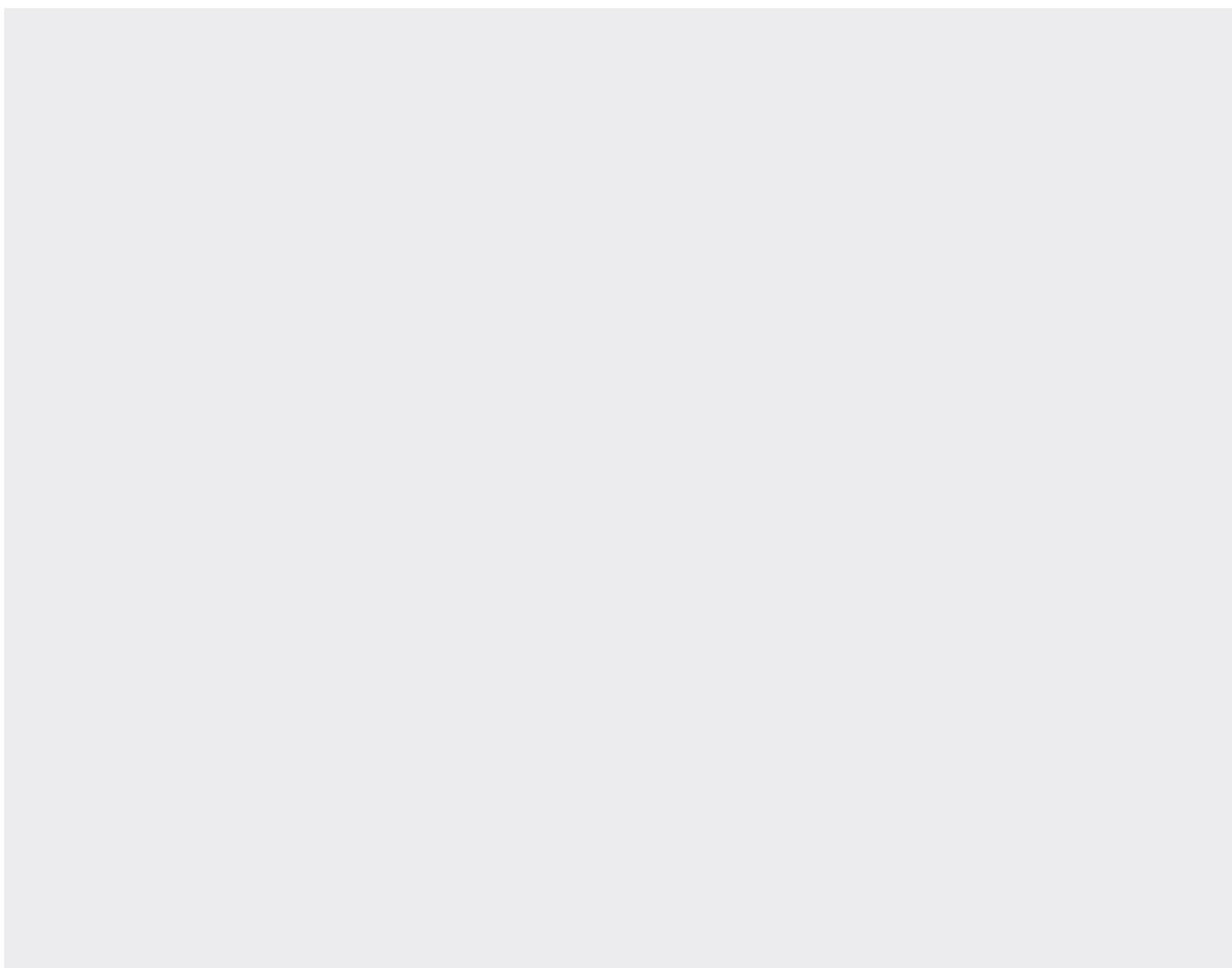
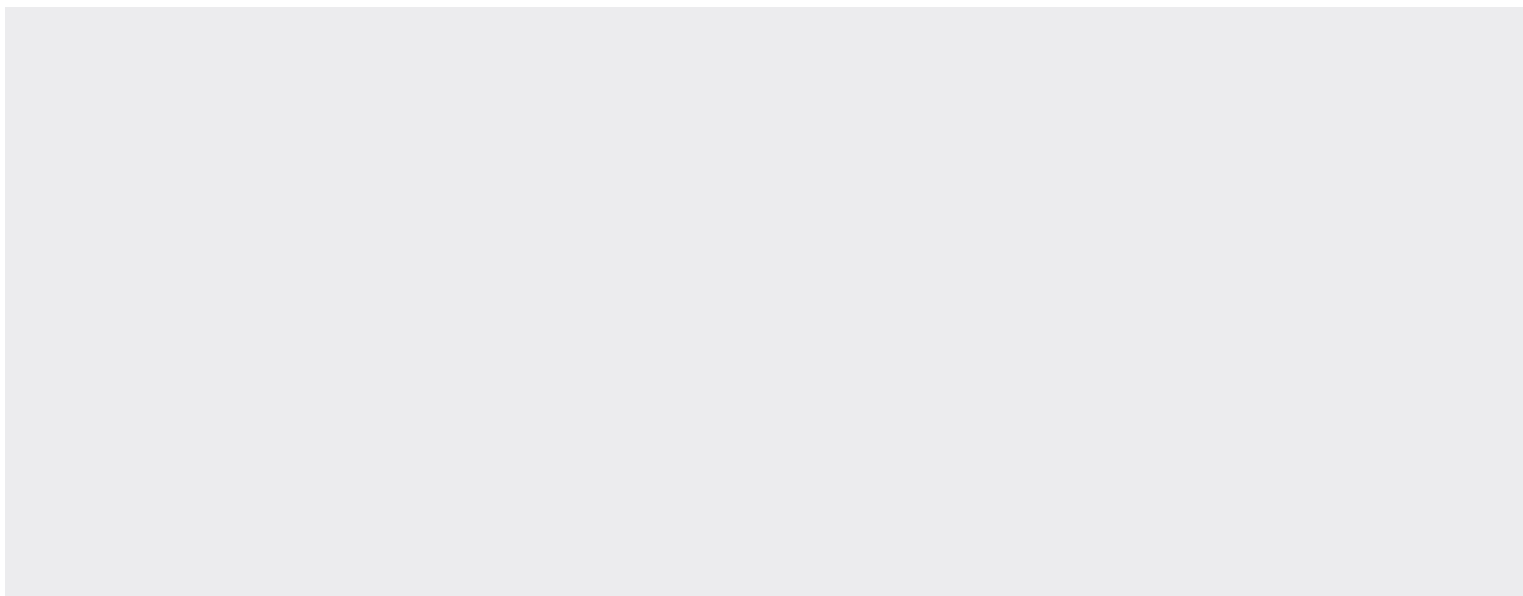


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Contents

Your Portfolio's Performance at a Glance1
Advisor's Report2
About Your Portfolio's Expenses.....4
Performance Summary5
Financial Statements7

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

Your Portfolio's Performance at a Glance

€ Despite some relief in midsummer and late fall, the 12 months ended December 31, 2022, were a volatile, challenging period for financial markets. The Balanced Portfolio returned ...14.30%, ahead of the ..6164% return of its composite benchmark.

€ Overall, the economic backdrop deteriorated as inflation soared to multidecade highs, driven by government spending during the pandemic as well as higher energy and food prices in the wake of Russia's invasion of Ukraine. That prompted aggressive tightening by many central banks to bring inflation back in check, which weighed on bond prices and increased fears of recession.

€ Equity returns were negative across all portfolio sectors except energy and utilities. Even so, poor selection in energy detracted most from the portfolio's benchmark-relative performance. Consumer discretionary stocks, buoyed by strong selection, made the largest contribution.

€ Bond returns also fell, driven in part by security selection in investment-grade credit and overweighting of securitized sectors.

€ Over the decade ended December 31, the portfolio's average annual return slightly lagged the 8.81% return of its composite benchmark.

€ Please note that the portfolio's returns are different from those in Vanguard Variable Annuity (and other plans that invest in the portfolio), which take insurance-related expenses into account.

Market Barometer

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

The Balanced Portfolio returned ...14.30% for the 12 months ended December 31, 2022, outperforming the ...16.64% return of its blended benchmark (a mix of 65% large-capitalization stocks and 35% high-quality corporate bonds). The stock and bond portions of the portfolio outperformed their benchmarks, the Standard & Poor's 500 Index and the Bloomberg U.S. Credit A or Better Bond Index, respectively.

The investment environment

Stock markets in the United States and abroad posted negative results for the year. The S&P 500 Index returned ...18.11%, the MSCI World Index returned ...17.73%, and the MSCI EAFE Index returned ...14.45%.

Amid rising geopolitical instability, tighter monetary policy to address accelerating inflation, and fears about the global economic growth outlook, volatility rose sharply during the first quarter of 2022. Russia's large-scale military attack on Ukraine forced more than 4 million people to flee Ukraine as fighting intensified and living conditions deteriorated rapidly in

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Over the year, we initiated new positions in ConocoPhillips, Honeywell, Glencore, and 15 other businesses. ConocoPhillips is a low-cost producer of oil and gas globally. We prefer Conoco over Total because of its U.S. domicile, where the risk of windfall tax and/or disruption around the Russia/Ukraine war is lower. Honeywell is a well-managed industrial conglomerate with concentrations in aerospace and

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

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your portfolio's costs in two ways:

€ Based on actual portfolio return. This section helps you to estimate the actual expenses that you paid over the period. The Ending Account Value shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your portfolio under the heading Expenses Paid During Period.

€ Based on hypothetical 5% yearly return. This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case, because the return used is not the portfolio's actual return, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare ongoing costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses, including annual expense ratios, in the Financial Statements section of this report. For additional information on ingncu1(additional)-2r.70494 3496001(o)] TJ (n) oj 9.8141670 Td (o) T [(whic)5rt

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Portfolio Allocation

As of December 31, 2022

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

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

The portfolio files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each f

	Coupon	Maturity Date	Face Amount (\$000)	Market Value [€] (\$000)
^{2,5} Home Partners of America Trust Class A Series 2021-2	1.901%	12/17/26	1,027	880
^{2,5} Horizon Aircraft Finance II Ltd. Class A Series 2019-1	3.721%	7/15/39	266	209
^{2,5} Horizon Aircraft Finance III Ltd. Class A Series 2019-2	3.425%	11/15/39	289	223
^{2,5,6}				

Balanced Portfolio

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

	Coupon	Maturity Date	Face Amount (\$000)	Market Value [€] (\$000)
American International Group Inc.	4.750%	4/1/48	640	572
American International Group Inc.	4.375%	6/30/50	375	319
Ameriprise Financial Inc.	4.500%	5/13/32	335	324
Aon Corp. / Aon Global Holdings plc	2.850%	5/28/27	550	504
⁵ Athene Global Funding	1.000%	4/16/24	685	641
⁵ Athene Global Funding	1.985%	8/19/28	10	8
⁵ Athene Global Funding	2.717%	1/7/29	980	810
⁵ Australia & New Zealand Banking Group Ltd.	2.570%	11/25/35	685	503
⁵ Aviation Capital 9c%cl (5) Tj 1.1(Capit)- 2.0upCLLC-4564.891.090%				

Coupon	Maturity Date	Face Amount
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		Coupon	Maturity Date	Face Amount (\$000)	Market Value [€] (\$000)
⁵	Temasek Financial I Ltd.	3.625%	8/1/28	1,025	980
⁵	Temasek Financial I Ltd.	2.375%	8/2/41	1,345	948
⁵	5				2

	Coupon	Maturity Date	Face Amount (\$'000)	Market Value ^e (\$'000)
Providence St. Joseph Health Obligated Group	2.700%	10/1/51	1,000	586
5 Roche Holdings Inc.	2.375%	1/28/27	1,650	1,510
5 Roche Holdings Inc.	2.607%	12/13/51	305	199
Royalty Pharma plc	3.550%	9/2/50	1,405	906
Rush Obligated Group	3.922%	11/15/29	330	298
SSM Health Care Corp.	3.823%	6/1/27	940	888
Sutter Health	2.294%	8/15/30	560	452
Thermo Fisher Scientific Inc.	1.750%	10/15/28	260	220
Thermo Fisher Scientific Inc.	2.000%	10/15/31	560	453
Thermo Fisher Scientific Inc.	4.950%	11/21/32	735	747
Toledo Hospital	5.750%	11/15/38	545	511
UnitedHealth Group Inc.	3.100%	3/15/26	430	411
UnitedHealth Group Inc.	3.850%	6/15/28	1,190	1,141
UnitedHealth Group Inc.	2.000%	5/15/30	275	228
UnitedHealth Group Inc.	2.300%	5/15/31	435	362
UnitedHealth Group Inc.	4.200%	5/15/32	335	318
UnitedHealth Group Inc.	4.625%	7/15/35	240	233
UnitedHealth Group Inc.	3.500%	8/15/39	215	176
UnitedHealth Group Inc.	2.750%	5/15/40	310	226
UnitedHealth Group Inc.	4.375%	3/15/42	1,318	1,184
UnitedHealth Group Inc.	4.250%	3/15/43	1,600	1,418
UnitedHealth Group Inc.	4.750%	7/15/45	592	559
UnitedHealth Group Inc.	4.200%	1/15/47	215	185
UnitedHealth Group Inc.	3.750%	10/15/47	145	116
UnitedHealth Group Inc.	4.250%	6/15/48	880	767
UnitedHealth Group Inc.	4.450%	12/15/48	140	125
UnitedHealth Group Inc.	3.700%	8/15/49	675	534
UnitedHealth Group Inc.	2.900%	5/15/50	2,293	1,563
UnitedHealth Group Inc.	3.250%	5/15/51	295	213
UnitedHealth Group Inc.	4.750%	5/15/52	245	227
UnitedHealth Group Inc.	5.875%	2/15/53	1,655	1,797
UnitedHealth Group Inc.	3.875%	8/15/59	615	483

75,516

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	Coupon	Maturity Date	Face Amount (\$'000)	Market Value ^e (\$'000)
Broadcom Inc.	4.150%	11/15/30	130	116
5 Broadcom Inc.	2.600%	2/15/33	710	532
Cisco Systems Inc.	2.500%	9/20/26	431	402
Intel Corp.	2.875%	5/11/24	800	779
Intel Corp.	2.000%	8/12/31	105	83
Intel Corp.	4.150%	8/5/32	437	409
Intel Corp.	4.100%	5/19/46	1,360	1,107
Intel Corp.	3.250%	11/15/49	600	409
Intel Corp.	4.750%	3/25/50	407	355
Intel Corp.	3.050%	8/12/51	1,610	1,046
Intel Corp.	4.900%	8/5/52	3,405	3,025
Intel Corp.	3.200%	8/12/61	425	268
International Business Machines Corp.	3.000%	5/15/24	2,500	2,434
International Business Machines Corp.	3.300%	5/15/26	4,500	4,283
International Business Machines Corp.	3.500%	5/15/29	2,975	2,733
International Business Machines Corp.	5.875%	11/29/32	1,010	1,076
Microsoft Corp.	2.700%	2/12/25	760	731
Microsoft Corp.	3.125%	11/3/25	435	420
Microsoft Corp.	2.400%	8/8/26	1,890	1,763
Microsoft Corp.	3.500%	2/12/35	605	548
Microsoft Corp.	3.450%	8/8/36	822	730
Microsoft Corp.	2.525%	6/1/50	3,336	2,223
Microsoft Corp.	2.921%	3/17/52	3,287	2,342
Oracle Corp.	2.950%	11/15/24	2,190	2,108
Oracle Corp.	1.650%	3/25/26	895	802
Oracle Corp.	3.250%	11/15/27	1,616	1,485
QUALCOMM Inc.	1.300%	5/20/28	744	630
QUALCOMM Inc.	2.150%	5/20/30	1,075	908
QUALCOMM Inc.	1.650%	5/20/32	1,112	858

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value [€] (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value [€] (\$000)	
	Evergy Metro Inc.	4.200%	3/15/48	137	109	PacifiCorp	4.150%	2/15/50	345	285
	Eversource Energy	2.900%	10/1/24	690	665	PacifiCorp	3.300%	3/15/51	169	122
	Eversource Energy	3.150%	1/15/25	110	106	PECO Energy Co.	4.600%	5/15/52	280	253
	Eversource Energy	3.300%	1/15/28	400	369	² PG&E Energy Recovery Funding LLC	2.280%	1/15/38	109	84
	Eversource Energy	3.375%	3/1/32	70	61	² PG&E Energy Recovery Funding LLC	2.822%	7/15/48	494	349
	Exelon Corp.	3.350%	3/15/32	540	470	PG&E Wildfire Recovery Funding LLC	5.212%	12/1/49	720	697
	Florida Power & Light Co.	5.650%	2/1/35	1,000	1,017	PG&E Wildfire Recovery Funding LLC	5.099%	6/1/54	685	652
	Florida Power & Light Co.	4.950%	6/1/35	1,000	983	Piedc6 [(05)] TJ (.099%) Tj 20.93(undd001(y)) 74.9 (y) Tjal4)-337.97 Tj1.1424 G[(1)49as				
	Florida Power & Light Co.	5.950%	2/1/38	785	835					
	Florida Power & Light Co.	5.690%	3/1/40	675	700					
	Florida Power & Light Co.	3.700%	12/1/47	480	387					
	Fortis Inc.	3.055%	10/4/26	1,195	1,110					
	Georgia Power Co.	4.700%	5/15/32	655	631					
	Georgia Power Co.	5.400%	6/1/40	205	192					
	Georgia Power Co.	4.750%	9/1/40	988	895					
	Georgia Power Co.	4.300%	3/15/42	1,076	922					
	Georgia Power Co.	3.700%	1/30/50	170	127					
	Georgia Power Co.	5.125%	5/15/52	710	669					
	Indiana Michigan Power Co.	4.250%	8/15/48	415	337					
⁵	ITC Holdings Corp.	4.950%	9/22/27	60	59					
⁵	KeySpan GasEast Corp.	2.742%	8/15/26	670	598					
⁵	Massachusetts Electric Co.	5.900%	11/15/39	585	581					
⁵	Metropolitan Edison Co.	4.300%	1/15/29	249	233					
	MidAmerican Energy Co.	4.400%	10/15/44	15	13					
	MidAmerican Energy Co.	4.250%	5/1/46	45	38					
	MidAmerican Energy Co.	4.250%	7/15/49	315	271					
	MidAmerican Energy Co.	3.150%	4/15/50	1,390	988					
⁵	Mid-Atlantic Interstate Transmission LLC	4.100%	5/15/28	220	207					
⁵	Monongahela Power Co.	5.400%	12/15/43	135	130					
	National Rural Utilities Cooperative Finance Corp.	2.950%	2/7/24	415	406					
	National Rural Utilities Cooperative Finance Corp.	2.850%	1/27/25	1,040	999					
	Nevada Power Co.	3.125%	8/1/50	380	257					
	NextEra Energy Capital Holdings Inc.	3.550%	5/1/27	880	830					
	NextEra Energy Capital Holdings Inc.	1.900%	6/15/28	670	573					
	NextEra Energy Capital Holdings Inc.	3.500%	4/1/29	390	355					
	NextEra Energy Capital Holdings Inc.	2.750%	11/1/29	590	511					
	NextEra Energy Capital Holdings Inc.	2.250%	6/1/30	1,225	1,008					
	NextEra Energy Capital Holdings Inc.	5.000%	7/15/32	135	133					
⁵	Niagara Mohawk Power Corp.	4.278%	12/15/28	1,000	923					
⁵	Niagara Mohawk Power Corp.	3.025%	6/27/50	540	332					
	NiSource Inc.	5.250%	2/15/43	390	369					
	NiSource Inc.	4.800%	2/15/44	255	225					
	NiSource Inc.	5.000%	6/15/52	2,036	1,858					
	Northern States Power Co.	2.250%	4/1/31	145	120					
	Northern States Power Co.	6.250%	6/1/36	2,000	2,154					
	Northern States Power Co.	4.500%	6/1/52	110	100					
^{2.5}	Oglethorpe Power Corp.	6.191%	1/1/31	1,065	1,072					
	Oglethorpe Power Corp.	5.950%	11/1/39	170	164					
	Oglethorpe Power Corp.	4.550%	6/1/44	50	38					
	Oglethorpe Power Corp.	4.250%	4/1/46	537	392					
⁵	Oglethorpe Power Corp.	4.500%	4/1/47	115	92					
	Oglethorpe Power Corp.	5.050%	10/1/48	65	56					
	Oglethorpe Power Corp.	5.250%	9/1/50	630	554					
⁵	Oncor Electric Delivery Co. LLC	4.150%	6/1/32	150	143					
⁵	Oncor Electric Delivery Co. LLC	4.550%	9/15/32	670	656					
	Oncor Electric Delivery Co. LLC	4.550%	12/1/41	75	69					
	Oncor Electric Delivery Co. LLC	2.700%	11/15/51	355	233					
⁵	Oncor Electric Delivery Co. LLC	4.600%	6/1/52	670	617					
⁵	Oncor Electric Delivery Co. LLC	4.950%	9/15/52	630	613					
	PacifiCorp	6.250%	10/15/37	2,000	2,125					
	PacifiCorp	4.125%	1/15/49	26	21					

	Coupon	Maturity Date	Face Amount (\$000)	Market Value [€] (\$000)
⁵ State of Qatar	4.400%	4/16/50	430	393
United Mexican States	4.400%	2/12/52	890	655
Total Sovereign Bonds (Cost \$9,451)				8,393
Taxable Municipal Bonds (1 .5%)				
Alabama Federal Aid Highway Finance Authority Government Fund/Grant Revenue	2.650%	9/1/37	160	119
Bay Area Toll Authority Highway Revenue	2.574%	4/1/31	450	394
Bay Area Toll Authority Highway Revenue	6.263%	4/1/49	60	68
Bay Area Toll Authority Highway Revenue	7.043%	4/1/50	820	1,008
Broward FL Airport System Port, Airport & Marina Revenue	3.477%	10/1/43	300	227
California GO	7.500%	4/1/34	155	187
California GO	7.350%	11/1/39	1,550	1,892
California Health Facilities Financing Authority Intergovernmental Agreement Revenue	4.190%	6/1/37	175	156
California State University College & University Revenue	2.719%	11/1/52	350	236
California State University College & University Revenue	2.939%	11/1/52	445	301
Chicago O'Hare International Airport Port, Airport & Marina Revenue	6.395%	1/1/40	155	173
Chicago Transit Authority Sales & Transfer Tax Receipts Sales Tax Revenue	6.899%	12/1/40	1,730	1,918
Chicago Transit Authority Sales & Transfer Tax Receipts Sales Tax Revenue	6.899%	12/1/40	800	887
Chicago Transit Authority Sales Tax Receipts Fund Sales Tax Revenue	6.200%	12/1/40	550	592
Commonwealth of Massachusetts GO	4.110%	7/15/31	570	550
Commonwealth of Massachusetts GO	2.514%	7/1/41	270	194
Dallas Fort Worth International Airport Port, Airport & Marina Revenue	2.843%	11/1/46	515	370
Dallas Fort Worth International Airport Port, Airport & Marina Revenue	4.087%	11/1/51	75	63
Dallas-FortWorth International Airport Port, Airport & Marina Revenue	3.089%	11/1/40	220	171
Dallas-FortWorth International Airport Port, Airport & Marina Revenue	4.507%	11/1/51	535	481
Florida State Board of Administration Finance Corp. Miscellaneous Revenue	1.705%	7/1/27	925	805
Foothill-Eastern Transportation Corridor Agency Highway Revenue	4.094%	1/15/49	155	117

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

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

Cost is in \$000.

€ See Note A in Notes to Financial Statements.

* Non-income-producing security

1 Securities with a value of \$391,000 have been segregated for open futures contracts.

2 The average or expected maturity is shorter than maturity shown because of the possibility of interim principal payments.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

(\$000)

Expiration
Number of
Long (Short)
Contracts

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Statement of Operations

Year Ended
December 31, 2022
(\$000)

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

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

² Realized

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

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$3,142	\$3,787	\$3,346	\$3,267	\$2,708
Ratio of Total Expenses to Average Net Assets ²	0.21% ³	0.20%	0.20%	0.21%	0.21%
Ratio of Net Investment Income to Average Net Assets ⁴					

(folns00 Tc 5.4879 0 45178ense ss00 Tc 5iP378(S 495T e5706a nuk78(R)) TJ Tc 7.00439 0 7.00435 0 Td (N) Tj0i8 TJ7621%) 4Td [399 55(33d [399 55(49d [399 5

The Balanced Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of

4. Mortgage Dollar Rolls: The portfolio enters into mortgage-dollar-roll transactions, in which the portfolio sells mortgage-backe

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

Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. The notional amounts of the contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are terminated.

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counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

The notional amounts of swap contracts are not recorded in the Statement of Assets and Liabilities. Swaps are valued daily based on market quotations received from independent pricing services or recognized dealers and the change in value is recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the seller of credit protection is required to take delivery (or, in a cash settled swap, pay the settlement amount determined) upon occurrence of a credit event, periodic payments are made, or the swap y

Level 2, Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3, Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

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

	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Total (\$'000)
Investments				
Assets				
Common Stocks	1,909,152	144,748	"	2,053,900
U.S. Government and Agency Obligations	"	277,653	"	277,653
Asset-Backed/Commercial Mortgage-Backed Securities	"	24,725	"	24,725
Corporate Bonds	"	70,056	"	70,056
Sovereign Bonds	"	8,393	"	8,393
Taxable Municipal Bonds	"	48,198	"	48,198
Temporary Cash Investments	11	29,600	"	29,611
Total	1,909,163	1,233,373	"	3,142,536
Derivative Financial Instruments				
Assets				
Futures Contracts ¹	143	"	"	143
Liabilities				
Futures Contracts ¹	13	"	"	13

¹ Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments.

Investments: 1,909,163; Level 2: 1,233,373; Level 3: -; Total: 3,142,536. Derivatives: 143 (Assets); 13 (Liabilities); Total: 130. Total: 3,142,666.

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Balanced Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2022, the related statement of operations for the year ended December 31, 2022, the statement of changes in net assets for each of the two years in the period ended December 31, 2022, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2022 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2022, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2022 and the financial highlights for each of the five years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2022 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 16, 2023

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

Tax information (unaudited)

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

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

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

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

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

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 206 Vanguard funds.

Information for each trustee and executive officer is available at www.vanguard.com.

Executive Officers

Jacqueline Angell

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

Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2021...present) and treasurer (2017...2022) of each of the investment companies served by Vanguard. Partner (2005...2017) at KPMG (audit, tax, and advisory services).

John Galloway

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

Ashley Grim

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

Peter Mahoney

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

Anne E. Robinson

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

Michael Rollings

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

Vanguard Senior Management Team

- | | |
|---------------------|--------------------|
| Matthew Benchener | Thomas M. Rampulla |
| Joseph Brennan | Karin A. Risi |
| Mortimer J. Buckley | Anne E. Robinson |
| Gregory Davis | Michael Rollings |
| John James | Nitin Tandon |
| Chris D. McIsaac | Lauren Valente |

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