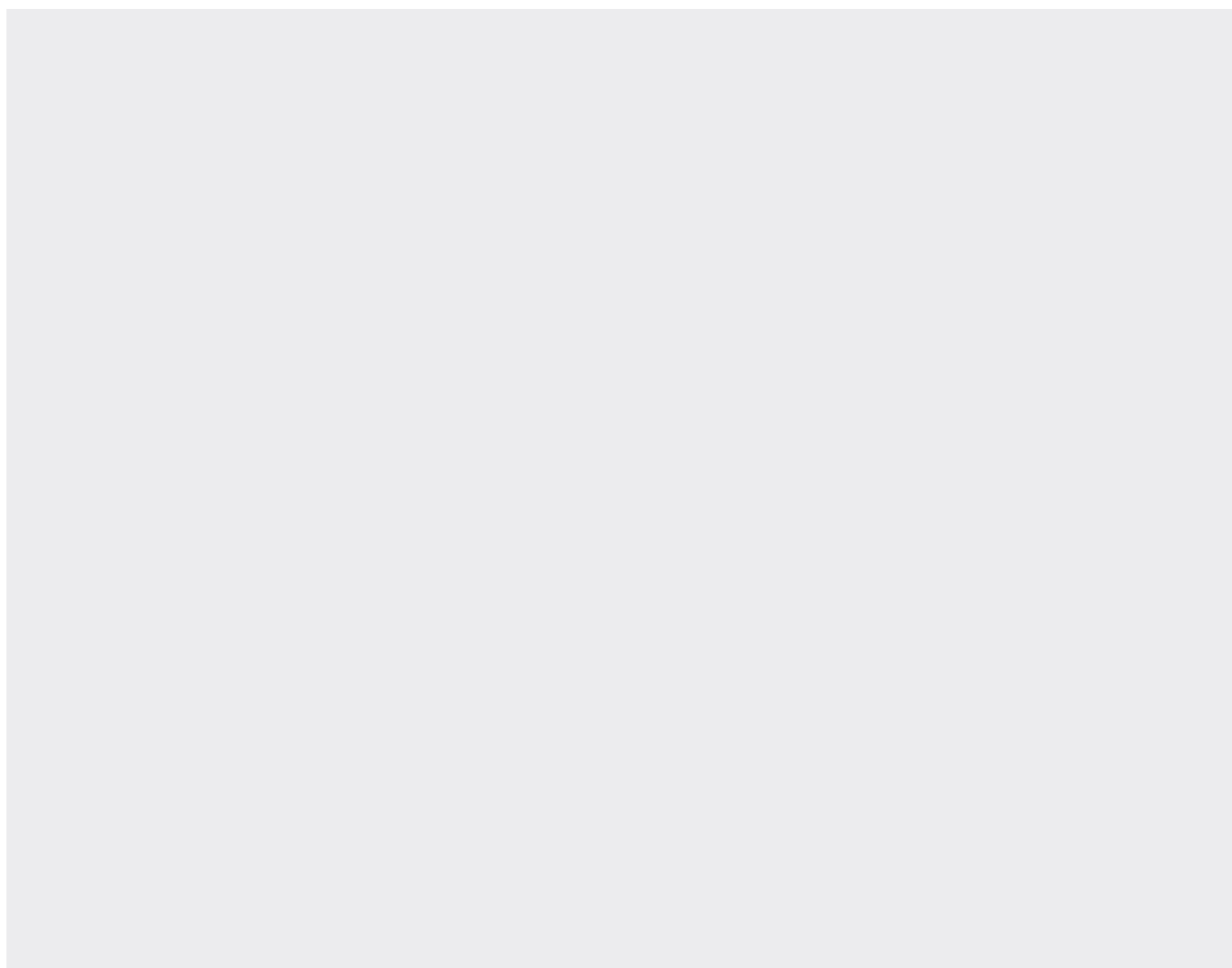
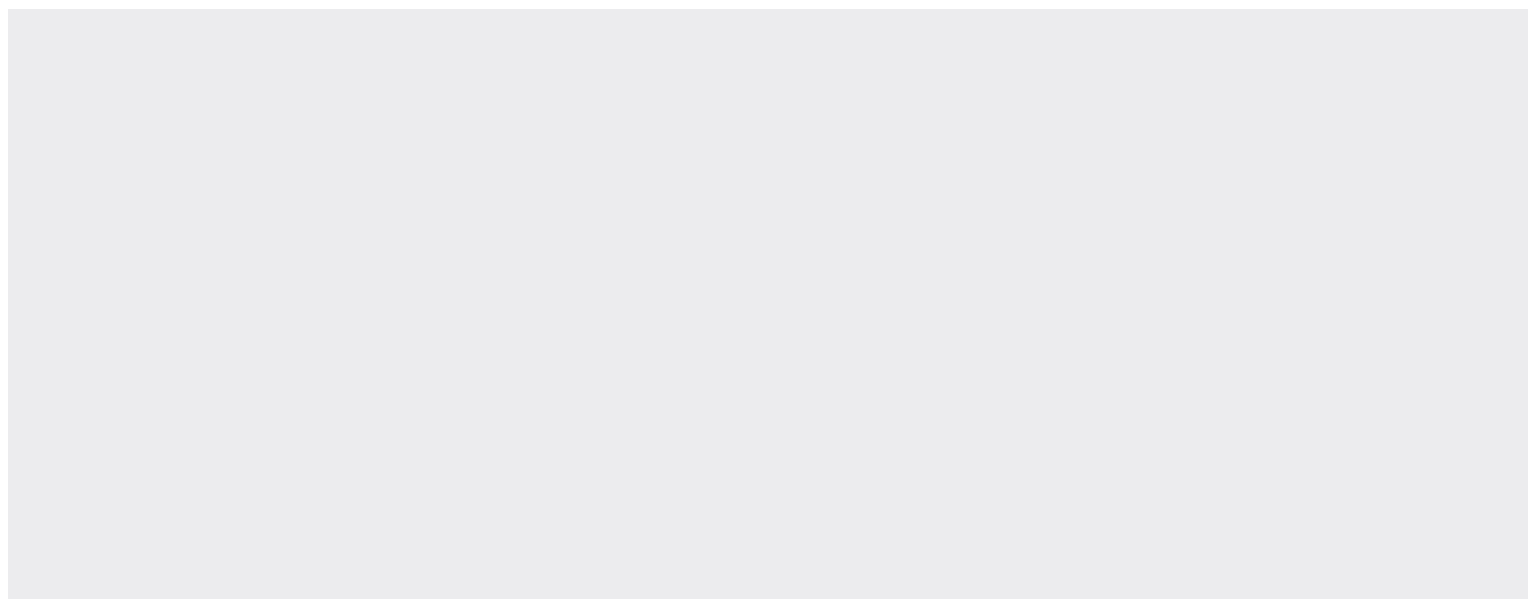


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As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross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

Capital Growth Portfolio

Portfolio Allocation

As of June 30, 2022

Communication Services	6.7%
Consumer Discretionary	11.4
Consumer Staples	0.1
Energy	2.1
Financials	7.3
Health Care	30.6
Industrials	13.3
Information Technology	27.2
Materials	1.3

The table reflects the portfolio's investments, except for short-term investments. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI and S&P, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in the GICS program or GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results thereof) and such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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)
Common Stocks (96.7%)		
Communication Services (6.5%)		
* Alphabet Inc. Class A	15,000	32,689
* Baidu Inc. ADR	125,600	18,680
* Alphabet Inc. Class C	8,370	18,309
* Walt Disney Co.	92,300	8,713
Activision Blizzard Inc.	91,300	7,109
* Charter Communications Inc. Class A	5,400	2,530
* Meta Platforms Inc. Class A	12,500	2,016
* Live Nation Entertainment Inc.	12,800	1,057
		<u>91,10</u>

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

Assets

Investments in Securities, at Value

 Unaffiliated Issuers (Cost \$919,358) 1,353,350

 Affiliated Issuers (Cost \$45,254) 45,243

Total Investments in Securities 1,398,593

Investment in Vanguard 55

Cash 58

Receivables for Accrued Income 1,806

Receivables for Capital Shares Issued 323

Total Assets **1,400,835**

Liabilities

Payables for Investment Securities Purchased 43

Payables to Investment Advisor 567

Payables for Capital Shares Redeemed

Statement of Operations

Six Months Ended
June 30, 2022

(\$000)

Investment Income	
Income	
Dividends ¹	11,539
Interest ²	118
Securities Lending—Net	5
Total Income	11,662
Expenses	
Investment Advisory Fees—Note B	1,190
The Vanguard Group—Note C	
Management and Administrative	1,396
Marketing and Distribution	54
Custodian Fees	13
Shareholders' Reports	25
Trustees' Fees and Expenses	—
Other Expenses	4
Total Expenses	2,682
Net Investment Income	8,980
Realized Net Gain (Loss)	
Investment Securities Sold ²	50,629
Foreign Currencies	2
Realized Net Gain (Loss)	50,631
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ²	(365,109)
Foreign Currencies	(24)
Change in Unrealized Appreciation (Depreciation)	(365,133)
Net Increase (Decrease) in Net Assets Resulting from Operations	(305,522)

¹ Dividends are net of foreign withholding taxes of \$385,000.

² Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$118,000, (\$4,000), and (\$6,000), respectively. Purchases and sales are for temporary cash investment purposes.

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended June 30,		Year Ended December 31,			
	2022	2021	2020	2019	2018	2017
Net Asset Value, Beginning of Period	\$50.69	\$45.21	\$40.76	\$33.49	\$35.12	\$28.36
Investment Operations						
Net Investment Income ¹	.249	.356	.478	.503	.429	.366
Net Realized and Unrealized Gain (Loss) on Investments	(8.525)	8.959	5.768	8.182	(.754)	7.580
Total from Investment Operations	(8.276)	9.315	6.246	8.685	(.325)	7.946
Distributions						
Dividends from Net Investment Income	(.390)	(.480)	(.574)	(.411)	(.315)	(.371)
Distributions from Realized Capital Gains	(4.214)	(3.355)	(1.222)	(1.004)	(.990)	(.815)
Total Distributions	(4.604)	(3.835)	(1.796)	(1.415)	(1.305)	(1.186)
Net Asset Value, End of Period	\$37.81	\$50.69	\$45.21	\$40.76	\$33.49	\$35.12
Total Return	-17.66%	21.54%	17.47%	26.50%	-1.18%	28.83%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$1,400	\$1,775	\$2,092	\$1,976	\$1,596	\$1,416
Ratio of Total Expenses to Average Net Assets	0.34%	0.34%	0.34%	0.34%	0.34%	0.36%
Ratio of Net Investment Income to Average Net Assets	1.14%	0.73%	1.25%	1.37%	1.18%	1.16%
Portfolio Turnover Rate	1%	5% ²	6%	5%	6%	7%

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

1 Calculated based on average shares outstanding.

2 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the portfolio shares.

The Capital Growth 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. 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: Securities are valued as of the close of trading on the New York Stock

The following table summarizes the market value of the portfolio's investments as of June 30, 2022, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stocks	1,305,657	47,693	—	1,353,350
Temporary Cash Investments	45,243	—	—	45,243
Total	1,350,900	47,693	—	1,398,593

E. As of June 30, 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	964,612
Gross Unrealized Appreciation	534,484
Gross Unrealized Depreciation	(100,503)
Net Unrealized Appreciation (Depreciation)	433,981

F. During the six months ended June 30, 2022, the portfolio purchased \$20,050,000 of investment securities and sold \$78,523,000 of investment securities, other than temporary cash investments.

G. Capital shares issued and redeemed were:

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
	Shares (000)	Shares (000)
Issued	1,920	4,068
Issued in Lieu of Cash Distributions	3,557	3,846
Redeemed	(3,467)	(19,180)
Net Increase (Decrease) in Shares Outstanding	2,010	(11,266)

At June 30, 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 56% 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, 2022, that would require recognition or disclosure in these financial statements.

Trustees Approve Advisory Arrangement

The board of trustees of Vanguard Variable Insurance Funds Capital Growth Portfolio has renewed the portfolio's investment advisory arrangement with PRIMECAP Management Company (PRIMECAP). The board determined that renewing the portfolio's advisory arrangement 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 monthly 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 characteristics.

In addition, the board received periodic reports throughout the year, which included information about the portfolio's performance relative to its peers and benchmark, as applicable, and updates, as needed, on the Portfolio Review Department's ongoing assessment of the advisor.

Prior to their meeting, the trustees were provided with a memo and materials that summarized the information they received over the course of the year. They also considered the factors discussed below, among others. However, no single factor determined whether the board approved the arrangement. Rather, it was the totality of the circumstances that drove the board's decision.

Nature, extent, and quality of services

The board reviewed the quality of the portfolio's investment management services over both the short and long term, and took into account the organizational depth and stability of the advisor. The board considered that PRIMECAP, founded in 1983, is recognized for its long-term approach to equity investing. Five experienced portfolio managers are responsible for separate subportfolios, and each portfolio manager employs a fundamental, research-driven approach in seeking to identify companies with long-term growth potential that the market has yet to appreciate. The multi-counselor approach that the advisor employs is designed to emphasize individual decision-making and enable the portfolio managers to invest only in their highest-conviction ideas. PRIMECAP's fundamental research focuses on developing opinions independent from Wall Street's consensus and maintaining a long-term horizon. The firm has managed the portfolio since its inception in 2002.

The board concluded that the advisor's experience, stability, depth, and performance, among other factors, warranted continuation of the advisory arrangement.

Investment performance

The board considered the short- and long-term performance of the portfolio, including any periods of outperformance or underperformance compared with a relevant benchmark index and peer group. The board concluded that the performance was such that the advisory arrangement should continue.

Cost

The board concluded that the portfolio's expense ratio was below the average expense ratio charged by funds in its peer group and that the portfolio's advisory fee rate was also below the peer-group average.

The board did not consider the profitability of PRIMECAP in determining whether to approve the advisory fee, because PRIMECAP is independent of Vanguard and the advisory fee is the result of arm's-length negotiations.

The benefit of economies of scale

The board concluded that the portfolio realizes economies of scale that are built into the negotiated advisory fee rate without any need for asset-level breakpoints. The advisory fee rate is very low relative to the average rate paid by funds in the portfolio's peer group.

The board will consider whether to renew the advisory arrangement again after a one-year period.

Liquidity Risk Management

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 investments during normal and reasonably foreseeable stressed conditions, its short- and long-term cash-flow projections during both normal and reasonably foreseeable stressed conditions, and its cash and cash-equivalent holdings and access to other funding sources. As required by the rule, the Program includes policies and procedures for classification of fund portfolio holdings in four liquidity categories, maintaining certain levels of highly liquid investments, and limiting holdings of illiquid investments.

The board of trustees of Vanguard Variable Insurance Funds approved the appointment of liquidity risk management program administrators responsible for administering the Capital Growth Portfolio's Program and for carrying out the specific responsibilities set forth in the Program, including reporting to the board on at least an annual basis regarding the Program's operation, its adequacy, and the effectiveness of its implementation for the past year (the "Program Administrator Report"). The board has reviewed the Program Administrator Report covering the period from January 1, 2021, through December 31, 2021 (the "Review Period"). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the portfolio's liquidity risk.

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