

**Annual Report** | December 31, 2020

## Vanguard Variable Insurance Funds

Total International Stock Market Index Portfolio

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# Total International Stock Market Index Portfolio

## Your Portfolio's Performance at a Glance

- The Total International Stock Market Index Portfolio of Vanguard Variable Insurance Funds returned 11.18% for the 12 months ended December 31, 2020, closely tracking the performance of its benchmark, the FTSE Global All Cap ex US Index, which returned 11.24%. Please note that the portfolio's returns are different from those in Vanguard Variable Annuity (and other plans that invest in the portfolio), which take into account insurance-related expenses.
- 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.
- As a fund of funds, the Total International Stock Market Index Portfolio seeks to capture the returns of its target benchmark by investing in underlying funds that offer broad coverage of emerging markets and developed markets outside the U.S. The portfolio provides diversified exposure to multiple regions, markets, and industry sectors and includes stocks from across the market-capitalization spectrum.
- All of the portfolio's underlying funds posted positive gains for the year, led by Vanguard Pacific Stock Index Fund and Vanguard Emerging Markets Stock Index Fund.

### Market Barometer

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

## About Your Portfolio's Expenses

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

A typical portfolio's expenses are expressed as a percentage of its average net assets. The Total International Stock Market Index Portfolio has no direct expenses, but bears its proportionate share of the expenses of the underlying funds in which it invests. These indirect expenses make up the acquired fund fees and expenses, also expressed as a percentage of average net assets. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your portfolio and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period. The costs were calculated using the acquired fund fees and expenses for the Total International Stock Market Index Portfolio.

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

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

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

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

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

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

You can find more information about the portfolio's expenses in the Financial Statements section. For additional information on operating expenses and other shareholder costs, please refer to the prospectus.

### Six Months Ended December 31, 2020

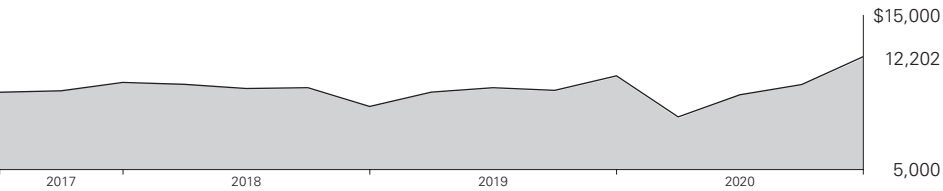
	Beginning Account Value 6/30/2020	Ending Account Value 12/31/2020	Expenses Paid During Period
Total International Stock Market Index Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,244.85	\$0.56
Based on Hypothetical 5% Yearly Return	1,000.00	1,074.63	0.52

The calculations are based on the Total International Stock Market Index Portfolio's acquired fund fees and expenses for the most recent six-month period. The Total International Stock Market Index Portfolio's annualized expense figure for that period is 0.10%. The dollar amounts shown as "Expenses Paid" are equal to the annualized average weighted expense ratio for the underlying funds, multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the recent 12-month period (184/366).

## Performance Summary

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

Cumulative Performance: September 7, 2017–December 31, 2020  
Initial Investment of \$10,000



	Average Annual Total Returns		Final Value of a \$10,000 Investment
	One Year	Since Inception (9/7/2017)	
Total International Stock Market Index Portfolio	11.18%	6.19%	\$12,202
FTSE Global All Cap ex US Index	11.24	6.45	12,303

"Since Inception" performance is calculated from the portfolio's inception date for both the portfolio and its comparative standard(s).

# Underlying Vanguard Funds

As of December 31, 2020

Vanguard FTSE All-World ex-US Index Fund Admiral Shares	28.0%
Vanguard Developed Markets Index Fund Admiral Shares	27.9
Vanguard Emerging Markets Stock Index Fund Admiral Shares	18.0
Vanguard European Stock Index Fund Admiral Shares	12.2
Vanguard Pacific Stock Index Fund Admiral Shares	9.1
Vanguard FTSE All-World ex-US Small-Cap Index Fund Admiral Shares	3.1
Vanguard FTSE Canada All Cap Index ETF	1.7

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

## Financial Statements

### Schedule of Investments

As of December 31, 2020

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

	Shares	Market Value* (\$000)
<b>Investment Companies (100.0%)</b>		
<b>International Stock Funds (100.0%)</b>		
Vanguard FTSE All-World ex-US Index Fund Admiral Shares	6,928,329	251,845
Vanguard Developed Markets Index Fund Admiral Shares	16,462,462	250,723
Vanguard Emerging Markets Stock Index Fund Admiral Shares	3,889,244	162,104
Vanguard European Stock Index Fund Admiral Shares	1,444,441	109,604
Vanguard Pacific Stock Index Fund Admiral Shares	831,963	81,799
Vanguard FTSE All-World ex-US Small-Cap Index Fund Admiral Shares	925,199	27,885
Vanguard FTSE Canada All Cap Index ETF	547,842	15,059
<b>Total Investment Companies (Cost \$791,203)</b>		<b>899,019</b>
<b>Temporary Cash Investment (0.1%)</b>		
<b>Money Market Fund (0.1%)</b>		
<sup>1</sup> Vanguard Market Liquidity Fund, 0.111% (Cost \$374)	3,733	374
<b>Total Investments (100.1%) (Cost \$791,577)</b>		<b>899,393</b>
<b>Other Assets and Liabilities—Net (-0.1%)</b>		<b>(516)</b>
<b>Net Assets (100%)</b>		<b>898,877</b>

Cost is in \$000.

• See Note A in Notes to Financial Statements.

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

## Statement of Assets and Liabilities

As of December 31, 2020

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value—Affiliated Funds (Cost \$791,577)	899,393
Receivables for Investment Securities Sold	127
Receivables for Accrued Income	86
Receivables for Capital Shares Issued	160
<b>Total Assets</b>	<b>899,766</b>
<b>Liabilities</b>	
Payables for Capital Shares Redeemed	889
<b>Total Liabilities</b>	<b>889</b>
<b>Net Assets</b>	<b>898,877</b>

At December 31, 2020, net assets consisted of:

Paid-in Capital	767,387
Total Distributable Earnings (Loss)	131,490
<b>Net Assets</b>	<b>898,877</b>
<b>Net Assets</b>	
Applicable to 39,112,099 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	898,877
<b>Net Asset Value Per Share</b>	<b>\$22.98</b>



## Statement of Operations

	Year Ended December 31, 2020
	(\$000)
<b>Investment Income</b>	
<b>Income</b>	
Income Distributions Received from Affiliated Funds <sup>1</sup>	16,188
<b>Net Investment Income—Note B</b>	<b>16,188</b>
<b>Realized Net Gain (Loss)</b>	
Capital Gain Distributions Received from Affiliated Funds	—
Affiliated Funds Sold	8,702
Foreign Currencies	7
<b>Realized Net Gain (Loss)</b>	<b>8,709</b>
<b>Change in Unrealized Appreciation (Depreciation) from Affiliated Funds</b>	<b>100,451</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>125,348</b>

<sup>1</sup> Dividends are net of foreign withholding taxes of \$58,000.

## Statement of Changes in Net Assets

	Year Ended December 31,	
	2020 (\$000)	2019 (\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	16,188	10,299
Realized Net Gain (Loss)	8,709	3,231
Change in Unrealized Appreciation (Depreciation)	100,451	40,254
Net Increase (Decrease) in Net Assets Resulting from Operations	125,348	53,784
<b>Distributions<sup>1</sup></b>		
Total Distributions	(14,480)	(5,019)
<b>Capital Share Transactions</b>		
Issued	549,846	207,150
Issued in Lieu of Cash Distributions	14,480	5,019
Redeemed	(178,307)	(59,021)
Net Increase (Decrease) from Capital Share Transactions	386,019	153,148
Total Increase (Decrease)	496,887	201,913
<b>Net Assets</b>		
<b>Beginning of Period</b>	<b>401,990</b>	<b>200,077</b>
<b>End of Period</b>	<b>898,877</b>	<b>401,990</b>

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

## Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,			Sept. 7, 2017 <sup>1</sup> to Dec. 31, 2017
	2020	2019	2018	2017
<b>Net Asset Value, Beginning of Period</b>	<b>\$21.38</b>	<b>\$17.94</b>	<b>\$21.15</b>	<b>\$20.00</b>
<b>Investment Operations</b>				
Net Investment Income <sup>2</sup>	.487	.691	.646	.341
Capital Gain Distributions Received <sup>2</sup>	—	—	—	—
Net Realized and Unrealized Gain (Loss) on Investments	1.645	3.134	(3.716)	.809
Total from Investment Operations	2.132	3.825	(3.070)	1.150
<b>Distributions</b>				
Dividends from Net Investment Income	(.415)	(.383)	(.127)	—
Distributions from Realized Capital Gains	(.117)	(.002)	(.013)	—
Total Distributions	(.532)	(.385)	(.140)	—
<b>Net Asset Value, End of Period</b>	<b>\$22.98</b>	<b>\$21.38</b>	<b>\$17.94</b>	<b>\$21.15</b>
<b>Total Return</b>	<b>11.18%</b>	<b>21.55%</b>	<b>-14.62%</b>	<b>5.75%</b>
<b>Ratios/Supplemental Data</b>				
Net Assets, End of Period (Millions)	\$899	\$402	\$200	\$71
Ratio of Total Expenses to Average Net Assets	—	—	—	—
Acquired Fund Fees and Expenses	0.10%	0.11%	0.11%	0.11% <sup>3</sup>
Ratio of Net Investment Income to Average Net Assets	2.50%	3.50%	3.23%	5.20% <sup>3</sup>
Portfolio Turnover Rate	22%	15%	6%	5%

1 Inception.

2 Calculated based on average shares outstanding.

3 Annualized.

## Notes to Financial Statements

The Total International Stock Market Index Portfolio, a portfolio of Vanguard Variable Insurance Funds, is registered under the Investment Company Act of 1940 as an open-end investment company. The portfolio seeks to match the return of its target index by investing in selected Vanguard funds and portfolios. Financial statements and other information about each underlying fund and portfolio are available at [www.vanguard.com](http://www.vanguard.com). The portfolio's shares are only available for purchase by separate accounts of insurance companies as investments for variable annuity plans, variable life insurance contracts, or other variable benefit insurance contracts.

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:** Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Underlying ETFs are valued at the latest quoted sales prices or official closing prices taken from their primary market or, if not traded on the valuation date, at the mean of the latest quoted bid and asked prices.

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

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

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

5. **Credit Facilities and Interfund Lending Program:** The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes, 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 borne by the funds in which the portfolio invests (see Note B). Any borrowings under either facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate (or an acceptable alternate rate, if necessary), federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread, except that borrowings under the uncommitted credit facility may bear interest based upon an alternative rate agreed to by the portfolio and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the portfolio may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the portfolio's investment objective and investment policies. Interfund loans and borrowings normally extend overnight, but can have a maximum duration of seven days. Loans may

be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

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

6. Other: Income and capital gain distributions received are recorded on the ex-dividend date. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the portfolio, Vanguard furnishes to the portfolio investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the portfolio based on methods and guidelines approved by the board of trustees. The FSA provides that expenses otherwise allocable to Vanguard funds-of-funds may be reduced or eliminated to the extent of savings realized by the underlying Vanguard funds by virtue of being part of a fund-of-funds. Accordingly, all expenses for services provided by Vanguard to the portfolio and all other expenses incurred by the portfolio during the period ended December 31, 2020, were borne by the underlying Vanguard funds in which the portfolio invests. The portfolio's trustees and officers are also trustees and officers, respectively, of the underlying Vanguard funds, as well as directors and employees, respectively, of Vanguard.

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

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

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

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

At December 31, 2020, 100% of the market value of the portfolio's investments was determined based on Level 1 inputs.

D. Permanent differences between book-basis and tax-basis components of net assets 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. As of period end, permanent differences primarily attributable to the accounting for foreign currency transactions were reclassified between the individual components of total distributable earnings (loss).

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 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	25,837
Undistributed Long-Term Gains	256
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	105,397

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2020 Amount (\$000)	2019 Amount (\$000)
Ordinary Income*	14,336	5,019
Long-Term Capital Gains	144	—
Total	14,480	5,019

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

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

	Amount (\$000)
Tax Cost	793,996
Gross Unrealized Appreciation	105,501
Gross Unrealized Depreciation	(104)
Net Unrealized Appreciation (Depreciation)	105,397

E. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2020 Shares (000)	2019 Shares (000)
Issued	28,239	10,380
Issued in Lieu of Cash Distributions	936	260
Redeemed	(8,867)	(2,988)
Net Increase (Decrease) in Shares Outstanding	20,308	7,652

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 25% of the portfolio's net assets. If this shareholder were to redeem its investment in the portfolio, the redemption might lead to the realization of taxable capital gains.

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

	Dec. 31, 2019 Market Value (\$000)	Current Period Transactions						Dec. 31, 2020 Market Value (\$000)
		Purchases at Cost (\$000)	Proceeds from Securities Sold (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	
Vanguard Market Liquidity Fund	179	NA <sup>1</sup>	NA <sup>1</sup>	(2)	—	3	—	374
Vanguard Developed Markets Index Fund	111,110	138,469	28,527	3,293	26,378	4,621	—	250,723
Vanguard Emerging Markets Stock Index Fund	57,119	105,083	27,036	3,546	23,392	2,701	—	162,104
Vanguard European Stock Index Fund	52,231	70,288	23,672	3,697	7,060	2,095	—	109,604
Vanguard FTSE Canada All Cap Index ETF	4,942	7,875	—	—	2,242	332	—	15,059
Vanguard FTSE All-World ex-US Index Fund	111,024	133,895	23,960	2,060	28,826	4,525	—	251,845
Vanguard FTSE All-World ex-US Small-Cap Index Fund	27,739	25,967	22,652	(5,187)	2,018	495	—	27,885
Vanguard Pacific Stock Index Fund	37,595	45,574	13,200	1,295	10,535	1,416	—	81,799
Total	401,939	527,151	139,047	8,702	100,451	16,188	—	899,393

<sup>1</sup> Not applicable—purchases and sales are for temporary cash investment purposes.

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

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Variable Insurance Funds and Shareholders of Total International Stock Market Index Portfolio

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Total International Stock Market Index Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2020, the related statement of operations for the year ended December 31, 2020, the statement of changes in net assets for each of the two years in the period ended December 31, 2020, including the related notes, and the financial highlights for each of the three years in the period ended December 31, 2020 and for the period September 7, 2017 (inception) through December 31, 2017 (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 three years in the period ended December 31, 2020 and for the period September 7, 2017 (inception) through December 31, 2017 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 transfer agent. We believe that our audits provide a reasonable basis for our opinion.

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

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

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### Special 2020 tax information (unaudited) for corporate shareholders only for Total International Stock Market Index Portfolio, a portfolio of Vanguard Variable Insurance Funds

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

The portfolio distributed \$144,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

The portfolio designates to shareholders foreign source income of \$17,623,000 and foreign taxes paid of \$1,531,000. Shareholders will receive more detailed information with their Form 1099-DIV in January 2021 to determine the calendar-year amounts to be included on their 2020 tax returns.

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# The People Who Govern Your Fund

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

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

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

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

### Mortimer J. Buckley

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

## Independent Trustees

### Emerson U. Fullwood

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

### Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and

Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania.

### F. Joseph Loughrey

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

### Mark Loughridge

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

### Scott C. Malpass

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

### Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: board chair (2020–present), chief executive

officer (2011–2020), and president (2010–2019) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of the individual life and disability division of Guardian Life. Member of the board of the American Council of Life Insurers and the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, NewYork-Presbyterian Hospital, Catalyst, and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

### André F. Perold

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

### Sarah Bloom Raskin

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

### Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated

<sup>1</sup> 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.

(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).

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	James M. Norris
Mortimer J. Buckley	Thomas M. Rampulla
Gregory Davis	Karin A. Risi
John James	Anne E. Robinson
John T. Marcante	Michael Rollings
Chris D. McIsaac	Lauren Valente



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You can obtain a free copy of Vanguard's proxy voting guidelines by visiting [vanguard.com/proxyreporting](https://vanguard.com/proxyreporting) or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, [www.sec.gov](https://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](https://vanguard.com/proxyreporting) or [www.sec.gov](https://www.sec.gov).

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

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

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