

Annual Report | December 31, 2020

Vanguard Variable Insurance Funds

Small Company Growth Portfolio

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Your Portfolio's Performance at a Glance

- For the 12 months ended December 31, 2020, the Small Company Growth Portfolio of Vanguard Variable Insurance Fund returned 23.18%. It lagged the 40.47% return of its benchmark, the Russell 2500 Growth Index.
- Stocks finished the year significantly higher, thanks in part to rapid and robust monetary and fiscal action by policymakers and the rollout of COVID-19 vaccines at the end of the year.
- Selection in information technology, consumer discretionary, health care, and industrials weighed on results the most. Our selection in communication services as well as our underweight positions in materials and real estate contributed most to relative performance.
- For the decade ended December 31, the fund produced an average annual return of 13.53%, below that of its benchmark.
- Please note that the portfolio returns in Vanguard Variable Insurance Fund are different from those in Vanguard Variable Annuity (and other plans that invest in the fund), which take into account insurance-related expenses.

Market Barometer

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

Advisors' Report

The Small Company Growth Portfolio returned 23.18% for the 12 months ended December 31, 2020. It lagged the 40.47% return of its benchmark, the Russell 2500 Growth Index.

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

The advisors, the amount and percentage of the portfolio's assets each manages, and brief descriptions of their investment strategies are presented in the accompanying table. Each advisor has also prepared a discussion of the investment environment that existed during the 12 months and its effect on the portfolio's positioning. These comments were prepared on January 20, 2021.

Vanguard Quantitative Equity Group Portfolio Managers:

James P. Stetler

Binbin Guo, Principal, Head of
Alpha Equity Investments

The investment environment

The emergence of COVID-19 in early 2020 turned into a global health crisis, and aggressive attempts to contain it resulted in a sharp downturn in economic activity. Unemployment spiked, and sectors where social distancing isn't possible were hit hard.

Stocks initially plummeted as infections surged, but they finished the year significantly higher, thanks in part to rapid and robust monetary and fiscal action by policymakers and the rollout of COVID-19 vaccines as the year drew to a close. The Standard & Poor's 500 Index returned 18.40% for the 12 months ended December 31, 2020, while the FTSE Global All-Cap ex US Index returned 11.24%.

The broad fixed income markets generated positive returns as many central banks slashed short-term interest rates and expanded or extended asset-purchase programs.

Investment objective and strategy

Although our portion of the portfolio's overall performance was affected by the macroeconomic factors we've described, our approach to investing focuses on specific stock fundamentals that we believe are more likely to produce outperformance over the long run. Those fundamentals include: high quality, management decisions, consistent earnings growth, strong market sentiment, and reasonable valuation.

Using these five themes, we generate a composite stock ranking, seeking to capitalize on investor biases. We then monitor our portfolio based on those rankings and adjust when appropriate to maximize expected return while minimizing exposure to risks that our research indicates do not improve returns (such as industry selection and other risks relative to our benchmark).

Our successes and shortfalls

Over the 12 months, our quality, growth, and management decisions models detracted from performance. Our sentiment model produced gains, and our valuation model was roughly neutral. Results lagged the benchmark in nine of 11 industry sectors, with communication services and materials producing positive results. Health care, industrials, and information technology detracted most from relative performance.

At the individual stock level, underweight allocations to Dexcom in health care and DocuSign in information technology were among the biggest detractors, as were overweights to Esperion Therapeutics in health care and Spirit AeroSystems and Huntington Ingalls in industrials. The strongest results came from overweighting communication services

companies TechTarget, Zynga, and Match Group. Our positions in materials companies Scotts Miracle-Gro and W.R. Grace also aided results.

We continue to believe that a portfolio focused on fundamentals will benefit investors over the long term, although we recognize that the market can reward or punish us in the near term. We believe our portfolio offers a strong mix of stocks with attractive valuations and high-quality, consistent earnings characteristics.

ArrowMark Partners Portfolio Managers:

Chad Meade, Partner

Brian Schaub, CFA, Partner

Investment environment

Through the first couple of weeks of 2020, equities extended their long bull run as the outlook for the global economy continued to brighten. This exuberance ended abruptly in late February, as the novel coronavirus that originated in China began to spread globally, requiring quarantines that shut down entire economies.

In response to stay-at-home orders, businesses shuttered their doors, ultimately resulting in more than 40 million Americans filing for unemployment. In the U.S., Congress passed a \$2.2 trillion relief package in March, while the Federal Reserve responded with unprecedented monetary stimulus. Equity markets rose significantly through the end of the year as election uncertainty cleared, COVID-19 vaccines from Moderna and Pfizer-BioNTech began to be administered, and Congress passed a second relief package aimed at small businesses and individuals.

Investment objective

Our investment process prioritizes the management of risk over the opportunity for return. Our goal is to build an

all-weather portfolio that can perform in a variety of market conditions. We look to build a portfolio that can mitigate capital losses on the downside and, secondarily, provide 100% upside participation during market recoveries.

Portfolio results

During the 12 months, our investment process was challenged because of investors' significant appetite for risk, likely driven by record-low 10-year U.S. Treasury yields. Companies suffering losses were significant outperformers as a whole, and the most expensive companies saw their price-to-sale multiples continue to expand through the year. Our valuation discipline led us to slower-growing but highly profitable companies that were out of favor.

Health care holdings delivered the largest positive contribution to returns during the fiscal year. Within the biotechnology industry, Immunomedics appreciated significantly. The company develops targeted treatments for cancer through its

antibody drug conjugate platform. The Food and Drug Administration approved the drug in April and it became commercially available in May, with sales quickly gaining momentum. Not surprisingly, the value of Immunomedics' drug platform attracted acquisition interest and, in September, the company accepted Gilead Sciences' buyout offer of \$21 billion, which was more than double Immunomedics' market capitalization at the time.

The largest individual contributor to performance during the 12 months was communication services company Pinterest, a social media platform where users create, manage, and share theme-based image collections. The company generates revenue through a targeted advertising model. The stock rallied after management reported extremely strong revenue growth as advertisers attempted to capitalize on stay-at-home mandates.

Information technology and industrials detracted from relative returns. In

information technology, both our underweight to this top-performing sector and several individual holdings adversely impacted performance. One of those was Belden, a diversified supplier of specialty network solutions to the enterprise and industrial markets. The company has repositioned the product portfolio to focus on higher-growth end markets such as industrial automation, smart buildings, cybersecurity, broadband, and 5G.

In industrials, Kirby, the largest U.S. supplier of inland marine transportation, hurt relative performance. After rallying during the second quarter on high utilization of its barges, the stock pulled back in the third quarter, as weak demand for refined oil resulting from pandemic-related travel restrictions led to decreased barge usage.

As always, we will continue to look for opportunities that can perform in a variety of market conditions and mitigate capital losses.

Small Company Growth Portfolio Investment Advisors

Investment Advisor	Portfolio Assets Managed		Investment Strategy
	%	\$ Million	
Vanguard Quantitative Equity Group	50	1,061	Employs a quantitative approach that focuses on fundamental factors, using models that assess valuation, growth prospects, management decisions, market sentiment, and earnings and balance-sheet quality of companies as compared with their peers.
ArrowMark Partners	48	1,037	The firm uses in-depth fundamental research to uncover companies that, in its opinion, can control their own economic destiny. It starts by identifying businesses with strong competitive advantages in industries with high barriers to entry, then narrows the focus to companies with large potential markets and high-quality business models focused on the future. Finally, considerations are made for potential downside risk, resulting in a diversified portfolio of between 75 and 100 stocks.
Cash Investments	2	32	These short-term reserves are invested by Vanguard in equity index products to simulate investment in stocks. Each advisor also may maintain a modest cash position.

About Your Portfolio's Expenses

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

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

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

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

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

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

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

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

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

Six Months Ended December 31, 2020

	Beginning Account Value 6/30/2020	Ending Account Value 12/31/2020	Expenses Paid During Period
Small Company Growth Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,336.06	\$1.76
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.63	1.53

The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.30%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/366).

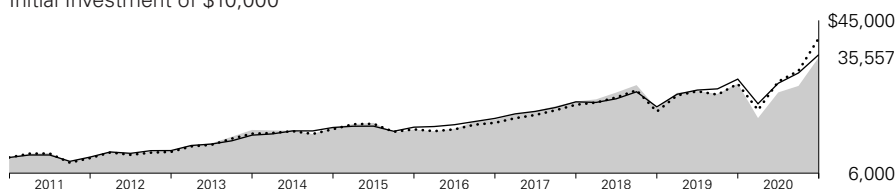
Small Company Growth Portfolio

Performance Summary

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

Cumulative Performance: December 31, 2010, Through December 31, 2020

Initial Investment of \$10,000



Average Annual Total Returns
Periods Ended December 31, 2020

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
■ Small Company Growth Portfolio	23.18%	15.74%	13.53%	\$35,557
..... Russell 2500 Growth Index	40.47	18.68	15.00	40,450
— Dow Jones U.S. Total Stock Market Float Adjusted Index	20.79	15.36	13.74	36,240

Portfolio Allocation

As of December 31, 2020

Communication Services	1.6%
Consumer Discretionary	12.9
Consumer Staples	1.5
Energy	0.1
Financials	3.4
Health Care	29.3
Industrials	18.7
Information Technology	28.1
Materials	1.8
Real Estate	1.3
Utilities	0.5
Other	0.8

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

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

Financial Statements

Schedule of Investments

As of December 31, 2020

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

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Common Stocks (97.1%)								
Communication Services (1.5%)								
* TechTarget Inc.	116,776	6,903	* Lumber Liquidators Holdings Inc.	45,473	1,398	* BJ's Wholesale Club Holdings Inc.	88,331	3,293
* Cargurus Inc.	208,737	6,623	* Sleep Number Corp.	16,630	1,361	* Boston Beer Co. Inc. Class A	3,061	3,043
* Match Group Inc.	33,339	5,041	* El Pollo Loco Holdings Inc.	75,000	1,358	* Herbalife Nutrition Ltd.	59,351	2,852
* Zynga Inc. Class A	452,005	4,461	* Camping World Holdings Inc. Class A	51,592	1,344	¹ B&G Foods Inc.	67,999	1,886
* Bandwidth Inc. Class A	20,316	3,122	* Big Lots Inc.	30,510	1,310	* Casey's General Stores Inc.	10,345	1,848
* Boingo Wireless Inc.	151,378	1,926	* PetMed Express Inc.	39,401	1,263	* USANA Health Sciences Inc.	13,428	1,035
* Zillow Group Inc. Class A	12,340	1,677	* YETI Holdings Inc.	16,710	1,144	* Beyond Meat Inc.	6,779	847
* Cardlytics Inc.	5,901	842	* Strategic Education Inc.	11,564	1,102	* Reynolds Consumer Products Inc.	26,976	810
* Vonage Holdings Corp.	51,490	663	* Pool Corp.	2,840	1,058	¹ National Beverage Corp.	9,190	780
* EverQuote Inc. Class A	16,287	608	* Ruth's Hospitality Group Inc.	55,279	980	* Vector Group Ltd.	58,270	679
* Glu Mobile Inc.	61,049	550	* Asbury Automotive Group Inc.	6,297	918	* TreeHouse Foods Inc.	15,580	662
* LiveXLive Media Inc.	63,390	208	* Deckers Outdoor Corp.	3,078	883	* Central Garden & Pet Co. Class A	17,496	636
		32,624	* Visteon Corp.	6,967	875	* Celsius Holdings Inc.	12,017	605
Consumer Discretionary (12.5%)			* Leslie's Inc.	28,637	795	* elf Beauty Inc.	16,158	407
* Skechers USA Inc. Class A	751,793	27,019	* Overstock.com Inc.	16,022	769	* Mission Produce Inc.	15,217	229
* Sally Beauty Holdings Inc.	1,803,132	23,513	* Master Craft Boat Holdings Inc.	30,495	758			29,999
* Hanesbrands Inc.	1,553,713	22,653	* Tempur Sealy International Inc.	27,446	741	Energy (0.1%)		
* frontdoor Inc.	441,305	22,158	* Scientific Games Corp. Class A	17,608	731	* Dorian LPG Ltd.	80,634	983
* Shutterstock Inc.	230,467	16,525	* Standard Motor Products Inc.	17,683	715	* Magnolia Oil & Gas Corp. Class A	107,338	758
* Etsy Inc.	83,735	14,897	* Malibu Boats Inc. Class A	10,059	628			1,741
* Vroom Inc.	311,211	12,750	* CarParts.com Inc.	49,817	617	Financials (3.3%)		
* Polaris Inc.	98,629	9,397	* Brinker International Inc.	10,196	577	* LPL Financial Holdings Inc.	176,743	18,420
* Carter's Inc.	80,296	7,553	* Sonos Inc.	21,019	492	* WisdomTree Investments Inc.	1,889,436	10,109
* Wingstop Inc.	52,419	6,948	* Waitr Holdings Inc.	176,543	491	* Primerica Inc.	54,134	7,250
* Grand Canyon Education Inc.	65,024	6,054	* Core-Mark Holding Co. Inc.	16,239	477	* Bank OZK	215,182	6,729
* Papa John's International Inc.	67,883	5,760	* Red Rock Resorts Inc. Class A	16,478	413	* Virtus Investment Partners Inc.	19,798	4,296
* Fox Factory Holding Corp.	53,361	5,641	* Lovesac Co.	9,044	390	* First Financial Bankshares Inc.	81,925	2,964
* RH	12,101	5,415	* 1-800-Flowers.com Inc. Class A	13,510	351	* Artisan Partners Asset Management Inc. Class A	54,639	2,751
* Planet Fitness Inc. Class A	64,786	5,029	* Churchill Downs Inc.	1,562	304	* Virtu Financial Inc. Class A	107,046	2,694
* TopBuild Corp.	26,734	4,921	* Wendy's Co.	9,981	219	* Brightsphere Investment Group Inc.	111,149	2,143
* PulteGroup Inc.	112,013	4,830	* Golden Entertainment Inc.	10,809	215	* Cowen Inc. Class A	75,274	1,956
* NVR Inc.	1,060	4,325	* Accel Entertainment Inc. Class A	21,068	213	* Kinsale Capital Group Inc.	8,697	1,741
* Murphy USA Inc.	32,105	4,202	* Noodles & Co. Class A	24,231	191	* Palomar Holdings Inc.	15,862	1,409
* Chegg Inc.	40,388	3,648	* GAN Ltd.	8,886	180	* Erie Indemnity Co. Class A	5,068	1,245
* Penn National Gaming Inc.	37,121	3,206	* Winnebago Industries Inc.	2,524	151	* Ares Management Corp. Class A	22,261	1,047
* Gentherm Inc.	47,948	3,127	* Aaron's Co. Inc.	2,593	49	* FactSet Research Systems Inc.	2,882	958
* Rent-A-Center Inc.	75,170	2,878			266,907	* Trupanion Inc.	6,890	825
* Caesars Entertainment Inc.	38,690	2,874	Consumer Staples (1.4%)			* Universal Insurance Holdings Inc.	51,576	779
* Stamps.com Inc.	12,907	2,532	* Coca-Cola Consolidated Inc.	22,006	5,860	* eHealth Inc.	8,275	584
* Dorman Products Inc.	28,492	2,474	* John B Sanfilippo & Son Inc.	57,411	4,527			
* Perdoceo Education Corp.	177,951	2,248						
* Service Corp. International	41,022	2,014						
* H&R Block Inc.	126,100	2,000						
* iRobot Corp.	22,983	1,845						
* Skyline Champion Corp.	51,116	1,582						
* Domino's Pizza Inc.	3,725	1,428						

Small Company Growth Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Prosperity Bancshares Inc.	6,690	464	* Ironwood Pharmaceuticals Inc. Class A	401,537	4,574	* Pulmonx Corp.	17,225	1,189
Westamerica BanCorp.	8,123	449	* CorVel Corp.	43,087	4,567	* MannKind Corp.	377,275	1,181
PROG Holdings Inc.	5,187	279	* Corcept Therapeutics Inc.	173,808	4,547	* Mirati Therapeutics Inc.	5,353	1,176
* Assetmark Financial Holdings Inc.	8,500	206	* Luminex Corp.	191,054	4,417	* Select Medical Holdings Corp.	42,511	1,176
PennyMac Financial Services Inc.	1,800	118	* Molina Healthcare Inc.	19,674	4,184	* CytoSorbents Corp.	141,955	1,131
		69,416	* Veeva Systems Inc. Class A	15,203	4,139	* Constellation Pharmaceuticals Inc.	39,163	1,128
Health Care (28.5%)			* Intellia Therapeutics Inc.	75,432	4,104	* 10X Genomics Inc. Class A	7,736	1,095
* BioTelemetry Inc.	357,635	25,778	* Emergent BioSolutions Inc.	45,464	4,074	* Karuna Therapeutics Inc.	10,573	1,074
STERIS plc	127,354	24,139	* IQVIA Holdings Inc.	22,260	3,988	* OraSure Technologies Inc.	100,409	1,063
* Merit Medical Systems Inc.	411,573	22,846	* Arvinas Inc.	45,579	3,871	* Kiniksa Pharmaceuticals Ltd. Class A	59,019	1,043
* Syneos Health Inc.	303,466	20,675	* iRhythm Technologies Inc.	15,746	3,735	* Minerva Neurosciences Inc.	425,897	997
* Quidel Corp.	114,156	20,508	* Encompass Health Corp.	44,180	3,653	* Precision BioSciences Inc.	118,241	986
* Hologic Inc.	209,522	15,259	* PerkinElmer Inc.	24,180	3,470	* ¹ Inovio Pharmaceuticals Inc.	110,779	980
* HealthEquity Inc.	206,687	14,408	* Hill-Rom Holdings Inc.	34,040	3,335	* Molecular Templates Inc.	104,194	978
* Cooper Cos. Inc.	34,075	12,380	* Ionis Pharmaceuticals Inc.	54,830	3,100	* US Physical Therapy Inc.	8,049	968
* Kodiak Sciences Inc.	83,313	12,240	* Alkermes plc	145,887	2,910	* PPD Inc.	26,564	909
* Axogen Inc.	628,653	11,253	* Guardant Health Inc.	22,363	2,882	* Inspire Medical Systems Inc.	4,487	844
* AMN Healthcare Services Inc.	159,716	10,901	* Schrodinger Inc.	35,662	2,824	* Black Diamond Therapeutics Inc.	26,251	841
* Sarepta Therapeutics Inc.	63,035	10,747	* Turning Point Therapeutics Inc.	22,776	2,775	* Radius Health Inc.	46,807	836
* Novocure Ltd.	60,047	10,391	* Ensign Group Inc.	36,765	2,681	* AtriCure Inc.	14,028	781
* MEDNAX Inc.	422,616	10,371	* Enanta Pharmaceuticals Inc.	60,163	2,533	* ChemoCentryx Inc.	12,427	769
* Omnicell Inc.	82,348	9,883	* Denali Therapeutics Inc.	29,483	2,470	* Cytokinetics Inc.	36,672	762
* Heron Therapeutics Inc.	461,129	9,760	* GenMark Diagnostics Inc.	169,085	2,469	* Accolade Inc.	17,438	759
* PRA Health Sciences Inc.	74,473	9,342	* Inovalon Holdings Inc. Class A	134,526	2,444	* Selecta Biosciences Inc.	250,077	758
* Chemed Corp.	17,257	9,191	* MacroGenics Inc.	103,882	2,375	* Codexis Inc.	34,145	745
* Deciphera Pharmaceuticals Inc.	160,468	9,158	* ¹ Esperion Therapeutics Inc.	89,561	2,329	* Fortress Biotech Inc.	233,336	740
* Nevro Corp.	48,704	8,431	* West Pharmaceutical Services Inc.	7,986	2,263	* ¹ VBI Vaccines Inc.	266,222	732
* Exact Sciences Corp.	60,516	8,018	* CareDx Inc.	29,608	2,145	* Vanda Pharmaceuticals Inc.	51,973	683
* Neurocrine Biosciences Inc.	82,677	7,925	* Providence Service Corp.	14,993	2,078	* Zogenix Inc.	32,345	647
* Sotera Health Co.	284,731	7,813	* AdaptHealth Corp. Class A	51,552	1,936	* SIGA Technologies Inc.	88,618	644
* Medpace Holdings Inc.	56,052	7,802	* Immunovant Inc.	41,535	1,919	* Calithera Biosciences Inc.	129,548	636
* Revance Therapeutics Inc.	272,767	7,730	* Bioxel Therapeutics Inc.	41,222	1,904	* Myriad Genetics Inc.	30,657	606
* ABIOMED Inc.	23,034	7,468	* Neogen Corp.	21,882	1,735	* Agenus Inc.	186,382	593
* Halozyme Therapeutics Inc.	168,090	7,179	* Tivity Health Inc.	86,067	1,686	* Invitae Corp.	14,148	592
* Natera Inc.	71,731	7,139	* Surmodics Inc.	37,910	1,650	* Protagonist Therapeutics Inc.	28,372	572
* Bruker Corp.	130,591	7,069	* Meridian Bioscience Inc.	86,721	1,621	* Silk Road Medical Inc.	9,084	572
* Travers Therapeutics Inc.	253,910	6,920	* Iovance Biotherapeutics Inc.	34,690	1,610	* Seres Therapeutics Inc.	22,049	540
* Avantar Inc.	243,244	6,847	* ¹ Precigen Inc.	153,813	1,569	* Fulgent Genetics Inc.	9,920	517
* Agios Pharmaceuticals Inc.	153,325	6,644	* Voyager Therapeutics Inc.	219,290	1,568	* Pieris Pharmaceuticals Inc.	190,939	477
* ¹ Ontrak Inc.	98,213	6,069	* Puma Biotechnology Inc.	152,472	1,564	* Apellis Pharmaceuticals Inc.	8,275	473
* Pacific Biosciences of California Inc.	230,897	5,989	* Novavax Inc.	13,660	1,523	* Syros Pharmaceuticals Inc.	41,972	455
* Acceleron Pharma Inc.	46,754	5,982	* Bluebird Bio Inc.	34,848	1,508	* Prestige Consumer Healthcare Inc.	12,346	431
* Charles River Laboratories International Inc.	23,000	5,747	* Omeros Corp.	100,883	1,441	* ICU Medical Inc.	1,975	424
* Integra LifeSciences Holdings Corp.	84,091	5,459	* ImmunoGen Inc.	220,353	1,421	* Pliant Therapeutics Inc.	17,905	407
* Ultragenyx Pharmaceutical Inc.	37,629	5,209	* Surgery Partners Inc.	44,523	1,292	* Phibro Animal Health Corp. Class A	19,844	385
* Allakos Inc.	36,597	5,124	* Bio-Techne Corp.	3,922	1,245	* Vir Biotechnology Inc.	14,286	383
* Tenet Healthcare Corp.	123,605	4,936	* Pennant Group Inc.	21,188	1,230	* Sientra Inc.	97,196	378
* LHC Group Inc.	22,753	4,854	* ¹ Ligand Pharmaceuticals Inc.	12,046	1,198	* Karyopharm Therapeutics Inc.	23,988	371
* Horizon Therapeutics plc	65,347	4,780	* ACADIA Pharmaceuticals Inc.	22,302	1,192	* ¹ Marinus Pharmaceuticals Inc.	28,667	350
* Haemonetics Corp.	40,220	4,776				* Passage Bio Inc.	12,516	320
* Masimo Corp.	17,719	4,755						
* SpringWorks Therapeutics Inc.	65,351	4,739						
* Viking Therapeutics Inc.	831,286	4,680						

Small Company Growth Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
* CytomX Therapeutics Inc.	48,143	315	* Sunrun Inc.	41,706	2,894	* Enphase Energy Inc.	74,612	13,092
* Cue Biopharma Inc.	23,438	293	* Mueller Industries Inc.	81,751	2,870	* Nuance Communications Inc.	290,871	12,825
* Fate Therapeutics Inc.	3,048	277	* Graco Inc.	37,767	2,732	* Fair Isaac Corp.	24,715	12,630
* Jounce Therapeutics Inc.	37,884	265	* Fortune Brands Home & Security Inc.	29,090	2,494	* 8x8 Inc.	312,644	10,777
* BioSig Technologies Inc.	64,280	251	* Allison Transmission Holdings Inc.	50,755	2,189	* Teradyne Inc.	87,605	10,503
* Paratek Pharmaceuticals Inc.	39,185	245	* Tetra Tech Inc.	18,840	2,181	* Booz Allen Hamilton Holding Corp. Class A	120,381	10,495
*.1 Co-Diagnostics Inc.	25,352	236	* Upwork Inc.	61,774	2,132	* Five9 Inc.	57,534	10,034
* Mersana Therapeutics Inc.	8,743	233	* Hubbell Inc. Class B	13,282	2,082	* New Relic Inc.	143,844	9,407
* Twist Bioscience Corp.	1,561	221	* Exponent Inc.	23,008	2,071	* Workiva Inc. Class A	94,833	8,689
* Durect Corp.	103,948	215	* SiteOne Landscape Supply Inc.	12,268	1,946	* FireEye Inc.	365,971	8,439
* Replimune Group Inc.	5,357	204	* Robert Half International Inc.	30,177	1,885	* Manhattan Associates Inc.	79,412	8,353
* Ideaya Biosciences Inc.	12,528	175	* Enerpac Tool Group Corp. Class A	81,985	1,854	* SolarEdge Technologies Inc.	25,489	8,134
* CryoPort Inc.	3,775	166	* AAON Inc.	27,309	1,820	* Anaplan Inc.	104,528	7,510
* Acutus Medical Inc.	5,006	144	* Applied Industrial Technologies Inc.	21,901	1,708	* Domo Inc. Class B	106,171	6,771
* Recro Pharma Inc.	49,143	140	* McGrath RentCorp.	24,904	1,671	* ChannelAdvisor Corp.	422,395	6,750
* Electromed Inc.	11,616	114	* Masonite International Corp.	13,981	1,375	* Jabil Inc.	155,570	6,616
*.1 Cassava Sciences Inc.	16,164	110	* Steelcase Inc. Class A	90,963	1,233	* Cadence Design Systems Inc.	47,961	6,543
* Ovid therapeutics Inc.	45,031	104	* Array Technologies Inc.	26,012	1,122	* Fortinet Inc.	42,286	6,281
* Bellerophon Therapeutics Inc.	14,592	97	* Vicor Corp.	11,696	1,079	* Synaptics Inc.	64,628	6,230
* Accelerate Diagnostics Inc.	12,377	94	* Ameresco Inc. Class A	19,088	997	* Atlassian Corp. plc Class A	26,255	6,140
* Akebia Therapeutics Inc.	31,453	88	*.1 Alpha Pro Tech Ltd.	79,499	886	* SS&C Technologies Holdings Inc.	84,322	6,134
* Arcturus Therapeutics Holdings Inc.	1,827	79	* Shyft Group Inc.	30,625	869	* Zebra Technologies Corp. Class A	15,393	5,916
* Assembly Biosciences Inc.	11,583	70	* Douglas Dynamics Inc.	19,189	821	* Box Inc. Class A	325,569	5,877
*.1 Vaxart Inc.	11,546	66	* CAI International Inc.	26,233	820	* EPAM Systems Inc.	16,031	5,745
		606,361	* MasTec Inc.	10,462	713	* MAXIMUS Inc.	75,947	5,559
Industrials (18.1%)			* Werner Enterprises Inc.	17,924	703	* Teradata Corp.	237,913	5,346
* Generac Holdings Inc.	128,906	29,314	* Atlas Air Worldwide Holdings Inc.	12,687	692	* CDW Corp.	40,450	5,331
* Ritchie Bros Auctioneers Inc.	413,669	28,771	* Trex Co. Inc.	8,061	675	* HubSpot Inc.	13,247	5,252
* TriNet Group Inc.	334,518	26,962	* Systemax Inc.	18,547	666	* TTEC Holdings Inc.	70,278	5,125
* Sensata Technologies Holding plc	496,380	26,179	* American Woodmark Corp.	6,947	652	* MongoDB Inc.	13,820	4,962
* ABM Industries Inc.	532,023	20,132	* Gibraltar Industries Inc.	8,562	616	* Avalara Inc.	29,446	4,855
* Matson Inc.	309,552	17,635	* Lindsay Corp.	4,548	584	* Verint Systems Inc.	72,039	4,840
* Clean Harbors Inc.	221,374	16,847	* MSA Safety Inc.	3,904	583	* Silicon Laboratories Inc.	35,769	4,555
* Kirby Corp.	267,280	13,853	* SPX Corp.	9,778	533	* Wix.com Ltd.	17,499	4,374
* Middleby Corp.	101,979	13,147	* Daseke Inc.	78,250	455	* Fastly Inc. Class A	49,833	4,354
* Tennant Co.	186,643	13,097	* National Presto Industries Inc.	4,939	437	*.1 SunPower Corp.	168,340	4,316
* Forward Air Corp.	167,935	12,904	* Primoris Services Corp.	14,604	403	* SPS Commerce Inc.	38,739	4,207
* CH Robinson Worldwide Inc.	134,622	12,637	* Echo Global Logistics Inc.	11,174	300	* FormFactor Inc.	95,684	4,116
* John Bean Technologies Corp.	99,489	11,329	* CoreLogic Inc.	3,473	269	* Digital Turbine Inc.	70,496	3,987
* Cimpress plc	115,351	10,121	* Nordson Corp.	1,333	268	*.1 Sumo Logic Inc.	128,908	3,684
* Woodward Inc.	70,716	8,594	* Bloom Energy Corp. Class A	9,021	259	* Diodes Inc.	51,848	3,655
* Builders FirstSource Inc.	194,826	7,951	* Acuity Brands Inc.	1,907	231	* Cornerstone OnDemand Inc.	81,666	3,597
* Landstar System Inc.	53,034	7,142	* Mastech Digital Inc.	13,130	209	* Bill.Com Holdings Inc.	25,423	3,470
* GMS Inc.	199,252	6,073	* Helios Technologies Inc.	3,755	200	* Cirrus Logic Inc.	41,396	3,403
* Allegion plc	52,145	6,069			386,363	* StoneCo. Ltd. Class A	38,300	3,214
* Kennametal Inc.	154,973	5,616	Information Technology (27.3%)			* MACOM Technology Solutions Holdings Inc. Class H	56,893	3,131
* Atkore International Group Inc.	132,208	5,435	* J2 Global Inc.	325,263	31,775	* eGain Corp.	257,311	3,039
* Heartland Express Inc.	271,352	4,911	* ON Semiconductor Corp.	874,099	28,609	* CDK Global Inc.	57,106	2,960
* BWX Technologies Inc.	80,415	4,847	* 2U Inc.	514,196	20,573	* Brooks Automation Inc.	43,246	2,934
* Kforce Inc.	105,735	4,450	* Proofpoint Inc.	144,172	19,667	* Monolithic Power Systems Inc.	7,854	2,876
* Great Lakes Dredge & Dock Corp.	297,029	3,912	* Pluralsight Inc. Class A	831,202	17,422	* Model N Inc.	79,699	2,844
* UFP Industries Inc.	67,783	3,765	* Euronet Worldwide Inc.	119,349	17,296	* Calix Inc.	95,453	2,841
* Boise Cascade Co.	78,016	3,729	* Belden Inc.	344,872	14,450	* Zscaler Inc.	13,314	2,659
* Plug Power Inc.	99,194	3,364	* Trimble Inc.	213,961	14,286	* Elastic NV	17,234	2,518
* Franklin Electric Co. Inc.	46,327	3,206	* Zendesk Inc.	96,001	13,740	* Alteryx Inc. Class A	19,590	2,386
* EMCOR Group Inc.	34,897	3,192	* SolarWinds Corp.	913,939	13,663	* Avaya Holdings Corp.	122,331	2,343
			* Gartner Inc.	82,613	13,234	* Alarm.com Holdings Inc.	22,584	2,336

Small Company Growth Portfolio

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
* Ceridian HCM Holding Inc.	21,728	2,315	* DSP Group Inc.	15,480	257	Brookfield Infrastructure Corp. Class A	16,841	1,218
* Perspecta Inc.	95,647	2,303	* PDF Solutions Inc.	10,930	236	Clearway Energy Inc. Class A	37,555	1,110
* Unisys Corp.	112,046	2,205	* LivePerson Inc.	3,783	235	California Water Service Group	8,882	480
* NeoPhotonics Corp.	228,967	2,081	* GTT Communications Inc.	44,847	160			9,391
* Amkor Technology Inc.	132,601	2,000			581,814			
CSG Systems International Inc.	40,732	1,836	Materials (1.8%)			Total Common Stocks (Cost \$1,648,083)		2,067,149
* Avid Technology Inc.	114,851	1,823	Scotts Miracle-Gro Co.	41,025	8,170	Temporary Cash Investments (5.3%)		
* A10 Networks Inc.	182,417	1,799	Graphic Packaging Holding Co.	411,204	6,966	Money Market Fund (5.2%)		
* Agilysys Inc.	45,798	1,758	Element Solutions Inc.	293,005	5,195	^{3,4} Vanguard Market Liquidity Fund, 0.111 %	1,105,505	110,550
* Cloudflare Inc. Class A	21,983	1,670	Myers Industries Inc.	196,293	4,079			Face Amount (\$000)
* Itron Inc.	17,324	1,661	RPM International Inc.	33,479	3,039			
* Veritone Inc.	55,491	1,579	Louisiana-Pacific Corp.	74,996	2,788			
* International Money Express Inc.	100,184	1,555	Royal Gold Inc.	23,274	2,475			
* Lattice Semiconductor Corp.	32,839	1,505	Sealed Air Corp.	43,728	2,002			
* Sitime Corp.	13,021	1,457	Avery Dennison Corp.	8,259	1,281			
* Plantronics Inc.	53,541	1,447	Sensient Technologies Corp.	11,241	829			
* Extreme Networks Inc.	205,165	1,414	O-I Glass Inc.	31,064	370			
* Paylocity Holding Corp.	6,516	1,342	* Forterra Inc.	20,496	353			
* Comm Scope Holding Co. Inc.	96,312	1,291	* Koppers Holdings Inc.	9,186	286			
* Brightcove Inc.	65,784	1,210			37,833			
* Everbridge Inc.	7,635	1,138	Other (0.8%)			U.S. Government and Agency Obligations (0.1%)		
* Sailpoint Technologies Holdings Inc.	19,882	1,059	* Jaws Acquisition Corp. Class A	1,267,735	17,000	⁵ U.S. Cash Management Bill, 0.083%, 3/30/21	300	300
* Nutanix Inc. Class A	31,660	1,009	^{*,2} Nupathe Inc. CVR	345,900	—	⁵ U.S. Treasury Bill, 0.096%, 1/28/21	1,148	1,148
* Perficient Inc.	20,799	991			17,000	⁵ U.S. Treasury Bill, 0.116%, 2/16/21	1,465	1,465
* Lumentum Holdings Inc.	10,174	964						2,913
* PagerDuty Inc.	21,346	890	Real Estate (1.3%)			Total Temporary Cash Investments (Cost \$113,467)		113,463
* Sprout Social Inc. Class A	19,429	882	* Redfin Corp.	144,577	9,922	Total Investments (102.4%) (Cost \$1,761,550)		2,180,612
* QAD Inc. Class A	13,129	829	Uniti Group Inc.	345,578	4,054	Other Assets and Liabilities—Net (-2.4%)		(50,629)
* Benefitfocus Inc.	54,762	793	Iron Mountain Inc.	126,082	3,717	Net Assets (100%)		2,129,983
* Axcelis Technologies Inc.	26,834	781	PS Business Parks Inc.	23,204	3,083			
* Ultra Clean Holdings Inc.	23,466	731	¹ GEO Group Inc.	238,664	2,115			
* NCR Corp.	17,474	657	Innovative Industrial Properties Inc.	6,755	1,237			
* Infinera Corp.	58,792	616	National Health Investors Inc.	14,841	1,027			
* NIC Inc.	22,686	586	Equity LifeStyle Properties Inc.	9,715	616			
* BigCommerce Holdings Inc. Series 1	9,129	586	CatchMark Timber Trust Inc. Class A	49,044	459			
* ePlus Inc.	6,264	551	Universal Health Realty Income Trust	5,167	332			
* Black Knight Inc.	5,842	516	CareTrust REIT Inc.	14,665	325			
* MicroStrategy Inc. Class A	1,325	515	Alexander's Inc.	1,022	283			
* PFSweb Inc.	73,268	493	American Finance Trust Inc.	37,389	278			
* Mitek Systems Inc.	24,289	432	LTC Properties Inc.	6,483	252			
* CEVA Inc.	9,344	425			27,700			
* Sanmina Corp.	11,637	371	Utilities (0.5%)					
* Progress Software Corp.	8,065	364	American States Water Co.	53,685	4,268			
* Xperi Holding Corp.	14,060	294	Ormat Technologies Inc.	25,647	2,315			
* VirnetX Holding Corp.	52,697	266						
* Badger Meter Inc.	2,776	261						

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
E-mini Russell 2000 Index	March 2021	618	61,021	1,922

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

Statement of Assets and Liabilities

As of December 31, 2020

(\$000s, except shares and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$1,650,996)	2,070,062
Affiliated Issuers (Cost \$110,554)	110,550
Total Investments in Securities	2,180,612
Investment in Vanguard	79
Cash	1,076
Cash Collateral Pledged—Futures Contracts	150
Receivables for Investment Securities Sold	1,063
Receivables for Accrued Income	545
Receivables for Capital Shares Issued	415
Total Assets	2,183,940
Liabilities	
Payables for Investment Securities Purchased	1,080
Collateral for Securities on Loan	25,057
Payables to Investment Advisor	383
Payables for Capital Shares Redeemed	27,112
Payables to Vanguard	258
Variation Margin Payable—Futures Contracts	67
Total Liabilities	53,957
Net Assets	2,129,983

At December 31, 2020, net assets consisted of:

Paid-in Capital	1,595,403
Total Distributable Earnings (Loss)	534,580
Net Assets	2,129,983
Net Assets	
Applicable to 86,965,207 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	2,129,983
Net Asset Value Per Share	\$24.49

Statement of Operations

	Year Ended December 31, 2020
	(\$000)
Investment Income	
Income	
Dividends	12,660
Interest ¹	430
Securities Lending—Net	1,831
Total Income	14,921
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	2,509
Performance Adjustment	(344)
The Vanguard Group—Note C	
Management and Administrative	3,010
Marketing and Distribution	182
Custodian Fees	25
Auditing Fees	30
Shareholders' Reports	35
Trustees' Fees and Expenses	2
Total Expenses	5,449
Net Investment Income	9,472
Realized Net Gain (Loss)	
Investment Securities Sold ¹	100,373
Futures Contracts	8,838
Realized Net Gain (Loss)	109,211
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ¹	268,991
Futures Contracts	1,245
Change in Unrealized Appreciation (Depreciation)	270,236
Net Increase (Decrease) in Net Assets Resulting from Operations	388,919

¹ Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$409,000, \$38,000, and \$4,000, respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

	Year Ended December 31,	
	2020 (\$000)	2019 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	9,472	12,062
Realized Net Gain (Loss)	109,211	174,524
Change in Unrealized Appreciation (Depreciation)	270,236	302,576
Net Increase (Decrease) in Net Assets Resulting from Operations	388,919	489,162
Distributions¹		
Total Distributions	(190,506)	(234,887)
Capital Share Transactions		
Issued	190,807	241,143
Issued in Lieu of Cash Distributions	190,506	234,887
Redeemed	(560,869)	(446,197)
Net Increase (Decrease) from Capital Share Transactions	(179,556)	29,833
Total Increase (Decrease)	18,857	284,108
Net Assets		
Beginning of Period	2,111,126	1,827,018
End of Period	2,129,983	2,111,126

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

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2020	2019	2018	2017	2016
Net Asset Value, Beginning of Period	\$23.08	\$20.30	\$24.62	\$21.50	\$20.79
Investment Operations					
Net Investment Income	.102 ¹	.128 ¹	.123 ¹	.109 ¹	.116
Net Realized and Unrealized Gain (Loss) on Investments	3.521	5.323	(1.563)	4.652	2.547
Total from Investment Operations	3.623	5.451	(1.440)	4.761	2.663
Distributions					
Dividends from Net Investment Income	(.143)	(.118)	(.103)	(.111)	(.074)
Distributions from Realized Capital Gains	(2.070)	(2.553)	(2.777)	(1.530)	(1.879)
Total Distributions	(2.213)	(2.671)	(2.880)	(1.641)	(1.953)
Net Asset Value, End of Period	\$24.49	\$23.08	\$20.30	\$24.62	\$21.50
Total Return	23.18%	28.05%	-7.22%	23.46%	14.94%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$2,130	\$2,111	\$1,827	\$1,750	\$1,397
Ratio of Total Expenses to Average Net Assets ²	0.30%	0.32%	0.32%	0.34%	0.36%
Ratio of Net Investment Income to Average Net Assets	0.52%	0.59%	0.52%	0.48%	0.58%
Portfolio Turnover Rate	53%	58%	66%	93%	91%

¹ Calculated based on average shares outstanding.

² Includes performance-based investment advisory fee increases (decreases) of (0.02%), 0.01%, 0.01%, 0.00%, and 0.00%.

Notes to Financial Statements

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

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

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

2. **Futures Contracts:** The portfolio uses index futures contracts to a limited extent, with the objective of maintaining full exposure to the stock market while maintaining liquidity. The portfolio may purchase or sell futures contracts to achieve a desired level of investment, whether to accommodate portfolio turnover or cash flows from capital share transactions. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the portfolio and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the portfolio trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the portfolio's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any securities pledged as initial margin for open contracts are noted in the Schedule of Investments.

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

During the year ended December 31, 2020, the portfolio's average investments in long and short futures contracts represented 3% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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

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

5. **Securities Lending:** To earn additional income, the portfolio lends its securities to qualified institutional borrowers. Security loans are subject to termination by the portfolio at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled on the next business day. The portfolio further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the portfolio may experience delays and costs in recovering the securities loaned. The portfolio invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the portfolio is entitled to all distributions made on or in respect of the loaned securities.

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

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

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

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

B. The investment advisory firm ArrowMark Colorado Holdings, LLC, provides investment advisory services to a portion of the portfolio for a fee calculated at an annual percentage rate of average net assets managed by the advisor. The basic fee of ArrowMark Colorado Holdings, LLC, is subject to quarterly adjustments based on performance relative to the Russell 2500 Growth Index since March 31, 2016.

Vanguard provides investment advisory services to a portion of the portfolio as described below; the portfolio paid Vanguard advisory fees of \$737,000 for the year ended December 31, 2020.

For the year ended December 31, 2020, the aggregate investment advisory fee paid to all advisors represented an effective annual basic rate of 0.14% of the portfolio's average net assets, before a decrease of of \$344,000 (0.02%) based on performance.

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

Upon the request of Vanguard, the portfolio may invest up to 0.40% of its net assets as capital in Vanguard. At December 31, 2020, the portfolio had contributed to Vanguard capital in the amount of \$79,000, representing less than 0.01% of the portfolio's net assets and 0.03% of Vanguard's capital received pursuant to the FSA. The portfolio's trustees and officers are also directors and employees, respectively, of Vanguard.

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

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

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

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

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

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stocks	2,067,149	—	—	2,067,149
Temporary Cash Investments	110,550	2,913	—	113,463
Total	2,177,699	2,913	—	2,180,612
Derivative Financial Instruments				
Liabilities				
Futures Contracts ¹	67	—	—	67

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

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

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

	Amount (\$000)
Undistributed Ordinary Income	75,183
Undistributed Long-Term Gains	40,416
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	418,981

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2020 Amount (\$000)	2019 Amount (\$000)
Ordinary Income*	15,395	53,162
Long-Term Capital Gains	175,111	181,725
Total	190,506	234,887

* Includes short-term capital gains, if any.

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

	Amount (\$000)
Tax Cost	1,761,631
Gross Unrealized Appreciation	548,114
Gross Unrealized Depreciation	(129,133)
Net Unrealized Appreciation (Depreciation)	418,981

F. During the year ended December 31, 2020, the portfolio purchased \$939,094,000 of investment securities and sold \$1,274,935,000 of investment securities, other than temporary cash investments.

G. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2020 Shares (000)	2019 Shares (000)
Issued	10,624	11,011
Issued in Lieu of Cash Distributions	13,855	11,101
Redeemed	(28,989)	(20,656)
Net Increase (Decrease) in Shares Outstanding	(4,510)	1,456

At December 31, 2020, one shareholder (an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders) was the record or beneficial owner of 46% of the portfolio's net assets. If this shareholder was to redeem its investment in the portfolio, the redemption might result in an increase in the portfolio's expense ratio, cause the portfolio to incur higher transaction costs, or lead to the realization of taxable capital gains.

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

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Small Company Growth Portfolio

Opinion on the Financial Statements

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

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

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

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

Special 2020 tax information (unaudited) for corporate shareholders only for Small Company Growth Portfolio, a portfolio of Vanguard Variable Insurance Funds

The portfolio distributed \$175,111,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

For corporate shareholders, 13.8% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

The People Who Govern Your Fund

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

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

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

Interested Trustee¹

Mortimer J. Buckley

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

Independent Trustees

Emerson U. Fullwood

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

Amy Gutmann

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

F. Joseph Loughrey

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

Mark Loughridge

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

Scott C. Malpass

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

Deanna Mulligan

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

Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

André F. Perold

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

Sarah Bloom Raskin

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

Peter F. Volanakis

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

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

Executive Officers

John Bendl

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

Christine M. Buchanan

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

David Cermak

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

John Galloway

Born in 1973. Principal occupation(s) during the past five years and other experience: principal of Vanguard.

Investment stewardship officer (September 2020–present) of each of the investment companies served by Vanguard. Head of Investor Advocacy (February 2020–present) and head of Marketing Strategy and Planning (2017–2020) at Vanguard. Deputy assistant to the President of the United States (2015).

Thomas J. Higgins

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

Peter Mahoney

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

Anne E. Robinson

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

Michael Rollings

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

John E. Schadl

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

Vanguard Senior Management Team

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

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



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

All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

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

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