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As a shareholder of the portf



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](http://www.sec.gov).

	Shares	Market Value* (\$000)
<u>Common Stocks (96.4%)</u>		
Australia (0.5%)		
WiseTech Global Ltd.	594,267	15,583
Austria (0.4%)		
Erste Group Bank AG	467,261	11,874
Belgium (3.6%)		
* Argenx SE	142,336	53,654
Umicore SA	1,078,267	37,798
UCB SA	137,405	11,643
		<u>103,095</u>
Brazil (0.8%)		
B3 SA - Brasil Bolsa Balcao	4,972,034	10,413
Raia Drogasil SA	2,625,556	

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	Shares	Market Value* (\$000)
Alcon Inc.	142,924	10,022
Chocoladefabriken Lindt & Spruengli AG Ptg. Ctf.	859	8,746
Sika AG (Registered)	23,472	5,418
		<hr/>
		117,352
Taiwan (3.2%)		

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## Statement of Assets and Liabilities

As of June 30, 2022

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value <sup>1</sup>	
Unaffiliated Issuers (Cost \$2,790,755)	2,770,818
Affiliated Issuers (Cost \$109,916)	109,890
Total Investments in Securities	2,880,708
Investment in Vanguard	111
Cash	3,216
Cash Collateral Pledged, Futures Contracts	4,568
Foreign Currency, at Value (Cost \$1,119)	1,058
Receivables for Investment Securities Sold	468
Receivables for Accrued Income	6,359
Receivables for Capital Shares Issued	529
Other Assets	48
<b>Total Assets</b>	<b>2,897,065</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	4,402
Collateral for Securities on Loan	14,091
Payables to Investment Advisor	1,684
Payables for Capital Shares Redeemed	483
Payables to Vanguard	226
Variation Margin Payable, Futures Contracts	413
Deferred Foreign Capital Gains Taxes	219
<b>Total Liabilities</b>	<b>21,518</b>
<b>Net Assets</b>	<b>2,875,547</b>

<sup>1</sup> Includes \$9,431 of securities on loan.

At June 30, 2022, net assets consisted of:

Paid-in Capital	2,818,616
Total Distributable Earnings (Loss)	56,931
<b>Net Assets</b>	<b>2,875,547</b>
<b>Net Assets</b>	
Applicable to 129,313,951 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	2,875,547
<b>Net Asset Value Per Share</b>	<b>\$22.24</b>

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 <sup>1</sup>	31,944
Interest <sup>2</sup>	256
Securities Lending—Net	322
Total Income	32,522
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	2,588
Performance Adjustment	1,019
The Vanguard Group—Note C	
Management and Administrative	2,922
Marketing and Distribution	148
Custodian Fees	102
Shareholders' Reports	7
Trustees' Fees and Expenses	1
Other Expenses	7
Total Expenses	6,794
Net Investment Income	25,728

Realized Net Gain (Lu27(6,794)] TJ/000enLa1.7167 Td[7kpa7n019n1761869294822E.884n(7)] (L)0657467 Td[uTt11.79 -











inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity. All valuation decisions made by the pricing review committee are reported to the board on a quarterly basis for review and ratification. The board reviews the adequacy of the fair value measurement policies and procedures in place on an annual basis.

The following table summarizes changes in investments and derivatives valued based on Level 3 inputs during the six months ended June 30, 2022. Transfers, if any, into or out of Level 3 are recognized based on values as of the beginning of the period.

Amount Valued Based on Level 3 Inputs	Investments in Common Stocks (\$000)
Balance as of December 31, 2021	42,682
Change in Unrealized Appreciation (Depreciation)	(5,448)
Balance as of June 30, 2022	

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.



#### 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 the advisory arrangements 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 Baillie Gifford or Schroder in determining whether to approve the advisory fees, because the firms are independent of Vanguard and the advisory fees are 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 advisory fee rates negotiated with Baillie Gifford and Schroder without any need for asset-level breakpoints. The advisory fee rates are 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 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 "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 International 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.





**VanRard**