JUNE 30, 2019

SEMI-ANNUAL REPORT (UNAUDITED)

BlackRock®

BlackRock Variable Series Funds, Inc.

► BlackRock Large Cap Focus Growth V.I. Fund

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The Markets in Review

Dear Shareholder,

Investment performance in the 12 months ended June 30, 2019 was a tale of two markets. The first half of the reporting period was characterized by restrictive monetary policy, deteriorating economic growth, equity market volatility, and rising fear of an imminent recession. During the second half of the reporting period, stocks and bonds rebounded sharply, as restrained inflation and weak economic growth led the U.S. Federal Reserve (the "Fed") to stop raising interest rates, which led to broad-based optimism that stimulative monetary policy could help forestall a recession.

After the dust settled, the U.S. equity and bond markets posted mixed returns while weathering significant volatility. Less volatile U.S. large cap equities and U.S. bonds advanced, while equities at the high end of the risk spectrum — emerging markets, international developed, and U.S. small cap — posted relatively flat returns.

Fixed-income securities delivered modest positive returns with relatively low volatility. Short-term U.S. Treasury yields rose, while longer-term yields declined. This led to positive returns for U.S. Treasuries and a substantial flattening of the yield curve. Investment grade and high yield corporate bonds also posted positive returns, as the credit fundamentals in corporate markets remained relatively solid.

In the U.S. equity market, volatility spiked in late 2018, 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. These risks manifested in a broad-based sell-off in December, leading to the worst December performance on record since 1931.

Volatility also rose in emerging markets, 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, particularly in mainland China, while Turkey and Argentina became embroiled in currency crises, largely due to hyperinflation in both countries. An economic slowdown in Europe led to modest performance for European equities.

As equity performance faltered and global economic growth slowed, the Fed shifted to a more patient perspective on the economy in January 2019. In its last four meetings, the Fed left interest rates unchanged and signaled a slower pace of rate hikes in response to the global economic slowdown. Similarly, the European Central Bank signaled a continuation of accommodative monetary policy, while China committed to looser credit conditions and an increase in fiscal spending.

The outpouring of global economic stimulus led to a sharp rally in risk assets throughout the world. Hopes continued to remain high thereafter, as the current economic expansion became the longest in U.S. history. Looking ahead, markets are pricing in three interest rate cuts by the Fed over the next year, as investors anticipate a steady shift toward more stimulative monetary policy.

We expect a slowing expansion with additional room to run, as opposed to an economic recession. However, escalating trade tensions and the resulting disruptions in global supply chains have become the greatest risk to the global expansion.

We believe U.S. and emerging market equities remain relatively attractive. Within U.S. equities, companies with high-quality earnings and strong balance sheets offer the most attractive risk/reward trade-off. For bonds, U.S. Treasuries are likely to help buffer against volatility in risk assets, while income from other types of bonds can continue to offer steady returns.

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 June 30, 2019

	6-Month	12-Month
U.S. large cap equities (S&P 500® Index)	18.54%	10.42%
U.S. small cap equities (Russell 2000® Index)	16.98	(3.31)
International equities (MSCI Europe, Australasia, Far East Index)	14.03	1.08
Emerging market equities (MSCI Emerging Markets Index)	10.58	1.21
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	1.24	2.31
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	7.45	10.38
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	6.11	7.87
Tax-exempt municipal bonds (S&P Municipal Bond Index)	4.94	6.39
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	9.94	7.48

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 Large Cap Focus Growth V.I. Fund's (the "Fund") investment objective is to seek long-term capital growth.

Portfolio Management Commentary

How did the Fund perform?

For the six-month period ended June 30, 2019, the Fund outperformed its benchmark, the Russell 1000® Growth Index.

What factors influenced performance?

The largest contributor to relative performance was stock selection in the consumer discretionary sector, led by the internet & direct marketing retail sub-sector where an overweight to Amazon.com Inc. and an out-of-benchmark position in Brazilian e-commerce giant Mercado Libre, Inc. drove results. In industrials, stock selection in the professional services and industrial conglomerates sub-sectors contributed strongly to Fund results. Notably, an overweight position in CoStar Group Inc. within professional services and not owning 3M Company in industrial conglomerates aided relative returns. Lastly, within information technology ("IT") an overweight to the software industry, specifically to ServiceNow Inc., proved advantageous.

The largest detractor to Fund performance over the period was positioning with respect to the financials sector. An absence of owning any companies in the insurance sub-sector detracted from Fund performance as several insurance names, such as Progressive Corp. and AON PLC, outperformed. Communication services was also a key detractor, led by stock selection in interactive media & services, particularly an underweight to Facebook Inc., which outperformed during the period, and an out-of-benchmark position in Chinese internet and entertainment conglomerate Tencent Holdings Ltd., which underperformed. Other notable detractors during the period included overweight positions in managed care enterprises Centene Corp. and United HealthGroup Inc., and an underweight position in Apple Inc.

Describe recent portfolio activity.

During the period, the Fund increased its weighting in the consumer discretionary sector by investing in the automobile industry. Exposure to the materials and industrials sectors was also increased. In contrast, the Fund lowered its exposure to the health care sector by decreasing its weight in health care providers and services. Additionally, exposure to the communication services and financials sectors was decreased.

Describe portfolio positioning at period end.

As of period end, the Fund's largest overweight position relative to the Russell 1000® Growth Index was to the consumer discretionary sector, primarily to the internet and direct marketing retail industry. The Fund was also overweight to materials and financials. Conversely, the Fund was underweight in IT, having liquidated its holdings in the technology hardware, storages and peripherals industry. Additionally, the Fund remained underweight in the consumer staples and industrials sectors.

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.

Performance Summary for the Period Ended June 30, 2019

	6-Month Total Returns [a]	Average Annual Total Returns [a]		
		1 Year	5 Years	10 Years
Class I [b][c]	24.70%	11.48%	14.75%	16.72%
Class III [b][c]	24.60	11.24	14.46	16.43
Russell 1000® Growth Index [d]	21.49	11.56	13.39	16.28

[a] For a portion of the period, the Fund's investment adviser waived a portion of its fee. Without such waiver, the Fund's performance would have been lower.

[b] 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 date. Insurance-related fees and expenses are not reflected in these returns.

[c] Under normal circumstances, the Fund seeks to invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in large cap equity securities and derivatives that have similar economic characteristics to such securities. The Fund's total returns prior to June 12, 2017 are the returns of the Fund when it followed different investment strategies under the name "BlackRock Large Cap Growth V.I. Fund".

[d] An unmanaged index that measures the performance of the large cap growth segment of the U.S. equity universe and consists of those Russell 1000® securities with higher price-to-book ratios and higher forecasted growth values.

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 (01/01/19)	*Ending Account Value (06/30/19)*	*Expenses Paid During the Period [b]*	*Beginning Account Value (01/01/19)*	*Ending Account Value (06/30/19)*	*Expenses Paid During the Period [b]*	*Annualized Expense Ratio*
Class I	$ 1,000.00	$ 1,247.00	$ 4.62	$ 1,000.00	$ 1,020.68	$ 4.16	0.83%
Class III	1,000.00	1,246.00	6.01	1,000.00	1,019.44	5.41	1.08

[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 annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period shown).

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

SECTOR ALLOCATION

Sector	*Percent of Net Assets*
Information Technology	34%
Consumer Discretionary	20
Health Care	13
Communication Services	12
Industrials	8
Financials	5
Consumer Staples	3
Materials	3
Real Estate	2
Short-Term Securities	3
Liabilities in Excess of Other Assets	(3)

For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine sector sub-classifications for reporting ease.

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 on the previous page (which is based on a hypothetical investment of $1,000 invested on January 1, 2019 and held through June 30, 2019) 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 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.

Security	Shares	Value
Common Stocks — 99.9%		
Aerospace & Defense — 2.9%		
Boeing Co. (The)	15,351	$ 5,587,918
Automobiles — 2.3%		
Ferrari NV[(a)]	26,975	4,354,304
Beverages — 2.9%		
Constellation Brands, Inc., Class A	27,980	5,510,381
Capital Markets — 4.6%		
CME Group, Inc.	22,710	4,408,238
S&P Global, Inc.	19,001	4,328,238
		8,736,476
Chemicals — 1.1%		
Sherwin-Williams Co. (The)	4,741	2,172,753
Construction Materials — 1.8%		
Vulcan Materials Co.	25,215	3,462,272
Entertainment — 3.1%		
Netflix, Inc.[(b)]	16,023	5,885,568
Equity Real Estate Investment Trusts (REITs) — 2.0%		
SBA Communications Corp.[(b)]	17,237	3,875,567
Health Care Equipment & Supplies — 6.9%[(b)]		
Align Technology, Inc.	18,020	4,932,074
Boston Scientific Corp.	98,135	4,217,842
Intuitive Surgical, Inc.	7,372	3,866,983
		13,016,899
Health Care Providers & Services — 3.3%		
UnitedHealth Group, Inc.	25,909	6,322,055
Hotels, Restaurants & Leisure — 2.0%		
Domino's Pizza, Inc.	13,399	3,728,674
Interactive Media & Services — 9.3%		
Alphabet, Inc., Class A[(b)]	4,709	5,098,905
Facebook, Inc., Class A[(b)]	18,470	3,564,710
IAC/InterActiveCorp[(a)(b)]	20,278	4,411,073
Tencent Holdings Ltd.	101,946	4,611,978
		17,686,666
Internet & Direct Marketing Retail — 15.4%		
Alibaba Group Holding Ltd., ADR[(b)]	22,205	3,762,638
Amazon.com, Inc.[(b)]	10,797	20,445,523
MercadoLibre, Inc.	8,195	5,013,455
		29,221,616
IT Services — 10.9%		
Mastercard, Inc., Class A	31,761	8,401,738
PayPal Holdings, Inc.[(b)]	30,100	3,445,246
Visa, Inc., Class A	50,755	8,808,530
		20,655,514
Life Sciences Tools & Services — 1.9%		
Illumina, Inc.[(b)]	9,731	3,582,468
Pharmaceuticals — 1.3%		
Zoetis, Inc.	21,327	2,420,401
Professional Services — 3.4%		
CoStar Group, Inc.[(b)]	11,739	6,504,110
Road & Rail — 1.8%		
Union Pacific Corp.	20,695	3,499,731

Security	Shares	Value
Semiconductors & Semiconductor Equipment — 2.1%		
ASML Holding NV (Registered), NYRS	18,743	$ 3,897,232
Software — 20.9%		
Adobe, Inc.[(b)]	17,004	5,010,229
Autodesk, Inc.[(b)]	16,598	2,703,814
Coupa Software, Inc.[(b)]	16,919	2,142,115
Fair Isaac Corp.[(b)]	7,312	2,296,114
Intuit, Inc.	18,768	4,904,641
Microsoft Corp.	83,714	11,214,328
salesforce.com, Inc.[(b)]	43,732	6,635,456
ServiceNow, Inc.[(b)]	17,100	4,695,147
		39,601,844
Total Common Stocks — 99.9% (Cost: $138,421,958)		189,722,449
Total Long-Term Investments — 99.9% (Cost: $138,421,958)		189,722,449
Short-Term Securities — 3.2%		
Money Market Funds — 3.2%[(c)]*		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 2.26%	513,465	513,465
SL Liquidity Series, LLC, Money Market Series, 2.55%[(d)]	5,534,977	5,536,638
Total Money Market Funds — 3.2% (Cost: $6,050,103)		6,050,103

Security		Par (000)	Value
Time Deposits — 0.0%			
Brown Brothers Harriman & Co.:			
0.52%, 07/01/19	AUD	—[(e)]	230
2.10%, 07/02/19	HKD	—[(e)]	1
Total Time Deposits — 0.0% (Cost: $231)			231
Total Short-Term Securities — 3.2% (Cost: $6,050,334)			6,050,334
Total Investments — 103.1% (Cost: $144,472,292)			195,772,783
Liabilities in Excess of Other Assets — (3.1)%			(5,876,867)
Net Assets — 100.0%			$ 189,895,916

(a) Security, or a portion of the security, is on loan.
(b) Non-income producing security.
(c) Annualized 7-day yield as of period end.
(d) Security was purchased with the cash collateral from loaned securities.
(e) Amount is less than $500.

* During the six months ended June 30, 2019, investments in issuers considered to be an affiliate/affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	*Shares Held at 12/31/18*	*Net Activity*	*Shares Held at 06/30/19*	*Value at 06/30/19*	*Income*	*Net Realized Gain (Loss)* [(a)]	*Change in Unrealized Appreciation (Depreciation)*
BlackRock Liquidity Funds, T-Fund, Institutional Class	3,741,601	(3,228,136)	513,465	$ 513,465	$ 16,407	$ (1)	$ —
SL Liquidity Series, LLC, Money Market Series	7,770,691	(2,235,714)	5,534,977	5,536,638	2,963[(b)]	680	777
				$ 6,050,103	$ 19,370	$ 679	$ 777

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

For Fund compliance purposes, the Fund's industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Hierarchy as of Period End

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

The following table summarizes the Fund's investments categorized in the disclosure hierarchy:

	Level 1	*Level 2*	*Level 3*	*Total*
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks:				
Aerospace & Defense	$ 5,587,918	$ —	$ —	$ 5,587,918
Automobiles	4,354,304	—	—	4,354,304
Beverages	5,510,381	—	—	5,510,381
Capital Markets	8,736,476	—	—	8,736,476
Chemicals	2,172,753	—	—	2,172,753
Construction Materials	3,462,272	—	—	3,462,272
Entertainment	5,885,568	—	—	5,885,568
Equity Real Estate Investment Trusts (REITs)	3,875,567	—	—	3,875,567
Health Care Equipment & Supplies	13,016,899	—	—	13,016,899
Health Care Providers & Services	6,322,055	—	—	6,322,055
Hotels, Restaurants & Leisure	3,728,674	—	—	3,728,674
Interactive Media & Services	13,074,688	4,611,978	—	17,686,666
Internet & Direct Marketing Retail	29,221,616	—	—	29,221,616
IT Services	20,655,514	—	—	20,655,514
Life Sciences Tools & Services	3,582,468	—	—	3,582,468
Pharmaceuticals	2,420,401	—	—	2,420,401
Professional Services	6,504,110	—	—	6,504,110
Road & Rail	3,499,731	—	—	3,499,731
Semiconductors & Semiconductor Equipment	3,897,232	—	—	3,897,232
Software	39,601,844	—	—	39,601,844
Short-Term Securities:				
Money Market Funds	513,465	—	—	513,465
Time Deposits	—	231	—	231
Subtotal	$ 185,623,936	$ 4,612,209	$ —	$ 190,236,145
Investments valued at NAV [(a)]				5,536,638
Total Investments				$ 195,772,783

(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.

See notes to financial statements.

Statement of Assets and Liabilities (unaudited)

June 30, 2019

	BlackRock Large Cap Focus Growth V.I. Fund
ASSETS	
Investments at value — unaffiliated (including securities loaned at value of $5,416,145) (cost — $138,422,189)	$ 189,722,680
Investments at value — affiliated (cost — $6,050,103)	6,050,103
Receivables:	
Securities lending income — affiliated	321
Capital shares sold	67,573
Dividends — affiliated	1,896
Dividends — unaffiliated	1,010
Prepaid expenses	1,503
Total assets	195,845,086
LIABILITIES	
Cash collateral on securities loaned at value	5,538,187
Payables:	
Capital shares redeemed	58,608
Custodian fees	38,276
Distribution fees	16,679
Investment advisory fees	100,201
Directors' and Officer's fees	5,646
Other affiliates	264
Professional fees	28,018
Transfer agent fees	96,095
Other accrued expenses	67,196
Total liabilities	5,949,170
NET ASSETS	$ 189,895,916
NET ASSETS CONSIST OF	
Paid-in capital	$ 127,862,863
Accumulated earnings	62,033,053
NET ASSETS	$ 189,895,916
NET ASSET VALUE	
Class I — Based on net assets of $105,670,775 and 6,361,072 shares outstanding, 100 million shares authorized, $0.10 par value	$ 16.61
Class III — Based on net assets of $84,225,141 and 5,149,530 shares outstanding, 100 million shares authorized, $0.10 par value	$ 16.36

See notes to financial statements.

Statement of Operations (unaudited)

Six Months Ended June 30, 2019

	BlackRock Large Cap Focus Growth V.I. Fund
INVESTMENT INCOME	
Dividends — affiliated	$ 16,407
Dividends — unaffiliated	478,767
Securities lending income — affiliated — net	2,963
Foreign taxes withheld	(5,954)
Total investment income	492,183
EXPENSES	
Investment advisory	584,625
Transfer agent — class specific	186,191
Distribution — class specific	98,074
Accounting services	27,274
Professional	26,073
Custodian	25,075
Printing	8,136
Directors and Officer	7,545
Transfer agent	2,480
Board realignment and consolidation	1,202
Registration	21
Miscellaneous	2,718
Total expenses	969,414
Less:	
Fees waived and/or reimbursed by the Manager	(523)
Transfer agent fees waived and/or reimbursed — class specific	(123,036)
Total expenses after fees waived and/or reimbursed	845,855
Net investment loss	(353,672)
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) from:	
Investments — affiliated	679
Investments — unaffiliated	10,328,844
Foreign currency transactions	(104)
	10,329,419
Net change in unrealized appreciation (depreciation) on:	
Investments — affiliated	777
Investments — unaffiliated	28,942,776
	28,943,553
Net realized and unrealized gain	39,272,972
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 38,919,300

See notes to financial statements.

Statements of Changes in Net Assets

	BlackRock Large Cap Focus Growth V.I. Fund	
	Six Months Ended 06/30/19 (unaudited)	Year Ended 12/31/18
INCREASE (DECREASE) IN NET ASSETS		
OPERATIONS		
Net investment loss	$ (353,672)	$ (580,087)
Net realized gain	10,329,419	15,468,799
Net change in unrealized appreciation (depreciation)	28,943,553	(11,922,650)
Net increase in net assets resulting from operations	38,919,300	2,966,062
DISTRIBUTIONS TO SHAREHOLDERS [(a)]		
Class I	—	(10,303,447)
Class III	—	(7,856,717)
Decrease in net assets resulting from distributions to shareholders	—	(18,160,164)
CAPITAL SHARE TRANSACTIONS		
Net increase (decrease) in net assets derived from capital share transactions	(11,088,878)	22,131,719
NET ASSETS		
Total increase in net assets	27,830,422	6,937,617
Beginning of period	162,065,494	155,127,877
End of period	$ 189,895,916	$ 162,065,494

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

See notes to financial statements.

Financial Highlights
(For a share outstanding throughout each period)

	BlackRock Large Cap Focus Growth V.I. Fund					
	Class I					
	Six Months Ended 06/30/19 (unaudited)	Year Ended December 31,				
		2018	2017	2016	2015	2014
Net asset value, beginning of period	$ 13.32	$ 14.51	$ 13.35	$ 13.59	$ 14.08	$ 14.22
Net investment income (loss) [(a)]	(0.02)	(0.04)	0.02	0.09	0.08	0.09
Net realized and unrealized gain	3.31	0.49	3.92	0.99	0.31	1.92
Net increase from investment operations	3.29	0.45	3.94	1.08	0.39	2.01
Distributions [(b)]						
From net investment income	—	—	(0.01)	(0.10)	(0.09)	(0.08)
From net realized gain	—	(1.64)	(2.77)	(1.22)	(0.79)	(2.07)
Total distributions	—	(1.64)	(2.78)	(1.32)	(0.88)	(2.15)
Net asset value, end of period	$ 16.61	$ 13.32	$ 14.51	$ 13.35	$ 13.59	$ 14.08
Total Return [(c)]						
Based on net asset value	24.70%[(d)]	3.01%	29.56%	7.89%	2.73%	14.16%
Ratios to Average Net Assets [(e)]						
Total expenses	0.97%[(f)]	0.96%	1.01%	0.96%	0.95%	0.96%
Total expenses after fees waived and/or reimbursed	0.83%[(f)]	0.82%	0.89%	0.84%	0.82%	0.83%
Net investment income (loss)	(0.28)%[(f)]	(0.23)%	0.10%	0.68%	0.59%	0.57%
Supplemental Data						
Net assets, end of period (000)	$ 105,671	$ 91,380	$ 100,308	$ 87,346	$ 98,485	$ 108,329
Portfolio turnover rate	29%	63%	95%	37%	35%	51%

[(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 reinvestment of distributions.
[(d)] Aggregate total return.
[(e)] Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Six Months Ended 06/30/19 (unaudited)	Year Ended December 31,				
		2018	2017	2016	2015	2014
Investments in underlying funds	—%	0.01%	0.01%	0.01%	—%	—%

[(f)] Annualized.

See notes to financial statements.

Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Large Cap Focus Growth V.I. Fund					
	Class III					
	Six Months Ended 06/30/19 (unaudited)	Year Ended December 31, 2018	2017	2016	2015	2014
Net asset value, beginning of period	$ 13.13	$ 14.36	$ 13.24	$ 13.50	$ 13.99	$ 14.14
Net investment income (loss) [(a)]	(0.04)	(0.08)	(0.02)	0.06	0.05	0.05
Net realized and unrealized gain	3.27	0.49	3.88	0.96	0.30	1.92
Net increase from investment operations	3.23	0.41	3.86	1.02	0.35	1.97
Distributions [(b)]						
From net investment income	—	—	(0.00)[(c)]	(0.06)	(0.05)	(0.05)
From net realized gain	—	(1.64)	(2.74)	(1.22)	(0.79)	(2.07)
Total distributions	—	(1.64)	(2.74)	(1.28)	(0.84)	(2.12)
Net asset value, end of period	$ 16.36	$ 13.13	$ 14.36	$ 13.24	$ 13.50	$ 13.99
Total Return [(d)]						
Based on net asset value	24.60%[(e)]	2.77%	29.23%	7.54%	2.51%	13.96%
Ratios to Average Net Assets [(f)]						
Total expenses	1.22%[(g)]	1.22%	1.28%	1.22%	1.21%	1.22%
Total expenses after fees waived and/or reimbursed	1.08%[(g)]	1.07%	1.14%	1.09%	1.07%	1.09%
Net investment income (loss)	(0.53)%[(g)]	(0.48)%	(0.16)%	0.42%	0.35%	0.32%
Supplemental Data						
Net assets, end of period (000)	$ 84,225	$ 70,685	$ 54,820	$ 39,346	$ 37,818	$ 32,090
Portfolio turnover rate	29%	63%	95%	37%	35%	51%

(a) Based on average shares outstanding.
(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(c) Amount is greater than $(0.005) per share.
(d) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.
(e) Aggregate total return.
(f) Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Six Months Ended 06/30/19 (unaudited)	Year Ended December 31, 2018	2017	2016	2015	2014
Investments in underlying funds	—%	0.01%	0.01%	0.01%	—%	—%

(g) Annualized.

See notes to 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 funds. The funds offer shares to insurance companies for their separate accounts to fund benefits under certain variable annuity and/or variable life insurance contracts. The financial statements presented are for BlackRock Large Cap Focus Growth V.I. Fund (the "Fund"). The Fund is classified as diversified. Class I 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 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 equity, multi-asset, index and money market funds referred to as the BlackRock Multi-Asset Complex.

2. SIGNIFICANT ACCOUNTING POLICIES

The 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 financial statements, disclosure of contingent assets and liabilities at the date of the 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 executed. 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. 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 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.

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

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 financial statements) as of the close of trading on the NYSE (generally 4:00 p.m., Eastern time) (or if the reporting date falls on a day the NYSE is closed, investments are valued at fair value as of the period end). 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.

- 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.

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 pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments. 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)

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 privately held companies or funds. There may not be a secondary market, and/or there are a limited number of investors. The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

As of June 30, 2019, 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

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 stocks in the Fund's Schedule of Investments, and the value of any related collateral are shown separately in the 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 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 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:

Counterparty	Securities Loaned at Value	Cash Collateral Received [(a)]	Net Amount
Citigroup Global Markets, Inc.	$ 4,366,915	$ (4,366,915)	$ —
JP Morgan Securities LLC	1,049,230	(1,049,230)	—
	$ 5,416,145	$ (5,416,145)	$ —

(a) Cash collateral with a value of $5,538,187 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.

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 to the extent 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. Such losses are borne entirely by the Fund.

5. 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, Inc. ("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.

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:

Average Daily Net Assets	Investment Advisory Fees
First $1 Billion	0.65%
$1 Billion - $3 Billion	0.61
$3 Billion - $5 Billion	0.59
$5 Billion - $10 Billion	0.57
Greater than $10 Billion	0.55

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 an annual rate of 0.25% based upon the average daily net assets attributable to Class III.

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 six months ended June 30, 2019, the class specific distribution fees borne directly by Class III were $98,074.

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 underlying investor accounts. 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 six months ended June 30, 2019, 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 Statement of Operations.

For the six months ended June 30, 2019, the following table shows the class specific transfer agent fees borne directly by each share class of the Fund:

Class I	$ 105,108
Class III	81,083
	$ 186,191

Expense Limitations, Waivers and Reimbursements: 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 Statement of Operations. For the six months ended June 30, 2019, the amount waived was $523.

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, 2020. The contractual agreement may be terminated upon 90 days' notice by a majority of the directors who are not "interested persons" of the Company, as defined in the 1940 Act ("Independent Directors"), or by a vote of a majority of the outstanding voting securities of the Fund. For the six months ended June 30, 2019, there were no fees waived and/or reimbursed by the Manager pursuant to this arrangement.

For the six months ended June 30, 2019, the Fund reimbursed the Manager $970 for certain accounting services, which is included in accounting services in the Statement of Operations.

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

Class I	0.07%
Class III	0.07

The Manager has agreed not to reduce or discontinue these contractual expense limitations through April 30, 2020 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.

These amounts waived and/or reimbursed are included in transfer agent fees waived and/or reimbursed — class specific in the Statement of Operations. For the six months ended June 30, 2019, class specific expense waivers and/or reimbursements are as follows:

	Transfer Agent Fees Waived and/or Reimbursed
Class I	$ 69,500
Class III	$ 53,536
	$ 123,036

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:

Class I	1.25%
Class III	1.50

The Manager has agreed not to reduce or discontinue these contractual expense limitations through April 30, 2020, 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 six months ended June 30, 2019, 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 the current securities lending agreement, the Fund retains 73.5% of securities lending income (which excludes collateral investment expenses), 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 BlackRock Multi-Asset 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 80% of securities lending income (which excludes collateral investment expenses), 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 Statement of Operations. For the six months ended June 30, 2019, the Fund paid BIM $1,465 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 and lend 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 period ended June 30, 2019, 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 Statement of Operations.

6. PURCHASES AND SALES

For the six months ended June 30, 2019, purchases and sales of investments, excluding short-term securities, were $51,804,472 and $60,423,955, respectively.

7. 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 June 30, 2019, 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.

As of June 30, 2019, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

Tax cost	$ 144,506,722
Gross unrealized appreciation	$ 51,789,212
Gross unrealized depreciation	(523,151)
Net unrealized appreciation	$ 51,266,061

8. 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 2020 unless extended or renewed. Prior to April 18, 2019, 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 expenses in the 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 six months ended June 30, 2019, the Fund did not borrow under the credit agreement.

9. 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 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. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. The Fund may experience difficulty in selling illiquid 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.

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 Statement of Assets and Liabilities, less any collateral held by the Fund.

Concentration Risk: As of period end, the Fund invested a significant portion of its assets in securities in the information technology sector. Changes in economic conditions affecting such sector would have a greater impact on the Fund and could affect the value, income and/or liquidity of positions in such securities.

10. CAPITAL SHARE TRANSACTIONS

Transactions in capital shares for each class were as follows:

	Six Months Ended 06/30/19		Year Ended 12/31/18	
	Shares	*Amount*	*Shares*	*Amount*
Class I				
Shares sold	72,584	$ 1,094,161	386,678	$ 6,168,160
Shares issued in reinvestment of distributions	—	—	755,113	10,303,447
Shares redeemed	(573,747)	(8,907,128)	(1,192,018)	(19,141,189)
Net decrease	(501,163)	$ (7,812,967)	(50,227)	$ (2,669,582)
Class III				
Shares sold	862,273	$ 12,702,679	2,379,648	$ 38,478,618
Shares issued in reinvestment of distributions	—	—	587,788	7,856,717
Shares redeemed	(1,097,471)	(15,978,590)	(1,399,440)	(21,534,034)
Net increase (decrease)	(235,198)	$ (3,275,911)	1,567,996	$ 24,801,301
Total Net Increase (Decrease)	(736,361)	$ (11,088,878)	1,517,769	$ 22,131,719

11. SUBSEQUENT EVENTS

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

Glossary of Terms Used in this Report

Currency

AUD	Australian Dollar
HKD	Hong Kong Dollar

Portfolio Abbreviations

ADR	American Depositary Receipts
NYRS	New York Registered Shares
S&P	S&P Global Ratings

Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements

The Board of Directors (the "Board," the members of which are referred to as "Board Members") of BlackRock Variable Series Funds, Inc. (the "Corporation") met in person on April 17, 2019 (the "April Meeting") and May 14-15, 2019 (the "May Meeting") to consider the approval of the investment advisory agreement (the "Advisory Agreement") between the Corporation, on behalf of BlackRock Advantage Large Cap Core V.I. Fund (the "Large Cap Core V.I. Fund"), BlackRock Advantage Large Cap Value V.I. Fund (the "Large Cap Value V.I. Fund"), BlackRock Advantage U.S. Total Market V.I. Fund (the "U.S. Total Market V.I. Fund"), BlackRock Basic Value V.I. Fund (the "Basic Value V.I. Fund"), BlackRock Capital Appreciation V.I. Fund (the "Capital Appreciation V.I. Fund"), BlackRock Equity Dividend V.I. Fund (the "Equity Dividend V.I. Fund"), BlackRock Global Allocation V.I. Fund (the "Global Allocation V.I. Fund"), BlackRock Government Money Market V.I. Fund (the "Government Money Market V.I. Fund"), BlackRock International V.I. Fund (the "International V.I. Fund"), BlackRock International Index V.I. Fund (the "International Index V.I. Fund"), BlackRock iShares® Dynamic Allocation V.I. Fund (the "Dynamic Allocation V.I. Fund"), BlackRock Large Cap Focus Growth V.I. Fund (the "Large Cap Focus Growth V.I. Fund"), BlackRock Managed Volatility V.I. Fund (the "Managed Volatility V.I. Fund"), BlackRock Small Cap Index V.I. Fund (the "Small Cap Index V.I. Fund") and BlackRock S&P 500 Index V.I. Fund (the "S&P 500 Index V.I. Fund") (each, a "Fund," and collectively the "Funds"), each a series of the Corporation, and BlackRock Advisors, LLC (the "Manager"), the Corporation's investment advisor. The Board also considered the approval of the sub-advisory agreements between the Manager and (a) BlackRock International Limited ("BIL") with respect to International V.I. Fund and Managed Volatility V.I. Fund (the "BIL Sub-Advisory Agreements"); (b) BlackRock Asset Management North Asia Limited ("BNA") with respect to Managed Volatility V.I. Fund (the "BNA Sub-Advisory Agreement"); and (c) BlackRock (Singapore) Limited ("BSL" and together with BIL and BNA, the "Sub-Advisors") with respect to Managed Volatility V.I. Fund (the "BSL Sub-Advisory Agreement" and together with the BIL Sub-Advisory Agreements and the BNA Sub-Advisory Agreement, the "Sub-Advisory Agreements"). The Manager and the Sub-Advisors are referred to herein as "BlackRock." The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the "Agreements."

Activities and Composition of the Board

On the date of the May Meeting, the Board consisted of fifteen individuals, thirteen of whom were not "interested persons" of the Corporation as defined in the Investment Company Act of 1940, as amended (the "1940 Act") (the "Independent Board Members"). The Board Members are responsible for the oversight of the operations of the Corporation and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chair of the Board is an Independent Board Member. The Board has established five standing committees: an Audit Committee, Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Ad Hoc Topics Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Ad Hoc Topics Committee, which also has one interested Board Member).

The Agreements

Consistent with the requirements of the 1940 Act, the Board considers the continuation of the Agreements on an annual basis. The Board has four quarterly meetings per year, each typically extending for two days, and additional in-person and telephonic meetings throughout the year, as needed. While the Board also has a fifth one-day meeting to consider specific information surrounding the renewal of the Agreements, the Board's consideration entails a year-long deliberative process whereby the Board and its committees assess BlackRock's services to the Funds. In particular, the Board assessed, among other things, the nature, extent and quality of the services provided to each Fund by BlackRock, BlackRock's personnel and affiliates, including (as applicable): investment management; accounting, administrative and shareholder services; oversight of each Fund's service providers; risk management and oversight; legal and compliance services; and ability to meet applicable legal and regulatory requirements. Throughout the year, including during the contract renewal process, the Independent Board Members were advised by independent legal counsel, and met with independent legal counsel in various executive sessions outside of the presence of management.

During the year, the Board, acting directly and through its committees, considers information that is relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to each Fund and its shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. This additional information is discussed further below in the section titled "Board Considerations in Approving the Agreements." Among the matters the Board considered were: (a) with respect to each Fund, investment performance for one-year, three-year, five-year, ten-year, and/or since inception periods, as applicable, against peer funds, applicable benchmark, and performance metrics, as applicable, as well as senior management's and portfolio managers' analyses of the reasons for any over-performance or under-performance relative to the Fund's peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by each Fund for services; (c) Fund operating expenses and how BlackRock allocates expenses to each Fund; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of each Fund's investment objective, policies and restrictions, and meeting regulatory requirements; (e) BlackRock's and the Corporation's adherence to applicable compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services; (g) BlackRock's and other service providers' internal controls and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Board; (i) the use of brokerage commissions and execution quality of portfolio transactions; (j) BlackRock's implementation of the Corporation's valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment mandates across the open-end fund, exchange-traded fund ("ETF"), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to each Fund; (l) BlackRock's compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals' investments in the fund(s) they manage; and (m) periodic updates on BlackRock's business.

Board Considerations in Approving the Agreements

The Approval Process: Prior to the April Meeting, the Board requested and received materials specifically relating to the Agreements. The Independent Board Members are continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to better assist its deliberations. The materials provided in connection with the April Meeting included, among other things: (a) information independently compiled and prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), based on either a Lipper classification or Morningstar category, regarding each Fund's fees and expenses as compared with a peer group of funds as determined by Broadridge ("Expense Peers") and the investment performance of each Fund as compared with a peer group of funds ("Performance Peers") and other metrics, as applicable; (b) information on the composition of the Expense Peers and Performance Peers, and a description of Broadridge's methodology; (c) information on the estimated profits realized by BlackRock and its affiliates pursuant to the Agreements and a discussion of fall-out benefits to BlackRock and its affiliates; (d) a general analysis provided by BlackRock concerning investment management fees received in connection with other types of investment products, such as institutional accounts, sub-advised mutual funds, ETFs, closed-end funds, open-end funds, and separately managed accounts under similar investment mandates, as well as the performance of such other products, as applicable; (e) review of non-management fees; (f) the existence, impact and sharing of potential economies of scale, if any, with the Funds; (g) a summary of aggregate amounts paid by each Fund to BlackRock; (h) sales and redemption data regarding each Fund's shares; and (i) various additional information requested by the Board as appropriate regarding BlackRock's and each Fund's operations.

At the April Meeting, the Board reviewed materials relating to its consideration of the Agreements. As a result of the discussions that occurred during the April Meeting, and as a culmination of the Board's year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the May Meeting.

At the May Meeting, the Board concluded its assessment of, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund as compared with Performance Peers and other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and estimated profits realized by BlackRock and its affiliates from their relationship with the Funds; (d) each Fund's fees and expenses compared to Expense Peers; (e) the sharing of potential economies of scale; (f) fall-out benefits to BlackRock and its affiliates as a result of BlackRock's relationship with the Funds; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates relating to securities lending and cash management, and BlackRock's services related to the valuation and pricing of each Fund's portfolio holdings. The Board noted the willingness of BlackRock personnel to engage in open, candid discussions with the Board. The Board did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Fund. Throughout the year, the Board compared each Fund's performance to the performance of a comparable group of mutual funds, relevant benchmark, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by each Fund's portfolio management team discussing the Fund's performance and the Fund's investment objective, strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and each Fund's portfolio management team; BlackRock's research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the nature and quality of the administrative and other non-investment advisory services provided to each Fund. BlackRock and its affiliates provide the Funds with certain administrative, shareholder and other services (in addition to any such services provided to the Funds by third parties) and officers and other personnel as are necessary for the operations of the Funds. In particular, BlackRock and its affiliates provide the Funds with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of other service providers, including, among others, each Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing or managing administrative functions necessary for the operation of each Fund, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing each Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal & compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Funds and BlackRock: The Board, including the Independent Board Members, also reviewed and considered the performance history of each Fund. In preparation for the April Meeting, the Board was provided with reports independently prepared by Broadridge, which included a comprehensive analysis of each Fund's performance as of December 31, 2018. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, the Board received and reviewed information regarding the investment performance of each Fund as compared to its Performance Peers and, with respect to Large Cap Core V.I. Fund, Large Cap Value V.I. Fund, U.S. Total Market V.I. Fund, Basic Value V.I. Fund, Capital Appreciation V.I. Fund, Global Allocation V.I. Fund, International V.I. Fund, Dynamic Allocation V.I. Fund and Large Cap Focus Growth V.I. Fund, its custom peer group of funds as defined by BlackRock ("Customized Peer Group"); with respect to International Index V.I. Fund, Small Cap Index V.I. Fund and S&P 500 Index V.I. Fund, the performance of the Fund as compared with its benchmark; and, with respect to Managed Volatility V.I. Fund, certain performance metrics. The Board and its Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of each Fund throughout the year.

In evaluating performance, the Board focused particular attention on funds with less favorable performance records. The Board also noted that while it found the data provided by Broadridge generally useful, it recognized the limitations of such data, including in particular, that notable differences may exist between a fund and the Performance Peer funds (for example, the investment objective(s) and investment strategies). Further, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. The Board also acknowledged that long-term performance could be impacted by even one period of significant outperformance or underperformance, and that a single investment theme could have the ability to affect long-term performance disproportionately.

The Board noted that for each of the one, three and five-year periods reported, the Government Money Market V.I. Fund ranked in the first quartile against its Performance Peers.

The Board noted that for the one, three and five-year periods reported, the Equity Dividend V.I. Fund ranked in the second, first and first quartiles, respectively, against its Performance Peers.

The Board noted that for each of the one-year, three-year and since-inception periods reported, the Dynamic Allocation V.I. Fund ranked in the second quartile, against its Performance Peers.

The Board noted that for each of the one, three and five-year periods reported, the Large Cap Focus Growth V.I. Fund ranked in the first quartile, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one, three and five-year periods reported, the Capital Appreciation V.I. Fund ranked in the first, first and second quartiles, respectively, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one, three and five-year periods reported, the Managed Volatility V.I. Fund ranked in the first, third and third quartiles, respectively, against its Customized Peer Group.

In light of the Managed Volatility V.I. Fund's outcome oriented objective, BlackRock believes that certain other performance metrics may be more appropriate than the Performance Peers, and the Board was provided with a comparison of Fund performance relative to these metrics. Under these metrics, for the one, three and five-year periods, the Fund underperformed its total return target. The overall risk of the Fund, as measured by the standard deviation of returns, was below its upper threshold level for the one, three and five-year periods and the maximum drawdowns were below the upper threshold level for all calendar years. The Fund's Sharpe Ratio was above its competitor median for the one, three and five-year periods. The Fund's beta was within its target range, for each of the periods.

The Board noted that for each of the one, three and five-year periods reported, the Large Cap Core V.I. Fund ranked in the second quartile, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for each of the one, three and five-year periods reported, the Large Cap Value V.I. Fund ranked in the second quartile, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one, three and five-year periods reported, the Global Allocation V.I. Fund ranked in the second, third and second quartiles, respectively, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance during the applicable periods.

The Board noted that for the one, three and five-year periods reported, the Basic Value V.I. Fund ranked in the second, third and fourth quartiles, respectively, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance during the applicable periods.

The Board noted that for the one, three and five-year periods reported, the U.S. Total Market V.I. Fund ranked in the third, first and fourth quartiles, respectively, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance during the applicable periods. The Board noted that, among other things, effective June 12, 2017, the Fund had undergone changes in its investment strategy and portfolio management team, and in connection with such changes, the Fund changed its name from BlackRock Value Opportunities V.I. Fund to BlackRock Advantage U.S. Total Market V.I. Fund.

The Board and BlackRock discussed BlackRock's strategy for improving the U.S. Total Market V.I. Fund's investment performance. Discussions covered topics such as performance attribution, the Fund's investment personnel, and the resources appropriate to support the Fund's investment processes.

The Board noted that for each of the one, three and five-year periods reported, the International V.I. Fund ranked in the fourth quartile, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance during the applicable periods. The Board was informed that, among other things, negative stock selections within the consumer staples, communication services, and technology sectors were the primary detractors from performance over the one-year period. Longer term performance was also impacted by relative underperformance in 2016 and 2014.

The Board and BlackRock discussed BlackRock's strategy for improving the International V.I. Fund's investment performance. Discussions covered topics such as performance attribution, the Fund's investment personnel, and the resources appropriate to support the Fund's investment processes.

The Board noted that for the past five one-year periods reported, the International Index V.I. Fund's net performance outperformed its benchmark for two of the five periods. The Board noted that BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the past five one-year periods reported, the Small Cap Index V.I. Fund's net performance underperformed its benchmark for each of the periods. The Board noted that BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-year period reported, the S&P 500 Index V.I. Fund's net performance was out of tolerance range of its benchmark. The Board noted that BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for the Fund and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's out of tolerance performance over the applicable periods.

C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with the Funds: The Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared each Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total expense ratio represents a fund's total net operating expenses, including any 12b-1 or non 12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers that benefit a fund, and the actual management fee rate gives effect to any management fee reimbursements or waivers that benefit a fund. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Board reviewed BlackRock's estimated profitability with respect to each Fund and other funds the Board currently oversees for the year ended December 31, 2018 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. The Board thus recognized that calculating and comparing profitability at individual fund levels is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

In addition, the Board considered the estimated cost of the services provided to each Fund by BlackRock, and BlackRock's and its affiliates' estimated profits relating to the management of the Funds and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Board reviewed BlackRock's methodology in allocating its costs of managing each Fund, to each respective Fund. The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk, and liability profile in servicing the Funds, including in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that the Large Cap Core V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the second quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the Large Cap Value V.I. Fund's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. Additionally, the Board noted that BlackRock had voluntarily agreed to waive a portion of the advisory fee payable by the Fund. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the U.S. Total Market V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the Basic Value V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio ranked in the second and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the Capital Appreciation V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the Equity Dividend V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the Global Allocation V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the Government Money Market V.I. Fund's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the International V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the second and fourth quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. After discussions between the Board, including the Independent Board Members, and BlackRock, the Board and BlackRock agreed to a lower contractual expense cap, on a class-by-class basis. The contractual expense cap reduction was implemented on May 24, 2019.

The Board noted that the International Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

BlackRock has reviewed with the Board that the varying fee structure for fund of funds can limit the value of management fee comparisons. The Board noted that the Dynamic Allocation V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. In addition, the Board noted that BlackRock and the Board agreed to a lower contractual expense cap on a class-by-class basis, as applicable. This contractual expense cap reduction was implemented on October 26, 2018.

The Board noted that the Large Cap Focus Growth V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio ranked in the second and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the Managed Volatility V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. The Board also noted that BlackRock and the Board agreed to a lower contractual expense cap on a class-by-class basis. The contractual expense cap reduction was implemented on April 23, 2018.

The Board noted that the Small Cap Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the S&P 500 Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. The Board also noted that BlackRock and the Board agreed to a lower contractual advisory fee rate and a lower contractual expense cap on a class-by-class basis. These expense reductions were implemented on April 23, 2018.

With respect to the Large Cap Core V.I. Fund, the Large Cap Value V.I. Fund, the U.S. Total Market V.I. Fund, the Basic Value V.I. Fund, the Capital Appreciation V.I. Fund, the Equity Dividend V.I. Fund, the Global Allocation V.I. Fund, the Government Money Market V.I. Fund, the International V.I. Fund, the Dynamic Allocation V.I. Fund, the Large Cap Focus Growth V.I. Fund and the Managed Volatility V.I. Fund, the Board noted that each Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the pertinent Fund increases above certain contractually specified levels. The Board noted that if the size of the pertinent Fund were to decrease, the Fund could lose the benefit of one or more breakpoints.

With respect to the Large Cap Core V.I. Fund, the Large Cap Value V.I. Fund, the U.S. Total Market V.I. Fund, the Basic Value V.I. Fund, the Capital Appreciation V.I. Fund, the Equity Dividend V.I. Fund, the Global Allocation V.I. Fund, the International V.I. Fund, the International Index V.I. Fund, the Large Cap Focus Growth V.I. Fund, Managed Volatility V.I. Fund, the Small Cap Index V.I. Fund and the S&P 500 Index V.I. Fund, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for each Fund on a class-by-class basis.

D. Economies of Scale: The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of the Funds increase, including the existence of fee waivers and/or expense caps, as applicable, noting that any contractual fee waivers and expense caps had been approved by the Board. The Board also considered the extent to which each Fund benefits from such economies in a variety of ways and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Funds to more fully participate in these economies of scale. The Board considered each Fund's asset levels and whether the current fee schedule was appropriate. In its consideration, the Board Members took into account the existence of any expense caps and further considered the continuation and/or implementation, as applicable, of such caps.

E. Other Factors Deemed Relevant by the Board Members: The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including for administrative, distribution, securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreements, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the open-end fund marketplace, and that shareholders are able to redeem their Fund shares if they believe that the pertinent Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

Conclusion

The Board, including the Independent Board Members, unanimously approved the continuation of (i) the Advisory Agreement between the Manager and the Corporation, on behalf of each Fund, (ii) the BIL Sub-Advisory Agreements between the Manager and BIL with respect to the International V.I. Fund and Managed Volatility V.I. Fund, (iii) the BNA Sub-Advisory Agreement between the Manager and BNA with respect to the Managed Volatility V.I. Fund and (iv) BSL Sub-Advisory Agreement between the Manager and BSL with respect to Managed Volatility V.I. Fund, each for a one-year term ending June 30, 2020. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreements were fair and reasonable and in the best interest of each Fund, as pertinent, and its shareholders. In arriving at its decision to approve the Agreements, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

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Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements

The Board of Directors (the "Board," the members of which are referred to as "Board Members") of BlackRock Variable Series Funds II, Inc. (the "Corporation") met in person on May 1, 2019 (the "May Meeting") and June 5-6, 2019 (the "June Meeting") to consider the approval of the investment advisory agreement (the "Advisory Agreement" or the "Agreement") between the Corporation, on behalf of BlackRock High Yield V.I. Fund (the "High Yield V.I. Fund"), BlackRock Total Return V.I. Fund (the "Total Return V.I. Fund") and BlackRock U.S. Government Bond V.I. Fund (the "U.S. Government Bond V.I. Fund") (each, a "Fund," and collectively, the "Funds"), each a series of the Corporation, and BlackRock Advisors, LLC (the "Manager" or "BlackRock"), each Fund's investment advisor.

Activities and Composition of the Board

On the date of the June Meeting, the Board consisted of eleven individuals, nine of whom were not "interested persons" of the Corporation as defined in the Investment Company Act of 1940, as amended (the "1940 Act") (the "Independent Board Members"). The Board Members are responsible for the oversight of the operations of the Funds and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Co-Chairs of the Board are Independent Board Members. The Board has established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Executive Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member).

The Agreement

Consistent with the requirements of the 1940 Act, the Board considers the continuation of the Agreement on an annual basis. The Board has four quarterly meetings per year, each typically extending for two days, and additional in-person and telephonic meetings throughout the year, as needed. While the Board also has a fifth one-day meeting to consider specific information surrounding the renewal of the Agreement, the Board's consideration entails a year-long deliberative process whereby the Board and its committees assess BlackRock's services to each Fund. In particular, the Board assessed, among other things, the nature, extent and quality of the services provided to each Fund by BlackRock, BlackRock's personnel and affiliates, including (as applicable): investment management; accounting, administrative and shareholder services; oversight of each Fund's service providers; risk management and oversight; legal and compliance services; and ability to meet applicable legal and regulatory requirements. Throughout the year, including during the contract renewal process, the Independent Board Members were advised by independent legal counsel, and met with independent legal counsel in various executive sessions outside of the presence of management.

During the year, the Board, acting directly and through its committees, considers information that is relevant to its annual consideration of the renewal of the Agreement, including the services and support provided by BlackRock to each Fund and its shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. This additional information is discussed further below in the section titled "Board Considerations in Approving the Agreement." Among the matters the Board considered were: (a) investment performance for one-year, three-year, five-year, ten-year, and/or since inception periods, as applicable, against peer funds, applicable benchmarks, and performance metrics, as applicable, as well as senior management's and portfolio managers' analyses of the reasons for any over-performance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by each Fund for services; (c) Fund operating expenses and how BlackRock allocates expenses to each Fund; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of each Fund's investment objective, policies and restrictions, and meeting regulatory requirements; (e) BlackRock and each Fund's adherence to applicable compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services; (g) BlackRock's and other service providers' internal controls and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Board; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of each Fund's valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment mandates across the open-end fund, exchange-traded fund ("ETF"), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to each Fund; (l) BlackRock's compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals' investments in the fund(s) they manage; and (m) periodic updates on BlackRock's business.

Board Considerations in Approving the Agreement

The Approval Process: Prior to the May Meeting, the Board requested and received materials specifically relating to the Agreement. The Independent Board Members are continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to better assist its deliberations. The materials provided in connection with the May Meeting included, among other things: (a) information independently compiled and prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), based on either a Lipper classification or Morningstar category, regarding each Fund's fees and expenses as compared with a peer group of funds as determined by Broadridge ("Expense Peers"), the investment performance of each Fund as compared with a peer group of funds ("Performance Peers") and other metrics, as applicable; (b) information on the composition of the Expense Peers and Performance Peers, and a description of Broadridge's methodology; (c) information on the estimated profits realized by BlackRock and its affiliates pursuant to the Agreement and a discussion of fall-out benefits to BlackRock and its affiliates; (d) a general analysis provided by BlackRock concerning investment management fees received in connection with other types of investment products, such as institutional accounts, sub-advised mutual funds, ETFs, closed-end funds, open-end funds, and separately managed accounts, under similar investment mandates, as well as the performance of such other products, as applicable; (e) review of non-management fees; (f) the existence, impact and sharing of potential economies of scale, if any, with each Fund; (g) a summary of aggregate amounts paid by each Fund to BlackRock; (h) sales and redemption data regarding each Fund's shares; and (i) various additional information requested by the Board as appropriate regarding BlackRock's and each Fund's operations.

At the May Meeting, the Board reviewed materials relating to its consideration of the Agreement. As a result of the discussions that occurred during the May Meeting, and as a culmination of the Board's year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the June Meeting. Topics covered included: (a) the methodology for measuring estimated fund profitability; (b) economies of scale; (c) fund expenses and potential fee waivers; and (d) differences in services provided and management fees between open-end funds and other product channels.

At the June Meeting, the Board concluded its assessment of, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund as compared with Performance Peers and other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and estimated profits realized by BlackRock and its affiliates from their relationship with each Fund; (d) each Fund's fees and expenses compared to Expense Peers; (e) the sharing of potential economies of scale; (f) fall-out benefits to BlackRock and its affiliates as a result of BlackRock's relationship with each Fund; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates relating to securities lending and cash management, and BlackRock's services related to the valuation and pricing of Fund portfolio holdings. The Board noted the willingness of BlackRock personnel to engage in open, candid discussions with the Board. The Board did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Fund. Throughout the year, the Board compared Fund performance to the performance of a comparable group of mutual funds, relevant benchmarks, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by each Fund's portfolio management team discussing each Fund's performance and each Fund's investment objective, strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and each Fund's portfolio management team; BlackRock's research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the nature and quality of the administrative and other non-investment advisory services provided to each Fund. BlackRock and its affiliates provide each Fund with certain administrative, shareholder and other services (in addition to any such services provided to each Fund by third parties) and officers and other personnel as are necessary for the operations of each Fund. In particular, BlackRock and its affiliates provide each Fund with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of other service providers including, among others, each Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing or managing administrative functions necessary for the operation of each Fund, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing each Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal & compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of each Fund and BlackRock: The Board, including the Independent Board Members, also reviewed and considered the performance history of each Fund. In preparation for the May Meeting, the Board was provided with reports independently prepared by Broadridge, which included a comprehensive analysis of each Fund's performance as of December 31, 2018. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, the Board received and reviewed information regarding the investment performance of each Fund as compared to its Performance Peers and a custom peer group of funds as defined by BlackRock ("Customized Peer Group"). The Board and its Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of each Fund throughout the year.

In evaluating performance, the Board focused particular attention on funds with less favorable performance records. The Board also noted that while it found the data provided by Broadridge generally useful, it recognized the limitations of such data, including in particular, that notable differences may exist between a fund and the Performance Peer funds (for example, the investment objective(s) and investment strategies). Further, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. The Board also acknowledged that long-term performance could be impacted by even one period of significant outperformance or underperformance, and that a single investment theme could have the ability to affect long-term performance disproportionately.

The Board noted that for each of the one, three and five-year periods reported, the High Yield V.I. Fund ranked in the second quartile against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the High Yield V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one, three and five-year periods reported, the Total Return V.I. Fund ranked in the second, third, and second quartiles, respectively, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Total Return V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Total Return V.I. Fund's underperformance during the applicable period.

The Board noted that for the one, three and five-year periods reported, the U.S. Government Bond V.I. Fund ranked in the third, third and second quartiles, respectively, against its Customized Peer Group. The Board noted that BlackRock believes that the Customized Peer Group is an appropriate performance metric for the U.S. Government Bond V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the U.S. Government Bond V.I. Fund's underperformance during the applicable periods.

C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with each Fund: The Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared each Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total expense ratio represents a fund's total net operating expenses, including any 12b-1 or non 12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers that benefit a fund, and the actual management fee rate gives effect to any management fee reimbursements or waivers that benefit a fund. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Board reviewed BlackRock's estimated profitability with respect to each Fund and other funds the Board currently oversees for the year ended December 31, 2018 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. The Board thus recognized that calculating and comparing profitability at individual fund levels is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

In addition, the Board considered the estimated cost of the services provided to each Fund by BlackRock, and BlackRock's and its affiliates' estimated profits relating to the management of each Fund and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Board reviewed BlackRock's methodology in allocating its costs of managing the Funds, to each Fund. The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreement and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk, and liability profile in servicing each Fund, including in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that the High Yield V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the High Yield V.I. Fund's Expense Peers. The Board also noted that the High Yield V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the aggregate assets of the High Yield V.I. Fund, combined with the assets of Total Return V.I. Fund, increase above certain contractually specified levels. The Board noted that if the size of the High Yield V.I. Fund or the Total Return V.I. Fund were to decrease, the High Yield V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the High Yield V.I. Fund's total expenses as a percentage of the High Yield V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the High Yield V.I. Fund on a class-by-class basis.

The Board noted that the Total Return V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Total Return V.I. Fund's Expense Peers. The Board also noted that the Total Return V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the aggregate assets of the Total Return V.I. Fund, combined with the assets of High Yield V.I. Fund, increase above certain contractually specified levels. The Board noted that if the size of the Total Return V.I. Fund or the High Yield V.I Fund were to decrease, the Total Return V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Total Return V.I. Fund's total expenses as a percentage of the Total Return V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Total Return V.I. Fund on a class-by-class basis.

The Board noted that the U.S. Government Bond V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and fourth quartiles, respectively, relative to the U.S. Government Bond V.I. Fund's Expense Peers. The Board also noted that the U.S. Government Bond V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the U.S. Government Bond V.I. Fund increases above certain contractually specified levels. The Board noted that if the size of the Fund were to decrease, the U.S. Government Bond V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the U.S. Government Bond V.I. Fund's total expenses as a percentage of the U.S. Government Bond V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the U.S. Government Bond V.I. Fund on a class-by-class basis. In addition, the Board noted that BlackRock has voluntarily agreed to waive a portion of the advisory fee payable by the U.S. Government Bond V.I. Fund. After discussion between the Board, including the Independent Board Members, and BlackRock, the Board and BlackRock agreed to increase the voluntary advisory fee waiver from 10 basis points to 26 basis points. The waiver increase was implemented on July 3, 2019.

D. Economies of Scale: The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of each Fund increase, including the existence of fee waivers and/or expense caps, as applicable, noting that any contractual fee waivers and expense caps had been approved by the Board. The Board also considered the extent to which each Fund benefits from such economies in a variety of ways, and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable each Fund to more fully participate in these economies of scale. The Board considered each Fund's asset levels and whether the current fee schedule was appropriate. In its consideration, the Board Members took into account the existence of any expense caps and further considered the continuation and/or implementation, as applicable, of such caps.

E. Other Factors Deemed Relevant by the Board Members: The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with each Fund, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to each Fund, including for administrative, distribution, securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreement, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the open-end fund marketplace, and that shareholders are able to redeem their Fund shares if they believe that each Fund's fees and expenses are too high or if they are dissatisfied with the performance of each Fund.

Conclusion

The Board, including the Independent Board Members, approved the continuation of the Advisory Agreement between the Manager and the Corporation, on behalf of each Fund, for a one-year term ending June 30, 2020. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreement were fair and reasonable and in the best interest of each Fund and its shareholders. In arriving at its decision to approve the Agreement, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Director and Officer Information

BlackRock Variable Series Funds, Inc.

Mark Stalnecker, Chair of the Board and Director
Bruce R. Bond, Director
Susan J. Carter, Director
Collette Chilton, Director
Neil A. Cotty, Director
Lena G. Goldberg, Director
Robert M. Hernandez, Director
Henry R. Keizer, Director
Cynthia A. Montgomery, Director
Donald C. Opatrny, Director
Joseph P. Platt, Director
Kenneth L. Urish, Director
Claire A. Walton, Director
Robert Fairbairn, Director
John M. Perlowski, Director, President and Chief Executive Officer
Jennifer McGovern, Vice President
Neal J. Andrews, Chief Financial Officer
Jay M. Fife, Treasurer
Charles Park, Chief Compliance Officer
John MacKessy, Anti-Money Laundering Compliance Officer
Benjamin Archibald, Secretary

Investment Adviser and Administrator
BlackRock Advisors, LLC
Wilmington, DE 19809

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BlackRock Asset Management [c]
North Asia Limited
Hong Kong

BlackRock (Singapore) Limited [c]
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New York, NY 10179

Transfer Agent
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Wilmington, DE 19809

Custodians
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Independent Registered Public Accounting Firm
Deloitte & Touche LLP
Boston, MA 02116

Distributor
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New York, NY 10022

Legal Counsel
Sidley Austin LLP
New York, NY 10019

Address of the Funds
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Wilmington, DE 19809

[a] For BlackRock Global Allocation V.I. Fund, BlackRock International V.I. Fund and BlackRock Large Cap Focus Growth V.I. Fund.
[b] For BlackRock International V.I. Fund and BlackRock Managed Volatility V.I. Fund.
[c] For BlackRock Managed Volatility V.I. Fund.

BlackRock Variable Series Funds II, Inc.

Richard E. Cavanagh, Co-Chair of the Board and Director
Karen P. Robards, Co-Chair of the Board and Director
Michael J. Castellano, Director
Cynthia L. Egan, Director
Frank J. Fabozzi, Director
Henry Gabbay, Director
R. Glenn Hubbard, Director
W. Carl Kester, Director
Catherine A. Lynch, Director
Robert Fairbairn, Director
John M. Perlowski, Director, President and Chief Executive Officer
Jennifer McGovern, Vice President
Neal J. Andrews, Chief Financial Officer
Jay M. Fife, Treasurer
Charles Park, Chief Compliance Officer
John MacKessy, Anti-Money Laundering Compliance Officer
Benjamin Archibald, Secretary

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100 Bellevue Parkway
Wilmington, DE 19809

Additional Information

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.

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 as an exhibit to its reports on Form N-PORT, and for reporting periods ended prior to March 31, 2019, filed such information on Form N-Q. The Funds' Forms N-PORT and N-Q are available on the SEC's website at http://www.sec.gov.The Funds' Forms N-PORT and 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

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