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As a shareholder of the portfolio, you incur ongoing costs, which include costs f or portfolio management, administrative ser vices, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portf olio'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 underst and the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mut ual 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 t wo ways:

€ Based on actual portfolio return. This section helps you to estimate the actual expenses that you paid over the period. The ŽEnding Account Value

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.go v.

	Shares	Market Value€ ($000)
Common Stocks (97.0%)		
Communication Services (3.3%)		
Comcast Corp. Class A	783,788	30,756
Verizon Communications Inc.	438,521	22,255
AT&T Inc.	164,751	3,453
Interpublic Group of Cos. Inc.	88,819	2,445
		58,909
Consumer Discretionary (5.1%)		
Home Depot Inc.	87,137	23,899
Lowe's Cos. Inc.	114,372	19,977
TJX Cos. Inc.	244,554	13,658
McDonald's Corp.	46,448	11,467
Starbucks Corp.	86,213	6,586
Target Corp.	37,474	5,293
Best Buy Co. Inc.	53,017	3,456
Wendy's Co.	146,195	,467

	Shares	Market Value• ($000)
Fidelity National Information Services Inc.	54,562	5,002
HP Inc.	150,872	4,946
Intel Corp.	108,347	4,053
Avnet Inc.	73,407	3,148
Automatic Data Processing Inc.	14,014	2,944
International Business Machines Corp.	17,534	2,476
Western Union Co.	127,207	2,095
Hewlett Packard Enterprise Co.	84,177	1,116
		169,720
Materials (3.7%)		
LyondellBasell Industries NV Class A	191,659	16,762
PPG Industries Inc.	130,231	14,890
Celanese Corp. Class A	84,074	9,888
Dow Inc.	82,536	4,260
Nucor Corp.	38,185	3,987

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Statement of Assets and Liabilities

As of June 30, 2022

($000s, except shares and per-share amounts)	Amount
Assets	
Investments in Securities, at Value[1]	
Unaffiliated Issuers (Cost $1,665,242)	1,759,905
Affiliated Issuers (Cost $60,901)	60,891
Total Investments in Securities	1,820,796
Investment in Vanguard	71
Cash Collateral Pledged—Futures Contracts	2,686
Receivables for Investment Securities Sold	1,271
Receivables for Accrued Income	3,327
Receivables for Capital Shares Issued	608
Total Assets	1,828,759
Liabilities	
Due to Custodian	402
Payables for Investment Securities Purchased	2,369
Collateral for Securities on Loan	15,400
Payables to Investment Advisor	358
Payables for Capital Shares Redeemed	1,963
Payables to Vanguard	172
Variation Margin Payable—Futures Contracts	404
Total Liabilities	21,068
Net Assets	1,807,691

1 Includes $14,505 of securities on loan.

At June 30, 2022, net assets consisted of:

Paid-in Capital	1,636,234
Total Distributable Earnings (Loss)	171,457
Net Assets	1,807,691

Net Assets	
Applicable to 80,636,106 outstanding $.001 par value shares of beneficial interest (unlimited authorization)	1,807,691
Net Asset Value Per Share	$22.42

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Operations

	Six Months Ended June 30, 2022
	($000)
Investment Income	
Income	
Dividends[1]	27,828
Interest[2]	170
Securities Lending„Net	3
Total Income	28,001
Expenses	
Investment Advisory Fees„Note B	
Basic Fee	686
Performance Adjustment	114
The Vanguard Group„Note C	
Management and Administrative	1,994
Marketing and Distribution	76
Custodian Fees	7
Shareholders• Reports	9
Trustees• Fees and Expenses	„
Other Expenses	4
Total Expenses	2,890
Net Investment Income	25,111
Realized Net Gain (Loss)	
Investment Securities Sold[2]	70,270
Futures Contracts	(13,254)
Foreign Currencies	(18)
Realized Net Gain (Loss)	56,998
Change in Unrealized Appreciation (Depreciation)	
Investment Securities[2]	(229,674)
Futures Contracts	(2,681)
Foreign Currencies	(28)
Change in Unrealized Appreciation (Depreciation)	(232,383)
Net Increase (Decrease) in Net Assets Resulting from Operations	(150,274)

1 Dividends are net of foreign withholding taxes of $156,000.

2 Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were $145,000, ($4,000), and ($7,000), respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
	($000)	($000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	25,111	47,641
Realized Net Gain (Loss)	56,998	404,635
Change in Unrealized Appreciation (Depreciation)	(232,383)	11,557
Net Increase (Decrease) in Net Assets Resulting from Operations	(150,274)	463,833
Distributions		
Total Distributions	(250,263)	(90,458)
Capital Share Transactions		
Issued	180,695	372,060
Issued in Lieu of Cash Distributions	250,263	90,458
Redeemed	(120,275)	(959,785)
Net Increase (Decrease) from Capital Share Transactions	310,683	(497,267)
Total Increase (Decrease)	(89,854)	(123,892)
Net Assets		
Beginning of Period	1,897,545	2,021,437
End of Period	1,807,691	1,897,545

For a Share Outstanding Throughout Each Period	Six Months Ended June 30, 2022	Year Ended December 31, 2021	2020	2019	2018	2017
Net Asset Value, Beginning of Period	$27.81	$23.07	$24.17	$21.24	$24.64	$22.10
Investment Operations						
Net Investment Income [1]	.335.39138.5(	.625.39138.5(	.595.39138.5(	.619.39138.5(	.620.39138.5(	.582nt

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The Equity Income Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company.

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 six months ended June 30, 2022, the portfolio•s average investments in long and short futures contracts represented 3% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

5. Federal Income Taxes: The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. The portfolio•s tax returns are open to examination by the rele

The following t able summarizes the market value of the portf olio•s investments and derivatives as of June 30, 2022, based on the inputs used to value them:

	Level 1 ($000)

Trustees Approve Advisory Arrangement

The board of trustees of Vanguard Variable Insurance Funds Equity Income Portfolio has renewed the portfolio•s investment advisory arrangements with Wellington Management Company LLP (Wellington Management) and The Vanguard Group, Inc. (Vanguard), through its Quantitative Equity Group. The board determined that renewing the portfolio•s advisory arrangements was in the best interests of the portfolio and its shareholders.

The board based its decisions upon an evaluation of each 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 advisors 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 arrangements. Rather, it was the totality of the circumstances that drove the board•s decisions.

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 each advisor. The board considered the following:

Wellington Management. Founded in 1928, Wellington Management is among the nation•s oldest and most respected institutional investment managers. Utilizing fundamental research, Wellington Management seeks to build a portfolio with an above-market yield, superior growth rate, and very attractive valuation. While every company purchased for the portfolio will pay a dividend, the goal is to build a portfolio with an above-market yield in aggregate, allowing for individual companies with below-market yields. Normalized earnings, normalized price-to-earnings ratios, and improving returns on capital are key to the research process. The firm has advised a portion of the portfolio since 2003.

Vanguard. Vanguard has been managing investments for more than four decades. The Quantitative Equity Group adheres to a sound, disciplined investment management process; the team has considerable experience, stability, and depth. Vanguard has managed a portion of the portfolio since 2003.

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

Investment performance

The board considered the short- and long-term performance of each advisor, 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 each 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 expense rate was also below the peer-group average.

The board did not consider the profitability of Wellington Management in determining whether to approve the advisory fee, because Wellington Management is independent of Vanguard and the advisory fee is the result of arm•s-length negotiations. The board does not conduct a profitability analysis of Vanguard because of Vanguard•s unique structure. Unlike most other mutual fund management companies, Vanguard is owned by the funds it oversees.

The benefit of economies of scale

The board concluded that the portfolio realizes economies of scale that are built into the advisory fee rate negotiated with Wellington Management without any need for asset-level breakpoints. Wellington Management•s advisory fee rate is very low relative to the average rate paid by funds in the portfolio•s peer group. The board also concluded that the portfolio•s arrangement with Vanguard ensures that the portfolio will realize economies of scale as it grows, with the cost to shareholders declining as the portfolio•s assets managed by Vanguard increase.

The board will consider whether to renew the advisory arrangements 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 •ProgramŽ) 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 Equity Income 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 ReportŽ). The board has reviewed the Program Administrator Report covering the period from January 1, 2021, through December 31, 2021 (the •Review PeriodŽ). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the portfolio•s liquidity risk.