

**Annual Report** | December 31, 2020

## Vanguard Variable Insurance Funds

Equity Index Portfolio

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## Your Portfolio's Performance at a Glance

- For the 12 months ended December 31, 2020, the Equity Index Portfolio of Vanguard Variable Insurance Funds returned 18.20%, in line with the 18.40% return of its benchmark, the Standard & Poor's 500 Index, after factoring in the portfolio's expenses.
- Stocks initially plummeted after the emergence of COVID-19 in early 2020 but finished the year significantly higher. That was thanks in part to rapid, robust monetary and fiscal action by policymakers and the rollout of COVID-19 vaccines at the end of the year.
- The portfolio benefited most from its holdings in the information technology, consumer discretionary, and communication services sectors.
- The portfolio recorded an average annual return of 13.72% for the 10 years ended December 31, 2020, in line with its benchmark average of 13.88%.
- Please note that the portfolio returns in Vanguard Variable Insurance Funds are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

### Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2020		
	One Year	Three Years	Five Years
<b>Stocks</b>			
Russell 1000 Index (Large-caps)	20.96%	14.82%	15.60%
Russell 2000 Index (Small-caps)	19.96	10.25	13.26
Russell 3000 Index (Broad U.S. market)	20.89	14.49	15.43
FTSE All-World ex US Index (International)	11.22	5.18	9.16
<b>Bonds</b>			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	7.51%	5.34%	4.44%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	5.21	4.64	3.91
FTSE Three-Month U.S. Treasury Bill Index	0.58	1.56	1.16
<b>CPI</b>			
Consumer Price Index	1.36%	1.85%	1.95%

## About Your Portfolio's Expenses

As a shareholder of the portfolio, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a portfolio's gross income, directly reduce the investment return of the portfolio.

A portfolio's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

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

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

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

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

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

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

You can find more information about the portfolio's expenses, including annual expense ratios, in the Financial Statements section of this report. For additional information on operating expenses and other shareholder costs, please refer to your portfolio's current prospectus.

### Six Months Ended December 31, 2020

	Beginning Account Value 6/30/2020	Ending Account Value 12/31/2020	Expenses Paid During Period
Equity Index Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,220.70	\$0.78
Based on Hypothetical 5% Yearly Return	1,000.00	1,024.43	0.71

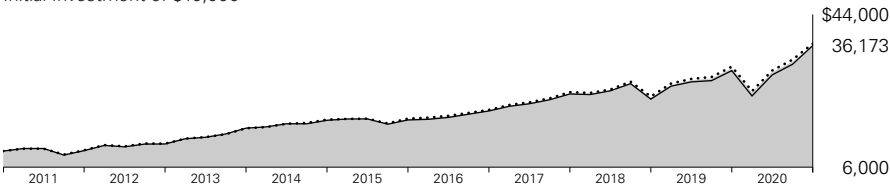
The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.14%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/366).

# Equity Index Portfolio

## Performance Summary

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

Cumulative Performance: December 31, 2010, Through December 31, 2020  
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended December 31, 2020			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Equity Index Portfolio	18.20%	15.05%	13.72%	\$36,173
S&P 500 Index	18.40	15.22	13.88	36,700
Dow Jones U.S. Total Stock Market Float Adjusted Index	20.79	15.36	13.74	36,240

# Equity Index Portfolio

## Portfolio Allocation

As of December 31, 2020

Communication Services	10.8%
Consumer Discretionary	12.7
Consumer Staples	6.5
Energy	2.3
Financials	10.4
Health Care	13.5
Industrials	8.4
Information Technology	27.6
Materials	2.6
Real Estate	2.4
Utilities	2.8

The table reflects the portfolio's investments, except for short-term investments and derivatives. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

The portfolio may invest in derivatives (such as futures and swap contracts) for various reasons, including, but not limited to, attempting to remain fully invested and tracking its target index as closely as possible.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

## Financial Statements

### Schedule of Investments

As of December 31, 2020

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

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
<b>Common Stocks (99.2%)</b>					
<b>Communication Services (10.7%)</b>					
* Facebook Inc. Class A	569,523	155,571			
* Alphabet Inc. Class A	71,190	124,770	* Tractor Supply Co.	27,563	3,875
* Alphabet Inc. Class C	68,805	120,538	* Ultra Beauty Inc.	13,330	3,828
* Walt Disney Co.	428,905	77,709	Carnival Corp.	175,960	3,811
Verizon Communications Inc.	980,245	57,589	* Darden Restaurants Inc.	30,805	3,670
Comcast Corp. Class A	1,081,583	56,675	* CarMax Inc.	38,823	3,667
* Netflix Inc.	104,667	56,597	Domino's Pizza Inc.	9,322	3,575
AT&T Inc.	1,688,130	48,550	Pool Corp.	9,501	3,539
* Charter Communications Inc. Class A	34,558	22,862	* Genuine Parts Co.	34,133	3,428
* T-Mobile US Inc.	138,160	18,631	* NVR Inc.	830	3,386
Activision Blizzard Inc.	183,122	17,003	Tiffany & Co.	25,565	3,361
* Twitter Inc.	188,469	10,206	Royal Caribbean Cruises Ltd.	44,056	3,291
Electronic Arts Inc.	68,737	9,871	MGM Resorts International	96,998	3,056
* Take-Two Interactive Software Inc.	27,287	5,670	Hasbro Inc.	30,152	2,820
ViacomCBS Inc. Class B	133,671	4,980	PulteGroup Inc.	63,432	2,735
Omnicom Group Inc.	50,864	3,172	Whirlpool Corp.	14,798	2,671
* Live Nation Entertainment Inc.	33,831	2,486	Wynn Resorts Ltd.	22,971	2,592
Fox Corp. Class A	79,734	2,322	Advance Auto Parts Inc.	16,054	2,529
CenturyLink Inc.	233,626	2,278	* LKQ Corp.	66,245	2,334
Interpublic Group of Cos. Inc.	92,293	2,171	BorgWarner Inc.	57,846	2,235
* Discovery Inc. Class C	73,650	1,929	L Brands Inc.	55,273	2,056
* DISH Network Corp. Class A	58,505	1,892	* Tapestry Inc.	65,638	2,040
News Corp. Class A	101,368	1,821	* Mohawk Industries Inc.	14,150	1,994
* Discovery Inc. Class A	37,558	1,130	* Norwegian Cruise Line Holdings Ltd.	74,681	1,899
Fox Corp. Class B	36,732	1,061	Newell Brands Inc.	89,348	1,897
News Corp. Class B	19,941	354	PVH Corp.	16,822	1,579
		<b>807,838</b>	Leggett & Platt Inc.	31,354	1,389
<b>Consumer Discretionary (12.6%)</b>			Hanesbrands Inc.	82,421	1,202
* Amazon.com Inc.	101,039	329,077	Ralph Lauren Corp. Class A	11,411	1,184
* Tesla Inc.	179,655	126,777	Gap Inc.	48,678	983
Home Depot Inc.	255,064	67,750	* Under Armour Inc. Class A	44,811	769
NIKE Inc. Class B	297,290	42,058	* Under Armour Inc. Class C	45,820	682
McDonald's Corp.	176,542	37,882	Lennar Corp. Class B	1,028	63
Starbucks Corp.	278,100	29,751			<b>954,163</b>
Lowe's Cos. Inc.	173,606	27,866	<b>Consumer Staples (6.5%)</b>		
* Booking Holdings Inc.	9,703	21,611	Procter & Gamble Co.	587,340	81,722
Target Corp.	118,630	20,942	Coca-Cola Co.	916,280	50,249
TJX Cos. Inc.	284,490	19,428	PepsiCo Inc.	327,377	48,550
General Motors Co.	298,371	12,424	Walmart Inc.	328,391	47,338
Dollar General Corp.	58,042	12,206	Costco Wholesale Corp.	104,525	39,383
Ross Stores Inc.	84,366	10,361	Philip Morris International Inc.	368,951	30,545
* Chipotle Mexican Grill Inc. Class A	6,632	9,197	Mondelez International Inc. Class A	338,770	19,808
Aptiv plc	64,004	8,339	Altria Group Inc.	440,387	18,056
Marriott International Inc. Class A	63,039	8,316	Colgate-Palmolive Co.	203,008	17,359
Ford Motor Co.	926,125	8,141	Estee Lauder Cos. Inc. Class A	53,660	14,284
eBay Inc.	155,226	7,800	Kimberly-Clark Corp.	80,583	10,865
* O'Reilly Automotive Inc.	17,173	7,772	Sysco Corp.	120,718	8,965
Yum! Brands Inc.	71,514	7,764	Constellation Brands Inc. Class A	40,173	8,800
Hilton Worldwide Holdings Inc.	65,784	7,319	* General Mills Inc.	144,880	8,519
* AutoZone Inc.	5,496	6,515	Monster Beverage Corp.	87,597	8,101
VF Corp.	75,840	6,478	Walgreens Boots Alliance Inc.	170,410	6,796
* Dollar Tree Inc.	55,776	6,026	Archer-Daniels-Midland Co.	131,938	6,651
Best Buy Co. Inc.	54,669	5,455	Clorox Co.	29,896	6,037
DR Horton Inc.	78,659	5,421	Kroger Co.	183,683	5,834
* Etsy Inc.	29,911	5,321	McCormick & Co. Inc. (Non-Voting)	58,999	5,640
Lennar Corp. Class A	64,457	4,914	Kraft Heinz Co.	153,736	5,328
Las Vegas Sands Corp.	77,709	4,631	Hershey Co.	34,905	5,317
			Church & Dwight Co. Inc.	58,954	5,143

# Equity Index Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Tyson Foods Inc. Class A	69,589	4,484	* Berkshire Hathaway Inc. Class A	21	7,304
Conagra Brands Inc.	115,583	4,191	Aflac Inc.	154,885	6,889
Kellogg Co.	60,181	3,745	Discover Financial Services	72,680	6,580
Brown-Forman Corp. Class B	43,184	3,430	Willis Towers Watson plc	30,568	6,440
J M Smucker Co.	26,994	3,121	State Street Corp.	83,670	6,090
Hormel Foods Corp.	66,428	3,096	First Republic Bank	41,235	6,059
Lamb Weston Holdings Inc.	34,625	2,726	Arthur J Gallagher & Co.	45,616	5,643
Campbell Soup Co.	47,918	2,317	Ameriprise Financial Inc.	27,989	5,439
Molson Coors Beverage Co. Class B	44,512	2,011	MarketAxess Holdings Inc.	8,981	5,124
		<b>488,411</b>	* SVB Financial Group	12,295	4,768
<b>Energy (2.2%)</b>			Fifth Third Bancorp	169,101	4,662
Exxon Mobil Corp.	1,001,678	41,289	Northern Trust Corp.	49,234	4,586
Chevron Corp.	456,049	38,513	Synchrony Financial	128,432	4,458
ConocoPhillips	253,049	10,119	Hartford Financial Services Group Inc.	84,775	4,152
Phillips 66	103,573	7,244	M&T Bank Corp.	30,354	3,864
Schlumberger NV	330,098	7,206	KeyCorp	231,034	3,791
EOG Resources Inc.	138,325	6,898	Regions Financial Corp.	227,240	3,663
Marathon Petroleum Corp.	154,318	6,383	Citizens Financial Group Inc.	101,467	3,628
Kinder Morgan Inc.	461,690	6,311	Nasdaq Inc.	27,160	3,605
Williams Cos. Inc.	287,853	5,771	Cincinnati Financial Corp.	35,402	3,093
Valero Energy Corp.	96,757	5,474	Huntington Bancshares Inc.	240,706	3,040
Pioneer Natural Resources Co.	38,903	4,431	Principal Financial Group Inc.	60,449	2,999
ONEOK Inc.	105,148	4,036	Raymond James Financial Inc.	28,828	2,758
Halliburton Co.	209,182	3,954	Loews Corp.	55,272	2,488
Occidental Petroleum Corp.	198,301	3,433	Cboe Global Markets Inc.	25,557	2,380
Hess Corp.	64,667	3,414	Everest Re Group Ltd.	9,455	2,213
Baker Hughes Co. Class A	162,286	3,384	W R Berkley Corp.	33,308	2,212
Concho Resources Inc.	46,451	2,710	Globe Life Inc.	22,779	2,163
Diamondback Energy Inc.	37,381	1,809	Lincoln National Corp.	42,980	2,162
Cabot Oil & Gas Corp.	94,309	1,535	Assurant Inc.	14,033	1,912
Devon Energy Corp.	90,528	1,431	Comerica Inc.	32,912	1,838
Apache Corp.	89,324	1,267	Zions Bancorp NA	38,808	1,686
National Oilwell Varco Inc.	91,910	1,262	Franklin Resources Inc.	64,714	1,617
Marathon Oil Corp.	186,801	1,246	Invesco Ltd.	89,101	1,553
TechnipFMC plc	99,536	936	People's United Financial Inc.	100,530	1,300
HollyFrontier Corp.	35,618	921	Unum Group	48,182	1,105
		<b>170,977</b>			<b>783,067</b>
<b>Financials (10.4%)</b>			<b>Health Care (13.4%)</b>		
* Berkshire Hathaway Inc. Class B	429,515	99,592	Johnson & Johnson	623,658	98,151
JPMorgan Chase & Co.	722,129	91,761	UnitedHealth Group Inc.	224,787	78,828
Bank of America Corp.	1,803,394	54,661	Merck & Co. Inc.	599,377	49,029
Citigroup Inc.	493,235	30,413	Pfizer Inc.	1,316,842	48,473
Wells Fargo & Co.	979,489	29,561	Abbott Laboratories	419,888	45,974
BlackRock Inc.	33,598	24,242	AbbVie Inc.	418,256	44,816
Morgan Stanley	338,557	23,201	Thermo Fisher Scientific Inc.	93,893	43,733
Goldman Sachs Group Inc.	81,499	21,492	Medtronic plc	318,892	37,355
Charles Schwab Corp.	353,373	18,743	Danaher Corp.	149,780	33,272
S&P Global Inc.	56,986	18,733	Bristol-Myers Squibb Co.	535,378	33,209
American Express Co.	154,511	18,682	Eli Lilly & Co.	188,095	31,758
Chubb Ltd.	106,923	16,458	Amgen Inc.	137,922	31,711
CME Group Inc.	85,040	15,482	* Intuitive Surgical Inc.	27,853	22,787
Intercontinental Exchange Inc.	132,951	15,328	CVS Health Corp.	310,108	21,180
Truist Financial Corp.	319,412	15,309	Stryker Corp.	77,463	18,982
US Bancorp	324,807	15,133	Anthem Inc.	58,926	18,921
PNC Financial Services Group Inc.	100,387	14,958	Zoetis Inc.	112,604	18,636
Marsh & McLennan Cos. Inc.	120,157	14,058	Cigna Corp.	85,598	17,820
Progressive Corp.	138,721	13,717	Gilead Sciences Inc.	296,984	17,302
Aon plc Class A	54,167	11,444	Becton Dickinson & Co.	68,714	17,194
Moody's Corp.	38,260	11,105	* Vertex Pharmaceuticals Inc.	61,614	14,562
Capital One Financial Corp.	108,353	10,711	* Edwards Lifesciences Corp.	147,674	13,472
MSCI Inc. Class A	19,645	8,772	Humana Inc.	31,359	12,866
MetLife Inc.	181,293	8,512	* Illumina Inc.	34,591	12,799
Travelers Cos. Inc.	60,035	8,427	* Boston Scientific Corp.	339,328	12,199
Bank of New York Mellon Corp.	193,205	8,200	* Regeneron Pharmaceuticals Inc.	24,843	12,002
T. Rowe Price Group Inc.	53,666	8,124	HCA Healthcare Inc.	62,541	10,285
Allstate Corp.	72,074	7,923	* IDEXX Laboratories Inc.	20,211	10,103
American International Group Inc.	204,222	7,732	* Baxter International Inc.	121,042	9,712
Prudential Financial Inc.	93,880	7,329	* Align Technology Inc.	17,005	9,087
			* Biogen Inc.	36,467	8,929



Equity Index Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Agilent Technologies Inc.	72,522	8,593	Southwest Airlines Co.	139,969	6,524
* DexCom Inc.	22,762	8,416	Otis Worldwide Corp.	96,564	6,523
* Centene Corp.	137,425	8,250	* Copart Inc.	49,284	6,271
* IQVIA Holdings Inc.	45,444	8,142	Delta Air Lines Inc.	151,251	6,082
* Alexion Pharmaceuticals Inc.	51,873	8,105	Fortive Corp.	79,988	5,665
Zimmer Biomet Holdings Inc.	49,139	7,572	Equifax Inc.	28,856	5,565
ResMed Inc.	34,355	7,302	Republic Services Inc. Class A	49,761	4,792
McKesson Corp.	38,075	6,622	Kansas City Southern	22,221	4,536
* Mettler-Toledo International Inc.	5,643	6,431	Old Dominion Freight Line Inc.	22,839	4,458
Cerner Corp.	72,732	5,708	WW Grainger Inc.	10,667	4,356
* Viatis Inc.	285,398	5,348	Xylem Inc.	42,643	4,341
West Pharmaceutical Services Inc.	17,544	4,970	Dover Corp.	34,095	4,304
* Laboratory Corp. of America Holdings	23,044	4,691	* Ingersoll Rand Inc.	87,945	4,007
Teleflex Inc.	11,018	4,535	* United Rentals Inc.	17,068	3,958
* Hologic Inc.	60,807	4,429	Expeditors International of Washington Inc.	40,047	3,809
Cooper Cos. Inc.	11,603	4,216	IDEX Corp.	17,911	3,568
* Catalent Inc.	38,968	4,055	* Teledyne Technologies Inc.	8,726	3,420
* Incyte Corp.	44,045	3,831	Masco Corp.	61,908	3,401
STERIS plc	20,187	3,826	Jacobs Engineering Group Inc.	30,668	3,342
PerkinElmer Inc.	26,493	3,802	Westinghouse Air Brake Technologies Corp.	42,328	3,098
Quest Diagnostics Inc.	31,885	3,800	CH Robinson Worldwide Inc.	32,321	3,034
* Varian Medical Systems Inc.	21,613	3,782	* United Airlines Holdings Inc.	69,241	2,995
Cardinal Health Inc.	69,425	3,718	Fortune Brands Home & Security Inc.	32,869	2,818
* Waters Corp.	14,680	3,632	JB Hunt Transport Services Inc.	19,754	2,699
* ABIOMED Inc.	10,692	3,466	Howmet Aerospace Inc.	92,332	2,635
AmerisourceBergen Corp. Class A	34,796	3,402	Textron Inc.	54,152	2,617
* Bio-Rad Laboratories Inc. Class A	5,093	2,969	Allegion plc	21,775	2,534
DENTSPLY SIRONA Inc.	51,710	2,708	Quanta Services Inc.	32,855	2,366
Universal Health Services Inc. Class B	18,390	2,529	American Airlines Group Inc.	144,510	2,279
* Henry Schein Inc.	33,781	2,259	Snap-on Inc.	12,828	2,195
* DaVita Inc.	17,489	2,053	Pentair plc	39,359	2,090
Perrigo Co. plc	32,294	1,444	Rollins Inc.	52,342	2,045
		<b>1,009,753</b>	Nielsen Holdings plc	84,465	1,763
<b>Industrials (8.3%)</b>			A O Smith Corp.	32,041	1,756
Honeywell International Inc.	166,237	35,359	Robert Half International Inc.	26,970	1,685
Union Pacific Corp.	159,641	33,240	Huntington Ingalls Industries Inc.	9,581	1,633
United Parcel Service Inc. Class B	169,425	28,531	Alaska Air Group Inc.	29,257	1,521
Boeing Co.	125,722	26,912	Flowserve Corp.	30,750	1,133
Raytheon Technologies Corp.	359,780	25,728			<b>629,738</b>
3M Co.	136,656	23,886	<b>Information Technology (27.4%)</b>		
Caterpillar Inc.	128,694	23,425	Apple Inc.	3,786,235	502,396
General Electric Co.	2,075,376	22,414	Microsoft Corp.	1,791,147	398,387
Lockheed Martin Corp.	58,321	20,703	Visa Inc. Class A	401,711	87,866
Deere & Co.	74,232	19,972	NVIDIA Corp.	146,642	76,576
CSX Corp.	181,188	16,443	Mastercard Inc. Class A	208,413	74,391
FedEx Corp.	57,228	14,858	* PayPal Holdings Inc.	277,583	65,010
Norfolk Southern Corp.	60,176	14,298	* Adobe Inc.	113,651	56,839
Illinois Tool Works Inc.	68,218	13,908	* Intel Corp.	970,812	48,366
Emerson Electric Co.	141,672	11,386	* salesforce.com Inc.	216,777	48,239
Eaton Corp. plc	94,428	11,345	Cisco Systems Inc.	1,001,111	44,800
Northrop Grumman Corp.	36,732	11,193	Broadcom Inc.	95,823	41,956
Waste Management Inc.	92,107	10,862	QUALCOMM Inc.	267,925	40,816
Roper Technologies Inc.	24,849	10,712	Accenture plc Class A	150,091	39,205
L3Harris Technologies Inc.	49,790	9,411	Texas Instruments Inc.	217,416	35,685
Parker-Hannifin Corp.	30,528	8,316	Oracle Corp.	449,396	29,071
Trane Technologies plc	56,914	8,262	International Business Machines Corp.	211,111	26,575
General Dynamics Corp.	55,093	8,199	* Advanced Micro Devices Inc.	284,933	26,131
Verisk Analytics Inc. Class A	38,538	8,000	* ServiceNow Inc.	46,224	25,443
Johnson Controls International plc	171,583	7,994	Intuit Inc.	62,253	23,647
* TransDigm Group Inc.	12,904	7,986	Fidelity National Information Services Inc.	147,010	20,796
Cummins Inc.	35,083	7,967	* Micron Technology Inc.	263,717	19,826
IHS Markit Ltd.	88,344	7,936	Applied Materials Inc.	216,345	18,671
Cintas Corp.	20,836	7,365	Automatic Data Processing Inc.	101,600	17,902
Carrier Global Corp.	193,129	7,285	Lam Research Corp.	34,116	16,112
PACCAR Inc.	82,135	7,087	* Autodesk Inc.	52,097	15,907
Rockwell Automation Inc.	27,546	6,909	* Fiserv Inc.	136,217	15,510
Stanley Black & Decker Inc.	37,989	6,783	Global Payments Inc.	70,927	15,279
Fastenal Co.	136,131	6,647	Analog Devices Inc.	87,531	12,931
AMETEK Inc.	54,554	6,598	Cognizant Technology Solutions Corp. Class A	126,679	10,381

# Equity Index Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
KLA Corp.	36,699	9,502	<sup>1</sup> International Flavors & Fragrances Inc.	25,299	2,754
TE Connectivity Ltd.	78,383	9,490	Westrock Co.	62,290	2,712
* Synopsys Inc.	36,175	9,378	CF Industries Holdings Inc.	50,616	1,959
Amphenol Corp. Class A	70,902	9,272	Mosaic Co.	81,619	1,878
* Cadence Design Systems Inc.	66,110	9,019	Sealed Air Corp.	36,703	1,681
Microchip Technology Inc.	61,711	8,523			<b>197,084</b>
Xilinx Inc.	58,096	8,236	<b>Real Estate (2.4%)</b>		
HP Inc.	325,571	8,006	American Tower Corp.	105,243	23,623
* ANSYS Inc.	20,361	7,407	Prologis Inc.	175,141	17,455
Paychex Inc.	75,853	7,068	Crown Castle International Corp.	102,187	16,267
Motorola Solutions Inc.	40,199	6,836	Equinix Inc.	21,111	15,077
Corning Inc.	181,173	6,522	Digital Realty Trust Inc.	66,394	9,263
Skyworks Solutions Inc.	39,395	6,023	Public Storage	36,050	8,325
* Keysight Technologies Inc.	43,957	5,806	SBA Communications Corp. Class A	26,343	7,432
Maxim Integrated Products Inc.	63,244	5,607	Simon Property Group Inc.	77,754	6,631
* FleetCor Technologies Inc.	19,786	5,398	Welltower Inc.	98,969	6,395
* Paycom Software Inc.	11,590	5,242	Weyerhaeuser Co.	177,044	5,936
* VeriSign Inc.	23,757	5,141	AvalonBay Communities Inc.	33,124	5,314
* Zebra Technologies Corp. Class A	12,654	4,863	Alexandria Real Estate Equities Inc.	29,296	5,221
* Fortinet Inc.	31,879	4,735	* Realty Income Corp.	83,218	5,174
Teradyne Inc.	39,290	4,711	CBRE Group Inc. Class A	79,597	4,992
* Qorvo Inc.	26,986	4,487	Equity Residential	81,285	4,819
CDW Corp.	33,945	4,474	Ventas Inc.	88,624	4,346
Broadridge Financial Solutions Inc.	27,355	4,191	Healthpeak Properties Inc.	127,387	3,851
* Tyler Technologies Inc.	9,542	4,165	Essex Property Trust Inc.	15,428	3,663
* Akamai Technologies Inc.	38,516	4,044	Extra Space Storage Inc.	30,577	3,543
Western Digital Corp.	71,982	3,987	Duke Realty Corp.	88,004	3,518
Citrix Systems Inc.	29,131	3,790	Mid-America Apartment Communities Inc.	27,060	3,428
* Arista Networks Inc.	12,890	3,745	Boston Properties Inc.	33,515	3,168
Hewlett Packard Enterprise Co.	304,491	3,608	UDR Inc.	69,679	2,678
NetApp Inc.	52,853	3,501	Host Hotels & Resorts Inc.	166,884	2,441
* Gartner Inc.	21,125	3,384	Iron Mountain Inc.	68,186	2,010
Leidos Holdings Inc.	31,652	3,327	Regency Centers Corp.	37,340	1,702
Seagate Technology plc	52,885	3,287	* Kimco Realty Corp.	102,337	1,536
Jack Henry & Associates Inc.	18,056	2,925	Federal Realty Investment Trust	16,290	1,387
NortonLifeLock Inc.	140,036	2,910	Vornado Realty Trust	37,113	1,386
* F5 Networks Inc.	14,576	2,565	SL Green Realty Corp.	17,173	1,023
Western Union Co.	97,271	2,134			<b>181,604</b>
* IPG Photonics Corp.	8,450	1,891	<b>Utilities (2.7%)</b>		
Juniper Networks Inc.	78,030	1,756	NextEra Energy Inc.	464,072	35,803
DXC Technology Co.	60,199	1,550	Duke Energy Corp.	174,326	15,961
FLIR Systems Inc.	31,031	1,360	Southern Co.	250,232	15,372
* Vontier Corp.	31,872	1,065	Dominion Energy Inc.	193,232	14,531
Xerox Holdings Corp.	39,430	914	American Electric Power Co. Inc.	117,618	9,794
		<b>2,070,559</b>	Exelon Corp.	231,163	9,760
<b>Materials (2.6%)</b>			Sempra Energy	68,366	8,710
Linde plc	124,340	32,765	Xcel Energy Inc.	124,541	8,303
Air Products and Chemicals Inc.	52,364	14,307	Eversource Energy	81,284	7,032
Sherwin-Williams Co.	19,366	14,232	Public Service Enterprise Group Inc.	119,941	6,992
Ecolab Inc.	58,835	12,730	WEC Energy Group Inc.	74,793	6,883
DuPont de Nemours Inc.	173,848	12,362	American Water Works Co. Inc.	42,987	6,597
Newmont Corp.	190,338	11,399	Consolidated Edison Inc.	81,151	5,865
Dow Inc.	175,765	9,755	Edison International	89,794	5,641
Freeport-McMoRan Inc.	344,338	8,960	DTE Energy Co.	45,921	5,575
PPG Industries Inc.	55,985	8,074	PPL Corp.	182,458	5,145
Ball Corp.	77,541	7,225	Entergy Corp.	47,375	4,730
Corteva Inc.	176,636	6,839	Ameren Corp.	58,489	4,566
LyondellBasell Industries NV Class A	60,998	5,591	CMS Energy Corp.	67,747	4,133
Vulcan Materials Co.	31,451	4,665	FirstEnergy Corp.	128,376	3,930
International Paper Co.	93,292	4,638	AES Corp.	157,365	3,698
Amcort plc	371,068	4,367	Alliant Energy Corp.	59,089	3,045
Martin Marietta Materials Inc.	14,733	4,184	Evergy Inc.	53,667	2,979
Nucor Corp.	71,439	3,800	Atmos Energy Corp.	29,790	2,843
Albemarle Corp.	25,188	3,716	CenterPoint Energy Inc.	128,908	2,790
Celanese Corp. Class A	27,658	3,594	NRG Energy Inc.	57,782	2,170
FMC Corp.	30,700	3,528	Pinnacle West Capital Corp.	26,641	2,130
Eastman Chemical Co.	32,053	3,214			
Packaging Corp. of America	22,432	3,094			
Avery Dennison Corp.	19,734	3,061			

# Equity Index Portfolio

	Shares	Market Value* (\$000)
NiSource Inc.	90,678	2,080
		<b>207,058</b>
<b>Total Common Stocks</b> <b>(Cost \$4,036,605)</b>		<b>7,500,252</b>
<b>Temporary Cash Investments (0.7%)</b>		
<b>Money Market Fund (0.7%)</b>		
<sup>2,3</sup> Vanguard Market Liquidity Fund, 0.111%	486,636	48,663
	Face Amount (\$000)	
<b>U.S. Government and Agency Obligations (0.0%)</b>		
<sup>4</sup> United States Treasury Bill, 0.097%, 1/5/21	1,470	1,470
<sup>4</sup> United States Treasury Bill, 0.095%, 1/28/21	1,002	1,002
		<b>2,472</b>
<b>Total Temporary Cash Investments</b> <b>(Cost \$51,135)</b>		<b>51,135</b>
<b>Total Investments (99.9%)</b> <b>(Cost \$4,087,740)</b>		<b>7,551,387</b>
<b>Other Assets and Liabilities—Net (0.1%)</b>		<b>3,977</b>
<b>Net Assets (100%)</b>		<b>7,555,364</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

1 Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$2,645,000.

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

3 Collateral of \$2,770,000 was received for securities on loan.

4 Securities with a value of \$2,472,000 have been segregated as initial margin for open futures contracts.

## Derivative Financial Instruments Outstanding as of Period End

## Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
E-mini S&P 500 Index	March 2021	293	54,920	1,251

# Statement of Assets and Liabilities

As of December 31, 2020

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$4,039,077)	7,502,724
Affiliated Issuers (Cost \$48,663)	48,663
Total Investments in Securities	7,551,387
Investment in Vanguard	286
Cash Collateral Pledged—Futures Contracts	677
Receivables for Accrued Income	5,572
Receivables for Capital Shares Issued	806
Variation Margin Receivable—Futures Contracts	350
<b>Total Assets</b>	<b>7,559,078</b>
<b>Liabilities</b>	
Due to Custodian	11
Payables for Investment Securities Purchased	3
Collateral for Securities on Loan	2,770
Payables for Capital Shares Redeemed	362
Payables to Vanguard	568
<b>Total Liabilities</b>	<b>3,714</b>
<b>Net Assets</b>	<b>7,555,364</b>

At December 31, 2020, net assets consisted of:

Paid-in Capital	3,678,282
Total Distributable Earnings (Loss)	3,877,082
<b>Net Assets</b>	<b>7,555,364</b>

<b>Net Assets</b>	
Applicable to 140,527,793 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	7,555,364
<b>Net Asset Value Per Share</b>	<b>\$53.76</b>

# Statement of Operations

	Year Ended December 31, 2020
	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Dividends	121,672
Interest <sup>1</sup>	163
Securities Lending—Net	116
Total Income	121,951
<b>Expenses</b>	
The Vanguard Group—Note B	
Investment Advisory Services	978
Management and Administrative	7,409
Marketing and Distribution	576
Custodian Fees	50
Auditing Fees	72
Shareholders' Reports	42
Trustees' Fees and Expenses	4
Total Expenses	9,131
<b>Net Investment Income</b>	<b>112,820</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>1</sup>	302,910
Futures Contracts	8,611
<b>Realized Net Gain (Loss)</b>	<b>311,521</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>1</sup>	748,174
Futures Contracts	655
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>748,829</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>1,173,170</b>

<sup>1</sup> Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$150,000, (\$22,000), and \$3,000, respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Year Ended December 31,	
	2020 (\$000)	2019 (\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	112,820	107,281
Realized Net Gain (Loss)	311,521	132,104
Change in Unrealized Appreciation (Depreciation)	748,829	1,295,996
Net Increase (Decrease) in Net Assets Resulting from Operations	1,173,170	1,535,381
<b>Distributions<sup>1</sup></b>		
Total Distributions	(242,631)	(247,426)
<b>Capital Share Transactions</b>		
Issued	996,555	584,985
Issued in Lieu of Cash Distributions	242,631	247,426
Redeemed	(1,072,379)	(596,018)
Net Increase (Decrease) from Capital Share Transactions	166,807	236,393
Total Increase (Decrease)	1,097,346	1,524,348
<b>Net Assets</b>		
Beginning of Period	6,458,018	4,933,670
End of Period	7,555,364	6,458,018

<sup>1</sup> Certain prior-period numbers have been reclassified to conform with the current-period presentation.

## Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$47.70</b>	<b>\$38.03</b>	<b>\$41.17</b>	<b>\$35.63</b>	<b>\$33.25</b>
<b>Investment Operations</b>					
Net Investment Income	.798 <sup>1</sup>	.805 <sup>1</sup>	.804 <sup>1</sup>	.699 <sup>1</sup>	.704
Net Realized and Unrealized Gain (Loss) on Investments	7.014	10.791	(2.556)	6.734	3.055
Total from Investment Operations	7.812	11.596	(1.752)	7.433	3.759
<b>Distributions</b>					
Dividends from Net Investment Income	(.806)	(.834)	(.703)	(.699)	(.759)
Distributions from Realized Capital Gains	(.946)	(1.092)	(.685)	(1.194)	(.620)
Total Distributions	(1.752)	(1.926)	(1.388)	(1.893)	(1.379)
<b>Net Asset Value, End of Period</b>	<b>\$53.76</b>	<b>\$47.70</b>	<b>\$38.03</b>	<b>\$41.17</b>	<b>\$35.63</b>
<b>Total Return</b>	<b>18.20%</b>	<b>31.30%</b>	<b>-4.51%</b>	<b>21.66%</b>	<b>11.81%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$7,555	\$6,458	\$4,934	\$5,178	\$4,329
Ratio of Total Expenses to Average Net Assets	0.14%	0.14%	0.14%	0.15%	0.15%
Ratio of Net Investment Income to Average Net Assets	1.73%	1.87%	1.94%	1.85%	2.08%
Portfolio Turnover Rate	8%	4%	5%	5%	7%

<sup>1</sup> Calculated based on average shares outstanding.



## Notes to Financial Statements

The Equity Index Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts. Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the portfolio and thus portfolio performance.

**A.** The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The portfolio consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been materially affected by events occurring before the portfolio's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. **Futures Contracts:** The portfolio uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, maintaining liquidity, and minimizing transaction costs. The portfolio may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the portfolio's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any securities pledged as initial margin for open contracts are noted in the Schedule of Investments.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized gains (losses) on futures contracts.

During the year ended December 31, 2020, the portfolio's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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

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

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

prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

6. Credit Facilities and Interfund Lending Program: The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes, subject to the portfolio's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility; these fees are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under either facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate (or an acceptable alternate rate, if necessary), federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread, except that borrowings under the uncommitted credit facility may bear interest based upon an alternative rate agreed to by the portfolio and Vanguard.

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

For the year ended December 31, 2020, the portfolio did not utilize the credit facilities or the Interfund Lending Program.

7. Other: Dividend income is recorded on the ex-dividend date. Non-cash dividends included in dividend income, if any, are recorded at the fair value of the securities received. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2020, the portfolio had contributed to Vanguard capital in the amount of \$286,000, representing less than 0.01% of the portfolio's net assets and 0.11% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

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

**Level 1**—Quoted prices in active markets for identical securities.

**Level 2**—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

**Level 3**—Significant unobservable inputs (including the portfolio's own assumptions used to determine the fair value of investments). Any investments and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

The following table summarizes the market value of the portfolio's investments and derivatives as of December 31, 2020, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
<b>Investments</b>				
<b>Assets</b>				
Common Stocks	7,500,252	—	—	7,500,252
Temporary Cash Investments	48,663	2,472	—	51,135
Total	7,548,915	2,472	—	7,551,387
<b>Derivative Financial Instruments</b>				
<b>Assets</b>				
Futures Contracts <sup>1</sup>	350	—	—	350

<sup>1</sup> Represents variation margin on the last day of the reporting period.

D. Permanent differences between book-basis and tax-basis components of net assets, if any, are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share.

Temporary differences between book-basis and tax-basis components of total distributable earnings (losses) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of losses from wash sales; and the recognition of unrealized gains or losses from certain derivative contracts. As of period end, the tax-basis components of total distributable earnings (losses) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	103,290
Undistributed Long-Term Gains	309,745
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	3,464,047

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2020 Amount (\$000)	2019 Amount (\$000)
Ordinary Income*	115,359	107,488
Long-Term Capital Gains	127,272	139,938
Total	242,631	247,426

\* Includes short-term capital gains, if any.

As of December 31, 2020, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	4,087,340
Gross Unrealized Appreciation	3,896,974
Gross Unrealized Depreciation	(432,927)
Net Unrealized Appreciation (Depreciation)	3,464,047

E. During the year ended December 31, 2020, the portfolio purchased \$559,039,000 of investment securities and sold \$528,240,000 of investment securities, other than temporary cash investments.

F. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2020 Shares (000)	2019 Shares (000)
Issued	22,103	13,588
Issued in Lieu of Cash Distributions	6,753	6,019
Redeemed	(23,722)	(13,957)
Net Increase (Decrease) in Shares Outstanding	5,134	5,650

At December 31, 2020, two shareholders (an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders and Total Stock Market Index Portfolio) were each a record or beneficial owner of 25% or more of the portfolio's net assets, with a combined ownership of 67%. If any of these shareholders were to redeem their investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

G. Management has determined that no events or transactions occurred subsequent to December 31, 2020, that would require recognition or disclosure in these financial statements.

# Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Equity Index Portfolio

## Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Equity Index Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2020, the related statement of operations for the year ended December 31, 2020, the statement of changes in net assets for each of the two years in the period ended December 31, 2020, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2020 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2020, 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 ended December 31, 2020 and the financial highlights for each of the five years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

## Basis for Opinion

These financial statements are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on the Portfolio's financial statements 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 Portfolio 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 of these financial statements 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 are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, 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. 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. Our procedures included confirmation of securities owned as of December 31, 2020 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
February 18, 2021

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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**Special 2020 tax information (unaudited) for corporate shareholders only for Equity Index Portfolio, a portfolio of Vanguard Variable Insurance Funds**

This information for the fiscal year ended December 31, 2020, is included pursuant to provisions of the Internal Revenue Code for corporate shareholders only.

The portfolio distributed \$127,272,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

For corporate shareholders, 98.5% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

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# The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 211 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at [vanguard.com](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (2018–present) of Vanguard; chief executive officer, president, and trustee (2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; and trustee (2018–present) and vice chair (2019–present) of The Shipley School.

## Independent Trustees

### Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

### Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania.

### F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services) and the Lumina Foundation. Director of the V Foundation. Member of the advisory council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

### Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of

IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

### Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (retired June 2020) and vice president (retired June 2020) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee (retired June 2020). Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

### Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: board chair (2020–present), chief executive officer (2011–2020), and president (2010–2019) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of the individual life and disability division of Guardian Life. Member of the board of the American Council of Life Insurers and the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, NewYork-Presbyterian Hospital, Catalyst, and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

### André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Member of the board of advisors and member of the investment committee of the Museum of Fine Arts Boston. Member of the board (2018–present) of RIT Capital Partners (investment firm). Member of the investment committee of Partners Health Care System.

### Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments, LLC; director (2017–present) of Reserve Trust. Rubenstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College, and trustee (2019–present) of the Folger Shakespeare Library.

### Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

<sup>1</sup> Mr. Buckley is considered "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

## Executive Officers

### John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

### Christine M. Buchanan

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

### David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

### John Galloway

Born in 1973. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (September 2020–present) of each of the investment companies served by Vanguard. Head of Investor Advocacy (February 2020–present) and head of Marketing Strategy and Planning (2017–2020) at Vanguard. Deputy assistant to the President of the United States (2015).

### Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

### Peter Mahoney

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

### Anne E. Robinson

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

### Michael Rollings

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

### John E. Schadt

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (2019–present) of Vanguard Marketing Corporation.

## Vanguard Senior Management Team

Joseph Brennan  
Mortimer J. Buckley  
Gregory Davis  
John James  
John T. Marcante  
Chris D. McIsaac

James M. Norris  
Thomas M. Rampulla  
Karin A. Risi  
Anne E. Robinson  
Michael Rollings  
Lauren Valente



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

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