

# 2022 Semi Annual Report (Unaudited)



Dear Shareholder,

The 12-month reporting period as of June 30, 2022 saw the emergence of significant challenges that disrupted the economic recovery and strong financial markets. The U.S. economy shrank in the first quarter of 2022, ending the run of robust growth that followed the reopening of global economies and the development of COVID-19 vaccines. Rapid changes in consumer spending led to supply constraints and elevated inflation, which reached a 40-year high. Moreover, while the foremost effect of Russia's invasion of Ukraine has been a severe humanitarian crisis, the ongoing war continued to present challenges for both investors and policymakers.

Equity prices fell, as persistently high inflation drove investors' expectations for higher interest rates, particularly weighing on relatively high-valuation growth stocks and economically sensitive small-capitalization stocks. While both large- and small-capitalization U.S. stocks fell, declines for small-capitalization U.S. stocks were particularly steep.



Performance

	Standardized 30-Day Yields <sup>(b)</sup>	Unsubsidized 30-Day Yields <sup>(b)</sup>	6-Month Total Returns <sup>(a)</sup>	Average Annual Total Returns <sup>(a)</sup>		
				1 Year	5 Years	10 Years
Class I <sup>(c)(d)</sup> . . . . .	6.78%	6.69%	(13.60)%	(12.35)%	2.35%	4.51%
Class III <sup>(c)(d)</sup> . . . . .	6.53	6.43	(13.71)	(12.56)	2.14	4.27

## Disclosure of Expenses

Shareholders of the Fund may incur the following charges: (a) transactional expenses; and (b) operating expenses, including investment advisory fees, service and distribution fees, including 12b-1 fees, acquired fund fees and expenses, and other fund expenses. The expense exam

# Schedule of Investments (unaudited)

June 30, 2022

BlackRock High Yield V.I. Fund  
(Percentages shown are based on Net Assets)

Security \_\_\_\_\_









Schedule of Investments (unaudited) (continued)

June 30, 20

BlackRock High Yield V.I. Fund  
(Percentages shown are based on Net Assets)



# Schedule of Investments (unaudited) (continued)

June 30, 2022

BlackRock High Yield V.I. Fund  
(Percentages shown are based on Net Assets)

<u>Security</u>	<u>Par (000)</u>	<u>Value</u>
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Household Durables (continued)

# Schedule of Investments (unaudited) (continued)

June 30, 2022

BlackRock High Yield V.I. Fund  
(Percentages shown are based on Net Assets)

Security	Par (000)	Value
Machinery (continued)		
EnPro Industries, Inc., 5.75%, 10/15/26 . . . USD	568	\$ 548,120
GrafTech Finance, Inc., 4.63%, 12/15/28 <sup>(c)</sup> . . .	241	195,088
Husky III Holding Ltd., 13.00%, (13.00% Cash or 13.75% PIK), 02/15/25 <sup>(c)(f)</sup> . . . . .	478	463,660
Meritor, Inc., 4.50%, 12/15/28 <sup>(c)</sup> . . . . .	122	117,464
Mueller Water Products, Inc., 4.00%, 06/15/29 <sup>(c)</sup>	210	183,191
OT Merger Corp., 7.88%, 10/15/29 <sup>(c)</sup> . . . . .	258	148,182
Roller Bearing Co. of America, Inc., 4.38%, 10/15/29 <sup>(c)</sup> . . . . .	272	231,449
Stevens Holding Co., Inc., 6.13%, 10/01/26 <sup>(c)</sup>	457	439,863
Terex Corp., 5.00%, 05/15/29 <sup>(c)</sup> . . . . .	625	531,250
Titan Acquisition Ltd., 7.75%, 04/15/26 <sup>(c)</sup> . . .	1,183	1,087,414
Titan International, Inc., 7.00%, 04/30/28 . . .	115	108,031
TK Elevator Holdco GmbH, 7.63%, 07/15/28 <sup>(c)</sup>	720	646,200
TK Elevator US Newco, Inc., 5.25%, 07/15/27 <sup>(c)</sup>	3,110	2,772,767
Wabash National Corp., 4.50%, 10/15/28 <sup>(c)</sup> . .	442	338,













# Schedule of Investments (unaudited) (continued)

June 30, 2022

BlackRock High Yield V.I. Fund  
 (Percentages shown are based on Net Assets)

Security	Par (000)	Value
Leisure Products — 0.0%		
Peloton Interactive, Inc., Term Loan, (SOFR 6 Month + 6.50%), 8.35%, 05/25/27 <sup>(9)</sup> . . . . USD	221	\$ 210,089
Machinery — 0.5% <sup>(9)</sup>		
Filtration Group Corp., Term Loan, (LIBOR USD 1 Month + 3.50%), 5.17%, 10/21/28 . . . .	508	473,859
Husky Injection Molding Systems Ltd., Term <del>Loan, (LIBOR)</del>	0	

Schedule of Investments (unaudited) (continued)

June 30

BlackRock High Yield V.I. Fund  
(Percentages shown are based on Net Assets)

# Schedule of Investments (unaudited) (continued)

BlackRock High Yield V.I. Fund

June 30, 2022

<sup>(a)</sup> Non-income producing security.

<sup>(b)</sup> Restricted security as to resale, excluding 144A securities. The Fund held restricted securities with a current value of \$342,832, representing 0.05% of its net assets as of period end, and an original cost of \$552,653.

<sup>(c)</sup> Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

<sup>(d)</sup> Issuer filed for bankruptcy and/or is in default.

<sup>(e)</sup> This security may be resold to qualified foreign investors and foreign institutional bu

Schedule of Investments (unaudited) (continued)

BlackRock High Yield V.I. Fund

June 30, 2022

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

Description	Number of Contracts	Expiration Date	Notional Amount (000)	Value/ Unrealized Appreciation (Depreciation)
<b>Short Contracts</b>				
U.S. Treasury 10 Year Note .....	27	09/21/22 \$	3,195	\$ 31,728
U.S. Treasury Long Bond .....	1	09/21/22	138	1,136
U.S. Treasury Ultra Bond .....	29	09/21/22	4,442	109,971
				<u>\$ 142,835</u>

Forward Foreign Currency Exch001155.85002.41759606.54029Tm4a491.37753606.540295592.35211Tm(,)1258.14559606.54029T54029Tm(,)J1001292.37

# Schedule of Investments (unaudited) (continued)

BlackRock High Yield V.I. Fund

June 30, 2022

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial i

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Schedule of Investments (unaudited) (continued)

BlackRock High Yield V.I. Fund

June 30, 2022

		Level 1	Level 2	Level 3	Total
Marine . . . . .	\$	—	\$ 540,669	\$ —	\$ 540,669
Media . . . . .		—	38,494,609	—	38,494,609
Metals & Mining . . . . .		—	16,497,931	—	16,497,931
Mortgage Real Estate Investment Trusts (REITs) . . . . .		—	205,688	—	205,688
Multiline Retail . . . . .		—	697,636	—	697,636
Oil, Gas & Consumable Fuels . . . . .		—	70,		

Schedule of Investments (unaudited) (continued)

BlackRock High Yield V.I. Fund

June 30, 2022

Statement of Assets and Liabilities (unaudited)

June 30, 2022

BlackRock High  
Yield V.I. Fund

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ASSETS	
Investments, at value — unafiliated <sup>(a)</sup> .....	\$ 632,945,538
Investments, at value — afiliated <sup>(b)</sup> .....	

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Statement of Assets and Liabilities (unaudited) (continued)  
June 30, 2022



Statements of Changes in Net Assets





BlackRock High Yield V.I. Fund

Class III

Six Months  
Ended

1/22

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## Notes to Financial Statements (unaudited)

### 1. ORGANIZATION

BlackRock Variable Series Funds II, Inc. (the "Company") is registe



## Notes to Financial Statements (unaudited) (continued)

For investments in equity or debt issued by privately held companies or funds ("Private Company" or collectively, the "Private Companies") and other Fair Valued Investments, the fair valuation approaches that are used by the Global Valuation Committee and third-party pricing services utilize one or a combination of, but not limited to, the following:



## Notes to Financial Statements (unaudited) (continued)

time it was closed. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash witho1362.11122731266Tm(i)J1111001437.234225iTm(i)









## Notes to Financial Statements (unaudited) (continued)

With exchange-traded futures and centrally cleared swaps, there is less c

# Glossary of Terms Used in this Report

## Currency Abbreviation

CAD	Canadian Dollar
EUR	Euro
GBP	British Pound
USD	United States Dollar

## Portfolio Abbreviation

CDI	Crest Depository Interests
DAC	Designated Activity Company
LIBOR	London Interbank Offered Rate
MSCI	Morgan Stanley Capital International
OTC	Over-the-cou

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements

The Board of Directors (the "Board," the members of which are referred to as "Board Members") of BlackRock Variable Series Funds, Inc. (the "Corporation") met on April 20, 2022 (the "April Meeting") and May 11-12, 2022 (the "May Meeting") to consider the approval to continue the investment advo

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

and estimated profits realized by BlackRock and its affiliates from their relationship with the Funds; (d) each Fund's fees and expenses compa

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its Morningstar Open-End Category during the applicable pe

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

- C. *Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with the Funds*

The Board, including the Independent Board Members, reviewed each Fund's contr



## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

BlackRock has reviewed with the Board that the varying fee structure for fund of funds can limit the value of management fee comparisons. The Board noted that 60/40 Target Allocation ETF V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers. The Board further noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the Fund could lose the benefit of one or more breakpoints. Additionally,

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

Fund's average daily net assets on a class-by-class basis. Finally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Fund on a class-by-class basis.

### *D. Economies of Scale*

The Board, including the Independent Board Members, considered the extent to which economies of scale mig

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

The following paragraphs provide more information about some of the primary factors that were relevant to the Board's decision. The Board Members did not identify any particular information, or any single factor as determinative, and each Boar

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

a fund's total net operating expenses, including any 12b-1 or non-12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers, and the actual management fee rate gives effect to any management fee reimbursements or waivers. The Board considered the services provided and the fees charged by BlackRock and i



## Additional Information

### Regulation Regarding Derivatives

On October 28, 2020, the Securities and Exchange Commission (the "SEC") adopted regulations governig

## Additional Information (continued)

### BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safeguarding their non-public personal information. The following information is provided to help you understand what









## Want to know more ?

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This report is only for distribution to shareholders of the Funds of BlackRock Variable Series Funds, Inc. and BlackRock Variable Series Funds II, Inc. Past performance results shown in this report should not be considered a representation of future performance. Investment return and principal value of non-money market fund shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. You could lose money by investing in the Funds. Although BlackRock Government Money Market V.I. Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in BlackRock Government Money Market V.I. Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. BlackRock Government Money Market V.I. Fund's sponsor has no legal obligation to provide financial support to the Fund at any time. Performance data quoted represents past performance and does not guarantee future results. Total return information assumes reinvestment of all distributions. Current performance may be higher or lower than the performance data quoted. For current month-end performance information, call (800) 626!1960. BlackRock Government Money Market V.I. Fund's current 7-day yield more closely reflects the current earnings of the Fund than the total returns quoted. Statements and other information herein are as dated and are subject to change.

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