

Annual Report | December 31, 2022

Vanguard Variable Insurance Funds

Real Estate Index Portfolio

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Please note: The opinions expressed in this report are not independent, objective or unbiased. They should not be considered promises or guarantees. Please read the prospectus for more information. The information in this report is based on the information provided to us by the issuer. The information in this report is not intended to be used as a basis for investment decisions. The information in this report is not intended to be used as a basis for investment decisions. The information in this report is not intended to be used as a basis for investment decisions.

€ Despite some relief in midsummer and late fall,

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.

| | |
|------------------------------------|------|
| Diversified Real Estate Activities | 0.1% |
| Diversified REITs | 3.0 |
| Health Care REITs | 7.7 |
| Hotel & Resort REITs | 2.7 |
| Industrial REITs | 12.1 |
| Office REITs | 5.5 |
| Real Estate Development | 0.3 |
| Real Estate Operating Companies | 0.4 |
| Real Estate Services | 3.8 |
| Residential REITs | 13.7 |
| Retail REITs | 13.0 |
| Specialized REITs | 37.7 |

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

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) |
|---|---------|---------------------------------------|
| Equity Real Estate Investment Trusts (REITs) (95.4%) | | |
| Diversified REITs (3.0%) | | |
| WP Carey Inc. | 169,783 | 13,269 |
| STORE Capital Corp. | 224,010 | 7,182 |
| Essential Properties Realty Trust Inc. | 124,568 | 2,924 |
| Broadstone Net Lease Inc. | 152,886 | 2,478 |
| Alexander & Baldwin Inc. | 64,652 | 1,211 |
| American Assets Trust Inc. | 44,988 | 1,192 |
| Global Net Lease Inc. | 90,754 | 1,141 |
| Empire State Realty Trust Inc. Class A | 120,872 | 815 |
| Armada Hoffer Properties Inc. | 59,264 | 681 |
| Gladstone Commercial Corp. | 34,614 | 640 |
| iStar Inc. | 74,677 | 570 |
| One Liberty Properties Inc. | 14,726 | 327 |
| NexPoint Diversified Real Estate Trust | 27,582 | 309 |
| | | 32,739 |
| Health Care REITs (7.7%) | | |
| Welltower Inc. | 407,642 | 26,721 |
| Ventas Inc. | 351,734 | 15,846 |
| Healthpeak Properties Inc. | 474,795 | 11,903 |
| Healthcare Realty Trust Inc. Class A | 335,490 | 6,465 |
| Medical Properties Trust Inc. | 526,331 | 5,863 |
| Omega Healthcare Investors Inc. | 205,568 | 5,746 |

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| | Shares | Market Value [€] (\$'000) |
|--|---------|---------------------------------------|
| Retail Opportunity Investments Corp. | 108,997 | 1,638 |
| Tanger Factory Outlet Centers Inc. | 91,250 | 1,637 |
| Urban Edge Properties | 102,701 | 1,447 |
| InvenTrust Properties Corp. | 59,063 | 1,398 |
| Getty Realty Corp. | 35,356 | 1,197 |
| Acadia Realty Trust | 82,817 | 1,188 |
| NETSTREIT Corp. | 44,016 | 807 |
| RPT Realty | 74,393 | 747 |
| Necessity Retail REIT Inc. Class A | 116,637 | 692 |
| Saul Centers Inc. | 12,456 | 507 |
| Urstadt Biddle Properties Inc. Class A | 26,104 | 495 |
| Alexander's Inc. | 2,001 | 440 |
| CBL & Associates Properties Inc. | 11,286 | 261 |
| *:1 Spirit MTA REIT | 42,040 | " |
| | | 141,869 |
| Specialized REITs (37.7%) | | |
| American Tower Corp. | 409,584 | 86,774 |
| Equinix Inc. | 80,126 | 52,485 |
| Crown Castle Inc. | 380,960 | 51,673 |
| Public Storage | 138,959 | 38,935 |
| VICI Properties Inc. | 846,958 | 27,441 |
| SBA Communications Corp. Class A | 94,908 | 26,604 |
| Digital Realty Trust Inc. | 252,932 | 25,362 |
| Weyerhaeuser Co. | 651,437 | 20,195 |
| Extra Space Storage Inc. | 117,834 | 17,343 |
| Iron Mountain Inc. | 255,943 | 12,759 |
| Gaming & Leisure Properties Inc. | 225,610 | 11,752 |
| CubeSmart | 197,293 | 7,941 |
| Life Storage Inc. | 74,137 | 7,303 |
| Lamar Advertising Co. Class A | 76,571 | 7,228 |
| Rayonier Inc. | 128,732 | 4,243 |
| PotlatchDeltic Corp. | 71,008 | 3,124 |
| National Storage Affiliates Trust | 76,831 | 2,775 |
| EPR Properties | 66,154 | 2,495 |
| Outfront Media Inc. | 123,669 | 2,050 |
| Four Corners Property Trust Inc. | 72,188 | 1,872 |
| Uniti Group 2,0572 | | |

(\$000s, except shares, footnotes, and per-share amounts)

Amount

| | Amount |
|--|-----------|
| Assets | |
| Investments in Securities, at Value ¹ | |
| Unaffiliated Issuers (Cost \$1,239,480) | 1,093,473 |
| Affiliated Issuers (Cost \$1,595) | 1,595 |
| Total Investments in Securities | 1,095,068 |
| Investment in Vanguard | 42 |

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Statement of Operations

| | Year Ended December 31, 2022 |
|---|---------------------------------|
| | (\$000) |
| Investment Income | |
| Income | |
| Dividends | 31,355 |
| Interest ¹ | 6 |
| Securities Lending, Net | 20 |
| Total Income | 31,381 |
| Expenses | |
| The Vanguard Group, Note B | |
| Investment Advisory Services | 118 |
| Management and Administrative | 2,977 |
| Marketing and Distribution | 78 |
| Custodian Fees | 27 |
| Auditing Fees | 32 |
| Shareholders' Reports | 19 |
| Trustees' Fees and Expenses | " |
| Other Expenses | 9 |
| Total Expenses | 3,260 |
| Expenses Paid Indirectly | (1) |
| Net Expenses | 3,259 |
| Net Investment Income | 28,122 |
| Realized Net Gain (Loss) | |
| Capital Gain Distributions Received | 7,041 |
| Investment Securities Sold ¹ | 43,244 |
| Futures Contracts | (300) |
| Realized Net Gain (Loss) | 49,985 |
| Change in Unrealized Appreciation (Depreciation) | |
| Investment Securities ¹ | (476,087) |
| Futures Contracts | (98) |
| Change in Unrealized Appreciation (Depreciation) | (476,185) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | (398,078) |

¹ Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company were \$5,000, less than \$1,000, and less than \$1,000, respectively. Purchases and sales were for investment purposes.

Statement of Changes in Net Assets

| | Year Ended December 31, | |
|---|-------------------------|-----------------|
| | 2022 (\$000) | 2021 (\$000) |
| Increase (Decrease) in Net Assets | | |
| Operations | | |
| Net Investment Income | 28,122 | 23,366 |
| Realized Net Gain (Loss) | 49,985 | 55,051 |
| Change in Unrealized Appreciation (Depreciation) | (476,85) | 357,888 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | (398,078) | 436,305 |
| Distributions | | |
| Total Distributions | (77,984) | (58,868) |
| Capital Share Transactions | | |
| Issued | 147,195 | 219,715 |
| Issued in Lieu of Cash Distributions | 77,984 | 58,868 |
| Redeemed | (193,133) | (195,227) |
| Net Increase (Decrease) from Capital Share Transactions | 32,046 | 83,356 |
| Total Increase (Decrease) | (444,016) | 460,793 |
| Net Assets | | |
| Beginning of Period | 1,537,900 | 1,077,107 |
| End of Period | 1,093,884 | 1,537,900 |

Financial Highlights

| For a Share Outstanding Throughout Each Period | Year Ended December 31, | | | | |
|--|-------------------------|---------|---------|---------|---------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Net Asset Value, Beginning of Period | \$16.56 | \$12.43 | \$13.74 | \$11.57 | \$13.14 |
| Investment Operations | | | | | |
| Net Investment Income ¹ | .297 | .257 | .259 | .329 | .367 |
| Net Realized and Unrealized Gain (Loss) on Investments | (4.474) | 4.553 | (1.054) | 2.874 | (1.084) |
| Total from Investment Operations | (4.177) | 4.810 | (.795) | 3.203 | (.717) |
| Distributions | | | | | |
| Dividends from Net Investment Income | (.262) | (.293) | (.316) | (.368) | (.383) |
| Distributions from Realized Capital Gains | (.591) | (.387) | (.199) | (.665) | (.470) |
| Total Distributions | (.853) | (.680) | (.515) | (1.033) | (.853) |
| Net Asset Value, End of Period | \$11.53 | \$16.56 | \$12.43 | \$13.74 | \$11.57 |
| Total Return | -26.30% | 40.21% | -4.85% | 28.81% | -5.35% |
| Ratios/Supplemental Data | | | | | |
| Net Assets, End of Period (Millions) | \$1,094 | \$1,538 | \$1,077 | \$1,242 | \$965 |
| Ratio of Total Expenses to Average Net Assets | 0.26% ² | 0.26% | 0.26% | 0.26% | 0.26% |
| Ratio of Net Investment Income to Average Net Assets | 2.25% | 1.79% | 2.19% | 2.52% | 3.04% |
| Portfolio Turnover Rate | 11% | 12% | 10% | 7% | 35% |

1 Calculated based on average shares outstanding.

2 The ratio of expenses to average net assets for the period net of reduction from fee offset arrangements was 0.26%.

The Real Estate 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

prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Va

C. The portfolio's custodian bank has agreed to reduce its fees when the portfolio maintains cash on deposit in the

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

Tax information (unaudited)

The portfolio hereby designates \$1,000, 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 \$49,627,000 as capital gain dividends (from net long-term capital gains) to shareholders during the fiscal year. The portfolio designates \$47,652,000 of its capital gain dividends as 20% rate gain distributions and \$1,975,000 as unrecaptured section 1250 gain distributions (25% rate gain).

THESE FUNDS ARE NOT SPONSORED, ENDORSED OR COINED BY MSCI INC. (•MSCIŽ), ANY OF ITS AFFILIATES DIRECT OR INDIRECT INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY INVOLVED IN, RELATED TO, COMPILING, COMPUTING OR CREATING ANY OF COLLECTIVELY, THE •MSCI PARTIESŽ). THE INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY VANGUARD. NONE OF THE MSCI PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THESE FUNDS PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FUNDS OR PARTICULARLY THE ABILITY OF ANY INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THESE FUNDS OR THE OWNERS OF THESE FUNDS. MSCI OR ITS AFFILIATES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THESE FUNDS INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING ANY OF THE MSCI PARTIES IS RESPONSIBLE FOR PARTICIPATING IN THE DETERMINATION, PRICING OR PORTFOLIO OF THESE FUNDS. NONE OF THE MSCI PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THESE FUNDS INTO CONSIDERATION IN CONNECTION WITH THE ADMINISTRATION OF THESE FUNDS.

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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 Trustee ¹

Mortimer J. Buckley

Born 1939 (Trustee since February 2019); Principal Occupation (During the Reporting Period) Director of Vanguard Group, Inc. (2019...present); 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 the

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...2000) 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 (MW) Tj -0.0S30 of the BMW

