

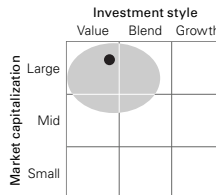
Vanguard® Balanced Portfolio

Investment Approach

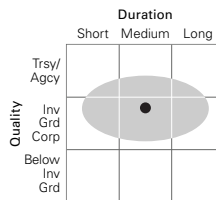
Balanced asset allocation: 60%–70% stocks, 30%–40% bonds.
 Seeks long-term capital appreciation and reasonable current income, with moderate risk.
 Large- and mid-cap value stocks.
 Intermediate-, short-, and long-term government and investment-grade corporate bonds.
 Fundamental, risk-controlled investment approach.

Vanguard Style View: Moderate Allocation

Portfolio emphasizing large- and mid-capitalization value stocks.



Portfolio of intermediate-, short-, and long-term government and investment-grade corporate credits.



● Central tendency
 ● Expected range of fund holdings

Quarterly Commentary

Major stock markets continued to advance in the first quarter of 2024, with a number of indexes reaching record highs. In the U.S., inflation readings came in higher than expected, but the labor market stayed on a solid footing, consumer spending remained strong, and the economy showed continued vigor. Given this backdrop, the Federal Reserve left interest rates unchanged.

Against this backdrop, the portfolio underperformed its composite benchmark (+6.59%) and peer-group average (+6.04%) for the quarter.

Over the quarter, the portfolio's equity component underperformed its benchmark, the Standard & Poor's 500 Index (+10.56%). Positive security selection in the consumer discretionary sector (+5.0%) helped results. Progressive (+30%) and lack of exposure to Tesla (-29%) were among the overall top contributors. On the other side of the ledger, poor selection in information technology (+12.6%) and health care (+8.9%) were the largest drags on performance, with an overweight to NVIDIA (+82%) the biggest detractor.

The portfolio's fixed income component slightly outperformed its benchmark, the Bloomberg U.S. Credit A or Better Bond Index (-0.57%), for the quarter. Security selection within industrials, utilities, and noncorporate credit contributed to performance. A shorter credit spread duration relative to the benchmark detracted.

For the 12 months ended March 31, the portfolio underperformed its composite benchmark (+19.98%) and peer-group average (+16.99%). The portfolio's equity component underperformed its benchmark, the S&P 500 Index (+29.88%). Security selection within the health care (+16.1%) and information technology (+46.0%) sectors was the largest drag on performance. Lack of exposure to NVIDIA (+225%) for much of the period and a zero weight in Eli Lilly (+128%) were the biggest detractors. Security selection in communication services (+50.1%) and consumer discretionary (+28.7%) provided some positive results relative to the benchmark. An overweight to Meta (+129%) was the top contributor.

The portfolio's fixed income portion slightly outperformed its bond benchmark (+3.17%) for the 12-month period, primarily driven by security selection. Strong issuer selection within corporate and noncorporate credit contributed to performance. A shorter credit spread duration relative to the benchmark offset some of the positive performance.

Notes: Changes in yields may reflect rounding. Company returns may differ if a security was held in the portfolio for less than the full period.

People and Process

Vanguard Variable Insurance Fund Balanced Portfolio uses a conservative approach and emphasizes broad diversification to moderate risk in pursuit of two objectives: long-term capital appreciation and reasonable current income. The stock/bond mix has provided an "all-weather" portfolio with competitive returns in various market cycles.

Equity component: Fundamental research identifies high-quality companies in out-of-favor industries. These stocks typically offer above-average dividend yields, low valuation multiples, and improving fundamentals.

Fixed income component: The advisor builds an intermediate-duration portfolio of investment-grade corporate bonds, with some exposure to U.S. Treasury, government agency, and mortgage-backed securities. A top-down strategy ranks industry groups by valuation, liquidity, and economic outlook. Fundamental credit research seeks to identify stable and improving credits with low default risks.

Wellington Management Company LLP

Founded in 1928, Wellington Management Company LLP, Boston, Massachusetts, is among the nation's oldest and most respected institutional investment managers. The firm has advised Vanguard Variable Insurance Fund Balanced Portfolio since 1991.

Investment Manager Biographies

Loren L. Moran, CFA, Senior Managing Director. Portfolio manager. Advised the portfolio since 2017. Worked in investment management since 2006. B.S., Georgetown University.

Daniel J. Pozen, Senior Managing Director. Portfolio manager. Advised the portfolio since 2019. Worked in investment management since 1999. B.A., Williams College. M.B.A., Dartmouth College.

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Variable Insurance Fund - Balanced Portfolio (5/23/1991)	0.21%	5.53%	5.53%	16.76%	5.95%	8.97%	8.22%
Composite Stock/Bond Index (VVIF)	—	6.59	6.59	19.98	6.73	10.21	9.28
Variable Insurance Mixed-Asset Target Alloc Growth Funds Average	—	6.04	6.04	16.99	4.20	7.67	6.54

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. 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. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

Note: Wellington Composite Index: 65% S&P 500 Index and 35% Lehman U.S. Long Credit AA or Better Bond Index through February 29, 2000; 65% S&P 500 Index and 35% Bloomberg U.S. Credit A or Better Bond Index thereafter. Average fund returns are derived from data provided by Lipper, a Thomson Reuters Company.

Fund Facts

Fund Number	0106
CUSIP Number	921925400
Assets (millions)	\$3,381
Inception	5/23/1991
Expense Ratio (as of 4/2023)	0.21%

Fund Asset Allocation

	% of Total Net Assets
Stocks	65.4%
Bonds	33.4
Short-term reserves	1.2
Total	100.0%

Equity Characteristics

	VVIF Balanced Portfolio	S&P 500 Index
Number of stocks	74	504
Median market cap	\$210.0 Billion	\$224.7 Billion
Average market cap	\$829.2 Billion	—
Price/earnings ratio	25.4x	26.1x
Price/book ratio	4.2x	4.5x
Return on equity	24.0%	24.6%
Earnings growth rate	11.4%	13.9%
Equity yield (dividend)	1.4%	1.3%
Foreign holdings	4.7%	0.0%
Short-term reserves	0.0%	—
Turnover rate (fiscal year end)	40.0%	—

Volatility Measures

	R-Squared	Beta
Composite Stock/Bond Index (VVIF)	0.97	0.90
DJ US Total Stock Mkt Float Adj Idx	0.93	0.67

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.

Ten Largest Stocks

	% of Total Net Assets
Microsoft Corp.	8.6%
Alphabet Inc.	5.9
Amazon.com Inc.	5.6
Apple Inc.	4.2
Meta Platforms Inc.	3.7
JPMorgan Chase & Co.	2.4
Merck & Co. Inc.	2.4
Progressive Corp.	2.3
NVIDIA Corp.	2.3
UnitedHealth Group Inc.	2.2
Top Ten as % of Common Stock	39.6%
Top Ten as % of Total Net Assets	25.8%

The holdings listed exclude any temporary cash investments and equity index products.

Distribution by Credit Quality

	% of Portfolio
U.S. Government	24.3%
Aaa	3.5
Aa	10.1
A	45.4
Baa	16.7
Ba	0.0
Caa	0.0
Not Rated	0.0
Total	100.0%

Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. NR securities may include a fund's investment in Vanguard Market Liquidity Fund or Vanguard Municipal Cash Management Fund, each of which invests in high-quality money market instruments and may serve as a cash management vehicle for the Vanguard funds, trusts, and accounts. U.S. Treasury, U.S. Agency, and U.S. Agency mortgage-backed securities appear under "U.S. Government." Credit-quality ratings for each issue are obtained from Bloomberg using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Sector Diversification (% of Stocks)

	VVIF Balanced Portfolio	S&P 500 Index	Overweight/ Underweight
Communication Services	9.6%	8.9%	0.7
Consumer Discretionary	12.0	10.3	1.7
Consumer Staples	5.1	6.0	-0.9
Energy	4.5	3.9	0.6
Financials	15.1	13.2	1.9
Health Care	13.0	12.4	0.6
Industrials	8.3	8.8	-0.5
Information Technology	26.2	29.6	-3.4
Materials	1.8	2.4	-0.6
Other	0.0	0.0	0.0
Real Estate	1.2	2.3	-1.1
Utilities	3.2	2.2	1.0
Total	100.0%	100.0%	

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.

Fixed Income Characteristics

	VVIF Balanced Portfolio	Bloomberg Credit A or Better Index
Number of bonds	1,247	4,597
Average effective maturity	10.5 years	10.2 years
Average duration	6.8 years	6.8 years

Distribution by Issuer

	% of Portfolio
Asset-Backed	2.4%
Commercial Mortgage-Backed	0.5
Finance	30.6
Foreign	1.6
Government Mortgage-Backed	4.2
Industrial	25.4
Treasury/Agency	20.1
Utilities	9.0
Other	6.2
Total	100.0%

Distribution by Effective Maturity

	% of Portfolio
Under 1 Year	2.9%
1 to 2 Years	7.1%
2 to 3 Years	9.9%
3 to 4 Years	9.0%
4 to 5 Years	11.2%
5 to 6 Years	5.9%
6 to 7 Years	4.1%
7 to 8 Years	3.7%
8 to 9 Years	4.5%
9 to 10 Years	8.7%
10 to 11 Years	2.9%
11 to 12 Years	0.7%
12 to 15 Years	3.0%
15 to 20 Years	8.0%
20 to 30 Years	15.8%
Over 30 Years	2.6%
Total	100.0%

Important information

For more information about Vanguard funds or Vanguard ETFs, visit [vanguard.com](https://www.vanguard.com) or call 800-523-1036 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

All investing is subject to risk, including the possible loss of the money you invest.

Please remember that all investments involve some risk. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Diversification does not ensure a profit or protect against a loss. Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.

Investments in bond funds and ETFs are subject to interest rate, credit, and inflation risk. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax.

High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings.

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Investments in derivatives may involve risks different from, and possibly greater than, those of investments in the underlying securities or assets.

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