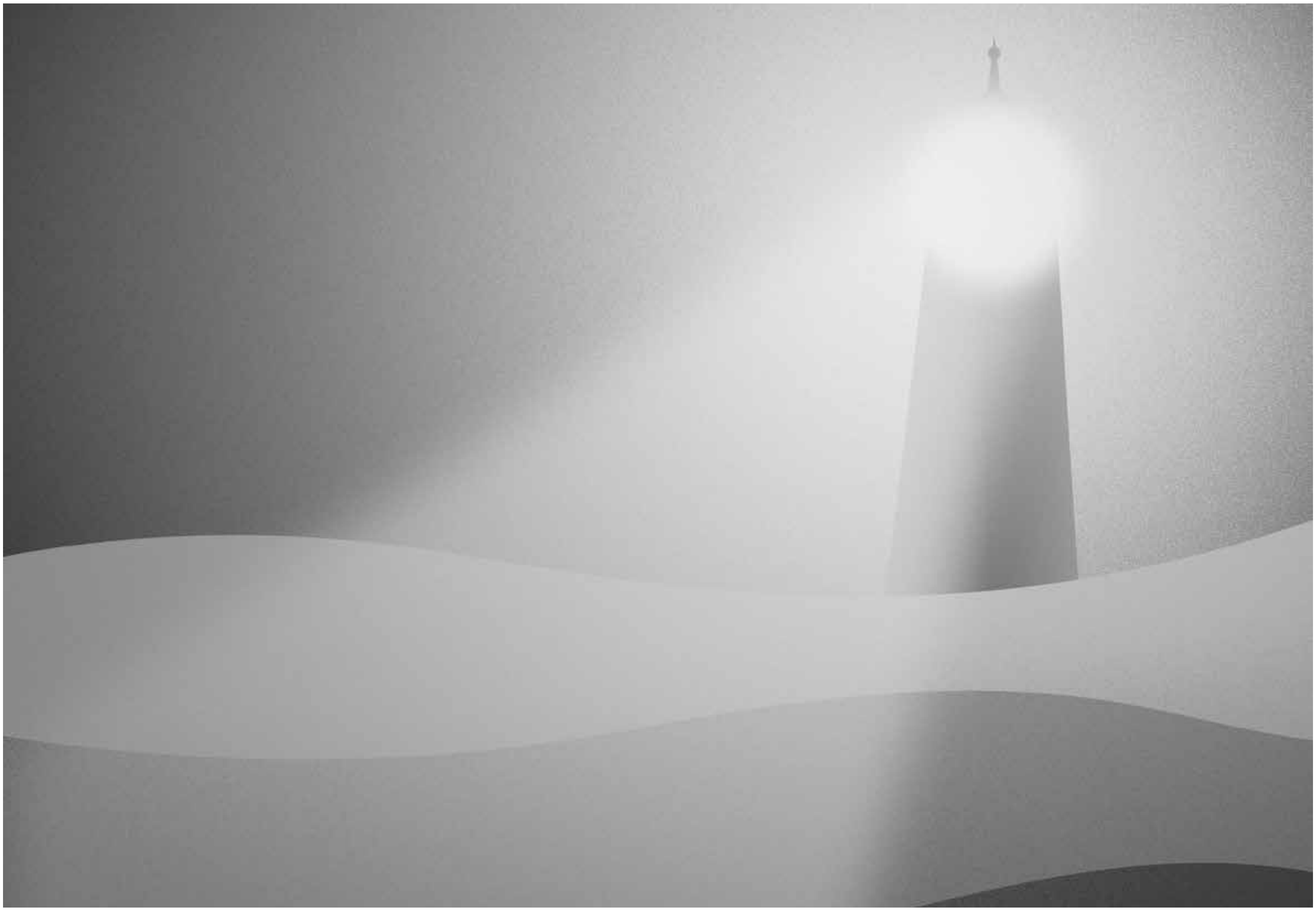


Semiannual Report | June 30, 2018

Vanguard Variable Insurance Fund

Growth Portfolio

Vanguard’s Principles for Investing Success

We want to give you the best chance of investment success. These principles, grounded in Vanguard’s research and experience, can put you on the right path.

Goals. Create clear, appropriate investment goals.

Balance. Develop a suitable asset allocation using broadly diversified funds.

Cost. Minimize cost.

Discipline. Maintain perspective and long-term discipline.

A single theme unites these principles: Focus on the things you can control. We believe there is no wiser course for any investor.

Contents

Please note: The opinions expressed in this report are just that—informed opinions. They should not be considered promises or advice. Also, please keep in mind that the information and opinions cover the period through the date on the front of this report. Of course, the risks of investing in your fund are spelled out in the prospectus.

See the Glossary for definitions of investment terms used in this report.

About the cover: Nautical images have been part of Vanguard’s rich heritage since its start in 1975. For an incoming ship, a lighthouse offers a beacon and safe path to shore. You can similarly depend on Vanguard to put you first—and light the way—as you strive to meet your financial goals. Our client focus and low costs, stemming from our unique ownership structure, assure that your interests are paramount.

CEO's Perspective

Tim Buckley
President and Chief Executive Officer

Dear Planholder,

I feel extremely fortunate to have the chance to lead a company filled with people who come to work every day passionate about Vanguard's core purpose: to take a stand for all investors, to treat them fairly, and to give them the best chance for investment success.

When I joined Vanguard in 1991, I found a mission-driven team focused on improving lives—helping people retire more comfortably, put their children through college, and achieve financial security. I also found a company with purpose in an industry ripe for improvement.

It was clear, even early in my career, that the cards were stacked against most investors. Hidden fees, performance-chasing, and poor advice were relentlessly eroding investors' dreams.

We knew Vanguard could be different and, as a result, could make a real difference. We have lowered the costs of investing for our shareholders significantly. And we're proud of the performance of our funds.

Vanguard is built for Vanguard investors—we focus solely on you, our fund shareholders. Everything we do is designed to give our clients the best chance for investment success. In my role as CEO, I'll keep this priority front and center. We're proud of what we've achieved, but we're even more excited about what's to come.

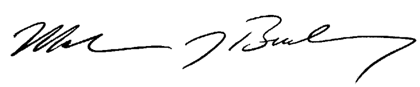
Steady, time-tested guidance

Our guidance for investors, as always, is to stay the course, tune out the hyperbolic headlines, and focus on your goals and what you can control, such as costs and how much you save. This time-tested advice has served our clients well over the decades.

Regardless of how the markets perform in the short term, I'm incredibly optimistic about the future for our investors. We have a dedicated team serving you, and we will never stop striving to make Vanguard the best place for you to invest through our high-quality funds and services, advice and guidance to help you meet your financial goals, and an experience that makes you feel good about entrusting us with your hard-earned savings.

Thank you for your continued loyalty.

Sincerely,



Mortimer J. Buckley
President and Chief Executive Officer
July 13, 2018

Market Perspective

U.S. stocks continued to climb, even with periods of volatility

U.S. stocks advanced over the six months ended June 30, 2018, although their path forward was marked by significant bouts of volatility. Corporate earnings remained strong and the U.S. economy continued to indicate growth. Investors worried, however, about high stock valuations, the possibility of inflation, and continued tightening of monetary policy by the Federal Reserve.

The Fed's June increase in the federal funds target rate by a quarter percentage point, to 1.75%–2%, was its second in 2018. In announcing it, Fed Chair Jerome Powell offered a positive assessment of the U.S. economy. The Fed has also continued to shrink the $4.5 trillion balance sheet it had amassed since it began providing monetary stimulus in the wake of the 2007–2009 recession.

For the six months, the broad U.S. stock market returned 3.22%. U.S. large- and mid-capitalization stocks trailed small-caps, while growth stocks exceeded value. Among sectors, information technology, consumer discretionary, and energy posted the strongest returns. Consumer staples, communication services, and industrials fared the worst.

For U.S. investors, a stronger dollar hurt international stocks, which returned –3.83%. Developed European and Pacific markets declined, as did emerging markets.

Bond returns were down as inflation concerns heightened

Bond yields rose and prices fell over the six months as inflation expectations rose, the labor market improved, and the Fed suggested that more rate hikes were in store for 2018. (Bond prices and yields move in opposite directions.)

The yield of the benchmark 10-year Treasury note closed the period at 2.86%, up from 2.41% at the end of December 2017. The broad U.S. bond market returned –1.62% for the period. U.S. Treasuries and mortgage-backed securities generally outpaced investment-grade corporate bonds.

International bonds returned –1.31%, as measured by the Barclays Global Aggregate Index ex USD. U.S. investors were hampered by the dollar's strengthening against many currencies. Without this currency impact, international bonds were up more than 1%.

Market Barometer

	Total Returns Periods Ended June 30, 2018		
	Six Months	One Year	Five Years[1]
Stocks			
Russell 1000 Index (Large-caps)	2.85%	14.54%	13.37%
Russell 2000 Index (Small-caps)	7.66	17.57	12.46
Russell 3000 Index (Broad U.S. market)	3.22	14.78	13.29
FTSE All-World ex US Index (International)	–3.83	7.28	6.35
Bonds			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	–1.62%	–0.40%	2.27%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	–0.25	1.56	3.53
FTSE Three-Month U.S. Treasury Bill Index	0.78	1.33	0.38
CPI			
Consumer Price Index	2.22%	2.87%	1.54%

1 Annualized.

Growth Portfolio

Advisors' Report

The Growth Portfolio returned 9.25% for the six months ended June 30, 2018. Its peers returned 8.85% on average, and its benchmark, the Russell 1000 Growth Index, returned 7.25%. Please note that the returns for Vanguard Variable Insurance Fund are different from those of Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

The portfolio is overseen by three independent advisors, a strategy that enhances its diversification by providing exposure to distinct yet complementary investment approaches. It is not uncommon for different advisors to have different views about individual securities or the broader investment environment.

The advisors, the amount and percentage of the portfolio's assets each manages, and brief descriptions of their investment strategies are presented in the accompanying table. Each advisor has also prepared a discussion of the investment environment that existed during the period and of the effect it had on the portfolio's positioning. These reports were prepared on July 19, 2018.

Wellington Management Company LLP

Portfolio Manager:

Andrew J. Shilling, CFA,
Senior Managing Director

Our portion of the portfolio seeks to outperform growth indexes and the longer-term broad market. We employ proprietary fundamental research and a rigorous valuation discipline to invest in large-capitalization companies with attractive growth characteristics. Our investment approach is based on identifying companies that possess a clear competitive advantage that will enable them to sustain above-average growth.

U.S. equities, as measured by the S&P 500 Index, gained 2.65% during the half year. Growth stocks outperformed value, and small-caps led their larger-cap peers. Selection in the consumer discretionary, information technology, industrial, and health care sectors contributed to relative results, although this was partially offset by selection in financials.

Sector allocation, an indirect result of our stock-specific decisions, helped as well, most notably an overweighted exposure to information technology and underweights to materials and industrials. However, an underweight to consumer discretionary and an overweight to financials detracted.

Leading contributors to relative performance included ServiceNow, a provider of cloud-based services; Mastercard, a multinational financial services company; and TransUnion, a consumer credit reporting agency. Top relative detractors included Monster Beverage, a beverage company focused on energy drinks; eBay, a multinational e-commerce company; and pharmaceutical company Bristol-Myers Squibb.

At the period's close, our portfolio was most overweighted in the information technology and financial sectors and most underweighted in health care, industrials, and consumer staples. We had no exposure to utilities.

In an environment of moderate global growth and elevated uncertainty, we maintained our exposure to secular trends and long-cycle growth. We believe these durable growth drivers will yield attractive relative returns during a challenging period for investors.

Total Returns

	Six Months Ended June 30, 2018
Growth Portfolio	9.25%
Russell 1000 Growth Index	7.25
Variable Insurance Large-Cap Growth Funds Average[1]	8.85

Expense Ratios[2]
Your Portfolio Compared With Its Peer Group

	Portfolio	Variable Insurance Large-Cap Growth Funds Average
Growth Portfolio	0.40%	0.85%

1 Derived from data provided by Lipper, a Thomson Reuters Company.

2 The portfolio expense ratio shown is from the prospectus dated April 26, 2018, and represents estimated costs for the current fiscal year. For the six months ended June 30, 2018, the Growth Portfolio's annualized expense ratio was 0.41%. The peer-group expense ratio is derived from data provided by Lipper, a Thomson Reuters Company, and captures information through year-end 2017.

Jackson Square Partners, LLC

Portfolio Managers:

Jeffrey S. Van Harte, CFA
Chairman and Chief Investment Officer

Christopher J. Bonavico, CFA

Christopher M. Ericksen, CFA

Daniel J. Prislin, CFA

For the six months ended June 30, our portion of the portfolio's performance was largely driven by stock exposure. The health care sector was the top detractor, and consumer staples did best.

The largest relative contributor to performance was Liberty TripAdvisor Holdings. The company had a string of positive earnings, which it attributed to the stabilization of its click-based ad auction and lower online acquisition costs. In May, the company reported a strong start to 2018, with hotel segment results that beat expectations and accelerated growth in its non-hotel segment.

Average monthly unique visitors on TripAdvisor-branded websites and apps grew 12% year-over-year, to 433 million. During the period, the company added Jay Hoag, co-founder of venture capital firm TCV and Netflix board member, to its board, sparking hopes of potential value-driving strategic moves. We believe TripAdvisor is worth more than its current valuation because of its ability to attract significant numbers of interested travelers.

Dentsply Sirona, a dental equipment maker and dental consumables producer, was the largest relative detractor. The company appointed Donald Casey its new CEO, leading to speculation about whether he would follow through with the aggressive cost-savings plan proposed by interim CEO Mark Thierer.

The company assured investors that the cost-savings target would stay in place. The board has stated that it is excited about Casey's experience and hopeful that he will help Dentsply continue its global expansion and improve its distribution. Overall, we believe that the company's high-caliber products will prevail despite changing distribution relationships in the industry.

After positive absolute returns in the equity market over the past several years, some volatility emerged during the first quarter of 2018 and lingered into the second quarter. It appeared to be both technical and fundamental. Investors struggled to predict the pace of global economic recovery and assess the external factors that threatened fundamentals, such as central bank actions and fiscal policy debates. The markets' oscillations from sector rotations to stock differentiation and back again led some investors to focus on equities as an asset class rather than on company-specific fundamentals.

President Trump's unconventional style as head of state and current questions and investigations surrounding his administration may hamper significant policy change. In the short term, we are mindful of the potential macroeconomic effects of policy shifts on economic growth, higher corporate and personal incomes from lower tax rates, and other indicators. President Trump's comments and public positioning on global trade have created additional concern about how a potential global trade war might affect economic growth. And the upcoming midterm elections bear close watch. We believe it is too early to determine the long-term magnitude of such events, but we will closely monitor President Trump's tenure with a keen eye on the execution of significant policy shifts.

Regardless of policy outcomes, we remain consistent in our long-term investment philosophy. We want to own what we view as strong secular-growth companies with solid business models and competitive positions that we believe can grow market

Growth Portfolio Investment Advisors

	Portfolio Assets Managed		
Investment Advisor	%	$ Million	Investment Strategy
Wellington Management Company LLP	41	261	Employs proprietary fundamental research and a rigorous valuation discipline in an effort to invest in high-quality, large-capitalization, sustainable-growth companies. The firm's philosophy is based on the belief that stock prices often overreact to short-term trends and that bottom-up, intensive research focused on longer-term fundamentals can be used to identify stocks that will outperform the market over time.
Jackson Square Partners, LLC	40	259	Uses a bottom-up approach, seeking companies that have large end-market potential, dominant business models, and strong free-cash-flow generation that is attractively priced compared with the intrinsic value of the securities.
William Blair Investment Management, LLC	15	95	Uses a fundamental investment approach in pursuit of superior, long-term investment results from growth-oriented companies with leadership positions and strong market presence.
Cash Investments	4	25	These short-term reserves are invested by Vanguard in equity index products to simulate investment in stocks. Each advisor may also maintain a modest cash position.

share and have the potential to deliver shareholder value in a variety of market environments.

William Blair Investment Management, LLC

Portfolio Managers:

James Golan, CFA, Partner

David Ricci, CFA, Partner

U.S. growth equities were strong during the first six months of 2018, with positive absolute first-quarter returns and solid second-quarter results. After robust market performance in January, inflationary fears arose, causing volatility to spike, and most major equity benchmarks retreated in February and March. Growth-style indexes rose broadly in the second quarter as volatility moderated and solid corporate fundamentals and a healthy U.S. economy drove stock prices higher.

Our portion of the portfolio beat its benchmark for the six months, driven by positive stock selection and the style tailwind. Stock selection was positive in many sectors, most notably industrials, information technology, and consumer discretionary. The top contributor was online retailer Amazon.com in consumer discretionary, which reported strong results reflecting accelerating trends in many of its businesses. Other standouts were Adobe Systems, Mastercard, and Intuit in information technology and Netflix in consumer discretionary.

The biggest detractor was energy drink company Monster Beverage in consumer staples. The company missed sales growth and earnings expectations in the first quarter as its international distributors reduced inventory. Other laggards were Starbucks in consumer discretionary, Affiliated Managers Group in financials, Biogen in health care, and PPG Industries in materials.

As investors became more focused on the potential business implications of inflation-related cost pressures, our higher and more sustainable growth bias, which leads us to companies with value-added products and services and flexible pricing, boosted results.

It remains to be seen how long expansion can persist after the half year's unprecedented fiscal stimulus. Broadly speaking, corporate earnings trends and forward-looking guidance reflect economic strength. However, many risks remain, including the ramifications of a potential trade war, the effects of inflationary pressures, and how quickly the Federal Reserve will raise rates. Our focus remains on identifying companies with durable growth drivers, independent of the economic backdrop, whose stocks present compelling risk/reward opportunities.

Portfolio Profile

As of June 30, 2018

Portfolio Characteristics

	Portfolio	Comparative Index[1]	Broad Index[2]
Number of Stocks	113	542	3,779
Median Market Cap	$63.7B	$105.9B	$64.0B
Price/Earnings Ratio	33.1x	28.8x	20.7x
Price/Book Ratio	6.2x	7.1x	3.0x
Yield[3]	0.38%	1.2%	1.8%
Return on Equity	19.0%	21.5%	15.0%
Earnings Growth Rate	14.7%	11.2%	8.3%
Foreign Holdings	1.0%	0.0%	0.0%
Turnover Rate[4]	32%	—	—
Expense Ratio[5]	0.40%	—	—
Short-Term Reserves	1.3%	—	—

Volatility Measures

	Portfolio Versus Comparative Index[1]	Portfolio Versus Broad Index[2]
R-Squared	0.92	0.76
Beta	0.98	0.96

Sector Diversification (% of equity exposure)

	Portfolio	Comparative Index[1]	Broad Index[2]
Consumer Discretionary	14.6%	17.9%	13.2%
Consumer Staples	2.6	5.7	6.2
Energy	0.5	1.0	6.1
Financials	7.9	4.4	14.3
Health Care	11.7	13.4	13.7
Industrials	6.8	11.9	10.2
Information Technology	50.9	41.6	24.7
Materials	0.9	1.8	3.1
Other	1.2	0.0	0.0
Real Estate	2.8	2.2	3.8
Telecommunication Services	0.0	0.1	1.8
Utilities	0.1	0.0	2.9

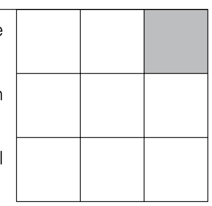
Ten Largest Holdings[6] (% of total net assets)

Microsoft Corp.	Systems Software	6.7%
Alphabet Inc	Internet Software & Services	5.7
Mastercard Inc.	Data Processing & Outsourced Services	4.2
PayPal Holdings Inc.	Data Processing & Outsourced Services	3.8
Visa Inc.	Data Processing & Outsourced Services	3.5
Amazon.com Inc.	Internet & Direct Marketing Retail	3.3
UnitedHealth Group Inc.	Managed Health Care	2.7
Facebook Inc.	Internet Software & Services	2.5
Intercontinental Exchange Inc.	Financial Exchanges & Data	2.2
eBay Inc.	Internet Software & Services	1.9
Top Ten		36.5%

Investment Focus

Style: Value Blend Growth

Market Cap: Large, Medium, Small



30-Day SEC Yield. A portfolio's 30-day SEC yield is derived using a formula specified by the U.S. Securities and Exchange Commission. Under the formula, data related to the portfolio's security holdings in the previous 30 days are used to calculate the portfolio's hypothetical net income for that period, which is then annualized and divided by the portfolio's estimated average net assets over the calculation period. For the purposes of this calculation, a security's income is based on its current market yield to maturity (for bonds), its actual income (for asset-backed securities), or its projected dividend yield (for stocks). Because the SEC yield represents hypothetical annualized income, it will differ—at times significantly—from the portfolio's actual experience. As a result, the portfolio's income distributions may be higher or lower than implied by the SEC yield.

Beta. A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of a given market index. The index is assigned a beta of 1.00. Compared with a given index, a portfolio with a beta of 1.20 typically would have seen its share price rise or fall by 12% when the index rose or fell by 10%. For this report, beta is based on returns over the past 36 months for both the portfolio and the index.

Equity Exposure. A measure that reflects a portfolio's investments in stocks and stock futures. Any holdings in short-term reserves are excluded.

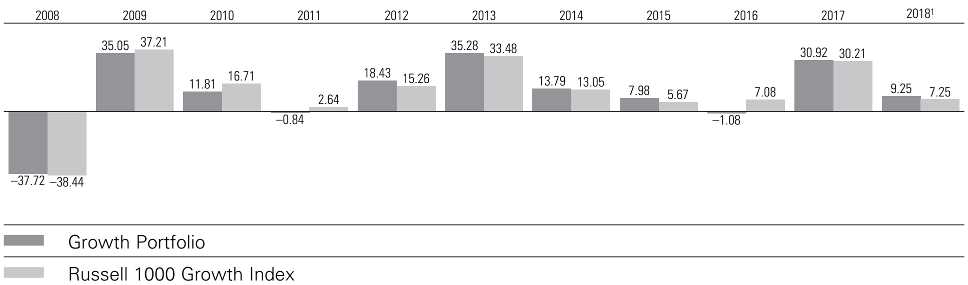
R-Squared. A measure of how much of a portfolio's past returns can be explained by the returns from the market in general, as measured by a given index. If a portfolio's total returns were precisely synchronized with an index's returns, its R-squared would be 1.00. If the portfolio's returns bore no relationship to the index's returns, its R-squared would be 0. For this report, R-squared is based on returns over the past 36 months for both the portfolio and the index.

1 Russell 1000 Growth Index.
2 Dow Jones U.S. Total Stock Market Float Adjusted Index.
3 30-day SEC yield for the portfolio; annualized dividend yield for the indexes.
4 Annualized.
5 The expense ratio shown is from the prospectus dated April 26, 2018, and represents estimated costs for the current fiscal year. For the six months ended June 30, 2018, the Growth Portfolio's annualized expense ratio was 0.41%.
6 The holdings listed exclude any temporary cash investments and equity index products.

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the portfolio. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on portfolio distributions or on the sale of portfolio shares. Nor do the returns reflect fees and expenses associated with the annuity or life insurance program through which a shareholder invests. If these fees and expenses were included, the portfolio's returns would be lower.

Fiscal-Year Total Returns (%): December 31, 2007–June 30, 2018



Average Annual Total Returns: Periods Ended June 30, 2018

	Inception Date	One Year	Five Years	Ten Years
Growth Portfolio	6/7/1993	24.15%	16.24%	11.20%

1 Six months ended June 30, 2018.
See Financial Highlights for dividend and capital gains information.

Financial Statements (unaudited)

Statement of Net Assets

As of June 30, 2018

The portfolio reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter-ends. For the second and fourth fiscal quarters, the lists appear in the portfolio's semiannual and annual reports to shareholders. For the first and third fiscal quarters, the portfolio files the lists with the Securities and Exchange Commission on Form N-Q. Shareholders can look up the portfolio's Forms N-Q on the SEC's website at sec.gov. Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room (see the back cover of this report for further information).

		Shares	Market Value• ($000)
	Common Stocks (93.8%)[1]		
	Consumer Discretionary (13.9%)		
*	Amazon.com Inc.	12,512	21,268
	Dollar General Corp.	84,732	8,355
*	TripAdvisor Inc.	142,985	7,966
*	Liberty Global plc	283,116	7,534
	Home Depot Inc.	35,360	6,899
*	Netflix Inc.	14,072	5,508
	Domino's Pizza Inc.	13,759	3,882
*	Booking Holdings Inc.	1,730	3,507
*	O'Reilly Automotive Inc.	12,342	3,376
	Hilton Worldwide Holdings Inc.	32,022	2,535
*	Live Nation Entertainment Inc.	51,800	2,516
	Ross Stores Inc.	28,661	2,429
	Hasbro Inc.	24,916	2,300
	McDonald's Corp.	14,410	2,258
	Starbucks Corp.	41,740	2,039
	Las Vegas Sands Corp.	23,669	1,807
*	Liberty Global plc Class A	64,792	1,784
*	Under Armour Inc. Class A	62,656	1,408
	NIKE Inc. Class B	14,082	1,122
*	Wayfair Inc.	3,600	428
			88,921
	Consumer Staples (2.3%)		
*	Monster Beverage Corp.	113,344	6,495
	Constellation Brands Inc. Class A	15,555	3,405
	Coca-Cola Co.	42,280	1,854
	Estee Lauder Cos. Inc. Class A	12,940	1,846
	PepsiCo Inc.	11,455	1,247
			14,847
	Energy (0.3%)		
	EOG Resources Inc.	12,430	1,547
	Financials (7.2%)		
	Intercontinental Exchange Inc.	194,791	14,327
	Charles Schwab Corp.	151,704	7,752
	CME Group Inc.	37,280	6,111
	MarketAxess Holdings Inc.	17,587	3,480
*	Markel Corp.	2,540	2,754
	MSCI Inc. Class A	16,405	2,714
	Progressive Corp.	45,770	2,707
	Marsh & McLennan Cos. Inc.	31,230	2,560
	TD Ameritrade Holding Corp.	40,682	2,228
	Bank of America Corp.	56,855	1,603
			46,236
	Health Care (11.0%)		
	UnitedHealth Group Inc.	69,629	17,083
*	Biogen Inc.	38,484	11,170
*	IQVIA Holdings Inc.	98,523	9,835
*	Illumina Inc.	20,828	5,817
	Dentsply Sirona Inc.	113,001	4,946
*	Edwards Lifesciences Corp.	31,927	4,648
	Bristol-Myers Squibb Co.	64,136	3,549
	Zoetis Inc.	41,490	3,535
	Stryker Corp.	15,270	2,578
	Thermo Fisher Scientific Inc.	12,071	2,500
*	DexCom Inc.	23,155	2,199
*	ABIOMED Inc.	3,810	1,558
	Danaher Corp.	10,030	990
			70,408
	Industrials (6.4%)		
	FedEx Corp.	41,309	9,380
	TransUnion	70,324	5,038
*	IHS Markit Ltd.	73,995	3,817
	Equifax Inc.	28,547	3,571
	Lockheed Martin Corp.	9,098	2,688
*	Verisk Analytics Inc. Class A	22,080	2,377
	Northrop Grumman Corp.	7,333	2,256
	Raytheon Co.	11,650	2,251
	AMETEK Inc.	28,006	2,021
*	Copart Inc.	33,590	1,900
	Fortive Corp.	23,415	1,806
	TransDigm Group Inc.	4,280	1,477
	Fortune Brands Home & Security Inc.	25,843	1,387
	Fastenal Co.	18,037	868
			40,837
	Information Technology (49.2%)		
	Microsoft Corp.	436,572	43,050
	Mastercard Inc. Class A	136,823	26,889
*	PayPal Holdings Inc.	293,089	24,406
	Visa Inc. Class A	167,722	22,215
*	Alphabet Inc. Class C	19,821	22,113
*	Facebook Inc. Class A	82,255	15,984
*	Alphabet Inc. Class A	12,678	14,316
*	eBay Inc.	340,690	12,353
	Apple Inc.	61,116	11,313
*	Autodesk Inc.	86,275	11,310
*	Take-Two Interactive Software Inc.	78,863	9,334
*	Electronic Arts Inc.	64,070	9,035
*	Adobe Systems Inc.	32,228	7,858
*	Alibaba Group Holding Ltd. ADR	42,019	7,796
	Applied Materials Inc.	143,574	6,632
*	FleetCor Technologies Inc.	27,743	5,844
*	ServiceNow Inc.	33,232	5,732
*	Arista Networks Inc.	20,829	5,363
	ASML Holding NV	22,828	4,519
	Microchip Technology Inc.	43,979	4,000
*	salesforce.com Inc.	29,093	3,968
	NVIDIA Corp.	15,344	3,635
	CDW Corp.	43,142	3,485
	Accenture plc Class A	21,110	3,453
	Global Payments Inc.	30,385	3,388
	Alliance Data Systems Corp.	13,011	3,034
*	Workday Inc. Class A	23,795	2,882
	Texas Instruments Inc.	24,690	2,722
	SS&C Technologies Holdings Inc.	46,100	2,393
*	2U Inc.	27,825	2,325
	Intuit Inc.	11,240	2,296
	Activision Blizzard Inc.	29,985	2,288
*	Zillow Group Inc.	35,984	2,125
*	Red Hat Inc.	15,110	2,030
*	Gartner Inc.	13,081	1,739
	Tencent Holdings Ltd. ADR	31,601	1,588
*	Spotify Technology SA	8,882	1,494
			314,907
	Materials (0.8%)		
	Praxair Inc.	15,910	2,516
	Sherwin-Williams Co.	4,048	1,650
	PPG Industries Inc.	9,310	966
			5,132
	Other (0.0%)		
*,2,3	WeWork Class A PP	1,460	91
	Real Estate (2.7%)		
	Crown Castle International Corp.	67,304	7,256
	Equinix Inc.	10,751	4,622
	American Tower Corp.	26,377	3,803
*	SBA Communications Corp. Class A	10,780	1,780
			17,461
	Total Common Stocks (Cost $405,086)		600,387
	Preferred Stocks (1.1%)		
*,2,3,4	Uber Technologies PP, 8.00%	74,490	2,980
*,2,3,4	WeWork Pfd. D1 PP	19,954	1,245
*,2,3,4	Airbnb Inc., 8.00%	9,972	1,116
*,2,3,4	WeWork Pfd. D2 PP	15,678	979
*,2,3,4	Pinterest Prf G PP, 8.00%	124,325	793
	Total Preferred Stocks (Cost $3,570)		7,113

	Shares	Market Value• ($000)
Temporary Cash Investments (5.3%)[1]		
Money Market Fund (4.7%)		
5 Vanguard Market Liquidity Fund, 2.122%	302,311	30,234
	Face Amount ($000)	
Repurchase Agreement (0.4%)		
Bank of America Securities, LLC 2.090%, 7/2/18 (Dated 6/29/18, Repurchase Value $2,200,000, collateralized by Government National Mortgage Assn. 3.985%, 5/20/68, with a value of $2,244,000)	2,200	2,200
U.S. Government and Agency Obligations (0.2%)		
6 United States Treasury Bill, 1.908%, 9/27/18	500	498
6 United States Treasury Bill, 1.934%, 10/11/18	588	585
		1,083
Total Temporary Cash Investments (Cost $33,519)		33,517
Total Investments (100.2%) (Cost $442,175)		641,017

	Amount ($000)
Other Assets and Liabilities (-0.2%)	
Other Assets	
Investment in Vanguard	34
Receivables for Accrued Income	174
Receivables for Investment Securities Sold	856
Receivables for Capital Shares Issued	318
Variation Margin Receivable—Futures Contracts	19
Other Assets	240
Total Other Assets	1,641
Liabilities	
Payables for Investment Securities Purchased	(1,778)
Payables to Investment Advisor	(226)
Payables for Capital Shares Redeemed	(122)
Payables to Vanguard	(663)
Total Liabilities	(2,789)
Net Assets (100%)	
Applicable to 25,713,708 outstanding $.001 par value shares of beneficial interest (unlimited authorization)	639,869
Net Asset Value Per Share	$24.88

At June 30, 2018, net assets consisted of:

	Amount ($000)
Paid-in Capital	419,132
Undistributed Net Investment Income	424
Accumulated Net Realized Gains	22,034
Unrealized Appreciation (Depreciation)	
Investment Securities	198,842
Futures Contracts	(563)
Net Assets	639,869

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

1 The portfolio invests a portion of its cash reserves in equity markets through the use of index futures contracts. After giving effect to futures investments, the portfolio's effective common stock and temporary cash investment positions represent 97.8% and 1.3%, respectively, of net assets.

2 Security value determined using significant unobservable inputs.

3 Restricted securities totaling $7,204,000, representing 1.1% of net assets. See Restricted Securities table for additional information.

4 Perpetual security with no stated maturity date.

5 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

6 Securities with a value of $1,083,000 have been segregated as initial margin for open futures contracts.

ADR—American Depositary Receipt.

PP—Private Placement.

Restricted Securities as of Period End

Security Name	Acquisition Date	Acquisition Cost ($000)
Uber Technologies PP	June 2014	1,156
WeWork Pfd. D1 PP	December 2014	332
WeWork Pfd. D2 PP	December 2014	261
WeWork Class A PP	December 2014	24
Pinterest Prf G PP	March 2015	893
Airbnb Inc.	June 2015	928

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount ($000)	Value and Unrealized Appreciation (Depreciation) ($000)
Long Futures Contracts				
E-mini S&P 500 Index	September 2018	185	25,175	(563)

Unrealized appreciation (depreciation) on open futures contracts is required to be treated as realized gain (loss) for tax purposes.

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

Statement of Operations

	Six Months Ended June 30, 2018
	($000)
Investment Income	
Income	
Dividends[1]	2,183
Interest[2]	238
Securities Lending—Net	2
Total Income	2,423
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	430
Performance Adjustment	16
The Vanguard Group—Note C	
Management and Administrative	736
Marketing and Distribution	41
Custodian Fees	9
Shareholders' Reports	3
Trustees' Fees and Expenses	1
Total Expenses	1,236
Expenses Paid Indirectly	(11)
Net Expenses	1,225
Net Investment Income	**1,198**
Realized Net Gain (Loss)	
Investment Securities Sold[2]	21,749
Futures Contracts	446
Realized Net Gain (Loss)	**22,195**
Change in Unrealized Appreciation (Depreciation)	
Investment Securities[2]	29,686
Futures Contracts	(714)
Change in Unrealized Appreciation (Depreciation)	**28,972**
Net Increase (Decrease) in Net Assets Resulting from Operations	**52,365**

1 Dividends are net of foreign withholding taxes of $6,000.

2 Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were $216,000, $2,000, and $1,000, respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

	Six Months Ended June 30, 2018	Year Ended December 31, 2017
	($000)	($000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	1,198	2,113
Realized Net Gain (Loss)	22,195	29,433
Change in Unrealized Appreciation (Depreciation)	28,972	97,873
Net Increase (Decrease) in Net Assets Resulting from Operations	52,365	129,419
Distributions		
Net Investment Income	(1,913)	(2,437)
Realized Capital Gain[1]	(29,602)	(28,841)
Total Distributions	(31,515)	(31,278)
Capital Share Transactions		
Issued	59,858	63,195
Issued in Lieu of Cash Distributions	31,515	31,278
Redeemed	(30,371)	(49,852)
Net Increase (Decrease) from Capital Share Transactions	61,002	44,621
Total Increase (Decrease)	81,852	142,762
Net Assets		
Beginning of Period	**558,017**	**415,255**
End of Period[2]	**639,869**	**558,017**

1 Includes fiscal 2018 and 2017 short-term gain distributions totaling $3,387,000 and $44,000, respectively. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

2 Net Assets—End of Period includes undistributed (overdistributed) net investment income of $424,000 and $1,139,000.

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

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended June 30, 2018	Year Ended December 31, 2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	**$23.99**	**$19.70**	**$22.58**	**$23.24**	**$20.62**	**$15.32**
Investment Operations						
Net Investment Income	.049[1]	.094[1]	.115	.127	.140	.089
Net Realized and Unrealized Gain (Loss) on Investments	2.162	5.685	(.465)	1.632	2.676	5.296
Total from Investment Operations	2.211	5.779	(.350)	1.759	2.816	5.385
Distributions						
Dividends from Net Investment Income	(.080)	(.116)	(.126)	(.141)	(.090)	(.085)
Distributions from Realized Capital Gains	(1.241)	(1.373)	(2.404)	(2.278)	(.106)	—
Total Distributions	(1.321)	(1.489)	(2.530)	(2.419)	(.196)	(.085)
Net Asset Value, End of Period	**$24.88**	**$23.99**	**$19.70**	**$22.58**	**$23.24**	**$20.62**
Total Return	**9.25%**	**30.92%**	**-1.08%**	**7.98%**	**13.79%**	**35.28%**
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	$640	$558	$415	$506	$446	$411
Ratio of Total Expenses to Average Net Assets[2]	0.41%	0.40%	0.42%	0.44%	0.43%	0.41%
Ratio of Net Investment Income to Average Net Assets	0.40%	0.43%	0.53%	0.57%	0.65%	0.50%
Portfolio Turnover Rate	32%	28%	28%	38%	39%	38%

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

1 Calculated based on average shares outstanding.

2 Includes performance-based investment advisory fee increases (decreases) of 0.01%, (0.01%), 0.00%, 0.03%, 0.01%, and (0.01%).

Notes to Financial Statements

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.

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 Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the portfolio’s pricing time but after the close of the securities’ primary markets, are valued at their fair values calculated according to procedures adopted by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the portfolio’s pricing time. When fair-value pricing is employed, the prices of securities used by a portfolio to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund’s net asset value. Temporary cash investments are

valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. Futures Contracts: The portfolio uses index futures contracts to a limited extent, with the objective of maintaining full exposure to the stock market while maintaining liquidity. The portfolio may purchase or sell futures contracts to achieve a desired level of investment, whether to accommodate portfolio turnover or cash flows from capital share transactions. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse 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.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets 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 futures gains (losses).

During the six months ended June 30, 2018, the portfolio's average investments in long and short futures contracts represented 4% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

3. Repurchase Agreements: The portfolio enters into repurchase agreements with institutional counterparties. Securities pledged as collateral to the portfolio under repurchase agreements are held by a custodian bank until the agreements mature, and in the absence of a default, such collateral cannot be repledged, resold, or rehypothecated. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. The portfolio further mitigates its counterparty risk by entering into repurchase agreements only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any repurchase agreements with that counterparty, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio. Such action may be subject to legal proceedings, which may delay or limit the disposition of collateral.

4. Federal Income Taxes: The portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the portfolio's tax positions taken for all open federal income tax years (December 31, 2014–2017), and for the period ended June 30, 2018, and has concluded that no provision for federal income tax is required in the portfolio's financial statements.

5. Distributions: Distributions to shareholders are recorded on the ex-dividend date.

6. Securities Lending: To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of 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 Vanguard Market Liquidity Fund, and records a liability in the Statement of Net Assets for the return of the collateral, during the period the securities are on loan. Securities lending income

represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

7. Credit Facility: The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a $3.1 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the portfolio's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The portfolio had no borrowings outstanding at June 30, 2018, or at any time during the period then ended.

8. Other: Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities purchased are amortized and accreted, respectively, to interest income over the lives of the respective securities. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. The investment advisory firms Wellington Management Company LLP, Jackson Square Partners, LLC, and William Blair Investment Management, LLC, each provide investment advisory services to a portion of the portfolio for a fee calculated at an annual percentage rate of average net assets managed by the advisor. The basic fees of Wellington Management Company LLP, and Jackson Square Partners, LLC, are subject to quarterly adjustments based on performance relative to the Russell 1000 Growth Index for the preceding three years. The basic fee of William Blair Investment Management, LLC, is subject to quarterly adjustments based on performance relative to the Russell 1000 Growth Index for the preceding five years.

Vanguard manages the cash reserves of the portfolio as described below.

For the six months ended June 30, 2018, the aggregate investment advisory fee represented an effective annual basic rate of 0.14% of the portfolio's average net assets, before an increase of $16,000 (0.01%) based on performance.

C. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio corporate management, administrative, marketing, distribution, and cash management services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees. Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the portfolio's liability for these costs of operations is included in Payables to Vanguard on the Statement of Net Assets. All other costs of operations payable to Vanguard are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At June 30, 2018, the portfolio had contributed to Vanguard capital in the amount of $34,000, representing 0.01% of the portfolio's net assets and 0.01% of Vanguard's capitalization. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

D. The portfolio has asked its investment advisors to direct certain security trades, subject to obtaining the best price and execution, to brokers who have agreed to rebate to the portfolio part of the commissions generated. Such rebates are used solely to reduce the portfolio's management and administrative expenses. For the six months ended June 30, 2018, these arrangements reduced the portfolio's expenses by $11,000 (an annual rate of 0.00% of average net assets).

E. Various inputs may be used to determine the value of the portfolio's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.
Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
Level 3—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the portfolio's investments as of June 30, 2018, based on the inputs used to value them:

Investments	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)
Common Stocks	600,296	—	91
Preferred Stocks	—	—	7,113
Temporary Cash Investments	30,234	3,283	—
Futures Contracts—Assets[1]	19	—	—
Total	630,549	3,283	7,204

1 Represents variation margin on the last day of the reporting period.

The determination of Level 3 fair value measurements is governed by documented policies and procedures adopted by the board of trustees. The board has designated a pricing review committee, as an agent of the board, to ensure the timely analysis and valuation of Level 3 securities held by the portfolio in accordance with established policies and procedures. The pricing review committee employs various methods for calibrating valuation approaches, including a regular review of key 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 valued based on Level 3 inputs during the six months ended June 30, 2018. Transfers into or out of Level 3 are recognized based on values as of the date of transfer.

Amount Valued Based on Level 3 Inputs	Investments in Common Stocks ($000)	Investments in Preferred Stocks ($000)
Balance as of December 31, 2017	76	7,413
Sales	—	(1,005)
Net Realized Gain (Loss)	—	532
Change in Unrealized Appreciation (Depreciation)	15	173
Balance as of June 30, 2018	91	7,113

Net change in unrealized appreciation (depreciation) from investments still held as of June 30, 2018 was $188,000.

The following table provides quantitative information about the significant unobservable inputs used in fair value measurement as of June 30, 2018.

Security Type	Fair Value at 6/30/2018 ($000)	Valuation Technique	Unobservable Input	Amount or Range/ Weighted Avg.
Common Stocks	91	Target Event[1]	Weighted Average Price— Series G and H Shares	25% at $94.25 75% at $51.81
Preferred Stocks	2,980	Target Event	Transaction Price	$40.00
	2,224	Target Event[1]	Weighted Average Price— Series G and H Shares	25% at $94.25 75% at $51.81
	1,116	Company Comparable Approach[2]	Enterprise Value/ Revenue Projections	5.5x–7.5x
			Liquidity Discount	10%
			Weighted Probability IPO	50%/50%
	793	Company Comparable Approach	Enterprise Value/ Next 12 Month Revenue	6.9x
			Liquidity Discount	10%
			IPO/M&A Probability	75%/25%

1 During the period ended June 30, 2018, the valuation technique was changed from Recent Market Transaction to Target Event. This was considered to be a more relevant measure of fair value for this investment.

2 During the period ended June 30, 2018, the valuation technique was changed from Recent Market Transaction to Company Comparable. This was considered to be a more relevant measure of fair value for this investment.

Significant increases or decreases in the significant unobservable inputs used in the fair value measurement of the portfolio's Level 3 securities, in isolation, could result in a significantly higher or lower fair value measurement.

F. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain, or loss are recognized in different periods for financial statement and tax purposes. These differences will reverse at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. The portfolio's tax-basis capital gains and losses are determined only at the end of each fiscal year.

At June 30, 2018, the cost of investment securities for tax purposes was $442,175,000. Net unrealized appreciation of investment securities for tax purposes was $198,842,000, consisting of unrealized gains of $206,973,000 on securities that had risen in value since their purchase and $8,131,000 in unrealized losses on securities that had fallen in value since their purchase.

G. During the six months ended June 30, 2018, the portfolio purchased $115,358,000 of investment securities and sold $92,244,000 of investment securities, other than temporary cash investments.

H. Capital shares issued and redeemed were:

	Six Months Ended June 30, 2018	Year Ended December 31, 2017
	Shares (000)	Shares (000)
Issued	2,411	2,923
Issued in Lieu of Cash Distributions	1,273	1,576
Redeemed	(1,235)	(2,308)
Net Increase (Decrease) in Shares Outstanding	2,449	2,191

At June 30, 2018, 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 78% of the portfolio's net assets. If the shareholder were to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio or cause the portfolio to incur higher transaction costs.

I. Management has determined that no events or transactions occurred subsequent to June 30, 2018, that would require recognition or disclosure in these financial statements.

About Your Portfolio's Expenses

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 table below 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 your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number given for your portfolio under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your portfolio's costs with those of other mutual funds. It assumes that the portfolio had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the portfolio's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your portfolio's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the portfolio for buying and selling securities. The portfolio's expense ratio does not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the portfolio's expenses in the Financial Statements section. For additional information on operating expenses and other shareholder costs, please refer to the prospectus.

Six Months Ended June 30, 2018

Growth Portfolio	Beginning Account Value 12/31/2017	Ending Account Value 6/30/2018	Expenses Paid During Period[1]
Based on Actual Portfolio Return	$1,000.00	$1,092.46	$2.13
Based on Hypothetical 5% Yearly Return	1,000.00	1,022.76	2.06

1 The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.41%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (181/365).

Trustees Approve Advisory Arrangements

The board of trustees of Vanguard Variable Insurance Fund Growth Portfolio has renewed the portfolio's investment advisory arrangements with Jackson Square Partners, LLC (Jackson Square), Wellington Management Company LLP (Wellington Management), and William Blair Investment Management, LLC (William Blair). 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 decision 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 monthly reports, which included a Market and Economic Report, a Fund Dashboard Monthly Summary, and a Fund Performance Report.

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 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 each advisor. The board considered the following:

Jackson Square. Jackson Square was founded in February 2014 by the same investment team that has managed a portion of the portfolio since October 2010. Jackson Square invests primarily in common stocks of large-capitalization, growth-oriented companies that it believes have long-term capital appreciation potential and are expected to grow faster than the U.S. economy. The advisor uses a bottom-up approach, seeking companies that are attractively priced and have large-end market potential, dominant business models, and strong free cash flow generation. Jackson Square has managed a portion of the portfolio since 2014.

Wellington Management. Founded in 1928, Wellington Management is among the nation's oldest and most respected institutional investment managers. The firm employs a traditional, bottom-up fundamental research approach to identify companies with sustainable competitive advantages that can drive a higher rate or longer duration of growth than the market expects, while trading at reasonable valuations. Wellington Management has managed a portion of the portfolio since 2010.

William Blair. Founded in 1935, William Blair is an independently owned, full-service investment firm. The advisor uses an investment process that relies on thorough, in-depth fundamental analysis to invest in quality growth companies that it believes will grow faster than the market expects or sustain an above-average growth rate for longer than the market expects. In selecting stocks, William Blair considers leadership position within the company's market, the quality of products or services provided, return on equity, accounting policies, and the quality of the management team. William Blair has advised a portion of the portfolio since 2004.

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 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 arrangements should continue. Information about the portfolio's most recent performance can be found in the Performance Summary section of this report.

Cost

The board concluded that the portfolio's expense ratio was well below the average expense ratio charged by funds in its peer group and that the portfolio's advisory fee rate was also well below the peer-group average. Information about the portfolio's expense ratio appears in the About Your Portfolio's Expenses page as well as in the Financial Statements section, which also includes information about the portfolio's advisory fee rate.

The board did not consider the profitability of Jackson Square, Wellington Management, or William Blair 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 Jackson Square, Wellington Management, and William Blair 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.

The People Who Govern Your Fund

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 on an at-cost basis.

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 208 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. 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.

1 Mr. McNabb and Mr. Buckley are considered "interested persons," as defined in the Investment Company Act of 1940, because they are officers of the Vanguard funds.

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 (2000–2010) 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). Chairman of the board of trustees of Colby-Sawyer College. Member of the Board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

Executive Officers

Glenn Booraem
Born in 1967. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (2017–present), treasurer (2015–2017), controller (2010–2015), and assistant controller (2001–2010) of each of the investment companies served by Vanguard.

Christine M. Buchanan
Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard and global head of Fund Administration at Vanguard. Treasurer (2017–present) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG LLP (audit, tax, and advisory services).

Brian Dvorak
Born in 1973. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2017–present) of Vanguard and each of the investment companies served by Vanguard. Assistant vice president (2017–present) of Vanguard Marketing Corporation. Vice president and director of Enterprise Risk Management (2011–2013) at Oppenheimer Funds, Inc.

Thomas J. Higgins
Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2008–present) and treasurer (1998–2008) of each of the investment companies served by Vanguard.

Peter Mahoney
Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

Anne E. Robinson
Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Director and senior vice president (2016–2018) of Vanguard Marketing Corporation. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express.

Michael Rollings
Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

Vanguard Senior Management Team

Mortimer J. Buckley	James M. Norris
Gregory Davis	Thomas M. Rampulla
John James	Karin A. Risi
Martha G. King	Anne E. Robinson
John T. Marcante	Michael Rollings
Chris D. McIsaac	

Chairman Emeritus and Senior Advisor

John J. Brennan
Chairman, 1996–2009
Chief Executive Officer and President, 1996–2008

Founder

John C. Bogle
Chairman and Chief Executive Officer, 1974–1996

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You can obtain a free copy of Vanguard's proxy voting guidelines by visiting vanguard.com/proxyreporting or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, sec.gov. In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either vanguard.com/proxyreporting or sec.gov.

All comparative mutual fund data are from Lipper, a Thomson Reuters Company, or Morningstar, Inc., unless otherwise noted.

You can review and copy information about your portfolio at the SEC's Public Reference Room in Washington, D.C. To find out more about this public service, call the SEC at 202-551-8090. Information about your portfolio is also available on the SEC's website, and you can receive copies of this information, for a fee, by sending a request in either of two ways: via email addressed to publicinfo@sec.gov or via regular mail addressed to the Public Reference Section, Securities and Exchange Commission, Washington, DC 20549-1520.

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