

Annual Report | December 31, 2022

Vanguard Variable Insurance Funds

High Yield Bond Portfolio

Contents

Your Portfolio's Performance at a Glance..... 1
Advisor's Report..... 2
About Your Portfolio's Expenses 4
Performance Summary 5
Financial Statements 7
Trustees Approve Advisory Arrangement27

Your Portfolio's Performance at a Glance

- Despite some relief in midsummer and late fall, the 12 months ended December 31, 2022, were a volatile, challenging period for financial markets. The High Yield Bond Portfolio returned -9.23%, faring somewhat better than the -10.32% return of its composite benchmark index.
- Overall, the economic backdrop deteriorated as inflation soared to multidecade highs, driven by government spending during the pandemic as well as higher energy and food prices in the wake of Russia's invasion of Ukraine. That prompted aggressive tightening by many central banks to bring inflation back in check, which weighed on bond prices and increased fears of recession.
- With interest rates rapidly rising, the U.S. investment-grade bond market had its worst calendar-year return ever. High-yield bonds posted modestly better total returns.
- 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.

Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2022		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	-19.13%	7.35%	9.13%
Russell 2000 Index (Small-caps)	-20.44	3.10	4.13
Russell 3000 Index (Broad U.S. market)	-19.21	7.07	8.79
FTSE All-World ex US Index (International)	-15.49	0.61	1.28
Bonds			
Bloomberg U.S. Aggregate Float Adjusted Index (Broad taxable market)	-13.07%	-2.67%	0.06%
Bloomberg Municipal Bond Index (Broad tax-exempt market)	-8.53	-0.77	1.25
FTSE Three-Month U.S. Treasury Bill Index	1.50	0.70	1.24
CPI			
Consumer Price Index	6.45%	4.92%	3.78%

Advisor's Report

For the 12 months ended December 31, 2022, the portfolio returned -9.23%, net of fees and expenses, compared with the benchmark return of -10.32%. Please note that Vanguard Fixed Income Group was added in August as an investment advisor to the portfolio, with Michael Chang as the manager for that portion of the portfolio. He will provide an advisor's report for Vanguard's part of the portfolio starting with next year's annual report.

The investment environment

Fixed income markets experienced steep negative total returns during the year as government bond yields moved sharply higher in response to tightening global monetary policies to combat persistent inflation. High-yield spreads widened amid increasing concerns that tighter financial conditions could tip the global economy into recession.

During the course of the year, the 10-year U.S. Treasury yield increased from 1.51% to 3.87%. This led to lower bond prices (bond yields and prices generally move in opposite directions). The average dollar price of the high-yield market decreased to \$86 from \$104 during the period. The spread of the high-yield market widened to 469 basis points over Treasuries as of December 31, 2022, compared with 283 basis points at the end of 2021. (A basis point is one-hundredth of a percentage point.)

There was some dispersion in performance by credit quality over the year as the high-yield market generally punished lower-quality credits. The lowest-rated CCC bonds trailed, returning -16.29%, according to Bloomberg High Yield Index data, whereas B-rated bonds led with a -10.26% return. BB-rated bonds returned -10.80%.

Although we predict continued macroeconomic headwinds in 2023 and expect defaults to migrate toward long-term averages, we think a repeat of 2022's negative-total-return year is unlikely given the valuation starting point. Further, with high-yield credit spreads and "all-in"

yields north of 4% and 8%, respectively, we believe market technicals could turn positive as investors seek to capture spreads and yields that are significantly higher than a year ago.

We are closely watching inflation and labor market data points as drivers of Federal Reserve policy as well as key factors in the depth and timing of a potential recession. Security selection should take on increased importance in 2023 because we anticipate greater dispersion across high-yield issuers, sectors, and credit qualities. We continue to prefer companies that can maintain their cash flows in a more challenging market and economic environment through strong competitive positioning, less-cyclical end-market exposures, and a focus on balance sheet improvement.

The Fed's contractionary monetary policy over the past 12 months, designed to curb persistent inflation, has brought the U.S. yield curve to its flattest since the 1980s—historically, a reliable indicator of an approaching recession. While the pace of inflation has decelerated recently, it is still unclear where inflation will settle and whether the Fed will feel compelled to keep raising interest rates. On the plus side, credit growth, excess savings, labor gains, and housing wealth all boosted consumers' health in 2022. Nevertheless, we do not believe the true cumulative effects of tighter policy on consumers will take hold until mid-2023.

Despite rising input costs, high-yield issuers' fundamentals held up relatively well in 2022. Many issuers have bolstered their balance sheets since the onset of COVID-19, providing some insulation from rising costs. However, we anticipate continued pressure on many issuers' profit margins, as higher costs might not be passed on so easily to a flagging consumer sector in 2023. All-in borrowing costs are significantly above where they were a year ago, further cutting into corporate free-cash-flow generation. Overall, we expect high-yield corporate fundamentals to weaken over the next six to 12 months, as the effects of tighter

monetary policy work their way through the economy.

While the market may be prone to volatility over the course of 2023, we believe high-yield spreads could tighten in the absence of negative news, especially given the lack of new high-yield supply and a potential pause in hawkish Fed actions in the first half of 2023. However, we believe spreads may widen in the second half of 2023 as corporate fundamentals continue to weaken amid the slowing macroeconomic environment. If this were to occur, we believe it may present attractive buying opportunities for high-yield investors.

As we enter 2023, we believe a modestly defensive risk posture, with a strong emphasis on security selection, is appropriate. Given the macroeconomic headwinds, weakening high-yield issuer fundamentals, and median-level valuations in the sector, we do not believe investors are likely to be adequately compensated for taking on excess credit risk. However, in the event of further market volatility, we are maintaining the flexibility to pivot and tactically increase risk at potentially more attractive valuations as the year progresses.

The portfolio's shortfalls

Positioning in the government-related and energy sectors detracted from relative returns. Credit selection in the energy and consumer cyclical services sectors also hurt relative results.

The portfolio's successes

Positioning in the packaging and construction machinery sectors benefited relative performance. Credit selection in the wireless and pharmaceuticals sectors also contributed favorably to relative returns.

The portfolio's positioning

The portfolio remains consistent in its investment objective and strategy and maintains meaningful exposure to relatively higher-quality names in the high-yield market. We believe these

companies have more stable credit profiles and greater predictability of cash flows than those at the lower end of the quality spectrum.

We prefer higher-quality credits in order to minimize defaults and provide stable income. We continue to diversify the portfolio's holdings by issuer and industry. We also continue to deemphasize noncash-paying securities, preferred stocks, and equity-linked securities, such as convertibles, because of their potential for volatility.

Michael L. Hong, CFA,
Senior Managing Director and Fixed
Income Portfolio Manager

Elizabeth H. Shortsleeve,
Senior Managing Director and Fixed
Income Portfolio Manager

Wellington Management Company LLP

January 11, 2023

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, 2022

High Yield Bond Portfolio	Beginning Account Value 6/30/2022	Ending Account Value 12/31/2022	Expenses Paid During Period
Based on Actual Portfolio Return	\$1,000.00	\$1,040.40	\$1.29
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.95	1.28

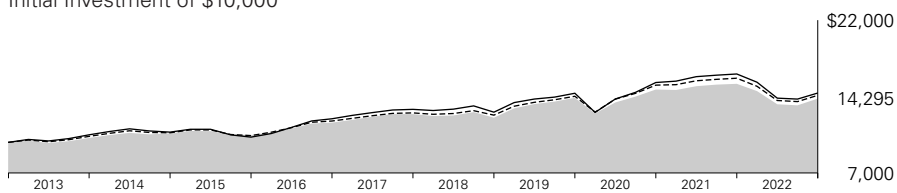
The calculations are based on expenses incurred in the most recent six-month period. The portfolio's annualized six-month expense ratio for that period is 0.25%. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, 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).

High Yield Bond 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, 2012, Through December 31, 2022
Initial Investment of \$10,000



Average Annual Total Returns
Periods Ended December 31, 2022

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
High Yield Bond Portfolio	-9.23%	2.27%	3.64%	\$14,295
High-Yield Corporate Composite Index	-10.32	2.54	3.87	14,617
Bloomberg U.S. Corporate High Yield Bond Index	-11.19	2.31	4.03	14,845

High-Yield Corporate Composite Index: Weighted 95% Bloomberg U.S. High-Yield Ba/B 2% Issuer Capped Index and 5% Bloomberg U.S. 1-5 Year Treasury Bond Index.

Portfolio Allocation

As of December 31, 2022

Communications	17.0%
Consumer Discretionary	16.8
Consumer Staples	3.3
Energy	11.1
Financials	6.7
Health Care	9.7
Industrials	8.6
Materials	8.0
Real Estate	1.4
Technology	9.7
U.S. Government Securities	5.6
Utilities	2.1

The table reflects the portfolio's investments, except for short-term investments, derivatives and other financial instruments.

Financial Statements

Schedule of Investments

As of December 31, 2022

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.

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
U.S. Government and Agency Obligations (5.3%)									
U.S. Government Securities (5.3%)									
¹ United States Treasury Note/Bond	0.125%	1/31/23	4,075	4,061	⁴ CSC Holdings LLC	6.500%	2/1/29	975	800
United States Treasury Note/Bond	1.625%	4/30/23	4,100	4,062	⁴ CSC Holdings LLC	4.125%	12/1/30	2,721	1,921
United States Treasury Note/Bond	0.125%	7/31/23	4,175	4,065	⁴ CSC Holdings LLC	4.625%	12/1/30	200	110
United States Treasury Note/Bond	3.000%	7/31/24	412	402	⁴ CSC Holdings LLC	3.375%	2/15/31	960	626
United States Treasury Note/Bond	3.250%	8/31/24	685	671	⁴ CSC Holdings LLC	4.500%	11/15/31	3,400	2,363
United States Treasury Note/Bond	4.375%	10/31/24	60	60	⁴ CSC Holdings LLC	5.000%	11/15/31	600	335
United States Treasury Note/Bond	4.250%	12/31/24	203	202	⁴ Directv Financing LLC / Directv Financing Co-Obligor Inc.	5.875%	8/15/27	590	529
United States Treasury Note/Bond	0.250%	5/31/25	150	136	DISH DBS Corp.	5.875%	11/15/24	2,125	1,982
^{2,3} United States Treasury Note/Bond	3.125%	8/15/25	3,195	3,102	DISH DBS Corp.	7.750%	7/1/26	1,325	1,069
³ United States Treasury Note/Bond	3.500%	9/15/25	7,890	7,730	⁴ DISH DBS Corp.	5.250%	12/1/26	80	67
United States Treasury Note/Bond	4.250%	10/15/25	1,000	999	DISH DBS Corp.	7.375%	7/1/28	3,130	2,212
United States Treasury Note/Bond	4.500%	11/15/25	150	151	⁴ DISH DBS Corp.	5.750%	12/1/28	1,075	859
United States Treasury Note/Bond	2.625%	5/31/27	100	94	⁴ DISH Network Corp.	11.750%	11/15/27	1,190	1,224
United States Treasury Note/Bond	2.750%	7/31/27	3,428	3,243	Embarq Corp.	7.995%	6/1/36	865	402
United States Treasury Note/Bond	4.125%	10/31/27	395	396	⁴ Frontier Communications Holdings LLC	5.875%	10/15/27	485	451
United States Treasury Note/Bond	2.625%	7/31/29	814	749	⁴ Frontier Communications Holdings LLC	5.000%	5/1/28	3,815	3,327
United States Treasury Note/Bond	3.875%	9/30/29	840	834	⁴ Frontier Communications Holdings LLC	6.750%	5/1/29	980	810
United States Treasury Note/Bond	4.000%	10/31/29	80	80	⁴ Frontier Communications Holdings LLC	5.875%	11/1/29	2,905	2,253
United States Treasury Note/Bond	3.875%	11/30/29	1,208	1,199	⁴ Frontier Communications Holdings LLC	6.000%	1/15/30	581	457
United States Treasury Note/Bond	2.750%	8/15/32	592	538	⁴ Go Daddy Operating Co. LLC / GD Finance Co. Inc.	3.500%	3/1/29	2,025	1,708
United States Treasury Note/Bond	4.125%	11/15/32	220	224	⁴ Iliad Holding SAS	6.500%	10/15/26	455	423
United States Treasury Note/Bond	4.500%	5/15/38	60	64	⁴ Iliad Holding SAS	7.000%	10/15/28	425	385
United States Treasury Note/Bond	3.250%	5/15/42	58	51	Lamar Media Corp.	3.750%	2/15/28	1,660	1,490
United States Treasury Note/Bond	3.375%	8/15/42	60	54	Lamar Media Corp.	4.875%	1/15/29	80	74
United States Treasury Note/Bond	3.000%	2/15/48	62	51	Lamar Media Corp.	4.000%	2/15/30	1,920	1,677
United States Treasury Note/Bond	3.125%	5/15/48	22	18	Lamar Media Corp.	3.625%	1/15/31	1,406	1,163
United States Treasury Note/Bond	3.000%	8/15/52	6	5	⁴ Level 3 Financing Inc.	3.625%	1/15/29	518	379
Total U.S. Government and Agency Obligations (Cost \$33,621)				33,241	^{4,5} Lorca Telecom Bondco SA	4.000%	9/18/27	1,335	1,275
Corporate Bonds (85.0%)					⁴ Match Group Holdings II LLC	4.625%	6/1/28	140	125
Communications (15.8%)					⁴ Match Group Holdings II LLC	3.625%	10/1/31	125	96
^{4,5} Altice France SA	2.125%	2/15/25	585	551	Netflix Inc.	4.875%	4/15/28	570	554
⁴ Altice France SA	5.500%	1/15/28	1,900	1,492	Netflix Inc.	5.875%	11/15/28	520	528
⁴ Altice France SA	5.125%	7/15/29	225	168	Netflix Inc.	6.375%	5/15/29	345	357
⁴ Banijay Entertainment SASU	5.375%	3/1/25	200	189	⁴ News Corp.	3.875%	5/15/29	480	416
Belo Corp.	7.750%	6/1/27	920	898	⁴ Nexstar Media Inc.	4.750%	11/1/28	240	208
Belo Corp.	7.250%	9/15/27	527	501	⁴ Outfront Media Capital LLC / Outfront Media Capital Corp.	6.250%	6/15/25	310	308
⁴ Cable One Inc.	4.000%	11/15/30	860	670	⁴ Outfront Media Capital LLC / Outfront Media Capital Corp.	5.000%	8/15/27	814	736
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	5.500%	5/1/26	1,338	1,296	⁴ Outfront Media Capital LLC / Outfront Media Capital Corp.	4.250%	1/15/29	525	435
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	5.125%	5/1/27	280	261	⁴ Outfront Media Capital LLC / Outfront Media Capital Corp.	4.625%	3/15/30	2,447	2,029
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	5.375%	6/1/29	100	90	Paramount Global Inc.	6.250%	2/28/57	944	763
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	6.375%	9/1/29	1,000	939	Paramount Global Inc.	6.375%	3/30/62	885	719
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	4.500%	8/15/30	3,415	2,828	Quebecor Media Inc.	5.750%	1/15/23	2,810	2,809
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	4.250%	2/1/31	2,685	2,156	⁴ ROBLOX Corp.	3.875%	5/1/30	2,217	1,746
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	4.500%	5/1/32	3,836	3,053	⁴ Scripps Escrow II Inc.	3.875%	1/15/29	1,710	1,391
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	4.500%	6/1/33	380	293	⁴ Scripps Escrow II Inc.	5.375%	1/15/31	642	517
⁴ CCO Holdings LLC / CCO Holdings Capital Corp.	4.250%	1/15/34	200	148	⁴ Sirius XM Radio Inc.	3.125%	9/1/26	355	315
⁴ CSC Holdings LLC	5.500%	4/15/27	1,605	1,351	⁴ Sirius XM Radio Inc.	4.000%	7/15/28	1,090	946
					⁴ Sirius XM Radio Inc.	4.125%	7/1/30	1,840	1,520
					⁴ Sirius XM Radio Inc.	3.875%	9/1/31	1,120	885

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
Sprint Capital Corp.	8.750%	3/15/32	100	119	⁴	Caesars Entertainment Inc.	8.125%	7/1/27	2,094	2,059
Sprint Corp.	7.625%	2/15/25	1,595	1,652	⁴	Caesars Entertainment Inc.	4.625%	10/15/29	1,200	976
Sprint LLC	7.875%	9/15/23	4,299	4,363	⁴	Caesars Resort Collection LLC / CRC Finco Inc.	5.750%	7/1/25	1,678	1,645
Sprint LLC	7.125%	6/15/24	1,726	1,761	⁴	Camelot Return Merger Sub Inc.	8.750%	8/1/28	230	211
Telecom Italia Capital SA	6.375%	11/15/33	211	174	⁴	Carnival Corp.	5.750%	3/1/27	631	450
Telecom Italia Capital SA	6.000%	9/30/34	660	505	⁴	Carnival Corp.	4.000%	8/1/28	2,920	2,379
Telecom Italia Capital SA	7.721%	6/4/38	745	622	⁴	Carnival Corp.	6.000%	5/1/29	3,625	2,429
Telecom Italia SpA	5.303%	5/30/24	445	422	⁴	Carnival Corp.	10.500%	6/1/30	1,515	1,238
⁴ Telenet Finance Luxembourg Notes Sarl	5.500%	3/1/28	3,200	2,826	⁴	Carnival Holdings Bermuda Ltd.	10.375%	5/1/28	360	370
T-Mobile USA Inc.	5.375%	4/15/27	355	358	⁴	CDI Escrow Issuer Inc.	5.750%	4/1/30	620	559
⁴ Uber Technologies Inc.	7.500%	5/15/25	10	10	⁴	Cedar Fair LP	5.250%	7/15/29	1,475	1,330
⁴ Uber Technologies Inc.	8.000%	11/1/26	100	101	⁴	Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp. / Millennium Op	5.500%	5/1/25	55	54
⁴ Uber Technologies Inc.	7.500%	9/15/27	250	250		Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp. / Millennium Op	5.375%	4/15/27	775	740
⁴ Uber Technologies Inc.	6.250%	1/15/28	250	241		Century Communities Inc.	6.750%	6/1/27	288	275
⁴ Uber Technologies Inc.	4.500%	8/15/29	500	436	⁴	Century Communities Inc.	3.875%	8/15/29	903	710
⁴ Univision Communications Inc.	7.375%	6/30/30	10	10	⁴	Churchill Downs Inc.	5.500%	4/1/27	260	247
⁴ UPC Broadband Finco BV	4.875%	7/15/31	1,415	1,177	⁴	Churchill Downs Inc.	4.750%	1/15/28	310	277
⁴ UPC Holding BV	5.500%	1/15/28	2,250	2,020	⁴	Cinemark USA Inc.	8.750%	5/1/25	75	76
⁴ Videotron Ltd.	5.375%	6/15/24	160	159	⁴	Cinemark USA Inc.	5.875%	3/15/26	330	275
⁴ Videotron Ltd.	5.125%	4/15/27	2,000	1,890	⁴	Cinemark USA Inc.	5.250%	7/15/28	920	683
^{4,6} Videotron Ltd.	3.625%	6/15/28	2,565	1,625	^{4,5}	Cirsa Finance International Sarl	6.250%	12/20/23	217	230
⁴ Videotron Ltd.	3.625%	6/15/29	1,344	1,136	^{4,5}	Cirsa Finance International Sarl	4.500%	3/15/27	140	128
⁴ Virgin Media Secured Finance plc	5.500%	5/15/29	425	382	⁴	Clarios Global LP / Clarios US Finance Co.	6.250%	5/15/26	547	535
⁴ Virgin Media Secured Finance plc	4.500%	8/15/30	1,190	994	⁴	Clarios Global LP / Clarios US Finance Co.	8.500%	5/15/27	1,024	1,002
^{4,7} Virgin Media Vendor Financing Notes III DAC	4.875%	7/15/28	990	964		Dana Inc.	5.625%	6/15/28	100	91
⁴ Virgin Media Vendor Financing Notes IV DAC	5.000%	7/15/28	1,075	940		Dana Inc.	4.500%	2/15/32	130	105
⁴ Vmed O2 UK Financing I plc	4.250%	1/31/31	3,140	2,544		Ford Motor Co.	4.346%	12/8/26	430	407
⁴ VZ Secured Financing BV	5.000%	1/15/32	1,505	1,227		Ford Motor Co.	9.625%	4/22/30	60	68
^{4,5} WMG Acquisition Corp.	2.750%	7/15/28	520	501	⁴	Ford Motor Co.	3.250%	2/12/32	3,675	2,765
⁴ WMG Acquisition Corp.	3.875%	7/15/30	1,515	1,306		Ford Motor Co.	6.100%	8/19/32	905	838
⁴ WMG Acquisition Corp.	3.000%	2/15/31	1,585	1,268		Ford Motor Co.	4.750%	1/15/43	700	506
^{4,5} WP/AP Telecom Holdings IV BV	3.750%	1/15/29	790	736		Ford Motor Co.	5.291%	12/8/46	200	154
⁴ Zayo Group Holdings Inc.	4.000%	3/1/27	130	96		Ford Motor Credit Co. LLC	3.087%	1/9/23	900	898
⁴ Ziggo BV	4.875%	1/15/30	1,779	1,488		Ford Motor Credit Co. LLC	3.370%	11/17/23	1,895	1,853
				98,961		Ford Motor Credit Co. LLC	4.134%	8/4/25	380	355
Consumer Discretionary (15.2%)						Ford Motor Credit Co. LLC	3.375%	11/13/25	470	426
⁴ 1011778 BC ULC / New Red Finance Inc.	3.875%	1/15/28	1,185	1,067		Ford Motor Credit Co. LLC	4.389%	1/8/26	200	187
⁴ 1011778 BC ULC / New Red Finance Inc.	4.375%	1/15/28	1,500	1,349		Ford Motor Credit Co. LLC	2.700%	8/10/26	2,290	1,989
⁴ 1011778 BC ULC / New Red Finance Inc.	3.500%	2/15/29	500	431		Ford Motor Credit Co. LLC	4.950%	5/28/27	735	686
⁴ 1011778 BC ULC / New Red Finance Inc.	4.000%	10/15/30	2,980	2,420		Ford Motor Credit Co. LLC	2.900%	2/16/28	640	529
⁴ Adient Global Holdings Ltd.	4.875%	8/15/26	540	503		Ford Motor Credit Co. LLC	2.900%	2/10/29	200	160
⁴ American Builders & Contractors Supply Co. Inc.	4.000%	1/15/28	1,076	959	⁸	Ford Motor Credit Co. LLC, 3M USD LIBOR + 1.235%	4.140%	2/15/23	255	255
⁴ American Builders & Contractors Supply Co. Inc.	3.875%	11/15/29	1,285	1,050	⁴	Gap Inc.	3.625%	10/1/29	545	388
Asbury Automotive Group Inc.	4.500%	3/1/28	745	656	⁴	Gap Inc.	3.875%	10/1/31	470	332
⁴ Asbury Automotive Group Inc.	4.625%	11/15/29	645	544		Goodyear Tire & Rubber Co.	5.000%	7/15/29	485	405
Asbury Automotive Group Inc.	4.750%	3/1/30	414	348		Goodyear Tire & Rubber Co.	5.250%	7/15/31	175	143
⁴ Asbury Automotive Group Inc.	5.000%	2/15/32	645	532		Griffon Corp.	5.750%	3/1/28	300	274
⁴ Ashton Woods USA LLC / Ashton Woods Finance Co.	6.625%	1/15/28	10	9	⁴	Group 1 Automotive Inc.	4.000%	8/15/28	75	64
⁴ Ashton Woods USA LLC / Ashton Woods Finance Co.	4.625%	4/1/30	517	418	⁴	Hanesbrands Inc.	4.625%	5/15/24	730	708
Bath & Body Works Inc.	6.694%	1/15/27	504	500	⁴	Hanesbrands Inc.	4.875%	5/15/26	2,974	2,674
Bath & Body Works Inc.	5.250%	2/1/28	65	61	⁴	Hilton Domestic Operating Co. Inc.	5.750%	5/1/28	390	379
⁴ Bath & Body Works Inc.	6.625%	10/1/30	1,640	1,538	⁴	Hilton Domestic Operating Co. Inc.	3.750%	5/1/29	240	208
Bath & Body Works Inc.	6.875%	11/1/35	150	133	⁴	KAR Auction Services Inc.	5.125%	6/1/25	455	445
Bath & Body Works Inc.	6.750%	7/1/36	25	22		KB Home	4.800%	11/15/29	405	353
⁴ Beacon Roofing Supply Inc.	4.125%	5/15/29	290	242		KB Home	4.000%	6/15/31	875	707
Boyd Gaming Corp.	4.750%	12/1/27	3,725	3,469	⁴	KFC Holding Co. / Pizza Hut Holdings LLC / Taco Bell of America LLC	4.750%	6/1/27	1,010	977
⁴ Boyd Gaming Corp.	4.750%	6/15/31	165	144	⁴	Lithia Motors Inc.	4.625%	12/15/27	1,945	1,772
⁴ Builders Firstsource Inc.	4.250%	2/1/32	1,110	904						
⁴ Caesars Entertainment Inc.	6.250%	7/1/25	2,605	2,534						

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
⁴ Masonite International Corp.	3.500%	2/15/30	200	162	⁴ US Foods Inc.	4.625%	6/1/30	488	431
⁴ Mattel Inc.	3.375%	4/1/26	635	585					19,435
⁴ Mattel Inc.	5.875%	12/15/27	1,910	1,873	Energy (10.3%)				
⁴ Melco Resorts Finance Ltd.	4.875%	6/6/25	400	368	Apache Corp.	4.875%	11/15/27	1,560	1,442
⁴ Melco Resorts Finance Ltd.	5.375%	12/4/29	525	424	Apache Corp.	4.375%	10/15/28	55	50
MGM Resorts International	6.000%	3/15/23	1,080	1,080	Apache Corp.	4.250%	1/15/30	250	221
MGM Resorts International	5.750%	6/15/25	1,355	1,317	Apache Corp.	5.100%	9/1/40	1,019	846
⁴ Michaels Cos. Inc.	5.250%	5/1/28	1,075	868	Apache Corp.	5.250%	2/1/42	271	222
⁴ Michaels Cos. Inc.	7.875%	5/1/29	1,098	741	Apache Corp.	4.250%	1/15/44	15	11
⁴ NCL Corp Ltd.	7.750%	2/15/29	545	410	Apache Corp.	5.350%	7/1/49	822	668
Newell Brands Inc.	4.450%	4/1/26	112	106	⁴ Blue Racer Midstream LLC / Blue Racer Finance Corp.	7.625%	12/15/25	260	259
Newell Brands Inc.	6.375%	9/15/27	190	189	⁴ Blue Racer Midstream LLC / Blue Racer Finance Corp.	6.625%	7/15/26	475	459
Newell Brands Inc.	6.625%	9/15/29	590	582	Buckeye Partners LP	4.150%	7/1/23	90	89
⁴ NMG Holding Co. Inc. / Neiman Marcus Group LLC	7.125%	4/1/26	285	268	⁴ Buckeye Partners LP	4.125%	3/1/25	1,631	1,560
⁴ Petsmart Inc.	4.750%	2/15/28	2,340	2,120	Buckeye Partners LP	3.950%	12/1/26	163	146
⁴ Petsmart Inc.	7.750%	2/15/29	675	630	Buckeye Partners LP	4.125%	12/1/27	565	495
⁴ Royal Caribbean Cruises Ltd.	4.250%	7/1/26	295	239	⁴ Buckeye Partners LP	4.500%	3/1/28	2,584	2,270
⁴ Royal Caribbean Cruises Ltd.	5.500%	8/31/26	2,270	1,910	Cheniere Energy Partners LP	4.500%	10/1/29	1,076	968
⁴ Royal Caribbean Cruises Ltd.	5.375%	7/15/27	705	573	Cheniere Energy Partners LP	4.000%	3/1/31	475	407
⁴ Royal Caribbean Cruises Ltd.	11.625%	8/15/27	685	689	⁴ CNX Resources Corp.	6.000%	1/15/29	50	46
⁴ Royal Caribbean Cruises Ltd.	5.500%	4/1/28	940	751	CNX Resources Corp.	7.375%	1/15/31	365	350
⁴ Royal Caribbean Cruises Ltd.	8.250%	1/15/29	1,215	1,222	⁴ Colgate Energy Partners III LLC	7.750%	2/15/26	65	63
Sands China Ltd.	5.625%	8/8/25	400	387	⁴ Colgate Energy Partners III LLC	5.875%	7/1/29	496	427
Sands China Ltd.	5.900%	8/8/28	400	375	Continental Resources Inc.	4.375%	1/15/28	1,053	959
Sands China Ltd.	3.750%	8/8/31	705	557	⁴ Continental Resources Inc.	5.750%	1/15/31	960	895
⁴ Scientific Games International Inc.	7.000%	5/15/28	1,015	971	Continental Resources Inc.	4.900%	6/1/44	2,355	1,736
Service Corp. International	4.625%	12/15/27	370	346	DCP Midstream Operating LP	3.875%	3/15/23	601	597
Service Corp. International	5.125%	6/1/29	2,105	1,982	DCP Midstream Operating LP	5.125%	5/15/29	130	125
Service Corp. International	3.375%	8/15/30	650	534	⁴ DT Midstream Inc.	4.125%	6/15/29	2,415	2,072
Service Corp. International	4.000%	5/15/31	1,560	1,324	⁴ DT Midstream Inc.	4.375%	6/15/31	3,236	2,706
⁴ Speedway Motorsports LLC / Speedway Funding II Inc.	4.875%	11/1/27	853	759	⁴ Earthstone Energy Holdings LLC	8.000%	4/15/27	835	796
⁴ Taylor Morrison Communities Inc.	5.875%	6/15/27	450	433	⁴ Enerflex Ltd.	9.000%	10/15/27	965	963
⁴ Taylor Morrison Communities Inc.	5.125%	8/1/30	710	618	⁴ EnLink Midstream LLC	5.625%	1/15/28	720	687
Toll Brothers Finance Corp.	4.875%	11/15/25	170	166	⁴ EnLink Midstream LLC	5.375%	6/1/29	720	668
Under Armour Inc.	3.250%	6/15/26	1,410	1,258	⁴ EnLink Midstream LLC	6.500%	9/1/30	410	406
⁴ William Carter Co.	5.625%	3/15/27	404	388	EnLink Midstream Partners LP	4.150%	6/1/25	453	431
⁴ WW International Inc.	4.500%	4/15/29	134	67	EnLink Midstream Partners LP	4.850%	7/15/26	716	677
⁴ Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	5.500%	3/1/25	1,865	1,777	EnLink Midstream Partners LP	5.600%	4/1/44	25	21
⁴ Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	5.250%	5/15/27	1,260	1,140	EnLink Midstream Partners LP	5.050%	4/1/45	995	750
⁴ Wynn Macau Ltd.	5.500%	1/15/26	450	413	EnLink Midstream Partners LP	5.450%	6/1/47	663	532
⁴ Wynn Macau Ltd.	5.125%	12/15/29	740	597	EQM Midstream Partners LP	4.000%	8/1/24	458	441
⁴ Wynn Resorts Finance LLC / Wynn Resorts Capital Corp.	7.750%	4/15/25	297	296	⁴ EQM Midstream Partners LP	6.000%	7/1/25	1,580	1,535
⁴ Wynn Resorts Finance LLC / Wynn Resorts Capital Corp.	5.125%	10/1/29	78	67	EQM Midstream Partners LP	4.125%	12/1/26	100	89
⁴ Yum! Brands Inc.	4.750%	1/15/30	1,095	1,007	⁴ EQM Midstream Partners LP	7.500%	6/1/27	95	93
Yum! Brands Inc.	3.625%	3/15/31	1,715	1,437	⁴ EQM Midstream Partners LP	6.500%	7/1/27	1,710	1,635
Yum! Brands Inc.	4.625%	1/31/32	460	408	EQM Midstream Partners LP	5.500%	7/15/28	766	684
				95,226	⁴ EQM Midstream Partners LP	4.500%	1/15/29	990	838
Consumer Staples (3.1%)					⁴ EQM Midstream Partners LP	7.500%	6/1/30	100	96
B&G Foods Inc.	5.250%	9/15/27	3,095	2,375	⁴ EQM Midstream Partners LP	4.750%	1/15/31	2,275	1,875
^{4,5} Darling Global Finance BV	3.625%	5/15/26	395	411	EQT Corp.	6.125%	2/1/25	95	95
⁴ Darling Ingredients Inc.	5.250%	4/15/27	855	834	⁴ Hess Midstream Operations LP	4.250%	2/15/30	70	60
⁴ Darling Ingredients Inc.	6.000%	6/15/30	175	172	Occidental Petroleum Corp.	3.400%	4/15/26	365	342
⁴ Energizer Holdings Inc.	4.750%	6/15/28	3,560	3,098	Occidental Petroleum Corp.	3.200%	8/15/26	100	92
⁴ Energizer Holdings Inc.	4.375%	3/31/29	865	735	Occidental Petroleum Corp.	3.000%	2/15/27	250	226
⁴ Performance Food Group Inc.	6.875%	5/1/25	200	200	Occidental Petroleum Corp.	8.500%	7/15/27	91	98
⁴ Performance Food Group Inc.	5.500%	10/15/27	2,935	2,788	Occidental Petroleum Corp.	6.375%	9/1/28	570	577
⁴ Performance Food Group Inc.	4.250%	8/1/29	1,950	1,689	Occidental Petroleum Corp.	8.875%	7/15/30	180	203
⁴ Post Holdings Inc.	5.750%	3/1/27	314	304	Occidental Petroleum Corp.	6.625%	9/1/30	235	243
⁴ Post Holdings Inc.	5.625%	1/15/28	2,070	1,957	Occidental Petroleum Corp.	6.125%	1/1/31	1,481	1,499
⁴ Post Holdings Inc.	5.500%	12/15/29	760	689	Occidental Petroleum Corp.	7.500%	5/1/31	35	37
⁴ Post Holdings Inc.	4.625%	4/15/30	2,019	1,742	Occidental Petroleum Corp.	6.450%	9/15/36	300	306
⁴ Post Holdings Inc.	4.500%	9/15/31	1,635	1,381	Occidental Petroleum Corp.	6.600%	3/15/46	933	960
⁴ United Natural Foods Inc.	6.750%	10/15/28	654	629	Occidental Petroleum Corp.	4.400%	4/15/46	225	177
					Ovintiv Inc.	7.200%	11/1/31	90	95
					Ovintiv Inc.	7.375%	11/1/31	1,344	1,443
					Ovintiv Inc.	6.500%	8/15/34	397	402
					Ovintiv Inc.	6.500%	2/1/38	440	436

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
⁴ Permian Resources Operating LLC	5.375%	1/15/26	80	73	⁴ Ladder Capital Finance Holdings LLLP / Ladder Capital Finance Corp.	4.250%	2/1/27	400	337
⁴ Range Resources Corp.	8.250%	1/15/29	400	412	⁴ Ladder Capital Finance Holdings LLLP / Ladder Capital Finance Corp.	4.750%	6/15/29	585	472
⁴ Range Resources Corp.	4.750%	2/15/30	1,362	1,205	⁴ MGIC Investment Corp.	5.250%	8/15/28	535	494
⁴ Rockies Express Pipeline LLC	4.950%	7/15/29	75	68	⁴ Nationstar Mortgage Holdings Inc.	5.125%	12/15/30	2,634	2,025
⁴ Rockies Express Pipeline LLC	4.800%	5/15/30	75	66	Navient Corp.	5.500%	1/25/23	1,000	998
⁴ Rockies Express Pipeline LLC	7.500%	7/15/38	287	262	Navient Corp.	7.250%	9/25/23	111	111
SM Energy Co.	6.750%	9/15/26	320	312	Navient Corp.	6.750%	6/15/26	15	14
SM Energy Co.	6.625%	1/15/27	30	29	Navient Corp.	4.875%	3/15/28	248	204
SM Energy Co.	6.500%	7/15/28	30	29	Navient Corp.	5.500%	3/15/29	1,635	1,341
Southwestern Energy Co.	5.375%	2/1/29	667	618	Navient Corp.	5.625%	8/1/33	181	130
Southwestern Energy Co.	5.375%	3/15/30	1,678	1,526	OneMain Finance Corp.	8.250%	10/1/23	380	382
Southwestern Energy Co.	4.750%	2/1/32	235	201	OneMain Finance Corp.	6.125%	3/15/24	815	788
Sunoco LP / Sunoco Finance Corp.	6.000%	4/15/27	2,265	2,236	OneMain Finance Corp.	7.125%	3/15/26	2,286	2,174
Sunoco LP / Sunoco Finance Corp.	5.875%	3/15/28	425	403	OneMain Finance Corp.	3.500%	1/15/27	545	451
Sunoco LP / Sunoco Finance Corp.	4.500%	5/15/29	855	748	OneMain Finance Corp.	3.875%	9/15/28	960	764
Sunoco LP / Sunoco Finance Corp.	4.500%	4/30/30	1,150	999	OneMain Finance Corp.	4.000%	9/15/30	1,225	916
Targa Resources Partners LP / Targa Resources Partners Finance Corp.	6.875%	1/15/29	725	732	⁴ Park Aerospace Holdings Ltd.	5.500%	2/15/24	280	276
Targa Resources Partners LP / Targa Resources Partners Finance Corp.	4.875%	2/1/31	1,640	1,482	⁴ PennyMac Financial Services Inc.	5.375%	10/15/25	1,045	947
^{4,9} Transocean Guardian Ltd.	5.875%	1/15/24	639	626	⁴ PennyMac Financial Services Inc.	4.250%	2/15/29	1,055	825
^{4,9} Transocean Phoenix 2 Ltd.	7.750%	10/15/24	408	405	Radian Group Inc.	4.500%	10/1/24	1,855	1,787
^{4,9} Transocean Pontus Ltd.	6.125%	8/1/25	479	472	Radian Group Inc.	6.625%	3/15/25	175	173
^{4,9} Transocean Proteus Ltd.	6.250%	12/1/24	478	473	Radian Group Inc.	4.875%	3/15/27	175	160
⁴ Venture Global Calcasieu Pass LLC	3.875%	8/15/29	1,620	1,418	⁴ Rocket Mortgage LLC / Rocket Mortgage Co-Issuer Inc.	2.875%	10/15/26	55	47
⁴ Venture Global Calcasieu Pass LLC	4.125%	8/15/31	1,885	1,607	⁴ Rocket Mortgage LLC / Rocket Mortgage Co-Issuer Inc.	3.625%	3/1/29	130	103
⁴ Venture Global Calcasieu Pass LLC	3.875%	11/1/33	2,110	1,723	⁴ Rocket Mortgage LLC / Rocket Mortgage Co-Issuer Inc.	3.875%	3/1/31	320	247
⁴ Vine Energy Holdings LLC	6.750%	4/15/29	10	10	⁴ Rocket Mortgage LLC / Rocket Mortgage Co-Issuer Inc.	4.000%	10/15/33	25	19
⁴ Weatherford International Ltd.	8.625%	4/30/30	675	652	⁴ United Wholesale Mortgage LLC	5.500%	11/15/25	300	271
Western Midstream Operating LP	3.350%	2/1/25	105	99	⁴ United Wholesale Mortgage LLC	5.750%	6/15/27	505	434
Western Midstream Operating LP	3.950%	6/1/25	555	526					35,245
Western Midstream Operating LP	4.650%	7/1/26	1,253	1,192	Health Care (8.7%)				
Western Midstream Operating LP	4.500%	3/1/28	100	92	⁴ 180 Medical Inc.	3.875%	10/15/29	200	172
Western Midstream Operating LP	4.750%	8/15/28	340	312	⁴ Acadia Healthcare Co. Inc.	5.500%	7/1/28	525	498
Western Midstream Operating LP	4.300%	2/1/30	95	83	⁴ Acadia Healthcare Co. Inc.	5.000%	4/15/29	200	185
Western Midstream Operating LP	5.450%	4/1/44	595	497	^{4,5} Avantor Funding Inc.	2.625%	11/1/25	2,106	2,123
Western Midstream Operating LP	5.300%	3/1/48	1,492	1,235	⁴ Avantor Funding Inc.	4.625%	7/15/28	1,835	1,666
Western Midstream Operating LP	5.500%	2/1/50	1,804	1,492	⁴ Avantor Funding Inc.	3.875%	11/1/29	95	80
				64,912	⁴ Bausch Health Cos. Inc.	5.500%	11/1/25	1,290	1,098
Financials (5.6%)					^{4,5} CAB SELAS	3.375%	2/1/28	1,246	1,067
⁴ Acrisure LLC / Acrisure Finance Inc.	4.250%	2/15/29	2,275	1,889	⁵ CAB SELAS	3.375%	2/1/28	650	556
⁴ AerCap Global Aviation Trust	6.500%	6/15/45	3,485	3,311	⁴ Catalent Pharma Solutions Inc.	5.000%	7/15/27	630	589
Aircastle Ltd.	5.000%	4/1/23	290	289	^{4,5} Catalent Pharma Solutions Inc.	2.375%	3/1/28	1,310	1,134
Aircastle Ltd.	4.125%	5/1/24	1,260	1,218	⁵ Catalent Pharma Solutions Inc.	2.375%	3/1/28	750	649
⁴ AmWINS Group Inc.	4.875%	6/30/29	165	142	⁴ Catalent Pharma Solutions Inc.	3.125%	2/15/29	185	147
⁴ Avolon Holdings Funding Ltd.	5.250%	5/15/24	1,630	1,603	⁴ Catalent Pharma Solutions Inc.	3.500%	4/1/30	430	339
⁴ Burford Capital Global Finance LLC	6.875%	4/15/30	655	587	Centene Corp.	4.250%	12/15/27	2,080	1,953
⁴ Compass Group Diversified Holdings LLC	5.250%	4/15/29	170	146	Centene Corp.	2.450%	7/15/28	1,080	911
Credit Suisse Group AG	6.250%	12/29/49	4,555	3,564	Centene Corp.	4.625%	12/15/29	735	674
⁴ Enact Holdings Inc.	6.500%	8/15/25	1,390	1,366	Centene Corp.	3.375%	2/15/30	810	686
⁴ FirstCash Inc.	4.625%	9/1/28	300	263	Centene Corp.	3.000%	10/15/30	590	483
⁴ FirstCash Inc.	5.625%	1/1/30	245	219	⁴ Charles River Laboratories International Inc.	4.250%	5/1/28	1,550	1,426
⁴ Freedom Mortgage Corp.	8.250%	4/15/25	225	204	⁴ Charles River Laboratories International Inc.	3.750%	3/15/29	640	566
⁴ goeasy Ltd.	4.375%	5/1/26	821	730	⁴ Charles River Laboratories International Inc.	4.000%	3/15/31	650	562
⁴ HUB International Ltd.	5.625%	12/1/29	735	645	⁴ CHS/Community Health Systems Inc.	5.625%	3/15/27	2,090	1,793
⁴ Intesa Sanpaolo SpA	5.017%	6/26/24	550	531	⁴ CHS/Community Health Systems Inc.	8.000%	12/15/27	75	68
⁴ Intesa Sanpaolo SpA	5.710%	1/15/26	1,710	1,648	⁴ CHS/Community Health Systems Inc.	6.000%	1/15/29	470	393

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
⁴ CHS/Community Health Systems Inc.	5.250%	5/15/30	455	344	⁵ Loxam SAS	2.875%	4/15/26	655	621
⁴ CHS/Community Health Systems Inc.	4.750%	2/15/31	75	55	⁵ Loxam SAS	3.750%	7/15/26	100	96
⁴ DaVita Inc.	3.750%	2/15/31	1,090	813	⁴ Moog Inc.	4.250%	12/15/27	150	139
⁴ Grifols Escrow Issuer SA	4.750%	10/15/28	290	251	⁴ Mueller Water Products Inc.	4.000%	6/15/29	175	154
^{4.5} Grifols SA	1.625%	2/15/25	810	817	^{4.5} Q-Park Holding I BV	1.500%	3/1/25	805	787
^{4.5} Grifols SA	2.250%	11/15/27	1,325	1,233	^{4.5} Q-Park Holding I BV	2.000%	3/1/27	775	691
HCA Inc.	7.690%	6/15/25	80	84	⁴ Rolls-Royce plc	3.625%	10/14/25	730	672
HCA Inc.	5.875%	2/15/26	280	282	⁴ Rolls-Royce plc	5.750%	10/15/27	1,230	1,169
HCA Inc.	5.875%	2/1/29	275	275	⁴ Sensata Technologies BV	5.625%	11/1/24	425	423
HCA Inc.	3.500%	9/1/30	1,800	1,549	⁴ Sensata Technologies BV	5.000%	10/1/25	1,625	1,590
⁴ Hologic Inc.	3.250%	2/15/29	1,665	1,438	⁴ Sensata Technologies Inc.	4.375%	2/15/30	400	352
⁴ IQVIA Inc.	5.000%	5/15/27	3,893	3,715	⁴ Sensata Technologies Inc.	3.750%	2/15/31	1,142	945
^{4.5} IQVIA Inc.	2.250%	1/15/28	1,200	1,127	⁴ Spirit AeroSystems Inc.	7.500%	4/15/25	674	666
^{4.5} IQVIA Inc.	2.875%	6/15/28	1,405	1,336	Spirit AeroSystems Inc.	3.850%	6/15/26	90	81
⁴ Jazz Securities DAC	4.375%	1/15/29	1,685	1,513	Spirit AeroSystems Inc.	4.600%	6/15/28	387	313
⁴ Mozart Debt Merger Sub Inc.	3.875%	4/1/29	5,085	4,098	Spirit AeroSystems Inc.	9.375%	11/30/29	1,314	1,385
⁴ Mozart Debt Merger Sub Inc.	5.250%	10/1/29	1,914	1,521	⁴ Stericycle Inc.	3.750%	1/15/29	155	135
⁴ Organon & Co. / Organon Foreign Debt Co.-Issuer BV	4.125%	4/30/28	2,725	2,413	^{4.5} TK Elevator Midco GmbH	4.375%	7/15/27	600	567
⁴ Organon & Co. / Organon Foreign Debt Co.-Issuer BV	5.125%	4/30/31	1,255	1,087	⁴ TK Elevator US Newco Inc.	5.250%	7/15/27	810	720
⁴ Owens & Minor Inc.	4.500%	3/31/29	150	119	⁴ TransDigm Inc.	6.250%	3/15/26	1,950	1,927
⁴ Owens & Minor Inc.	6.625%	4/1/30	861	740	TransDigm Inc.	5.500%	11/15/27	575	540
⁴ Teleflex Inc.	4.250%	6/1/28	1,991	1,819	TransDigm Inc.	4.625%	1/15/29	2,664	2,341
⁴ Tenet Healthcare Corp.	4.625%	7/15/24	115	112	TransDigm Inc.	4.875%	5/1/29	416	363
⁴ Tenet Healthcare Corp.	4.625%	9/1/24	315	307	⁹ United Airlines Class A Series 2020-1 Pass Through Trust	5.875%	4/15/29	585	576
⁴ Tenet Healthcare Corp.	4.875%	1/1/26	270	257	⁴ United Airlines Inc.	4.375%	4/15/26	1,150	1,071
⁴ Tenet Healthcare Corp.	5.125%	11/1/27	50	47	⁴ United Airlines Inc.	4.625%	4/15/29	1,145	999
⁴ Tenet Healthcare Corp.	4.625%	6/15/28	1,030	923	United Rentals North America Inc.	5.500%	5/15/27	638	630
⁴ Tenet Healthcare Corp.	6.125%	10/1/28	1,330	1,194	United Rentals North America Inc.	4.875%	1/15/28	1,924	1,823
⁴ Tenet Healthcare Corp.	4.250%	6/1/29	495	429	United Rentals North America Inc.	5.250%	1/15/30	440	413
⁴ Tenet Healthcare Corp.	4.375%	1/15/30	720	624	United Rentals North America Inc.	4.000%	7/15/30	2,345	2,007
⁴ Tenet Healthcare Corp.	6.125%	6/15/30	1,570	1,495	United Rentals North America Inc.	3.875%	2/15/31	1,206	1,015
Teva Pharmaceutical Finance Netherlands III BV	3.150%	10/1/26	1,740	1,521	United Rentals North America Inc.	3.750%	1/15/32	875	715
Teva Pharmaceutical Finance Netherlands III BV	4.750%	5/9/27	200	181	⁴ Williams Scotsman International Inc.	4.625%	8/15/28	480	437
Teva Pharmaceutical Finance Netherlands III BV	6.750%	3/1/28	1,325	1,290					
				54,827	Materials (7.5%)				47,276
Industrials (7.5%)					⁴ Advanced Drainage Systems Inc.	5.000%	9/30/27	65	61
⁴ Air Canada	3.875%	8/15/26	1,210	1,075	⁴ Advanced Drainage Systems Inc.	6.375%	6/15/30	370	358
⁴ Allison Transmission Inc.	5.875%	6/1/29	60	56	⁴ Arconic Corp.	6.125%	2/15/28	190	179
⁴ Allison Transmission Inc.	3.750%	1/30/31	39	32	⁴ Ardagh Metal Packaging Finance USA LLC / Ardagh Metal Packaging Finance plc	3.250%	9/1/28	940	799
⁴ American Airlines Inc. / AAdvantage Loyalty IP Ltd.	5.500%	4/20/26	780	750	⁴ Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	4.125%	8/15/26	1,890	1,638
^{4.9} American Airlines Inc. / AAdvantage Loyalty IP Ltd.	5.750%	4/20/29	1,345	1,230	^{4.7} Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	4.750%	7/15/27	160	133
⁴ Aramark Services Inc.	5.000%	4/1/25	1,606	1,571	⁴ Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	5.250%	8/15/27	100	74
⁴ Aramark Services Inc.	6.375%	5/1/25	330	327	⁴ Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	5.250%	8/15/27	1,425	1,075
⁴ Aramark Services Inc.	5.000%	2/1/28	815	762	⁴ Avient Corp.	7.125%	8/1/30	1,488	1,464
⁴ BWX Technologies Inc.	4.125%	6/30/28	1,058	950	⁴ Axalta Coating Systems LLC	3.375%	2/15/29	1,840	1,527
⁴ BWX Technologies Inc.	4.125%	4/15/29	1,440	1,248	Ball Corp.	4.875%	3/15/26	650	632
⁴ Chart Industries Inc.	7.500%	1/1/30	170	171	Ball Corp.	1.500%	3/15/27	920	870
⁴ Chart Industries Inc.	9.500%	1/1/31	160	164	Ball Corp.	6.875%	3/15/28	560	576
⁴ Clean Harbors Inc.	4.875%	7/15/27	1,360	1,285	Ball Corp.	3.125%	9/15/31	25	20
⁴ Clean Harbors Inc.	5.125%	7/15/29	768	712	⁴ Berry Global Inc.	4.500%	2/15/26	983	947
⁴ Covanta Holding Corp.	4.875%	12/1/29	655	536	⁴ Berry Global Inc.	4.875%	7/15/26	1,270	1,227
Delta Air Lines Inc.	3.750%	10/28/29	205	172	⁴ Berry Global Inc.	5.625%	7/15/27	270	265
⁴ First Student Bidco Inc. / First Transit Parent Inc.	4.000%	7/31/29	2,182	1,824	⁴ Canpack SA / Canpack US LLC	3.875%	11/15/29	200	158
⁴ Gates Global LLC / Gates Corp.	6.250%	1/15/26	641	618	Cemex SAB de CV	7.375%	6/5/27	340	350
⁴ Hawaiian Brand Intellectual Property Ltd. / HawaiianMiles Loyalty Ltd.	5.750%	1/20/26	1,960	1,773	Cemex SAB de CV	5.450%	11/19/29	365	350
⁴ Herc Holdings Inc.	5.500%	7/15/27	5,837	5,442	⁴ Chemours Co.	5.750%	11/15/28	365	328
⁴ Howmet Aerospace Inc.	3.000%	1/15/29	15	13	⁴ Chemours Co.	4.625%	11/15/29	1,799	1,475
^{4.5} Loxam SAS	4.250%	4/15/24	190	202	⁴ Clydesdale Acquisition Holdings Inc.	6.625%	4/15/29	645	618
					Commercial Metals Co.	4.125%	1/15/30	225	198
					Commercial Metals Co.	3.875%	2/15/31	95	80
					Commercial Metals Co.	4.375%	3/15/32	480	415

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
⁴ Constellium SE	5.875%	2/15/26	747	720	MPT Operating Partnership LP / MPT Finance Corp.	5.000%	10/15/27	390	328
⁴ Constellium SE	5.625%	6/15/28	790	731	MPT Operating Partnership LP / MPT Finance Corp.	4.625%	8/1/29	370	287
⁴ Constellium SE	3.750%	4/15/29	855	696	MPT Operating Partnership LP / MPT Finance Corp.	3.500%	3/15/31	460	316
⁴ Crown Americas LLC	5.250%	4/1/30	405	382	Service Properties Trust	7.500%	9/15/25	78	75
Crown Americas LLC / Crown Americas Capital Corp. VI	4.750%	2/1/26	1,640	1,593	Service Properties Trust	5.250%	2/15/26	100	84
^{4,5} Crown European Holdings SA	2.875%	2/1/26	755	767	Service Properties Trust	4.750%	10/1/26	243	192
⁴ Diamond BC BV	4.625%	10/1/29	210	168	Service Properties Trust	5.500%	12/15/27	607	522
⁴ Element Solutions Inc.	3.875%	9/1/28	751	641	Service Properties Trust	3.950%	1/15/28	160	114
⁴ FMG Resources August 2006 Pty Ltd.	5.875%	4/15/30	745	699	Service Properties Trust	4.375%	2/15/30	167	112
⁴ FMG Resources August 2006 Pty Ltd.	4.375%	4/1/31	1,150	972	⁴ Uniti Group LP / Uniti Fiber Holdings Inc. / CSL Capital LLC	7.875%	2/15/25	220	214
⁴ FMG Resources August 2006 Pty Ltd.	6.125%	4/15/32	535	499	⁴ VICI Properties LP / VICI Note Co. Inc.	5.625%	5/1/24	150	149
Graphic Packaging International LLC	4.125%	8/15/24	1,045	1,022	⁴ VICI Properties LP / VICI Note Co. Inc.	4.250%	12/1/26	2,465	2,300
⁴ Graphic Packaging International LLC	4.750%	7/15/27	205	193	⁴ VICI Properties LP / VICI Note Co. Inc.	3.750%	2/15/27	458	416
⁴ Graphic Packaging International LLC	3.500%	3/15/28	1,990	1,740	⁴ VICI Properties LP / VICI Note Co. Inc.	4.625%	12/1/29	495	450
⁴ Graphic Packaging International LLC	3.500%	3/1/29	315	270					8,479
⁴ Graphic Packaging International LLC	3.750%	2/1/30	285	243	Technology (7.9%)				
⁴ Hubbay Minerals Inc.	6.125%	4/1/29	500	456	⁴ Black Knight InfoServ LLC	3.625%	9/1/28	1,569	1,368
⁴ Kaiser Aluminum Corp.	4.625%	3/1/28	75	66	Block Inc.	2.750%	6/1/26	825	737
⁴ Kaiser Aluminum Corp.	4.500%	6/1/31	136	109	Block Inc.	3.500%	6/1/31	485	387
⁴ NOVA Chemicals Corp.	5.250%	6/1/27	859	772	⁴ Booz Allen Hamilton Inc.	3.875%	9/1/28	415	370
⁴ Novelis Corp.	3.250%	11/15/26	865	775	⁴ Booz Allen Hamilton Inc.	4.000%	7/1/29	405	359
⁴ Novelis Corp.	4.750%	1/30/30	1,419	1,255	CDW LLC / CDW Finance Corp.	5.500%	12/1/24	62	62
⁴ Novelis Corp.	3.875%	8/15/31	1,018	833	CDW LLC / CDW Finance Corp.	4.125%	5/1/25	1,230	1,196
⁴ OCI NV	4.625%	10/15/25	555	530	CDW LLC / CDW Finance Corp.	4.250%	4/1/28	2,070	1,904
Olin Corp.	5.125%	9/15/27	325	309	⁴ Cloud Software Group Holdings Inc.	6.500%	3/31/29	405	343
Olin Corp.	5.625%	8/1/29	75	71	⁴ CommScope Inc.	8.250%	3/1/27	100	78
⁴ Olympus Water US Holding Corp.	7.125%	10/1/27	300	286	⁴ Condor Merger Sub Inc.	7.375%	2/15/30	970	783
⁴ Olympus Water US Holding Corp.	4.250%	10/1/28	809	663	⁴ Entegris Escrow Corp.	4.750%	4/15/29	875	800
⁴ Olympus Water US Holding Corp.	6.250%	10/1/29	5	4	⁴ Entegris Escrow Corp.	5.950%	6/15/30	75	69
⁴ Owens-Brockway Glass Container Inc.	5.875%	8/15/23	626	622	⁴ Entegris Inc.	4.375%	4/15/28	1,905	1,683
⁴ Owens-Brockway Glass Container Inc.	5.375%	1/15/25	640	616	⁴ Entegris Inc.	3.625%	5/1/29	765	615
⁴ Owens-Brockway Glass Container Inc.	6.375%	8/15/25	1,245	1,221	⁴ Fair Isaac Corp.	4.000%	6/15/28	812	737
⁴ Owens-Brockway Glass Container Inc.	6.625%	5/13/27	705	686	⁴ Gartner Inc.	3.625%	6/15/29	285	250
⁴ Sealed Air Corp.	4.000%	12/1/27	474	432	⁴ Gartner Inc.	3.750%	10/1/30	1,290	1,119
⁴ Silgan Holdings Inc.	4.125%	2/1/28	620	574	⁴ II-VI Inc.	5.000%	12/15/29	1,550	1,341
⁵ Silgan Holdings Inc.	2.250%	6/1/28	1,320	1,197	⁴ Imola Merger Corp.	4.750%	5/15/29	6,635	5,749
⁴ SPCM SA	3.125%	3/15/27	360	312	⁴ Minerva Merger Sub Inc.	6.500%	2/15/30	1,928	1,428
⁴ Standard Industries Inc.	5.000%	2/15/27	425	393	⁴ MSCI Inc.	4.000%	11/15/29	1,730	1,512
⁴ Standard Industries Inc.	4.750%	1/15/28	1,160	1,044	⁴ MSCI Inc.	3.625%	11/1/31	35	29
⁴ Standard Industries Inc.	4.375%	7/15/30	1,394	1,142	Nokia of America Corp.	6.500%	1/15/28	1,355	1,315
⁴ Standard Industries Inc.	3.375%	1/15/31	2,140	1,618	Nokia of America Corp.	6.450%	3/15/29	2,612	2,520
⁵ Trivium Packaging Finance BV	3.750%	8/15/26	1,000	975	Nokia OYJ	4.375%	6/12/27	425	404
^{4,5} Trivium Packaging Finance BV	3.750%	8/15/26	480	468	Nokia OYJ	6.625%	5/15/39	2,585	2,474
⁴ Trivium Packaging Finance BV	5.500%	8/15/26	745	696	⁴ NortonLifeLock Inc.	5.000%	4/15/25	2,810	2,740
⁴ Tronox Inc.	4.625%	3/15/29	1,830	1,520	⁴ Open Text Corp.	3.875%	2/15/28	1,878	1,612
				46,798	⁴ Open Text Corp.	3.875%	12/1/29	1,255	1,010
Real Estate (1.4%)					⁴ Open Text Holdings Inc.	4.125%	2/15/30	1,350	1,098
⁴ Iron Mountain Inc.	4.875%	9/15/27	645	594	⁴ Open Text Holdings Inc.	4.125%	12/1/31	940	733
⁴ Iron Mountain Inc.	5.250%	3/15/28	15	14	⁴ Presidio Holdings Inc.	4.875%	2/1/27	2,967	2,707
⁴ Iron Mountain Inc.	5.000%	7/15/28	130	117	⁴ Presidio Holdings Inc.	8.250%	2/1/28	750	695
⁴ Iron Mountain Inc.	4.875%	9/15/29	1,659	1,445	⁴ PTC Inc.	3.625%	2/15/25	210	200
⁴ Iron Mountain Inc.	5.250%	7/15/30	635	551	⁴ PTC Inc.	4.000%	2/15/28	385	348
⁴ Iron Mountain Inc.	4.500%	2/15/31	53	44	⁴ SS&C Technologies Inc.	5.500%	9/30/27	4,075	3,836
⁴ Iron Mountain Inc.	5.625%	7/15/32	165	144	Western Digital Corp.	4.750%	2/15/26	1,504	1,415
⁴ Iron Mountain Information Management Services Inc.	5.000%	7/15/32	13	11	Xerox Corp.	4.625%	3/15/23	195	195
					Xerox Corp.	4.800%	3/1/35	447	292
					Xerox Corp.	6.750%	12/15/39	1,389	1,040
					⁴ Xerox Holdings Corp.	5.000%	8/15/25	105	97
					⁴ Xerox Holdings Corp.	5.500%	8/15/28	2,685	2,167
									49,817

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Repurchase Agreement (2.4%)				
Bank of America Securities LLC (Dated 12/30/22, Repurchase Value \$14,907,000, collateralized by Federal Home Loan Bank 2.540%–5.400%, 11/21/24–8/16/46, with a value of \$15,201,000)	4.300%	1/3/23	14,900	14,900
Total Temporary Cash Investments (Cost \$27,054)				27,054
Total Investments (98.7%) (Cost \$681,818)				619,570
Other Assets and Liabilities— Net (1.3%)				7,953
Net Assets (100%)				627,523

Cost is in \$000.

• See Note A in Notes to Financial Statements.

- 1 Securities with a value of \$659,000 have been segregated as collateral for open forward currency contracts.
- 2 Securities with a value of \$1,935,000 have been segregated as initial margin for open centrally cleared swap contracts.
- 3 Securities with a value of \$184,000 have been segregated as initial margin for open futures contracts.
- 4 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2022, the aggregate value was \$360,180,000, representing 57.4% of net assets.
- 5 Face amount denominated in euro.
- 6 Face amount denominated in Canadian dollars.
- 7 Face amount denominated in British pounds.
- 8 Variable-rate security; rate shown is effective rate at period end. Certain variable-rate securities are not based on a published reference rate and spread but are determined by the issuer or agent based on current market conditions.
- 9 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.
- 10 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.
 - 1M—1-month.
 - 3M—3-month.
 - DAC—Designated Activity Company.
 - LIBOR—London Interbank Offered Rate.
 - TSFR1M—CME Term Secured Overnight Financing Rate 1-Month.
 - TSFR3M—CME Term Secured Overnight Financing Rate 3-Month.
 - USD—U.S. dollar.

Other Financial Instruments as of Period End

Floating Rate Loan Commitments

	Total Unfunded Commitment (\$000)	Fair Value Commitment (\$000)	Unrealized Appreciation (\$000)	Unrealized Depreciation (\$000)
Athenahealth Inc.	99	89	—	(10)

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount	(\$000)	
				Value and Unrealized Appreciation (Depreciation)	
Long Futures Contracts					
2-Year U.S. Treasury Note	March 2023	46	9,434		5
5-Year U.S. Treasury Note	March 2023	74	7,987		(40)
10-Year U.S. Treasury Note	March 2023	13	1,460		(24)
Long U.S. Treasury Bond	March 2023	3	376		(12)
Ultra 10-Year U.S. Treasury Note	March 2023	2	237		(5)
					(76)
Short Futures Contracts					
10-Year U.S. Treasury Note	March 2023	(37)	(4,155)		51
Ultra 10-Year U.S. Treasury Note	March 2023	(12)	(1,419)		15
Ultra Long U.S. Treasury Bond	March 2023	(3)	(403)		4
					70
					(6)

Forward Currency Contracts

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (\$000)	Unrealized Depreciation (\$000)
		Receive		Deliver			
UBS AG	1/31/23	USD	1,885	CAD	2,565	—	(9)
UBS AG	1/31/23	USD	21,749	EUR	20,383	—	(117)
Barclays Bank plc	1/31/23	USD	1,322	GBP	1,087	7	—
						7	(126)

CAD—Canadian dollar.

EUR—euro.

GBP—British pound.

USD—U.S. dollar.

Centrally Cleared Credit Default Swaps

Reference Entity	Termination Date	Notional Amount (000)	Periodic Premium Received (Paid) ¹ (%)	Value (\$000)	Unrealized Appreciation (Depreciation) (\$000)	
Credit Protection Sold						
CDX-NA-HY-S39-V1	12/21/27	USD	28,580	5.000	216	707

¹ Periodic premium received/paid quarterly.

USD—U.S. dollar.

The notional amount represents the maximum potential amount the portfolio could be required to pay as a seller of credit protection if the reference entity was subject to a credit event.

Statement of Assets and Liabilities

As of December 31, 2022

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$669,664)	607,416
Affiliated Issuers (Cost \$12,154)	12,154
Total Investments in Securities	619,570
Investment in Vanguard	22
Cash	326
Cash Collateral Pledged—Centrally Cleared Swap Contracts	730
Foreign Currency, at Value (Cost \$246)	247
Receivables for Investment Securities Sold	247
Receivables for Accrued Income	8,589
Receivables for Capital Shares Issued	134
Unrealized Appreciation—Forward Currency Contracts	7
Receivables from Broker-Dealer	131
Total Assets	630,003
Liabilities	
Payables for Investment Securities Purchased	1,630
Payables to Investment Advisor	61
Payables for Capital Shares Redeemed	434
Payables to Vanguard	57
Unrealized Depreciation—Floating Rate Loan Commitments	10
Variation Margin Payable—Futures Contracts	7
Unrealized Depreciation—Forward Currency Contracts	126
Variation Margin Payable—Centrally Cleared Swap Contracts	155
Total Liabilities	2,480
Net Assets	627,523

At December 31, 2022, net assets consisted of:

Paid-in Capital	685,897
Total Distributable Earnings (Loss)	(58,374)
Net Assets	627,523

Net Assets

Applicable to 90,213,122 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	627,523
Net Asset Value Per Share	\$6.96

Statement of Operations

	Year Ended December 31, 2022 (\$000)
Investment Income	
Income	
Interest ^{1,2}	33,805
Total Income	33,805
Expenses	
Investment Advisory Fees—Note B	355
The Vanguard Group—Note C	
Management and Administrative	1,180
Marketing and Distribution	63
Custodian Fees	17
Auditing Fees	31
Shareholders' Reports	33
Trustees' Fees and Expenses	—
Other Expenses	12
Total Expenses	1,691
Expenses Paid Indirectly	(5)
Net Expenses	1,686
Net Investment Income	32,119
Realized Net Gain (Loss)	
Investment Securities Sold ¹	(19,484)
Futures Contracts	47
Swap Contracts	(297)
Forward Currency Contracts	2,601
Foreign Currencies	(49)
Realized Net Gain (Loss)	(17,182)
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ¹	(86,764)
Floating Rate Loan Commitments	(10)
Futures Contracts	(6)
Swap Contracts	707
Forward Currency Contracts	264
Foreign Currencies	13
Change in Unrealized Appreciation (Depreciation)	(85,796)
Net Increase (Decrease) in Net Assets Resulting from Operations	(70,859)

¹ Interest income, realized net gain (loss), capital gain distributions received, and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$134,000, \$3,000, less than \$1,000, and less than \$1,000, respectively. Purchases and sales are for temporary cash investment purposes.

² Interest is net of foreign withholding taxes of \$8,000.

Statement of Changes in Net Assets

	Year Ended December 31,	
	2022 (\$000)	2021 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	32,119	33,835
Realized Net Gain (Loss)	(17,182)	11,770
Change in Unrealized Appreciation (Depreciation)	(85,796)	(17,094)
Net Increase (Decrease) in Net Assets Resulting from Operations	(70,859)	28,511
Distributions		
Total Distributions	(33,997)	(34,925)
Capital Share Transactions		
Issued	105,586	118,974
Issued in Lieu of Cash Distributions	33,997	34,925
Redeemed	(185,909)	(199,987)
Net Increase (Decrease) from Capital Share Transactions	(46,326)	(46,088)
Total Increase (Decrease)	(151,182)	(52,502)
Net Assets		
Beginning of Period	778,705	831,207
End of Period	627,523	778,705

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$8.06	\$8.12	\$8.19	\$7.53	\$8.13
Investment Operations					
Net Investment Income ¹	.345	.337	.353	.410	.420
Net Realized and Unrealized Gain (Loss) on Investments	(1.074)	(.053)	.021	.731	(.636)
Total from Investment Operations	(.729)	.284	.374	1.141	(.216)
Distributions					
Dividends from Net Investment Income	(.371)	(.344)	(.444)	(.481)	(.384)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.371)	(.344)	(.444)	(.481)	(.384)
Net Asset Value, End of Period	\$6.96	\$8.06	\$8.12	\$8.19	\$7.53
Total Return	-9.23%	3.68%	5.67%	15.67%	-2.73%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$628	\$779	\$831	\$783	\$704
Ratio of Total Expenses to Average Net Assets	0.25% ²	0.26%	0.26%	0.26%	0.26%
Ratio of Net Investment Income to Average Net Assets	4.82%	4.22%	4.57%	5.21%	5.39%
Portfolio Turnover Rate	34%	30%	41%	27%	23%

¹ Calculated based on average shares outstanding.

² The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.25%.

Notes to Financial Statements

The High Yield Bond 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. Certain of the portfolio's investments are in corporate debt instruments; the issuers' abilities to meet their obligations may be affected by economic developments in their respective industries. 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.

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. Bonds and 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. 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.

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. **Floating Rate Loan Interests:** Floating rate loan interests represent interests in amounts owed by corporate or other borrowers. These instruments may be in the form of loans, trade claims or other receivables and may include standby financing commitments such as revolving credit facilities that obligate the portfolio to supply additional cash to the borrower on demand. Floating rate loan interests may be made directly with a borrower or acquired through assignment or participation. The portfolio's right to enforce a borrower's compliance with the terms of the loan agreement, or benefit directly from the collateral supporting the loan, varies when the loan is a direct borrowing, an assignment, or a participation. Floating rate loan interests involve various risks including risk of loss in case of default, insolvency, or the bankruptcy of the borrower and are generally subject to restrictions on transfer with limited opportunities to sell them in secondary markets. The portfolio may also invest in loan commitments, which are contractual obligations for a future funding. The portfolio may earn a commitment fee on any unfunded portion of these commitments which is amortized to interest income over the commitment period. Both the funded portion of a floating rate loan interest as well as its unfunded commitment, if any, is reflected on the Schedule of Investments.

4. **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.

5. **Futures Contracts:** The portfolio uses futures contracts to invest in fixed income asset classes with greater efficiency and lower cost than is possible through direct investment, to add value when these instruments are attractively priced, or to adjust sensitivity to changes in interest rates. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of bonds 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, 2022, the portfolio's average investments in long and short futures contracts represented 1% and less than 1% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

6. Forward Currency Contracts: The portfolio enters into forward currency contracts to protect the value of securities and related receivables and payables against changes in future foreign exchange rates. The portfolio's risks in using these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the ability of the counterparties to fulfill their obligations under the contracts. The portfolio mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. The master netting arrangements provide that, in the event of a counterparty's default (including bankruptcy), the portfolio may terminate the forward currency contracts, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the portfolio under the master netting arrangements. The forward currency contracts contain provisions whereby a counterparty may terminate open contracts if the portfolio's net assets decline below a certain level, triggering a payment by the portfolio if the portfolio is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the portfolio has pledged. Any securities pledged as collateral for open contracts are noted in the Schedule of Investments. The value of collateral received or pledged is compared daily to the value of the forward currency contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. 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 forward currency contracts.

During the year ended December 31, 2022, the portfolio's average investment in forward currency contracts represented 4% of net assets, based on the average of the notional amounts at each quarter-end during the period.

7. Swap Contracts: The portfolio invests in credit default swaps to adjust the overall credit risk of the portfolio or to actively overweight or underweight credit risk to a specific issuer or group of issuers. The portfolio may sell credit protection through credit default swaps to simulate investments in long positions that are either unavailable or considered to be less attractively priced in the bond market. The portfolio may purchase credit protection through credit default swaps to reduce credit exposure to a given issuer or issuers. Under the terms of the swaps, an up-front payment may be exchanged between the seller and buyer. In addition, the seller of the credit protection receives a periodic payment of premium from the buyer that is a fixed percentage applied to a notional amount. If, for example, the reference entity is subject to a credit event (such as bankruptcy, failure to pay, or obligation acceleration) during the term of the swap, the seller agrees to either physically settle or cash settle the swap contract. If the swap is physically settled, the seller agrees to pay the buyer an amount equal to the notional amount and take delivery of a debt instrument of the reference issuer with a par amount equal to such notional amount. If the swap is cash settled, the seller agrees to pay the buyer the difference between the notional amount and the final price for the relevant debt instrument, as determined either in a market auction or pursuant to a pre-agreed-upon valuation procedure.

The portfolio enters into centrally cleared credit default swaps to achieve the same objectives specified with respect to the equivalent over-the-counter swaps but with less counterparty risk because a regulated clearinghouse is the counterparty instead of the clearing broker or executing broker. 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. To further mitigate counterparty risk, the portfolio trades with a diverse group of prequalified executing brokers; monitors the financial strength of its clearing brokers, executing brokers, and clearinghouse; and has entered into agreements with its clearing brokers and executing brokers.

The primary risk associated with selling credit protection is that, upon the occurrence of a defined credit event, the market value of the debt instrument received by the portfolio (or, in a cash settled swap, the debt instruments used to determine the settlement payment by the portfolio) will be significantly less than the amount paid by the portfolio and, in a physically settled swap, the portfolio may receive an illiquid debt instrument. A risk associated with all types of swaps is the possibility that a counterparty may default on its obligation to pay net amounts due to the portfolio. The portfolio's maximum amount subject to counterparty risk is the unrealized appreciation on the swap contract. The portfolio mitigates its counterparty risk by entering into swaps only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the portfolio cannot be repledged, resold, or rehypothecated. In the event of a counterparty's default (including bankruptcy), the portfolio may terminate any swap contracts with that counterparty, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the portfolio under the master netting arrangements. The swap contracts contain provisions whereby a counterparty may terminate open contracts if the portfolio's net assets decline below a certain level, triggering a payment by the portfolio if the portfolio is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the portfolio has pledged. Any securities pledged as collateral for open contracts are noted in the Schedule of Investments. The value of collateral received or pledged is compared daily to the value of the swap contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

The notional amounts of swap contracts are not recorded in the Statement of Assets and Liabilities. Swaps are valued daily based on market quotations received from independent pricing services or recognized dealers and the change in value is recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the seller of credit protection is required to take delivery (or, in a cash settled swap, pay the settlement amount determined) upon occurrence of a credit event, periodic payments are made, or the swap terminates, at which time realized gain (loss) is recorded. The net premium to be received or paid by the portfolio under swap contracts is accrued daily and recorded as realized gain (loss) over the life of the contract.

During the year ended December 31, 2022, the portfolio's average amounts of investments in credit protection sold and credit protection purchased represented 2% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

8. 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.

9. 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.

10. Credit Facilities and Interfund Lending Program: The portfolio and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.4 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, 2022, the portfolio did not utilize the credit facilities or the Interfund Lending Program.

11. Other: 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.

Beginning August 2022, Vanguard provides investment advisory services to a portion of the portfolio as described below; the portfolio paid Vanguard advisory fees of \$6,000 for the year ended December 31, 2022.

For the year ended December 31, 2022, the aggregate investment advisory fee paid to all advisors represented an effective annual rate of 0.05% of the portfolio's average net assets.

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, 2022, the portfolio had contributed to Vanguard capital in the amount of \$22,000, representing less than 0.01% of the portfolio's net assets and 0.01% 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's custodian bank has agreed to reduce its fees when the portfolio maintains cash on deposit in the non-interest-bearing custody account. For the year ended December 31, 2022, custodian fee offset arrangements reduced the portfolio's expenses by \$5,000 (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, other financial instruments, 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, other financial instruments, and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

High Yield Bond Portfolio

The following table summarizes the market value of the portfolio's investments, other financial instruments, and derivatives as of December 31, 2022, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
U.S. Government and Agency Obligations	—	33,241	—	33,241
Corporate Bonds	—	533,295	—	533,295
Floating Rate Loan Interests	—	25,980	—	25,980
Temporary Cash Investments	12,154	14,900	—	27,054
Total	12,154	607,416	—	619,570
Other Financial Instruments				
Liabilities				
Floating Rate Loan Commitments	—	10	—	10
Derivative Financial Instruments				
Assets				
Futures Contracts ¹	75	—	—	75
Forward Currency Contracts	—	7	—	7
Swap Contracts	707 ¹	—	—	707
Total	782	7	—	789
Liabilities				
Futures Contracts ¹	81	—	—	81
Forward Currency Contracts	—	126	—	126
Total	81	126	—	207

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. At December 31, 2022, the fair values of derivatives were reflected in the Statement of Assets and Liabilities as follows:

Statement of Assets and Liabilities	Interest Rate Contracts (\$000)	Foreign Exchange Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Unrealized Appreciation—Futures Contracts ¹	75	—	—	75
Unrealized Appreciation—Centrally Cleared Swap Contracts ¹	—	—	707	707
Unrealized Appreciation—Forward Currency Contracts	—	7	—	7
Total Assets	75	7	707	789
Unrealized Depreciation—Futures Contracts ¹	81	—	—	81
Unrealized Depreciation—Forward Currency Contracts	—	126	—	126
Liabilities	81	126	—	207

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.

Realized net gain (loss) and the change in unrealized appreciation (depreciation) on derivatives for the year ended December 31, 2022, were:

	Interest Rate Contracts (\$000)	Foreign Exchange Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives				
Futures Contracts	47	—	—	47
Swap Contracts	—	—	(297)	(297)
Forward Currency Contracts	—	2,601	—	2,601
Realized Net Gain (Loss) on Derivatives	47	2,601	(297)	2,351
Change in Unrealized Appreciation (Depreciation) on Derivatives				
Futures Contracts	(6)	—	—	(6)
Swap Contracts	—	—	707	707
Forward Currency Contracts	—	264	—	264
Change in Unrealized Appreciation (Depreciation) on Derivatives	(6)	264	707	965

G. 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 and swap agreements 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; the recognition of unrealized gains or losses from certain derivative contracts; the recognition of gain or loss from foreign currency hedges; and the treatment of amortization adjustments from certain fixed income securities. 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	31,385
Undistributed Long-Term Gains	—
Capital Loss Carryforwards	(29,900)
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	(59,859)

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2022 Amount (\$000)	2021 Amount (\$000)
Ordinary Income*	33,997	34,925
Long-Term Capital Gains	—	—
Total	33,997	34,925

* Includes short-term capital gains, if any.

As of December 31, 2022, gross unrealized appreciation and depreciation for investments, derivatives, and loan commitments based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	680,180
Gross Unrealized Appreciation	4,332
Gross Unrealized Depreciation	(64,191)
Net Unrealized Appreciation (Depreciation)	(59,859)

H. During the year ended December 31, 2022, the portfolio purchased \$175,252,000 of investment securities and sold \$244,751,000 of investment securities, other than U.S. government securities and temporary cash investments. Purchases and sales of U.S. government securities were \$37,894,000 and \$16,092,000, respectively.

I. Capital shares issued and redeemed were:

	Year Ended December 31,	
	2022 Shares (000)	2021 Shares (000)
Issued	14,561	14,871
Issued in Lieu of Cash Distributions	4,683	4,518
Redeemed	(25,684)	(25,144)
Net Increase (Decrease) in Shares Outstanding	(6,440)	(5,755)

At December 31, 2022, 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 42% 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, 2022, 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 High Yield Bond Portfolio

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of High Yield Bond Portfolio (one of the portfolios constituting Vanguard Variable Insurance Funds, referred to hereafter as the "Portfolio") as of December 31, 2022, the related statement of operations for the year ended December 31, 2022, the statement of changes in net assets for each of the two years in the period ended December 31, 2022, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2022 (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, 2022, 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, 2022 and the financial highlights for each of the five years in the period ended December 31, 2022 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, 2022 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, 2023

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

Tax information (unaudited)

The portfolio hereby designates \$83,000, 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 hereby designates 94.3%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income dividends eligible to be treated as interest income for purposes of Section 163(j) and the regulations thereunder for the fiscal year.

Trustees Approve Advisory Arrangement

Effective August 29, 2022, the board of trustees of Vanguard Variable Insurance Funds High Yield Bond Portfolio has approved a restructuring of the portfolio's investment advisory arrangements whereby The Vanguard Group, Inc. (Vanguard), through its Fixed Income Group, has been added as an advisor to the portfolio. The board determined that the foregoing action was in the best interest of the portfolio. As of August 29, 2022, Wellington Management Company LLP and Vanguard are advisors 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 trustees 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 decision.

Nature, extent, and quality of services

The board reviewed the quality of the investment management services to be provided to the portfolio, and took into account the organizational depth and stability of the advisor. The board noted that Vanguard has been managing investments for more than four decades. The Fixed Income Group adheres to a sound, disciplined investment management process; the team has considerable experience, stability and depth.

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

Investment performance

The board considered that Vanguard, in its management of another fund, has a track record of successfully managing its strategy, and considered periods of outperformance or underperformance compared with a relevant benchmark index.

Cost

The board considered the cost of services to be provided and competitive fee rates and concluded that, after implementation of the new arrangement with Vanguard, the portfolio's advisory fee rate and expense ratio would remain below those of the portfolio's peers.

The board does not conduct a profitability analysis of Vanguard because of Vanguard's unique structure. Unlike most other mutual fund management companies, Vanguard is owned by the funds it oversees.

The benefit of economies of scale

The board concluded that the portfolio's arrangement with Vanguard ensures that the portfolio will realize economies of scale as it grows, with the cost to shareholders declining as portfolio assets managed by Vanguard increase.

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

"Bloomberg®," Bloomberg U.S. Corporate High Yield Bond Index, Bloomberg U.S. High Yield Ba/B 2% Issuer Capped Index, and Bloomberg U.S. 1–5 Year Treasury Bond Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (BISL), the administrator of the index (collectively, Bloomberg), and have been licensed for use for certain purposes by The Vanguard Group, Inc. (Vanguard).

The High Yield Bond Portfolio is not sponsored, endorsed, sold or promoted by Bloomberg. Bloomberg does not make any representation or warranty, express or implied, to the owners of or counterparties to the High Yield Bond Portfolio or any member of the public regarding the advisability of investing in securities generally or in the High Yield Bond Portfolio particularly. The only relationship of Bloomberg to Vanguard is the licensing of certain trademarks, trade names and service marks and of the Bloomberg U.S. Corporate High Yield Bond Index, Bloomberg U.S. High Yield Ba/B 2% Issuer Capped Index, and Bloomberg U.S. 1–5 Year Treasury Bond Index (the Indices), which are determined, composed and calculated by BISL without regard to Vanguard or the High Yield Bond Portfolio. Bloomberg has no obligation to take the needs of Vanguard or the owners of the High Yield Bond Portfolio into consideration in determining, composing or calculating the Indices. Bloomberg is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the High Yield Bond Portfolio to be issued. Bloomberg shall not have any obligation or liability, including, without limitation, to High Yield Bond Portfolio customers, in connection with the administration, marketing or trading of the High Yield Bond Portfolio.

BLOOMBERG DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDICES OR ANY DATA RELATED THERETO AND SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. BLOOMBERG DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY VANGUARD, OWNERS OF THE HIGH YIELD BOND PORTFOLIO OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDICES OR ANY DATA RELATED THERETO. BLOOMBERG DOES NOT MAKE ANY EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDICES OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, TO THE MAXIMUM EXTENT ALLOWED BY LAW, BLOOMBERG, ITS LICENSORS, AND ITS AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, AGENTS, SUPPLIERS, AND VENDORS SHALL HAVE NO LIABILITY OR RESPONSIBILITY WHATSOEVER FOR ANY INJURY OR DAMAGES—WHETHER DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE—ARISING IN CONNECTION WITH THE HIGH YIELD BOND PORTFOLIO OR THE INDICES OR ANY DATA OR VALUES RELATING THERETO—WHETHER ARISING FROM THEIR NEGLIGENCE OR OTHERWISE, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF.

© 2023 Bloomberg.

Used with Permission. Source: Bloomberg Index Services Limited. Copyright 2023, Bloomberg. All rights reserved.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

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 206 Vanguard funds.

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

Interested Trustee¹

Mortimer J. Buckley

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

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 (2002–2006), the advisory board of the University of California, Berkeley School of Engineering (2020–present), and the advisory board of Santa Clara University's Leavey School of Business (2018–present).

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). Chairman of the board of Hillenbrand, Inc. (specialized consumer services). 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: adjunct professor of finance at the University of Notre Dame (2020–present). Chief investment officer (retired 2020) and vice president (retired 2020) of the University of Notre Dame. Assistant professor (retired June 2020) of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee. Member of the board of Catholic Investment Services, Inc. (investment advisors), the board of superintendence of the Institute for the Works of Religion, 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. 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 co-managing partner of HighVista Strategies (private investment firm). 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. Colin W. Brown Distinguished Professor of the Practice of Law (2021–present), professor (2020–present), Distinguished Fellow of the Global Financial Markets Center (2020–present), and Rubenstein Fellow (2017–2020) at Duke University. Trustee (2017–present) of Amherst College and member of Amherst College Investment Committee (2019–present). Member of the Regenerative Crisis Response Committee (2020–present).

David A. 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 (2013–present). Trustee of Common Fund (2019–present).

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 Corporation.

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).

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. Nonexecutive director 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

Joseph Brennan

Mortimer J. Buckley

Gregory Davis

John James

Chris D. McIsaac

Thomas M. Rampulla

Karin A. Risi

Anne E. Robinson

Michael Rollings

Nitin Tandon

Lauren Valente



Connect with Vanguard® > [vanguard.com](https://www.vanguard.com)

Fund Information > 800-662-7447

Direct Investor Account Services > 800-662-2739

Institutional Investor Services > 800-523-1036

Text Telephone for People Who Are Deaf or Hard of Hearing > 800-749-7273

This material may be used in conjunction with the offering of shares of any Vanguard fund only if preceded or accompanied by the fund's current prospectus.

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

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

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.

CFA® is a registered trademark owned by CFA Institute.