Vanguard

Annual Report | December 31, 2023

Vanguard Variable Insurance Funds

Equity Income Portfolio

See the inside front cover for important information about your fund's annual and semiannual shareholder reports.

Important information about shareholder reports

Beginning in July 2024, amendments adopted by the Securities and Exchange Commission will substantially impact the design, content, and transmission of shareholder reports. Shareholder reports will provide key fund information in a clear and concise format and must be mailed to each shareholder that has not elected to receive the reports electronically. Financial statements will no longer be included in the shareholder report but will be available at vanguard.com, can be mailed upon request, or can be accessed on the SEC's website at www.sec.gov.

You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to vanguard.com.

Contents

Please note: The opinions expressed in this report are just that—informed opinions. They should not be considered promises or advice. Also, please keep in mind that the information and opinions cover the period through the date on the front of this report. Of course, the risks of investing in your portfolio are spelled out in the prospectus.

Your Portfolio's Performance at a Glance

- The financial markets delivered robust returns for the 12 months ended December 31, 2023. The Equity Income Portfolio returned 8.10%, beating the 6.59% return of its benchmark, the FTSE High Dividend Yield Index.

- With inflation continuing to ease, a number of major central banks slowed and eventually stopped hiking interest rates. Global growth, employment, and consumer spending showed resilience, but the prospect of rates remaining high for an extended period spurred volatility at times. Toward year-end, however, global stocks and bonds rallied as falling inflation and softening economic growth raised market expectations for rate cuts in 2024.

- The portfolio's security selection in materials, energy, and consumer discretionary boosted relative performance the most. Selection in information technology and consumer staples detracted, as did an overweight to utilities.

- For the decade ended December 31, 2023, the portfolio produced an average annual return of 9.53%, slightly above that of its benchmark.

- Please note that the portfolio's returns may be different from those in variable annuity products that invest in the portfolio, which take insurance-related expenses into account.

Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2023		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	26.53%	8.97%	15.52%
Russell 2000 Index (Small-caps)	16.93	2.22	9.97
Russell 3000 Index (Broad U.S. market)	25.96	8.54	15.16
FTSE All-World ex US Index (International)	15.82	1.98	7.52
Bonds			
Bloomberg U.S. Aggregate Float Adjusted Index (Broad taxable market)	5.60%	-3.33%	1.17%
Bloomberg Municipal Bond Index (Broad tax-exempt market)	6.40	-0.40	2.25
FTSE Three-Month U.S. Treasury Bill Index	5.26	2.24	1.91
CPI			
Consumer Price Index	3.35%	5.60%	4.07%

Advisors' Report

The Equity Income Portfolio returned 8.10% for the 12 months ended December 31, 2023, beating the 6.59% return of its benchmark, the FTSE High Dividend Yield 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 provided 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 12, 2024.

Wellington Management Company LLP

Portfolio Manager:

Matthew C. Hand, CFA,
Senior Managing Director

Investment environment

U.S. equities rose in 2023 amid easing inflation, optimism for lower interest rates, strong performances in select mega-cap technology companies, and steady GDP growth.

During the first quarter, U.S. equities advanced despite the sudden collapse of two U.S. regional banks, which prompted swift policy actions by federal regulators. Shares of large technology companies surged, helping growth stocks to significantly outperform their value counterparts. The Federal Reserve slowed its pace of policy tightening, raising interest rates by 25 basis points (bps) in February and March, to a range between 4.75%–5%. (A basis point is one-hundredth of a percentage point.)

U.S. equities continued to rise in the second quarter, largely driven by a potent rally in a narrow group of mega-cap technology companies that benefited from investor optimism about generative artificial intelligence.

But U.S. equities fell in the third quarter, pressured by rising Treasury yields amid views that the Fed would keep interest rates elevated for a prolonged period. Markets dialed back the probability of recession given cooling inflation, a solid job market, and resilient consumer spending. Economic data released during the third quarter indicated healthy momentum in the U.S. economy after GDP in the second quarter grew at a surprisingly strong rate of 2.1% annualized.

In the fourth quarter, U.S. equities registered their largest quarterly return in three years. A rapid descent in inflation prompted the Fed to pivot from its "higher for longer" policy stance in December, sending Treasury yields lower and driving stocks higher. The Fed's Summary of Economic Projections implied that policymakers anticipate 75 bps of interest rate cuts in 2024.

Our successes and shortfalls

In 2023, security selection was the driver of relative outperformance within our portion of the portfolio. Strong selection in real estate, energy, and materials was partially offset by weaker selection in information technology, consumer staples, and financials. Sector allocation, a result of our bottom-up stock selection process, detracted from relative performance. Our overweight positions in real estate and health care and an underweight in financials detracted from relative results. This was partially offset by contributions from an underweight position to consumer staples.

Top contributors included U.S.-based pharmaceutical company Eli Lilly, U.S.-based homebuilding company Lennar, and not owning benchmark constituent Chevron, a U.S.-based oil and gas company.

Top detractors from relative performance included U.S.-based pharmaceutical company Pfizer, not owning U.S.-based semiconductor company Intel, a benchmark constituent, and our underweight to U.S.-based semiconductor company Broadcom.

At the end of the period, we were most overweight the health care, real estate, and materials sectors. Conversely, we expressed the largest underweight positions in consumer discretionary, communication services, and information technology.

Vanguard Quantitative Equity Group

Portfolio Manager:

Sharon Hill, Ph.D.,
Head of the Alpha Equity Global and Income Investment team

Investment environment

Despite recession fears, a regional banking crisis earlier in the year, and war breaking out in the Middle East and continuing in Ukraine, U.S. stocks returned 25.96% for the 12 months ended December 31, 2023, as measured by the Russell 3000 Index, with large technology stocks leading the way. Stocks outside the U.S. returned 15.82% as measured by the FTSE All-World ex US Index.

Investors shook off concerns as inflation fell, central banks slowed and eventually halted interest rate hikes, consumer spending remained strong, and the unemployment rate hit its lowest level in decades. Rising bond yields sparked a period of stock market volatility in the fall, but stocks rebounded toward the end of the year when yields fell.

The broad U.S. bond market returned 5.60% for the 12-month period, as measured by the Bloomberg U.S. Aggregate Float Adjusted Index. Non-U.S. bonds, as measured by the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), returned 8.75% for the year.

Investment strategy

Although it's important to understand how overall performance is affected by macro factors, our approach to investing focuses on specific fundamentals. We evaluate each stock's attractiveness based on four quantitative criteria that better allow us to construct a portfolio with an emphasis on dividends and cash flow rather than earnings expectations.

Our subfactors are sustainable dividend growth (the ability to grow earnings year after year), strong market sentiment (market confirmation of our view), high quality (healthy balance sheets and steady cash-flow generation), and reasonable yields valuation (our selection of stocks that offer sensible dividend payments).

Using these four themes, we generate a daily composite stock ranking. We then monitor our portfolio based on those rankings and adjust when appropriate to maximize expected returns while minimizing exposure to risks that our research indicates don't improve returns (such as industry selection and other risks relative to our benchmark).

Successes and shortfalls

During the fiscal year, our valuation, quality, and sustainable dividend growth models contributed positively to performance, while our market sentiment model detracted.

Seven of the fund's 11 industry sectors contributed to relative performance. Our positions in financials, materials, and industrials helped the most, while our positions in information technology, energy, and utilities detracted, and our real estate holdings were flat.

In finance, our positions in economically sensitive stocks in mortgage and consumer finance benefited from the cooling of inflation and the anticipation of interest rate cuts. Our positions in some well-capitalized, diversified banks also added value during this period of elevated rates. Within materials, our selection in metals and mining, most notably steel companies, added to performance.

At the individual-stock level, some of the strongest results came from overweights to utilities companies Vistra and Otter Tail, consumer discretionary company Williams-Sonoma, and financials company MGIC Investment.

The greatest shortfalls came from overweighting consumer discretionary company Advance Auto Parts and utilities company Hawaiian Electric Industries as well as underweights to IT companies Broadcom and Intel and financials company Blackstone.

We continue to believe that constructing 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 value characteristics.

Equity Income Portfolio Investment Advisors

	Portfolio Assets Managed		
Investment Advisor	%	$ Million	Investment Strategy
Wellington Management Company LLP	63	1,262	Employs a fundamental approach to identify desirable individual stocks, seeking those that typically offer above-average dividend yields, below-average valuations, and the potential for dividend increases in the future.
Vanguard Quantitative Equity Group	35	685	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.
Cash Investments	2	42	These short-term reserves are invested by Vanguard in equity index products to simulate investment in stocks. Each advisor may also 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, 2023

Equity Income Portfolio	Beginning Account Value 6/30/2023	Ending Account Value 12/31/2023	Expenses Paid During Period
Based on Actual Portfolio Return	$1,000.00	$1,066.90	$1.51
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.74	1.48

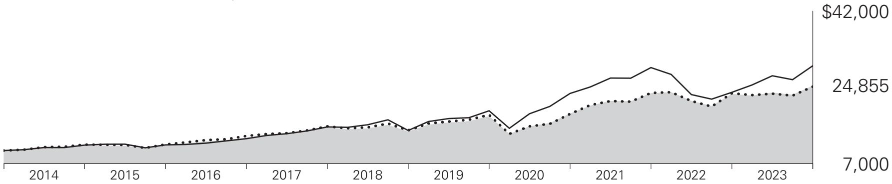
The calculations are based on expenses incurred in the most recent six-month period. The portfolio’s annualized six-month expense ratio for that period is 0.29%. The dollar amounts shown as “Expenses Paid” are equal to the annualized expense ratio multiplied by the average account value over the period, 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 (184/365).

Equity Income 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, 2013, Through December 31, 2023
Initial Investment of $10,000



	Average Annual Total Returns Periods Ended December 31, 2023 One Year	Five Years	Ten Years	Final Value of a $10,000 Investment
Equity Income Portfolio	8.10%	11.57%	9.53%	$24,855
FTSE High Dividend Yield Index	6.59	11.00	9.44	24,648
Dow Jones U.S. Total Stock Market Float Adjusted Index	26.06	15.05	11.40	29,422

See Financial Highlights for dividend and capital gains information.

Portfolio Allocation
As of December 31, 2023

Communication Services	1.6%
Consumer Discretionary	4.1
Consumer Staples	13.5
Energy	10.4
Financials	20.7
Health Care	15.3
Industrials	10.3
Information Technology	8.8
Materials	4.6
Real Estate	2.4
Utilities	8.3

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.

Financial Statements

Schedule of Investments

As of December 31, 2023

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)
Common Stocks (96.0%)		
Communication Services (1.6%)		
Comcast Corp. Class A	224,381	9,839
T-Mobile US Inc.	57,823	9,271
Verizon Communications Inc.	173,755	6,550
TEGNA Inc.	237,193	3,629
AT&T Inc.	122,107	2,049
		31,338
Consumer Discretionary (3.9%)		
Home Depot Inc.	76,032	26,349
Tractor Supply Co.	58,372	12,552
Lennar Corp. Class A	81,927	12,210
McDonald's Corp.	23,726	7,035
Macy's Inc.	249,202	5,014
Tapestry Inc.	123,663	4,552
Travel & Leisure Co.	95,856	3,747
Worthington Industries Inc.	34,563	1,989
Starbucks Corp.	20,271	1,946
Williams-Sonoma Inc.	4,772	963
Genuine Parts Co.	4,703	651
Bloomin' Brands Inc.	19,598	552
		77,560
Consumer Staples (13.0%)		
Procter & Gamble Co.	231,768	33,963
Philip Morris International Inc.	324,750	30,553
Archer-Daniels-Midland Co.	311,863	22,523
Unilever plc ADR	436,496	21,161
Pernod Ricard SA	112,868	19,946
Keurig Dr Pepper Inc.	595,166	19,831
Kenvue Inc.	785,378	16,909
Walmart Inc.	90,109	14,206
Kellanova	226,543	12,666
PepsiCo Inc.	51,298	8,713
Kimberly-Clark Corp.	70,282	8,540
Mondelez International Inc. Class A	117,089	8,481
Coca-Cola Co.	130,902	7,714
Altria Group Inc.	168,231	6,786
Kroger Co.	108,974	4,981
Hershey Co.	25,903	4,829
Target Corp.	33,519	4,774
Ingredion Inc.	36,724	3,986
WK Kellogg Co.	278,063	3,654
Colgate-Palmolive Co.	23,980	1,911
Nu Skin Enterprises Inc. Class A	82,043	1,593
		257,720
Energy (10.0%)		
ConocoPhillips	385,171	44,707
EOG Resources Inc.	336,390	40,686
Phillips 66	131,159	17,462
Exxon Mobil Corp.	165,876	16,584
Coterra Energy Inc.	608,643	15,533
Chevron Corp.	96,505	14,395
Enbridge Inc.	356,796	12,844
Diamondback Energy Inc.	81,284	12,606
Marathon Petroleum Corp.	46,661	6,923
Schlumberger NV	123,169	6,410
Valero Energy Corp.	45,296	5,888
APA Corp.	108,056	3,877
HF Sinclair Corp.	23,506	1,306
		199,221
Financials (19.8%)		
JPMorgan Chase & Co.	459,635	78,184
Regions Financial Corp.	1,303,336	25,259
MetLife Inc.	378,569	25,035
Chubb Ltd.	100,197	22,645
Intercontinental Exchange Inc.	162,752	20,902
Raymond James Financial Inc.	186,349	20,778
Morgan Stanley	208,488	19,441
Royal Bank of Canada	190,850	19,300
M&T Bank Corp.	134,059	18,377
American International Group Inc.	252,781	17,126
Bank of America Corp.	466,001	15,690
PNC Financial Services Group Inc.	89,182	13,810
Wells Fargo & Co.	266,671	13,126
Citigroup Inc.	166,474	8,563
Ameriprise Financial Inc.	16,599	6,305
Discover Financial Services	49,636	5,579
Bank of New York Mellon Corp.	106,863	5,562
Synchrony Financial	130,052	4,967
Goldman Sachs Group Inc.	12,770	4,926
Assured Guaranty Ltd.	62,792	4,699
SLM Corp.	245,652	4,697
MGIC Investment Corp.	240,483	4,639
Hartford Financial Services Group Inc.	53,052	4,264
Corebridge Financial Inc.	190,880	4,134
First BanCorp (XNYS)	240,153	3,950
Navient Corp.	199,144	3,708
American Financial Group Inc.	27,090	3,221
Travelers Cos. Inc.	16,588	3,160
CNO Financial Group Inc.	96,340	2,688
Heartland Financial USA Inc.	66,694	2,508
Credicorp Ltd.	13,025	1,953
BlackRock Inc.	2,011	1,633
Fifth Third Bancorp	28,726	991
Popular Inc.	10,053	825
Progressive Corp.	4,818	767
Comerica Inc.	7,300	407
Blackstone Inc.	1,440	189
US Bancorp	4,121	178
CME Group Inc.	729	154
		394,340
Health Care (14.6%)		
Merck & Co. Inc.	507,686	55,348
Johnson & Johnson	326,125	51,117
Pfizer Inc.	1,462,057	42,093
Gilead Sciences Inc.	281,453	22,800
UnitedHealth Group Inc.	35,419	18,647
Roche Holding AG	54,773	15,922
AstraZeneca plc ADR	223,294	15,039
AbbVie Inc.	90,663	14,050
Elevance Health Inc.	26,885	12,678
Becton Dickinson & Co.	50,895	12,410
Amgen Inc.	40,061	11,538
CVS Health Corp.	114,106	9,010
Bristol-Myers Squibb Co.	169,614	8,703
Medtronic plc	21,127	1,740
		291,095
Industrials (9.9%)		
United Parcel Service Inc. Class B (XNYS)	135,510	21,306
General Dynamics Corp.	79,726	20,702
Johnson Controls International plc	307,930	17,749
Emerson Electric Co.	181,533	17,669
L3Harris Technologies Inc.	66,181	13,939
Siemens AG (Registered)	73,491	13,788
Canadian National Railway Co.	102,307	12,859
Honeywell International Inc.	59,107	12,395
Caterpillar Inc.	39,491	11,676
Union Pacific Corp.	38,142	9,368
Lockheed Martin Corp.	19,022	8,622
Automatic Data Processing Inc.	35,080	8,173
3M Co.	62,785	6,864
PACCAR Inc.	52,940	5,170
Apogee Enterprises Inc.	79,634	4,253
ManpowerGroup Inc.	46,843	3,723
RTX Corp.	27,899	2,347
Oshkosh Corp.	21,357	2,315
Ryder System Inc.	16,327	1,879
Cummins Inc.	7,795	1,867
Eaton Corp. plc	2,420	583
		197,247
Information Technology (8.5%)		
Cisco Systems Inc.	759,527	38,371
Broadcom Inc.	31,781	35,476
QUALCOMM Inc.	216,587	31,325
NXP Semiconductors NV	61,736	14,180
Corning Inc.	454,598	13,842
TE Connectivity Ltd.	98,421	13,828
Intel Corp.	111,370	5,596
HP Inc.	166,590	5,013
Dell Technologies Inc. Class C	53,103	4,062
Texas Instruments Inc.	22,554	3,845
International Business Machines Corp.	19,772	3,234
		168,772
Materials (4.4%)		
Rio Tinto plc ADR	347,428	25,869
Barrick Gold Corp. (XTSE)	824,743	14,920
LyondellBasell Industries NV Class A	138,110	13,131
PPG Industries Inc.	75,536	11,296
Celanese Corp.	70,160	10,901
Reliance Steel & Aluminum Co.	16,878	4,720
Steel Dynamics Inc.	32,768	3,870
* Worthington Steel Inc.	53,194	1,495
CF Industries Holdings Inc.	15,887	1,263
Arch Resources Inc.	1,251	208
		87,673
Real Estate (2.3%)		
Crown Castle Inc.	167,021	19,239
Weyerhaeuser Co.	396,764	13,796
Host Hotels & Resorts Inc.	617,405	12,021
		45,056
Utilities (8.0%)		
American Electric Power Co. Inc.	305,569	24,818
Sempra	250,650	18,731
Exelon Corp.	519,181	18,639
Atmos Energy Corp.	158,332	18,351
NextEra Energy Inc.	238,558	14,490
Dominion Energy Inc.	293,891	13,813
PPL Corp.	507,293	13,748
Vistra Corp.	129,171	4,976
WEC Energy Group Inc.	54,786	4,611
Ameren Corp.	59,721	4,320
Evergy Inc.	76,839	4,011
UGI Corp.	160,447	3,947
National Fuel Gas Co.	69,773	3,500

	Shares	Market Value• ($000)
Xcel Energy Inc.	56,123	3,475
Black Hills Corp.	47,381	2,556
ALLETE Inc.	28,921	1,769
Eversource Energy	25,402	1,568
DTE Energy Co.	7,565	834
Duke Energy Corp.	2,788	270
Southern Co.	3,517	247
New Jersey Resources Corp.	5,078	226
		158,900
Total Common Stocks (Cost $1,783,528)		**1,908,922**
Temporary Cash Investments (3.9%)		
Money Market Fund (2.2%)		
[1] Vanguard Market Liquidity Fund, 5.435%	442,468	44,238

	Face Amount ($000)	Market Value• ($000)
Repurchase Agreement (1.7%)		
BNP Paribas Securities Corp. 5.320%, 1/2/24 (Dated 12/29/23, Repurchase Value $33,320,000, collateralized by Fannie Mae 1.500%-6.820%, 10/1/28–8/1/53, Federal Farm Credit Bank 2.820%–2.930%, 12/9/41–2/3/42, Freddie Mac 1.220%–4.340%, 11/1/32–9/1/52, Ginnie Mae 2.500%–4.500%, 8/15/39–11/20/63, and U.S. Treasury Note/Bond 2.875%–3.125%, 8/15/45–5/15/48, with a value of $33,966,000)	33,300	33,300
Total Temporary Cash Investments (Cost $77,545)		**77,538**
Total Investments (99.9%) (Cost $1,861,073)		**1,986,460**
Other Assets and Liabilities—Net (0.1%)		**2,414**
Net Assets (100%)		**1,988,874**

Cost is in $000.

- • See Note A in Notes to Financial Statements.
- * Non-income-producing security.
- 1 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.
- ADR—American Depositary Receipt.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount ($000)	Value and Unrealized Appreciation (Depreciation) ($000)
Long Futures Contracts				
E-mini S&P 500 Index	March 2024	198	47,718	1,447

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

Statement of Assets and Liabilities

As of December 31, 2023

($000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost $1,816,828)	1,942,222
Affiliated Issuers (Cost $44,245)	44,238
Total Investments in Securities	1,986,460
Investment in Vanguard	63
Cash	125
Cash Collateral Pledged—Futures Contracts	2,386
Foreign Currency, at Value (Cost $—)	2
Receivables for Investment Securities Sold	755
Receivables for Accrued Income	3,502
Receivables for Capital Shares Issued	265
Total Assets	**1,993,558**
Liabilities	
Payables for Investment Securities Purchased	188
Payables to Investment Advisor	304
Payables for Capital Shares Redeemed	3,869
Payables to Vanguard	200
Variation Margin Payable—Futures Contracts	123
Total Liabilities	**4,684**
Net Assets	**1,988,874**

At December 31, 2023, net assets consisted of:

Paid-in Capital	1,685,049
Total Distributable Earnings (Loss)	303,825
Net Assets	**1,988,874**

Net Assets	
Applicable to 83,186,827 outstanding $.001 par value shares of beneficial interest (unlimited authorization)	**1,988,874**
Net Asset Value Per Share	**$23.91**

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

Statement of Operations

	Year Ended December 31, 2023 ($000)
Investment Income	
Income	
Dividends[1]	58,957
Interest[2]	3,302
Securities Lending—Net	209
Total Income	62,468
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	1,412
Performance Adjustment	22
The Vanguard Group—Note C	
Management and Administrative	4,042
Marketing and Distribution	112
Custodian Fees	26
Auditing Fees	33
Shareholders' Reports	21
Trustees' Fees and Expenses	1
Other Expenses	8
Total Expenses	5,677
Expenses Paid Indirectly	(4)
Net Expenses	5,673
Net Investment Income	**56,795**
Realized Net Gain (Loss)	
Investment Securities Sold[2]	115,094
Futures Contracts	6,185
Foreign Currencies	26
Realized Net Gain (Loss)	**121,305**
Change in Unrealized Appreciation (Depreciation)	
Investment Securities[2]	(31,790)
Futures Contracts	3,617
Foreign Currencies	21
Change in Unrealized Appreciation (Depreciation)	**(28,152)**
Net Increase (Decrease) in Net Assets Resulting from Operations	**149,948**

1 Dividends are net of foreign withholding taxes of $512,000.

2 Interest income, realized net gain (loss), capital gain distributions received, and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were $2,255,000, $4,000, less than $1,000, and ($5,000), respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

	Year Ended December 31, 2023 ($000)	2022 ($000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	56,795	51,823
Realized Net Gain (Loss)	121,305	104,909
Change in Unrealized Appreciation (Depreciation)	(28,152)	(170,680)
Net Increase (Decrease) in Net Assets Resulting from Operations	149,948	(13,948)
Distributions		
Total Distributions	(153,906)	(250,263)
Capital Share Transactions		
Issued	180,196	331,885
Issued in Lieu of Cash Distributions	153,906	250,263
Redeemed	(319,252)	(237,500)
Net Increase (Decrease) from Capital Share Transactions	14,850	344,648
Total Increase (Decrease)	10,892	80,437
Net Assets		
Beginning of Period	**1,977,982**	**1,897,545**
End of Period	**1,988,874**	**1,977,982**

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

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31, 2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	$24.11	$27.81	$23.07	$24.17	$21.24
Investment Operations					
Net Investment Income[1]	.669	.665	.625	.595	.619
Net Realized and Unrealized Gain (Loss) on Investments	1.035	(.756)	5.089	(.305)	4.319
Total from Investment Operations	1.704	(.091)	5.714	.290	4.938
Distributions					
Dividends from Net Investment Income	(.644)	(.687)	(.506)	(.618)	(.586)
Distributions from Realized Capital Gains	(1.260)	(2.922)	(.468)	(.772)	(1.422)
Total Distributions	(1.904)	(3.609)	(.974)	(1.390)	(2.008)
Net Asset Value, End of Period	$23.91	$24.11	$27.81	$23.07	$24.17
Total Return	8.10%	-0.66%	25.33%	3.25%	24.43%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	$1,989	$1,978	$1,898	$2,021	$1,834
Ratio of Total Expenses to Average Net Assets[2]	0.29%[3]	0.30%[3]	0.30%	0.30%	0.30%
Ratio of Net Investment Income to Average Net Assets	2.95%	2.73%	2.45%	2.86%	2.76%
Portfolio Turnover Rate	48%	46%	41%[4]	40%	33%

1 Calculated based on average shares outstanding.

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

3 The ratio of expenses to average net assets for the period net of reduction from broker commission abatement arrangements was 0.29% and 0.30%, respectively.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the portfolio's capital shares.

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

Notes to Financial Statements

The Equity Income 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.

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 by methods deemed by the valuation designee to represent fair value and subject to oversight 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. Other 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. 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. Repurchase Agreements: The portfolio enters into repurchase agreements with institutional counterparties. Securities pledged as collateral to the portfolio under repurchase agreements are held by a custodian bank until the agreements mature, and in the absence of a default, such collateral cannot be repledged, resold, or rehypothecated. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. The portfolio further mitigates its counterparty risk by entering into repurchase agreements only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate any repurchase agreements with that counterparty, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the portfolio. Such action may be subject to legal proceedings, which may delay or limit the disposition of collateral.

4. 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, 2023, 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.

5. Federal Income Taxes: The portfolio intends to continue to qualify as a regulated investment company and distribute virtually 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.

6. 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.

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

8. 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 and are 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, which 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 an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, 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, 2023, the portfolio did not utilize the credit facilities or the Interfund Lending Program.

9. Other: Dividend income is recorded on the ex-dividend date. Non-cash dividends included in 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. Wellington Management Company LLP 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 is subject to quarterly adjustments based on the portfolio's performance relative to the FTSE High Dividend Yield Index for the preceding three years.

Vanguard provides investment advisory services to a portion of the portfolio as described below; the portfolio paid Vanguard advisory fees of $190,000 for the year ended December 31, 2023.

For the year ended December 31, 2023, the aggregate investment advisory fee paid to all advisors represented an effective annual basic rate of 0.07% of the portfolio's average net assets, before a net increase of $22,000 (0.00%) 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, 2023, the portfolio had contributed to Vanguard capital in the amount of $63,000, 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. The portfolio has asked its investment advisors to direct certain security trades, subject to obtaining the best price and execution, to brokers who have agreed to rebate to the portfolio part of the commissions generated. Such rebates are used solely to reduce the portfolio's management and administrative expenses. For the year ended December 31, 2023, these arrangements reduced the portfolio's expenses by $4,000 (an annual rate of less than 0.01% of average net assets).

E. 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, 2023, based on the inputs used to value them:

	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Total ($000)
Investments				
Assets				
Common Stocks	1,859,266	49,656	—	1,908,922
Temporary Cash Investments	44,238	33,300	—	77,538
Total	1,903,504	82,956	—	1,986,460
Derivative Financial Instruments				
Assets				
Futures Contracts[1]	1,447	—	—	1,447

1 Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

F. 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 applicable 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 or losses from certain derivative contracts. 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	76,361
Undistributed Long-Term Gains	103,956
Net Unrealized Gains (Losses)	123,508
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Other Temporary Differences	—
Total	303,825

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2023 Amount ($000)	2022 Amount ($000)
Ordinary Income*	52,082	99,454
Long-Term Capital Gains	101,824	150,809
Total	153,906	250,263

* Includes short-term capital gains, if any.

As of December 31, 2023, 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	1,862,982
Gross Unrealized Appreciation	216,814
Gross Unrealized Depreciation	(93,336)
Net Unrealized Appreciation (Depreciation)	123,478

G. During the year ended December 31, 2023, the portfolio purchased $886,766,000 of investment securities and sold $943,028,000 of investment securities, other than temporary cash investments.

The portfolio purchased securities from and sold securities to other funds or accounts managed by its investment advisors or their affiliates, in accordance with procedures adopted by the board of trustees in compliance with Rule 17a-7 of the Investment Company Act of 1940. For the year ended December 31, 2023, such purchases were $1,647,000 and sales were $2,937,000, resulting in net realized gain of $679,000; these amounts, other than temporary cash investments, are included in the purchases and sales of investment securities noted above.

H. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2023 Shares (000)	2022 Shares (000)
Issued	7,906	13,527
Issued in Lieu of Cash Distributions	7,277	10,112
Redeemed	(14,036)	(9,839)
Net Increase (Decrease) in Shares Outstanding	1,147	13,800

I. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the portfolio's investments and portfolio performance.

To the extent the portfolio's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the portfolio may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

The use of derivatives may expose the portfolio to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can, therefore, increase volatility. Additional information regarding the portfolio's use of derivative(s) and the specific risks associated is described under significant accounting policies.

At December 31, 2023, 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 were 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.

J. Management has determined that no events or transactions occurred subsequent to December 31, 2023, that would require recognition or disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Equity Income Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2023, the related statement of operations for the year ended December 31, 2023, the statement of changes in net assets for each of the two years in the period ended December 31, 2023, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2023 (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, 2023, 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, 2023 and the financial highlights for each of the five years in the period ended December 31, 2023 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, 2023 by correspondence with the custodian, transfer agent and brokers; 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 16, 2024

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

Tax information (unaudited)

For corporate shareholders, 63.3%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income (dividend income plus short-term gains, if any) for the fiscal year qualified for the dividends-received deduction.

The portfolio hereby designates $828,000, or if subsequently determined to be different, the maximum amount allowable by law, of interest earned from obligations of the U.S. government which is generally exempt from state income tax.

The portfolio distributed $101,824,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

Trustees Approve Advisory Arrangement

The board of trustees of Vanguard Variable Insurance Funds Equity Income Portfolio has renewed the portfolio's investment advisory arrangement with Wellington Management Company LLP (Wellington Management). The board determined that renewing the portfolio's advisory arrangement was in the best interests of the portfolio and its shareholders. The Vanguard Group, Inc. (Vanguard), through its Quantitative Equity Group is also an advisor to the portfolio.

The board based its decision upon an evaluation of the advisor's investment staff, portfolio management process, and performance. This evaluation included information provided to the board by Vanguard's Portfolio Review Department, which is responsible for fund and advisor oversight and product management. The Portfolio Review Department met regularly with the advisors and made presentations to the board during the fiscal year that directed the board's focus to relevant information and topics.

The board, or an investment committee made up of board members, also received information throughout the year during advisor presentations. For each advisor presentation, the board was provided with letters and reports that included information about, among other things, the advisory firm and the advisor's assessment of the investment environment, portfolio performance, and portfolio characteristics.

In addition, the board received periodic reports throughout the year, which included information about the portfolio's performance relative to its peers and benchmark, as applicable, and updates, as needed, on the Portfolio Review Department's ongoing assessment of the advisor.

Prior to their meeting, the trustees were provided with a memo and materials that summarized the information they received over the course of the year. They also considered the factors discussed below, among others. However, no single factor determined whether the board approved the arrangement. Rather, it was the totality of the circumstances that drove the board's decisions.

Nature, extent, and quality of services

The board reviewed the quality of the portfolio's investment management services over both the short and long term, and took into account the organizational depth and stability of the advisor. The board considered that Wellington Management, founded in 1928, is among the nation's oldest and most respected institutional investment managers. Utilizing fundamental research, Wellington Management seeks to build a portfolio with an above-market yield, superior growth rate, and very attractive valuation. While every company purchased for the portfolio will pay a dividend, the goal is to build a portfolio with an above-market yield in aggregate, allowing for individual companies with below-market yields. Normalized earnings, normalized price-to-earnings ratios, and improving returns on capital are key to the research process. The firm has advised a portion of the portfolio since 2003.

The board concluded that the advisor's experience, stability, depth, and performance, among other factors, warranted continuation of the advisory arrangement.

Investment performance

The board considered the short- and long-term performance of the advisor, including any periods of outperformance or underperformance compared with a relevant benchmark index and peer group. The board concluded that the performance was such that the advisory arrangement should continue.

Cost

The board concluded that the portfolio's expense ratio was below the average expense ratio charged by funds in its peer group and that the portfolio's advisory fee rate was also below the peer-group average.

The board did not consider the profitability of Wellington Management in determining whether to approve the advisory fee, because Wellington Management is independent of Vanguard and the advisory fee is the result of arm's-length negotiations.

The benefit of economies of scale

The board concluded that the portfolio realizes economies of scale that are built into the advisory fee rate negotiated with Wellington Management without any need for asset-level breakpoints. Wellington Management's advisory fee rate is very low relative to the average rate paid by funds in the portfolio's peer group.

The board will consider whether to renew the advisory arrangement again after a one-year period.

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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 208 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 Trustee[1]

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. Member of the board of governors of the Investment Company Institute and the board of governors of FINRA.

Independent Trustees

Tara Bunch

Born in 1962. Trustee since November 2021. Principal occupation(s) during the past five years and other experience: head of global operations at Airbnb (2020–present). Vice president of AppleCare (2012–2020). Member of the board of directors of Out & Equal, the advisory board of the University of California, Berkeley School of Engineering, and the advisory board of Santa Clara University's Leavey School of Business.

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. Member of the board of directors of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, Roberts Wesleyan College, and the Rochester Philharmonic Orchestra. Trustee of the University of Rochester.

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). Director of the V Foundation. Member of the advisory council for the College of Arts and Letters at the University of Notre Dame. Chairman of the board of Saint Anselm College.

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: co-founder and managing partner (2022–present) of Grafton Street Partners (investment advisory firm). Chief investment officer (retired 2020) and vice president (retired 2020) of the University of Notre Dame. Chair of the board of Catholic Investment Services, Inc. (investment advisors). Member of the board of superintendence of the Institute for the Works of Religion, the Notre Dame 403(b) Investment Committee, and the board of directors of Paxos Trust Company (finance).

Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chief executive officer of Purposeful (advisory firm for CEOs and C-level executives; 2021–present). Board chair (2020), 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 Individual Life and Disability of the Guardian Life Insurance Company of America. Director of DuPont. Member of the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, and the NewYork-Presbyterian Hospital.

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 partner of HighVista Strategies (private investment firm). Member of the board of RIT Capital Partners (investment firm).

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. Colin W. Brown Distinguished Professor of the Practice of Law, Duke Law School (2021–present); Rubenstein Fellow, Duke University (2017–2020); Distinguished Fellow of the Global Financial Markets Center, Duke Law School (2020–2022); and Senior Fellow, Duke Center on Risk (2020–present). Partner of Kaya Partners (climate policy advisory services). Member of the board of directors of Arcadia (energy solution technology).

Grant Reid

Born in 1959. Trustee since July 2023. Principal occupation(s) during the past five years and other experience: chief executive officer and president (2014–2022) and member of the board of directors (2015–2022) of Mars, Incorporated (multinational manufacturer). Member of the board of directors of Marriott International, Inc. Chair of Agribusiness Task Force, Sustainable Markets Initiative.

David Thomas

Born in 1956. Trustee since July 2021. Principal occupation(s) during the past five years and other experience: president of Morehouse College (2018–present). Professor of business administration, emeritus at Harvard University (2017–2018). Dean (2011–2016) and professor of management (2016–2017) at the Georgetown University McDonough School of Business. Director of DTE Energy Company. Trustee of Common Fund.

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). Member of the BMW Group Mobility Council.

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

Jacqueline Angell

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (November 2022–present) of Vanguard and of each of the investment companies served by Vanguard. Chief compliance officer (2018–2022) and deputy chief compliance officer (2017–2019) of State Street.

Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2021–present) and treasurer (2017–2022) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

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. Special assistant to the President of the United States (2015).

Ashley Grim

Born in 1984. Principal occupation(s) during the past five years and other experience: treasurer (February 2022–present) of each of the investment companies served by Vanguard. Fund transfer agent controller (2019–2022) and director of Audit Services (2017–2019) at Vanguard. Senior manager (2015–2017) at PriceWaterhouseCoopers (audit and assurance, consulting, and tax services).

Jodi Miller

Born in 1980. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2022–present) of each of the investment companies served by Vanguard. Head of Enterprise Investment Services (2020–present), head of Retail Client Services and Operations (2020–2022), and head of Retail Strategic Support (2018–2020) 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. Nonexecutive director (2022–present) of the board of National Grid (energy).

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.

Vanguard Senior Management Team

Matthew Benchener	Thomas M. Rampulla
Joseph Brennan	Karin A. Risi
Mortimer J. Buckley	Anne E. Robinson
Gregory Davis	Michael Rollings
John James	Nitin Tandon
Chris D. McIsaac	Lauren Valente

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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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