



# Vanguard Variable Insurance Funds Prospectus

April 28, 2023

Conservative Allocation Portfolio  
Moderate Allocation Portfolio

This prospectus contains financial data for the Portfolios through the fiscal year ended December 31, 2022.

The Securities and Exchange Commission (SEC) has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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# Conservative Allocation Portfolio

## Investment Objective

The Portfolio seeks to provide current income and low to moderate capital appreciation.

## Fees and Expenses

The following table describes the fees and expenses you may pay if you buy, hold, and sell shares of the Portfolio. The expenses shown in the table and in the example that follows do not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest. If those additional fees and expenses were included, overall expenses would be higher.

## Annual Portfolio Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.00%
12b-1 Distribution Fee	None
Other Expenses	0.00%
Acquired Fund Fees and Expenses	0.13%
Total Annual Portfolio Operating Expenses	0.13%

## Example

The following example is intended to help you compare the cost of investing in the Portfolio (based on the fees and expenses of the acquired funds) with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you were to invest \$10,000 in the Portfolio's shares. This example assumes that the Portfolio provides a return of 5% each year and that total annual operating expenses (of the Portfolio and its underlying funds) remain as stated in the preceding table. You would incur these hypothetical expenses whether or not you were to redeem your investment at the end of the given period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
\$13	\$42	\$73	\$166

## Portfolio Turnover

The Portfolio may pay transaction costs, such as purchase fees, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual portfolio operating expenses or in the previous expense example, reduce the

Portfolio's performance. During the most recent fiscal year, the Portfolio's turnover rate was 10% of the average value of its portfolio.

### **Principal Investment Strategies**

Vanguard Variable Insurance Funds Conservative Allocation Portfolio (the Conservative Allocation Portfolio) invests in a mix of Vanguard mutual funds and other portfolios of Vanguard Variable Insurance Funds (collectively, the underlying funds) according to an asset-allocation strategy that reflects an allocation of approximately 60% of the Portfolio's assets to fixed income securities and 40% to common stocks. The targeted percentage of the Portfolio's assets allocated to the underlying asset classes is:

- U.S. fixed income securities - 42%
- Large-cap U.S. stocks - 20%
- Foreign fixed income securities - 18%
- Foreign stocks - 16%
- Small- and mid-cap U.S. stocks - 4%

The Portfolio's indirect fixed income holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, corporate, and investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard, typically with foreign currency exchange forward contracts, to minimize foreign currency exposure). The Portfolio's indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks.

The Portfolio uses its investment in large-cap U.S. stocks and small- and mid-cap U.S. stocks to gain exposure to the overall domestic stock market. Although the percentage of the Portfolio's assets invested in either of these two asset classes may deviate slightly from the target allocation, the combination of the two asset classes will equal approximately 24% of the Portfolio's assets in the aggregate.

The board of trustees of Vanguard Variable Insurance Funds may change the targeted allocation to the underlying asset classes without shareholder approval.

### **Principal Risks**

The Portfolio is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money, and the level of risk may vary based on market conditions. However, because fixed income securities

such as bonds usually are less volatile than stocks and because the Portfolio invests more than half of its assets in fixed income securities, the Portfolio's overall level of risk should be low to moderate.

- With a target allocation of approximately 60% of its assets to fixed income securities, the Portfolio is proportionately subject to bond risks, including the following: *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *credit risk*, which is the chance that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing an underlying fund's return; and *income risk*, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. An underlying fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as *prepayment risk*. The Portfolio is also subject to the following risks associated with investments in currency-hedged foreign bonds: *country/regional risk*, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, or companies; and *currency hedging risk*, which is the chance that the currency hedging transactions entered into by the underlying international bond fund may not perfectly offset the fund's foreign currency exposure.

- With approximately 40% of its assets allocated to stocks, the Portfolio is proportionately subject to *stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Portfolio is also subject to the following risks associated with investments in foreign stocks: *country/regional risk*, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions; and *currency risk*, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Country/regional risk and currency risk are especially high in emerging markets.

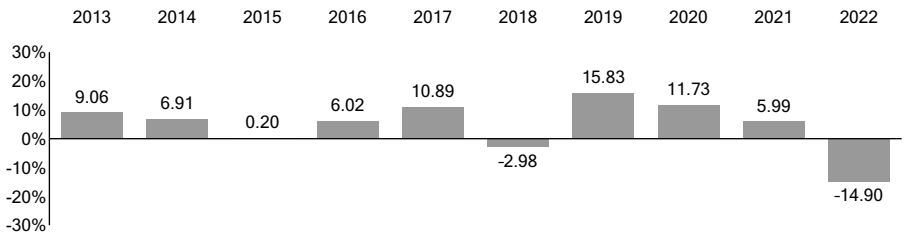
- *Asset allocation risk*, which is the chance that the selection of underlying funds, and the allocation of assets to them, will cause the Portfolio to underperform other funds with a similar investment objective.

An investment in the Portfolio is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

### Annual Total Returns

The following bar chart and table are intended to help you understand the risks of investing in the Portfolio. The bar chart shows how the performance of the Portfolio has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Portfolio compare with those of relevant market indexes and a composite bond/stock index, which have investment characteristics similar to those of the Portfolio. The Conservative Allocation Composite Index is weighted 42% Bloomberg U.S. Aggregate Float Adjusted Index, 24% S&P Total Market Index, 18% Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), and 16% FTSE Global All Cap ex US Index as of April 28, 2017. Previously, the composite was weighted 48% Bloomberg U.S. Aggregate Float Adjusted Index, 28% S&P Total Market Index, 12% Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), and 12% FTSE Global All Cap ex US Index from June 3, 2013, through April 27, 2017; and 60% Bloomberg U.S. Aggregate Float Adjusted Index, 28% S&P Total Market Index, and 12% MSCI ACWI ex USA IMI Index through June 2, 2013. International stock benchmark returns are adjusted for withholding taxes. The Portfolio's returns are net of its expenses, but do not reflect additional fees and expenses that are deducted by the annuity or life insurance program through which you invest. If such fees and expenses were included in the calculation of the Portfolio's returns, the returns would be lower. Keep in mind that the Portfolio's past performance does not indicate how the Portfolio will perform in the future. Updated performance information is available on our website for Financial Advisors at [advisors.vanguard.com](http://advisors.vanguard.com) or by calling Vanguard toll-free at 800-522-5555.

## Annual Total Returns — Conservative Allocation Portfolio



During the periods shown in the bar chart, the highest and lowest returns for a calendar quarter were:

	Total Return	Quarter
Highest	9.74%	June 30, 2020
Lowest	-9.15%	June 30, 2022

## Average Annual Total Returns for Periods Ended December 31, 2022

	1 Year	5 Years	10 Years
Conservative Allocation Portfolio	-14.90%	2.52%	4.52%
Conservative Allocation Composite Index (reflects no deduction for fees, expenses, or taxes)	-14.51%	2.79%	4.76%
Bloomberg U.S. Aggregate Float Adjusted Index (reflects no deduction for fees, expenses, or taxes)	-13.07	0.06	1.08
Dow Jones U.S. Total Stock Market Float Adjusted Index (reflects no deduction for fees, expenses, or taxes)	-19.53	8.65	12.03

## Investment Advisor

The Vanguard Group, Inc. (Vanguard)

## Portfolio Managers

Roger A. Aliaga Diaz, Ph.D., Portfolio Manager, Investment Strategy Group, at Vanguard. He has co-managed the Portfolio since February 2023.

Aurélie Denis, CFA, Portfolio Manager at Vanguard. She has co-managed the Portfolio since February 2023.

Michael R. Roach, Portfolio Manager at Vanguard. He has co-managed the Portfolio since February 2023.

Walter Nejman, Portfolio Manager at Vanguard. He has co-managed the Portfolio since 2013.

**Tax Information**

The Portfolio normally distributes its net investment income and net realized capital gains, if any, to its shareholders, which are the insurance company separate accounts that sponsor your variable annuity or variable life insurance contract. The tax consequences to you of your investment in the Portfolio depend on the provisions of the annuity or life insurance contract through which you invest. For more information on taxes, please refer to the prospectus of the annuity or life insurance contract through which Portfolio shares are offered.

**Payments to Financial Intermediaries**

The Portfolio and its investment advisor do not pay financial intermediaries for sales of Portfolio shares.



# Moderate Allocation Portfolio

## Investment Objective

The Portfolio seeks to provide current income and low to moderate capital appreciation.

## Fees and Expenses

The following table describes the fees and expenses you may pay if you buy, hold, and sell shares of the Portfolio. The expenses shown in the table and in the example that follows do not reflect additional fees and expenses associated with the annuity or life insurance program through which you invest. If those additional fees and expenses were included, overall expenses would be higher.

## Annual Portfolio Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.00%
12b-1 Distribution Fee	None
Other Expenses	0.00%
Acquired Fund Fees and Expenses	0.12%
Total Annual Portfolio Operating Expenses	0.12%

## Example

The following example is intended to help you compare the cost of investing in the Portfolio (based on the fees and expenses of the acquired funds) with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you were to invest \$10,000 in the Portfolio's shares. This example assumes that the Portfolio provides a return of 5% each year and that total annual operating expenses (of the Portfolio and its underlying funds) remain as stated in the preceding table. You would incur these hypothetical expenses whether or not you were to redeem your investment at the end of the given period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
\$12	\$39	\$68	\$154

## Portfolio Turnover

The Portfolio may pay transaction costs, such as purchase fees, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs. These costs, which are not reflected in annual portfolio operating expenses or in the previous expense example, reduce the

Portfolio's performance. During the most recent fiscal year, the Portfolio's turnover rate was 11% of the average value of its portfolio.

### **Principal Investment Strategies**

Vanguard Variable Insurance Funds Moderate Allocation Portfolio (the Moderate Allocation Portfolio) invests in a mix of Vanguard mutual funds and other portfolios of Vanguard Variable Insurance Funds (collectively, the underlying funds) according to an asset-allocation strategy that reflects an allocation of approximately 60% of the Portfolio's assets to common stocks and 40% to fixed income securities. The targeted percentage of the Portfolio's assets allocated to the underlying asset classes is:

- Large-cap U.S. stocks - 30%
- U.S. fixed income securities - 28%
- Foreign stocks - 24%
- Foreign fixed income securities - 12%
- Small- and mid-cap U.S. stocks - 6%

The Portfolio's indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks. The Portfolio's indirect fixed income holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, corporate, and investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard, typically with foreign currency exchange forward contracts, to minimize foreign currency exposure).

The Portfolio uses its investment in large-cap U.S. stocks and small- and mid-cap U.S. stocks to gain exposure to the overall domestic stock market. Although the percentage of the Portfolio's assets invested in either of these two asset classes may deviate slightly from the target allocation, the combination of the two asset classes will equal approximately 36% of the Portfolio's assets in the aggregate.

The board of trustees of Vanguard Variable Insurance Funds may change the targeted allocation to the underlying asset classes without shareholder approval.

### **Principal Risks**

The Portfolio is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money, and the level of risk may vary based on market conditions. However, because fixed income securities

such as bonds usually are less volatile than stocks and because the Portfolio invests a significant portion of its assets in fixed income securities, the Portfolio's overall level of risk should be moderate.

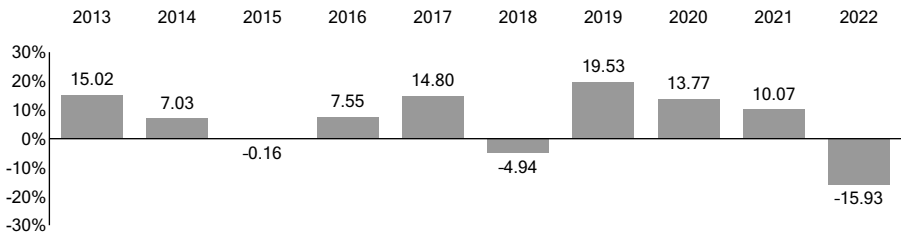
- With approximately 60% of its assets allocated to stocks, the Portfolio is proportionately subject to *stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Portfolio is also subject to the following risks associated with investments in foreign stocks: *country/regional risk*, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions; and *currency risk*, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Country/regional risk and currency risk are especially high in emerging markets.
- With a target allocation of approximately 40% of its assets to fixed income securities, the Portfolio is proportionately subject to bond risks, including the following: *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *credit risk*, which is the chance that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing an underlying fund's return; and *income risk*, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. An underlying fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as *prepayment risk*. The Portfolio is also subject to the following risks associated with investments in currency-hedged foreign bonds: *country/regional risk*, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, or companies; and *currency hedging risk*, which is the chance that the currency hedging transactions entered into by the underlying international bond fund may not perfectly offset the fund's foreign currency exposure.
- *Asset allocation risk*, which is the chance that the selection of underlying funds, and the allocation of assets to them, will cause the Portfolio to underperform other funds with a similar investment objective.

An investment in the Portfolio is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

### Annual Total Returns

The following bar chart and table are intended to help you understand the risks of investing in the Portfolio. The bar chart shows how the performance of the Portfolio has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Portfolio compare with those of relevant market indexes and a composite stock/bond index, which have investment characteristics similar to those of the Portfolio. The Moderate Allocation Composite Index is weighted 36% S&P Total Market Index, 28% Bloomberg U.S. Aggregate Float Adjusted Index, 24% FTSE Global All Cap ex US Index, and 12% Bloomberg Global Aggregate ex USD Float Adjusted RIC Capped Index (USD Hedged) as of April 28, 2017. Previously, the composite was weighted 42% S&P Total Market Index, 32% Bloomberg U.S. Aggregate Float Adjusted Index, 18% FTSE Global All Cap ex US Index, and 8% Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) from June 3, 2013, through April 27, 2017; and 42% S&P Total Market Index, 40% Bloomberg U.S. Aggregate Float Adjusted Index, and 18% MSCI ACWI ex USA IMI Index through June 2, 2013. International stock benchmark returns are adjusted for withholding taxes. The Portfolio's returns are net of its expenses, but do not reflect additional fees and expenses that are deducted by the annuity or life insurance program through which you invest. If such fees and expenses were included in the calculation of the Portfolio's returns, the returns would be lower. Keep in mind that the Portfolio's past performance does not indicate how the Portfolio will perform in the future. Updated performance information is available on our website for Financial Advisors at [advisors.vanguard.com](http://advisors.vanguard.com) or by calling Vanguard toll-free at 800-522-5555.

## Annual Total Returns — Moderate Allocation Portfolio



During the periods shown in the bar chart, the highest and lowest returns for a calendar quarter were:

	Total Return	Quarter
Highest	13.26%	June 30, 2020
Lowest	-12.77%	March 31, 2020

## Average Annual Total Returns for Periods Ended December 31, 2022

	1 Year	5 Years	10 Years
Moderate Allocation Portfolio	-15.93%	3.65%	6.14%
Moderate Allocation Composite Index (reflects no deduction for fees, expenses, or taxes)	-15.46%	3.98%	6.43%
Dow Jones U.S. Total Stock Market Float Adjusted Index (reflects no deduction for fees, expenses, or taxes)	-19.53	8.65	12.03
Bloomberg U.S. Aggregate Float Adjusted Index (reflects no deduction for fees, expenses, or taxes)	-13.07	0.06	1.08

## Investment Advisor

The Vanguard Group, Inc. (Vanguard)

### Portfolio Managers

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Walter Nejman, Portfolio Manager at Vanguard. He has co-managed the Portfolio since 2013.

**Tax Information**

The Portfolio normally distributes its net investment income and net realized capital gains, if any, to its shareholders, which are the insurance company separate accounts that sponsor your variable annuity or variable life insurance contract. The tax consequences to you of your investment in the Portfolio depend on the provisions of the annuity or life insurance contract through which you invest. For more information on taxes, please refer to the prospectus of the annuity or life insurance contract through which Portfolio shares are offered.

**Payments to Financial Intermediaries**


The Portfolio and its investment advisor do not pay financial intermediaries for sales of Portfolio shares.

# Investing in Vanguard Variable Insurance Funds Allocation Portfolios

This prospectus provides information about Vanguard Variable Insurance Funds Allocation Portfolios, two mutual funds that separately invest in a mix of Vanguard mutual funds and other portfolios of Vanguard Variable Insurance Funds (collectively, the underlying funds). Because they invest in underlying funds, rather than in individual securities, each Portfolio is considered a “fund of funds.”

Vanguard Variable Insurance Funds Allocation Portfolios offer two distinct choices for different investment styles and life stages. Because an investor’s risk tolerance, investment goals, investment time horizon, and financial circumstances are subject to change over time, Vanguard Variable Insurance Funds Allocation Portfolios offer alternative strategies for attaining capital growth and income. The allocation to stocks and bonds in each Allocation Portfolio reflects its greater or lesser emphasis on pursuing current income or growth of capital.

## More on the Portfolios

This prospectus describes the principal risks you would face as an investor in these Portfolios. It is important to keep in mind one of the main principles of investing: generally, the higher the risk of losing money, the higher the potential reward. The reverse, also, is generally true: the lower the risk, the lower the potential reward. As you consider an investment in any mutual fund, you should take into account your personal tolerance for fluctuations in the securities markets. Look for this  symbol throughout the prospectus. It is used to mark detailed information about the more significant risks that you would confront as a Portfolio investor. To highlight terms and concepts important to mutual fund investors, we have provided Plain Talk<sup>®</sup> explanations along the way. Reading the prospectus will help you decide whether a Portfolio is the right investment for you. We suggest that you keep this prospectus for future reference.

### A Note About Vanguard Variable Insurance Funds

The Conservative Allocation and Moderate Allocation Portfolios of Vanguard Variable Insurance Funds are mutual funds used solely as an investment option for annuity or life insurance contracts offered by insurance companies. This means that you cannot purchase shares of the Portfolios directly, but only through a contract offered by an insurance company.

The Conservative Allocation and Moderate Allocation Portfolios are separate from other Vanguard mutual funds, even when a Portfolio and a fund have the same investment objective and advisor. Each Portfolio's investment performance will differ from the performance of other Vanguard funds because of differences in the securities held and because of administrative and insurance costs associated with the annuity or life insurance program through which you invest.

#### Plain Talk About Costs of Investing

Costs are an important consideration in choosing a mutual fund. That is because you, as a contract owner, pay a proportionate share of the costs of operating a fund and any transaction costs incurred when the fund buys or sells securities. These costs can erode a substantial portion of the gross income or the capital appreciation a fund achieves. Even seemingly small differences in expenses can, over time, have a dramatic effect on a fund's performance.

The following sections explain the principal investment strategies and policies that each Portfolio uses in pursuit of its investment objective. The board of trustees of Vanguard Variable Insurance Funds (the Board), which oversees the Portfolios' management, may change investment strategies or policies in the



interest of shareholders without a shareholder vote, unless those strategies or policies are designated as fundamental. As “funds of funds,” the Portfolios achieve their investment objectives by investing in underlying funds. Through its investments in underlying funds, each Portfolio indirectly owns a diversified portfolio of stocks and bonds.

### **Asset Allocation Framework**

Asset allocation—that is, dividing your investment among stocks, fixed income securities, and short-term investments—is one of the most critical decisions you can make as an investor. The best mix for you will depend on your personal investment objective, time horizon, and risk tolerance. The Portfolios offer two preset asset allocation strategies, and so provide shareholders with a simple way to meet typical investment needs at different stages of life.

Each Portfolio invests in a mix of underlying funds to pursue a target allocation of stocks and fixed income securities. The table that follows illustrates the asset allocation range for each Portfolio:

<b>Asset Allocation</b>	<b>Stocks</b>	<b>Fixed Income Securities</b>
Conservative Allocation Portfolio	40%	60%
Moderate Allocation Portfolio	60%	40%

### **Market Exposure**

Each Portfolio invests in a different combination or proportion of underlying funds. Designed as a balanced fund of funds for long-term investors, each Portfolio is diversified in terms of both asset class and investment style.

The stock holdings of the Portfolios consist substantially of large-cap U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and foreign stocks. The fixed income holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize foreign currency exposure).

### **Stocks**

By owning shares of underlying funds, each Portfolio indirectly invests, to varying degrees, in U.S. stocks, with an emphasis on large-cap stocks. To a lesser extent, each Portfolio also invests in foreign stocks.



***Each Portfolio is subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.***


Through their investments in one underlying fund (Vanguard Variable Insurance Funds Equity Index Portfolio), each Portfolio holds a representative sample of the stocks that make up the S&P 500 Index, which is dominated by large-cap stocks.


Through another underlying fund (Vanguard Extended Market Index Fund), each Portfolio holds a representative sample of the stocks that make up the S&P Completion Index, which represents mid- and small-capitalization stocks. Historically, mid- and small-cap stocks have been more volatile than—and at times have performed quite differently from—large-cap stocks. This volatility is due to several factors, including the fact that smaller companies often have fewer customers and financial resources than larger firms. These characteristics can make mid-size and small companies more sensitive to changing economic conditions, leading to less certain growth and dividend prospects.

Stocks of publicly traded companies are often classified according to market capitalization, which is the market value of a company's outstanding shares. These classifications typically include small-cap, mid-cap, and large-cap. It's important to understand that there are no "official" definitions of small-, mid-, and large-cap, even among Vanguard fund advisors and that market capitalization ranges can change over time.

Because each Allocation Portfolio invests in Vanguard Variable Insurance Funds Equity Index Portfolio and Vanguard Extended Market Index Fund so as to gain exposure to the overall U.S. stock market, an Allocation Portfolio may shift its holdings between these two underlying funds to remain proportionate with the overall U.S. stock market. As of the calendar year ended December 31, 2022, the weighted average of the asset-weighted median market capitalizations of the underlying U.S. equity funds' stock holdings was approximately \$128 billion.


By owning shares of Vanguard Total International Stock Index Fund, each Allocation Portfolio is subject to risks associated with investments in foreign stocks. As of the calendar year ended December 31, 2022, the underlying foreign equity fund's stock holdings had an asset-weighted median market capitalization of approximately \$29 billion.

 *Each Portfolio is subject to country/regional risk and currency risk. Country/regional risk is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because each Portfolio may invest a large portion of its assets in securities of companies located in any one country or region, the Portfolio’s performance may be hurt disproportionately by the poor performance of its investments in that area. Currency risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Country/regional risk and currency risk are especially high in emerging markets.*

 *Each Portfolio is subject to asset allocation risk, which is the chance that the selection of underlying funds, and the allocation of assets to them, will cause the Portfolio to underperform other funds with a similar investment objective.*

## Fixed Income Securities

By owning shares of underlying funds, each Portfolio indirectly invests, to varying degrees, in government and corporate bonds, as well as in mortgage-backed and asset-backed securities.

 *Each Portfolio is subject to interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk should be low for short-term bonds, moderate for intermediate-term bonds, and high for long-term bonds.*

Although fixed income securities (commonly referred to as bonds) are often thought to be less risky than stocks, there have been periods when bond prices have fallen significantly because of rising interest rates. For instance, prices of long-term bonds fell by almost 48% between December 1976 and September 1981.

To illustrate the relationship between bond prices and interest rates, the following table shows the effect of a 1% and a 2% change (both up and down) in interest rates on the values of three noncallable bonds (i.e., bonds that cannot be redeemed by the issuer) of different maturities, each with a face value of \$1,000.

### How Interest Rate Changes Affect the Value of a \$1,000 Bond<sup>1</sup>

Type of Bond (Maturity)	After a 1% <i>Increase</i>	After a 1% <i>Decrease</i>	After a 2% <i>Increase</i>	After a 2% <i>Decrease</i>
Short-Term (2.5 years)	\$977	\$1,024	\$954	\$1,049
Intermediate-Term (10 years)	922	1,086	851	1,180
Long-Term (20 years)	874	1,150	769	1,328

<sup>1</sup> Assuming a 4% coupon rate.

These figures are for illustration only; you should not regard them as an indication of future performance of the bond market as a whole or the Portfolios in particular.

Changes in interest rates can affect bond *income* as well as bond *prices*.

## Plain Talk About Bonds and Interest Rates

As a rule, when interest rates rise, bond prices fall. The opposite is also true: Bond prices go up when interest rates fall. Why do bond prices and interest rates move in opposite directions? Let's assume that you hold a bond offering a 4% yield. A year later, interest rates are on the rise and bonds of comparable quality and maturity are offered with a 5% yield. With higher-yielding bonds available, you would have trouble selling your 4% bond for the price you paid—you would probably have to lower your asking price. On the other hand, if interest rates were falling and 3% bonds were being offered, you should be able to sell your 4% bond for more than you paid.

*How mortgage-backed securities are different:* In general, declining interest rates will not lift the prices of mortgage-backed securities—such as those guaranteed by the Government National Mortgage Association—as much as the prices of comparable bonds. Why? Because when interest rates fall, the bond market tends to discount the prices of mortgage-backed securities for prepayment risk—the possibility that homeowners will refinance their mortgages at lower rates and cause the bonds to be paid off prior to maturity. In part to compensate for this prepayment possibility, mortgage-backed securities tend to offer higher yields than other bonds of comparable credit quality and maturity. In contrast, when interest rates rise, prepayments tend to slow down, subjecting mortgage-backed securities to extension risk—the possibility that homeowners will repay their mortgages at slower rates. This will lengthen the duration or average life of mortgage-backed securities held by a fund and delay the fund's ability to reinvest proceeds at higher interest rates, making the fund more sensitive to changes in interest rates.

## Plain Talk About Bond Maturities

A bond is issued with a specific maturity date—the date when the issuer must pay back the bond’s principal (face value). Bond maturities range from less than 1 year to more than 30 years. Typically, the longer a bond’s maturity, the more price risk you, as a bond investor, will face as interest rates rise—but also the higher the potential yield you could receive. Longer-term bonds are generally more suitable for investors willing to take a greater risk of price fluctuations to get higher and more stable interest income. Shorter-term bond investors should be willing to accept lower yields and greater income variability in return for less fluctuation in the value of their investment. The stated maturity of a bond may differ from the effective maturity of a bond, which takes into consideration that an action such as a call or refunding may cause bonds to be repaid before their stated maturity dates.




*Each Portfolio is subject to call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. An underlying fund would then lose any price appreciation above the bond’s call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund’s income. Such redemptions and subsequent reinvestments would also increase the Portfolio’s turnover rate. For mortgage-backed securities, this risk is known as prepayment risk.*

Call/prepayment risk applies mainly to intermediate- and long-term corporate bonds and mortgage-backed securities.

Each Portfolio is subject to extension risk. Extension risk is the chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. For an underlying fund that invests in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will repay their mortgages at slower rates. Extension risk should be low for the Portfolios because they invest only a portion of their assets in the underlying bond funds.


## Plain Talk About Callable Bonds

Although bonds are issued with clearly defined maturities, in some cases the bond issuer has a right to call in (redeem) the bond earlier than its maturity date. When a bond is called, the bondholder may have to replace it with another bond with a lower yield than the original bond. One way for bond investors to protect themselves against call risk is to purchase a bond early in its lifetime, long before its call date. Another way is to buy bonds with lower coupon rates or interest rates, which make them less likely to be called.

 ***Each Portfolio is subject to credit risk, which is the chance that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing an underlying fund's return.***

The credit quality of most of the bonds held by the underlying funds is expected to be very high, and thus credit risk for the Portfolios should be low.


To a limited extent, each Portfolio is also indirectly exposed to event risk, which is the chance that corporate fixed income securities held by the underlying funds may suffer a substantial decline in credit quality and market value because of a corporate restructuring.

 ***Each Portfolio is subject to income risk, which is the chance that an underlying fund's income will decline because of falling interest rates. A fund holding bonds will experience a decline in income when interest rates fall because the fund then must invest new cash flow and cash from maturing bonds in lower-yielding bonds. Income risk is generally higher for funds holding short-term bonds and lower for funds holding long-term bonds.***

Income risk is a concern primarily for the Conservative Allocation Portfolio, which, through its ownership of Vanguard Variable Insurance Funds Total Bond Market Index Portfolio, indirectly owns short-term bonds. Because the Total Bond Market Index Portfolio typically invests only a small portion of its assets in short-term bonds, income risk to the Portfolio is very low.

By owning shares of Vanguard Variable Insurance Funds Total Bond Market Index Portfolio, each Allocation Portfolio indirectly invests, to varying degrees, in U.S. government and U.S. corporate bonds, as well as in mortgage-backed and asset-backed securities.

By owning shares of Vanguard Total International Bond Index Fund, each Allocation Portfolio indirectly invests in currency-hedged foreign bonds and is therefore subject to the risks associated with such investments, including country/regional risk and currency hedging risk.

 *Each Portfolio is subject to country/regional risk and currency hedging risk. Country/regional risk is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, or companies. Currency hedging risk is the chance that the currency hedging transactions entered into by the underlying international bond fund may not perfectly offset the fund’s foreign currency exposure.*

Market disruptions can adversely affect local and global markets as well as normal market conditions and operations. Any such disruptions could have an adverse impact on the value of a Portfolio’s investments and Portfolio performance.

## Security Selection

Each Portfolio seeks to achieve its objective by investing in a mix of Vanguard mutual funds and other portfolios of Vanguard Variable Insurance Funds (collectively, the underlying funds). The following table shows the targeted percentage of each Portfolio’s assets allocated to the underlying asset classes.

Underlying Asset Class	Conservative Allocation Portfolio	Moderate Allocation Portfolio
Large-Cap U.S. Stocks	20%	30%
Small- and Mid-Cap U.S. Stocks	4	5
Foreign Stocks	16	25
Foreign Fixed Income Securities	18	12
U.S. Fixed Income Securities	42	28
Total	100%	100%

The Board allocates each Portfolio’s assets among the equity and fixed income asset classes and underlying funds based on the Portfolio’s investment objective and policies. The Board may change these asset allocations and the mix of underlying funds from time to time without shareholder approval. The Board may also add or remove underlying funds without shareholder approval. The Portfolios’ investments in specific underlying funds may be affected by other factors as well. For example, an underlying fund may stop accepting or may limit additional investments, forcing the Portfolios to invest in a different underlying fund.



The following paragraphs briefly describe the underlying funds in which the Portfolios currently intend to invest.

- *Vanguard Variable Insurance Funds Equity Index Portfolio* seeks to track the performance of the S&P 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Portfolio attempts to replicate the Index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weightings in the Index.
- *Vanguard Extended Market Index Fund* seeks to track the performance of the S&P Completion Index, a broadly diversified index of stocks of small and mid-size U.S. companies. The S&P Completion Index contains all of the U.S. common stocks regularly traded on the New York Stock Exchange and the Nasdaq over-the-counter market, except those stocks included in the S&P 500 Index. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.
- *Vanguard Total International Stock Index Fund* seeks to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization-weighted index designed to measure the equity market performance of companies located in developed and emerging markets, excluding the United States. As of the Fund's fiscal year ended December 31, 2022, the Index included approximately 7,718 stocks of companies located in 48 markets, and the largest markets covered in the Index were Japan, the United Kingdom, Canada, China, France, and Switzerland (which made up approximately 15.4%, 10.1%, 8.1%, 7.1%, 6.5%, and 6%, respectively, of the Index's market capitalization). The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.
- *Vanguard Variable Insurance Funds Total Bond Market Index Portfolio* seeks to track the performance of the Bloomberg U.S. Aggregate Float Adjusted Index by investing in a representative sample of bonds included in the Index. The Bloomberg U.S. Aggregate Float Adjusted Index measures the performance of a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than one year. The Portfolio maintains a dollar-weighted average maturity consistent with that of the Index. As of the Portfolio's fiscal year ended December 31, 2022, the dollar-weighted average maturity of the Index was 8.5 years.

- *Vanguard Total International Bond Index Fund* seeks to track the performance of the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). This Index provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. The Index includes government, government agency, corporate, and securitized non-U.S. investment-grade fixed income investments, all issued in currencies other than the U.S. dollar and with maturities of more than one year. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the Fund will attempt to hedge its foreign currency exposure. The Fund maintains a dollar-weighted average maturity consistent with that of the Index. As of the Fund's fiscal year ended December 31, 2022, the dollar-weighted average maturity of the Index was 8.9 years.

Through their limited investments in actively managed underlying funds, each Allocation Portfolio is subject to manager risk, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause an underlying fund—and, thus, the Portfolio itself—to underperform relevant benchmarks or other funds with a similar investment objective.

Through their investments in the underlying index funds, each Allocation Portfolio is subject, to a limited extent, to index sampling risk. Index sampling risk is the chance that the securities selected for an underlying fund, in the aggregate, will not provide investment performance matching that of the underlying fund's target index.

### **Other Investment Policies and Risks**

Each underlying fund may invest, to a limited extent, in derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, a bond, or a currency), a physical asset (such as gold, oil, or wheat), a market index, or a reference rate. Investments in derivatives may subject the underlying funds to risks different from, and possibly greater than, those of investments directly in the underlying securities or assets. The underlying funds will not use derivatives for speculation or for the purpose of leveraging (magnifying) investment returns.

### **Cash Management**

Each Portfolio's daily cash balance may be invested in Vanguard Market Liquidity Fund and/or Vanguard Municipal Cash Management Fund (each, a CMT Fund), which are low-cost money market funds. When investing in a CMT Fund, each Portfolio bears its proportionate share of the expenses of the CMT Fund in which it invests. Vanguard receives no additional revenue from Portfolio assets invested in a CMT Fund.

## Frequent Trading or Market-Timing

**Background.** Some investors try to profit from strategies involving frequent trading of mutual fund shares, such as market-timing. For funds holding foreign securities, investors may try to take advantage of an anticipated difference between the price of the fund's shares and price movements in overseas markets, a practice also known as time-zone arbitrage. Investors also may try to engage in frequent trading of funds holding investments such as small-cap stocks and high-yield bonds. As money is shifted into and out of a fund by an investor engaging in frequent trading, the fund incurs costs for buying and selling securities, resulting in increased brokerage and administrative costs. These costs are borne by *all* fund investors, including the long-term investors who do not generate the costs. In addition, frequent trading may interfere with an advisor's ability to efficiently manage the fund.

**Policies to address frequent trading.** The Vanguard funds (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) do not knowingly accommodate frequent trading. The board of trustees of each Vanguard fund (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) has adopted policies and procedures reasonably designed to detect and discourage frequent trading and, in some cases, to compensate the fund for the costs associated with it. These policies and procedures do not apply to ETF Shares because frequent trading in ETF Shares generally does not disrupt portfolio management or otherwise harm fund investors. Although there is no assurance that Vanguard will be able to detect or prevent frequent trading or market-timing in all circumstances, the following policies have been adopted to address these issues:

- Each Vanguard fund reserves the right to reject any purchase request—including exchanges from other Vanguard funds—without notice and regardless of size. For example, a purchase request could be rejected because the investor has a history of frequent trading or if Vanguard determines that such purchase may negatively affect a fund's operation or performance.
- Certain Vanguard funds charge investors purchase and/or redemption fees on transactions.

You may purchase or sell Portfolio shares through a contract offered by an insurance company. When insurance companies establish omnibus accounts in the Portfolio for their clients, we cannot monitor the individual clients' trading activity. However, we review trading activity at the omnibus account level, and we look for activity that may indicate potential frequent trading or market-timing. If we detect suspicious trading activity, we will seek the assistance of the insurance company to investigate that trading activity and take appropriate

action, including prohibiting additional purchases of Portfolio shares by a client. Insurance companies may apply frequent-trading policies that differ from one another. Please read the insurance company contract and program materials carefully to learn of any rules or fees that may apply.

**See the accompanying prospectus for the annuity or insurance program through which Portfolio shares are offered for further details on transaction policies.**

Each Portfolio, in determining its net asset value, will use fair-value pricing when appropriate, as described in the *Share Price* section. Fair-value pricing may reduce or eliminate the profitability of certain frequent-trading strategies.

**Do not invest with Vanguard if you are a market-timer.**

**A precautionary note to investment companies:** Each Portfolio's shares are issued by registered investment companies, and therefore the acquisition of such shares by other investment companies and private funds is subject to the restrictions of Section 12(d)(1) of the Investment Company Act of 1940 (the 1940 Act). SEC Rule 12d1-4 under the 1940 Act permits registered investment companies to invest in other registered investment companies beyond the limits in Section 12(d)(1), subject to certain conditions, including that funds with different investment advisors must enter into a fund of funds investment agreement.

### **Turnover Rate**

A mutual fund's turnover rate is a measure of its trading activity. A Portfolio may sell shares of the underlying funds regardless of how long they have been held. The historical turnover rates for a Portfolio can be found in the **Financial Highlights** section of this prospectus. A turnover rate of 100%, for example, would mean that a Portfolio had sold and replaced shares of the underlying funds valued at 100% of its net assets within a one-year period. In general, the greater the turnover rate, the greater the impact transaction costs will have on a fund's return. Also, funds with high turnover rates may be more likely to generate capital gains, including short-term capital gains, that must be distributed to shareholders and will be taxable to shareholders investing through a taxable account.

## The Portfolios and Vanguard

Each Portfolio is a member of The Vanguard Group, Inc. (Vanguard), a family of over 200 funds. All of the funds that are members of Vanguard (other than funds of funds) share in the expenses associated with administrative services and business operations, such as personnel, office space, and equipment.

Vanguard Marketing Corporation provides marketing services to the funds. Although fund shareholders do not pay sales commissions or 12b-1 distribution fees, each fund (other than a fund of funds) or each share class of a fund (in the case of a fund with multiple share classes) pays its allocated share of the Vanguard funds' marketing costs.

According to an agreement applicable to the Portfolios and Vanguard, the Portfolios' direct expenses may be offset by (1) the Portfolios' contributions to the costs of operating the underlying Vanguard funds in which the Portfolios invest, and (2) certain savings in administrative and marketing costs that Vanguard expects to derive from the Portfolios' operation.

Accordingly, all expenses for services provided by Vanguard to the Portfolios and all other expenses incurred by the Portfolios are expected to be borne by the underlying funds. The Portfolios' shareholders bear the fees and expenses associated with the Portfolios' investments in the underlying funds.

### Plain Talk About Vanguard's Unique Corporate Structure

Vanguard is owned jointly by the funds it oversees and thus indirectly by the shareholders in those funds. Most other mutual funds are operated by management companies that are owned by third parties—either public or private stockholders—and not by the funds they serve.

## Investment Advisor

The Portfolios receive investment advisory services indirectly, by investing in other Vanguard funds. The Vanguard Group, Inc., P. O. Box 2600, Valley Forge, PA 19482, which began operations in 1975, provides investment advisory services to each Portfolio, a fund of funds, through its Equity Index Group by (1) maintaining the Portfolio's allocation to its underlying investments, and (2) providing investment advisory services to those underlying funds pursuant to the Funds' Service Agreement and subject to the supervision and oversight of the trustees and officers of the underlying funds. Vanguard's Investment

Strategy Group establishes and reviews the asset allocation targets of the Portfolios and determines whether any changes are required to best enable each Portfolio to achieve its investment objective. The Equity Index Group implements the asset allocation targets and performs other portfolio management functions for the Portfolios. As of December 31, 2022, Vanguard served as advisor for approximately \$6 trillion in assets. Vanguard provides investment advisory services to the Portfolios pursuant to the Funds' Service Agreement and subject to the supervision and oversight of the trustees and officers of Vanguard Variable Insurance Funds.

Under the terms of an SEC exemption, the board of trustees of Vanguard Variable Insurance Funds may, without prior approval from shareholders, change the terms of an advisory agreement with a third-party investment advisor or hire a new third-party investment advisor—either as a replacement for an existing advisor or as an additional advisor. Any significant change in a Portfolio's advisory arrangements will be communicated to shareholders in writing. As the Portfolios' sponsor and overall manager, Vanguard may provide investment advisory services to a Portfolio at any time. Vanguard may also recommend to the board of trustees that an advisor be hired, terminated, or replaced or that the terms of an existing advisory agreement be revised. Vanguard Variable Insurance Funds has filed an application seeking a similar SEC exemption with respect to investment advisors that are wholly owned subsidiaries of Vanguard. If the exemption is granted, the Portfolios may rely on the new SEC relief.

For a discussion of why the Board approved each Portfolio's investment advisory arrangement, see the most recent semiannual report to shareholders covering the fiscal period ended June 30.

The managers primarily responsible for the day-to-day management of the Portfolios are:

**Roger A. Aliaga-Diaz**, Ph.D., Portfolio Manager, Investment Strategy Group, at Vanguard. He has been with Vanguard since 2007, has worked in investment management since 2010, has managed investment portfolios since February 2023, and has co-managed the Conservative Allocation and Moderate Allocation Portfolios since February 2023. Education: B.A., Universidad Nacional de Córdoba, Argentina; Ph.D., North Carolina State University.

**Aurélie Denis**, CFA, Portfolio Manager at Vanguard. She has been with Vanguard since 2016, has worked in investment management since 2017, has managed investment portfolios since 2023, and has co-managed the Conservative Allocation and Moderate Allocation Portfolios since February 2023. Education: B.S., Pennsylvania State University.

**Michael R. Roach**, Portfolio Manager at Vanguard. He has been with Vanguard since 1998, has worked in investment management since 2000, previously managed investment portfolios from 2009-2019, and has co-managed the Conservative Allocation and Moderate Allocation Portfolios since February 2023. Education: B.S., Bloomsburg University of Pennsylvania; M.S., Drexel University.

**Walter Nejman**, Portfolio Manager at Vanguard. He has been with Vanguard since 2005, has worked in investment management since 2008, and has co-managed the Conservative Allocation and Moderate Allocation Portfolios since 2013. Education: B.A., Arcadia University; M.B.A., Villanova University.

The Portfolios' *Statement of Additional Information* provides information about each portfolio manager's compensation, other accounts under management, and ownership of shares of the Portfolios.

## Taxes

Each Portfolio normally distributes its net investment income and net realized short-term or long-term capital gains, if any, to its shareholders, which are the insurance company separate accounts that fund your variable annuity or variable life insurance contract. From time to time, the Portfolio may also make distributions that are treated as a return of capital. The tax consequences to you of your investment in a Portfolio depend on the provisions of the annuity or life insurance contract through which you invest; please refer to the prospectus of such contract for more information.

Each Portfolio intends to operate in such a manner that a separate account investing only in Portfolio shares will result in the variable annuity and variable life insurance contracts supported by that account receiving favorable tax treatment. This favorable treatment means that you generally will not be taxed on Portfolio distributions or proceeds on dispositions of Portfolio shares received by the separate account funding your contract. In order to qualify for this favorable treatment, the insurance company separate accounts that invest in the Portfolios must satisfy certain requirements. If a Portfolio funding your contract does not meet such requirements, your contract could lose its favorable tax treatment and income and gain allocable to your contract could be taxable to you. Also, if the IRS were to determine that contract holders have an impermissible level of control over the investments funding their contracts, your contract could lose its favorable tax treatment and income and gain allocable to your contract could be taxable currently to you. Please see the Portfolios' *Statement of Additional Information* for more information.

## Share Price

Share price, also known as *net asset value* (NAV), is calculated as of the close of regular trading on the New York Stock Exchange (NYSE), generally 4 p.m., Eastern time, on each day that the NYSE is open for business (a business day). In the rare event the NYSE experiences unanticipated disruptions and is unavailable at the close of the trading day, NAVs will be calculated as of the close of regular trading on the Nasdaq (or another alternate exchange if the Nasdaq is unavailable, as determined at Vanguard's discretion), generally 4 p.m., Eastern time. The NAV per share is computed by dividing the total assets, minus liabilities, of a Portfolio by the number of Portfolio shares outstanding. On U.S. holidays or other days when the NYSE is closed, the NAV is not calculated, and the Portfolios do not sell or redeem shares. The underlying Vanguard funds in which the Portfolios invest also do not calculate their NAV on days when the NYSE is closed but the value of their assets may be affected to the extent that they hold securities that change in value on those days (such as foreign securities that trade on foreign markets that are open).

Each Portfolio's NAV is calculated based upon the values of each underlying fund in which the Portfolio invests. The values of any foreign securities held by a fund are converted into U.S. dollars using an exchange rate obtained from an independent third party as of the close of regular trading on the NYSE. The values of any underlying fund shares held by the Portfolio are based on the NAVs of the shares. The values of any ETF shares held by the Portfolio are based on



the market value of the shares. The prospectus for each underlying fund explains the circumstances under which each underlying fund will use fair-value pricing and the effects of doing so.

Each Portfolio's NAV is used to determine the unit value for the annuity or life insurance program through which you invest. For more information on unit values, please refer to the accompanying prospectus of the insurance company that offers your annuity or life insurance program.

## Financial Highlights

Financial highlights information is intended to help you understand a fund's performance for the past five years (or, if shorter, its period of operations). Certain information reflects financial results for a single fund share. Total return represents the rate that an investor would have earned or lost each period on an investment in a fund or share class (assuming reinvestment of all distributions). This information has been obtained from the financial statements audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report, along with fund financial statements, is included in a fund's most recent annual report to shareholders. You may obtain a free copy of a fund's latest annual or semiannual report, which is available upon request.

Yields and total returns presented for each Portfolio are net of the Portfolio's operating expenses, but they do not take into account charges and expenses attributable to the annuity or life insurance program through which you invest. The expenses of the annuity or life insurance program reduce the returns and yields you ultimately receive, so you should bear those expenses in mind when evaluating the performance of the Portfolio and when comparing the yields and returns of the Portfolio with those of other mutual funds.

### Conservative Allocation Portfolio

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2022	2021	2020	2019	2018
<b>Net Asset Value, Beginning of Period</b>	<b>\$28.60</b>	<b>\$28.40</b>	<b>\$26.53</b>	<b>\$24.02</b>	<b>\$25.84</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	.456	.613	.499	.660	.581
Capital Gain Distributions Received <sup>1</sup>	.295	.345	.123	.117	.100
Net Realized and Unrealized Gain (Loss) on Investments	(4.840)	.664	2.266	2.921	(1.417)
Total from Investment Operations	(4.089)	1.622	2.888	3.698	(.736)
<b>Distributions</b>					
Dividends from Net Investment Income	(.639)	(.440)	(.631)	(.585)	(.519)
Distributions from Realized Capital Gains	(1.122)	(.982)	(.387)	(.603)	(.565)
Total Distributions	(1.761)	(1.422)	(1.018)	(1.188)	(1.084)
<b>Net Asset Value, End of Period</b>	<b>\$22.75</b>	<b>\$28.60</b>	<b>\$28.40</b>	<b>\$26.53</b>	<b>\$24.02</b>
<b>Total Return</b>	<b>-14.90%</b>	<b>5.99%</b>	<b>11.73%</b>	<b>15.83%</b>	<b>-2.98%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$432	\$549	\$521	\$425	\$321
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.13%	0.13%	0.13%	0.13%	0.13%
Ratio of Net Investment Income to Average Net Assets	1.89%	2.17%	1.90%	2.61%	2.33%
Portfolio Turnover Rate	10%	12%	27%	10%	18%

<sup>1</sup> Calculated based on average shares outstanding.

## Moderate Allocation Portfolio

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2022	2021	2020	2019	2018
<b>Net Asset Value, Beginning of Period</b>	<b>\$33.89</b>	<b>\$32.45</b>	<b>\$30.12</b>	<b>\$26.46</b>	<b>\$29.35</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	.533	.691	.552	.720	.634
Capital Gain Distributions Received <sup>1</sup>	.443	.470	.184	.199	.148
Net Realized and Unrealized Gain (Loss) on Investments	(6.147)	1.977	2.976	4.106	(2.142)
Total from Investment Operations	(5.171)	3.138	3.712	5.025	(1.360)
<b>Distributions</b>					
Dividends from Net Investment Income	(.723)	(.496)	(.720)	(.657)	(.577)
Distributions from Realized Capital Gains	(1.346)	(1.202)	(.662)	(.708)	(.953)
Total Distributions	(2.069)	(1.698)	(1.382)	(1.365)	(1.530)
<b>Net Asset Value, End of Period</b>	<b>\$26.65</b>	<b>\$33.89</b>	<b>\$32.45</b>	<b>\$30.12</b>	<b>\$26.46</b>
<b>Total Return</b>	<b>-15.93%</b>	<b>10.07%</b>	<b>13.77%</b>	<b>19.53%</b>	<b>-4.94%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$550	\$742	\$680	\$532	\$400
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.12%	0.12%	0.12%	0.12%	0.12%
Ratio of Net Investment Income to Average Net Assets	1.88%	2.09%	1.89%	2.54%	2.25%
Portfolio Turnover Rate	11%	10%	26%	13%	20%

1 Calculated based on average shares outstanding.

## General Information

Each Portfolio of Vanguard Variable Insurance Funds offers its shares to insurance companies to fund both annuity and life insurance contracts. Because of differences in tax treatment or other considerations, the best interests of various contract owners participating in a Portfolio might at some time be in conflict. The Board will monitor for any material conflicts and determine what action, if any, should be taken.

If the Board determines that continued offering of shares would be detrimental to the best interests of a Portfolio's shareholders, the Portfolio may suspend the offering of shares for a period of time. If the Board determines that a specific purchase acceptance would be detrimental to the best interests of a Portfolio's shareholders (for example, because of the size of the purchase request or a history of frequent trading by the investor), the Portfolio may reject such a purchase request.

If you wish to redeem money from a Portfolio, please refer to the instructions provided in the accompanying prospectus for the annuity or life insurance program. Shares of the Portfolio may be redeemed on any business day that the NYSE is open for trading. The redemption price of shares will be at the next-determined NAV per share. Redemption proceeds generally will be wired to the administrator within one business day following receipt of the redemption request, but no later than seven business days. Contract owners will receive their redemption checks from the administrator.

Under normal circumstances, each Portfolio typically expects to meet redemptions with positive cash flows. When this is not an option, each Portfolio seeks to maintain its risk exposure by selling a cross section of the Portfolio's holdings to meet redemptions, while also factoring in transaction costs. Additionally, a Portfolio may work with the insurance companies through which contract owners participate in the Portfolio to implement redemptions in a manner that is least disruptive to the portfolio.

Under certain circumstances, including under stressed market conditions, there are additional tools that a Portfolio may use in order to meet redemptions, including advancing the settlement of market trades with counterparties to match investor redemption payments or delaying settlement of an investor's transaction to match trade settlement within regulatory requirements. A Portfolio may also suspend payment of redemption proceeds for up to seven days. Additionally, under these unusual circumstances, a Portfolio may borrow money (subject to certain regulatory conditions and if available under board-approved procedures) through an interfund lending facility; through a bank line-of-credit, including a joint committed credit facility; or through an uncommitted line-of-credit from Vanguard in order to meet redemption requests.

Each Portfolio may suspend the redemption right or postpone payment at times when the NYSE is closed or during any emergency circumstances, as determined by the SEC.

The exchange privilege (your ability to redeem shares from one Portfolio to purchase shares of another Portfolio) may be available to you through your contract. Although we make every effort to maintain the exchange privilege, Vanguard reserves the right to revise or terminate this privilege, limit the amount of an exchange, or reject any exchange, at any time, without notice.

The Portfolio may pay redemption proceeds, in whole or in part, by an in-kind distribution of readily marketable securities if Vanguard determines that it would be detrimental to the best interests of the Portfolio's remaining shareholders to pay redemption proceeds in cash.

For certain categories of investors, each Portfolio has authorized one or more brokers to accept on its behalf purchase and redemption orders. The brokers are authorized to designate other intermediaries to accept purchase and redemption orders on a Portfolio's behalf. Each Portfolio will be deemed to have received a purchase or redemption order when an authorized broker, or a broker's authorized designee, accepts the order in accordance with the Portfolio's instructions. In most cases, for these categories of investors, a contract owner's properly transmitted order will be priced at the Portfolio's next-determined NAV after the order is accepted by the authorized broker or the broker's designee. The contract owner should review the authorized broker's policies relating to trading in the Vanguard funds.

Please consult the Portfolios' *Statement of Additional Information* or our website for a description of the policies and procedures that govern disclosure of the Portfolios' portfolio holdings.

Each Portfolio's Bylaws require, unless the Trust otherwise consents in writing, that the U.S. Federal District Courts be the sole and exclusive forum for the resolution of complaints under the Securities Act of 1933. This provision may limit a shareholder's ability to bring a claim in a different forum and may result in increased shareholder costs in pursuing such a claim.

### **Shareholder Rights**

Each Portfolio's Agreement and Declaration of Trust, as amended, requires a shareholder bringing a derivative action on behalf of Vanguard Variable Insurance Funds (the Trust) that is subject to a pre-suit demand to collectively hold at least 10% of the outstanding shares of the Trust or at least 10% of the outstanding

shares of the series or class to which the demand relates and to undertake to reimburse the Trust for the expense of any counsel or advisors used when considering the merits of the demand in the event that the board of trustees determines not to bring such action. In each case, these requirements do not apply to claims arising under the federal securities laws to the extent that any such federal securities laws, rules, or regulations do not permit such application.

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## Glossary of Investment Terms

**Acquired Fund.** Any mutual fund, business development company, closed-end investment company, or other pooled investment vehicle whose shares are owned by a portfolio.

**Active Management.** An investment approach that seeks to exceed the average returns of a particular financial market or market segment. In selecting securities to buy and sell, active managers may rely on, among other things, research, market forecasts, quantitative models, and their own judgment and experience.

**Average Maturity.** The average length of time until bonds held by a portfolio reach maturity and are repaid. In general, the longer the average maturity, the more a portfolio's share price fluctuates in response to changes in market interest rates. In calculating average maturity, a portfolio uses a bond's maturity or, if applicable, an earlier date on which the advisor believes it is likely that a maturity-shortening device (such as a call, put, refunding, prepayment, or redemption provision or an adjustable coupon rate) will cause the bond to be repaid.

**Bloomberg U.S. Aggregate Float Adjusted Index.** An index that is the broadest representation of the taxable U.S. bond market, including most U.S. Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with investment-grade ratings and maturities of 1 year or more. This Index weights its constituent securities based on the value of the constituent securities that are available for public trading, rather than the value of all constituent securities.

**Bond.** A debt security (IOU) issued by a corporation, a government, or a government agency in exchange for the money the bondholder lends it. In most instances, the issuer agrees to pay back the loan by a specific date and generally to make regular interest payments until that date.

**Capital Gains Distributions.** Payments to portfolio shareholders of gains realized on securities that a portfolio has sold at a profit, minus any realized losses.

**Common Stock.** A security representing ownership rights in a corporation.

**Corporate Bond.** An IOU issued by a business that wants to borrow money. As with other types of bonds, the issuer promises to repay the borrowed money by a specific date and generally to make interest payments in the meantime.



**Coupon Rate.** The interest rate paid by the issuer of a debt security until its maturity. It is expressed as an annual percentage of the face value of the security.

**Distributions.** Payments to portfolio shareholders of dividend income, capital gains, and return of capital generated by the portfolio's investment activities and distribution policies, after expenses.

**Dividend Distributions.** Payments to portfolio shareholders of income from interest or dividends generated by a portfolio's investments.

**Dow Jones U.S. Total Stock Market Float Adjusted Index.** An index that represents the entire U.S. stock market and tracks more than 5,000 stocks, excluding shares of securities not available for public trading.

**Duration.** A measure of the sensitivity of bond—and bond fund—prices to interest rate movements. For example, if a bond has a duration of two years, its price would fall by approximately 2% when interest rates rise by 1%. On the other hand, the bond's price would rise by approximately 2% when interest rates fall by 1%.

**Expense Ratio.** A portfolio's total annual operating expenses expressed as a percentage of the portfolio's average net assets. The expense ratio includes management and administrative expenses, but it does not include the transaction costs of buying and selling portfolio securities.

**Face Value.** The amount to be paid at a bond's maturity; also known as the par value or principal.

**Fixed Income Security.** An investment, such as a bond, representing a debt that must be repaid by a specified date, and on which the borrower may pay a fixed, variable, or floating rate of interest.

**Float-Adjusted Index.** An index that weights its constituent securities based on the value of the constituent securities that are available for public trading, rather than the value of all constituent securities. Some portion of an issuer's securities may be unavailable for public trading because, for example, those securities are owned by company insiders on a restricted basis or by a government agency. By excluding unavailable securities, float-adjusted indexes can produce a more accurate picture of the returns actually experienced by investors in the measured market.

**Fund of Funds.** A fund that pursues its objective by investing in other funds.

**Inception Date.** The date on which the assets of a portfolio are first invested in accordance with the portfolio's investment objective. For portfolios with a subscription period, the inception date is the day after that period ends. Investment performance is generally measured from the inception date.

**Indexing.** A low-cost investment strategy in which a portfolio attempts to track—rather than outperform—a specified market benchmark, or “index.”

**Investment-Grade Bond.** A debt security whose credit quality is considered by independent bond rating agencies, or through independent analysis conducted by a portfolio's advisor, to be sufficient to ensure timely payment of principal and interest under current economic circumstances. Debt securities rated in one of the four highest rating categories are considered investment-grade. Other debt securities may be considered by an advisor to be investment-grade.

**Joint Committed Credit Facility.** Each Portfolio participates, along with other funds managed by Vanguard, in a committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each Vanguard fund is individually liable for its borrowings, if any, under the credit facility. The amount and terms of the committed credit facility are subject to approval by the Portfolios' board of trustees and renegotiation with the lender syndicate on an annual basis.

**Median Market Capitalization.** An indicator of the size of companies in which a portfolio invests; the midpoint of market capitalization (market price x shares outstanding) of a portfolio's stocks, weighted by the proportion of the portfolio's assets invested in each stock. Stocks representing half of the portfolio's assets have market capitalizations above the median, and the rest are below it.

**Mortgage-Backed Security.** A bond or pass-through certificate that represents an interest in an underlying pool of mortgages and is issued by various government agencies or private corporations. Unlike ordinary fixed income securities, mortgage-backed securities include both interest and principal as part of their regular payments.

**Mutual Fund.** An investment company that pools the money of many people and invests it in a variety of securities in an effort to achieve a specific objective over time.

**New York Stock Exchange (NYSE).** A stock exchange based in New York City that is open for regular trading on business days, Monday through Friday, from 9:30 a.m. to 4 p.m., Eastern time.

**Non-Investment-Grade Bond.** A debt security whose credit quality is considered by independent bond rating agencies, or through independent analysis conducted by a portfolio's advisor, to be below investment-grade. These high-risk corporate bonds have a credit quality rating equivalent to or below Moody's Ba or Standard & Poor's BB and are commonly referred to as "junk bonds."

**Principal.** The face value of a debt instrument or the amount of money put into an investment.

**Return of Capital.** A return of capital occurs when a portfolio's distributions exceed its earnings in a fiscal year. A return of capital is a return of all or part of your original investment or amounts paid in excess of your original investment in a portfolio. In general, a return of capital reduces your cost basis in a portfolio's shares and is not taxable to you until your cost basis has been reduced to zero.

**Securities.** Stocks, bonds, money market instruments, and other investments.

**Total Return.** A percentage change, over a specified time period, in a portfolio's net asset value, assuming the reinvestment of all distributions of dividends and capital gains.

**Volatility.** The fluctuations in value of a mutual fund or other security. The greater a portfolio's volatility, the wider the fluctuations in its returns.

**Yield.** Income (interest or dividends) earned by an investment, expressed as a percentage of the investment's price.

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#### **For More Information**

If you would like more information about Vanguard Variable Insurance Funds Conservative Allocation and Moderate Allocation Portfolios, the following documents are available free upon request:

#### **Annual/Semiannual Reports to Shareholders**

Additional information about the Portfolios' investments is available in the Portfolios' annual and semiannual reports to shareholders. In the annual reports, you will find a discussion of the market conditions and investment strategies that significantly affected the Portfolios' performance during their last fiscal year.

#### **Statement of Additional Information (SAI)**

The SAI provides more detailed information about the Portfolios and is incorporated by reference into (and thus legally a part of) this prospectus.

To receive a free copy of the latest annual or semiannual reports or the SAI, or to request additional information about the Portfolios or other Vanguard funds, please visit [vanguard.com](https://vanguard.com) or contact us as follows:

Telephone: 800-522-5555; Text telephone for people with hearing impairment: 800-749-7273

#### **Information Provided by the Securities and Exchange Commission (SEC)**

Reports and other information about the Portfolios are available in the EDGAR database on the SEC's website at [sec.gov](https://sec.gov), or you can receive copies of this information, for a fee, by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

Portfolios' Investment Company Act file number: 811-05962