

Semiannual Report | June 30, 2023

Vanguard Variable Insurance Funds

High Yield Bond Portfolio

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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 June 30, 2023

	Beginning Account Value 12/31/2022	Ending Account Value 6/30/2023	Expenses Paid During Period
High Yield Bond Portfolio			
Based on Actual Portfolio Return	\$1,000.00	\$1,042.40	\$1.22
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.60	1.20

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 0.24%. 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 (181/365).

High Yield Bond Portfolio

Portfolio Allocation

As of June 30, 2023

Communications	15.4%
Consumer Discretionary	18.0
Consumer Staples	3.3
Energy	12.0
Financials	6.1
Health Care	8.7
Industrials	9.8
Materials	8.9
Real Estate	1.6
Technology	8.4
U.S. Government Securities	5.6
Utilities	2.2

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

Financial Statements (unaudited)

Schedule of Investments

As of June 30, 2023

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

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
U.S. Government and Agency Obligations (5.4%)									
U.S. Government Securities (5.4%)									
¹ United States Treasury Note/Bond	0.125%	7/31/23	4,175	4,158	³ CCO Holdings LLC / CCO Holdings Capital Corp.	4.500%	5/1/32	4,006	3,186
United States Treasury Note/Bond	0.750%	12/31/23	4,550	4,448	³ CCO Holdings LLC / CCO Holdings Capital Corp.	4.500%	6/1/33	705	554
United States Treasury Note/Bond	3.000%	7/31/24	463	451	³ CCO Holdings LLC / CCO Holdings Capital Corp.	4.250%	1/15/34	800	605
United States Treasury Note/Bond	4.375%	10/31/24	112	111	³ CSC Holdings LLC	5.500%	4/15/27	630	525
United States Treasury Note/Bond	4.500%	11/30/24	803	794	³ CSC Holdings LLC	6.500%	2/1/29	350	284
¹ United States Treasury Note/Bond	3.875%	4/30/25	3,706	3,635	³ CSC Holdings LLC	5.750%	1/15/30	80	38
United States Treasury Note/Bond	2.875%	6/15/25	135	130	³ CSC Holdings LLC	4.125%	12/1/30	3,221	2,262
^{1,2} United States Treasury Note/Bond	3.500%	9/15/25	2,128	2,070	³ CSC Holdings LLC	4.625%	12/1/30	120	53
United States Treasury Note/Bond	4.500%	11/15/25	935	930	³ CSC Holdings LLC	3.375%	2/15/31	960	653
¹ United States Treasury Note/Bond	3.750%	4/15/26	9,216	9,022	³ CSC Holdings LLC	4.500%	11/15/31	2,815	1,962
United States Treasury Note/Bond	3.625%	5/15/26	4,880	4,761	³ CSC Holdings LLC	5.000%	11/15/31	600	281
² United States Treasury Note/Bond	2.375%	5/15/27	504	469	³ Directv Financing LLC / Directv Financing Co-Obligor Inc.	5.875%	8/15/27	780	706
United States Treasury Note/Bond	3.125%	8/31/27	50	48	DISH DBS Corp.	5.875%	11/15/24	1,005	884
United States Treasury Note/Bond	4.125%	10/31/27	159	158	DISH DBS Corp.	7.750%	7/1/26	965	592
United States Treasury Note/Bond	1.250%	4/30/28	40	35	³ DISH DBS Corp.	5.250%	12/1/26	80	64
United States Treasury Note/Bond	3.500%	4/30/28	3,629	3,526	DISH DBS Corp.	7.375%	7/1/28	2,025	1,085
United States Treasury Note/Bond	1.125%	8/31/28	26	22	³ DISH DBS Corp.	5.750%	12/1/28	1,075	804
United States Treasury Note/Bond	2.375%	3/31/29	417	381	³ DISH Network Corp.	11.750%	11/15/27	1,310	1,281
United States Treasury Note/Bond	4.000%	10/31/29	80	80	Embarq Corp.	7.995%	6/1/36	350	214
United States Treasury Note/Bond	3.875%	12/31/29	40	40	³ Frontier Communications Holdings LLC	5.875%	10/15/27	485	443
United States Treasury Note/Bond	3.500%	4/30/30	532	517	³ Frontier Communications Holdings LLC	5.000%	5/1/28	3,840	3,313
United States Treasury Note/Bond	3.750%	5/31/30	770	759	³ Frontier Communications Holdings LLC	6.750%	5/1/29	380	295
United States Treasury Note/Bond	3.375%	5/15/33	204	197	Frontier Communications Holdings LLC	5.875%	11/1/29	1,280	934
United States Treasury Note/Bond	4.250%	5/15/39	17	18	³ Frontier Communications Holdings LLC	8.750%	5/15/30	40	39
United States Treasury Note/Bond	3.875%	2/15/43	66	64	³ Frontier Communications Holdings LLC	8.625%	3/15/31	835	808
United States Treasury Note/Bond	3.000%	2/15/48	27	23	³ Go Daddy Operating Co. LLC / GD Finance Co. Inc.	3.500%	3/1/29	2,175	1,865
United States Treasury Note/Bond	3.375%	11/15/48	767	693	³ Iliad Holding SASU	6.500%	10/15/26	455	430
United States Treasury Note/Bond	3.625%	5/15/53	7	7	³ Iliad Holding SASU	7.000%	10/15/28	625	577
Total U.S. Government and Agency Obligations (Cost \$38,088)				37,547	³ Lamar Media Corp.	3.750%	2/15/28	1,660	1,515
Corporate Bonds (87.1%)					Lamar Media Corp.	4.875%	1/15/29	80	74
Communications (14.5%)					Lamar Media Corp.	4.000%	2/15/30	1,995	1,757
^{3,4} Altice France SA	2.125%	2/15/25	585	583	Lamar Media Corp.	3.625%	1/15/31	1,406	1,186
³ Altice France SA	5.500%	1/15/28	1,900	1,439	³ Level 3 Financing Inc.	3.400%	3/1/27	75	64
³ Altice France SA	5.125%	7/15/29	225	160	³ Level 3 Financing Inc.	3.625%	1/15/29	518	310
³ Banijay Entertainment SASU	5.375%	3/1/25	675	662	³ Level 3 Financing Inc.	3.875%	11/15/29	490	391
Belo Corp.	7.750%	6/1/27	940	931	³ Level 3 Financing Inc.	10.500%	5/15/30	585	594
Belo Corp.	7.250%	9/15/27	307	297	^{3,4} Lorca Telecom Bondco SA	4.000%	9/18/27	1,685	1,674
³ Cable One Inc.	4.000%	11/15/30	97	76	³ Lumen Technologies Inc.	4.000%	2/15/27	200	149
³ CCO Holdings LLC / CCO Holdings Capital Corp.	5.500%	5/1/26	1,398	1,363	³ Match Group Holdings II LLC	4.625%	6/1/28	140	129
³ CCO Holdings LLC / CCO Holdings Capital Corp.	5.125%	5/1/27	1,055	981	³ Match Group Holdings II LLC	4.125%	8/1/30	374	321
³ CCO Holdings LLC / CCO Holdings Capital Corp.	5.000%	2/1/28	225	205	³ Match Group Holdings II LLC	3.625%	10/1/31	575	473
³ CCO Holdings LLC / CCO Holdings Capital Corp.	5.375%	6/1/29	800	723	Netflix Inc.	4.875%	4/15/28	346	342
³ CCO Holdings LLC / CCO Holdings Capital Corp.	6.375%	9/1/29	1,000	942	³ News Corp.	3.875%	5/15/29	1,160	1,022
³ CCO Holdings LLC / CCO Holdings Capital Corp.	4.750%	3/1/30	450	385	³ Nexstar Media Inc.	4.750%	11/1/28	540	469
³ CCO Holdings LLC / CCO Holdings Capital Corp.	4.500%	8/15/30	3,665	3,053	³ Outfront Media Capital LLC / Outfront Media Capital Corp.	6.250%	6/15/25	310	310
³ CCO Holdings LLC / CCO Holdings Capital Corp.	4.250%	2/1/31	2,810	2,270	³ Outfront Media Capital LLC / Outfront Media Capital Corp.	5.000%	8/15/27	814	739
³ CCO Holdings LLC / CCO Holdings Capital Corp.	7.375%	3/1/31	1,350	1,316					

High Yield Bond Portfolio

		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
3	Outfront Media Capital LLC / Outfront Media Capital Corp.	4.250%	1/15/29	785	660	3	Asbury Automotive Group Inc.	5.000%	2/15/32	645	564
3	Outfront Media Capital LLC / Outfront Media Capital Corp.	4.625%	3/15/30	2,647	2,217	3	Ashton Woods USA LLC / Ashton Woods Finance Co.	6.625%	1/15/28	95	91
	Paramount Global Inc.	6.250%	2/28/57	944	721	3	Ashton Woods USA LLC / Ashton Woods Finance Co.	4.625%	8/1/29	170	145
	Paramount Global Inc.	6.375%	3/30/62	885	739	3	Ashton Woods USA LLC / Ashton Woods Finance Co.	4.625%	4/1/30	1,037	886
3	ROBLOX Corp.	3.875%	5/1/30	2,505	2,111		Bath & Body Works Inc.	6.694%	1/15/27	429	430
3	Scripps Escrow II Inc.	3.875%	1/15/29	1,560	1,260		Bath & Body Works Inc.	5.250%	2/1/28	40	38
3	Scripps Escrow II Inc.	5.375%	1/15/31	382	270	3	Bath & Body Works Inc.	6.625%	10/1/30	1,140	1,101
3	Sirius XM Radio Inc.	3.125%	9/1/26	310	279		Bath & Body Works Inc.	6.875%	11/1/35	150	137
3	Sirius XM Radio Inc.	4.000%	7/15/28	1,090	948		Bath & Body Works Inc.	6.750%	7/1/36	25	23
3	Sirius XM Radio Inc.	4.125%	7/1/30	2,040	1,667	3	Beacon Roofing Supply Inc.	4.125%	5/15/29	430	381
3	Sirius XM Radio Inc.	3.875%	9/1/31	1,370	1,060		Boyd Gaming Corp.	4.750%	12/1/27	3,510	3,327
	Sprint LLC	7.875%	9/15/23	4,019	4,031	3	Boyd Gaming Corp.	4.750%	6/15/31	265	237
	Sprint LLC	7.125%	6/15/24	1,094	1,105	3	Boyne USA Inc.	4.750%	5/15/29	200	181
	Sprint LLC	7.625%	2/15/25	345	352	3	Builders Firstsource Inc.	4.250%	2/1/32	825	718
	TEGNA Inc.	4.625%	3/15/28	410	362	3	Builders FirstSource Inc.	5.000%	3/1/30	150	140
	TEGNA Inc.	5.000%	9/15/29	1,365	1,181	3	Caesars Entertainment Inc.	6.250%	7/1/25	3,367	3,352
	Telecom Italia Capital SA	6.375%	11/15/33	311	264	3	Caesars Entertainment Inc.	8.125%	7/1/27	2,094	2,141
	Telecom Italia Capital SA	6.000%	9/30/34	660	532	3	Caesars Entertainment Inc.	4.625%	10/15/29	1,425	1,244
	Telecom Italia Capital SA	7.721%	6/4/38	560	495	3	Caesars Entertainment Inc.	7.000%	2/15/30	2,790	2,804
3	Telecom Italia SpA	5.303%	5/30/24	445	433	3	Caesars Resort Collection LLC / CRC Finco Inc.	5.750%	7/1/25	1,978	2,002
3	Telenet Finance Luxembourg Notes Sarl	5.500%	3/1/28	2,200	2,043	3	Camelot Return Merger Sub Inc.	8.750%	8/1/28	320	304
3,4	TMNL Holding BV	3.750%	1/15/29	915	870	3	Carnival Corp.	5.750%	3/1/27	1,111	1,022
	T-Mobile USA Inc.	5.375%	4/15/27	355	353	3	Carnival Corp.	9.875%	8/1/27	255	265
3	Uber Technologies Inc.	7.500%	5/15/25	680	689	3	Carnival Corp.	4.000%	8/1/28	2,920	2,587
3	Uber Technologies Inc.	8.000%	11/1/26	300	306	3	Carnival Corp.	6.000%	5/1/29	4,275	3,817
3	Uber Technologies Inc.	7.500%	9/15/27	450	461	3	Carnival Corp.	10.500%	6/1/30	1,190	1,261
3	Uber Technologies Inc.	6.250%	1/15/28	250	249	3	Carnival Corp.	10.375%	5/1/28	360	394
3	Uber Technologies Inc.	4.500%	8/15/29	1,600	1,473	3	Carnival Holdings Bermuda Ltd.	5.750%	4/1/30	920	858
3	Univision Communications Inc.	7.375%	6/30/30	10	10		CDI Escrow Issuer Inc.	5.250%	7/15/29	1,475	1,340
3	UPC Broadband Finco BV	4.875%	7/15/31	2,160	1,783	3	Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp. / Millennium Op	5.500%	5/1/25	55	55
3	UPC Holding BV	5.500%	1/15/28	2,630	2,304		Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp. / Millennium Op	5.375%	4/15/27	1,325	1,260
3	Videotron Ltd.	5.375%	6/15/24	160	158	3	Century Communities Inc.	6.750%	6/1/27	288	289
5	Videotron Ltd.	5.625%	6/15/25	275	205	3	Century Communities Inc.	3.875%	8/15/29	1,028	892
3	Videotron Ltd.	5.125%	4/15/27	2,000	1,922	3	Churchill Downs Inc.	5.500%	4/1/27	260	251
3,5	Videotron Ltd.	3.625%	6/15/28	2,690	1,744	3	Churchill Downs Inc.	4.750%	1/15/28	310	288
3	Videotron Ltd.	3.625%	6/15/29	1,344	1,162	3	Churchill Downs Inc.	6.750%	5/1/31	140	139
3	Virgin Media Secured Finance plc	5.500%	5/15/29	1,055	957	3	Cinemark USA Inc.	8.750%	5/1/25	45	46
3	Virgin Media Secured Finance plc	4.500%	8/15/30	1,390	1,168	3	Cinemark USA Inc.	5.875%	3/15/26	330	313
3,6	Virgin Media Vendor Financing Notes III DAC	4.875%	7/15/28	990	992	3	Cinemark USA Inc.	5.250%	7/15/28	815	724
3	Virgin Media Vendor Financing Notes IV DAC	5.000%	7/15/28	1,075	943	3,4	Cirsa Finance International Sarl	6.250%	12/20/23	217	236
3	Vmed O2 UK Financing I plc	4.250%	1/31/31	3,140	2,542	3,4	Cirsa Finance International Sarl	4.500%	3/15/27	240	239
3	VZ Secured Financing BV	5.000%	1/15/32	1,705	1,375	3	Clarios Global LP / Clarios US Finance Co.	6.250%	5/15/26	547	543
3,4	WMG Acquisition Corp.	2.750%	7/15/28	520	512	3	Clarios Global LP / Clarios US Finance Co.	8.500%	5/15/27	1,024	1,027
3	WMG Acquisition Corp.	3.875%	7/15/30	1,895	1,639		Clarios Global LP / Clarios US Finance Co.	6.750%	5/15/28	852	850
3	WMG Acquisition Corp.	3.000%	2/15/31	1,785	1,444		Dana Inc.	5.625%	6/15/28	100	95
3	Zayo Group Holdings Inc.	4.000%	3/1/27	65	46		Dana Inc.	4.500%	2/15/32	85	71
3	Ziggo BV	4.875%	1/15/30	2,189	1,819		Ford Motor Co.	4.346%	12/8/26	430	416
					101,498		Ford Motor Co.	9.625%	4/22/30	60	70
Consumer Discretionary (16.8%)							Ford Motor Co.	3.250%	2/12/32	3,550	2,788
3	1011778 BC ULC / New Red Finance Inc.	3.875%	1/15/28	1,185	1,083		Ford Motor Co.	4.750%	1/15/43	700	537
3	1011778 BC ULC / New Red Finance Inc.	4.375%	1/15/28	1,500	1,386		Ford Motor Co.	5.291%	12/8/46	200	164
3	1011778 BC ULC / New Red Finance Inc.	3.500%	2/15/29	675	595		Ford Motor Credit Co. LLC	3.370%	11/17/23	1,895	1,875
3	1011778 BC ULC / New Red Finance Inc.	4.000%	10/15/30	3,405	2,930		Ford Motor Credit Co. LLC	4.134%	8/4/25	380	361
3	Adient Global Holdings Ltd.	4.875%	8/15/26	540	514		Ford Motor Credit Co. LLC	3.375%	11/13/25	470	437
3	American Builders & Contractors Supply Co. Inc.	4.000%	1/15/28	1,316	1,200		Ford Motor Credit Co. LLC	4.389%	1/8/26	200	190
3	American Builders & Contractors Supply Co. Inc.	3.875%	11/15/29	1,435	1,233		Ford Motor Credit Co. LLC	2.700%	8/10/26	2,580	2,303
	Asbury Automotive Group Inc.	4.500%	3/1/28	745	686		Ford Motor Credit Co. LLC	4.950%	5/28/27	435	410
3	Asbury Automotive Group Inc.	4.625%	11/15/29	495	441						
	Asbury Automotive Group Inc.	4.750%	3/1/30	464	412						

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Ford Motor Credit Co. LLC	3.815%	11/2/27	342	306	³ Viking Cruises Ltd.	9.125%	7/15/31	735	743
Ford Motor Credit Co. LLC	6.800%	5/12/28	1,435	1,438	³ William Carter Co.	5.625%	3/15/27	404	394
Ford Motor Credit Co. LLC	7.350%	3/6/30	270	276	³ VWW International Inc.	4.500%	4/15/29	134	80
Ford Motor Credit Co. LLC	7.200%	6/10/30	530	535	³ Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	5.500%	3/1/25	2,050	2,016
³ Gap Inc.	3.625%	10/1/29	745	527	³ Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	5.250%	5/15/27	1,510	1,431
³ Gap Inc.	3.875%	10/1/31	570	391	³ Wynn Macau Ltd.	5.500%	1/15/26	650	604
Goodyear Tire & Rubber Co.	5.000%	7/15/29	485	437	³ Wynn Macau Ltd.	5.625%	8/26/28	160	138
Goodyear Tire & Rubber Co.	5.250%	7/15/31	685	595	³ Wynn Macau Ltd.	5.125%	12/15/29	1,440	1,196
Griffon Corp.	5.750%	3/1/28	300	281	³ Wynn Resorts Finance LLC / Wynn Resorts Capital Corp.	5.125%	10/1/29	78	70
³ Hanesbrands Inc.	4.875%	5/15/26	2,974	2,776	³ Wynn Resorts Finance LLC / Wynn Resorts Capital Corp.	7.125%	2/15/31	1,175	1,168
³ Hanesbrands Inc.	9.000%	2/15/31	605	610	³ Yum! Brands Inc.	4.750%	1/15/30	1,095	1,028
³ Hilton Domestic Operating Co. Inc.	5.750%	5/1/28	255	251	³ Yum! Brands Inc.	3.625%	3/15/31	1,715	1,485
³ Hilton Domestic Operating Co. Inc.	3.750%	5/1/29	475	421	³ Yum! Brands Inc.	4.625%	1/31/32	460	417
³ Hilton Domestic Operating Co. Inc.	4.000%	5/1/31	55	48					117,570
³ Hilton Domestic Operating Co. Inc.	3.625%	2/15/32	445	371	Consumer Staples (3.1%)				
KB Home	4.800%	11/15/29	405	373	³ Albertsons Cos. Inc. / Safeway Inc. / New Albertsons LP / Albertsons LLC	6.500%	2/15/28	340	341
KB Home	7.250%	7/15/30	225	229	^{3,4} B&G Foods Inc.	5.250%	9/15/27	2,995	2,601
KB Home	4.000%	6/15/31	1,175	1,015	³ Darling Global Finance BV	3.625%	5/15/26	395	421
³ KFC Holding Co. / Pizza Hut Holdings LLC / Taco Bell of America LLC	4.750%	6/1/27	1,123	1,084	³ Darling Ingredients Inc.	5.250%	4/15/27	855	829
³ Lithia Motors Inc.	4.625%	12/15/27	1,995	1,862	³ Darling Ingredients Inc.	6.000%	6/15/30	175	171
³ Lithia Motors Inc.	3.875%	6/1/29	465	405	³ Energizer Holdings Inc.	4.750%	6/15/28	3,530	3,150
³ Lithia Motors Inc.	4.375%	1/15/31	400	345	³ Energizer Holdings Inc.	4.375%	3/31/29	555	478
³ Live Nation Entertainment Inc.	4.875%	11/1/24	435	430	³ Performance Food Group Inc.	6.875%	5/1/25	305	305
³ Live Nation Entertainment Inc.	3.750%	1/15/28	415	371	³ Performance Food Group Inc.	5.500%	10/15/27	3,360	3,252
³ Mattel Inc.	3.375%	4/1/26	1,075	989	³ Performance Food Group Inc.	4.250%	8/1/29	2,225	1,981
³ Mattel Inc.	5.875%	12/15/27	1,745	1,713	³ Post Holdings Inc.	5.750%	3/1/27	314	307
³ Mattel Inc.	3.750%	4/1/29	105	92	³ Post Holdings Inc.	5.625%	1/15/28	2,245	2,160
³ Melco Resorts Finance Ltd.	4.875%	6/6/25	600	568	³ Post Holdings Inc.	5.500%	12/15/29	1,110	1,027
³ Melco Resorts Finance Ltd.	5.250%	4/26/26	200	186	³ Post Holdings Inc.	4.625%	4/15/30	2,389	2,095
³ Melco Resorts Finance Ltd.	5.375%	12/4/29	725	595	³ Post Holdings Inc.	4.500%	9/15/31	1,495	1,276
MGM Resorts International	6.750%	5/1/25	150	150	³ United Natural Foods Inc.	6.750%	10/15/28	1,054	873
MGM Resorts International	5.750%	6/15/25	1,695	1,677	³ US Foods Inc.	4.625%	6/1/30	563	504
³ Michaels Cos. Inc.	5.250%	5/1/28	1,325	1,070					21,771
³ Michaels Cos. Inc.	7.875%	5/1/29	718	485	Energy (11.4%)				
³ NCL Corp Ltd.	8.375%	2/1/28	1,505	1,581	Apache Corp.	4.875%	11/15/27	1,560	1,447
³ NCL Corp. Ltd.	7.750%	2/15/29	545	519	Apache Corp.	4.375%	10/15/28	55	50
Newell Brands Inc.	4.700%	4/1/26	112	105	Apache Corp.	4.250%	1/15/30	475	423
Newell Brands Inc.	6.375%	9/15/27	615	591	Apache Corp.	5.100%	9/1/40	354	288
Newell Brands Inc.	6.625%	9/15/29	425	408	Apache Corp.	5.250%	2/1/42	271	214
³ Nissan Motor Co. Ltd.	4.810%	9/17/30	180	158	Apache Corp.	4.250%	1/15/44	15	10
Openlane Inc.	5.125%	6/1/25	245	241	Apache Corp.	5.350%	7/1/49	547	426
³ PetSmart Inc. / PetSmart Finance Corp.	4.750%	2/15/28	1,775	1,644	Baytex Energy Corp.	8.500%	4/30/30	270	264
³ PetSmart Inc. / PetSmart Finance Corp.	7.750%	2/15/29	925	920	³ Blue Racer Midstream LLC / Blue Racer Finance Corp.	7.625%	12/15/25	260	263
³ Royal Caribbean Cruises Ltd.	4.250%	7/1/26	295	272	³ Blue Racer Midstream LLC / Blue Racer Finance Corp.	6.625%	7/15/26	475	470
³ Royal Caribbean Cruises Ltd.	5.500%	8/31/26	2,270	2,154	Buckeye Partners LP	4.150%	7/1/23	90	90
³ Royal Caribbean Cruises Ltd.	5.375%	7/15/27	1,345	1,261	Buckeye Partners LP	4.350%	10/15/24	150	146
³ Royal Caribbean Cruises Ltd.	11.625%	8/15/27	835	908	³ Buckeye Partners LP	4.125%	3/1/25	1,781	1,705
³ Royal Caribbean Cruises Ltd.	5.500%	4/1/28	940	877	Buckeye Partners LP	3.950%	12/1/26	288	261
³ Royal Caribbean Cruises Ltd.	8.250%	1/15/29	1,215	1,276	Buckeye Partners LP	4.125%	12/1/27	715	650
³ Royal Caribbean Cruises Ltd.	7.250%	1/15/30	138	140	³ Buckeye Partners LP	4.500%	3/1/28	2,734	2,468
Sands China Ltd.	5.625%	8/8/25	600	585	Cheniere Energy Partners LP	4.500%	10/1/29	501	460
Sands China Ltd.	5.900%	8/8/28	1,345	1,280	Cheniere Energy Partners LP	4.000%	3/1/31	375	330
Sands China Ltd.	4.875%	6/18/30	200	178	³ Chesapeake Energy Corp	5.875%	2/1/29	355	337
Sands China Ltd.	3.750%	8/8/31	1,005	817	³ Chesapeake Energy Corp.	6.750%	4/15/29	735	730
³ Scientific Games International Inc.	7.000%	5/15/28	630	629	³ Civitas Resources Inc.	8.750%	7/1/31	495	503
Service Corp. International	4.625%	12/15/27	370	350	³ CNX Resources Corp.	6.000%	1/15/29	175	162
Service Corp. International	5.125%	6/1/29	2,105	1,987	³ CNX Resources Corp.	7.375%	1/15/31	560	547
Service Corp. International	3.375%	8/15/30	650	544	³ Continental Resources Inc.	4.375%	1/15/28	628	590
Service Corp. International	4.000%	5/15/31	1,735	1,484	³ Continental Resources Inc.	5.750%	1/15/31	860	820
³ Speedway Motorsports LLC / Speedway Funding II Inc.	4.875%	11/1/27	1,028	956	Continental Resources Inc.	4.900%	6/1/44	2,020	1,570
³ Taylor Morrison Communities Inc.	5.875%	6/15/27	450	443					
³ Taylor Morrison Communities Inc.	5.125%	8/1/30	690	641					
³ Tempur Sealy International Inc.	3.875%	10/15/31	425	347					
Toll Brothers Finance Corp.	4.875%	11/15/25	170	167					
Under Armour Inc.	3.250%	6/15/26	1,410	1,296					

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	
³ CrownRock LP / CrownRock Finance Inc.	5.625%	10/15/25	510	503		Targa Resources Partners LP / Targa Resources Partners Finance Corp.	4.875%	2/1/31	990	915
DCP Midstream Operating LP	5.125%	5/15/29	130	127	³	Transocean Inc.	11.500%	1/30/27	80	83
³ DT Midstream Inc.	4.125%	6/15/29	2,885	2,533	³	Transocean Inc.	8.750%	2/15/30	2,595	2,635
³ DT Midstream Inc.	4.375%	6/15/31	3,636	3,135	³	Transocean Titan Financing Ltd.	8.375%	2/1/28	340	347
³ Earthstone Energy Holdings LLC	8.000%	4/15/27	910	877		Valaris Ltd.	8.375%	4/30/30	905	908
Earthstone Energy Holdings LLC	9.875%	7/15/31	600	594	³	Venture Global Calcasieu Pass LLC	3.875%	8/15/29	1,620	1,415
³ Enerflex Ltd.	9.000%	10/15/27	1,090	1,062	³	Venture Global Calcasieu Pass LLC	6.250%	1/15/30	805	799
³ EnLink Midstream LLC	5.625%	1/15/28	720	698	³	Venture Global Calcasieu Pass LLC	4.125%	8/15/31	1,900	1,636
EnLink Midstream LLC	5.375%	6/1/29	720	687	³	Venture Global Calcasieu Pass LLC	3.875%	11/1/33	1,460	1,200
³ EnLink Midstream LLC	6.500%	9/1/30	875	874	³	Venture Global LNG Inc.	8.125%	6/1/28	295	300
EnLink Midstream Partners LP	4.150%	6/1/25	750	728	³	Venture Global LNG Inc.	8.375%	6/1/31	1,345	1,358
EnLink Midstream Partners LP	4.850%	7/15/26	841	815	³	Weatherford International Ltd.	8.625%	4/30/30	1,700	1,727
EnLink Midstream Partners LP	5.600%	4/1/44	25	21		Western Midstream Operating LP	3.350%	2/1/25	55	53
EnLink Midstream Partners LP	5.050%	4/1/45	995	794		Western Midstream Operating LP	3.950%	6/1/25	380	365
EnLink Midstream Partners LP	5.450%	6/1/47	663	545		Western Midstream Operating LP	4.650%	7/1/26	678	652
EQM Midstream Partners LP	4.000%	8/1/24	458	449		Western Midstream Operating LP	4.500%	3/1/28	50	47
³ EQM Midstream Partners LP	6.000%	7/1/25	1,695	1,682		Western Midstream Operating LP	4.750%	8/15/28	265	252
EQM Midstream Partners LP	4.125%	12/1/26	100	93		Western Midstream Operating LP	4.300%	2/1/30	45	41
³ EQM Midstream Partners LP	7.500%	6/1/27	95	96		Western Midstream Operating LP	5.450%	4/1/44	370	314
³ EQM Midstream Partners LP	6.500%	7/1/27	1,710	1,686		Western Midstream Operating LP	5.300%	3/1/48	892	746
EQM Midstream Partners LP	5.500%	7/15/28	916	866		Western Midstream Operating LP	5.500%	2/1/50	1,079	896
³ EQM Midstream Partners LP	4.500%	1/15/29	990	883						79,764
³ EQM Midstream Partners LP	7.500%	6/1/30	820	828	Financials (5.6%)					
³ EQM Midstream Partners LP	4.750%	1/15/31	2,550	2,232	³ Acrisure LLC / Acrisure Finance Inc.	4.250%	2/15/29	2,600	2,244	
EQT Corp.	6.125%	2/1/25	53	53	³ AerCap Global Aviation Trust	6.500%	6/15/45	3,710	3,598	
Genesis Energy LP / Genesis Energy Finance Corp.	6.500%	10/1/25	111	109		Aircastle Ltd.	4.125%	5/1/24	1,210	1,182
³ Hess Midstream Operations LP	4.250%	2/15/30	70	61	³ Alliant Holdings Intermediate LLC / Alliant Holdings Co.	6.750%	4/15/28	1,175	1,159	
Matador Resources Co.	6.875%	4/15/28	1,150	1,138	³ AmWINS Group Inc.	4.875%	6/30/29	165	149	
Noble Finance II LLC	8.000%	4/15/30	2,123	2,156	³ Avolon Holdings Funding Ltd.	5.250%	5/15/24	1,630	1,603	
Occidental Petroleum Corp.	5.500%	12/1/25	115	114	³ Burford Capital Global Finance LLC	6.875%	4/15/30	655	599	
Occidental Petroleum Corp.	5.550%	3/15/26	210	207	³ Compass Group Diversified Holdings LLC	5.250%	4/15/29	170	149	
Occidental Petroleum Corp.	3.400%	4/15/26	365	338	³ Enact Holdings Inc.	6.500%	8/15/25	1,390	1,366	
Occidental Petroleum Corp.	3.200%	8/15/26	100	91	³ FirstCash Inc.	4.625%	9/1/28	400	358	
Occidental Petroleum Corp.	3.000%	2/15/27	250	225	³ FirstCash Inc.	5.625%	1/1/30	395	357	
Occidental Petroleum Corp.	6.375%	9/1/28	900	918	³ GGAM Finance Ltd.	7.750%	5/15/26	450	451	
Occidental Petroleum Corp.	6.625%	9/1/30	228	237	³ GGAM Finance Ltd.	8.000%	6/15/28	700	700	
Occidental Petroleum Corp.	6.125%	1/1/31	1,834	1,862	³ goeasy Ltd.	4.375%	5/1/26	896	817	
Occidental Petroleum Corp.	7.500%	5/1/31	91	99	³ HUB International Ltd.	7.000%	5/1/26	175	175	
Occidental Petroleum Corp.	6.450%	9/15/36	300	309	³ HUB International Ltd.	5.625%	12/1/29	735	660	
Occidental Petroleum Corp.	6.600%	3/15/46	103	106	³ HUB International Ltd.	7.250%	6/15/30	2,225	2,297	
Occidental Petroleum Corp.	4.400%	4/15/46	225	176	³ Intesa Sanpaolo SpA	5.017%	6/26/24	550	533	
Ovintiv Inc.	7.200%	11/1/31	90	95	³ Intesa Sanpaolo SpA	5.710%	1/15/26	1,810	1,722	
Ovintiv Inc.	7.375%	11/1/31	869	931	³ Ladder Capital Finance Holdings LLLP / Ladder Capital Finance Corp.	4.250%	2/1/27	400	347	
Ovintiv Inc.	6.500%	8/15/34	247	248	³ Ladder Capital Finance Holdings LLLP / Ladder Capital Finance Corp.	4.750%	6/15/29	755	615	
Ovintiv Inc.	6.500%	2/1/38	440	433	³ MGIC Investment Corp.	5.250%	8/15/28	635	598	
PDC Energy Inc.	5.750%	5/15/26	315	314	³ Nationstar Mortgage Holdings Inc.	5.500%	8/15/28	575	504	
³ Permian Resources Operating LLC	5.375%	1/15/26	80	77	³ Nationstar Mortgage Holdings Inc.	5.125%	12/15/30	2,474	2,008	
³ Permian Resources Operating LLC	7.750%	2/15/26	65	66	³ Nationstar Mortgage Holdings Inc.	5.750%	11/15/31	500	411	
³ Permian Resources Operating LLC	6.875%	4/1/27	530	523		Navient Corp.	7.250%	9/25/23	111	111
³ Permian Resources Operating LLC	5.875%	7/1/29	1,881	1,773		Navient Corp.	6.750%	6/15/26	15	14
Range Resources Corp.	8.250%	1/15/29	400	416		Navient Corp.	4.875%	3/15/28	248	212
³ Range Resources Corp.	4.750%	2/15/30	1,762	1,587		Navient Corp.	5.500%	3/15/29	1,560	1,331
³ Rockies Express Pipeline LLC	4.950%	7/15/29	75	69		Navient Corp.	9.375%	7/25/30	255	254
³ Rockies Express Pipeline LLC	4.800%	5/15/30	75	67		Navient Corp.	5.625%	8/1/33	181	136
³ Rockies Express Pipeline LLC	7.500%	7/15/38	125	114		OneMain Finance Corp.	8.250%	10/1/23	380	382
SM Energy Co.	6.750%	9/15/26	686	672		OneMain Finance Corp.	6.125%	3/15/24	815	812
SM Energy Co.	6.625%	1/15/27	30	29		OneMain Finance Corp.	7.125%	3/15/26	2,461	2,423
SM Energy Co.	6.500%	7/15/28	409	393		OneMain Finance Corp.	3.500%	1/15/27	1,340	1,152
Southwestern Energy Co.	5.375%	2/1/29	667	630		OneMain Finance Corp.	3.875%	9/15/28	985	805
Southwestern Energy Co.	5.375%	3/15/30	2,143	2,000		OneMain Finance Corp.	9.000%	1/15/29	578	583
Southwestern Energy Co.	4.750%	2/1/32	1,170	1,034		OneMain Finance Corp.	4.000%	9/15/30	965	744
Sunoco LP / Sunoco Finance Corp.	6.000%	4/15/27	2,265	2,236	³ Park Aerospace Holdings Ltd.	5.500%	2/15/24	155	154	
Sunoco LP / Sunoco Finance Corp.	5.875%	3/15/28	425	409						
Sunoco LP / Sunoco Finance Corp.	4.500%	5/15/29	855	759						
Sunoco LP / Sunoco Finance Corp.	4.500%	4/30/30	1,400	1,230						
Targa Resources Partners LP / Targa Resources Partners Finance Corp.	6.875%	1/15/29	725	739						

High Yield Bond Portfolio

		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
³	PennyMac Financial Services Inc.	5.375%	10/15/25	1,045	991
³	PennyMac Financial Services Inc.	4.250%	2/15/29	1,055	849
	Radian Group Inc.	4.500%	10/1/24	1,485	1,447
	Radian Group Inc.	6.625%	3/15/25	175	175
	Radian Group Inc.	4.875%	3/15/27	175	165
³	Rocket Mortgage LLC / Rocket Mortgage Co-Issuer Inc.	2.875%	10/15/26	175	155
³	Rocket Mortgage LLC / Rocket Mortgage Co-Issuer Inc.	3.625%	3/1/29	130	109
³	Rocket Mortgage LLC / Rocket Mortgage Co-Issuer Inc.	3.875%	3/1/31	320	259
³	Rocket Mortgage LLC / Rocket Mortgage Co-Issuer Inc.	4.000%	10/15/33	25	20
³	United Wholesale Mortgage LLC	5.500%	11/15/25	375	358
³	United Wholesale Mortgage LLC	5.750%	6/15/27	780	712
³	United Wholesale Mortgage LLC	5.500%	4/15/29	160	137

39,092

Health Care (8.0%)

³	Acadia Healthcare Co. Inc.	5.500%	7/1/28	625	598
³	Acadia Healthcare Co. Inc.	5.000%	4/15/29	825	766
^{3,4}	Avantor Funding Inc.	2.625%	11/1/25	2,106	2,197
³	Avantor Funding Inc.	4.625%	7/15/28	1,860	1,724
³	Avantor Funding Inc.	3.875%	11/1/29	345	302
³	Bausch Health Cos. Inc.	5.500%	11/1/25	525	464
³	Catalent Pharma Solutions Inc.	5.000%	7/15/27	630	580
^{3,4}	Catalent Pharma Solutions Inc.	2.375%	3/1/28	1,310	1,150
⁴	Catalent Pharma Solutions Inc.	2.375%	3/1/28	750	658
³	Catalent Pharma Solutions Inc.	3.125%	2/15/29	360	293
³	Catalent Pharma Solutions Inc.	3.500%	4/1/30	1,090	883
	Centene Corp.	4.625%	12/15/29	210	193
	Centene Corp.	3.375%	2/15/30	325	279
³	Charles River Laboratories International Inc.	4.250%	5/1/28	950	873
³	Charles River Laboratories International Inc.	3.750%	3/15/29	390	345
³	Charles River Laboratories International Inc.	4.000%	3/15/31	650	567
³	CHS/Community Health Systems Inc.	8.000%	3/15/26	270	263
³	CHS/Community Health Systems Inc.	5.625%	3/15/27	2,190	1,937
³	CHS/Community Health Systems Inc.	8.000%	12/15/27	75	73
³	CHS/Community Health Systems Inc.	6.000%	1/15/29	470	400
³	CHS/Community Health Systems Inc.	5.250%	5/15/30	840	664
³	CHS/Community Health Systems Inc.	4.750%	2/15/31	155	117
³	DaVita Inc.	3.750%	2/15/31	850	682
³	Fortrea Holdings Inc.	7.500%	7/1/30	435	445
³	Grifols Escrow Issuer SA	4.750%	10/15/28	290	252
^{3,4}	Grifols SA	2.250%	11/15/27	1,325	1,305
	HCA Inc.	7.690%	6/15/25	80	82
	HCA Inc.	5.875%	2/15/26	280	280
	HCA Inc.	5.875%	2/1/29	275	276
	HCA Inc.	3.500%	9/1/30	850	745
³	Hologic Inc.	3.250%	2/15/29	1,575	1,378
³	IQVIA Inc.	5.000%	5/15/27	3,853	3,711
^{3,4}	IQVIA Inc.	2.250%	1/15/28	1,200	1,151
^{3,4}	IQVIA Inc.	2.875%	6/15/28	1,855	1,817
³	IQVIA Inc.	6.500%	5/15/30	845	855
³	Jazz Securities DAC	4.375%	1/15/29	750	669
³	Medline Borrower LP	3.875%	4/1/29	4,925	4,284
³	Medline Borrower LP	5.250%	10/1/29	2,589	2,247
³	Organon & Co. / Organon Foreign Debt Co.-Issuer BV	4.125%	4/30/28	3,350	2,975
³	Organon & Co. / Organon Foreign Debt Co.-Issuer BV	5.125%	4/30/31	1,865	1,538
³	Owens & Minor Inc.	4.500%	3/31/29	455	381

		Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
³	Owens & Minor Inc.	6.625%	4/1/30	1,471	1,335
³	Prestige Brands Inc.	3.750%	4/1/31	200	165
³	Teleflex Inc.	4.250%	6/1/28	1,991	1,830
	Tenet Healthcare Corp.	4.875%	1/1/26	495	482
	Tenet Healthcare Corp.	5.125%	11/1/27	245	234
	Tenet Healthcare Corp.	4.625%	6/15/28	1,030	962
	Tenet Healthcare Corp.	6.125%	10/1/28	1,045	1,006
	Tenet Healthcare Corp.	4.250%	6/1/29	495	447
	Tenet Healthcare Corp.	4.375%	1/15/30	720	650
	Tenet Healthcare Corp.	6.125%	6/15/30	1,670	1,646
	Tenet Healthcare Corp.	6.750%	5/15/31	2,065	2,077
	Teva Pharmaceutical Finance Netherlands III BV	3.150%	10/1/26	1,740	1,558
	Teva Pharmaceutical Finance Netherlands III BV	4.750%	5/9/27	200	185
	Teva Pharmaceutical Finance Netherlands III BV	6.750%	3/1/28	1,325	1,306
	Teva Pharmaceutical Finance Netherlands III BV	5.125%	5/9/29	585	530
	Teva Pharmaceutical Finance Netherlands III BV	7.875%	9/15/29	395	408
	Teva Pharmaceutical Finance Netherlands III BV	8.125%	9/15/31	665	696

55,916

Industrials (8.6%)

³	Air Canada	3.875%	8/15/26	1,480	1,372
³	Allison Transmission Inc.	5.875%	6/1/29	60	59
³	Allison Transmission Inc.	3.750%	1/30/31	39	33
³	American Airlines Inc.	7.250%	2/15/28	286	284
³	American Airlines Inc. / AAdvantage Loyalty IP Ltd.	5.500%	4/20/26	780	773
^{3,7}	American Airlines Inc. / AAdvantage Loyalty IP Ltd.	5.750%	4/20/29	1,060	1,030
³	Aramark Services Inc.	5.000%	4/1/25	1,871	1,843
³	Aramark Services Inc.	6.375%	5/1/25	1,344	1,346
³	Aramark Services Inc.	5.000%	2/1/28	1,390	1,310
³	BWX Technologies Inc.	4.125%	6/30/28	1,058	971
³	BWX Technologies Inc.	4.125%	4/15/29	1,340	1,213
³	Chart Industries Inc.	7.500%	1/1/30	170	173
³	Chart Industries Inc.	9.500%	1/1/31	235	251
³	Clean Harbors Inc.	4.875%	7/15/27	1,449	1,389
³	Clean Harbors Inc.	5.125%	7/15/29	768	729
³	Clean Harbors Inc.	6.375%	2/1/31	726	731
³	Covanta Holding Corp.	4.875%	12/1/29	1,055	917
³	Delta Air Lines Inc.	3.750%	10/28/29	205	184
³	Emerald Debt Merger Sub LLC	6.625%	12/15/30	3,665	3,637
³	First Student Bidco Inc. / First Transit Parent Inc.	4.000%	7/31/29	2,447	2,074
³	Garda World Security Corp.	7.750%	2/15/28	100	100
³	Gates Global LLC / Gates Corp.	6.250%	1/15/26	641	633
³	Hawaiian Brand Intellectual Property Ltd. / HawaiianMiles Loyalty Ltd.	5.750%	1/20/26	2,360	2,234
³	Herc Holdings Inc.	5.500%	7/15/27	4,586	4,403
⁴	Loxam SAS	2.875%	4/15/26	655	662
⁴	Loxam SAS	3.750%	7/15/26	400	413
³	Moog Inc.	4.250%	12/15/27	150	139
³	Mueller Water Products Inc.	4.000%	6/15/29	175	155
^{3,4}	Q-Park Holding I BV	1.500%	3/1/25	805	839
^{3,4}	Q-Park Holding I BV	2.000%	3/1/27	795	739
³	Ritchie Bros Holdings Inc.	6.750%	3/15/28	150	152
³	Ritchie Bros Holdings Inc.	7.750%	3/15/31	145	151
³	Rolls-Royce plc	3.625%	10/14/25	810	766
³	Rolls-Royce plc	5.750%	10/15/27	1,120	1,095
³	Sensata Technologies BV	5.625%	11/1/24	425	423
³	Sensata Technologies BV	5.000%	10/1/25	1,625	1,591
³	Sensata Technologies Inc.	4.375%	2/15/30	400	359
³	Sensata Technologies Inc.	3.750%	2/15/31	1,142	979
³	Spirit AeroSystems Inc.	7.500%	4/15/25	849	843
	Spirit AeroSystems Inc.	3.850%	6/15/26	90	84
	Spirit AeroSystems Inc.	4.600%	6/15/28	267	224

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
³ Spirit AeroSystems Inc.	9.375%	11/30/29	1,689	1,811
^{3,4} TK Elevator Midco GmbH	4.375%	7/15/27	600	584
³ TK Elevator US Newco Inc.	5.250%	7/15/27	1,010	934
³ TransDigm Inc.	6.250%	3/15/26	2,150	2,139
TransDigm Inc.	5.500%	11/15/27	575	544
³ TransDigm Inc.	6.750%	8/15/28	2,565	2,579
TransDigm Inc.	4.625%	1/15/29	3,014	2,680
TransDigm Inc.	4.875%	5/1/29	701	628
³ Triumph Group Inc.	9.000%	3/15/28	308	315
⁷ United Airlines Class A Series 2020-1 Pass Through Trust	5.875%	4/15/29	532	528
³ United Airlines Inc.	4.375%	4/15/26	1,150	1,093
³ United Airlines Inc.	4.625%	4/15/29	1,455	1,326
United Rentals North America Inc.	5.500%	5/15/27	638	628
United Rentals North America Inc.	4.875%	1/15/28	1,834	1,745
United Rentals North America Inc.	5.250%	1/15/30	440	420
United Rentals North America Inc.	4.000%	7/15/30	2,345	2,076
United Rentals North America Inc.	3.875%	2/15/31	1,156	1,002
United Rentals North America Inc.	3.750%	1/15/32	1,175	996
³ WESCO Distribution Inc.	7.125%	6/15/25	535	541
³ Williams Scotsman International Inc.	4.625%	8/15/28	330	303
				60,175
Materials (8.4%)				
³ Advanced Drainage Systems Inc.	5.000%	9/30/27	175	167
³ Advanced Drainage Systems Inc.	6.375%	6/15/30	485	479
³ Ardagh Metal Packaging Finance USA LLC / Ardagh Metal Packaging Finance plc	3.250%	9/1/28	915	786
³ Ardagh Metal Packaging Finance USA LLC / Ardagh Metal Packaging Finance plc	4.000%	9/1/29	670	532
³ Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	5.250%	4/30/25	200	196
³ Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	4.125%	8/15/26	1,190	1,109
^{3,6} Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	4.750%	7/15/27	160	161
³ Ardagh Packaging Finance plc / Ardagh Holdings USA Inc.	5.250%	8/15/27	1,590	1,355
³ Ardagh Packaging Finance PLC / Ardagh Holdings USA Inc.	5.250%	8/15/27	250	212
³ ASP Unifrax Holdings Inc.	5.250%	9/30/28	95	69
³ Avient Corp.	7.125%	8/1/30	1,663	1,682
³ Axalta Coating Systems LLC	3.375%	2/15/29	1,840	1,567
Ball Corp.	5.250%	7/1/25	380	377
Ball Corp.	4.875%	3/15/26	1,375	1,337
⁴ Ball Corp.	1.500%	3/15/27	1,295	1,261
Ball Corp.	6.875%	3/15/28	880	898
Ball Corp.	6.000%	6/15/29	975	968
Ball Corp.	2.875%	8/15/30	235	195
Ball Corp.	3.125%	9/15/31	425	350
³ Berry Global Inc.	4.500%	2/15/26	1,463	1,398
³ Berry Global Inc.	4.875%	7/15/26	1,270	1,225
³ Berry Global Inc.	5.625%	7/15/27	250	245
³ Canpack SA / Canpack US LLC	3.125%	11/1/25	235	215
³ Canpack SA / Canpack US LLC	3.875%	11/15/29	285	232
Chemours Co.	5.375%	5/15/27	150	142
³ Chemours Co.	5.750%	11/15/28	415	381
³ Chemours Co.	4.625%	11/15/29	2,349	1,985
³ Cleveland-Cliffs Inc.	6.750%	3/15/26	687	695
³ Clydesdale Acquisition Holdings Inc.	6.625%	4/15/29	770	737
Commercial Metals Co.	4.125%	1/15/30	225	201
Commercial Metals Co.	3.875%	2/15/31	95	82
Commercial Metals Co.	4.375%	3/15/32	605	525
³ Constellium SE	5.875%	2/15/26	447	440
³ Constellium SE	5.625%	6/15/28	790	746
³ Constellium SE	3.750%	4/15/29	980	842
Crown Americas LLC	5.250%	4/1/30	405	386

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Crown Americas LLC / Crown Americas Capital Corp. VI	4.750%	2/1/26	1,640	1,589
^{3,4} Crown European Holdings SA	2.875%	2/1/26	755	790
³ Element Solutions Inc.	3.875%	9/1/28	1,006	878
³ FMG Resources August 2006 Pty Ltd.	5.875%	4/15/30	745	710
³ FMG Resources August 2006 Pty Ltd.	4.375%	4/1/31	1,350	1,152
³ FMG Resources August 2006 Pty Ltd.	6.125%	4/15/32	535	509
Graphic Packaging International LLC	4.125%	8/15/24	1,045	1,024
³ Graphic Packaging International LLC	4.750%	7/15/27	205	195
³ Graphic Packaging International LLC	3.500%	3/15/28	1,990	1,795
³ Graphic Packaging International LLC	3.500%	3/1/29	315	277
³ Graphic Packaging International LLC	3.750%	2/1/30	285	248
³ Hubbard Minerals Inc.	6.125%	4/1/29	950	875
³ Ingevity Corp.	3.875%	11/1/28	60	51
³ Kaiser Aluminum Corp.	4.625%	3/1/28	370	324
³ Kaiser Aluminum Corp.	4.500%	6/1/31	436	348
³ NOVA Chemicals Corp.	5.250%	6/1/27	759	676
³ Novelis Corp.	3.250%	11/15/26	1,200	1,087
³ Novelis Corp.	4.750%	1/30/30	1,644	1,461
³ Novelis Corp.	3.875%	8/15/31	1,343	1,108
³ OCI NV	4.625%	10/15/25	555	537
Olin Corp.	5.125%	9/15/27	175	168
Olin Corp.	5.625%	8/1/29	75	72
³ Olympus Water U.S. Holding Corp.	9.750%	11/15/28	1,230	1,199
³ Olympus Water US Holding Corp.	7.125%	10/1/27	300	272
³ Olympus Water US Holding Corp.	4.250%	10/1/28	834	659
³ Olympus Water US Holding Corp.	6.250%	10/1/29	345	249
³ Owens-Brockway Glass Container Inc.	6.375%	8/15/25	1,245	1,247
³ Owens-Brockway Glass Container Inc.	6.625%	5/13/27	705	701
Owens-Brockway Glass Container Inc.	7.250%	5/15/31	520	526
³ Pactiv Evergreen Group Issuer Inc./Pactiv Evergreen Group Issuer LLC	4.000%	10/15/27	525	468
³ Pactiv Evergreen Group Issuer LLC / Pactiv Evergreen Group Issuer Inc.	4.375%	10/15/28	135	118
³ Sealed Air Corp.	4.000%	12/1/27	275	251
³ Sealed Air Corp.	6.125%	2/1/28	265	263
³ Sealed Air Corp.	5.000%	4/15/29	50	47
³ Sealed Air Corp.	6.875%	7/15/33	255	265
⁴ Silgan Holdings Inc.	4.125%	2/1/28	620	569
³ Silgan Holdings Inc.	2.250%	6/1/28	1,320	1,237
³ SPCM SA	3.125%	3/15/27	430	386
³ SPCM SA	3.375%	3/15/30	160	133
³ Standard Industries Inc.	5.000%	2/15/27	425	405
³ Standard Industries Inc.	4.750%	1/15/28	1,160	1,081
³ Standard Industries Inc.	4.375%	7/15/30	1,594	1,381
³ Standard Industries Inc.	3.375%	1/15/31	2,105	1,695
⁴ Trivium Packaging Finance BV	3.750%	8/15/26	1,000	1,006
^{3,4} Trivium Packaging Finance BV	3.750%	8/15/26	480	483
³ Trivium Packaging Finance BV	5.500%	8/15/26	1,155	1,109
³ Trivium Packaging Finance BV	8.500%	8/15/27	50	48
³ Tronox Inc.	4.625%	3/15/29	1,365	1,133
Windsor Holdings III LLC	8.500%	6/15/30	900	895
³ WR Grace Holdings LLC	5.625%	8/15/29	490	400
³ WR Grace Holdings LLC	7.375%	3/1/31	255	251
				58,529
Real Estate (1.5%)				
Iron Mountain Inc	7.000%	2/15/29	1,080	1,082
³ Iron Mountain Inc.	4.875%	9/15/27	1,070	1,010
³ Iron Mountain Inc.	5.250%	3/15/28	15	14
³ Iron Mountain Inc.	5.000%	7/15/28	130	120
³ Iron Mountain Inc.	4.875%	9/15/29	1,659	1,485
³ Iron Mountain Inc.	5.250%	7/15/30	1,010	910

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
³ Iron Mountain Inc.	4.500%	2/15/31	303	260
³ Iron Mountain Inc.	5.625%	7/15/32	265	237
³ Iron Mountain Information Management Services Inc.	5.000%	7/15/32	13	11
MPT Operating Partnership LP / MPT Finance Corp.	5.000%	10/15/27	95	80
MPT Operating Partnership LP / MPT Finance Corp.	4.625%	8/1/29	865	655
MPT Operating Partnership LP / MPT Finance Corp.	3.500%	3/15/31	460	318
SBA Communications Corp.	3.875%	2/15/27	385	355
SBA Communications Corp.	3.125%	2/1/29	450	382
Service Properties Trust	7.500%	9/15/25	78	77
Service Properties Trust	5.250%	2/15/26	100	91
Service Properties Trust	4.750%	10/1/26	243	211
Service Properties Trust	5.500%	12/15/27	367	323
³ VICI Properties LP / VICI Note Co. Inc.	5.625%	5/1/24	150	149
³ VICI Properties LP / VICI Note Co. Inc.	4.250%	12/1/26	2,590	2,427
³ VICI Properties LP / VICI Note Co. Inc.	3.750%	2/15/27	283	261
³ VICI Properties LP / VICI Note Co. Inc.	4.625%	12/1/29	495	450
				10,908
Technology (7.1%)				
³ Black Knight InfoServ LLC	3.625%	9/1/28	1,569	1,409
Block Inc.	2.750%	6/1/26	1,250	1,138
Block Inc.	3.500%	6/1/31	610	506
³ Booz Allen Hamilton Inc.	3.875%	9/1/28	240	219
³ Booz Allen Hamilton Inc.	4.000%	7/1/29	255	228
CDW LLC / CDW Finance Corp.	5.500%	12/1/24	62	62
CDW LLC / CDW Finance Corp.	4.125%	5/1/25	1,190	1,151
CDW LLC / CDW Finance Corp.	4.250%	4/1/28	1,070	984
³ Cloud Software Group Inc.	6.500%	3/31/29	380	338
Cloud Software Grp Inc.	9.000%	9/30/29	295	258
³ Coherent Corp.	5.000%	12/15/29	1,775	1,603
³ CommScope Inc.	8.250%	3/1/27	40	32
³ CommScope Inc.	7.125%	7/1/28	610	433
³ CommScope Technologies LLC	5.000%	3/15/27	210	147
³ Entegris Escrow Corp.	4.750%	4/15/29	1,120	1,040
³ Entegris Escrow Corp.	5.950%	6/15/30	400	384
³ Entegris Inc.	4.375%	4/15/28	1,985	1,816
³ Entegris Inc.	3.625%	5/1/29	840	724
³ Fair Isaac Corp.	4.000%	6/15/28	987	906
³ Gartner Inc.	3.625%	6/15/29	285	251
³ Gartner Inc.	3.750%	10/1/30	1,290	1,124
³ Gen Digital Inc.	5.000%	4/15/25	3,035	2,978
³ Imola Merger Corp.	4.750%	5/15/29	7,005	6,109
³ McAfee Corp.	7.375%	2/15/30	2,145	1,865
³ Minerva Merger Sub Inc.	6.500%	2/15/30	2,568	2,160
³ MSCI Inc.	4.000%	11/15/29	880	794
³ MSCI Inc.	3.625%	11/1/31	10	9
Nokia of America Corp.	6.500%	1/15/28	1,355	1,300
Nokia of America Corp.	6.450%	3/15/29	2,612	2,465
Nokia OYJ	4.375%	6/12/27	85	80
Nokia OYJ	6.625%	5/15/39	1,499	1,439
³ Open Text Corp.	3.875%	2/15/28	1,878	1,653
³ Open Text Corp.	3.875%	12/1/29	1,300	1,087
³ Open Text Holdings Inc.	4.125%	2/15/30	1,825	1,553
³ Open Text Holdings Inc.	4.125%	12/1/31	840	690
³ Presidio Holdings Inc.	4.875%	2/1/27	2,437	2,287
³ Presidio Holdings Inc.	8.250%	2/1/28	300	285
³ PTC Inc.	3.625%	2/15/25	435	420
³ PTC Inc.	4.000%	2/15/28	385	357
³ Seagate HDD Cayman	8.250%	12/15/29	160	167
³ Seagate HDD Cayman	8.500%	7/15/31	345	362
³ SS&C Technologies Inc.	5.500%	9/30/27	4,425	4,236
Western Digital Corp.	4.750%	2/15/26	525	500
Xerox Corp.	4.800%	3/1/35	50	33

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
³ Xerox Holdings Corp.	5.000%	8/15/25	105	99
³ Xerox Holdings Corp.	5.500%	8/15/28	2,685	2,284
				49,965
Utilities (2.1%)				
AmeriGas Partners LP / AmeriGas Finance Corp.	5.500%	5/20/25	745	720
AmeriGas Partners LP / AmeriGas Finance Corp.	5.875%	8/20/26	2,365	2,232
³ AmeriGas Partners LP / AmeriGas Finance Corp.	9.375%	6/1/28	1,045	1,062
³ Calpine Corp.	4.500%	2/15/28	250	227
³ Calpine Corp.	5.125%	3/15/28	530	475
³ Calpine Corp.	4.625%	2/1/29	335	284
³ Clearway Energy Operating LLC	4.750%	3/15/28	571	527
³ Clearway Energy Operating LLC	3.750%	2/15/31	2,905	2,412
³ Clearway Energy Operating LLC	3.750%	1/15/32	450	368
FirstEnergy Corp.	1.600%	1/15/26	30	27
FirstEnergy Corp.	4.150%	7/15/27	455	432
³ NextEra Energy Operating Partners LP	4.250%	7/15/24	983	965
³ NextEra Energy Operating Partners LP	4.250%	9/15/24	103	98
³ NextEra Energy Operating Partners LP	3.875%	10/15/26	3,035	2,825
³ NextEra Energy Operating Partners LP	4.500%	9/15/27	1,000	929
³ Suburban Propane Partners LP / Suburban Energy Finance Corp.	5.000%	6/1/31	415	349
TransAlta Corp.	7.750%	11/15/29	75	77
³ Vistra Operations Co. LLC	5.625%	2/15/27	150	144
³ Vistra Operations Co. LLC	4.375%	5/1/29	850	744
				14,897
Total Corporate Bonds (Cost \$652,044)				610,085
Floating Rate Loan Interests (3.0%)				
⁸ Alterra Mountain Co. Term Loan B, TSFR1M + 3.750%	8.952%	5/31/30	80	80
⁸ American Airlines Inc. Term Loan, 3M USD LIBOR + 4.750%	10.000%	4/20/28	1,100	1,124
⁸ Asurion LLC Term Loan B-11, TSFR1M + 4.250%	9.452%	8/19/28	135	128
⁸ Asurion LLC Term Loan B-7, 3M USD LIBOR + 3.000%	8.538%	11/3/24	506	505
⁸ Athenahealth Group Inc. Term Loan B, TSFR1M + 3.500%	8.589%	2/15/29	565	542
⁸ Axalta Coating Systems US Holdings Inc. Term Loan B-4, TSFR3M + 3.000%	8.242%	12/20/29	360	360
⁸ Belron Finance US LLC Term Loan, TSFR3M + 2.750%	7.832%	4/18/29	150	150
⁸ Bombardier Recreational Products Inc. Term Loan B, TSFR1M + 3.500%	8.602%	12/13/29	388	388
⁸ Brown Group Holding LLC Term Loan B, TSFR1M + 2.500%	7.584%	6/7/28	494	486
⁸ Chemours Co. Term Loan B, TSFR1M + 1.750%	6.952%	4/3/25	284	281
⁸ Clarios Global LP Term Loan, TSFR1M + 3.750%	8.852%	5/6/30	1,121	1,116
⁸ Cloud Software Group Inc. Term Loan, TSFR3M + 4.500%	9.739%	3/30/29	978	914
⁸ CommScope Inc. Term Loan B, 1M USD LIBOR + 3.250%	8.443%	4/6/26	654	625
⁸ DirecTV Financing LLC Term Loan, 1M USD LIBOR + 5.000%	10.217%	8/2/27	722	705
⁸ Dun & Bradstreet Corp. Term Loan, TSFR1M + 3.250%	8.434%	2/6/26	1,437	1,438
⁸ First Student Bidco Inc. Term Loan B, 3M USD LIBOR + 3.000%	8.529%	7/21/28	650	627
⁸ First Student Bidco Inc. Term Loan C, 3M USD LIBOR + 3.000%	8.529%	7/21/28	256	247

High Yield Bond Portfolio

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
⁸ Fortrea Holdings Inc. Term Loan, TSFR1M + 3.750%	8.992%	6/12/30	30	30
⁸ HUB International Ltd. Term Loan B, TSFR3M + 4.250%	9.341%	6/20/30	939	940
⁸ IRB Holding Corp. Term Loan B, TSFR1M + 3.000%	8.202%	12/15/27	1,236	1,227
⁸ McAfee LLC Term Loan B, TSFR1M + 3.750%	9.010%	3/1/29	844	805
⁸ Medline Borrower LP Term Loan B, TSFR1M + 3.250%	8.352%	10/23/28	1,975	1,951
⁸ Mileage Plus Holdings LLC Term Loan B, 3M USD LIBOR + 5.250%	10.764%	6/21/27	968	1,004
⁸ NorthRiver Midstream Finance LP Term Loan B, 3M USD LIBOR + 3.250%	8.427%	10/1/25	710	708
^{8,9} Open Text Corp. Term Loan B	—%	1/31/30	139	139
⁸ Peraton Corp. Term Loan B, TSFR1M + 3.750%	8.952%	2/1/28	389	382
⁸ SBA Senior Finance II LLC Term Loan B, 1M USD LIBOR + 1.750%	6.950%	4/11/25	761	761
⁸ SkyMiles IP Ltd. Term Loan B, TSFR3M + 3.750%	8.798%	10/20/27	1,640	1,702
⁸ Spirit AeroSystems Inc. Term Loan, TSFR3M + 4.500%	9.545%	1/15/27	30	30
⁸ SS&C Technologies Inc. Term Loan B-5, 1M USD LIBOR + 1.750%	6.967%	4/16/25	333	333
⁸ SS&C Technologies Inc. Term Loan B-5, TSFR1M + 1.750%	6.967%	4/16/25	624	623
⁸ Trans Union LLC Term Loan B-6, TSFR1M + 2.250%	7.467%	12/1/28	284	283
⁸ TransDigm Inc. Term Loan H, TSFR3M + 3.250%	8.492%	2/22/27	25	25
⁸ TransDigm Inc. Term Loan I, TSFR3M + 3.250%	8.492%	8/24/28	171	171
⁸ Zayo Group Holdings Inc. Term Loan, TSFR1M + 3.000%	8.217%	3/9/27	140	109
Total Floating Rate Loan Interests (Cost \$20,878)				20,939

Shares

Temporary Cash Investments (3.4%)

Money Market Fund (0.8%)

¹⁰ Vanguard Market Liquidity Fund	5.150%	51,972	5,196
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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 Group Inc.	69	66	—	(3)

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)
Repurchase Agreement (2.0%)				
Bank of America Securities LLC (Dated 6/30/23, Repurchase Value \$14,006,000, collateralized by U.S. Treasury Note/Bond 1.750%, 1/31/29, with a value of \$14,280,000)	5.060%	7/3/23	14,000	14,000
U.S. Government and Agency Obligations (0.6%)				
United States Treasury Bill	5.052%	10/26/23	4,450	4,376
Total Temporary Cash Investments (Cost \$23,576)				23,572
Total Investments (98.9%) (Cost \$734,586)				692,143
Other Assets and Liabilities—Net (1.1%)				8,008
Net Assets (100%)				700,151

Cost is in \$000.

• See Note A in Notes to Financial Statements.

- Securities with a value of \$2,776,000 have been segregated as initial margin for open centrally cleared swap contracts.
- Securities with a value of \$240,000 have been segregated as initial margin for open futures contracts.
- 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 June 30, 2023, the aggregate value was \$436,834,000, representing 62.4% of net assets.
- Face amount denominated in euro.
- Face amount denominated in Canadian dollars.
- Face amount denominated in British pounds.
- 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.
- 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.
- Represents an unsettled loan as of June 30, 2023. The coupon rate is not known until the settlement date.
- 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.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

					(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)	
Long Futures Contracts					
2-Year U.S. Treasury Note	September 2023	52	10,574	(137)	
5-Year U.S. Treasury Note	September 2023	45	4,819	(37)	
10-Year U.S. Treasury Note	September 2023	20	2,245	(28)	
Long U.S. Treasury Bond	September 2023	11	1,396	(3)	
Ultra 10-Year U.S. Treasury Note	September 2023	12	1,421	(11)	
Ultra Long U.S. Treasury Bond	September 2023	2	272	3	
					(213)
Short Futures Contracts					
2-Year U.S. Treasury Note	September 2023	(9)	(1,830)	9	
10-Year U.S. Treasury Note	September 2023	(72)	(8,083)	94	
Ultra Long U.S. Treasury Bond	September 2023	(5)	(681)	(1)	
					102
					(111)

Forward Currency Contracts

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (\$000)	Unrealized Depreciation (\$000)
		Receive		Deliver			
BNP Paribas	7/31/23	USD	2,242	CAD	2,951	14	—
Toronto-Dominion Bank	7/31/23	USD	20,911	EUR	19,137	—	(5)
JPMorgan Chase Bank, N.A.	7/31/23	USD	1,385	GBP	1,087	4	—
						18	(5)

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-S40-V1	6/21/28	USD	30,785	5.000	913	747

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 June 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$729,389)	686,947
Affiliated Issuers (Cost \$5,197)	5,196
Total Investments in Securities	692,143
Investment in Vanguard	25
Cash	253
Foreign Currency, at Value (Cost \$3)	3
Receivables for Investment Securities Sold	677
Receivables for Accrued Income	9,801
Receivables for Capital Shares Issued	183
Variation Margin Receivable—Centrally Cleared Swap Contracts	111
Unrealized Appreciation—Forward Currency Contracts	18
Total Assets	703,214
Liabilities	
Payables for Investment Securities Purchased	2,686
Payables to Investment Advisor	66
Payables for Capital Shares Redeemed	245
Payables to Vanguard	57
Unrealized Depreciation—Floating Rate Loan Commitments	3
Variation Margin Payable—Futures Contracts	1
Unrealized Depreciation—Forward Currency Contracts	5
Total Liabilities	3,063
Net Assets	700,151

At June 30, 2023, net assets consisted of:

Paid-in Capital	763,949
Total Distributable Earnings (Loss)	(63,798)
Net Assets	700,151

Net Assets	
Applicable to 101,570,080 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	700,151
Net Asset Value Per Share	\$6.89

Statement of Operations

	Six Months Ended June 30, 2023
	(\$000)
Investment Income	
Income	
Interest ¹	19,186
Total Income	19,186
Expenses	
Investment Advisory Fees—Note B	141
The Vanguard Group—Note C	
Management and Administrative	597
Marketing and Distribution	22
Custodian Fees	10
Shareholders' Reports	19
Trustees' Fees and Expenses	—
Other Expenses	6
Total Expenses	795
Expenses Paid Indirectly	(5)
Net Expenses	790
Net Investment Income	18,396
Realized Net Gain (Loss)	
Investment Securities Sold ¹	(11,456)
Futures Contracts	(180)
Swap Contracts	1,288
Forward Currency Contracts	(450)
Foreign Currencies	23
Realized Net Gain (Loss)	(10,775)
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ¹	19,805
Floating Rate Loan Commitments	7
Futures Contracts	(105)
Swap Contracts	40
Forward Currency Contracts	132
Foreign Currencies	(9)
Change in Unrealized Appreciation (Depreciation)	19,870
Net Increase (Decrease) in Net Assets Resulting from Operations	27,491

¹ Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the portfolio were \$182,000, (\$1,000), and (\$1,000), respectively. Purchases and sales are for temporary cash investment purposes.

Statement of Changes in Net Assets

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	18,396	32,119
Realized Net Gain (Loss)	(10,775)	(17,182)
Change in Unrealized Appreciation (Depreciation)	19,870	(85,796)
Net Increase (Decrease) in Net Assets Resulting from Operations	27,491	(70,859)
Distributions		
Total Distributions	(32,915)	(33,997)
Capital Share Transactions		
Issued	106,349	105,586
Issued in Lieu of Cash Distributions	32,915	33,997
Redeemed	(61,212)	(185,909)
Net Increase (Decrease) from Capital Share Transactions	78,052	(46,326)
Total Increase (Decrease)	72,628	(151,182)
Net Assets		
Beginning of Period	627,523	778,705
End of Period	700,151	627,523

Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months Ended June 30, 2023	Year Ended December 31,				
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$6.96	\$8.06	\$8.12	\$8.19	\$7.53	\$8.13
Investment Operations						
Net Investment Income ¹	.192	.345	.337	.353	.410	.420
Net Realized and Unrealized Gain (Loss) on Investments	.094	(1.074)	(.053)	.021	.731	(.636)
Total from Investment Operations	.286	(.729)	.284	.374	1.141	(.216)
Distributions						
Dividends from Net Investment Income	(.356)	(.371)	(.344)	(.444)	(.481)	(.384)
Distributions from Realized Capital Gains	—	—	—	—	—	—
Total Distributions	(.356)	(.371)	(.344)	(.444)	(.481)	(.384)
Net Asset Value, End of Period	\$6.89	\$6.96	\$8.06	\$8.12	\$8.19	\$7.53
Total Return	4.24%	-9.23%	3.68%	5.67%	15.67%	-2.73%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$700	\$628	\$779	\$831	\$783	\$704
Ratio of Total Expenses to Average Net Assets	0.24% ²	0.25% ²	0.26%	0.26%	0.26%	0.26%
Ratio of Net Investment Income to Average Net Assets	5.57%	4.82%	4.22%	4.57%	5.21%	5.39%
Portfolio Turnover Rate	27%	34%	30%	41%	27%	23%

The expense ratio and net investment income ratio for the current period have been annualized.

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 0.24% and 0.25%, respectively.

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.

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. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. 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 six months ended June 30, 2023, the portfolio's average investments in long and short futures contracts represented 3% and 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 six months ended June 30, 2023, 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 six months ended June 30, 2023, the portfolio's average amounts of investments in credit protection sold and credit protection purchased represented 4% 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 \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the portfolio's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the portfolio's board of trustees and included in Management and Administrative expenses on the portfolio's Statement of Operations. Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal

funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the portfolio and Vanguard.

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

For the six months ended June 30, 2023, 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.

Vanguard provides investment advisory services to a portion of the portfolio as described below; the portfolio paid Vanguard advisory fees of \$11,000 for the six months ended June 30, 2023.

For the six months ended June 30, 2023, the aggregate investment advisory fee paid to all advisors represented an effective annual rate of 0.04% 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 June 30, 2023, the portfolio had contributed to Vanguard capital in the amount of \$25,000, 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 six months ended June 30, 2023, 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.

The following table summarizes the market value of the portfolio's investments, other financial instruments, and derivatives as of June 30, 2023, 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	—	37,547	—	37,547
Corporate Bonds	—	610,085	—	610,085
Floating Rate Loan Interests	—	20,939	—	20,939
Temporary Cash Investments	5,196	18,376	—	23,572
Total	5,196	686,947	—	692,143
Other Financial Instruments				
Liabilities				
Floating Rate Loan Commitments	—	3	—	3
Derivative Financial Instruments				
Assets				
Futures Contracts ¹	106	—	—	106
Forward Currency Contracts	—	18	—	18
Swap Contracts	747 ¹	—	—	747
Total	853	18	—	871
Liabilities				
Futures Contracts ¹	217	—	—	217
Forward Currency Contracts	—	5	—	5
Total	217	5	—	222

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 June 30, 2023, the fair values of derivatives were reflected in the Statement of Assets and Liabilities as follows:

	Interest Rate Contracts (\$000)	Foreign Exchange Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Statement of Assets and Liabilities				
Unrealized Appreciation—Futures Contracts ¹	106	—	—	106
Unrealized Appreciation—Centrally Cleared Swap Contracts ¹	—	—	747	747
Unrealized Appreciation—Forward Currency Contracts	—	18	—	18
Total Assets	106	18	747	871
Liabilities				
Unrealized Depreciation—Futures Contracts ¹	217	—	—	217
Unrealized Depreciation—Forward Currency Contracts	—	5	—	5
Total Liabilities	217	5	—	222

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 six months ended June 30, 2023, were:

	Interest Rate Contracts (\$000)	Foreign Exchange Contracts (\$000)	Credit Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives				
Futures Contracts	(180)	—	—	(180)
Swap Contracts	—	—	1,288	1,288
Forward Currency Contracts	—	(450)	—	(450)
Realized Net Gain (Loss) on Derivatives	(180)	(450)	1,288	658
Change in Unrealized Appreciation (Depreciation) on Derivatives				
Futures Contracts	(105)	—	—	(105)
Swap Contracts	—	—	40	40
Forward Currency Contracts	—	132	—	132
Change in Unrealized Appreciation (Depreciation) on Derivatives	(105)	132	40	67

G. As of June 30, 2023, gross unrealized appreciation and depreciation for investments, derivatives, and other financial instruments based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	733,028
Gross Unrealized Appreciation	5,446
Gross Unrealized Depreciation	(45,685)
Net Unrealized Appreciation (Depreciation)	(40,239)

The portfolio's tax-basis capital gains and losses are determined only at the end of each fiscal year. For tax purposes, at December 31, 2022, the portfolio had available capital losses totaling \$29,900,000 that may be carried forward indefinitely to offset future net capital gains. The portfolio will use these capital losses to offset net taxable capital gains, if any, realized during the year ending December 31, 2023; should the portfolio realize net capital losses for the year, the losses will be added to the loss carryforward balance above.

H. During the six months ended June 30, 2023, the portfolio purchased \$159,711,000 of investment securities and sold \$97,756,000 of investment securities, other than U.S. government securities and temporary cash investments. Purchases and sales of U.S. government securities were \$77,975,000 and \$69,814,000, respectively.

I. Capital shares issued and redeemed were:

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
	Shares (000)	Shares (000)
Issued	15,250	14,561
Issued in Lieu of Cash Distributions	4,905	4,683
Redeemed	(8,798)	(25,684)
Net Increase (Decrease) in Shares Outstanding	11,357	(6,440)

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

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

Credit risk is the risk that a counterparty to a transaction or an issuer of a financial instrument will fail to pay interest and principal when due, or that perceptions of the issuer's ability to make such payments will cause the price of an investment to decline. Investment in debt securities will generally increase credit risk.

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

At June 30, 2023, one shareholder (an insurance company separate account whose holdings in the portfolio represent the indirect investment of Vanguard Variable Annuity contract holders) was the record or beneficial owner of 39% 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.

K. Management has determined that no events or transactions occurred subsequent to June 30, 2023, that would require recognition or disclosure in these financial statements.

Trustees Approve Advisory Arrangement

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

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

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

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

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

Nature, extent, and quality of services

The board reviewed the quality of the portfolio's investment management services over both the short and long term and took into account the organizational depth and stability of the advisor. The board considered that Wellington Management, founded in 1928, is among the nation's oldest and most respected institutional investment managers. The portfolio managers are supported by a dedicated team of high-yield and bank loan analysts who conduct in-depth credit research on the universe of high-yield issuers, seeking to identify issuers with stable or improving business prospects and attractive yields. Wellington Management focuses on higher-quality bonds, as they believe that these issues offer a more attractive risk/return trade-off than lower-rated bonds within the high-yield universe over the long term. Wellington Management seeks to maintain credit quality and diversification guidelines in order to minimize the risk of potential defaults. Wellington Management has advised a portion of the portfolio since its inception in 1996. The board concluded that the advisor's experience, stability, depth, and performance, among other factors, warranted continuation of the advisory arrangement.

Investment performance

The board considered the short- and long-term performance of the portfolio, including any periods of outperformance or underperformance compared with a relevant benchmark and peer group.

Cost

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

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

The benefit of economies of scale

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

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

Liquidity Risk Management

Vanguard funds (except for the money market funds) have adopted and implemented a written liquidity risk management program (the “Program”) as required by Rule 22e-4 under the Investment Company Act of 1940. Rule 22e-4 requires that each fund adopt a program that is reasonably designed to assess and manage the fund’s liquidity risk, which is the risk that the fund could not meet redemption requests without significant dilution of remaining investors’ interests in the fund.

Assessment and management of a fund’s liquidity risk under the Program take into consideration certain factors, such as the fund’s investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions, its short- and long-term cash-flow projections during both normal and reasonably foreseeable stressed conditions, and its cash and cash-equivalent holdings and access to other funding sources. As required by the rule, the Program includes policies and procedures for classification of fund portfolio holdings in four liquidity categories, maintaining certain levels of highly liquid investments, and limiting holdings of illiquid investments.

The board of trustees of Vanguard Variable Insurance Funds approved the appointment of liquidity risk management program administrators responsible for administering the High Yield Bond Portfolio’s Program and for carrying out the specific responsibilities set forth in the Program, including reporting to the board on at least an annual basis regarding the Program’s operation, its adequacy, and the effectiveness of its implementation for the past year (the “Program Administrator Report”). The board has reviewed the Program Administrator Report covering the period from January 1, 2022, through December 31, 2022 (the “Review Period”). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the portfolio’s liquidity risk.

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