

BlackRock Variable Series Funds, Inc.

- ▶ BlackRock Global Allocation V.I. Fund

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The Markets in Review

Dear Shareholder,

In the 12 months ended December 31, 2018, concerns about a variety of political risks and a modest slowdown in global growth worked against the equity market despite solid corporate earnings, while rising interest rates constrained bond returns. Though the market's appetite for risk remained healthy for most of the reporting period, risk-taking declined sharply later in the reporting period. As a result, bonds held their value better than stocks, which posted negative returns across the globe. Shorter-term, higher-quality securities led the bond market, and U.S. equities outperformed most international stock markets.

Volatility rose in emerging market stocks, as the rising U.S. dollar and higher interest rates in the U.S. disrupted economic growth abroad. U.S.-China trade relations and debt concerns adversely affected the Chinese stock market, while Turkey and Argentina became embroiled in currency crises, largely due to hyperinflation in both countries. An economic slowdown in Europe also led to negative performance for European equities.

In fixed income markets, short-term U.S. Treasury interest rates rose the fastest, while longer-term rates slightly increased. This led to a negative return for long-term U.S. Treasuries and a substantial flattening of the yield curve. Many investors are concerned with the flattening yield curve as a harbinger of recession. However, given the extraordinary monetary measures in the last decade, we believe a more accurate barometer for the economy is the returns along the risk spectrums in stock and bond markets. Although the fundamentals in credit markets remained relatively solid, investment-grade bonds posted flat returns, and high-yield bonds declined slightly. Recent sell-offs in risk assets have flattened asset returns along the risk spectrum somewhat, which bears further scrutiny in the months ahead.

In response to rising growth and inflation, the U.S. Federal Reserve (the "Fed") increased short-term interest rates four times during the reporting period. The Fed also continued to reduce its balance sheet, gradually reversing the unprecedented stimulus measures it enacted after the financial crisis. By our estimation, the Fed's neutral interest rate, or the theoretical rate that is neither stimulative nor restrictive to the economy, is approximately 3.0%. With that perspective, the Fed's current policy is still mildly stimulative to the U.S. economy, which leaves room for further Fed rate hikes to arrive at monetary policy that is a neutral factor for economic growth.

Volatility in the U.S. equity market spiked in October, as a wide range of risks were brought to bear on markets, ranging from rising interest rates and slowing global growth to heightened trade tensions and political turmoil in several countries, including the United States. This was accompanied by a broad based risk-off in December — which was the worst December performance on record since 1931. Although fears of recession drove equity volatility higher at the end of 2018, we continue to believe the probability of recession in 2019 remains relatively low.

Economic growth and global earnings are likely to slow somewhat in 2019 — the tax cut stimulus will be less pronounced, and the Fed's rate hikes in 2018 will gain traction in 2019. Trade frictions look more baked into asset prices than a year ago, but markets may be overlooking European political risks. Consequently, we are cautious on European equities, as European unity remains tenuous with a history of flare-ups. We continue to prefer to take risk in U.S. and emerging market equities. Within U.S. equities, we believe that companies with high-quality earnings and strong balance sheets offer the most attractive risk/reward trade-off. Going into 2019, we also favor short-term bonds over long-term bonds because they offer nearly equivalent yields with far lower volatility.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today's markets.

Sincerely,



Rob Kapito
President, BlackRock Advisors, LLC



Rob Kapito
President, BlackRock Advisors, LLC

Total Returns as of December 31, 2018

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	(6.85)%	(4.38)%
U.S. small cap equities (Russell 2000® Index)	(17.35)	(11.01)
International equities (MSCI Europe, Australasia, Far East Index)	(11.35)	(13.79)
Emerging market equities (MSCI Emerging Markets Index)	(8.48)	(14.57)
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	1.06	1.87
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	2.72	(0.03)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	1.65	0.01
Tax-exempt municipal bonds (S&P Municipal Bond Index)	1.38	1.36
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	(2.24)	(2.08)

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Investment Objective

BlackRock Global Allocation V.I. Fund's (the "Fund") investment objective is to seek high total investment return.

Portfolio Management Commentary

How did the Fund perform?

For the 12-month period ended December 31, 2018, the Fund underperformed its Reference Benchmark and outperformed the broad-based all-equity benchmark, the FTSE World Index. The Reference Benchmark is comprised as follows: 36% S&P 500® Index; 24% FTSE World (ex-U.S.) Index; 24% ICE BofAML Current 5-Year U.S. Treasury Index; and 16% FTSE Non-U.S. Dollar World Government Bond Index. The Fund invests in both equities and bonds, and therefore, Fund management believes that the Reference Benchmark provides a more accurate representation of the Fund's composition and a more comparable means for measurement. The following discussion of relative performance pertains to the Reference Benchmark. The following commentary (and referenced allocation percentages) are based on the economic exposures of the Fund, which reflect adjustments for futures, swaps and options (except with respect to fixed income securities), and convertible bonds, and may vary relative to the market value.

What factors influenced performance?

Within equities, an overweight to Japan and underweight to the United States detracted from performance. In Europe, exposure to financials negatively influenced returns. From a sector perspective, an overweight to and stock selection within energy weighed on returns, as did stock selection within information technology ("IT"), health care, consumer discretionary, materials and real estate. Broadly speaking, an underweight to fixed income negatively impacted returns. Within fixed income, an overweight stance with respect to U.S. duration (and corresponding sensitivity to interest rate changes) weighed on performance, as did exposure to select emerging market government bonds. Exposure to commodity-related securities detracted as well. In terms of currency management, an overweight to the Indian rupee negatively impacted performance.

Within equities, an overweight to India positively impacted returns. From a sector perspective, overweights to health care and IT and underweights to consumer staples, financials and industrials contributed to performance. Stock selection within utilities and industrials was additive. The Fund's performance also benefited from exposure to cash and cash equivalents. With respect to currency exposure, an underweight to the euro and an overweight to the U.S. dollar contributed to performance.

The Fund uses derivatives, which may include options, futures, swaps, and forward contracts both to seek to enhance returns of the Fund and to hedge (or protect) against adverse movements in currency exchange rates, interest rates, and movements in the securities markets. During the period, the Fund's use of derivatives detracted from its performance.

Describe recent portfolio activity.

During the 12-month period, the Fund's overall equity allocation decreased from 62% to 58% of net assets. Within equities, the Fund decreased exposure to Europe, notably the United Kingdom, Germany and France, and increased exposure to Canada and Brazil. From a sector perspective, the Fund decreased exposure to IT, financials, industrials and consumer discretionary, and increased exposure to health care, consumer staples and communication services.

The Fund's overall allocation to fixed income increased from 30% to 31% of net assets. Within fixed income, the Fund increased exposure to government bonds and corporate credit.

The Fund's allocation to commodity-related securities decreased from 4% to 2% of net assets.

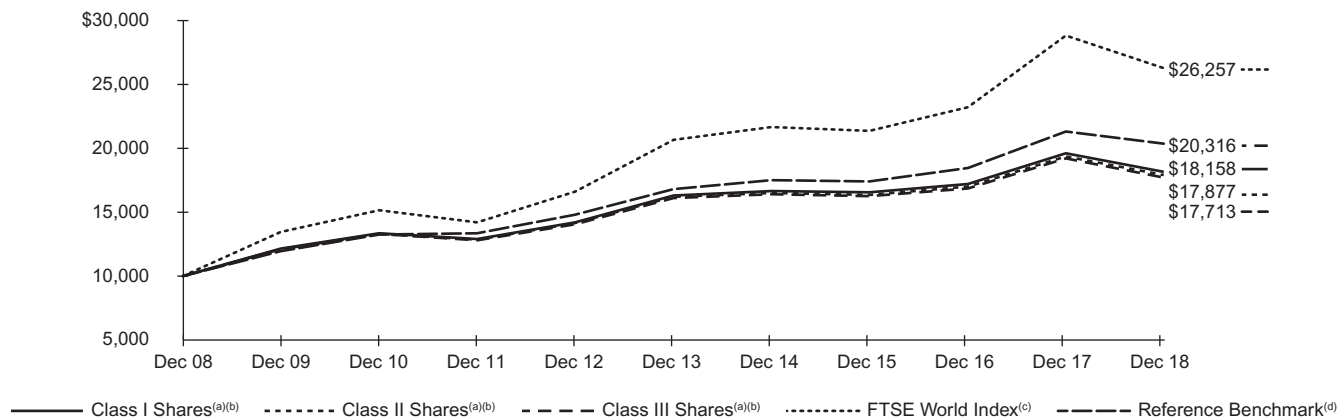
Reflecting the above changes, the Fund's holdings of cash and cash equivalents increased from 4% to 9% of net assets. During the 12-month period, the Fund's cash position helped mitigate portfolio volatility and served as a source of funds for new investments and redemptions.

Describe portfolio positioning at period end.

Relative to its Reference Benchmark, the Fund was underweight in equities and fixed income, and overweight in commodity-related securities and cash equivalents. Within equities, the Fund was overweight in Asia and underweight in the United States and Europe. Within Asia, the Fund was overweight in Japan, China and India, and underweight in Australia. Within Europe, the Fund was overweight in the Netherlands and underweight in the United Kingdom, Germany and Switzerland. From a sector perspective, the Fund was overweight in communication services, energy and health care, and was underweight in financials, IT, industrials and consumer discretionary. Within fixed income, the Fund was underweight in developed market government bonds and overweight in corporate debt. With respect to currency exposure, the Fund was overweight in the U.S. dollar, Indian rupee and Hong Kong dollar, and underweight in the euro, Australian dollar, Swiss franc and British pound.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

TOTAL RETURN BASED ON A \$10,000 INVESTMENT



- (a) Assuming transaction costs, if any, and other operating expenses, including investment advisory fees. Does not include insurance-related fees and expenses.
- (b) The Fund invests in a portfolio of U.S. and foreign equity securities, debt and money market securities, the combination of which will be varied from time to time with respect to types of securities and markets in response to changing markets and economic trends.
- (c) This unmanaged capitalization-weighted index is comprised of 2,602 equities from 35 countries in 4 regions, including the United States.
- (d) The Reference Benchmark is an unmanaged weighted index comprised as follows: 36% S&P 500[®] Index; 24% FTSE World (ex U.S.) Index; 24% ICE BofAML Current 5-Year U.S. Treasury Index; and 16% FTSE Non-U.S. Dollar World Government Bond Index.

Performance Summary for the Period Ended December 31, 2018

	6-Month Total Returns ^(b)	Average Annual Total Returns		
		1 Year ^(b)	5 Years ^(b)	10 Years ^(b)
Class I ^(a)	(5.92)%	(7.34)%	2.18%	6.15%
Class II ^(a)	(5.99)	(7.52)	2.02	5.98
Class III ^(a)	(6.06)	(7.58)	1.94	5.88
FTSE World Index	(8.72)	(8.77)	4.91	10.13
Reference Benchmark	(4.47)	(4.68)	3.87	7.35
U.S. Stocks: S&P 500 [®] Index ^(c)	(6.85)	(4.38)	8.49	13.12
Non-U.S. Stocks: FTSE World (ex-U.S.) Index ^(d)	(10.68)	(13.81)	1.08	7.05
U.S. Bonds: ICE BofAML Current 5-Year U.S. Treasury Index ^(e)	2.56	1.46	1.42	2.09
Non U.S. Bonds: FTSE Non-U.S. Dollar World Government Bond Index ^(f)	(0.91)	(1.82)	0.28	1.27

- (a) Average annual and cumulative total returns are based on changes in net asset value for the periods shown and assume reinvestment of all distributions at net asset value on the ex-dividend. Insurance-related fees and expenses are not reflected in these returns.
- (b) For a portion of the period, the Fund's investment adviser waived a portion of its fees. Without such waiver, the Fund's performance would have been lower.
- (c) This unmanaged index covers 500 leading companies and captures approximately 80% coverage of available market capitalization.
- (d) This unmanaged capitalization-weighted index is comprised of 1,979 equities from 34 countries, excluding the United States.
- (e) This unmanaged index is designed to track the total return of the current coupon five-year U.S. Treasury bond.
- (f) This unmanaged market capitalization-weighted index tracks 22 government bond indexes, excluding the United States.

Past performance is not indicative of future results. Performance results do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Expense Example

	Actual				Hypothetical ^(a)				
	Beginning Account Value (07/01/18)	Ending Account Value (12/31/18)	Including Dividend Expense and Broker Fees and Expenses on Short Sales	Excluding Dividend Expense and Broker Fees and Expenses on Short Sales	Beginning Account Value (07/01/18)	Ending Account Value (12/31/18)	Expenses Paid During the Period ^(b)	Ending Account Value (12/31/18)	Expenses Paid During the Period ^(c)
Class I	\$ 1,000.00	\$ 940.80	\$ 3.67	\$ 3.62	\$ 1,000.00	\$ 1,021.42	\$ 3.82	\$ 1,021.48	\$ 3.77
Class II	1,000.00	940.10	4.40	4.35	1,000.00	1,020.67	4.58	1,020.72	4.53
Class III	1,000.00	939.40	4.89	4.84	1,000.00	1,020.16	5.09	1,020.21	5.04

^(a) Hypothetical 5% annual return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.

^(b) For each class of the Fund, expenses are equal to the annualized expense ratio for the class (0.75% for Class I, 0.90% for Class II and 1.00% for Class III), multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period shown).

^(c) For each class of the Fund, expenses are equal to the annualized expense ratio for the class (0.74% for Class I, 0.89% for Class II and 0.99% for Class III), multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period shown).

See "Disclosure of Expenses" on the following page for further information on how expenses were calculated.

Overall Asset Exposure

Portfolio Composition	Percent of Fund's Net Assets ^(a)		Reference Benchmark ^(b) Percentage
	12/31/2018	12/31/2017	
U.S. Equities	32%	32%	35%
European Equities	9	15	12
Asia Pacific Equities	14	14	10
Other Equities	3	1	3
Total Equities	58	62	60
U.S. Dollar Denominated Fixed Income Securities	29	22	24
U.S. Issuers	27	19	—
Non-U.S. Issuers	2	3	—
Non-U.S. Dollar Denominated Fixed Income Securities	2	8	16
Total Fixed Income Securities	31	30	40
Commodity-Related Securities	2	4	—
Cash & Short-Term Securities	9	4	—

^(a) Exposure based on market value and adjusted for the economic value of futures, swaps and options (except with respect to fixed income securities), and convertible bonds.

^(b) The Reference Benchmark is an unmanaged weighted index comprised as follows: 36% of the S&P 500 Index[®]; 24% FTSE World (ex U.S.) Index; 24% ICE BofA Merrill Current 5-Year U.S. Treasury Index; and 16% FTSE Non-U.S. Dollar World Government Bond Index. Descriptions of these indexes are found on page 5 of this report to shareholders in the "Performance Summary" section.

Disclosure of Expenses

Shareholders of the Fund may incur the following charges: (a) transactional expenses; and (b) operating expenses, including investment advisory fees, service and distribution fees, including 12b-1 fees, acquired fund fees and expenses, and other fund expenses. The expense example shown on the previous page (which is based on a hypothetical investment of \$1,000 invested on July 1, 2018 and held through December 31, 2018 is intended to assist shareholders both in calculating expenses based on an investment in the Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The expense example provides information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 and then multiply the result by the number corresponding to their share class under the heading entitled "Expenses Paid During the Period."

The expense example also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in the Fund and other funds, compare the 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

The expenses shown in the expense example are intended to highlight shareholders' ongoing costs only and do not reflect any transactional expenses, such as sales charges, if any. Therefore, the hypothetical example is useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

Derivative Financial Instruments

The Fund may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other assets without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the instrument. The Fund's successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation the Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Fund's investments in these instruments, if any, are discussed in detail in the Notes to Consolidated Financial Statements.

Consolidated Schedule of Investments

December 31, 2018

BlackRock Global Allocation V.I. Fund
(Percentages shown are based on Net Assets)

Security	Shares	Value
Common Stocks — 58.2%		
Australia — 0.2%		
AGL Energy Ltd.	80,629	\$ 1,170,912
BHP Group Ltd.	10,269	248,213
Coles Group Ltd. ^(a)	11,952	98,832
Newcrest Mining Ltd.	308,906	4,747,599
Quintis HoldCo Pty. Ltd. (Acquired 10/22/18, cost \$5,761,227) ^{(a)(b)(c)(l)}	10,892,000	5,830,553
Rio Tinto Ltd.	7,796	431,477
Stockland	135,455	336,036
Telstra Corp. Ltd.	10,439	20,950
Woolworths Group Ltd.	25,287	524,554
		13,409,126
Belgium — 0.2%		
Anheuser-Busch InBev SA	319,046	21,018,441
Brazil — 0.7%		
Azul SA, ADR ^{(a)(d)}	1,184,374	32,795,316
Banco do Brasil SA ^(a)	49,947	599,119
Banco Santander Brasil SA	14,265	157,161
Hapvida Participacoes e Investimentos SA ^{(a)(e)}	1,417,332	11,409,600
Notre Dame Intermedica Participacoes SA ^(a)	2,525,034	18,945,492
Petrobras Distribuidora SA	15,751	104,444
Suzano Papel e Celulose SA	13,612	133,741
TIM Participacoes SA ^(a)	31,551	96,466
		64,241,339
Canada — 1.5%		
Canadian Natural Resources Ltd.	6,822	164,603
Canadian Pacific Railway Ltd.	1,978	350,975
Enbridge, Inc.	1,312,870	40,784,366
Encana Corp. ^(d)	1,583,747	9,154,058
Goldcorp, Inc.	3,819	37,401
Husky Energy, Inc.	41,674	430,721
Imperial Oil Ltd.	17,560	444,917
Manulife Financial Corp.	66,259	940,109
Nutrien Ltd. ^(d)	17,479	820,945
Rogers Communications, Inc., Class B	12,223	626,371
Suncor Energy, Inc.	1,214,878	33,931,510
Teck Resources Ltd., Class B	22,757	489,912
TransCanada Corp. ^(d)	1,107,986	39,565,131
Wheaton Precious Metals Corp.	145,186	2,834,169
		130,575,188
China — 1.5%		
Agile Group Holdings Ltd.	312,000	368,070
Agricultural Bank of China Ltd., Class H	579,000	253,600
Alibaba Group Holding Ltd., ADR ^(a)	144,808	19,848,833
Angang Steel Co. Ltd., Class H	364,000	251,103
Angel Yeast Co. Ltd., Class A	1,053,512	3,885,367
Anhui Conch Cement Co. Ltd., Class H	84,500	408,623
BAIC Motor Corp. Ltd., Class H ^{(a)(e)}	40,000	21,160
Baidu, Inc., ADR ^(a)	2,600	412,360
Bank of China Ltd., Class H	168,000	72,425
Beijing Capital International Airport Co. Ltd., Class H	4,212,000	4,470,304
Beijing Enterprises Holdings Ltd.	86,000	456,010
China CITIC Bank Corp. Ltd., Class H	687,000	416,794
China Communications Construction Co. Ltd., Class H	22,000	20,742
China Construction Bank Corp., Class H	284,000	232,554
China Mobile Ltd.	104,500	1,011,204
China National Building Material Co. Ltd., Class H	212,000	145,063
China Petroleum & Chemical Corp., Class H	1,658,000	1,181,839
China Resources Beer Holdings Co. Ltd.	84,000	293,680
China Resources Cement Holdings Ltd.	814,000	734,012
China Resources Gas Group Ltd.	84,000	332,856
China Shenhua Energy Co. Ltd., Class H	282,000	615,027

Security	Shares	Value
China (continued)		
CITIC Ltd.	500,000	\$ 784,590
CNOOC Ltd.	771,000	1,187,589
Country Garden Holdings Co. Ltd.	190,000	230,718
Country Garden Services Holdings Co. Ltd. ^(a)	147,321	233,245
Dongfeng Motor Group Co. Ltd., Class H	140,000	127,244
Fosun International Ltd.	473,000	689,324
Guangzhou Automobile Group Co. Ltd., Class H	274,400	273,568
Industrial & Commercial Bank of China Ltd., Class H	1,786,000	1,270,310
Jiangsu Expressway Co. Ltd., Class H	64,000	89,332
Jiangsu Yanghe Brewery Joint-Stock Co. Ltd., Class A	252,400	3,496,490
Kweichow Moutai Co. Ltd., Class A	146,300	12,632,424
Luzhou Laojiao Co. Ltd., Class A	638,200	3,788,628
Meituan Dianping, Class B ^(d)	353,916	1,983,587
Momo, Inc., ADR ^(a)	3,583	85,096
New Oriental Education & Technology Group, Inc., ADR ^(a)	6,761	370,570
PetroChina Co. Ltd., Class H	136,000	84,388
Ping An Healthcare and Technology Co. Ltd. ^{(a)(d)(e)}	2,408,070	8,466,531
Ping An Insurance Group Co. of China Ltd., Class H	12,500	110,275
SINA Corp. ^(a)	14,102	756,431
Sinopec Shanghai Petrochemical Co. Ltd., Class H	1,304,000	570,812
Tencent Holdings Ltd.	1,257,000	50,381,001
Tingyi Cayman Islands Holding Corp.	142,000	190,182
Tsingtao Brewery Co. Ltd., Class H	28,000	113,008
Want Want China Holdings Ltd.	4,399,000	3,077,846
Wuliangye Yibin Co. Ltd., Class A	476,600	3,542,784
Yanzhou Coal Mining Co. Ltd., Class H	232,000	187,372
Yum China Holdings, Inc.	77,498	2,598,508
Zhejiang Expressway Co. Ltd., Class H	308,000	267,203
Zijin Mining Group Co. Ltd., Class H	406,000	153,861
		133,174,543
Czech Republic — 0.0%		
CEZ A/S	162,870	3,882,525
Denmark — 0.1%		
Carlsberg A/S, Class B	13,547	1,441,118
Danske Bank A/S	21,774	432,267
Novo Nordisk A/S, Class B	135,135	6,206,356
		8,079,741
Finland — 0.0%		
Nokia OYJ	144,158	836,855
France — 2.7%		
AXA SA	760,547	16,414,057
Cie de Saint-Gobain	25,367	842,096
Cie Generale des Etablissements Michelin SCA	8,041	791,451
Danone SA	974,113	68,658,039
Dassault Aviation SA	10,457	14,497,140
Eiffage SA	76,232	6,373,547
Engie SA	53,392	767,133
EssilorLuxottica SA	201,986	25,144,376
Eutelsat Communications SA	188,320	3,710,122
Kering SA	3,604	1,688,361
L'Oreal SA	4,126	944,130
Publicis Groupe SA	14,516	828,234
Safran SA	305,947	36,693,756
Sanofi	66,211	5,743,800
Societe Generale SA	40,545	1,285,461
Sodexo SA ^(d)	443,696	45,503,448
TOTAL SA, ADR	14,070	734,173
Unibail-Rodamco-Westfield	81,678	12,639,226
		243,258,550

Consolidated Schedule of Investments (continued)

December 31, 2018

BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Germany — 1.3%		
adidas AG	807	\$ 168,654
Allianz SE (Registered)	8,324	1,672,752
Bayer AG (Registered)	556,561	38,708,144
Evonik Industries AG	48,511	1,210,891
Fresenius SE & Co. KGaA	894,308	43,225,590
Knorr-Bremse AG ^(a)	317,212	28,574,096
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen (Registered)	1,477	322,132
SAP SE	8,485	842,134
Vonovia SE	50,121	2,259,401
		116,983,794
Hong Kong — 0.9%		
CK Asset Holdings Ltd.	18,500	135,357
CK Infrastructure Holdings Ltd.	537,500	4,067,641
CLP Holdings Ltd.	425,000	4,802,881
Hang Lung Properties Ltd.	2,381,000	4,525,626
HKT Trust & HKT Ltd. ^(f)	2,011,000	2,896,907
Hongkong Land Holdings Ltd.	106,400	670,760
I-CABLE Communications Ltd. ^(a)	379,342	5,694
Jardine Matheson Holdings Ltd.	86,400	6,015,924
Link REIT	447,500	4,536,632
Nine Dragons Paper Holdings Ltd.	69,000	63,739
Power Assets Holdings Ltd.	165,500	1,149,795
Sino Land Co. Ltd.	1,338,000	2,292,369
Sun Hung Kai Properties Ltd.	3,113,583	44,435,890
Swire Pacific Ltd., Class A	288,000	3,040,703
WH Group Ltd. ^(e)	1,404,500	1,078,722
Wharf Real Estate Investment Co. Ltd.	440,000	2,631,603
		82,350,243
India — 1.2%		
Coal India Ltd.	1,027,821	3,543,394
HCL Technologies Ltd.	22,307	308,246
Hero MotoCorp Ltd.	72,985	3,243,117
Hindustan Petroleum Corp. Ltd.	173,877	631,805
Housing Development Finance Corp. Ltd.	1,044,829	29,437,316
Infosys Ltd.	37,055	350,108
JSW Steel Ltd.	30,945	135,838
Maruti Suzuki India Ltd.	100,753	10,765,735
Oil & Natural Gas Corp. Ltd.	1,060,999	2,277,610
Reliance Industries Ltd.	2,947,847	47,310,159
State Bank of India ^(a)	2,249,243	9,525,648
Tata Consultancy Services Ltd.	15,000	406,723
		107,935,699
Indonesia — 0.0%		
Bank Central Asia Tbk. PT	1,819,300	3,290,112
Italy — 0.5%		
Enel SpA	3,949,616	22,896,897
Eni SpA	50,864	803,509
RAI Way SpA ^(e)	1,952,885	9,699,640
Snam SpA	1,667,970	7,302,980
Telecom Italia SpA ^(a)	14,163,354	7,840,963
Telecom Italia SpA	705,729	338,483
UniCredit SpA	13,450	152,347
		49,034,819
Japan — 7.7%		
Aeon Co. Ltd.	8,700	170,051
Ajinomoto Co., Inc.	1,893,000	33,636,892
Alfresa Holdings Corp.	103,500	2,638,176
Alps Electric Co. Ltd.	52,632	1,020,555
Asahi Kasei Corp.	1,010,000	10,366,013
Astellas Pharma, Inc.	1,884,665	24,079,668
Canon Marketing Japan, Inc.	91,500	1,630,798

Security	Shares	Value
Japan (continued)		
Daicel Corp.	369,100	\$ 3,789,045
Daikin Industries Ltd.	134,800	14,323,235
Daiwa House Industry Co. Ltd.	7,900	251,998
Denso Corp.	930,020	41,169,835
Dowa Holdings Co. Ltd.	52,600	1,574,360
East Japan Railway Co.	549,451	48,522,097
Eisai Co. Ltd.	10,700	828,392
Exedy Corp.	63,400	1,548,652
Fujitsu Ltd.	5,700	355,316
GS Yuasa Corp.	122,800	2,504,399
Hino Motors Ltd.	172,000	1,619,642
Hitachi Chemical Co. Ltd.	135,500	2,038,425
Hitachi Ltd.	52,600	1,394,439
Hoya Corp.	468,974	28,279,152
Japan Airlines Co. Ltd.	1,407,700	49,890,408
Japan Aviation Electronics Industry Ltd.	176,800	2,034,629
JFE Holdings, Inc.	10,600	168,840
Kajima Corp.	17,200	231,049
Kamigumi Co. Ltd.	89,900	1,839,242
KDDI Corp.	136,500	3,261,657
Keyence Corp.	6,700	3,386,487
Kinden Corp.	360,500	5,836,968
Koito Manufacturing Co. Ltd.	533,600	27,530,317
Kuraray Co. Ltd.	136,200	1,915,590
Kyowa Hakko Kirin Co. Ltd.	17,600	332,571
Kyudenko Corp.	48,900	1,853,212
Mabuchi Motor Co. Ltd.	97,600	2,989,774
Maeda Road Construction Co. Ltd.	92,000	1,905,961
Medipal Holdings Corp.	119,400	2,554,467
Mitsubishi Electric Corp.	3,052,400	33,660,636
Mitsubishi Estate Co. Ltd.	168,900	2,657,390
Mitsubishi Heavy Industries Ltd.	18,900	678,177
Mitsubishi Tanabe Pharma Corp.	5,500	79,396
Mitsubishi UFJ Financial Group, Inc.	38,600	189,435
Mitsui & Co. Ltd.	3,300	50,699
Mitsui Fudosan Co. Ltd.	21,500	477,556
Murata Manufacturing Co. Ltd.	228,228	30,753,683
Nexon Co. Ltd. ^(a)	6,600	85,203
Nichias Corp.	103,400	1,763,317
Nippo Corp. ^(d)	85,200	1,630,087
Nippon Telegraph & Telephone Corp.	69,660	2,842,081
Nippon Television Holdings, Inc.	224,900	3,310,922
Nitto Denko Corp.	694,800	34,847,296
NTT Docomo, Inc.	8,100	182,001
Okumura Corp.	109,750	3,197,804
Olympus Corp.	3,800	116,222
Ono Pharmaceutical Co. Ltd.	11,000	224,628
Oracle Corp.	8,400	533,214
Otsuka Holdings Co. Ltd.	5,800	237,013
Panasonic Corp.	61,700	554,277
Rohm Co. Ltd.	269,253	17,185,076
Seino Holdings Co. Ltd.	127,200	1,665,351
Seven & i Holdings Co. Ltd.	46,900	2,038,045
Shimamura Co. Ltd.	19,200	1,470,251
Shin-Etsu Chemical Co. Ltd.	427,834	32,871,698
Shionogi & Co. Ltd.	1,000	57,075
Shiseido Co. Ltd.	12,300	770,324
Sony Corp.	20,000	964,192
Stanley Electric Co. Ltd.	58,500	1,636,512
Subaru Corp.	1,835,864	39,220,252
Sumitomo Chemical Co. Ltd.	135,000	653,766
Suzuken Co. Ltd.	49,300	2,510,486
Suzuki Motor Corp.	884,089	44,568,201
Sysmex Corp.	6,800	322,939

Consolidated Schedule of Investments (continued)

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BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Japan (continued)		
Taisei Corp.	3,300	\$ 141,334
Toagosei Co. Ltd.	285,300	3,144,407
Toda Corp.	459,796	2,865,453
Tokyo Gas Co. Ltd.	1,279,114	32,351,555
Tokyo Steel Manufacturing Co. Ltd.	472,100	3,823,972
Toray Industries, Inc.	2,119,500	14,985,116
Toshiba Corp. ^(a)	31,900	900,758
Toyota Industries Corp.	500,377	23,042,288
TV Asahi Holdings Corp.	163,600	2,945,522
Ube Industries Ltd.	745,034	15,067,084
Unicharm Corp.	13,700	443,085
Yamato Kogyo Co. Ltd.	69,500	1,624,406
		692,812,497
Macau — 0.0%		
Galaxy Entertainment Group Ltd.	40,000	252,666
Sands China Ltd.	10,400	45,355
		298,021
Malaysia — 0.0%		
Malaysia Airports Holdings Bhd.	765,900	1,551,458
Mexico — 0.0%		
America Movil SAB de CV	540,174	384,548
Cemex SAB de CV ^(a)	365,750	176,810
Grupo Financiero Banorte SAB de CV, Class O	7,061	34,468
		595,826
Netherlands — 2.3%		
ABN AMRO Group NV, CVA ^(e)	669,321	15,750,365
ASML Holding NV	985	154,310
Koninklijke Ahold Delhaize NV	21,564	544,754
Koninklijke Philips NV	2,101,737	73,685,844
NXP Semiconductors NV ^(a)	12,263	898,633
Royal Dutch Shell plc, Class A	2,612,877	77,013,297
Royal Dutch Shell plc, Class B	31,058	928,556
Royal Dutch Shell plc, ADR, Class A ^(d)	578,766	33,724,695
		202,700,454
Norway — 0.0%		
Equinor ASA	10,092	214,073
Peru — 0.0%		
Southern Copper Corp.	2,236	68,802
Poland — 0.0%		
Polski Koncern Naftowy ORLEN SA	5,059	146,578
Polskie Gornictwo Naftowe i Gazownictwo SA ^(a)	56,756	104,940
		251,518
Portugal — 0.1%		
Jeronimo Martins SGPS SA	169,406	2,007,547
NOS SGPS SA	1,251,221	7,587,327
		9,594,874
Singapore — 0.6%		
CapitaLand Ltd.	17,236,450	39,306,504
ComfortDelGro Corp. Ltd.	1,958,200	3,093,065
Genting Singapore Ltd.	1,154,900	826,699
Singapore Telecommunications Ltd.	1,583,500	3,408,064
United Overseas Bank Ltd.	155,300	2,809,375
		49,443,707
South Africa — 0.0%		
Anglo American plc ^(d)	18,395	411,325
Aspen Pharmacare Holdings Ltd.	26,347	246,548
Kumba Iron Ore Ltd.	1,348	26,510
MTN Group Ltd.	20,215	124,954

Security	Shares	Value
South Africa (continued)		
Naspers Ltd., Class N	213	\$ 42,646
Old Mutual Ltd.	297,290	461,914
		1,313,897
South Korea — 0.7%		
Coway Co. Ltd.	41,486	2,755,075
Doosan Bobcat, Inc. ^(a)	281,238	7,962,473
E-MART, Inc.	2,366	386,392
Hana Financial Group, Inc.	20,713	673,645
Industrial Bank of Korea	33,232	418,526
KB Financial Group, Inc.	8,102	337,990
KT&G Corp.	287,987	26,220,237
LG Chem Ltd. ^(d)	14,168	4,416,434
LG Electronics, Inc.	904	50,690
Lotte Chemical Corp.	130	32,322
NCSOFT Corp.	6,948	2,912,396
POSCO	19,030	4,162,465
Samsung Electro-Mechanics Co. Ltd. ^(a)	250	23,305
Samsung Electronics Co. Ltd.	38,336	1,334,542
Samsung SDS Co. Ltd.	1,464	267,926
Shinhan Financial Group Co. Ltd.	33,538	1,189,127
SK Innovation Co. Ltd.	301	48,315
SK Telecom Co. Ltd.	16,085	3,880,986
S-Oil Corp.	30,950	2,699,642
Woori Bank	28,424	397,478
		60,169,966
Spain — 0.4%		
Banco Bilbao Vizcaya Argentaria SA	236,647	1,257,026
Cellnex Telecom SA ^{(d)(e)}	1,192,892	30,506,419
		31,763,445
Sweden — 0.0%		
Sandvik AB	33,984	486,932
Telefonaktiebolaget LM Ericsson, Class B	104,967	929,164
		1,416,096
Switzerland — 0.9%		
Nestle SA (Registered)	989,245	80,289,881
Roche Holding AG	4,666	1,158,376
Swiss Re AG	7,597	698,926
		82,147,183
Taiwan — 0.9%		
Cathay Financial Holding Co. Ltd.	2,638,000	4,038,332
Cheng Shin Rubber Industry Co. Ltd.	1,241,323	1,651,147
Chunghwa Telecom Co. Ltd.	5,979,000	21,830,313
Far EasTone Telecommunications Co. Ltd. ^(a)	3,621,000	8,994,439
Formosa Chemicals & Fibre Corp.	848,000	2,901,044
Formosa Petrochemical Corp. ^(a)	673,000	2,388,156
Formosa Plastics Corp.	948,000	3,116,069
Fubon Financial Holding Co. Ltd.	3,150,000	4,833,035
Globalwafers Co. Ltd.	12,000	110,010
Hon Hai Precision Industry Co. Ltd. ^(a)	1,551,960	3,571,738
MediaTek, Inc.	29,000	215,832
Nan Ya Plastics Corp.	1,190,000	2,926,621
Nanya Technology Corp.	240,000	429,796
Taiwan Cooperative Financial Holding Co. Ltd.	1,260	724
Taiwan Mobile Co. Ltd.	2,890,000	10,008,347
Taiwan Semiconductor Manufacturing Co. Ltd.	780,000	5,663,762
Uni-President Enterprises Corp.	1,948,000	4,419,345
Yageo Corp.	20,000	207,157
		77,305,867
Thailand — 0.2%		
Advanced Info Service PCL	799,000	4,237,084
Intouch Holdings PCL, Class F	2,181,800	3,199,702

Consolidated Schedule of Investments (continued)

December 31, 2018

BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Thailand (continued)		
PTT Global Chemical PCL	1,830,300	\$ 4,010,362
Siam Cement PCL (The)	269,800	3,614,357
Thai Oil PCL	1,225,700	2,491,075
		17,552,580
Turkey — 0.0%		
Eregli Demir ve Celik Fabrikalari TAS	11,156	15,167
Turk Hava Yollari AO ^(a)	103,169	313,111
Turkiye Is Bankasi A/S, Class C	81,630	69,667
		397,945
United Arab Emirates — 0.4%		
NMC Health plc	981,513	34,256,024
United Kingdom — 1.6%		
Barclays plc	316,146	604,873
Berkeley Group Holdings plc	69,594	3,086,710
Experian plc	11,133	269,885
GlaxoSmithKline plc	77,085	1,469,088
GW Pharmaceuticals plc, ADR ^(a)	36,528	3,557,462
HSBC Holdings plc	3,975,986	32,800,840
Kingfisher plc	7,803,669	20,518,124
Liberty Global plc, Class A ^(a)	810,731	17,301,000
Liberty Global plc, Class C ^(a)	27,493	567,455
National Grid plc	152,644	1,493,366
SSE plc	30,324	418,762
Vodafone Group plc	32,500,668	63,190,727
		145,278,292
United States — 31.6%		
Abbott Laboratories	33,139	2,396,944
AbbVie, Inc.	33,533	3,091,407
Accenture plc, Class A	10,921	1,539,970
Adobe, Inc. ^(a)	9,568	2,164,664
AES Corp.	43,311	626,277
Agilent Technologies, Inc.	8,090	545,751
Air Products & Chemicals, Inc.	388,787	62,225,359
Allergan plc	6,167	824,281
Alliance Data Systems Corp.	2,297	344,734
Ally Financial, Inc.	17,290	391,791
Alphabet, Inc., Class A ^(a)	1,502	1,569,530
Alphabet, Inc., Class C ^(a)	130,677	135,330,408
Altria Group, Inc.	985,488	48,673,252
Amazon.com, Inc. ^(a)	56,968	85,564,227
American Airlines Group, Inc.	13,079	419,967
American International Group, Inc.	3,076	121,225
American Tower Corp.	14,871	2,352,443
Ameriprise Financial, Inc.	14,662	1,530,273
Amgen, Inc.	15,826	3,080,847
Anadarko Petroleum Corp.	842,234	36,923,539
Anthem, Inc.	326,348	85,708,775
Apple, Inc.	826,962	130,444,986
AT&T, Inc.	272,086	7,765,334
Autodesk, Inc. ^(a)	2,713	348,919
Automatic Data Processing, Inc.	3,666	480,686
Bank of America Corp.	1,372,772	33,825,102
Bank of New York Mellon Corp. (The)	16,137	759,569
Baxter International, Inc.	34,662	2,281,453
Berkshire Hathaway, Inc., Class B ^(a)	27,697	5,655,173
Biogen, Inc. ^(a)	72,482	21,811,283
Boeing Co. (The)	9,485	3,058,912
Booking Holdings, Inc. ^(a)	541	931,829
Bristol-Myers Squibb Co.	31,922	1,659,306
Capital One Financial Corp.	7,404	559,668
Carnival Corp.	2,075	102,297
Caterpillar, Inc.	11,476	1,458,255
Celgene Corp. ^(a)	6,272	401,972

Security	Shares	Value
United States (continued)		
CenterPoint Energy, Inc.	17,534	\$ 494,985
CH Robinson Worldwide, Inc.	31,095	2,614,779
Charles Schwab Corp. (The) ^(d)	889,469	36,939,648
Charter Communications, Inc., Class A ^(a)	261,305	74,464,086
Chevron Corp. ^(d)	18,010	1,959,308
Chubb Ltd. ^(d)	204,285	26,389,536
Cisco Systems, Inc.	67,226	2,912,903
Citigroup, Inc.	512,311	26,670,911
Cloudera, Inc. ^(a)	1,544,221	17,079,084
Cognizant Technology Solutions Corp., Class A	17,390	1,103,917
Colgate-Palmolive Co.	903,618	53,783,343
Comcast Corp., Class A ^(g)	2,966,304	101,002,651
Conagra Brands, Inc.	14,298	305,405
ConocoPhillips	5,195	323,908
Constellation Brands, Inc., Class A	2,559	411,538
Corning, Inc.	36,476	1,101,940
Costco Wholesale Corp.	4,329	881,861
CSX Corp.	34,485	2,142,553
Cummins, Inc.	3,297	440,611
CVS Health Corp.	991,955	64,992,892
DaVita, Inc. ^(a)	431,016	22,180,083
Dell Technologies, Inc., Class C ^{(a)(d)}	2,771	135,435
Delta Air Lines, Inc.	16,862	841,414
Discover Financial Services	12,050	710,709
Dollar General Corp.	7,815	844,645
Dollar Tree, Inc. ^(a)	429,968	38,834,710
Domo, Inc., Class B ^(a)	338,616	6,647,032
Domo, Inc., Class B (Acquired 04/01/15-04/12/17, cost \$469,893) ^{(a)(b)}	186,575	3,662,468
Dover Corp.	299,517	21,250,731
DowDuPont, Inc.	747,408	39,971,380
Dropbox, Inc., Class A ^{(a)(d)}	1,315,525	26,876,184
DXC Technology Co.	10,334	549,459
Eaton Corp. plc	18,843	1,293,760
eBay, Inc. ^(a)	32,762	919,629
Edgewell Personal Care Co. ^{(a)(d)}	372,817	13,924,715
Edwards Lifesciences Corp. ^(a)	3,979	609,463
Eli Lilly & Co.	3,568	412,889
Equity Residential	235,435	15,541,064
Exelon Corp.	23,104	1,041,990
Expedia Group, Inc.	6,789	764,781
Exxon Mobil Corp.	1,215,123	82,859,237
Facebook, Inc., Class A ^(a)	428,834	56,215,849
Fieldwood Energy, Inc. ^{(a)(c)}	86,636	3,292,168
Fifth Third Bancorp	35,313	830,915
FleetCor Technologies, Inc. ^(a)	209,148	38,842,967
Fortune Brands Home & Security, Inc.	46,274	1,757,949
General Electric Co.	86,401	654,056
General Motors Co.	20,255	677,530
Gilead Sciences, Inc.	668,904	41,839,945
Global Payments, Inc.	17,244	1,778,374
Goldman Sachs Group, Inc. (The)	11,779	1,967,682
Halfmoon Parent, Inc.	3,860	733,169
Hartford Financial Services Group, Inc. (The)	54,479	2,421,592
HCA Healthcare, Inc.	195,351	24,311,432
Helmerich & Payne, Inc.	12,474	598,004
Hewlett Packard Enterprise Co.	61,075	806,801
Home Depot, Inc. (The)	13,033	2,239,330
HP, Inc.	29,010	593,545
Humana, Inc.	2,537	726,800
Huntsman Corp.	22,829	440,371
Illumina, Inc. ^(a)	3,628	1,088,146
Intel Corp.	77,217	3,623,794
International Business Machines Corp.	15,803	1,796,327
Intuit, Inc.	12,666	2,493,302

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(Percentages shown are based on Net Assets)

Security	Shares	Value
United States (continued)		
Intuitive Surgical, Inc. ^(a)	1,263	\$ 604,876
Jawbone Health Hub, Inc. (Acquired 01/24/17, cost \$0) ^{(a)(b)(c)}	333,860	3
Johnson & Johnson	897,176	115,780,563
JPMorgan Chase & Co.	327,142	31,935,602
Kinder Morgan, Inc.	10,738	165,150
KLA-Tencor Corp.	7,957	712,072
Kohl's Corp.	10,684	708,777
Kroger Co. (The)	28,609	786,747
Las Vegas Sands Corp.	18,383	956,835
Lear Corp.	3,543	435,293
Liberty Broadband Corp., Class A ^(a)	62,817	4,510,889
Liberty Broadband Corp., Class C ^(a)	260,865	18,790,106
Liberty Media Corp.-Liberty SiriusXM, Class A ^(a)	217,656	8,009,741
Liberty Media Corp.-Liberty SiriusXM, Class C ^(a)	364,715	13,487,160
Lookout, Inc. (Acquired 03/04/15, cost \$936,169) ^{(a)(b)(c)}	81,954	1,639
Lowe's Cos., Inc.	53,526	4,943,661
Marathon Petroleum Corp.	474,145	27,979,296
Marsh & McLennan Cos., Inc. ^(d)	725,753	57,878,802
Masco Corp.	157,330	4,600,329
Mastercard, Inc., Class A	18,623	3,513,229
McDonald's Corp.	7,643	1,357,167
McKesson Corp.	7,367	813,832
Medtronic plc	34,739	3,159,859
Merck & Co., Inc.	71,080	5,431,223
MetLife, Inc.	31,510	1,293,801
MGM Resorts International ^(d)	714,549	17,334,959
Micron Technology, Inc. ^(a)	32,625	1,035,191
Microsoft Corp.	1,275,282	129,530,393
Mondelez International, Inc., Class A	67,856	2,716,276
Morgan Stanley	928,860	36,829,299
Newmont Mining Corp. ^(d)	753,832	26,120,279
NextEra Energy Partners LP ^(d)	325,461	14,011,096
NextEra Energy, Inc.	419,509	72,919,054
NIKE, Inc., Class B	9,276	687,723
Norfolk Southern Corp.	6,531	976,646
Northrop Grumman Corp.	1,905	466,534
NRG Energy, Inc.	17,859	707,216
Occidental Petroleum Corp.	15,113	927,636
Omnicom Group, Inc. ^(d)	45,898	3,361,570
Oracle Corp.	227,710	10,281,106
Packaging Corp. of America	8,294	692,217
Paychex, Inc.	14,944	973,602
PayPal Holdings, Inc. ^(a)	7,629	641,523
PepsiCo, Inc.	39,164	4,326,839
Pfizer, Inc.	1,780,495	77,718,607
PG&E Corp. ^(a)	18,133	430,659
Philip Morris International, Inc.	474,406	31,671,345
Phillips 66	24,720	2,129,628
Procter & Gamble Co. (The)	426,285	39,184,117
Prudential Financial, Inc.	7,906	644,734
Pure Storage, Inc., Class A ^{(a)(d)}	783,496	12,598,616
PVH Corp.	6,054	562,719
QUALCOMM, Inc.	553,482	31,498,661
Raytheon Co.	117,669	18,044,541
Red Hat, Inc. ^(a)	4,965	872,053
Reinsurance Group of America, Inc.	7,045	987,920
Rockwell Automation, Inc.	9,358	1,408,192
Ross Stores, Inc.	10,315	858,208
Royal Caribbean Cruises Ltd.	6,579	643,360
Schlumberger Ltd.	213,583	7,706,075
Sempra Energy ^(d)	176,103	19,052,584
Sprint Corp. ^(a)	4,037	23,495
St Joe Co. (The) ^(a)	131,390	1,730,406

Security	Shares	Value
United States (continued)		
Starbucks Corp.	469,083	\$ 30,208,945
State Street Corp.	5,738	361,896
Stryker Corp.	19,293	3,024,178
SunTrust Banks, Inc.	529,288	26,697,287
Symantec Corp.	3,221	60,861
Sysco Corp.	8,769	549,466
Target Corp.	9,307	615,100
Tenet Healthcare Corp. ^(a)	186,990	3,205,009
Thermo Fisher Scientific, Inc.	14,365	3,214,743
Travelers Cos., Inc. (The)	30,751	3,682,432
Union Pacific Corp.	5,679	785,008
United Continental Holdings, Inc. ^(a)	371,668	31,119,762
United Technologies Corp.	264,696	28,184,830
UnitedHealth Group, Inc.	41,147	10,250,541
US Bancorp	19,827	906,094
Valero Energy Corp.	22,830	1,711,565
VeriSign, Inc. ^(a)	7,945	1,178,164
Verizon Communications, Inc.	606,991	34,125,034
VF Corp.	3,803	271,306
Visa, Inc., Class A	31,217	4,118,771
Vistra Energy Corp. ^(a)	188,730	4,320,030
VMware, Inc., Class A ^(a)	6,555	898,887
Vornado Realty Trust	12,685	786,851
Walgreens Boots Alliance, Inc.	1,769	120,876
Walmart, Inc.	24,880	2,317,572
Walt Disney Co. (The)	9,984	1,094,746
Waste Management, Inc.	4,694	417,719
Wells Fargo & Co.	1,628,658	75,048,561
Western Digital Corp.	634,141	23,444,193
Weyerhaeuser Co.	33,432	730,824
Williams Cos., Inc. (The) ^(d)	3,245,222	71,557,145
Wyndham Destinations, Inc.	17,042	610,785
Xcel Energy, Inc.	9,486	467,375
Yum! Brands, Inc.	14,451	1,328,336
Zoetis, Inc.	8,789	751,811
Zynga, Inc., Class A ^(a)	4,748,402	18,661,220
		<u>2,839,577,747</u>
Total Common Stocks — 58.2%		
(Cost: \$5,417,381,989)		<u>5,226,781,247</u>

Par
(000)

Corporate Bonds — 4.7%

Australia — 0.4%

Quintis Australia Pty. Ltd.^{(c)(e)(h)(l)}:

7.50% (7.50% Cash or 8.00% PIK), 10/01/26	USD	17,908	17,625,011
12.00% (0.00% Cash or 0.00% PIK), 10/01/28	USD	21,237	21,236,520
			<u>38,861,531</u>

Belgium — 0.1%

Anheuser-Busch InBev Worldwide, Inc.:

3.50%, 01/12/24	USD	4,114	4,024,091
4.00%, 04/13/28	USD	6,778	6,483,384
			<u>10,507,475</u>

Chile — 0.0%

Inversiones Alsacia SA, 8.00%, 12/31/18 ^{(a)(e)(l)}	USD	7,767	155,734
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China — 0.1%

Baidu, Inc., 4.38%, 05/14/24	USD	5,410	5,443,878
China Milk Products Group Ltd., 0.00%, 01/05/12 ^{(a)(l)(k)}	USD	4,800	48,000
			<u>5,491,878</u>

Consolidated Schedule of Investments (continued)

December 31, 2018

BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Par (000)	Value
France — 0.1%		
Danone SA, 2.59%, 11/02/23 ^(e)	USD 7,310	\$ 6,949,544
Germany — 0.1%		
Bayer Capital Corp. BV, 5.63%, 11/22/19 ^{(e)(i)}	EUR 14,600	12,792,031
India — 0.0%		
REI Agro Ltd. ^{(a)(c)(i)(ii)} :		
5.50%, 11/13/14 ^(e)	USD 6,148	1
5.50%, 11/13/14	USD 2,291	—
		1
Italy — 0.1%		
Telecom Italia SpA, 5.30%, 05/30/24 ^(e)	USD 4,066	3,862,700
Japan — 0.3%		
Sumitomo Mitsui Financial Group, Inc., 3.94%, 10/16/23	USD 21,106	21,477,029
Takeda Pharmaceutical Co. Ltd., 3.80%, 11/26/20 ^(e)	USD 5,065	5,095,555
		26,572,584
Luxembourg — 0.0%		
Intelsat Jackson Holdings SA, 8.00%, 02/15/24 ^(e)	USD 1,933	1,990,990
Netherlands — 0.1%		
Cooperatieve Rabobank UA, 3.95%, 11/09/22	USD 1,986	1,979,521
ING Groep NV, 4.10%, 10/02/23	USD 9,865	9,859,007
		11,838,528
Singapore — 0.1%		
CapitaLand Ltd., 1.95%, 10/17/23 ^{(e)(i)}	SGD 7,250	5,151,907
Switzerland — 0.1%		
UBS Group Funding Switzerland AG, 4.13%, 09/24/25 ^(e)	USD 4,688	4,670,666
Turkey — 0.0%		
Bio City Development Co. BV, 8.00%, 07/06/20 ^{(a)(c)(e)(i)(ii)}	USD 21,400	3,317,000
United Kingdom — 0.1%		
HSBC Holdings plc, (LIBOR USD 3 Month + 1.06%), 3.26%, 03/13/23 ⁽ⁱ⁾	USD 6,852	6,705,761
United States — 3.1%		
Allergan Funding SCS, 3.45%, 03/15/22	USD 6,517	6,413,006
Allergan Sales LLC, 5.00%, 12/15/21 ^(e)	USD 3,225	3,318,200
American Express Co., 3.70%, 08/03/23	USD 14,692	14,734,484
Apple, Inc.:		
3.35%, 02/09/27	USD 11,988	11,681,001
3.20%, 05/11/27	USD 11,520	11,117,711
AT&T, Inc., 3.60%, 02/17/23	USD 14,312	14,223,312
AvalonBay Communities, Inc., 3.50%, 11/15/24	USD 1,436	1,427,398
Bank of America Corp.:		
(LIBOR USD 3 Month + 0.66%), 2.37%, 07/21/21 ⁽ⁱ⁾	USD 2,995	2,941,403
3.30%, 01/11/23	USD 6,864	6,760,073
4.00%, 01/22/25	USD 3,669	3,574,142
Becton Dickinson and Co.:		
3.13%, 11/08/21	USD 6,655	6,563,539
2.89%, 06/06/22	USD 5,486	5,313,301
3.36%, 06/06/24	USD 2,924	2,808,435
BP Capital Markets America, Inc., 3.79%, 02/06/24	USD 5,775	5,837,309
Capital One Financial Corp.:		
3.20%, 01/30/23	USD 4,939	4,806,245
3.30%, 10/30/24	USD 2,159	2,041,867

Security	Par (000)	Value
United States (continued)		
Citigroup, Inc., 2.45%, 01/10/20	USD 6,616	\$ 6,562,871
Comcast Corp.:		
3.45%, 10/01/21	USD 5,479	5,534,552
2.75%, 03/01/23	USD 6,879	6,695,142
3.70%, 04/15/24	USD 13,595	13,677,996
CVS Health Corp., 3.70%, 03/09/23	USD 21,094	20,868,191
DowDuPont, Inc., 3.77%, 11/15/20	USD 5,445	5,497,202
eBay, Inc., 2.75%, 01/30/23	USD 3,683	3,540,799
Edgewell Personal Care Co.:		
4.70%, 05/19/21	USD 3,352	3,301,720
4.70%, 05/24/22	USD 3,367	3,240,738
Enterprise Products Operating LLC:		
3.35%, 03/15/23	USD 3,673	3,622,827
3.90%, 02/15/24	USD 2,154	2,172,253
Gilead Sciences, Inc., 3.25%, 09/01/22	USD 6,868	6,851,855
Goldman Sachs Group, Inc. (The), (LIBOR USD 3 Month + 1.05%), 2.91%, 06/05/23 ⁽ⁱ⁾	USD 6,866	6,591,292
Halfmoon Parent, Inc. ^(e) :		
3.40%, 09/17/21	USD 9,310	9,288,824
3.75%, 07/15/23	USD 7,927	7,900,603
Hughes Satellite Systems Corp., 7.63%, 06/15/21	USD 1,213	1,258,488
Northrop Grumman Corp., 2.55%, 10/15/22	USD 6,863	6,641,002
Philip Morris International, Inc.:		
2.50%, 11/02/22	USD 1,324	1,272,499
3.60%, 11/15/23	USD 2,753	2,759,314
QUALCOMM, Inc.:		
2.60%, 01/30/23	USD 3,457	3,326,751
2.90%, 05/20/24	USD 4,117	3,920,195
Sempra Energy, 2.88%, 10/01/22	USD 1,932	1,863,276
Sherwin-Williams Co. (The), 2.25%, 05/15/20	USD 1,289	1,269,265
Simon Property Group LP, 2.75%, 06/01/23	USD 2,747	2,661,962
Starbucks Corp., 3.10%, 03/01/23	USD 6,881	6,777,460
UnitedHealth Group, Inc.:		
3.50%, 06/15/23	USD 6,857	6,916,122
3.50%, 02/15/24	USD 4,175	4,201,721
Verizon Communications, Inc., 3.13%, 03/16/22	USD 7,144	7,096,379
Walgreen Co., 3.10%, 09/15/22	USD 7,007	6,835,340
Wells Fargo & Co., 3.07%, 01/24/23	USD 1,431	1,393,685
Wells Fargo Bank NA, 3.55%, 08/14/23	USD 9,002	8,963,939
Williams Cos., Inc. (The), 3.70%, 01/15/23	USD 3,457	3,372,339
		279,438,028
Total Corporate Bonds — 4.7% (Cost: \$464,883,361)		418,306,358

Floating Rate Loan Interests — 0.2%^(m)

United States — 0.2%		
Fieldwood Energy LLC, 2nd Lien Term Loan, (LIBOR USD 1 Month + 7.25%), 9.77%, 04/11/23	USD 2,958	2,570,864
Fieldwood Energy LLC, Term Loan, (LIBOR USD 1 Month + 5.25%), 7.77%, 04/11/22	USD 2,191	2,042,140
Hilton Worldwide Finance LLC, 1st Lien Term Loan B2, (LIBOR USD 1 Month + 1.75%), 4.26%, 10/25/23	USD 11,442	11,013,301
		15,626,305
Total Floating Rate Loan Interests — 0.2% (Cost: \$14,489,682)		15,626,305

Consolidated Schedule of Investments (continued)

December 31, 2018

BlackRock Global Allocation V.I. Fund
(Percentages shown are based on Net Assets)

Security	Par (000)	Value
Foreign Government Obligations — 2.8%		
Argentina — 0.8%		
Republic of Argentina:		
3.38%, 01/15/23	EUR 8,170	\$ 7,418,416
6.88%, 01/26/27	USD 28,817	21,900,920
5.88%, 01/11/28	USD 41,668	29,844,705
5.25%, 01/15/28	EUR 1,282	1,053,901
7.82%, 12/31/33	EUR 16,600	15,871,442
		76,089,384
Australia — 0.2%		
Commonwealth of Australia, 3.00%, 03/21/47	AUD 29,274	21,332,955
Canada — 0.2%		
Canadian Government Bond, 0.75%, 03/01/21	CAD 22,991	16,443,314
Germany — 0.9%		
Federal Republic of Germany, 0.50%, 02/15/28	EUR 65,186	76,872,495
Mexico — 0.7%		
United Mexican States:		
6.50%, 06/10/21	MXN 6,562	31,854,750
8.00%, 12/07/23	MXN 6,274	31,144,439
		62,999,189
Total Foreign Government Obligations — 2.8% (Cost: \$277,482,283)		253,737,337
	Shares	
Investment Companies — 1.3%		
iShares Gold Trust ^{(a)(n)(l)}	5,628,395	69,172,974
SPDR Gold Shares ^{(a)(g)(n)}	297,007	36,012,099
VanEck Vectors Gold Miners ETF ^(d)	520,099	10,968,888
Total Investment Companies — 1.3% (Cost: \$120,982,118)		116,153,961
Preferred Securities — 2.4%		
	Par (000)	
Capital Trusts — 1.0%		
Netherlands — 0.0%		
ING Groep NV, 6.00% ^{(m)(o)}	USD 3,377	3,280,418
United Kingdom — 0.4%^{(m)(o)}		
HSBC Holdings plc, 6.37%	USD 13,297	12,366,210
Lloyds Bank plc, 13.00%	GBP 7,484	15,313,566
		27,679,776
United States — 0.6%		
American Express Co., Series C, 4.90% ^{(m)(o)}	USD 4,528	4,335,560
Citigroup, Inc. ^{(m)(o)} :		
Series O, 5.87%	USD 15,431	14,890,915
Series Q, 5.95%	USD 6,252	6,033,180
Goldman Sachs Group, Inc. (The), Series M, 5.38% ^{(m)(o)}	USD 7,289	7,043,142
Morgan Stanley, Series H, 5.45% ^{(m)(o)}	USD 5,144	5,003,157
NBCUniversal Enterprise, Inc., 5.25% ^{(e)(o)}	USD 5,270	5,335,875
Prudential Financial, Inc. ^(m) :		
5.63%, 06/15/43	USD 2,604	2,550,175
5.87%, 09/15/42	USD 3,919	3,958,190
USB Capital IX, 3.50% ^{(m)(o)}	USD 1,901	1,406,740
		50,556,934
Total Capital Trusts — 1.0% (Cost: \$84,674,126)		81,517,128

Security	Shares	Value
Preferred Stocks — 1.0%		
Brazil — 0.0%		
Braskem SA (Preference), 0.00%	8,921	\$ 109,057
Itau Unibanco Holding SA (Preference), 0.00%	519,866	4,761,717
Petroleo Brasileiro SA (Preference), 0.00% ^(a)	17,036	99,691
		4,970,465
South Korea — 0.0%		
Samsung Electronics Co. Ltd. (Preference), 0.00% ^(a)	21,974	627,878
United States — 1.0%		
Grand Rounds, Inc., Series C (Acquired 03/31/15, cost \$5,939,231), 0.00% ^{(a)(b)(c)}	2,139,107	5,240,812
Grand Rounds, Inc., Series D (Acquired 05/01/18, cost \$3,180,966), 0.00% ^{(a)(b)(c)}	1,312,469	3,176,175
Lookout, Inc., Series F (Acquired 09/19/14-10/22/14, cost \$10,936,522), 0.00% ^{(a)(b)(c)}	957,404	5,782,720
Palantir Technologies, Inc., Series I (Acquired 02/11/14, cost \$11,447,321), 0.00% ^{(a)(b)(c)}	1,867,426	10,102,775
Uber Technologies, Inc., Series D (Acquired 06/06/14, cost \$17,574,548), 0.00% ^{(a)(b)(c)}	1,132,888	50,945,973
Wells Fargo & Co., Series L, 7.50% ^{(l)(o)}	2,965	3,741,741
Welltower, Inc., Series I, 6.50% ^{(d)(l)(o)}	125,874	7,948,943
		86,939,139
Total Preferred Stocks — 1.0% (Cost: \$63,624,365)		92,537,482
Trust Preferreds — 0.4%		
China — 0.2%		
Mandatory Exchangeable Trust, 5.75%, 06/01/19 ^{(e)(l)}	138,193	21,327,326
United States — 0.2%^(m)		
Citigroup Capital XIII, 8.89%, 10/30/40	319,725	8,450,332
GMAC Capital Trust I, Series 2, 8.40%, 02/15/40	351,212	8,903,224
		17,353,556
Total Trust Preferreds — 0.4% (Cost: \$30,358,349)		38,680,882
Total Preferred Securities — 2.4% (Cost: \$178,656,840)		
	Par (000)	
U.S. Treasury Obligations — 22.6%		
U.S. Treasury Inflation Linked Notes,		
0.63%, 04/15/23	USD 74,231	72,997,361
U.S. Treasury Notes:		
1.50%, 11/30/19 ⁽ⁿ⁾	USD 22,253	22,023,120
2.75%, 08/31/23	USD 221,786	224,272,834
2.88%, 09/30/23 - 11/30/25	USD 775,424	788,364,077
2.88%, 10/31/23 ^(p)	USD 614,853	625,084,637
3.00%, 10/31/25 ^(p)	USD 289,851	297,357,176
Total U.S. Treasury Obligations — 22.6% (Cost: \$1,987,445,134)		2,030,099,205
Total Long-Term Investments — 92.2% (Cost: \$8,461,321,407)		

Consolidated Schedule of Investments (continued)

December 31, 2018

BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Short-Term Securities — 10.1%

Security	Par (000)	Value
Foreign Government Obligations — 2.0%^(a)		
Japan — 2.0%		
Japan Treasury Bills:		
(0.32)%, 01/28/19	JPY 5,673,500	\$ 51,768,636
(0.34)%, 02/04/19	JPY 5,669,100	51,730,247
(0.25)%, 03/04/19	JPY 5,857,950	53,460,067
(0.16)%, 03/25/19	JPY 2,495,950	22,780,312
		179,739,262
Total Foreign Government Obligations — 2.0% (Cost: \$175,441,056)		179,739,262

Money Market Funds — 2.6%^{(r)(t)}

Security	Par (000)	Value
Money Market Funds — 2.6%		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 2.32%	USD 22,471,516	22,471,516
SL Liquidity Series, LLC, Money Market Series, 2.57% ^(s)	209,527,510	209,506,557
Total Money Market Funds — 2.6% (Cost: \$231,985,653)		231,978,073

Time Deposits — 0.0%

Security	Par (000)	Value
Canada — 0.0%		
Royal Bank Of Canada, 0.84%, 01/02/19	CAD 322	236,037
Europe — 0.0%		
Citibank NA, (0.57)%, 01/02/19	EUR 1,309	1,499,576
Hong Kong — 0.0%		
Brown Brothers Harriman & Co., 1.52%, 01/02/19	HKD 107	13,615
United Kingdom — 0.0%		
Brown Brothers Harriman & Co., 0.37%, 01/02/19	GBP 12	15,203
United States — 0.0%		
JPMorgan Chase & Co., 2.42%, 01/02/19	USD 39	38,774
Total Time Deposits — 0.0% (Cost: \$1,803,205)		1,803,205

U.S. Treasury Obligations — 5.5%

Security	Par (000)	Value
U.S. Treasury Bills:^(a)		
2.20%, 01/08/19	USD 108,000	107,959,545
2.23%, 01/03/19	USD 8,000	7,999,500
2.25%, 01/02/19	USD 18,000	18,000,000
2.30%, 01/15/19	USD 178,000	177,853,848
2.32%, 01/22/19	USD 125,250	125,089,958
2.33%, 02/05/19	USD 60,000	59,864,496
Total U.S. Treasury Obligations — 5.5% (Cost: \$496,738,136)		496,767,347

Total Short-Term Securities — 10.1%

(Cost: \$905,968,050) 910,287,887

Total Options Purchased — 0.2%

(Cost: \$49,554,079) 21,948,987

Total Investments Before Options Written and Investments Sold Short — 102.5%

(Cost: \$9,416,843,536) 9,205,676,779

Total Options Written — (0.7)%

(Premiums Received — \$44,813,654) (69,631,015)

Investments Sold Short — (0.2)%

Security	Shares	Value
Common Stocks — (0.2)%		
France — (0.1)%		
Pernod Ricard SA	30,757	\$ (5,047,857)
Japan — (0.1)%		
SUMCO Corp.	502,000	(5,590,773)
Yaskawa Electric Corp.	244,800	(5,983,933)
		(11,574,706)
United States — 0.0%		
LyondellBasell Industries NV, Class A	37,873	(3,149,519)
Total Common Stocks — (0.2)% (Proceeds: \$25,194,044)		(19,772,082)
Total Investments Sold Short — (0.2)% (Proceeds: \$25,194,044)		(19,772,082)
Total Investments Net of Options Written and Investments Sold Short — 101.6% (Cost: \$9,346,835,838)		9,116,273,682
Liabilities in Excess of Other Assets — (1.6)%		(141,162,241)
Net Assets — 100.0%		<u>\$8,975,111,441</u>

(a) Non-income producing security.

(b) Restricted security as to resale, excluding 144A securities. The Fund held restricted securities with a current value of \$84,743,118, representing 0.94% of its net assets as of period end, and an original cost of \$79,372,879.

(c) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.

(d) Security, or a portion of the security, is on loan.

(e) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(f) A security contractually bound to one or more other securities to form a single saleable unit which cannot be sold separately.

(g) All or a portion of the security has been pledged and/or segregated as collateral in connection with outstanding exchange-traded options written.

(h) Payment-in-kind security which may pay interest/dividends in additional par/shares and/or in cash. Rates shown are the current rate and possible payment rates.

(i) Issuer filed for bankruptcy and/or is in default.

(j) Convertible security.

(k) Zero-coupon bond.

(l) Variable rate security. Security may be issued at a fixed coupon rate, which converts to a variable rate at a specified date. Rate shown is the rate in effect as of period end.

(m) Variable rate security. Rate shown is the rate in effect as of period end.

(n) All or a portion of the security is held by a wholly-owned subsidiary. See Note 1 of the Notes to Consolidated Financial Statements for details on the wholly-owned subsidiary.

(o) Perpetual security with no stated maturity date.

(p) All or a portion of the security has been pledged in connection with outstanding centrally cleared swaps.

(q) Rates are discount rates or a range of discount rates as of period end.

(r) Annualized 7-day yield as of period end.

(s) Security was purchased with the cash collateral from loaned securities.

December 31, 2018

(i) During the year ended December 31, 2018, investments in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, and /or related parties of the fund were as follows:

Affiliated Persons and/or Related Parties	Shares Held at 12/31/17	Shares Purchased	Shares Sold	Shares Held at 12/31/18	Value at 12/31/18	Income	Net Realized Gain (Loss) (a)	Change in Unrealized (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class	10,574,106	11,897,410 ^(b)	—	22,471,516	\$ 22,471,516	\$ 183,739	\$ 20	\$ —
SL Liquidity Series, LLC, Money Market Series	235,838,442	—	(26,310,932) ^(c)	209,527,510	209,506,557	1,088,546 ^(d)	24,463	7,113
iShares Gold Trust	2,098,037	3,530,358	—	5,628,395	69,172,974	—	—	(2,635,865)
Quintis Australia Pty. Ltd. 12.00% 10/01/28	—	21,236,520	—	21,236,520	21,236,520	—	—	(2,196,211)
Quintis Australia Pty. Ltd. 7.50% 10/01/26	—	17,907,552	—	17,907,552	17,625,011	—	—	(251,901)
Quintis HoldCo Pty. Ltd.	—	10,892,000	—	10,892,000	5,830,553	—	—	69,326
					<u>\$345,843,131</u>	<u>\$1,272,285</u>	<u>\$ 24,483</u>	<u>\$ (5,007,538)</u>

(a) Includes net capital gain distributions, if applicable.

(b) Represents net shares purchased.

(c) Represents net shares sold.

(d) Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

Description	Number of Contracts	Expiration Date	Notional Amount (000)	Value/Unrealized Appreciation (Depreciation)
Short Contracts				
Yen Denominated Nikkei 225 Index	164	03/07/19	14,824	\$ 761,684
EURO STOXX 50 Index	5,362	03/15/19	182,708	5,122,115
NASDAQ 100 E-mini Index	178	03/15/19	22,546	529,817
S&P 500 E-Mini Index	227	03/15/19	28,434	(38,040)
Canada 10 Year Bond	765	03/20/19	76,640	(929,678)
				<u>\$ 5,445,898</u>

Forward Foreign Currency Exchange Contracts

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
JPY 820,000	USD 7,426	UBS AG	01/04/19	\$ 57
JPY 25,196,807	USD 228,224	UBS AG	01/07/19	1,748
JPY 5,271,036,592	USD 47,468,000	JPMorgan Chase Bank NA	01/25/19	711,335
USD 15,682,692	AUD 22,171,000	JPMorgan Chase Bank NA	01/25/19	59,161
JPY 5,253,071,000	USD 47,033,441	Citibank NA	01/31/19	1,004,443
JPY 8,022,490,000	USD 71,353,200	JPMorgan Chase Bank NA	02/14/19	2,086,054
EUR 20,772,000	USD 23,732,394	Goldman Sachs International	02/15/19	154,796
EUR 20,569,000	USD 23,405,212	Morgan Stanley & Co. International plc	02/28/19	272,510
JPY 3,200,699,453	USD 28,338,000	Morgan Stanley & Co. International plc	03/07/19	1,008,583
EUR 20,243,000	USD 23,024,864	Morgan Stanley & Co. International plc	03/14/19	305,732
SEK 421,527,639	EUR 40,783,000	Goldman Sachs International	03/21/19	824,983
				<u>6,429,402</u>
GBP 32,502,000	USD 42,430,584	JPMorgan Chase Bank NA	01/11/19	(987,165)
EUR 20,625,000	USD 23,701,654	Morgan Stanley & Co. International plc	01/25/19	(24,769)
USD 51,186,127	JPY 5,673,500,000	Morgan Stanley & Co. International plc	01/28/19	(684,170)
NOK 155,980,000	USD 18,819,263	JPMorgan Chase Bank NA	02/01/19	(753,945)
USD 50,680,858	JPY 5,669,100,000	Goldman Sachs International	02/04/19	(1,177,251)
GBP 36,838,000	USD 48,222,592	JPMorgan Chase Bank NA	02/15/19	(1,167,194)
USD 23,883,966	EUR 20,772,000	Morgan Stanley & Co. International plc	02/15/19	(3,224)
GBP 19,207,000	USD 25,144,260	JPMorgan Chase Bank NA	02/21/19	(603,394)
USD 23,606,424	EUR 20,569,000	Deutsche Bank AG	02/28/19	(71,298)
USD 26,050,532	BRL 101,558,000	Deutsche Bank AG	03/01/19	(40,977)
USD 52,565,295	JPY 5,857,950,000	Goldman Sachs International	03/04/19	(1,129,706)
USD 23,212,278	EUR 20,243,000	Morgan Stanley & Co. International plc	03/14/19	(118,319)
ZAR 403,941,000	USD 28,202,918	Bank of America NA	03/14/19	(363,332)
USD 22,680,999	JPY 2,495,950,000	JPMorgan Chase Bank NA	03/25/19	(243,219)
				<u>(7,367,963)</u>
Net Unrealized Depreciation				<u>\$ (938,561)</u>

December 31, 2018

OTC Options Purchased

Description	Counterparty	Number of Contracts	Expiration Date	Exercise Price		Notional Amount (000)	Value
Call							
Chevron Corp.	UBS AG	275,840	01/18/19	USD	125.00	USD 30,009	\$ 9,654
Exxon Mobil Corp.	UBS AG	187,537	01/18/19	USD	95.00	USD 12,788	2,813
Schlumberger Ltd.	UBS AG	271,460	01/18/19	USD	90.00	USD 9,794	1,357
SPDR Gold Shares ^(a)	JPMorgan Chase Bank NA	146,449	02/15/19	USD	120.00	USD 17,757	418,112
TOPIX Index	Morgan Stanley & Co. International plc	1,994,050	03/08/19	JPY	1,785.00	JPY 2,979,290	15,108
KOSPI 200 Index	Goldman Sachs International	125	03/14/19	USD	302.50	USD 256	22,898
Russell 2000 Index	Bank of America NA	27,781	03/15/19	USD	1,700.00	USD 37,464	7,640
SPDR Gold Shares ^(a)	Societe Generale SA	261,876	03/15/19	USD	121.00	USD 31,752	831,323
SPDR Gold Shares ^(a)	Societe Generale SA	274,300	04/18/19	USD	123.00	USD 33,259	836,615
GBP Currency	UBS AG	—	05/15/19	USD	1.32	GBP 145,768	3,447,545
SPDR Gold Shares ^(a)	Morgan Stanley & Co. International plc	148,146	05/17/19	USD	120.00	USD 17,963	629,355
BP plc	UBS AG	886,818	06/21/19	USD	52.00	USD 33,628	75,371
ConocoPhillips Co.	UBS AG	463,986	06/21/19	USD	75.00	USD 28,930	577,663
Occidental Petroleum Corp.	UBS AG	412,376	06/21/19	USD	92.50	USD 25,312	83,077
Royal Dutch Shell plc	UBS AG	506,206	06/21/19	USD	77.00	USD 29,497	81,003
SPDR Gold Shares ^(a)	Societe Generale SA	261,876	06/21/19	USD	124.00	USD 31,752	1,063,267
Suncor Energy, Inc.	UBS AG	598,975	06/21/19	USD	45.00	USD 16,753	14,974
Facebook, Inc.	UBS AG	286,382	09/20/19	USD	165.00	USD 37,542	1,595,477
TOTAL SA	UBS AG	619,803	09/20/19	USD	70.00	USD 32,341	79,360
TOPIX Banks Index	Bank of America NA	6,922,824	12/13/19	JPY	191.28	JPY 1,015,786	93,669
TOPIX Banks Index	Morgan Stanley & Co. International plc	13,094,289	12/13/19	JPY	191.28	JPY 1,921,325	177,167
Alphabet, Inc.	JPMorgan Chase Bank NA	16,662	01/17/20	USD	1,225.00	USD 17,255	962,698
Anadarko Petroleum Corp.	Credit Suisse International	175,142	01/17/20	USD	67.50	USD 7,678	278,476
BP plc	Nomura International plc	802,900	01/17/20	USD	43.50	USD 30,446	1,254,804
CVS Health Corp.	JPMorgan Chase Bank NA	123,179	01/17/20	USD	78.50	USD 8,071	456,466
Halliburton Co.	Citibank NA	339,940	01/17/20	USD	50.00	USD 9,036	57,790
Johnson & Johnson	Bank of America NA	124,966	01/17/20	USD	155.00	USD 16,127	323,037
JPMorgan Chase & Co.	Citibank NA	123,264	01/17/20	USD	114.50	USD 12,033	410,261
Schlumberger Ltd.	UBS AG	281,709	01/17/20	USD	70.00	USD 10,164	33,805
Sumitomo Mitsui Financial Group, Inc.	Morgan Stanley & Co. International plc	360,617	03/13/20	JPY	4,756.33	JPY 1,314,449	148,633
TOPIX Banks Index	BNP Paribas SA	9,345,369	03/13/20	JPY	194.04	JPY 1,371,246	151,515
TOPIX Banks Index	Morgan Stanley & Co. International plc	8,316,020	04/10/20	JPY	192.04	JPY 1,220,210	155,991
Sumitomo Mitsui Financial Group, Inc.	Morgan Stanley & Co. International plc	291,273	09/11/20	JPY	4,816.24	JPY 1,061,690	153,972
Sumitomo Mitsui Financial Group, Inc.	Morgan Stanley & Co. International plc	291,267	12/11/20	JPY	4,894.87	JPY 1,061,668	153,169
EURO STOXX Bank Index	Barclays Bank plc	162,397	03/19/21	EUR	136.97	EUR 48,904	161,783
EURO STOXX Bank Index	UBS AG	167,445	06/18/21	EUR	134.92	EUR 50,424	171,715
							<u>14,937,563</u>
Put							
S&P 500 Index	Barclays Bank plc	3,651	01/18/19	USD	2,350.00	USD 9,153	48,741
S&P 500 Index	Barclays Bank plc	4,413	01/18/19	USD	2,400.00	USD 11,063	88,481
S&P 500 Index	Barclays Bank plc	34,477	01/18/19	USD	2,700.00	USD 86,429	6,633,375
S&P 500 Index	Barclays Bank plc	3,660	01/31/19	USD	2,400.00	USD 9,175	114,192
							<u>6,884,789</u>
							<u>\$21,822,352</u>

^(a) All or a portion of the security is held by a wholly-owned subsidiary. See Note 1 of the Notes to Consolidated Financial Statements for details on the wholly-owned subsidiary.

OTC Interest Rate Swaptions Purchased

Description	Paid by the Fund		Received by the Fund		Counterparty	Expiration Date	Exercise Rate	Notional Amount (000)	Value
	Rate	Frequency	Rate	Frequency					
Put									
5-Year Interest Rate Swap ..	3.00%	Semi-Annual	3 month LIBOR	Quarterly	Nomura International plc	03/04/19	3.00%	USD 292,589	<u>\$126,635</u>

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Exchange-Traded Options Written

Description	Number of Contracts	Expiration Date	Exercise Price	Notional Amount (000)	Value
Call					
Adobe, Inc.	8	01/18/19	USD 260.00	USD 181	\$ (372)
Intuit, Inc.	8	01/18/19	USD 220.00	USD 157	(220)
McDonald's Corp.	44	01/18/19	USD 185.00	USD 781	(3,872)
VeriSign, Inc.	16	01/18/19	USD 170.00	USD 237	(624)
Amazon.com, Inc.	81	02/15/19	USD 1,790.00	USD 12,166	(124,335)
Amazon.com, Inc.	81	02/15/19	USD 1,800.00	USD 12,166	(112,185)
Amazon.com, Inc.	81	02/15/19	USD 1,780.00	USD 12,166	(140,130)
					<u>\$(381,738)</u>

OTC Options Written

Description	Counterparty	Number of Contracts	Expiration Date	Exercise Price	Notional Amount (000)	Value
Call						
Apple, Inc.	Barclays Bank plc	69,668	01/18/19	USD 160.00	USD 10,989	\$ (294,347)
Microsoft Corp.	Barclays Bank plc	123,473	01/18/19	USD 90.00	USD 12,541	(1,487,850)
United Continental Holdings, Inc.	Deutsche Bank AG	90,361	01/18/19	USD 75.00	USD 7,566	(831,321)
TOPIX Index	Morgan Stanley & Co. International plc	1,994,050	03/08/19	JPY 1,950.00	JPY 2,979,290	(3,639)
KOSPI 200 Index	Goldman Sachs International	125	03/14/19	USD 327.50	USD 256	(1,639)
ConocoPhillips Co.	UBS AG	463,986	06/21/19	USD 85.00	USD 28,930	(106,717)
TOTAL SA	UBS AG	619,803	09/20/19	USD 75.00	USD 32,341	(118,444)
TOPIX Banks Index	Bank of America NA	6,922,824	12/13/19	JPY 221.29	JPY 1,015,786	(26,746)
TOPIX Banks Index	Morgan Stanley & Co. International plc	13,094,289	12/13/19	JPY 221.29	JPY 1,921,325	(50,598)
Alphabet, Inc.	JPMorgan Chase Bank NA	16,662	01/17/20	USD 1,350.00	USD 17,255	(488,068)
Anadarko Petroleum Corp.	Credit Suisse International	175,142	01/17/20	USD 76.00	USD 7,678	(150,277)
Comcast Corp.	Citibank NA	306,484	01/17/20	USD 37.50	USD 10,436	(729,432)
CVS Health Corp.	JPMorgan Chase Bank NA	123,179	01/17/20	USD 87.50	USD 8,071	(183,537)
Facebook, Inc.	UBS AG	669,867	01/17/20	USD 220.00	USD 87,813	(887,574)
Johnson & Johnson	Bank of America NA	124,966	01/17/20	USD 170.00	USD 16,127	(110,595)
JPMorgan Chase & Co.	Citibank NA	123,264	01/17/20	USD 125.50	USD 12,033	(182,454)
Sumitomo Mitsui Financial Group, Inc.	Morgan Stanley & Co. International plc	360,617	03/13/20	JPY 5,679.90	JPY 1,314,449	(37,766)
TOPIX Banks Index	BNP Paribas SA	9,345,369	03/13/20	JPY 237.47	JPY 1,371,246	(33,128)
TOPIX Banks Index	Morgan Stanley & Co. International plc	8,316,020	04/10/20	JPY 233.87	JPY 1,220,210	(37,028)
						<u>(5,761,160)</u>
Put						
S&P 500 Index	Barclays Bank plc	3,651	01/18/19	USD 2,200.00	USD 9,153	(12,596)
S&P 500 Index	Barclays Bank plc	4,413	01/18/19	USD 2,250.00	USD 11,063	(24,271)
S&P 500 Index	Barclays Bank plc	3,660	01/31/19	USD 2,250.00	USD 9,175	(38,796)
TOPIX Index	Morgan Stanley & Co. International plc	1,994,050	03/08/19	JPY 1,600.00	JPY 2,979,290	(2,283,229)
KOSPI 200 Index	Goldman Sachs International	125	03/14/19	USD 270.00	USD 256	(1,717,209)
S&P 500 Index	Bank of America NA	14,617	03/15/19	USD 2,600.00	USD 36,643	(2,067,575)
SPDR Gold Shares ^(a)	Morgan Stanley & Co. International plc	74,073	05/17/19	USD 113.00	USD 8,981	(19,499)
TOPIX Banks Index	Bank of America NA	6,922,824	12/13/19	JPY 156.59	JPY 1,015,786	(1,397,969)
TOPIX Banks Index	Morgan Stanley & Co. International plc	13,094,289	12/13/19	JPY 156.59	JPY 1,921,325	(2,644,011)
Alphabet, Inc.	JPMorgan Chase Bank NA	16,662	01/17/20	USD 860.00	USD 17,255	(755,622)
Anadarko Petroleum Corp.	Credit Suisse International	175,142	01/17/20	USD 46.00	USD 7,678	(1,527,895)
BP plc	Nomura International plc	802,900	01/17/20	USD 28.00	USD 30,446	(863,117)
CVS Health Corp.	JPMorgan Chase Bank NA	123,179	01/17/20	USD 56.00	USD 8,071	(485,785)
Facebook, Inc.	UBS AG	669,867	01/17/20	USD 155.00	USD 87,813	(20,581,664)
Halliburton Co.	Citibank NA	339,940	01/17/20	USD 35.00	USD 9,036	(3,246,427)
Johnson & Johnson	Bank of America NA	124,966	01/17/20	USD 109.00	USD 16,127	(576,091)
JPMorgan Chase & Co.	Citibank NA	123,264	01/17/20	USD 87.25	USD 12,033	(775,954)
Schlumberger Ltd.	UBS AG	281,709	01/17/20	USD 52.50	USD 10,164	(4,943,993)
Sumitomo Mitsui Financial Group, Inc.	Morgan Stanley & Co. International plc	360,617	03/13/20	JPY 3,832.77	JPY 1,314,449	(1,768,609)
TOPIX Banks Index	BNP Paribas SA	9,345,369	03/13/20	JPY 155.80	JPY 1,371,246	(2,024,026)
TOPIX Banks Index	Morgan Stanley & Co. International plc	8,316,020	04/10/20	JPY 157.82	JPY 1,220,210	(1,956,302)
Sumitomo Mitsui Financial Group, Inc.	Morgan Stanley & Co. International plc	194,182	09/11/20	JPY 3,820.96	JPY 707,793	(1,197,331)
Sumitomo Mitsui Financial Group, Inc.	Morgan Stanley & Co. International plc	194,178	12/11/20	JPY 3,786.60	JPY 707,779	(1,155,278)
EURO STOXX Bank Index	Barclays Bank plc	108,265	03/19/21	EUR 110.23	EUR 32,603	(4,424,188)
EURO STOXX Bank Index	UBS AG	110,158	06/18/21	EUR 106.38	EUR 33,173	(4,422,605)
						<u>(60,910,042)</u>
						<u>\$(66,671,202)</u>

^(a) All or a portion of the security is held by a wholly-owned subsidiary. See Note 1 of the Notes to Consolidated Financial Statements for details on the wholly-owned subsidiary.

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OTC Interest Rate Swaptions Written

Description	Paid by the Fund		Received by the Fund		Counterparty	Expiration Date	Exercise Rate	Notional Amount (000)	Value
	Rate	Frequency	Rate	Frequency					
Call									
5-Year Interest Rate Swap	3 month LIBOR	Quarterly	2.70%	Semi-Annual	Nomura International plc	03/04/19	2.70%	USD 292,589	<u>\$(2,578,075)</u>

Centrally Cleared Credit Default Swaps — Buy Protection

Reference Obligation/Index	Financing Rate Paid by the Fund	Payment Frequency	Termination Date	Notional Amount (000)	Value	Upfront Premium Paid (Received)	Unrealized Appreciation (Depreciation)
CDX.NA.HY.30.V1	5.00%	Quarterly	06/20/23	USD 6,607	<u>\$(214,019)</u>	<u>\$(428,074)</u>	<u>\$ 214,055</u>

Centrally Cleared Interest Rate Swaps

Paid by the Fund		Received by the Fund		Effective Date	Termination Date	Notional Amount (000)	Value	Upfront Premium Paid (Received)	Unrealized Appreciation (Depreciation)
Rate	Frequency	Rate	Frequency						
3 month LIBOR	Quarterly	2.97%	Semi-Annual	07/20/20 ^(a)	07/18/25	USD 317,049	\$ 5,433,869	\$ —	\$ 5,433,869
0.84%	Annual	6 month EURIBOR	Semi-Annual	N/A	02/15/28	EUR 34,348	(633,712)	—	(633,712)
0.84%	Annual	6 month EURIBOR	Semi-Annual	N/A	02/15/28	EUR 37,591	(694,362)	—	(694,362)
3 month LIBOR	Quarterly	3.20%	Semi-Annual	N/A	10/29/28	USD 248,165	10,988,976	—	10,988,976
0.99%	Annual	6 month EURIBOR	Semi-Annual	N/A	10/29/28	EUR 196,586	(4,682,054)	—	(4,682,054)
2.99%	Semi-Annual	3 month LIBOR	Quarterly	07/20/20 ^(a)	07/18/50	USD 71,247	(1,718,255)	—	(1,718,255)
							<u>\$ 8,694,462</u>	<u>\$ —</u>	<u>\$ 8,694,462</u>

^(a) Forward Swaps.

OTC Total Return Swaps

Reference Entity	Fixed Amount Paid / (Received) by the Fund ^(a)	Counterparty	Termination Date	Notional Amount (000)	Value	Upfront Premium Paid (Received)	Unrealized Appreciation (Depreciation)
EURO STOXX Banks Net Return Index	EUR (14,281,341)	BNP Paribas SA	04/30/19	EUR 14,281	\$1,520,142	\$ —	\$ 1,520,142
S&P 500 Index Annual Dividend Future							
December 2020	USD 2,914,481	Goldman Sachs International	12/18/20	USD 2,914	517,894	—	517,894
Nikkei Dividend Future December 2020	JPY 384,120,000	BNP Paribas SA	04/01/21	JPY 384,120	406,460	—	406,460
Nikkei Dividend Future December 2020	JPY 143,310,000	BNP Paribas SA	04/01/21	JPY 143,310	35,674	—	35,674
Nikkei Dividend Future December 2020	JPY 191,375,000	BNP Paribas SA	04/01/21	JPY 191,375	229,232	—	229,232
S&P 500 Index Annual Dividend Future							
December 2021	USD 3,726,213	BNP Paribas SA	12/17/21	USD 3,726	640,862	—	640,862
Nikkei Dividend Future December 2021	JPY 144,840,000	BNP Paribas SA	04/01/22	JPY 144,840	25,127	—	25,127
Nikkei Dividend Future December 2021	JPY 199,250,000	BNP Paribas SA	04/01/22	JPY 199,250	162,401	—	162,401
Nikkei Dividend Future December 2021	JPY 389,070,000	BNP Paribas SA	04/01/22	JPY 389,070	371,233	—	371,233
Nikkei Dividend Future December 2021	JPY 198,750,000	BNP Paribas SA	04/01/22	JPY 198,750	166,963	—	166,963
					<u>\$4,075,988</u>	<u>\$ —</u>	<u>\$ 4,075,988</u>

^(a) At termination, the fixed amount paid (received) will be exchanged for the total return of the reference entity.

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OTC Total Return Swaps ^(a)

Reference Entity	Counterparty	Expiration Date	Net Notional Amount	Unrealized Appreciation (Depreciation)	Net Value of Reference Entities	Gross Notional Amount Net Asset Percentage
Equity Securities Long/Short	Citibank NA	02/24/23 - 02/27/23	\$(17,068,123)	\$ (544,715) ^(b)	\$(17,644,584)	0.2%
	JP Morgan Chase Bank NA	02/08/23	(22,487,970)	845,999 ^(c)	(21,693,899)	0.3
				<u>\$ 301,284</u>	<u>\$(39,338,483)</u>	

(a) The Fund receives or pays the total return on a portfolio of long and short positions underlying the total return swap. In addition, the Fund pays or receives a variable rate of interest, based on a specified benchmark, plus or minus a spread in a range of 18-245 basis points. The benchmark and spread are determined based upon the country and/or currency of the individual underlying positions. The following are the specified benchmarks used in determining the variable rate of interest:

Intercontinental Exchange LIBOR USD 1 Month
United States Overnight Bank Funding Rate

(b) Amount includes \$31,746 of net dividends and financing fees.

(c) Amount includes \$51,928 of net dividends and financing fees.

The following reference rates, and their values as of period end, are used for security descriptions:

Reference Index	Reference rate
3 month LIBOR	London Interbank Offered Rate 2.81%
6 month EURIBOR	Euro Interbank Offered Rate (0.24%)

Balances Reported in the Consolidated Statement of Assets and Liabilities for Centrally Cleared Swaps, OTC Swaps and Options Written

	Swap Premiums Paid	Swap Premiums Received	Unrealized Appreciation	Unrealized Depreciation	Value
Centrally Cleared Swaps ^(a)	\$ —	\$ (428,074)	\$ 16,636,900	\$ (7,728,383)	\$ —
OTC Swaps	—	—	4,921,987	(544,715)	—
Options Written	N/A	N/A	16,014,973	(40,832,334)	(69,631,015)

(a) Includes cumulative appreciation (depreciation) on centrally cleared swaps, as reported in the Consolidated Schedule of Investments. Only current day's variation margin is reported within the Consolidated Statement of Assets and Liabilities and is net of any previously paid (received) swap premium amounts.

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Consolidated Statement of Assets and Liabilities were as follows:

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Assets — Derivative Financial Instruments							
Futures contracts							
Net unrealized appreciation ^(a)	\$ —	\$ —	\$ 6,413,616	\$ —	\$ —	\$ —	\$ 6,413,616
Forward foreign currency exchange contracts							
Unrealized appreciation on forward foreign currency exchange contracts	—	—	—	6,429,402	—	—	6,429,402
Options purchased							
Investments at value — unaffiliated ^(b)	—	—	18,374,807	3,447,545	126,635	—	21,948,987
Swaps — centrally cleared							
Net unrealized appreciation ^(a)	—	214,055	—	—	16,422,845	—	16,636,900
Swaps — OTC							
Unrealized appreciation on OTC swaps; Swap premiums paid	—	—	4,921,987	—	—	—	4,921,987
	<u>\$ —</u>	<u>\$ 214,055</u>	<u>\$ 29,710,410</u>	<u>\$ 9,876,947</u>	<u>\$ 16,549,480</u>	<u>\$ —</u>	<u>\$ 56,350,892</u>

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	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Liabilities — Derivative Financial Instruments							
Futures contracts							
Net unrealized depreciation ^(a)	\$ —	\$ —	\$ 38,040	\$ —	\$ 929,678	\$ —	\$ 967,718
Forward foreign currency exchange contracts							
Unrealized depreciation on forward foreign currency exchange contracts	—	—	—	7,367,963	—	—	7,367,963
Options written							
Options written, at value	—	—	67,052,940	—	2,578,075	—	69,631,015
Swaps — centrally cleared							
Net unrealized depreciation ^(a)	—	—	—	—	7,728,383	—	7,728,383
Swaps — OTC							
Unrealized depreciation on OTC swaps; Swap premiums received	—	—	544,715	—	—	—	544,715
	<u>\$ —</u>	<u>\$ —</u>	<u>\$67,635,695</u>	<u>\$7,367,963</u>	<u>\$11,236,136</u>	<u>\$ —</u>	<u>\$86,239,794</u>

^(a) Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Consolidated Schedule of Investments. Only current day's variation margin is reported within the Consolidated Statement of Assets and Liabilities.

^(b) Includes options purchased at value as reported in the Consolidated Schedule of Investments.

For the year ended December 31, 2018, the effect of derivative financial instruments in the Consolidated Statement of Operations were as follows:

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Net Realized Gain (Loss) from:							
Futures contracts	\$ —	\$ —	\$ (1,357,682)	\$ —	\$ —	\$ —	\$ (1,357,682)
Forward foreign currency exchange contracts	—	—	—	(13,975,279)	—	—	(13,975,279)
Options purchased ^(a)	—	—	10,272,037	(10,696,472)	(5,726,882)	—	(6,151,317)
Options written	—	—	11,728,438	4,490,388	(4,657,759)	—	11,561,067
Swaps	—	(1,679,419)	21,568,296	2,860,184	(14,191,105)	—	8,557,956
	<u>\$ —</u>	<u>\$(1,679,419)</u>	<u>\$ 42,211,089</u>	<u>\$(17,321,179)</u>	<u>\$(24,575,746)</u>	<u>\$ —</u>	<u>\$ (1,365,255)</u>
Net Change in Unrealized Appreciation (Depreciation) on:							
Futures contracts	\$ —	\$ —	\$ 6,766,587	\$ —	\$ (929,678)	\$ —	\$ 5,836,909
Forward foreign currency exchange contracts	—	—	—	(7,735,636)	—	—	(7,735,636)
Options purchased ^(b)	—	—	(34,577,381)	(4,078,197)	4,538,590	—	(34,116,988)
Options written	—	—	(29,091,987)	(2,426,159)	(5,124,751)	—	(36,642,897)
Swaps	—	1,498,941	(18,642,390)	—	70,952	—	(17,072,497)
	<u>\$ —</u>	<u>\$ 1,498,941</u>	<u>\$(75,545,171)</u>	<u>\$(14,239,992)</u>	<u>\$ (1,444,887)</u>	<u>\$ —</u>	<u>\$(89,731,109)</u>

^(a) Options purchased are included in net realized gain (loss) from investments — unaffiliated.

^(b) Options purchased are included in net change in unrealized appreciation (depreciation) on investments — unaffiliated.

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Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:	
Average notional value of contracts — long	\$ 17,060,306
Average notional value of contracts — short	\$ 220,282,053
Forward foreign currency exchange contracts:	
Average amounts purchased — in USD	\$ 336,811,782
Average amounts sold — in USD	\$ 537,280,549
Options:	
Average value of option contracts purchased	\$ 27,921,728
Average value of option contracts written	\$ 44,397,518
Average notional value of swaption contracts purchased	\$1,199,406,863
Average notional value of swaption contracts written	\$ 759,110,351
Credit default swaps:	
Average notional value — buy protection	\$ 6,175,952
Interest rate swaps:	
Average notional value — pays fixed rate	\$ 467,934,385
Average notional value — receives fixed rate	\$ 491,718,746
Currency swaps:	
Average notional value — pays	\$ 47,643,700
Average notional value — receives	\$ 50,793,381
Total return swaps:	
Average notional value	\$ 66,127,226

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Consolidated Financial Statements.

Derivative Financial Instruments — Offsetting as of Period End

The Fund's derivative assets and liabilities (by type) were as follows:

	Assets	Liabilities
Derivative Financial Instruments:		
Futures contracts	\$ 192,609	\$ 3,737,779
Forward foreign currency exchange contracts	6,429,402	7,367,963
Options ^(a)	21,948,987	69,631,015
Swaps — Centrally cleared	1,135,739	—
Swaps — OTC ^(b)	4,921,987	544,715
Total derivative assets and liabilities in the Consolidated Statement of Assets and Liabilities	\$34,628,724	\$81,281,472
Derivatives not subject to a Master Netting Agreement or similar agreement ("MNA")	(1,328,348)	(4,119,517)
Total derivative assets and liabilities subject to an MNA	<u>\$33,300,376</u>	<u>\$77,161,955</u>

^(a) Includes options purchased at value which is included in Investments at value — unaffiliated in the Consolidated Statement of Assets and Liabilities and reported in the Consolidated Schedule of Investments.

^(b) Includes unrealized appreciation (depreciation) on OTC swaps and swap premiums (paid/received) in the Consolidated Statement of Assets and Liabilities.

December 31, 2018

The following tables present the Fund's derivative assets and liabilities by counterparty net of amounts available for offset under an MNA and net of the related collateral received and pledged by the Fund:

Counterparty	Derivative Assets				
	Subject to an MNA by Counterparty	Derivatives Available for Offset ^(a)	Non-cash Collateral Received ^(b)	Cash Collateral Received ^(b)	Net Amount of Derivative Assets ^{(c)(f)}
Bank of America NA	\$ 424,346	\$ (424,346)	\$ —	\$ —	\$ —
Barclays Bank plc	7,046,572	(6,282,048)	(764,524)	—	—
BNP Paribas SA	3,709,609	(2,057,154)	—	(1,652,455)	—
Citibank NA	1,472,494	(1,472,494)	—	—	—
Credit Suisse International	278,476	(278,476)	—	—	—
Goldman Sachs International	1,520,571	(1,520,571)	—	—	—
JPMorgan Chase Bank NA	5,121,713	(5,121,713)	—	—	—
JPMorgan Chase Bank NA ^(g)	418,112	—	—	—	418,112
Morgan Stanley & Co. International plc	2,390,865	(2,390,865)	—	—	—
Morgan Stanley & Co. International plc ^(g)	629,355	(19,499)	—	(470,000)	139,856
Nomura International plc	1,381,439	(1,381,439)	—	—	—
Societe Generale SA ^(g)	2,731,205	—	—	(2,390,000)	341,205
UBS AG	6,175,619	(6,175,619)	—	—	—
	<u>\$ 33,300,376</u>	<u>\$ (27,124,224)</u>	<u>\$ (764,524)</u>	<u>\$ (4,512,455)</u>	<u>\$ 899,173</u>

Counterparty	Derivative Liabilities				
	Subject to an MNA by Counterparty	Derivatives Available for Offset ^(a)	Non-cash Collateral Pledged ^(d)	Cash Collateral Pledged	Net Amount of Derivative Liabilities ^{(e)(f)}
Bank of America NA	\$ 4,542,308	\$ (424,346)	\$ (4,117,962)	\$ —	\$ —
Barclays Bank plc	6,282,048	(6,282,048)	—	—	—
BNP Paribas SA	2,057,154	(2,057,154)	—	—	—
Citibank NA	5,478,982	(1,472,494)	(4,006,488)	—	—
Credit Suisse International	1,678,172	(278,476)	(1,375,800)	—	23,896
Deutsche Bank AG	943,596	—	(789,107)	—	154,489
Goldman Sachs International	4,025,805	(1,520,571)	(1,301,832)	—	1,203,402
JPMorgan Chase Bank NA	5,667,929	(5,121,713)	—	—	546,216
Morgan Stanley & Co. International plc	11,964,273	(2,390,865)	(9,573,408)	—	—
Morgan Stanley & Co. International plc ^(g)	19,499	(19,499)	—	—	—
Nomura International plc	3,441,192	(1,381,439)	(1,254,493)	—	805,260
UBS AG	31,060,997	(6,175,619)	(24,543,876)	—	341,502
	<u>\$ 77,161,955</u>	<u>\$ (27,124,224)</u>	<u>\$ (46,962,966)</u>	<u>\$ —</u>	<u>\$ 3,074,765</u>

(a) The amount of derivatives available for offset is limited to the amount of derivative assets and/or liabilities that are subject to an MNA.

(b) Excess of collateral received from the individual counterparty is not shown for financial reporting purposes.

(c) Net amount represents the net amount receivable from the counterparty in the event of default.

(d) Excess of collateral pledged to the individual counterparty is not shown for financial reporting purposes.

(e) Net amount represents the net amount payable due to the counterparty in the event of default.

(f) Net amount may also include forward foreign currency exchange contracts that are not required to be collateralized.

(g) Represents derivatives owned by the BlackRock Cayman Global Allocation V.I. Fund I, Ltd., a wholly-owned subsidiary of the Fund. See Note 1.

December 31, 2018

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Consolidated Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks:				
Australia	\$ 98,832	\$ 7,479,741	\$ 5,830,553	\$ 13,409,126
Belgium	—	21,018,441	—	21,018,441
Brazil	64,241,339	—	—	64,241,339
Canada	130,575,188	—	—	130,575,188
China	24,071,798	109,102,745	—	133,174,543
Czech Republic	—	3,882,525	—	3,882,525
Denmark	—	8,079,741	—	8,079,741
Finland	—	836,855	—	836,855
France	40,375,689	202,882,861	—	243,258,550
Germany	28,574,096	88,409,698	—	116,983,794
Hong Kong	—	82,350,243	—	82,350,243
India	—	107,935,699	—	107,935,699
Indonesia	—	3,290,112	—	3,290,112
Italy	9,699,640	39,335,179	—	49,034,819
Japan	—	692,812,497	—	692,812,497
Macau	—	298,021	—	298,021
Malaysia	—	1,551,458	—	1,551,458
Mexico	595,826	—	—	595,826
Netherlands	34,623,328	168,077,126	—	202,700,454
Norway	—	214,073	—	214,073
Peru	68,802	—	—	68,802
Poland	—	251,518	—	251,518
Portugal	—	9,594,874	—	9,594,874
Singapore	—	49,443,707	—	49,443,707
South Africa	—	1,313,897	—	1,313,897
South Korea	2,755,075	57,414,891	—	60,169,966
Spain	—	31,763,445	—	31,763,445
Sweden	—	1,416,096	—	1,416,096
Switzerland	—	82,147,183	—	82,147,183
Taiwan	—	77,305,867	—	77,305,867
Thailand	—	17,552,580	—	17,552,580
Turkey	—	397,945	—	397,945
United Arab Emirates	—	34,256,024	—	34,256,024
United Kingdom	21,425,917	123,852,375	—	145,278,292
United States	2,832,621,469	3,662,468	3,293,810	2,839,577,747
Corporate Bonds:				
Australia	—	—	38,861,531	38,861,531
Belgium	—	10,507,475	—	10,507,475
Chile	—	155,734	—	155,734
China	—	5,491,878	—	5,491,878
France	—	6,949,544	—	6,949,544
Germany	—	12,792,031	—	12,792,031
India	—	—	1	1
Italy	—	3,862,700	—	3,862,700
Japan	—	26,572,584	—	26,572,584
Luxembourg	—	1,990,990	—	1,990,990
Netherlands	—	11,838,528	—	11,838,528
Singapore	—	5,151,907	—	5,151,907
Switzerland	—	4,670,666	—	4,670,666
Turkey	—	—	3,317,000	3,317,000
United Kingdom	—	6,705,761	—	6,705,761
United States	—	279,438,028	—	279,438,028
Floating Rate Loan Interests	—	15,626,305	—	15,626,305
Foreign Government Obligations	—	253,737,337	—	253,737,337
Investment Companies	116,153,961	—	—	116,153,961

Consolidated Schedule of Investments (continued)

BlackRock Global Allocation V.I. Fund

December 31, 2018

	Level 1	Level 2	Level 3	Total
Preferred Securities:				
Brazil	\$ 4,970,465	\$ —	\$ —	\$ 4,970,465
China	—	21,327,326	—	21,327,326
Netherlands	—	3,280,418	—	3,280,418
South Korea	—	627,878	—	627,878
United Kingdom	—	27,679,776	—	27,679,776
United States	29,044,240	50,556,934	75,248,455	154,849,629
U.S. Treasury Obligations	—	2,030,099,205	—	2,030,099,205
Short-Term Securities:				
Foreign Government Obligations	—	179,739,262	—	179,739,262
Money Market Funds	22,471,516	—	—	22,471,516
Time Deposits	—	1,803,205	—	1,803,205
U.S. Treasury Obligations	—	496,767,347	—	496,767,347
Options Purchased:				
Equity contracts	—	18,374,807	—	18,374,807
Foreign currency exchange contracts	—	3,447,545	—	3,447,545
Interest rate contracts	—	126,635	—	126,635
Liabilities:				
Investment Sold Short				
Common Stocks:				
France	—	(5,047,857)	—	(5,047,857)
Japan	—	(11,574,706)	—	(11,574,706)
United States	(3,149,519)	—	—	(3,149,519)
Subtotal	<u>\$3,359,217,662</u>	<u>\$5,490,629,128</u>	<u>\$126,551,350</u>	<u>\$8,976,398,140</u>
Investments valued at NAV ^(a)				209,506,557
Total Investments				<u>\$9,185,904,697</u>
Derivative Financial Instruments^(b)				
Assets:				
Credit contracts	\$ —	\$ 214,055	\$ —	\$ 214,055
Equity contracts	6,413,616	4,921,987	—	11,335,603
Foreign currency exchange contracts	—	6,429,402	—	6,429,402
Interest rate contracts	—	16,422,845	—	16,422,845
Liabilities:				
Equity contracts	(419,778)	(67,215,917)	—	(67,635,695)
Foreign currency exchange contracts	—	(7,367,963)	—	(7,367,963)
Interest rate contracts	(929,678)	(10,306,458)	—	(11,236,136)
	<u>\$ 5,064,160</u>	<u>\$ (56,902,049)</u>	<u>\$ —</u>	<u>\$ (51,837,889)</u>

^(a) Certain investments of the Fund were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

^(b) Derivative financial instruments are swaps, futures contracts, forward foreign currency exchange contracts and options written. Swaps, futures contracts and forward foreign currency exchange contracts are valued at the unrealized appreciation (depreciation) on the instrument and options written are shown at value.

Transfers between Level 1 and Level 2 were as follows:

	Transfers Out of Level 1 ^(a)	Transfers Into Level 2 ^(a)
Assets:		
Investments:		
Common Stocks:		
Czech Republic	\$ 4,441,567	\$ 4,441,567
Hong Kong	10,213,986	10,213,986
India	71,154	71,154
Japan	317,914	317,914
Poland	56,071	56,071
Portugal	10,624,858	10,624,858
South Korea	23,756,634	23,756,634
Taiwan	18,624,022	18,624,022
Thailand	7,689,365	7,689,365
United Arab Emirates	39,994,489	39,994,489
United Kingdom	16,163,464	16,163,464
	<u>\$ 131,953,524</u>	<u>\$ 131,953,524</u>

^(a) External pricing service used to reflect any significant market movements between the time the Fund valued such foreign securities and the earlier closing of foreign markets. See Notes to Consolidated Financial Statements.

December 31, 2018

A reconciliation of Level 3 investments is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

	Common Stocks	Corporate Bonds	Preferred Securities	Warrants	Total
Investments:					
Assets:					
Opening Balance, as of December 31, 2017	\$ 472,461	\$ 8,403,598	\$101,952,816	\$ 29	\$110,828,904
Transfers into Level 3	—	—	—	—	—
Transfers out of Level 3	—	(24,000)	(38,984,160)	—	(39,008,160)
Accrued discounts/premiums	—	(155,945)	—	—	(155,945)
Net realized gain (loss)	—	(46,910,658)	—	—	(46,910,658)
Net change in unrealized appreciation (depreciation) ^{(a)(b)}	(3,530,581)	41,640,722	9,098,833	(29)	47,208,945
Purchases	12,182,483	41,439,419	3,180,966	—	56,802,868
Sales	—	(2,214,604)	—	—	(2,214,604)
Closing Balance, as of December 31, 2018	\$ 9,124,363	\$ 42,178,532	\$ 75,248,455	\$ —	\$126,551,350
Net change in unrealized appreciation (depreciation) on investments still held at December 31, 2018 ^(b)	\$ (3,530,581)	\$ (4,458,011)	\$ 9,098,833	\$ —	\$ 1,110,241

^(a) Included in the related net change in unrealized appreciation (depreciation) in the Consolidated Statement of Operations.

^(b) Any difference between net change in unrealized appreciation (depreciation) and net change in unrealized appreciation (depreciation) on investments still held at December 31, 2018 is generally due to investments no longer held or categorized as Level 3 at period end.

The Fund's investments that are categorized as Level 3 were valued utilizing third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in third party information could result in a significantly lower or higher value of such Level 3 investments.

The following table summarizes the valuation approaches used and unobservable inputs utilized by the BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") to determine the value of certain of the Fund's Level 3 investments as of period end. The table does not include Level 3 investments with values based upon unadjusted third party pricing information in the amount of \$3,292,172. A significant change in the third party information could result in a significantly lower or higher value of such Level 3 investments.

	Value	Valuation Approach	Unobservable Inputs	Range of Unobservable Inputs Utilized	Weighted Average of Unobservable Inputs
Common Stocks	\$ 5,832,192	Market	Revenue Multiple ^(a)	3.50x	—
			Time to Exit ^(a)	0.5 years	—
			Volatility ^(a)	44%	—
Corporate Bonds	42,178,531	Income	Discount Rate ^(b)	15%	—
Preferred Stocks ^(c)	75,248,455	Market	Discount Rate ^(b)	15%-38%	17%
			Recent Transactions ^(a)	—	—
			Revenue Multiple ^(a)	3.50x-14.25x	7.41x
			Time to Exit ^(b)	0.5 years	—
			Volatility ^(b)	44%	—
	<u>\$123,259,178</u>				

^(a) Increase in unobservable input may result in a significant increase to value, while a decrease in unobservable input may result in a significant decrease to value.

^(b) Decrease in unobservable input may result in a significant increase to value, while an increase in unobservable input may result in a significant decrease to value.

^(c) For the year ended December 31, 2018, the valuation technique for investments classified as preferred stocks amounting to \$50,945,973 changed to Current Value. The investments were previously valued utilizing Transaction Price. The change was due to consideration of the information that was available at the time the investments were valued.

See notes to consolidated financial statements.

Consolidated Statement of Assets and Liabilities

December 31, 2018

BlackRock Global
Allocation V.I. Fund

ASSETS

Investments at value — unaffiliated (including securities loaned at value of \$205,459,274) (cost — \$9,063,221,168)	\$8,859,833,648
Investments at value — affiliated (cost — \$353,622,368)	345,843,131
Cash	31,298,459
Cash pledged:	
Futures contracts	18,916,000
Centrally cleared swaps	12,226,000
Foreign currency at value (cost — \$1,193,490)	1,195,877
Receivables:	
Investments sold	18,394,966
Securities lending income — affiliated	66,507
Swaps	1,022,303
Capital shares sold	10,043,281
Dividends — affiliated	30,722
Dividends — unaffiliated	9,238,458
Interest — unaffiliated	21,384,348
Variation margin on futures contracts	192,609
Variation margin on centrally cleared swaps	1,135,739
Unrealized appreciation on:	
Forward foreign currency exchange contracts	6,429,402
OTC swaps	4,921,987
Prepaid expenses	10,103
Total assets	<u>9,342,183,540</u>

LIABILITIES

Investments sold short, at value (proceeds \$25,194,044)	19,772,082
Cash received as collateral for OTC derivatives	6,870,000
Cash collateral on securities loaned at value	209,469,852
Options written at value (premium received \$44,813,654)	69,631,015
Payables:	
Investments purchased	29,517,035
Capital shares redeemed	5,461,896
Deferred foreign capital gain tax	728,665
Distribution fees	1,485,538
Transfer agent fees	4,780,400
Variation margin on futures contracts	3,737,779
Board realignment and consolidation	270,279
Investment advisory fees	4,862,376
Directors' and Officer's fees	35,711
Other affiliates	25,128
Other accrued expenses	2,511,665
Unrealized depreciation on:	
Forward foreign currency exchange contracts	7,367,963
OTC swaps	544,715
Total liabilities	<u>367,072,099</u>

NET ASSETS \$8,975,111,441

NET ASSETS CONSIST OF

Paid-in capital	\$9,168,250,066
Accumulated loss	<u>(193,138,625)</u>
NET ASSETS	<u>\$8,975,111,441</u>

NET ASSET VALUE

Class I — Based on net assets of \$2,091,196,784 and 137,678,992 shares outstanding, 400 million shares authorized, \$0.10 par value.	\$ 15.19
Class II — Based on net assets of \$213,919,086 and 14,129,808 shares outstanding, 200 million shares authorized, \$0.10 par value.	\$ 15.14
Class III — Based on net assets of \$6,669,995,571 and 514,907,688 shares outstanding, 1.5 billion shares authorized, \$0.10 par value.	\$ 12.95

See notes to consolidated financial statements.

Consolidated Statement of Operations

Year Ended December 31, 2018

BlackRock Global
Allocation V.I. Fund

INVESTMENT INCOME

Dividends — affiliated	\$ 183,739
Dividends — unaffiliated	137,581,514
Interest — unaffiliated	100,230,307
Securities lending income — affiliated — net	1,088,546
Foreign taxes withheld	(7,508,404)
Total investment income	231,575,702

EXPENSES

Investment advisory	64,073,510
Distribution — class specific	19,558,159
Transfer agent — class specific	18,525,655
Custodian	1,441,462
Professional	746,595
Printing	569,081
Accounting services	561,900
Board realignment and consolidation	276,370
Directors and Officer	127,406
Transfer agent	4,941
Miscellaneous	212,718
Total expenses excluding dividend expense	106,097,797
Dividends expense — unaffiliated	795,187
Total expenses	106,892,984
Less:	
Fees waived and/or reimbursed by the Manager	(425,060)
Transfer agent fees waived and/or reimbursed — class specific	(11,392,661)
Total expenses after fees waived and/or reimbursed	95,075,263
Net investment income	136,500,439

REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:	
Investments — affiliated	24,463
Investments — unaffiliated (net of \$501,091 foreign capital gain tax)	369,737,006
Capital gain distributions from investment companies — affiliated	20
Forward foreign currency exchange contracts	(13,975,279)
Foreign currency transactions	11,407,034
Futures contracts	(1,357,682)
Options written	11,561,067
Short sales — unaffiliated	4,309,534
Swaps	8,557,956
	390,264,119
Net change in unrealized appreciation (depreciation) on:	
Investments — affiliated	(5,007,538)
Investments — unaffiliated (net of \$394,615 foreign capital gain tax)	(1,215,253,198)
Forward foreign currency exchange contracts	(7,735,636)
Foreign currency translations	(111,161)
Futures contracts	5,836,909
Options written	(36,642,897)
Short sales — unaffiliated	5,421,962
Swaps	(17,072,497)
	(1,270,564,056)
Net realized and unrealized loss	(880,299,937)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (743,799,498)

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

BlackRock Global Allocation V.I. Fund

Year Ended December 31,

2018

2017

INCREASE (DECREASE) IN NET ASSETS

OPERATIONS

Net investment income	\$ 136,500,439	\$ 126,982,603
Net realized gain	390,264,119	414,074,260
Net change in unrealized appreciation (depreciation)	(1,270,564,056)	831,654,996
Net increase (decrease) in net assets resulting from operations	<u>(743,799,498)</u>	<u>1,372,711,859</u>

DISTRIBUTIONS TO SHAREHOLDERS^{(a)(b)}

Class I	(107,089,999)	(52,222,959)
Class II	(10,743,144)	(5,499,573)
Class III	<u>(383,334,181)</u>	<u>(197,591,823)</u>
Decrease in net assets resulting from distributions to shareholders	<u>(501,167,324)</u>	<u>(255,314,355)</u>

CAPITALSHARE TRANSACTIONS

Net decrease in net assets derived from capital share transactions	<u>(578,134,925)</u>	<u>(795,038,529)</u>
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NET ASSETS^(b)

Total increase (decrease) in net assets	(1,823,101,747)	322,358,975
Beginning of year	10,798,213,188	10,475,854,213
End of year	<u>\$ 8,975,111,441</u>	<u>\$10,798,213,188</u>

^(a) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(b) Prior year distribution character information and distributions in excess of net investment income has been modified or removed to conform with current year Regulation S-X presentation changes. Refer to Note 12 for this prior year information.

See notes to consolidated financial statements.

Consolidated Financial Highlights

(For a share outstanding throughout each period)

	BlackRock Global Allocation V.I. Fund				
	Class I				
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$ 17.26	\$ 15.51	\$ 15.09	\$ 16.26	\$ 17.61
Net investment income ^(a)	0.26	0.22	0.22	0.22	0.29
Net realized and unrealized gain (loss)	(1.52)	1.92	0.40	(0.35)	0.12
Net increase (decrease) from investment operations	(1.26)	2.14	0.62	(0.13)	0.41
Distributions: ^(b)					
From net investment income	(0.17)	(0.22)	(0.20)	(0.19)	(0.39)
From net realized gain	(0.64)	(0.17)	—	(0.84)	(1.37)
From return of capital	—	—	—	(0.01)	—
Total distributions	(0.81)	(0.39)	(0.20)	(1.04)	(1.76)
Net asset value, end of year	\$ 15.19	\$ 17.26	\$ 15.51	\$ 15.09	\$ 16.26
Total Return ^(c)					
Based on net asset value	(7.34)%	13.86%	4.11%	(0.89)%	2.30%
Ratios to Average Net Assets ^(d)					
Total expenses	0.75%	0.72%	0.74%	0.75%	0.74%
Total expenses after fees waived and/or reimbursed	0.74%	0.72%	0.74%	0.73%	0.72%
Total expenses after fees waived and/or reimbursed and excluding dividend expense, interest expense and broker fees and expenses on short sales	0.73%	0.70%	0.73%	0.73%	0.72%
Net investment income	1.53%	1.32%	1.47%	1.32%	1.64%
Supplemental Data					
Net assets, end of year (000)	\$2,091,197	\$2,306,034	\$2,107,145	\$1,994,371	\$1,708,903
Portfolio turnover rate	144%	118%	135%	90% ^(e)	72%

(a) Based on average shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestments of distributions.

(d) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Investments in underlying funds	0.01%	0.01%	— %	— %	— %

(e) Includes mortgage dollar roll transactions ("MDRs"). Excluding these transactions the portfolio turnover would have been 88%.

See notes to consolidated financial statements.

Consolidated Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Global Allocation V.I. Fund (continued)				
	Class II				
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$ 17.21	\$ 15.46	\$ 15.04	\$ 16.21	\$ 17.56
Net investment income ^(a)	0.23	0.19	0.20	0.19	0.25
Net realized and unrealized gain (loss)	(1.52)	1.93	0.40	(0.35)	0.14
Net increase (decrease) from investment operations	(1.29)	2.12	0.60	(0.16)	0.39
Distributions: ^(b)					
From net investment income	(0.14)	(0.20)	(0.18)	(0.16)	(0.37)
From net realized gain	(0.64)	(0.17)	—	(0.84)	(1.37)
From return of capital	—	—	—	(0.01)	—
Total distributions	(0.78)	(0.37)	(0.18)	(1.01)	(1.74)
Net asset value, end of year	\$ 15.14	\$ 17.21	\$ 15.46	\$ 15.04	\$ 16.21
Total Return ^(c)					
Based on net asset value	(7.52)%	13.74%	3.96%	(1.05)%	2.16%
Ratios to Average Net Assets ^(d)					
Total expenses	1.04%	1.00%	1.02%	1.02%	1.01%
Total expenses after fees waived and/or reimbursed	0.89%	0.87%	0.89%	0.88%	0.88%
Total expenses after fees waived and/or reimbursed and excluding dividend expense, interest expense and broker fees and expenses on short sales	0.88%	0.85%	0.88%	0.88%	0.87%
Net investment income	1.34%	1.17%	1.33%	1.17%	1.39%
Supplemental Data					
Net assets, end of year (000)	\$213,919	\$258,564	\$229,492	\$256,964	\$260,312
Portfolio turnover rate	144%	118%	135%	90% ^(e)	72%

(a) Based on average shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestments of distributions.

(d) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Investments in underlying funds	0.01%	0.01%	— %	— %	— %

(e) Includes mortgage dollar roll transactions ("MDRs"). Excluding these transactions the portfolio turnover would have been 88%.

See notes to consolidated financial statements.

Consolidated Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Global Allocation V.I. Fund (continued)				
	Class III				
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Net asset value, beginning of year	\$ 14.84	\$ 13.37	\$ 13.04	\$ 14.19	\$ 15.58
Net investment income ^(a)	0.19	0.17	0.16	0.15	0.21
Net realized and unrealized gain (loss)	(1.31)	1.66	0.34	(0.30)	0.12
Net increase (decrease) from investment operations	(1.12)	1.83	0.50	(0.15)	0.33
Distributions: ^(b)					
From net investment income	(0.13)	(0.19)	(0.17)	(0.15)	(0.35)
From net realized gain	(0.64)	(0.17)	—	(0.84)	(1.37)
From return of capital	—	—	—	(0.01)	—
Total distributions	(0.77)	(0.36)	(0.17)	(1.00)	(1.72)
Net asset value, end of year	\$ 12.95	\$ 14.84	\$ 13.37	\$ 13.04	\$ 14.19
Total Return ^(c)					
Based on net asset value	(7.58)%	13.71%	3.81%	(1.14)%	2.08%
Ratios to Average Net Assets ^(d)					
Total expenses	1.14%	1.13%	1.12%	1.12%	1.11%
Total expenses after fees waived and/or reimbursed	0.99%	1.00%	0.99%	0.98%	0.98%
Total expenses after fees waived and/or reimbursed and excluding dividend expense, interest expense and broker fees and expenses on short sales	0.98%	0.98%	0.98%	0.98%	0.97%
Net investment income	1.28%	1.15%	1.22%	1.07%	1.32%
Supplemental Data					
Net assets, end of year (000)	\$6,669,996	\$8,233,615	\$8,139,218	\$8,869,288	\$9,780,007
Portfolio turnover rate	144%	118%	135%	90% ^(e)	72%

(a) Based on average shares outstanding.

(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(c) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestments of distributions.

(d) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Investments in underlying funds	0.01%	0.01%	— %	— %	— %

(e) Includes mortgage dollar roll transactions ("MDRs"). Excluding these transactions the portfolio turnover would have been 88%.

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. ORGANIZATION

BlackRock Variable Series Funds, Inc. (the “Company”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Company is organized as a Maryland corporation that is comprised of 15 separate portfolios. The portfolios offer shares to insurance companies for their separate accounts to fund benefits under certain variable annuity and variable life insurance contracts. The consolidated financial statements presented are for BlackRock Global Allocation V.I. Fund (the “Fund”). The Fund is classified as diversified. Class I, Class II and Class III Shares have equal voting, dividend, liquidation and other rights, except that only shares of the respective classes are entitled to vote on matters concerning only that class. In addition, Class II and Class III Shares bear certain expenses related to the distribution of such shares.

The Fund, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the “Manager”) or its affiliates, is included in a complex of open-end funds referred to as the Equity-Bond Complex.

Basis of Consolidation: The accompanying consolidated financial statements of the Fund include the accounts of BlackRock Cayman Global Allocation V.I. Fund I, Ltd. (the “Subsidiary”), which is a wholly-owned subsidiary of the Fund and primarily invests in commodity-related instruments. The Subsidiary enables the Fund to hold these commodity-related instruments and satisfy regulated investment company tax requirements. The Fund may invest up to 25% of its total assets in the Subsidiary. The net assets of the Subsidiary as of period end were \$128,137,378, which is 1.4% of the Fund's consolidated net assets. Intercompany accounts and transactions, if any, have been eliminated. The Subsidiary is subject to the same investment policies and restrictions that apply to the Fund, except that the Subsidiary may invest without limitation in commodity-related instruments.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

Investment Transactions and Income Recognition: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the “trade dates”). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Fund is informed of the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on an accrual basis. Income, expenses and realized and unrealized gains and losses are allocated daily to each class based on its relative net assets.

Foreign Currency Translation: The Fund's books and records are maintained in U.S. dollars. Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates determined as of the close of trading on the New York Stock Exchange (“NYSE”). Purchases and sales of investments are recorded at the rates of exchange prevailing on the respective dates of such transactions. Generally, when the U.S. dollar rises in value against a foreign currency, the investments denominated in that currency will lose value; the opposite effect occurs if the U.S. dollar falls in relative value.

The Fund does not isolate the portion of the results of operations arising as a result of changes in the exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in exchange rates on investments are not segregated in the Consolidated Statement of Operations from the effects of changes in market prices of those investments, but are included as a component of net realized and unrealized gain (loss) from investments. The Fund reports realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are generally treated as ordinary income for U.S. federal income tax purposes.

Segregation and Collateralization: In cases where the Fund enters into certain investments (e.g., futures contracts, forward foreign currency exchange contracts, options written, swaps and short sales) that would be treated as “senior securities” for 1940 Act purposes, the Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments. Doing so allows the investment to be excluded from treatment as a “senior security.” Furthermore, if required by an exchange or counterparty agreement, the Fund may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

Distributions: Distributions paid by the Fund are recorded on the ex-dividend date. Distributions of capital gains are recorded on the ex-dividend date and made at least annually. Distributions of capital gains are recorded on the ex-dividend date and made at least annually. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

Net income and realized gains from investments held by the Subsidiary are treated as ordinary income for tax purposes. If a net loss is realized by the Subsidiary in any taxable year, the loss will generally not be available to offset the Fund's ordinary income and/or capital gains for that year.

Recent Accounting Standards: In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update “Premium Amortization of Purchased Callable Debt Securities”, which amends the amortization period for certain purchased callable debt securities. Under the new guidance, the premium amortization of purchased callable debt securities that have explicit, non-contingent call features and are callable at fixed prices will be amortized to the earliest call date. The guidance will be applied on a modified retrospective basis and is effective for fiscal years, and their interim periods, beginning after December 15, 2018. Management is currently evaluating the impact of this guidance to the Fund.

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-13 “Changes to the Disclosure Requirements for Fair Value Measurement” which modifies disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. Management is currently evaluating the impact of this guidance to the Fund.

Notes to Consolidated Financial Statements (continued)

Indemnifications: In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnification. The Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against the Fund, which cannot be predicted with any certainty.

Other: Expenses directly related to the Fund or its classes are charged to the Fund or the applicable class. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods. Expenses directly related to the Fund and other shared expenses prorated to the Fund are allocated daily to each class based on its relative net assets or other appropriate methods.

The Fund has an arrangement with its custodian whereby credits are earned on uninvested cash balances, which could be used to reduce custody fees and/or overdraft charges. The Fund may incur charges on certain uninvested cash balances and overdrafts, subject to certain conditions.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Investment Valuation Policies: The Fund's investments are valued at fair value (also referred to as "market value" within the consolidated financial statements) as of the close of trading on the NYSE (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund determines the fair values of its financial instruments using various independent dealers or pricing services under policies approved by the Board of Directors of the Company (the "Board"). The BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

Fair Value Inputs and Methodologies: The following methods and inputs are used to establish the fair value of the Fund's assets and liabilities:

- Equity investments traded on a recognized securities exchange are valued at the official closing price each day, if available. For equity investments traded on more than one exchange, the official closing price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day may be valued at the last available bid (long positions) or ask (short positions) price.
- Fixed-income securities for which market quotations are readily available are generally valued using the last available bid prices or current market quotations provided by independent dealers or third party pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more independent brokers or dealers as obtained from a third party pricing service. Pricing services generally value fixed-income securities assuming orderly transactions of an institutional round lot size, but a fund may hold or transact in such securities in smaller, odd lot sizes. Odd lots may trade at lower prices than institutional round lots. The pricing services may use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values, including transaction data (e.g., recent representative bids and offers), credit quality information, perceived market movements, news, and other relevant information. Certain fixed-income securities, including asset-backed and mortgage related securities may be valued based on valuation models that consider the estimated cash flows of each tranche of the entity, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. The amortized cost method of valuation may be used with respect to debt obligations with sixty days or less remaining to maturity unless the Manager determines such method does not represent fair value.
- Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of trading on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of trading on the NYSE that may not be reflected in the computation of the Fund's net assets. Each business day, the Fund uses a pricing service to assist with the valuation of certain foreign exchange-traded equity securities and foreign exchange-traded over-the-counter ("OTC") options (the "Systematic Fair Value Price"). Using current market factors, the Systematic Fair Value Price is designed to value such foreign securities and foreign options at fair value as of the close of trading on the NYSE, which follows the close of the local markets.
- Investments in open-end U.S. mutual funds are valued at net asset value ("NAV") each business day.
- The Fund values its investment in SL Liquidity Series, LLC, Money Market Series (the "Money Market Series") at fair value, which is ordinarily based upon its pro rata ownership in the underlying fund's net assets. The Money Market Series seeks current income consistent with maintaining liquidity and preserving capital. Although the Money Market Series is not registered under the 1940 Act, its investments may follow the parameters of investments by a money market fund that is subject to Rule 2a-7 under the 1940 Act.
- Futures contracts traded on exchanges are valued at their last sale price.
- Forward foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of trading on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.
- Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade. An exchange-traded option for which there is no mean price is valued at the last bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day's price will be used, unless it is determined that the prior day's price no longer reflects the fair value of the option. OTC options and options on swaps ("swaptions") are valued by an independent pricing service using a mathematical model, which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.
- Swap agreements are valued utilizing quotes received daily by the Fund's pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments.

Notes to Consolidated Financial Statements (continued)

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ("Fair Valued Investments"). The fair valuation approaches that may be used by the Global Valuation Committee will include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that the Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement.

The Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Fund's pricing vendors, regular reviews of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis. As a result of the inherent uncertainty in valuation of these investments, the fair values may differ from the values that would have been used had an active market existed.

For investments in equity or debt issued by privately held companies or funds ("Private Company" or collectively, the "Private Companies") and other Fair Valued Investments, the fair valuation approaches that are used by third party pricing services utilize one or a combination of, but not limited to, the following inputs.

<i>Standard Inputs Generally Considered By Third Party Pricing Services</i>	
Market approach	(i) recent market transactions, including subsequent rounds of financing, in the underlying investment or comparable issuers; (ii) recapitalizations and other transactions across the capital structure; and (iii) market multiples of comparable issuers.
Income approach	(i) future cash flows discounted to present and adjusted as appropriate for liquidity, credit, and/or market risks; (ii) quoted prices for similar investments or assets in active markets; and (iii) other risk factors, such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates.
Cost approach	(i) audited or unaudited financial statements, investor communications and financial or operational metrics issued by the Private Company; (ii) changes in the valuation of relevant indices or publicly traded companies comparable to the Private Company; (iii) relevant news and other public sources; and (iv) known secondary market transactions in the Private Company's interests and merger or acquisition activity in companies comparable to the Private Company.

Investments in series of preferred stock issued by Private Companies are typically valued utilizing market approach in determining the enterprise value of the company. Such investments often contain rights and preferences that differ from other series of preferred and common stock of the same issuer. Valuation techniques such as an option pricing model ("OPM"), a probability weighted expected return model ("PWERM") or a hybrid of those techniques are used in allocating enterprise value of the company, as deemed appropriate under the circumstances. The use of OPM and PWERM techniques involve a determination of the exit scenarios of the investment in order to appropriately allocate the enterprise value of the company among the various parts of its capital structure.

The Private Companies are not subject to the public company disclosure, timing, and reporting standards as other investments held by the Fund. Typically, the most recently available information by a Private Company is as of a date that is earlier than the date the Fund is calculating its NAV. This factor may result in a difference between the value of the investment and the price the Fund could receive upon the sale of the investment.

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 — Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Fund has the ability to access
- Level 2 — Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
- Level 3 — Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by Private Companies. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

Notes to Consolidated Financial Statements (continued)

As of December 31, 2018, certain investments of the Fund were valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

4. SECURITIES AND OTHER INVESTMENTS

Asset-Backed and Mortgage-Backed Securities: Asset-backed securities are generally issued as pass-through certificates or as debt instruments. Asset-backed securities issued as pass-through certificates represent undivided fractional ownership interests in an underlying pool of assets. Asset-backed securities issued as debt instruments, which are also known as collateralized obligations, are typically issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. The yield characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security will have the effect of shortening the maturity of the security. In addition, a fund may subsequently have to reinvest the proceeds at lower interest rates. If a fund has purchased such an asset-backed security at a premium, a faster than anticipated prepayment rate could result in a loss of principal to the extent of the premium paid.

For mortgage pass-through securities (the "Mortgage Assets") there are a number of important differences among the agencies and instrumentalities of the U.S. Government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by Ginnie Mae are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. However, mortgage-related securities issued by Freddie Mac and Fannie Mae, including Freddie Mac and Fannie Mae guaranteed mortgage pass-through certificates, which are solely the obligations of Freddie Mac and Fannie Mae, are not backed by or entitled to the full faith and credit of the United States, but are supported by the right of the issuer to borrow from the U.S. Treasury.

Non-agency mortgage-backed securities are securities issued by non-governmental issuers and have no direct or indirect government guarantees of payment and are subject to various risks. Non-agency mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. The ability of a borrower to repay a loan is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, acts of God, terrorism, social unrest and civil disturbances, may impair a borrower's ability to repay its loans.

Inflation-Indexed Bonds: Inflation-indexed bonds (other than municipal inflation-indexed and certain corporate inflation-indexed bonds) are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation rises or falls, the principal value of inflation-indexed bonds (other than municipal inflation-indexed and certain corporate inflation-indexed bonds) will be adjusted upward or downward, and consequently the interest payable on these securities (calculated with respect to a larger or smaller principal amount) will be increased or reduced, respectively. Any upward or downward adjustment in the principal amount of an inflation-indexed bond will be included as interest income in the Consolidated Statement of Operations, even though investors do not receive their principal until maturity. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal. With regard to municipal inflation-indexed bonds and certain corporate inflation-indexed bonds, the inflation adjustment is typically reflected in the semi-annual coupon payment. As a result, the principal value of municipal inflation-indexed bonds and such corporate inflation-indexed bonds does not adjust according to the rate of inflation.

Multiple Class Pass-Through Securities: Multiple class pass-through securities, including collateralized mortgage obligations ("CMOs") and commercial mortgage-backed securities, may be issued by Ginnie Mae, U.S. Government agencies or instrumentalities or by trusts formed by private originators of, or investors in, mortgage loans. In general, CMOs are debt obligations of a legal entity that are collateralized by a pool of residential or commercial mortgage loans or Mortgage Assets. The payments on these are used to make payments on the CMOs or multiple pass-through securities. Multiple class pass-through securities represent direct ownership interests in the Mortgage Assets. Classes of CMOs include interest only ("IOs"), principal only ("POs"), planned amortization classes and targeted amortization classes. IOs and POs are stripped mortgage-backed securities representing interests in a pool of mortgages, the cash flow from which has been separated into interest and principal components. IOs receive the interest portion of the cash flow while POs receive the principal portion. IOs and POs can be extremely volatile in response to changes in interest rates. As interest rates rise and fall, the value of IOs tends to move in the same direction as interest rates. POs perform best when prepayments on the underlying mortgages rise since this increases the rate at which the principal is returned and the yield to maturity on the PO. When payments on mortgages underlying a PO are slower than anticipated, the life of the PO is lengthened and the yield to maturity is reduced. If the underlying Mortgage Assets experience greater than anticipated prepayments of principal, a fund's initial investment in the IOs may not fully recoup.

Zero-Coupon Bonds: Zero-coupon bonds are normally issued at a significant discount from face value and do not provide for periodic interest payments. These bonds may experience greater volatility in market value than other debt obligations of similar maturity which provide for regular interest payments.

Capital Securities and Trust Preferred Securities: Capital securities, including trust preferred securities, are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics. In the case of trust preferred securities, an affiliated business trust of a corporation issues these securities, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured with either a fixed or adjustable coupon that can have either a perpetual or stated maturity date. For trust preferred securities, the issuing bank or corporation pays interest to the trust, which is then distributed to holders of these securities as a dividend. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. These securities generally are rated below that of the issuing company's senior debt securities and are freely callable at the issuer's option.

Preferred Stocks: Preferred stock has a preference over common stock in liquidation (and generally in receiving dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior

Notes to Consolidated Financial Statements (continued)

to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

Floating Rate Loan Interests: Floating rate loan interests are typically issued to companies (the "borrower") by banks, other financial institutions, or privately and publicly offered corporations (the "lender"). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly leveraged or in bankruptcy proceedings. In addition, transactions in floating rate loan interests may settle on a delayed basis, which may result in proceeds from the sale not being readily available for a fund to make additional investments or meet its redemption obligations. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. Since the rates reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the NAV of a fund to the extent that it invests in floating rate loan interests. The base lending rates are generally the lending rate offered by one or more European banks, such as the London Interbank Offered Rate ("LIBOR"), the prime rate offered by one or more U.S. banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. These investments are treated as investments in debt securities for purposes of a fund's investment policies.

When a fund purchases a floating rate loan interest, it may receive a facility fee and when it sells a floating rate loan interest, it may pay a facility fee. On an ongoing basis, a fund may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by a fund upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. A fund may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loan interests are usually freely callable at the borrower's option. A fund may invest in such loans in the form of participations in loans ("Participations") or assignments ("Assignments") of all or a portion of loans from third parties. Participations typically will result in a fund having a contractual relationship only with the lender, not with the borrower. A fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, a fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower. A fund may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, a fund assumes the credit risk of both the borrower and the lender that is selling the Participation. A fund's investment in loan participation interests involves the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, a fund may be treated as a general creditor of the lender and may not benefit from any offset between the lender and the borrower. Assignments typically result in a fund having a direct contractual relationship with the borrower, and a fund may enforce compliance by the borrower with the terms of the loan agreement.

Short Sale Transactions: In short sale transactions, a fund sells a security it does not hold in anticipation of a decline in the market price of that security. When a fund makes a short sale, it will borrow the security sold short from a broker/counterparty and deliver the security to the purchaser. To close out a short position, a fund delivers the same security to the broker and records a liability to reflect the obligation to return the security to the broker. The amount of the liability is subsequently marked-to-market to reflect the market value of the short sale. A fund maintains a segregated account of securities or deposits cash with the broker-dealer as collateral for the short sales. Cash deposited with the broker is recorded as an asset in the Consolidated Statement of Assets and Liabilities. Securities segregated as collateral are denoted in the Consolidated Schedule of Investments. A fund may pay a financing fee for the difference between the market value of the short position and the cash collateral deposited with the broker which would be recorded as interest expense. A fund is required to repay the counterparty any dividends received on the security sold short, which, if applicable, is shown as dividend expense in the Consolidated Statement of Operations. A fund may pay a fee on the assets borrowed from the counterparty, which, if applicable, is shown as broker fees and expenses on short sales in the Consolidated Statement of Operations. A fund is exposed to market risk based on the amount, if any, that the market value of the security increases beyond the market value at which the position was sold. Thus, a short sale of a security involves the risk that instead of declining, the price of the security sold short will rise. The short sale of securities involves the possibility of an unlimited loss since there is an unlimited potential for the market price of the security sold short to increase. A gain is limited to the price at which a fund sold the security short. A realized gain or loss is recognized upon the termination of a short sale if the market price is either less than or greater than the proceeds originally received. There is no assurance that a fund will be able to close out a short position at a particular time or at an acceptable price.

Securities Lending: The Fund may lend its securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Fund collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. Government. The initial collateral received by the Fund is required to have a value of at least 102% of the current value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter at a value equal to at least 100% of the current market value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Fund and any additional required collateral is delivered to the Fund, or excess collateral returned by the Fund, on the next business day. During the term of the loan, the Fund is entitled to all distributions made on or in respect of the loaned securities, but does not receive interest income on securities received as collateral. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

The market value of any securities on loan, all of which were classified as common or preferred stocks in the Fund's Consolidated Schedule of Investments, and the value of any related collateral are shown separately in the Consolidated Statement of Assets and Liabilities as a component of investments at value — unaffiliated, and collateral on securities loaned at value, respectively. As of period end, any securities on loan were collateralized by cash and/or U.S. Government obligations. Cash collateral invested by the securities lending agent, BlackRock Investment Management, LLC ("BIM"), if any, is disclosed in the Consolidated Schedule of Investments.

Securities lending transactions are entered into by the Fund under Master Securities Lending Agreements (each, an "MSLA"), which provide the right, in the event of default (including bankruptcy or insolvency), for the non-defaulting party to liquidate the collateral and calculate a net exposure to the defaulting party or request additional

Notes to Consolidated Financial Statements (continued)

collateral. In the event that a borrower defaults, the Fund, as lender, would offset the market value of the collateral received against the market value of the securities loaned. When the value of the collateral is greater than that of the market value of the securities loaned, the lender is left with a net amount payable to the defaulting party. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of an MSLA counterparty's bankruptcy or insolvency. Under the MSLA, absent an event of default, the borrower can resell or re-pledge the loaned securities, and the Fund can reinvest cash collateral received in connection with loaned securities. Upon an event of default, the parties' obligations to return the securities or collateral to the other party are extinguished, and the parties can resell or re-pledge the loaned securities or the collateral received in connection with the loaned securities in order to satisfy the defaulting party's net payment obligation for all transactions under the MSLA. The defaulting party remains liable for any deficiency.

As of period end, the following table is a summary of the Fund's securities lending agreements by counterparty which are subject to offset under an MSLA:

<i>Counterparty</i>	<i>Securities Loaned at Value</i>	<i>Cash Collateral Received^(a)</i>	<i>Net Amount^(b)</i>
Citigroup Global Markets Inc.	\$ 15,461,491	\$ (15,461,491)	\$ —
Credit Suisse Securities (USA) LLC	43,500,825	(43,500,825)	—
Deutsche Bank Securities Inc.	320,485	(320,485)	—
Goldman Sachs & Co.	3,582,871	(3,582,871)	—
JP Morgan Securities LLC	88,387,709	(88,387,709)	—
Merrill Lynch, Pierce, Fenner & Smith	8,243,881	(8,124,662)	119,219
Morgan Stanley & Co. LLC	24,607,058	(24,607,058)	—
Nomura Securities International Inc.	18,667,251	(18,667,251)	—
State Street Bank & Trust Co.	929,753	(929,753)	—
UBS Securities LLC	1,757,950	(1,757,950)	—
	<u>\$ 205,459,274</u>	<u>\$ (205,340,055)</u>	<u>\$ 119,219</u>

(a) Cash collateral with a value of \$209,469,852 has been received in connection with securities lending agreements. Collateral received in excess of the value of securities loaned from the individual counterparty, if any, is not shown for financial reporting purposes in the table above.

(b) The market value of the loaned securities is determined as of December 31, 2018. Additional collateral is delivered to the Fund on the next business day in accordance with the MSLA. The net amount would be subject to the borrower default indemnity in the event of default by the counterparty.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Fund benefits from a borrower default indemnity provided by BIM. BIM's indemnity allows for full replacement of the securities loaned if the collateral received does not cover the value on the securities loaned in the event of borrower default. The Fund could incur a loss if the value of an investment purchased with cash collateral falls below the market value of loaned securities or if the value of an investment purchased with cash collateral falls below the value of the original cash collateral received.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund engages in various portfolio investment strategies using derivative contracts both to increase the returns of the Fund and/or to manage its exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g. inflation risk). Derivative financial instruments categorized by risk exposure are included in the Consolidated Schedule of Investments. These contracts may be transacted on an exchange or OTC.

Futures Contracts: Futures contracts are purchased or sold to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk) and changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Amounts pledged, which are considered restricted, are included in cash pledged for futures contracts on the Consolidated Statement of Assets and Liabilities.

Securities deposited as initial margin are designated in the Consolidated Schedule of Investments and cash deposited, if any, are shown as cash pledged for futures contracts in the Consolidated Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract ("variation margin"). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Consolidated Statement of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Consolidated Statement of Operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

Forward Foreign Currency Exchange Contracts: Forward foreign currency exchange contracts are entered into to gain or reduce exposure to foreign currencies (foreign currency exchange rate risk).

A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a specified date. These contracts help to manage the overall exposure to the currencies in which some of the investments held by the Fund are denominated and in some cases, may be used to obtain exposure to a particular market.

Notes to Consolidated Financial Statements (continued)

The contract is marked-to-market daily and the change in market value is recorded as unrealized appreciation (depreciation) in the Consolidated Statement of Assets and Liabilities. When a contract is closed, a realized gain or loss is recorded in the Consolidated Statement of Operations equal to the difference between the value at the time it was opened and the value at the time it was closed. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash without the delivery of foreign currency. The use of forward foreign currency exchange contracts involves the risk that the value of a forward foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies. Cash amounts pledged for forward foreign currency exchange contracts are considered restricted and are included in cash pledged as collateral for OTC derivatives on the Consolidated Statement of Assets and Liabilities.

Options: The Fund purchases and writes call and put options to increase or decrease its exposure to the risks of underlying instruments, including equity risk, interest rate risk and/or commodity price risk and/or, in the case of options written, to generate gains from options premiums.

A call option gives the purchaser (holder) of the option the right (but not the obligation) to buy, and obligates the seller (writer) to sell (when the option is exercised) the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise or strike price at any time or at a specified time during the option period.

Premiums paid on options purchased and premiums received on options written, as well as the daily fluctuation in market value, are included in investments at value — unaffiliated and options written at value, respectively, in the Consolidated Statement of Assets and Liabilities. When an instrument is purchased or sold through the exercise of an option, the premium is offset against the cost or proceeds of the underlying instrument. When an option expires, a realized gain or loss is recorded in the Consolidated Statement of Operations to the extent of the premiums received or paid. When an option is closed or sold, a gain or loss is recorded in the Consolidated Statement of Operations to the extent the cost of the closing transaction exceeds the premiums received or paid. When the Fund writes a call option, such option is typically “covered,” meaning that it holds the underlying instrument subject to being called by the option counterparty. When the Fund writes a put option, such option is covered by cash in an amount sufficient to cover the obligation. These amounts, which are considered restricted, are included in cash pledged as collateral for options written on the Consolidated Statement of Assets and Liabilities.

- **Swaptions** — The Fund purchases and writes options on swaps (“swaptions”) primarily to preserve a return or spread on a particular investment or portion of the Fund’s holdings, as a duration management technique or to protect against an increase in the price of securities it anticipates purchasing at a later date. The purchaser and writer of a swaption is buying or granting the right to enter into a previously agreed upon interest rate or credit default swap agreement (interest rate risk and/or credit risk) at any time before the expiration of the option.
- **Foreign currency options** — The Fund purchases and writes foreign currency options, foreign currency futures and options on foreign currency futures to gain or reduce exposure to foreign currencies (foreign currency exchange rate risk). Foreign currency options give the purchaser the right to buy from or sell to the writer a foreign currency at any time before the expiration of the option.

In purchasing and writing options, the Fund bears the risk of an unfavorable change in the value of the underlying instrument or the risk that it may not be able to enter into a closing transaction due to an illiquid market. Exercise of a written option could result in the Fund purchasing or selling a security when it otherwise would not, or at a price different from the current market value.

Swaps: Swap contracts are entered into to manage exposure to issuers, markets and securities. Such contracts are agreements between the Fund and a counterparty to make periodic net payments on a specified notional amount or a net payment upon termination. Swap agreements are privately negotiated in the OTC market and may be entered into as a bilateral contract (“OTC swaps”) or centrally cleared (“centrally cleared swaps”).

For OTC swaps, any upfront premiums paid and any upfront fees received are shown as swap premiums paid and swap premiums received, respectively, in the Consolidated Statement of Assets and Liabilities and amortized over the term of the contract. The daily fluctuation in market value is recorded as unrealized appreciation (depreciation) on OTC Swaps in the Consolidated Statement of Assets and Liabilities. Payments received or paid are recorded in the Consolidated Statement of Operations as realized gains or losses, respectively. When an OTC swap is terminated, a realized gain or loss is recorded in the Consolidated Statement of Operations equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund’s basis in the contract, if any. Generally, the basis of the contract is the premium received or paid.

In a centrally cleared swap, immediately following execution of the swap contract, the swap contract is novated to a central counterparty (the “CCP”) and the Fund’s counterparty on the swap agreement becomes the CCP. The Fund is required to interface with the CCP through the broker. Upon entering into a centrally cleared swap, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on the size and risk profile of the particular swap. Securities deposited as initial margin are designated in the Consolidated Schedule of Investments and cash deposited is shown as cash pledged for centrally cleared swaps in the Consolidated Statement of Assets and Liabilities. Amounts pledged, which are considered restricted cash, are included in cash pledged for centrally cleared swaps on the Consolidated Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract (“variation margin”). Variation margin is recorded as unrealized appreciation (depreciation) and shown as variation margin receivable (or payable) on centrally cleared swaps in the Consolidated Statement of Assets and Liabilities. Payments received from (paid to) the counterparty, including at termination, are recorded as realized gains (losses) in the Consolidated Statement of Operations.

- **Credit default swaps** — Credit default swaps are entered into to manage exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which a fund is not otherwise exposed (credit risk).

The Fund may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps are agreements in which the protection buyer pays fixed periodic payments to the seller in consideration for a promise from the protection seller to make a specific payment should a negative credit event take place with respect to the referenced entity (e.g., bankruptcy, failure to pay, obligation acceleration, repudiation, moratorium or restructuring). As a buyer, if an underlying credit event occurs, the Fund will either (i) receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index, or (ii) receive a net settlement of

Notes to Consolidated Financial Statements (continued)

cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Fund will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

- **Total return swaps** — Total return swaps are entered into to obtain exposure to a security or market without owning such security or investing directly in such market or to exchange the risk/return of one market (e.g., fixed-income) with another market (e.g., equity or commodity prices) (equity risk, commodity price risk and/or interest rate risk).

Total return swaps are agreements in which there is an exchange of cash flows whereby one party commits to make payments based on the total return (distributions plus capital gains/losses) of an underlying instrument in exchange for fixed or floating rate interest payments. If the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting fixed or floating interest rate obligation, the Fund receives payment from or makes a payment to the counterparty.

- **Interest rate swaps** — Interest rate swaps are entered into to gain or reduce exposure to interest rates or to manage duration, the yield curve or interest rate (interest rate risk).

Interest rate swaps are agreements in which one party pays a stream of interest payments, either fixed or floating, in exchange for another party's stream of interest payments, either fixed or floating, on the same notional amount for a specified period of time. In more complex interest rate swaps, the notional principal amount may decline (or amortize) over time.

- **Forward swaps** — The Fund enters into forward interest rate swaps and forward total return swaps. In a forward swap, the Fund and the counterparty agree to make periodic net payments beginning on a specified date or a net payment at termination.

Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Consolidated Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

Master Netting Arrangements: In order to define its contractual rights and to secure rights that will help it mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with its counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs certain OTC derivatives and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. Bankruptcy or insolvency laws of a particular jurisdiction may restrict or prohibit the right of offset in bankruptcy, insolvency or other events.

Collateral Requirements: For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark-to-market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty.

Cash collateral that has been pledged to cover obligations of the Fund and cash collateral received from the counterparty, if any, is reported separately on the Consolidated Statement of Assets and Liabilities as cash pledged as collateral and cash received as collateral, respectively. Non-cash collateral pledged by the Fund, if any, is noted in the Consolidated Schedule of Investments. Generally, the amount of collateral due from or to a counterparty is subject to a certain minimum transfer amount threshold before a transfer is required, which is determined at the close of business of the Fund. Any additional required collateral is delivered to/pledged by the Fund on the next business day. Typically, the counterparty is not permitted to sell, re-pledge or use cash and non-cash collateral it receives. The Fund generally agrees not to use non-cash collateral that it receives but may, absent default or certain other circumstances defined in the underlying ISDA Master Agreement, be permitted to use cash collateral received. In such cases, interest may be paid pursuant to the collateral arrangement with the counterparty. To the extent amounts due to the Fund from its counterparties are not fully collateralized, it bears the risk of loss from counterparty non-performance. Likewise, to the extent the Fund has delivered collateral to a counterparty and stands ready to perform under the terms of its agreement with such counterparty, it bears the risk of loss from a counterparty in the amount of the value of the collateral in the event the counterparty fails to return such collateral. Based on the terms of agreements, collateral may not be required for all derivative contracts.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements, if any, in the Consolidated Statement of Assets and Liabilities.

6. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Advisory: The Company, on behalf of the Fund, entered into an Investment Advisory Agreement with the Manager, the Fund's investment adviser and an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory and administrative services. The Manager is responsible for the management of the Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of the Fund.

Notes to Consolidated Financial Statements (continued)

For such services, the Fund pays the Manager a monthly fee at an annual rate equal to the following percentages of the average daily value of the Fund's net assets:

<i>Average Daily Net Assets</i>	<i>Investment Advisory Fees</i>
First \$6 Billion	0.65%
\$6 Billion — \$8 Billion	0.61
\$8 Billion — \$10 Billion	0.59
\$10 Billion — \$15 Billion	0.57
Greater than \$15 Billion	0.55

The Manager provides investment management and other services to the Subsidiary. The Manager does not receive separate compensation from the Subsidiary for providing investment management or administrative services. However, the Fund pays the Manager based on the Fund's net assets, which includes the assets of the Subsidiary.

Distribution Fees: The Company, on behalf of the Fund, entered into a Distribution Agreement and a Distribution Plan with BlackRock Investments, LLC ("BRIL"), an affiliate of the Manager. Pursuant to the Distribution Plan and in accordance with Rule 12b-1 under the 1940 Act, the Fund pays BRIL ongoing distribution fees. The fees are accrued daily and paid monthly at annual rates based upon the average daily net assets of the relevant share class of the Fund as follows:

	<i>Class II</i>	<i>Class III</i>
Distribution Fees	0.15%	0.25%

BRIL and broker-dealers, pursuant to sub-agreements with BRIL, provide shareholder servicing and distribution services to the Fund. The ongoing service and/or distribution fee compensates BRIL and each broker-dealer for providing shareholder servicing and/or distribution related services to shareholders.

For the year ended December 31, 2018, the following table shows the class specific distribution fees borne directly by each share class of the Fund:

	<i>Class II</i>	<i>Class III</i>	<i>Total</i>
Distribution Fees	\$366,653	\$19,191,506	\$19,558,159

Transfer Agent: On behalf of the Fund, the Manager entered into agreements with insurance companies and other financial intermediaries ("Service Organizations"), some of which may be affiliates. Pursuant to these agreements, the Service Organizations provide the Fund with administrative, networking, recordkeeping, sub-transfer agency and shareholder services to sub-accounts they service. For these services, the Service Organizations receive an annual fee per shareholder account, which will vary depending on share class and/or net assets of Fund shareholders serviced by the Service Organizations which is shown as transfer agent – class specific. For the year ended December 31, 2018, the Fund did not pay any amounts to affiliates in return for these services.

In addition, the Fund pays the transfer agent, which is not an affiliate, a fee for the issuance, transfer and redemption of shares and the opening and maintenance of shareholder accounts, which is included in transfer agent in the Consolidated Statement of Operations.

For the year ended December 31, 2018, the following table shows the class specific transfer agent fees borne directly by each share class of the Fund:

<i>Class I</i>	<i>Class II</i>	<i>Class III</i>	<i>Total</i>
\$1,742,824	\$520,894	\$16,261,937	\$18,525,655

Expense Limitations, Waivers and Reimbursements: With respect to the Fund, the Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Manager indirectly through its investment in affiliated money market funds (the "affiliated money market fund waiver"). The amount of waivers and/or reimbursements of fees and expenses made pursuant to the expense limitation described below will be reduced by the amount of the affiliated money market fund waiver. This amount is included in fees waived and/or reimbursed by the Manager in the Consolidated Statement of Operations. For the year ended December 31, 2018, the amount waived was \$7,767.

The Manager has contractually agreed to waive its investment advisory fee with respect to any portion of the Fund's assets invested in affiliated equity and fixed-income mutual funds and affiliated exchange-traded funds that have a contractual management fee through April 30, 2019. The contractual agreement may be terminated upon 90 days' notice by a majority of the directors who are not "interested persons" of the Fund, as defined in the 1940 Act ("Independent Directors"), or by a vote of a majority of the outstanding voting securities of the Fund. This amount is included in fees waived and/or reimbursed by the Manager in the Consolidated Statement of Operations. For the year ended December 31, 2018, the Fund waived \$417,293 in investment advisory fees pursuant to this arrangement.

For the year ended December 31, 2018, the Fund reimbursed the Manager \$107,664 for certain accounting services, which is included in accounting services in the Consolidated Statement of Operations.

The Manager has contractually agreed to reimburse transfer agent fees in order to limit such expenses to a percentage of average daily net assets as follows:

Class I	0.07%
Class II	0.07
Class III	0.07

The Manager has agreed not to reduce or discontinue this contractual expense limitation through April 30, 2019, unless approved by the Board, including a majority of the Independent Directors, or by a vote of a majority of the outstanding voting securities of the Fund.

Notes to Consolidated Financial Statements (continued)

These amounts waived and/or reimbursed are shown as transfer agent fees waived and/or reimbursed — class specific in the Consolidated Statement of Operations. For the year ended December 31, 2018, class specific expense waivers and/or reimbursements are as follows:

	<i>Class I</i>	<i>Class II</i>	<i>Class III</i>	<i>Total</i>
Transfer Agent Fees Waived and/or Reimbursed	\$152,036	\$349,849	\$10,890,776	\$11,392,661

With respect to the Fund, the Manager contractually agreed to waive and/or reimburse fees or expenses in order to limit expenses, excluding interest expense, dividend expense, tax expense, acquired fund fees and expenses, and certain other fund expenses, which constitute extraordinary expenses not incurred in the ordinary course of the Fund's business ("expense limitation"). The expense limitations as a percentage of average daily net assets are as follows:

<i>Class I</i>	<i>Class II</i>	<i>Class III</i>
1.25%	1.40%	1.50%

The Manager has agreed not to reduce or discontinue this contractual expense limitation through April 30, 2019, unless approved by the Board, including a majority of the Independent Directors, or by a vote of a majority of the outstanding voting securities of the Fund. For the year ended December 31, 2018, there were no fees waived and/or reimbursed by the Manager.

Securities Lending: The U.S. Securities and Exchange Commission ("SEC") has issued an exemptive order which permits BIM, an affiliate of the Manager, to serve as securities lending agent for the Fund, subject to applicable conditions. As securities lending agent, BIM bears all operational costs directly related to securities lending. The Fund is responsible for expenses in connection with the investment of cash collateral received for securities on loan (the "collateral investment expenses"). The cash collateral is invested in a private investment company managed by the Manager or its affiliates. However, BIM has agreed to cap the collateral investment expenses of the private investment company to an annual rate of 0.04%. The investment adviser to the private investment company will not charge any advisory fees with respect to shares purchased by the Fund. The private investment company in which the cash collateral has been invested may, under certain circumstances, impose a liquidity fee of up to 2% of the value withdrawn or temporarily restrict withdrawals for up to 10 business days during a 90 day period, in the event that the private investment company's weekly liquid assets fall below certain thresholds.

Securities lending income is equal to the total of income earned from the reinvestment of cash collateral, net of fees and other payments to and from borrowers of securities, and less the collateral investment expenses. The Fund retains a portion of securities lending income and remits a remaining portion to BIM as compensation for its services as securities lending agent.

Pursuant to a securities lending agreement, the Fund retains 80% of securities lending income, and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

In addition, commencing the business day following the date that the aggregate securities lending income earned across the Equity-Bond Complex in a calendar year exceeds a specified threshold, the Fund, pursuant to the securities lending agreement, will retain for the remainder of that calendar year securities lending income in an amount equal to 85% of securities lending income, and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

The share of securities lending income earned by the Fund is shown as securities lending income — affiliated — net in the Consolidated Statement of Operations. For the year ended December 31, 2018, the Fund paid BIM \$245,137 for securities lending agent services.

Interfund Lending: In accordance with an exemptive order (the "Order") from the SEC, the Fund may participate in a joint lending and borrowing facility for temporary purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the Fund's investment policies and restrictions. The Fund is currently permitted to borrow under the Interfund Lending Program.

A lending BlackRock fund may lend in aggregate up to 15% of its net assets, but may not lend more than 5% of its net assets to any one borrowing fund through the Interfund Lending Program. A borrowing BlackRock fund may not borrow through the Interfund Lending Program or from any other source more than 33 1/3% of its total assets (or any lower threshold provided for by the fund's investment restrictions). If a borrowing BlackRock fund's total outstanding borrowings exceed 10% of its total assets, each of its outstanding interfund loans will be subject to collateralization of at least 102% of the outstanding principal value of the loan. All interfund loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the highest current overnight repurchase agreement rate available to a lending fund and the bank loan rate, as calculated according to a formula established by the Board.

During the year ended December 31, 2018, the Fund did not participate in the Interfund Lending Program.

Directors and Officers: Certain directors and/or officers of the Company are directors and/or officers of BlackRock or its affiliates. The Fund reimburses the Manager for a portion of the compensation paid to the Company's Chief Compliance Officer, which is included in Directors and Officer in the Consolidated Statement of Operations.

Other Transactions: The Fund may purchase securities from, or sell securities to, an affiliated fund provided the affiliation is due solely to having a common investment adviser, common officers, or common directors. For the year ended December 31, 2018, the purchase and sale transactions and any net realized gains (losses) with affiliated funds in compliance with Rule 17a-7 under the 1940 Act were as follows:

Purchases	\$3,428,103
Sales	8,896,743
Net Realized Gain	227,062

Notes to Consolidated Financial Statements (continued)

7. PURCHASES AND SALES

For the year ended December 31, 2018, purchases and sales of investments, including paydowns and excluding short-term securities, were as follows:

	Purchases	Sales
Non-U.S. Government Securities	\$4,626,472,232	\$5,708,553,584
U.S. Government Securities	8,744,460,876	8,298,293,914

8. INCOME TAX INFORMATION

It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

The Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Fund's U.S. federal tax returns generally remains open for each of the four years ended December 31, 2018. The statutes of limitations on the Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Fund as of December 31, 2018, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Fund's financial statements.

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of period end, the following permanent difference was attributable to the characterization of expenses and income recognized from a wholly owned subsidiary were reclassified to the following accounts:

Paid-in capital	\$(12,703,801)
Accumulated loss	\$ 12,703,801

The tax character of distributions paid was as follows:

	12/31/2018	12/31/2017
Ordinary income	\$ 91,433,239	\$237,849,708
Long-term capital gains	409,734,085	17,464,647
	<u>\$501,167,324</u>	<u>\$255,314,355</u>

As of period end, the tax components of accumulated net earning (losses) were as follows:

Undistributed ordinary income	\$ 6,395,417
Undistributed long-term capital gains	87,204,750
Net unrealized losses ^(a)	(286,738,792)
	<u>\$(193,138,625)</u>

^(a) The difference between book-basis and tax-basis net unrealized gains was attributable primarily to the tax deferral of losses on wash sales and straddles, the realization for tax purposes of unrealized gains on investments in passive foreign investment companies, the realization for tax purposes of unrealized gains / losses on certain futures and foreign currency contracts, the timing and recognition of partnership income, the accounting for swap agreements, the classification of investments, investment in a wholly owned subsidiary and dividends recognized for tax purposes.

As of December 31, 2018, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

Tax cost	\$9,456,779,853
Gross unrealized appreciation	\$ 509,377,710
Gross unrealized depreciation	(766,199,172)
Net unrealized depreciation	<u>\$ (256,821,462)</u>

9. BANK BORROWINGS

The Company, on behalf of the Fund, along with certain other funds managed by the Manager and its affiliates ("Participating Funds"), is a party to a 364-day, \$2.25 billion credit agreement with a group of lenders. Under this agreement, the Fund may borrow to fund shareholder redemptions. Excluding commitments designated for certain individual funds, the Participating Funds, including the Fund, can borrow up to an aggregate commitment amount of \$1.75 billion at any time outstanding, subject to asset coverage and other limitations as specified in the agreement. The credit agreement has the following terms: a fee of 0.10% per annum on unused commitment amounts and interest at a rate equal to the higher of (a) one-month LIBOR (but, in any event, not less than 0.00%) on the date the loan is made plus 0.80% per annum or (b) the Fed Funds rate (but, in any event, not less than 0.00%) in effect from time to time plus 0.80% per annum on amounts borrowed. The agreement expires in April 2019 unless extended or renewed. Prior to April 19, 2018, the aggregate commitment amount was \$2.1 billion and the fee was 0.12% per annum. Participating Funds paid an upfront commitment fee of 0.02% on the total commitment amounts, in addition to administration, legal and arrangement fees, which are included in miscellaneous

Notes to Consolidated Financial Statements (continued)

expenses in the Consolidated Statement of Operations. These fees were allocated among such funds based upon portions of the aggregate commitment available to them and relative net assets of Participating Funds. During the year ended December 31, 2018, the Fund did not borrow under the credit agreement.

10. PRINCIPAL RISKS

In the normal course of business, the Fund invests in securities or other instruments and may enter into certain transactions, and such activities subject the Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation or international tax treaties between various countries; or (iv) currency, interest rate and price fluctuations. The Fund's prospectus provides details of the risks to which the Fund is subject.

The Fund may be exposed to prepayment risk, which is the risk that borrowers may exercise their option to prepay principal earlier than scheduled during periods of declining interest rates, which would force the Fund to reinvest in lower yielding securities. The Fund may also be exposed to reinvestment risk, which is the risk that income from the Fund's portfolio will decline if the Fund invests the proceeds from matured, traded or called fixed-income securities at market interest rates that are below the Fund portfolio's current earnings rate.

The Fund may be exposed to additional risks when reinvesting cash collateral in money market funds that do not seek to maintain a stable NAV per share of \$1.00, which may be subject to redemption gates or liquidity fees under certain circumstances.

Valuation Risk: The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. The Fund may invest in illiquid investments and may experience difficulty in selling those investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause the Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

The price the Fund could receive upon the sale of any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation technique or a price provided by an independent pricing service. Changes to significant unobservable inputs and assumptions (i.e., publicly traded company multiples, growth rate, time to exit) due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations. As a result, the price received upon the sale of an investment may be less than the value ascribed by the Fund, and the Fund could realize a greater than expected loss or lesser than expected gain upon the sale of the investment. The Fund's ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third party service providers.

Counterparty Credit Risk: The Fund may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Fund manages counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Fund to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Fund's exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Consolidated Statement of Assets and Liabilities, less any collateral held by the Fund.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

The Fund's risk of loss from counterparty credit risk on OTC derivatives is generally limited to the aggregate unrealized gain less the value of any collateral held by the Fund.

For OTC options purchased, the Fund bears the risk of loss of the amount of the premiums paid plus the positive change in market values net of any collateral held by the Fund should the counterparty fail to perform under the contracts. Options written by the Fund do not typically give rise to counterparty credit risk, as options written generally obligate the Fund, and not the counterparty, to perform. The Fund may be exposed to counterparty credit risk with respect to options written to the extent the Fund deposits collateral with its counterparty to a written option.

With exchange-traded options purchased and futures and centrally cleared swaps, there is less counterparty credit risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures and centrally cleared swaps with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Fund.

Concentration Risk: The Fund invests a significant portion of its assets in fixed-income securities and/or uses derivatives tied to the fixed-income markets. Changes in market interest rates or economic conditions may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The Fund may be subject to a greater risk of rising interest rates due to the current

Notes to Consolidated Financial Statements (continued)

period of historically low rates. The Federal Reserve has begun to raise the Federal Funds rate, and each increase results in more pronounced interest rate risk in the current market environment.

The Fund invests a significant portion of its assets in securities of issuers located in Europe or with significant exposure to European issuers or countries. The European financial markets have recently experienced volatility and adverse trends due to concerns about economic downturns in, or rising government debt levels of, several European countries. These events may spread to other countries in Europe and may affect the value and liquidity of certain of the Fund's investments.

The United Kingdom is scheduled to withdraw from the European Union in March 2019, which may introduce significant new uncertainties and instability in the financial markets across Europe.

As of period end, the Fund's investments had the following industry classifications:

<i>Industry</i>	<i>Percent of Long-Term Investments</i>
Diversified Financial Services	27%
Oil, Gas & Consumable Fuels	7
Banks	6
Health Care Providers & Services	5
Other ^(a)	55

^(a) All other industries held was less than 5% of long-term investments.

11. CAPITAL SHARE TRANSACTIONS

Transactions in capital shares for each class were as follows:

	<i>Year Ended 12/31/2018</i>		<i>Year Ended 12/31/2017</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
Class I				
Shares sold	10,941,451	\$ 185,931,630	8,584,248	\$ 143,679,674
Shares issued in reinvestment of distributions	6,174,089	95,191,192	2,672,740	46,050,926
Shares redeemed	<u>(13,006,417)</u>	<u>(221,542,400)</u>	<u>(13,573,580)</u>	<u>(224,416,668)</u>
Net increase (decrease)	<u>4,109,123</u>	<u>\$ 59,580,422</u>	<u>(2,316,592)</u>	<u>\$ (34,686,068)</u>
Class II				
Shares sold	764,329	\$ 13,069,294	1,384,696	\$ 23,128,223
Shares issued in reinvestment of distributions	698,218	10,743,143	320,419	5,499,573
Shares redeemed	<u>(2,359,206)</u>	<u>(39,963,707)</u>	<u>(1,525,356)</u>	<u>(25,239,075)</u>
Net increase (decrease)	<u>(896,659)</u>	<u>\$ (16,151,270)</u>	<u>179,759</u>	<u>\$ 3,388,721</u>
Class III				
Shares sold	7,408,038	\$ 108,800,864	10,049,191	\$ 144,899,286
Shares issued in reinvestment of distributions	29,081,385	383,334,183	13,347,588	197,591,823
Shares redeemed	<u>(76,302,859)</u>	<u>(1,113,699,124)</u>	<u>(77,304,864)</u>	<u>(1,106,232,291)</u>
Net decrease	<u>(39,813,436)</u>	<u>\$ (621,564,077)</u>	<u>(53,908,085)</u>	<u>\$ (763,741,182)</u>
Total Net Decrease	<u>(36,600,972)</u>	<u>\$ (578,134,925)</u>	<u>(56,044,918)</u>	<u>\$ (795,038,529)</u>

12. REGULATION S-X AMENDMENTS

On August 17, 2018, the SEC adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification. The Fund has adopted the amendments pertinent to Regulation S-X in this shareholder report. The amendments impacted certain disclosure presentation on the Consolidated Statement of Assets and Liabilities, Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements.

Prior year distribution information and distributions in excess of net investment income in the Consolidated Statements of Changes in Net Assets has been modified to conform to the current year presentation in accordance with the Regulation S-X changes.

Notes to Consolidated Financial Statements (continued)

Distributions for the year ended December 31, 2017 were classified as follows:

<i>Share Class</i>	<i>Net Investment Income</i>	<i>Net Realized Gain</i>
I	(29,375,286)	(22,847,673)
II	(2,933,651)	(2,565,922)
III	(102,989,429)	(94,602,394)

Distributions in excess of net investment income as of December 31, 2017 was \$(47,766,850).

13. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund through the date the consolidated financial statements were issued and has determined that there were no subsequent events requiring adjustment or additional disclosure in the consolidated financial statements.

Report of Independent Registered Public Accounting Firm

To the Shareholders of BlackRock Global Allocation V.I. Fund and the Board of Directors of BlackRock Variable Series Funds, Inc.:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying consolidated statement of assets and liabilities of BlackRock Global Allocation V.I. Fund of BlackRock Variable Series Funds, Inc. and subsidiary (the "Fund"), including the consolidated schedule of investments, as of December 31, 2018, the related consolidated statement of operations for the year then ended, the consolidated statements of changes in net assets for each of the two years in the period then ended, the consolidated financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian, agent banks and brokers; when replies were not received from agent banks or brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP
Boston, Massachusetts
February 15, 2019

We have served as the auditor of one or more BlackRock investment companies since 1992.

Glossary of Terms Used in this Report

Currency

AUD	Australian Dollar
BRL	Brazilian Real
CAD	Canadian Dollar
EUR	Euro
GBP	British Pound
JPY	Japanese Yen
MXN	Mexican Peso
NOK	Norwegian Krone
SEK	Swedish Krona
SGD	Singapore Dollar
USD	United States Dollar
ZAR	South African Rand

Portfolio Abbreviations

ADR	American Depositary Receipt
CDX	Credit Default Swap Index
CVA	Certification Van Aandelon (Dutch Certificate)
ETF	Exchange-Traded Fund
LIBOR	London Interbank Offered Rate
EURIBOR	Euro Interbank Offered Rate
NASDAQ	National Association of Securities Dealers Automated
OTC	Over-The-Counter
PCL	Public Company Limited
REIT	Real Estate Investment Trust
S&P	Standard & Poor's
SPDR	S&P Depository Receipt

Director and Officer Information

Independent Directors ^(a)

Name Year of Birth ^(b)	Position(s) Held (Length of Service) ^(c)	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
Robert M. Hernandez 1944	Chair of the Board and Director (Since 2007)	Director, Vice Chairman and Chief Financial Officer of USX Corporation (energy and steel business) from 1991 to 2001; Director and non-executive Chairman, RTI International Metals, Inc. from 1990 to 2015; Director, TE Connectivity (electronics) from 2006 to 2012.	32 RICs consisting of 95 Portfolios	Chubb Limited (insurance company); Eastman Chemical Company
James H. Bodurtha 1944	Director (Since 2007)	Director, The China Business Group, Inc. (consulting and investing firm) from 1996 to 2013 and Executive Vice President thereof from 1996 to 2003; Chairman of the Board, Berkshire Holding Corporation since 1980; Director, ICI Mutual since 2010.	32 RICs consisting of 95 Portfolios	None
Bruce R. Bond 1946	Director (Since 2007)	Board Member, Amsphere Limited (software) since 2018; Trustee and Member of the Governance Committee, State Street Research Mutual Funds from 1997 to 2005; Board Member of Governance, Audit and Finance Committee, Avaya Inc. (computer equipment) from 2003 to 2007.	32 RICs consisting of 95 Portfolios	None
Honorable Stuart E. Eizenstat 1943	Director (Since 2007)	Senior Counsel of Covington and Burling LLP (law firm) since 2016; Head of International Practice thereof since 2001, and Partner thereof from 2001 to 2016; Advisory Board Member, OCP S.A. (phosphates) since 2010; International Advisory Board Member, The Coca-Cola Company from 2002 to 2011; Advisory Board Member, Veracity Worldwide, LLC (risk management) from 2007 to 2012; Member of the International Advisory Board, GML Ltd. (energy) since 2003; Board of Directors, Ferroglobe (silicon metals) since 2016.	32 RICs consisting of 95 Portfolios	Alcatel-Lucent (telecommunications); Global Specialty Metallurgical; UPS Corporation (delivery service)
Henry Gabbay 1947	Director (Since 2007)	Board Member, Equity-Liquidity and Closed-End Fund Boards from 2007 through 2014; Consultant, BlackRock, Inc. from 2007 to 2008; Managing Director, BlackRock, Inc. from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Allocation Target Shares (formerly, BlackRock Bond Allocation Target Shares) from 2005 to 2007 and Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.	32 RICs consisting of 95 Portfolios	None
Lena G. Goldberg 1949	Director (Since 2016)	Senior Lecturer, Harvard Business School since 2008; Director, Charles Stark Draper Laboratory, Inc. since 2013; FMR LLC/Fidelity Investments (financial services) from 1996 to 2008, serving in various senior roles including Executive Vice President — Strategic Corporate Initiatives and Executive Vice President and General Counsel; Partner, Sullivan & Worcester LLP from 1985 to 1996 and Associate thereof from 1979 to 1985.	32 RICs consisting of 95 Portfolios	None

Director and Officer Information (continued)

Independent Directors ^(a) (continued)

Name Year of Birth ^(b)	Position(s) Held (Length of Service) ^(c)	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
Henry R. Keizer 1956	Director (Since 2016)	Director, Park Indemnity Ltd. (captive insurer) since 2010; Director, MUFG Americas Holdings Corporation and MUFG Union Bank, N.A. (financial and bank holding company) from 2014 to 2016; Director, American Institute of Certified Public Accountants from 2009 to 2011; Director, KPMG LLP (audit, tax and advisory services) from 2004 to 2005 and 2010 to 2012; Director, KPMG International in 2012, Deputy Chairman and Chief Operating Officer thereof from 2010 to 2012 and U.S. Vice Chairman of Audit thereof from 2005 to 2010; Global Head of Audit, KPMGI (consortium of KPMG firms) from 2006 to 2010; Director, YMCA of Greater New York from 2006 to 2010.	32 RICs consisting of 95 Portfolios	Hertz Global Holdings (car rental); Montpelier Re Holdings, Ltd. (publicly held property and casual reinsurance) from 2013 until 2015; Sealed Air Corp. (packaging); WABCO (commercial vehicle safety systems)
John F O'Brien 1943	Director (Since 2007)	Trustee, Woods Hole Oceanographic Institute since 2003 and Chairman thereof from 2009 to 2015; Co-Founder and Managing Director, Board Leaders LLC (director education) since 2005.	32 RICs consisting of 95 Portfolios	Cabot Corporation (chemicals); LKQ Corporation (auto parts manufacturing); TJX Companies, Inc. (retailer)
Donald C. Opatrny 1952	Director (Since 2015)	Trustee, Vice Chair, Member of the Executive Committee and Chair of the Investment Committee, Cornell University since 2004; President, Trustee and Member of the Investment Committee, The Aldrich Contemporary Art Museum from 2007 to 2014; Member of the Board and Investment Committee, University School from 2007 to 2018; Member of the Investment Committee, Mellon Foundation from 2009 to 2015; Trustee, Artstor (a Mellon Foundation affiliate) from 2010 to 2015; President and Trustee, the Center for the Arts, Jackson Hole from 2011 to 2018; Director, Athena Capital Advisors LLC (investment management firm) since 2013; Trustee and Chair of the Investment Committee, Community Foundation of Jackson Hole since 2014; Member of Affordable Housing Supply Board of Jackson, Wyoming since 2017; Member, Investment Funds Committee, State of Wyoming since 2017; Trustee, Phoenix Art Museum since 2018.	32 RICs consisting of 95 Portfolios	None

Interested Directors ^{(a)(d)}

Name Year of Birth ^(b)	Position(s) Held (Length of Service) ^(c)	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
Robert Fairbairn 1965	Director (Since 2015)	Senior Managing Director of BlackRock, Inc. since 2010; oversees BlackRock's Strategic Partner Program and Strategic Product Management Group; Member of BlackRock's Global Executive and Global Operating Committees; Co-Chair of BlackRock's Human Capital Committee; Member of the Board of Managers of BlackRock Investments, LLC since 2011; Global Head of BlackRock's Retail and iShares [®] businesses from 2012 to 2016.	127 RICs consisting of 304 Portfolios	None

Director and Officer Information (continued)

Interested Directors ^{(a)(d)} (continued)

Name Year of Birth ^(b)	Position(s) Held (Length of Service) ^(c)	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
John M. Perlowski 1964	Director (Since 2015) and President and Chief Executive Officer (Since 2010)	Managing Director of BlackRock, Inc. since 2009; Head of BlackRock Global Accounting and Product Services since 2009; Advisory Director of Family Resource Network (charitable foundation) since 2009.	127 RICs consisting of 304 Portfolios	None

^(a) The address of each Director is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

^(b) Each Independent Director holds office until his or her successor is duly elected and qualifies or until his or her earlier death, resignation, retirement or removal as provided by the Company's by-laws or charter or statute, or until December 31 of the year in which he or she turns 75. The Board may determine to extend the terms of Independent Directors on a case-by-case basis, as appropriate. Interested Directors serve until their successor is duly elected and qualifies or until their earlier death, resignation, retirement or removal as provided by the Company's by-laws or statute, or until December 31 of the year in which they turn 72.

^(c) Following the combination of Merrill Lynch Investment Managers, L.P. ("MLIM") and BlackRock, Inc. in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Independent Directors as joining the Company's board in 2007, those Directors first became members of the boards of other legacy MLIM or legacy BlackRock funds as follows: James H. Bodurtha, 1995; Bruce R. Bond, 2005; Honorable Stuart E. Eizenstat, 2001; Robert M. Hernandez, 1996; and John F. O'Brien, 2005. For BlackRock Total Return V.I. Fund, BlackRock High Yield V.I. Fund, and BlackRock U.S. Government Bond V.I. Fund, Length of Service includes service as director of the Predecessor/Target Funds.

^(d) Mr. Fairbairn and Mr. Perlowski are both "interested persons," as defined in the 1940 Act, of the Company based on their positions with BlackRock, Inc. and its affiliates. Mr. Fairbairn and Mr. Perlowski are also board members of the BlackRock Closed-End Complex and the BlackRock Equity-Liquidity Complex.

Officers Who Are Not Directors ^(a)

Name Year of Birth ^(b)	Position(s) Held (Length of Service)	Principal Occupation(s) During Past Five Years
Jennifer McGovern 1977	Vice President (Since 2014)	Managing Director of BlackRock, Inc. since 2016; Director of BlackRock, Inc. from 2011 to 2015; Head of Product Structure and Oversight for BlackRock's U.S. Wealth Advisory Group since 2013.
Neal J. Andrews 1966	Chief Financial Officer (Since 2007)	Managing Director of BlackRock, Inc. since 2006.
Jay M. Fife 1970	Treasurer (Since 2007)	Managing Director of BlackRock, Inc. since 2007.
Charles Park 1967	Chief Compliance Officer (Since 2014)	Anti-Money Laundering Compliance Officer for the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex from 2014 to 2015; Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares [®] Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors ("BFA") since 2006; Chief Compliance Officer for the BFA-advised iShares [®] exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012.
John MacKessy 1972	Anti-Money Laundering Compliance Officer (Since 2018)	Director of BlackRock, Inc. since 2017; Global Head of Anti-Money Laundering at BlackRock, Inc. since 2017; Director of AML Monitoring and Investigations Group of Citibank from 2015 to 2017; Global Anti-Money Laundering and Economic Sanctions Officer for MasterCard from 2011 to 2015.
Benjamin Archibald 1975	Secretary (Since 2012)	Managing Director of BlackRock, Inc. since 2014; Director of BlackRock, Inc. from 2010 to 2013; Secretary of the iShares [®] exchange traded funds since 2015; Secretary of the BlackRock-advised mutual funds since 2012.

^(a) The address of each Officer is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

^(b) Officers of the Company serve at the pleasure of the Board.

Further information about the Company's Directors and Officers is available in the Company's Statement of Additional Information, which can be obtained without charge by calling (800)-441-7762.

At a special meeting of shareholders held on November 21, 2018, each Fund's shareholders elected Directors who took office on January 1, 2019. For BlackRock Variable Series Funds, Inc., the newly elected Directors include seven former Directors and eight individuals who served as directors/trustees of the funds in the BlackRock Equity-Liquidity Complex. For BlackRock Variable Series Funds II, Inc., the newly elected Directors include three former Directors and eight individuals who served as directors/trustees of the funds in the BlackRock Closed-End Complex. Information regarding the individuals who began serving as Directors effective January 1, 2019 can be found in the proxy statement for the special meeting of shareholders, which is available on the SEC's EDGAR Database at <http://www.sec.gov>.

Investment Adviser and Administrator

BlackRock Advisors, LLC
Wilmington, DE 19809

Accounting Agent

JPMorgan Chase Bank, N.A.
New York, NY 10179

Transfer Agent

BNY Mellon Investment Servicing (US) Inc.
Wilmington, DE 19809

Custodians

JPMorgan Chase Bank, N.A.^(c)
New York, NY 10179

Brown Brothers Harriman & Co.^(d)
Boston, MA 02109

Sub-Advisers

BlackRock International Limited^(a)
Edinburgh, Scotland EH3 8BL

BlackRock Asset Management
North Asia Limited^(b)
Hong Kong

BlackRock (Singapore) Limited^(b)
079912 Singapore

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Boston, MA 02116

Distributor

BlackRock Investments, LLC
New York, NY 10022

Legal Counsel

Willkie Farr & Gallagher LLP
New York, NY 10019

Address of the Funds

100 Bellevue Parkway
Wilmington, DE 19809

^(a) For BlackRock International V.I. Fund and BlackRock Managed Volatility V.I. Fund.

^(b) For BlackRock Managed Volatility V.I. Fund.

^(c) For all Funds except BlackRock Global Allocation V.I. Fund, BlackRock International V.I. Fund and BlackRock Large Cap Focus Growth V.I. Fund.

^(d) For BlackRock Global Allocation V.I. Fund, BlackRock International V.I. Fund and BlackRock Large Cap Focus Growth V.I. Fund.

Additional Information

Proxy Results

BlackRock Variable Series Funds, Inc.

A Special Meeting of Shareholders was held on November 21, 2018 for shareholders of record on September 24, 2018, to elect a Board of Directors of the Funds. The newly elected Directors took office effective January 1, 2019.

Shareholders approved the Directors* of BlackRock Variable Series Funds, Inc. with voting results as follows:

	<i>Votes For</i>	<i>Votes Against</i>	<i>Votes Abstained</i>
Bruce R. Bond	853,415,418	20,821,487	54,328,090
Susan J. Carter	859,039,119	17,819,914	51,705,962
Collette Chilton	856,423,656	20,742,083	51,399,256
Neil A. Cotty	852,591,474	20,690,305	55,283,216
Robert Fairbairn	852,542,660	20,795,311	55,227,025
Lena G. Goldberg	854,847,802	21,644,125	52,073,069
Robert M. Hernandez	850,400,415	23,756,329	54,408,250
Henry R. Keizer	852,907,817	20,662,329	54,994,850
Cynthia A. Montgomery	858,485,209	18,681,453	51,398,333
Donald C. Opatmy	852,092,270	20,950,922	55,521,803
John M. Perkowski	853,364,573	20,553,365	54,647,057
Joseph P. Platt	852,037,460	22,003,638	54,523,898
Mark Stalneckner	853,005,625	20,799,654	54,759,717
Kenneth L. Urish	851,983,013	21,087,065	55,494,917
Claire A. Walton	858,718,970	18,461,950	51,384,075

* Denotes Company-wide proposal and voting results.

The above Directors, referred to as the BlackRock Multi-Asset Board, have also been elected to serve as directors for other BlackRock-advised equity, multi-asset, index and money market funds.

BlackRock Variable Series Funds II, Inc.

A Special Meeting of Shareholders was held on November 21, 2018 for shareholders of record on September 24, 2018, to elect a Board of Directors of the Funds. The newly elected Directors took office effective January 1, 2019.

Shareholders approved the Directors* of BlackRock Variable Series Funds II, Inc. with voting results as follows:

	<i>Votes For</i>	<i>Votes Against</i>	<i>Votes Abstained</i>
Michael J. Castellano	59,887,070	1,387,922	4,893,829
Richard E. Cavanagh	59,649,768	1,455,828	5,063,225
Cynthia L. Egan	59,918,319	1,345,231	4,905,271
Frank J. Fabozzi	59,851,485	1,328,783	4,988,553
Robert Fairbairn	59,950,088	1,221,911	4,996,822
Henry Gabbay	59,979,137	1,094,954	5,094,730
R. Glenn Hubbard	60,054,180	1,149,136	4,965,505
W. Carl Kester	59,878,572	1,214,536	5,075,713
Catherine A. Lynch	60,029,677	1,220,289	4,918,855
John M. Perkowski	60,044,864	1,136,151	4,987,806
Karen P. Robards	60,316,551	1,000,326	4,851,944

* Denotes Company-wide proposal and voting results.

The above Directors, referred to as the BlackRock Fixed-Income Board, have also been elected to serve as directors for other BlackRock-advised non-index fixed-income mutual funds and all of the BlackRock-advised closed-end funds.

General Information

Householding

The Funds will mail only one copy of shareholder documents, including prospectuses, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 441-7762.

Additional Information (continued)

Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov>. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available upon request and without charge (1) by calling (800) 441-7762; (2) at <http://www.blackrock.com/prospectus/insurance>; and (3) on the SEC's website at <http://www.sec.gov>.

Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com/prospectus/insurance> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

BlackRock's Mutual Fund Family

BlackRock offers a diverse lineup of open-end mutual funds crossing all investment styles and managed by experts in equity, fixed-income and tax-exempt investing. Visit <http://www.blackrock.com> for more information.

Shareholder Privileges

Account Information

Call us at (800) 441-7762 from 8:00 AM to 6:00 PM ET on any business day to get information about your account balances, recent transactions and share prices. You can also reach us on the Web at <http://www.blackrock.com>.

Automatic Investment Plans

Investor Class shareholders who want to invest regularly can arrange to have \$50 or more automatically deducted from their checking or savings account and invested in any of the BlackRock funds.

Systematic Withdrawal Plans

Investor Class shareholders can establish a systematic withdrawal plan and receive periodic payments of \$50 or more from their BlackRock funds, as long as their account balance is at least \$10,000.

Retirement Plans

Shareholders may make investments in conjunction with Traditional, Rollover, Roth, Coverdell, Simple IRAs, SEP IRAs and 403(b) Plans.

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safe-guarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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This report is only for distribution to shareholders of the Funds of BlackRock Variable Series Funds, Inc. Past performance results shown in this report should not be considered a representation of future performance. Investment return and principal value of non-money market fund shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. An investment in the BlackRock Government Money Market V.I. Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market funds. Statements and other information herein are as dated and are subject to change.

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