

Semiannual Report | June 30, 2023

Vanguard Variable Insurance Funds

Total International Stock Market Index Portfolio

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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. The Total International Stock Market Index Portfolio has no direct expenses, but bears its proportionate share of the costs for the underlying funds in which it invests. These indirect expenses make up the acquired fund fees and expenses, also expressed as a percentage of average net assets. 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 costs were calculated using the acquired fund fees and expenses for the Total International Stock Market Index Portfolio.

The accompanying table illustrates your portfolio's costs in two ways:

- **Based on actual portfolio return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the portfolio's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the portfolio. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide 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. 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 of this report. For additional information on operating expenses and other shareholder costs, please refer to your portfolio's current prospectus.

Six Months Ended June 30, 2023

	Beginning Account Value 12/31/2022	Ending Account Value 6/30/2023	Expenses Paid During Period
Total International Stock Market Index Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,094.60	\$0.57
Based on Hypothetical 5% Yearly Return	1,000.00	1,024.25	0.55

The calculations are based on acquired fund fees and expenses for the most recent six-month period. The underlying portfolios' annualized expense figure for that period is 0.11%. The dollar amounts shown as "Expenses Paid" are equal to the annualized average weighted expense ratio for the underlying funds 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).

Total International Stock Market Index Portfolio

Underlying Vanguard Funds

As of June 30, 2023

Vanguard Developed Markets Index Fund Admiral Shares	28.0%
Vanguard FTSE All-World ex-US Index Fund Admiral Shares	28.0
Vanguard Emerging Markets Stock Index Fund Admiral Shares	17.4
Vanguard European Stock Index Fund Admiral Shares	12.7
Vanguard Pacific Stock Index Fund Admiral Shares	8.5
Vanguard FTSE All-World ex-US Small-Cap Index Fund Admiral Shares	3.1
Vanguard FTSE Canada All Cap Index ETF	2.3

The table reflects the portfolio’s investments, except for short-term investments.

Financial Statements (unaudited)

Schedule of Investments

As of June 30, 2023

The portfolio files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The portfolio's Form N-PORT reports are available on the SEC's website at www.sec.gov.

	Shares	Market Value* (\$000)
Investment Companies (99.9%)		
International Stock Funds (99.9%)		
Vanguard Developed Markets Index Fund Admiral Shares	22,704,226	336,704
Vanguard FTSE All-World ex-US Index Fund Admiral Shares	9,945,714	336,165
Vanguard Emerging Markets Stock Index Fund Admiral Shares	6,197,078	209,151
Vanguard European Stock Index Fund Admiral Shares	1,978,448	152,538
Vanguard Pacific Stock Index Fund Admiral Shares	1,190,859	102,605
Vanguard FTSE All-World ex-US Small-Cap Index Fund Admiral Shares	1,356,753	36,958
Vanguard FTSE Canada All Cap Index ETF	918,885	28,328
Total Investment Companies (Cost \$1,243,287)		1,202,449
Temporary Cash Investments (0.0%)		
Money Market Fund (0.0%)		
¹ Vanguard Market Liquidity Fund, 5.150% (Cost \$232)	2,319	232
Total Investments (99.9%) (Cost \$1,243,519)		1,202,681
Other Assets and Liabilities—Net (0.1%)		953
Net Assets (100%)		1,203,634

Cost is in \$000.

- * See Note A in Notes to Financial Statements.

¹ Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

Statement of Assets and Liabilities

As of June 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value—Affiliated Funds (Cost \$1,243,519)	1,202,681
Receivables for Accrued Income	182
Receivables for Capital Shares Issued	1,161
Total Assets	1,204,024
Liabilities	
Payables for Investment Securities Purchased	232
Payables for Capital Shares Redeemed	158
Total Liabilities	390
Net Assets	1,203,634

At June 30, 2023, net assets consisted of:

Paid-in Capital	1,228,611
Total Distributable Earnings (Loss)	(24,977)
Net Assets	1,203,634

Net Assets

Applicable to 60,229,827 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	1,203,634
Net Asset Value Per Share	\$19.98

Statement of Operations

	Six Months Ended June 30, 2023
	(\$000)
Investment Income	
Income	
Income Distributions Received from Affiliated Funds ¹	14,812
Net Investment Income—Note B	14,812
Realized Net Gain (Loss)	
Affiliated Funds Sold	7,267
Foreign Currencies	6
Realized Net Gain (Loss)	7,273
Change in Unrealized Appreciation (Depreciation)	
Affiliated Funds	82,178
Foreign Currencies	—
Change in Unrealized Appreciation (Depreciation)	82,178
Net Increase (Decrease) in Net Assets Resulting from Operations	104,263

¹ Dividends are net of foreign withholding taxes of \$102,000.

Statement of Changes in Net Assets

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	14,812	36,124
Realized Net Gain (Loss)	7,273	12,325
Change in Unrealized Appreciation (Depreciation)	82,178	(241,674)
Net Increase (Decrease) in Net Assets Resulting from Operations	104,263	(193,225)
Distributions		
Total Distributions	(47,092)	(72,843)
Capital Share Transactions		
Issued	143,317	499,136
Issued in Lieu of Cash Distributions	47,092	72,843
Redeemed	(253,202)	(223,049)
Net Increase (Decrease) from Capital Share Transactions	(62,793)	348,930
Total Increase (Decrease)	(5,622)	82,862
Net Assets		
Beginning of Period	1,209,256	1,126,394
End of Period	1,203,634	1,209,256

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended June 30, 2023	Year Ended December 31,				
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$19.05	\$24.23	\$22.98	\$21.38	\$17.94	\$21.15
Investment Operations						
Net Investment Income ¹	.243	.622	.730	.487	.691	.646
Capital Gain Distributions Received ¹	—	—	—	—	—	—
Net Realized and Unrealized Gain (Loss) on Investments	1.517	(4.351)	1.202	1.645	3.134	(3.716)
Total from Investment Operations	1.760	(3.729)	1.932	2.132	3.825	(3.070)
Distributions						
Dividends from Net Investment Income	(.585)	(.709)	(.462)	(.415)	(.383)	(.127)
Distributions from Realized Capital Gains	(.245)	(.742)	(.220)	(.117)	(.002)	(.013)
Total Distributions	(.830)	(1.451)	(.682)	(.532)	(.385)	(.140)
Net Asset Value, End of Period	\$19.98	\$19.05	\$24.23	\$22.98	\$21.38	\$17.94
Total Return	9.46%	-16.01%	8.53%	11.18%	21.55%	-14.62%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$1,204	\$1,209	\$1,126	\$899	\$402	\$200
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—	—
Acquired Fund Fees and Expenses	0.11%	0.11%	0.10%	0.10%	0.11%	0.11%
Ratio of Net Investment Income to Average Net Assets	2.46%	3.16%	3.03%	2.50%	3.50%	3.23%
Portfolio Turnover Rate	8%	15%	12%	22%	15%	6%

The expense ratio, acquired fund fees and expenses, and net investment income ratio for the current period have been annualized.

¹ Calculated based on average shares outstanding.

Notes to Financial Statements

The Total International Stock Market Index 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 seeks to match the return of its target index by investing in selected Vanguard funds and portfolios. Financial statements and other information about each underlying fund and portfolio are available at www.vanguard.com. 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:** Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Underlying ETFs are valued at the latest quoted sales prices or official closing prices taken from their primary market or, if not traded on the valuation date, at the mean of the latest quoted bid and asked prices.

2. **Foreign Currency:** Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the portfolio's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. **Federal Income Taxes:** The portfolio intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The portfolio's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the portfolio's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the portfolio's financial statements.

4. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. **Credit Facilities and Interfund Lending Program:** The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the portfolio's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the portfolio's board of trustees and borne by the funds in which the portfolio invests (see Note B). Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the portfolio and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the portfolio may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the portfolio's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the six months ended June 30, 2023, the portfolio did not utilize the credit facilities or the Interfund Lending Program.

6. Other: Income and capital gain distributions received are recorded on the ex-dividend date. 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. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio investment advisory, corporate management, administrative, marketing, and distribution 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. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the portfolio and all other expenses incurred by the portfolio during the six months ended June 30, 2023, were borne by the underlying Vanguard funds in which the portfolio invests. The portfolio's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

C. 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 Schedule of Investments.

At June 30, 2023, 100% of the market value of the portfolio's investments was determined based on Level 1 inputs.

D. As of June 30, 2023, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	1,246,782
Gross Unrealized Appreciation	20,579
Gross Unrealized Depreciation	(64,680)
Net Unrealized Appreciation (Depreciation)	(44,101)

E. Capital shares issued and redeemed were:

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
	Shares (000)	Shares (000)
Issued	7,214	24,649
Issued in Lieu of Cash Distributions	2,477	3,425
Redeemed	(12,950)	(11,071)
Net Increase (Decrease) in Shares Outstanding	(3,259)	17,003

Total International Stock Market Index Portfolio

F. Transactions during the period in affiliated underlying Vanguard funds were as follows:

	Dec. 31, 2022 Market Value (\$000)	Purchases at Cost (\$000)	Current Period Transactions					Jun. 30, 2023 Market Value (\$000)
			Proceeds from Securities Sold (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	
Vanguard Developed Markets Index Fund	339,995	23,356	56,817	3,766	26,404	4,218	—	336,704
Vanguard Emerging Markets Stock Index Fund	212,315	25,927	36,492	(1,114)	8,515	1,211	—	209,151
Vanguard European Stock Index Fund	151,357	19,372	33,485	2,398	12,896	3,212	—	152,538
Vanguard FTSE All-World ex-US Index Fund	339,001	20,160	48,172	1,904	23,272	4,312	—	336,165
Vanguard FTSE All-World ex-US Small-Cap Index Fund	37,728	2,871	6,063	73	2,349	315	—	36,958
Vanguard FTSE Canada All Cap Index ETF	26,548	246	—	—	1,534	576	—	28,328
Vanguard Market Liquidity Fund	648	NA ¹	NA ¹	—	—	8	—	232
Vanguard Pacific Stock Index Fund	103,382	8,848	17,073	240	7,208	960	—	102,605
Total	1,210,974	100,780	198,102	7,267	82,178	14,812	—	1,202,681

¹ Not applicable—purchases and sales are for temporary cash investment purposes.

G. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the portfolio's investments and portfolio performance.

To the extent the portfolio's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the portfolio may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

H. Management has determined that no events or transactions occurred subsequent to June 30, 2023, that would require recognition or disclosure in these financial statements.

Trustees Approve Advisory Arrangement

The board of trustees of Vanguard Variable Insurance Funds Total International Stock Market Index Portfolio has renewed the portfolio's investment advisory arrangement with The Vanguard Group, Inc. (Vanguard), through its Equity Index Group. The board determined that continuing the internalized management structure was in the best interests of the portfolio and its shareholders.

The board based its decision upon an evaluation of the advisor's investment staff, portfolio management process, and performance. This evaluation included information provided to the board by Vanguard's Portfolio Review Department, which is responsible for fund and advisor oversight and product management. The Portfolio Review Department met regularly with the advisor and made presentations to the board during the fiscal year that directed the board's focus to relevant information and topics.

The board, or an investment committee made up of board members, also received information throughout the year during advisor presentations. For each advisor presentation, the board was provided with letters and reports that included information about, among other things, the advisory firm and the advisor's assessment of the investment environment, portfolio performance, and portfolio characteristics.

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

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

Nature, extent, and quality of services

The board reviewed the quality of the investment management services provided to the portfolio since its inception in 2017; it also took into account the organizational depth and stability of the advisor. The board considered that Vanguard has been managing investments for more than four decades. The Equity Index Group adheres to a sound, disciplined investment management process; the team has considerable experience, stability, and depth.

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

Investment performance

The board considered portfolio's performance since its inception in 2017, including any periods of outperformance or underperformance compared with its target index and peer group. The board concluded that the performance was such that the advisory arrangement should continue.

Cost

The board concluded that the portfolio's acquired fund fees and expenses were below the average expense ratio charged by funds in its peer group. The portfolio does not incur advisory expenses directly; however, the board noted that each of the underlying funds in which the portfolio invests has advisory expenses below the underlying fund's peer-group average.

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 Vanguard's arrangement with the portfolio ensures that the portfolio will realize economies of scale as it grows, with the cost to shareholders declining as portfolio assets increase.

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

Liquidity Risk Management

Vanguard funds (except for the money market funds) have adopted and implemented a written liquidity risk management program (the “Program”) as required by Rule 22e-4 under the Investment Company Act of 1940. Rule 22e-4 requires that each fund adopt a program that is reasonably designed to assess and manage the fund’s liquidity risk, which is the risk that the fund could not meet redemption requests without significant dilution of remaining investors’ interests in the fund.

Assessment and management of a fund’s liquidity risk under the Program take into consideration certain factors, such as the fund’s investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions, its short- and long-term cash-flow projections during both normal and reasonably foreseeable stressed conditions, and its cash and cash-equivalent holdings and access to other funding sources. As required by the rule, the Program includes policies and procedures for classification of fund portfolio holdings in four liquidity categories, maintaining certain levels of highly liquid investments, and limiting holdings of illiquid investments.

The board of trustees of Vanguard Variable Insurance Funds approved the appointment of liquidity risk management program administrators responsible for administering the Total International Stock Market Index 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, 2022, through December 31, 2022 (the “Review Period”). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the portfolio’s liquidity risk.

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You can review information about your portfolio on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to publicinfo@sec.gov.

This material may be used in conjunction with the offering of shares of any Vanguard fund only if preceded or accompanied by the fund's current prospectus.

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, www.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 www.sec.gov.