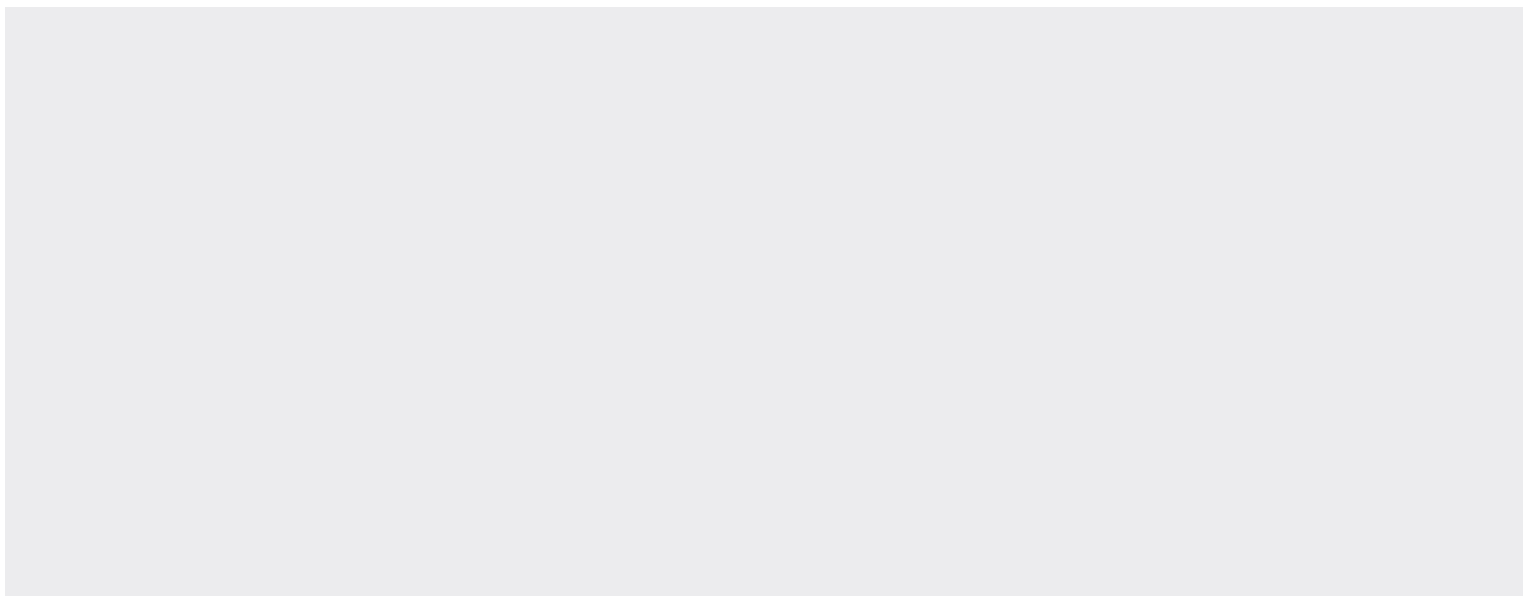


**Van**



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As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an in

# Mid-Cap Index Portfolio

## Portfolio Allocation

As of June 30, 2023

Basic Materials	3.8%
Consumer Discretionary	14.1
Consumer Staples	5.0
Energy	5.1
Financials	11.8
Health Care	11.1
Industrials	17.5
Real Estate	8.6
Technology	14.1
Telecommunications	1.7
Utilities	7.2

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



## LPL F

	Shares	Market Value <sup>€</sup> (\$000)
Financials (11.7%)		
Arthur J Gallagher & Co.	80,500	17,675
MSCI Inc. Class A	28,529	13,388
Ameriprise Financial Inc.	39,092	12,985
Apollo Global Management Inc.	149,199	11,460
Discover Financial Services	95,442	11,152
* Arch Capital Group Ltd.	132,948	9,951
T. Rowe Price Group Inc.	84,400	9,454
Willis Towers Watson plc	39,967	9,412
State Street Corp.	119,309	8,731
Hartford Financial Services Group Inc.	116,512	8,391
American International Group Inc.	135,900	7,820
M&T Bank Corp.	62,286	7,709
Raymond James Financial Inc.	71,687	7,439
Nasdaq Inc.	147,478	7,352
Broadridge Financial Solutions Inc.	44,280	7,334
Principal Financial Group Inc.	91,164	6,914
Fifth Third Bancorp	255,766	6,704
* Market Group Inc.	4,764	6,589
LPL Financial Holdings Inc.	29,144	6,337
Regions Financial Corp.	352,593	6,283
Prudential Financial Inc.	68,600	6,052
Huntington Bancshares Inc.	542,433	5,847
Ares Management Corp. Class A	60,400	5,820
FactSet Re		

	Shares	Market Value <sup>€</sup> (\$000)
Real Estate (8.6%)		
Realty Income Corp.	252,991	15,126
Welltower Inc.	186,714	15,103
CoStar Group Inc.	153,467	13,659
Digital		

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Derivative Financial Instruments Outstanding as of Period End

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Six Months Ended  
June 30, 2023

(\$000)

Investment Income	
Income	
Dividends <sup>1</sup>	17,454
Interest <sup>2</sup>	61
Securities Lending, Net	229
Total Income	17,744
Expenses	
The Vanguard Group, Note B	
Investment Advisory Services	24
Management and Administrative	1,755
Marketing and Distribution	67
Custodian Fees	36
Shareholders' Reports	38

## Statement of Changes in Net Assets

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
	(\$000)	(\$000)
<hr/> Increase (Decrease) in Net Assets <hr/>		
Operations <hr/>		
Net Investment Income	15,819	32,440
Realized Net Gain (Loss)	4,046	41,605
Change in Unrealized Appreciation (Depreciation)	174,453	(592,924)
Net Increase (Decrease) in Net Assets Resulting from Operations	194,318	(518,879)
Distributions <hr/>		
Total Distributions	(73,871)	(277,011)
Capital Share Transactions <hr/>		
Issued	146,156	270,019
Issued in Lieu of Cash Distributions	73,871	277,011
Redeemed	(180,258)	(300,821)
Net Increase (Decrease) from Capital Share Transactions	39,769	246,209
Total Increase (Decrease)	160,216	(549,681)
Net Assets <hr/>		
Beginning of Period	2,231,266	2,780,947
End of Period	2,391,482	2,231,266

## Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended June 30,		Year Ended December 31,			
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$21.38	\$29.48	\$25.77	\$24.03	\$20.23	\$23.72
<b>Investment Operations</b>						
Net Investment Income <sup>1</sup>	.151	.319	.284	.325 <sup>2</sup>	.334	.343
Net Realized and Unrealized Gain (Loss) on Investments	1.659	(5.464)	5.642	3.047	5.621	(2.386)
Total from Investment Operations	1.810	(5.145)	5.926	3.372	5.955	(2.043)
<b>Distributions</b>						
Dividends from Net Investment Income	(.319)	(.282)	(.318)	(.344)	(.350)	(.286)
Distributions from Realized Capital Gains	(.401)	(2.673)	(1.898)	(1.288)	(1.805)	(1.161)
Total Distributions	(.720)	(2.955)	(2.216)	(1.632)	(2.155)	(1.447)
Net Asset Value, End of Period	\$22.47	\$21.38	\$29.48	\$25.77	\$24.03	\$20.23
<b>Total Return</b>	<b>8.76%</b>	<b>-18.82%</b>	<b>24.36%</b>	<b>18.07%</b>	<b>30.87%</b>	<b>-9.33%</b>
<b>Ratios/Supplemental Data</b>						
Net Assets, End of Period (Millions)	\$2,391	\$2,231	\$2,781	\$2,241	\$2,155	\$1,621
Ratio of Total Expenses to Average Net Assets	0.17%	0.17% <sup>3</sup>	0.17%	0.17%	0.17%	0.17%
Ratio of Net Investment Income to Average Net Assets	1.46%	1.39%	1.03%	1.50% <sup>2</sup>	1.49%	1.49%
Portfolio Turnover Rate	5%	16%	20%	28%	21%	21%

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

1 Calculated based on average shares outstanding.

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

3 The ratio of expenses to average net assets for the period net of reduction from fee offset arrangements was 0.17%.

The Mid-Cap Index Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows suc

collateral mitigates

At June 30, 2023, 100% of the market value of the portfolio's investments and derivatives was determined based on Level 1 inputs.

D. As of June 30, 2023, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	1,922,528
Gross Unrealized Appreciation	660,407
Gross Unrealized Depreciation	(191,676)
Net Unrealized Appreciation (Depreciation)	468,731

E. During the six months ended June 30, 2023, the portfolio purchased \$123,601,000 of investment securities and sold \$136,160,000 of investment securities, other than temporary cash investments.

The portfolio purchased securities from and sold securities to other Vanguard funds or accounts managed by Vanguard or its affiliates, in accordance with procedures adopted by the board of trustees in compliance with Rule 17a-7 of the Investment Company Act of 1940. For the six months ended June 30, 2023, such purchases were \$13,862,000 and sales were \$65,163,000, resulting in net realized loss of \$14,047,000; these amounts, other than temporary cash investments, are included in the purchases and sales of investment securities noted above.

F. Capital shares issued and redeemed were:

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
	Shares (000)	Shares (000)
Issued	6,741	11,614
Issued in Lieu of Cash Distributions	3,576	11,188
Redeemed	(8,224)	(12,791)
Net Increase (Decrease) in Shares Outstanding	2,093	10,011

G. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the portfolio's investments and portfolio performance.

To the extent the portfolio's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the portfolio may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

The use of derivatives may expose the portfolio to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can, therefore, increase volatility. Additional information regarding the portfolio's use of derivative(s) and the specific risks associated is described under significant accounting policies.

At June 30, 2023, one shareholder, (an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders) was the record or beneficial owner of 33% of the portfolio's net assets. If this shareholder were to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

H. Management has determined that no events or transactions occurred subsequent to June 30, 2023, that would require recognition or disclosure in these financial statements.

The board of trustees of Vanguard Variable Insurance Funds Mid-Cap Index Portfolio has renewed the portfolio's investment advisory arrangement with The Vanguard Group, Inc. (Vanguard), through its Equity Index Group. The board determined that continuing the portfolio's internalized management structure was in the best interests of the portfolio and its shareholders.

The board based its decision upon an evaluation of the advisor's investment staff, portfolio management process, and performance. This evaluation included information provided to the board by Vanguard's Portfolio Review Department, which is responsible for fund and advisor oversight and product management. The Portfolio Review Department met regularly with the advisor and made presentations to the board during the fiscal year that directed the board's focus to relevant information and topics.

The board, or an investment committee made up of board members, also received information throughout the year during advisor presentations. For each advisor presentation, the board was provided with letters and reports that included information about, among other things, the advisory firm and the advisor's assessment of the investment environment, portfolio performance, and portfolio formation was rmance,

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Vanguard funds (except for the money market funds) have adopted and implemented a written liquidity risk management program (the "Program") as required by Rule 22e-4 under the Investment Company Act of 1940. Rule 22e-4 requires that each fund adopt a program that is reasonably designed to assess and manage the fund's liquidity risk, which is the risk that the fund could not meet redemption requests without significant dilution of remaining investors' interests in the fund.

Assessment and management of a fund's liquidity risk under the Program take into consideration certain factors, such as the fund's investment strategy and the liquidity of its portfolio.

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