

Annual Report | December 31, 2022

Vanguard Variable Insurance Funds

Moderate Allocation Portfolio

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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. The Moderate Allocation Portfolio has no direct expenses, but bears its proportionate share of the costs for the underlying funds in which it invests. These indirect expenses make up the acquired fund fees and expenses, also expressed as a percentage of average net assets. 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 costs were calculated using the acquired fund fees and expenses for the Moderate Allocation Portfolio.

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.

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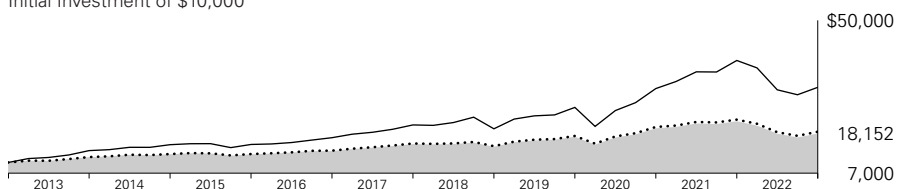
Moderate Allocation Portfolio

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio's returns would be lower.

Cumulative Performance: December 31, 2012, Through December 31, 2022

Initial Investment of \$10,000



Average Annual Total Returns
Periods Ended December 31, 2022

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
■ Moderate Allocation Portfolio	-15.93%	3.65%	6.14%	\$18,152
..... Moderate Allocation Composite Index	-15.46	3.98	6.43	18,657
— Dow Jones U.S. Total Stock Market Float Adjusted Index	-19.53	8.65	12.03	31,151

Moderate Allocation Composite Index: Weighted 36% S&P Total Market Index, 28% Bloomberg U.S. Aggregate Float Adjusted Index, 24% FTSE Global All Cap ex US Index, and 12% Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) as of April 1, 2017. Weighted 42% S&P Total Market Index, 32% Bloomberg U.S. Aggregate Float Adjusted Index, 18% FTSE Global All Cap ex US Index, and 8% Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) through March 31, 2017. Previously, the composite was weighted 42% S&P Total Market Index, 40% Bloomberg U.S. Aggregate Float Adjusted Index, and 18% MSCI ACWI ex USA IMI Index through June 2, 2013.

Underlying Vanguard Funds

As of December 31, 2022

Vanguard Variable Insurance Funds Index Portfolio	Equity	30.1%
Vanguard Variable Insurance Funds Bond Market Index Portfolio	Total	28.1
Vanguard Total International Stock Index Fund Admiral Shares		24.5
Vanguard Total International Bond Index Fund Admiral Shares		11.9
Vanguard Extended Market Index Fund Admiral Shares		5.4

The table reflects the portfolio's investments, except for short-term investments.

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value Affiliated Funds (Cost \$577,000)	550,344
Receivables for Investment Securities Sold	949
Receivables for Capital Shares Issued	578
Total Assets	551,871
Liabilities	
Due to Custodian	949
Payables for Capital Shares Redeemed	445
Total Liabilities	1,394
Net Assets	550,477

At December 31, 2022, net assets consisted of:

Paid-in Capital	547,054
Total	423,394

	Year Ended December 31,	
	2022 (\$000)	2021 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	12,064	14,770
Realized Net Gain (Loss)	18,775	29,914
Change in Unrealized Appreciation (Depreciation)	(148,211)	22,282
Net Increase (Decrease) in Net Assets Resulting from Operations	(117,372)	66,966
Distributions		
Total Distributions	(44,976)	(34,631)
Capital Share Transactions		
Issued	60,858	87,803
Issued in Lieu of Cash Distributions	44,976	34,631
Redeemed	(134,521)	(93,222)
Net Increase (Decrease) from Capital Share Transactions	(28,687)	29,212
Total Increase (Decrease)	(191,035)	61,547
Net Assets		
Beginning of Period	741,512	679,965
End of Period	550,477	741,512

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$33.89	\$32.45	\$30.12	\$26.46	\$29.35
Investment Operations					
Net Investment Income ¹	.533	.691	.552	.720	.634
Capital Gain Distributions Received ¹	.443	.470	.184	.199	.148
Net Realized and Unrealized Gain (Loss) on Investments	(6.147)	1.977	2.976	4.106	(2.142)
Total from Investment Operations	(5.171)	3.138	3.712	5.025	(1.360)
Distributions					
Dividends from Net Investment Income	(.723)	(.496)	(.720)	(.657)	(.577)
Distributions from Realized Capital Gains	(1.346)	(1.202)	(.662)	(.708)	(.953)
Total Distributions	(2.069)	(1.698)	(1.382)	(1.365)	(1.530)
Net Asset Value, End of Period	\$26.65	\$33.89	\$32.45	\$30.12	\$26.46
Total Return	-15.93%	10.07%	13.77%	19.53%	-4.94%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$550	\$742	\$680	\$532	\$400
Ratio of Total Expenses to Average Net Assets					
Acquired Fund Fees and Expenses	0.12%	0.12%	0.12%	0.12%	0.12%
Ratio of Net Investment Income to Average Net Assets					
	1.88%	2.09%	1.89%	2.54%	2.25%
Portfolio Turnover Rate	11%	10%	26%	13%	20%

¹ Calculated based on average shares outstanding.

The Moderate Allocation 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 follows a balanced investment strategy by investing in selected Vanguard funds and portfolios to achieve its targeted allocation of assets to U.S. and international stocks, and U.S. and international bonds. Financial statements and other information about each underlying fund and portfolio are available at www.vanguard.com. 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.

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

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. Security Valuation: Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. Futures Contracts: The portfolio uses stock and bond futures contracts to a limited extent, with the objectives of maintaining full exposure to the market and maintaining its target asset allocation. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of investments held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the portfolio's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any securities pledged as initial margin for open contracts are noted in the Schedule of Investments.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized gains (losses) on futures contracts.

During the year ended December 31, 2022, the portfolio's average investments in long and short futures contracts represented less than 1% of net assets, based on the average of the notional amounts at each quarter-end during the period. The portfolio had no open futures contracts at December 31, 2022.

3. Federal Income Taxes: The portfolio intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The portfolio's tax returns are open to examination by the relevant tax authorities until expin10001(a)] TJ(n249)-278.10078.5[(of)-278.10]4.ies asypld7 0 Td(a) Tj78.12(i)] TJ(ncome.) Tj7.17(09105

agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the portfolio and Vanguard.

In accordance with an exemptive order (the "Order ") from the SEC, the portfolio may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program "), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the portfolio's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the year ended December 31, 2018, the portfolio had a net debt of \$1.04 billion, or 10.1% of net assets. The debt is primarily composed of short-term debt securities with a weighted average maturity of 0.1 years. The debt is primarily composed of short-term debt securities with a weighted average maturity of 0.1 years. The debt is primarily composed of short-term debt securities with a weighted average maturity of 0.1 years.

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2022 Amount (\$000)	2021 Amount (\$000)
Ordinary Income*	16,641	13,468
Long-Term Capital Gains	28,335	21,163
Total	44,976	34,631

* Includes short-term capital gains, if any.

As of December 31, 2022, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	577,162
Gross Unrealized Appreciation	27,975
Gross Unrealized Depreciation	(54,793)
Net Unrealized Appreciation (Depreciation)	(26,818)

E. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2022 Shares (000)	2021 Shares (000)
Issued	2,128	2,654
Issued in Lieu of Cash Distributions	1,503	1,101
Redeemed	(4,851)	(2,832)
Net Increase (Decrease) in Shares Outstanding	(1,220)	923

At December 31, 2022, one shareholder (an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders) was the record or beneficial owner of 75% of the portf

Tax information (na dited)

For corporate shareholders, 24.5%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income (dividend income plus

"Bloomberg" Bloomberg US Aggregate Flow Adjusted Index,

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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 of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at vanguard.com.

Interested Trustee¹

Mortimer J. Buckley

Board of Directors since 2013 (2013-2014) and 2015 (2015-2016) of Vanguard; 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 Vanguard.

Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000-2010) and Dow Corning (2001-2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001-2013). Member of the BMW Group Mobility (BMW) T~~1~~0.0S30 of the BMW

