

2020 Semi-Annual Report (Unaudited)

BlackRock Variable Series Funds, Inc.

- BlackRock Advantage U.S. Total Market V.I. Fund

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The Markets in Review

Dear Shareholder,

The last 12 months have been a time of sudden change in global financial markets, as a long period of growth and positive returns was interrupted in early 2020 by the emergence and spread of the coronavirus. For the first part of the reporting period, U.S. equities and bonds both delivered impressive returns, despite fears and doubts about the economy that were ultimately laid to rest with unprecedented monetary stimulus and a sluggish yet resolute performance from the U.S. economy. But as the threat from the coronavirus became more apparent throughout February and March 2020, leading countries around the world took economically disruptive countermeasures, causing equity prices to fall sharply. While markets have since recovered some of these losses as countries around the world begin reopening, there is still significant uncertainty surrounding the course of the pandemic, and an uptick in U.S. infection rates caused concern late in the reporting period.

Returns for most securities were robust for the first part of the reporting period, as investors began to realize that the U.S. economy was maintaining the modest yet steady growth that had characterized this economic cycle. However, once stay-at-home orders and closures of non-essential businesses became widespread, many workers were laid off and unemployment claims spiked. With large portions of the global economy on hold, all types of international equities ended the 12-month reporting period with negative performance, while in the United States large-capitalization stocks, which investors saw as more resilient than smaller companies, delivered solid returns.

The performance of different types of fixed-income securities diverged substantially due to a reduced investor appetite for risk. Treasuries benefited from the risk-off environment, and posted healthy returns, as the 10-year U.S. Treasury yield (which is inversely related to bond prices) fell to an all-time low. Investment-grade corporate bonds also delivered a solid return, while high-yield corporate returns were flat due to credit concerns.

The U.S. Federal Reserve (the "Fed") reduced interest rates three times in 2019, to support slowing economic growth. After the coronavirus outbreak, the Fed instituted two emergency rate cuts, pushing short-term interest rates close to zero. To stabilize credit markets, the Fed also announced a new bond-buying program, as did several other central banks around the world, including the European Central Bank and the Bank of Japan.

Looking ahead, while coronavirus-related disruption has clearly hindered worldwide economic growth, we believe that the global expansion is likely to continue once the impact of the outbreak subsides. Several risks remain, however, including a potential resurgence of the virus amid loosened restrictions, policy fatigue among governments already deep into deficit spending, and structural damage to the financial system from lengthy economic interruptions.

Overall, we favor a moderately positive stance toward risk, and in particular toward credit given the extraordinary central bank measures taken in recent months. This support extends beyond investment-grade corporates and into high-yield, leading to attractive opportunities throughout the credit market. We believe that both U.S. Treasuries and sustainable investments can help provide portfolio resilience, and the disruption created by the coronavirus appears to be accelerating the shift toward sustainable investments. We remain neutral on equities overall while favoring European stocks, which are poised for a cyclical upside as re-openings continue.

In this environment, our view is that investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit blackrock.com for further insight about investing in today's markets.

Sincerely,



Rob Kapito
President, BlackRock Advisors, LLC



Rob Kapito
President, BlackRock Advisors, LLC

Total Returns as of June 30, 2020

	6-Month	12-Month
U.S. large cap equities (S&P 500® Index)	(3.08)%	7.51%
U.S. small cap equities (Russell 2000® Index)	(12.98)	(6.63)
International equities (MSCI Europe, Australasia, Far East Index)	(11.34)	(5.13)
Emerging market equities (MSCI Emerging Markets Index)	(9.78)	(3.39)
3-month Treasury bills (ICE BofA 3-Month U.S. Treasury Bill Index)	0.60	1.63
U.S. Treasury securities (ICE BofA 10-Year U.S. Treasury Index)	12.68	14.21
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	6.14	8.74
Tax-exempt municipal bonds (S&P Municipal Bond Index)	1.97	4.23
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	(3.83)	0.00

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

Investment Objective

BlackRock Advantage U.S. Total Market V.I. Fund's (the "Fund") investment objective is to seek long-term growth of capital.

Portfolio Management Commentary

How did the Fund perform?

For the six-month period ended June 30, 2020, the Fund outperformed its benchmark, the Russell 3000® Index.

What factors influenced performance?

The Fund performed well navigating a highly volatile market backdrop during the period. At the beginning of 2020, markets were touching new highs in a strong risk-on rally driven by excitement for a phase one trade deal between the United States and China. The anticipation of a resolution for the trade dispute, and the actual deal itself, helped boost stocks through mid-February. However, the spread of a coronavirus across the globe provided an inflection point leading to a steep market decline. Investor concerns mounted amid broadly enforced economic shutdowns, as expectations of growth and employment were impacted. The speed of the selloff drove one of the worst quarterly returns for U.S. equities on record as volatility hit levels last observed during the 2008 global financial crisis. As a result, policy makers stepped in with both fiscal and monetary packages aimed at supporting the market. In the second quarter of 2020, U.S. equities recovered sharply as policy stimulus exceeded expectations and the economy slowly reopened. Further supporting markets, economic data improved after hitting troughs earlier in the year. Both U.S. retail sales and jobs data surprised in May, creating hope for a strong recovery. This prompted a sharp reversal in market leadership, as positions that had benefited earlier from the coronavirus pandemic began to underperform more value-oriented cyclicals. The recovery ultimately moderated in June amid rising coronavirus cases, reestablishing leadership for growth over value.

The Fund's sentiment measures drove the outperformance for the period, as they were broadly able to successfully navigate the changing market environment. Sentiment-based insights that utilize alternative data also contributed to excess returns. This was most observable across insights that captured supply chain disruptions and look to non-obvious news. Additionally, there was continued strength from insights related to environmental, social and governance ("ESG") factors, which tend to demonstrate portfolio resilience during market declines. Specifically, a recently added insight that identifies investor flows into ESG-related positions was one of the top performing signals after successfully capturing an evolving investor preference for sustainability.

Unsurprisingly, given the market volatility, insights with a preference for less-leveraged companies also positively contributed. In addition, newer insights that look to capture emerging themes such as "work from home" added value in the period. Capturing how companies are navigating fast-changing consumer habits and the emergence from lockdown using web traffic and mobile application usage was effective. The "real time" nature of these types of measures has been helpful in evaluating the quickly evolving marketplace, specifically across internet & direct marketing retailers.

Select insights struggled during the period. Certain macro-thematic insights struggled against the rapidly evolving backdrop. A style-timing insight focused on momentum exposures detracted given the sharp rotations of that style in and out of favor during the period. Similarly, macro insights that look toward import and labor costs were also weak in the period. Finally, growth and technology stocks continued to dominate market leadership, presenting a headwind to value-based insights.

Describe recent portfolio activity.

Over the course of the period, the portfolio maintained a balanced allocation of risk across all major return drivers. However, a number of new stock selection insights were added to the portfolio. Among these is a new signal that uses the investment adviser's existing library of insights to create bespoke allocation models at the individual stock level. This builds upon earlier machine-learned capabilities developed by the investment adviser. Additionally, a new insight that looks to identify trade crowding from broker concentration was added. Finally, given the dynamism of the current environment, the Fund has instituted enhanced signal constructs to best identify emerging trends, such as "work from home."

Describe portfolio positioning at period end.

Relative to the Russell 3000® Index, the Fund was positioned essentially neutrally from a sector perspective. The Fund had slight overweight positions in the consumer discretionary and health care sectors and slight underweight positions in the communication services and information technology.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Performance Summary for the Period Ended June 30, 2020

	6-Month Total Returns ^(a)	Average Annual Total Returns ^(a)		
		1 Year	5 Years	10 Years
Class I ^{(b)(c)}	(2.52)%	6.09%	8.60%	12.88%
Class II ^{(b)(c)}	(2.56)	5.90	8.42	12.70
Class III ^{(b)(c)}	(2.63)	5.78	8.35	12.63
Russell 3000[®] Index ^(d)	(3.48)	6.53	10.03	13.72

^(a) For a portion of the period, the Fund's investment adviser waived a portion of its fee. Without such waiver, the Fund's performance would have been lower.

^(b) Average annual and cumulative total returns are based on changes in net asset value ("NAV") for the periods shown, and assume reinvestment of all distributions at NAV on the ex-dividend date. Insurance-related fees and expenses are not reflected in these returns.

^(c) Under normal circumstances, the Fund seeks to invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of U.S. issuers and derivatives that have similar economic characteristics to such securities. The Fund's total returns prior to June 12, 2017 are the returns of the Fund when it followed different investment strategies under the name "BlackRock Value Opportunities V.I. Fund".

^(d) An index that measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

Past performance is not indicative of future results. Performance results do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Portfolio Information

SECTOR ALLOCATION

Sector	Percent of Net Assets
Information Technology	25%
Health Care	15
Consumer Discretionary	12
Financials	10
Industrials	9
Communication Services	9
Consumer Staples	7
Real Estate	3
Utilities	3
Materials	2
Energy	2
Short-Term Securities	6
Liabilities in Excess of Other Assets	(3)

For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Disclosure of Expenses

Shareholders of the Fund may incur the following charges: (a) transactional expenses; and (b) operating expenses, including investment advisory fees, service and distribution fees, including 12b-1 fees, acquired fund fees and expenses, and other fund expenses. The expense example shown below (which is based on a hypothetical investment of \$1,000 invested on January 1, 2020 and held through June 30, 2020) is intended to assist shareholders both in calculating expenses based on an investment in the Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The expense example provides information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 and then multiply the result by the number corresponding to their share class under the heading entitled "Expenses Paid During the Period."

The expense example also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in the Fund and other funds, compare the 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

The expenses shown in the expense example are intended to highlight shareholders' ongoing costs only and do not reflect transactional expenses, such as sales charges, if any. Therefore, the hypothetical example is useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

	Actual			Hypothetical ^(a)			Annualized Expense Ratio
	Beginning Account Value (01/01/20)	Ending Account Value (06/30/20)	Expenses Paid During the Period ^(b)	Beginning Account Value (01/01/20)	Ending Account Value (06/30/20)	Expenses Paid During the Period ^(b)	
Class I	\$ 1,000.00	\$ 974.80	\$ 2.70	\$ 1,000.00	\$ 1,022.13	\$ 2.77	0.55%
Class II	1,000.00	974.40	3.44	1,000.00	1,021.38	3.52	0.70
Class III	1,000.00	973.70	3.93	1,000.00	1,020.89	4.02	0.80

^(a) Hypothetical 5% annual return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 366.

^(b) For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period shown).

Derivative Financial Instruments

The Fund may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other assets without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the instrument. The Fund's successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation the Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Fund's investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

Schedule of Investments (unaudited)

June 30, 2020

BlackRock Advantage U.S. Total Market V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Common Stocks — 96.9%		
Aerospace & Defense — 1.4%		
Astronics Corp. ^(a)	7,730	\$ 81,629
Boeing Co. (The) ^(b)	725	132,893
Curtiss-Wright Corp.	1,257	112,225
HEICO Corp.	2,963	295,263
Hexcel Corp.	614	27,765
L3Harris Technologies, Inc.	1,241	210,560
Lockheed Martin Corp.	1,894	691,159
Mercury Systems, Inc. ^(a)	655	51,522
Moog, Inc., Class A	310	16,424
Northrop Grumman Corp.	721	221,664
Teledyne Technologies, Inc. ^(a)	1,272	395,528
		2,236,632
Air Freight & Logistics — 0.3%		
FedEx Corp.	285	39,963
Hub Group, Inc., Class A ^(a)	4,489	214,843
United Parcel Service, Inc., Class B	2,693	299,408
		554,214
Airlines — 0.3%		
Alaska Air Group, Inc.	4,433	160,740
Delta Air Lines, Inc.	8,796	246,728
Hawaiian Holdings, Inc.	2,226	31,253
		438,721
Auto Components — 0.1%		
Dana, Inc.	16,568	201,964
		201,964
Automobiles — 0.5%		
Tesla, Inc. ^(a)	783	845,491
		845,491
Banks — 3.8%		
Bank of America Corp.	38,786	921,167
Bank of Hawaii Corp.	251	15,414
Bank OZK ^(b)	5,409	126,949
BOK Financial Corp. ^(b)	568	32,058
CIT Group, Inc.	2,980	61,775
Citigroup, Inc.	4,258	217,584
Citizens Financial Group, Inc.	16,883	426,127
Comerica, Inc.	505	19,240
Credicorp Ltd.	156	20,853
Cullen/Frost Bankers, Inc. ^(b)	5,846	436,755
First Horizon National Corp.	13,586	135,317
IBERIABANK Corp.	275	12,523
JPMorgan Chase & Co.	16,364	1,539,198
M&T Bank Corp.	195	20,274
Pinnacle Financial Partners, Inc.	816	34,264
PNC Financial Services Group, Inc. (The)	345	36,297
Republic First Bancorp, Inc. ^(a)	25,113	61,276
Sandy Spring Bancorp, Inc.	2,013	49,882
South State Corp.	1,702	81,117
Synovus Financial Corp.	859	17,635
US Bancorp	5,144	189,402
Webster Financial Corp.	1,132	32,387
Wells Fargo & Co.	55,187	1,412,787
Wintrust Financial Corp.	1,996	87,066
Zions Bancorp NA	3,504	119,136
		6,106,483

Security	Shares	Value
Beverages — 1.8%		
Coca-Cola Co. (The)	12,278	\$ 548,581
Coca-Cola European Partners plc.	4,619	174,413
Molson Coors Beverage Co., Class B ^(b)	2,207	75,833
PepsiCo, Inc.	15,775	2,086,401
		2,885,228
Biotechnology — 4.0%		
AbbVie, Inc.	18,911	1,856,682
Alkermes plc ^(a)	7,469	144,936
Amgen, Inc.	6,267	1,478,135
Biogen, Inc. ^(a)	860	230,093
Bluebird Bio, Inc. ^(a)	1,164	71,051
Clovis Oncology, Inc. ^(a)	2,440	16,470
Gilead Sciences, Inc.	14,422	1,109,629
Inovio Pharmaceuticals, Inc. ^{(a)(b)}	862	23,231
Moderna, Inc. ^(a)	2,944	189,034
Novavax, Inc. ^(a)	350	29,172
Prevail Therapeutics, Inc. ^(a)	652	9,715
Regeneron Pharmaceuticals, Inc. ^{(a)(b)}	849	529,479
Sage Therapeutics, Inc. ^(a)	2,824	117,422
Sorrento Therapeutics, Inc. ^{(a)(b)}	3,652	22,934
United Therapeutics Corp. ^(a)	593	71,753
Vertex Pharmaceuticals, Inc. ^(a)	2,113	613,425
Vir Biotechnology, Inc. ^(a)	263	10,775
		6,523,936
Building Products — 0.7%		
Advanced Drainage Systems, Inc.	2,226	109,965
Allegion plc.	8,006	818,373
Owens Corning	479	26,709
Resideo Technologies, Inc. ^(a)	5,472	64,132
Trex Co., Inc. ^(a)	818	106,397
		1,125,576
Capital Markets — 3.1%		
Affiliated Managers Group, Inc.	814	60,692
Ameriprise Financial, Inc.	2,272	340,891
Bank of New York Mellon Corp. (The)	3,928	151,817
Cboe Global Markets, Inc.	1,669	155,684
Charles Schwab Corp. (The)	14,435	487,037
CME Group, Inc.	4,208	683,968
E*TRADE Financial Corp.	579	28,794
FactSet Research Systems, Inc.	1,223	401,719
Franklin Resources, Inc.	1,310	27,471
Intercontinental Exchange, Inc.	5,943	544,379
Invesco Ltd. ^(b)	5,031	54,133
Moody's Corp.	1,450	398,358
Northern Trust Corp.	722	57,283
S&P Global, Inc.	3,852	1,269,157
State Street Corp.	2,360	149,978
T. Rowe Price Group, Inc.	746	92,131
TD Ameritrade Holding Corp.	1,394	50,714
Westwood Holdings Group, Inc.	1,973	31,075
		4,985,281
Chemicals — 1.7%		
Air Products & Chemicals, Inc.	3,262	787,642
Dow, Inc.	2,129	86,778
Ecolab, Inc. ^(b)	4,826	960,133
FMC Corp.	180	17,932
Ingevity Corp. ^(a)	997	52,412
Linde plc	634	134,478
LyondellBasell Industries NV, Class A	1,103	72,489
Minerals Technologies, Inc.	824	38,670

Schedule of Investments (unaudited) (continued)

June 30, 2020

BlackRock Advantage U.S. Total Market V.I. Fund
(Percentages shown are based on Net Assets)

Security	Shares	Value
Chemicals (continued)		
Mosaic Co. (The)	14,309	\$ 179,006
Scotts Miracle-Gro Co. (The)	530	71,269
Sherwin-Williams Co. (The)	443	255,988
Trinseo SA	1,284	28,453
		2,685,250
Commercial Services & Supplies — 0.3%		
Cintas Corp.	1,385	368,909
MSA Safety, Inc. ^(b)	834	95,443
		464,352
Communications Equipment — 1.0%		
Acacia Communications, Inc. ^(a)	200	13,438
Cisco Systems, Inc.	34,216	1,595,834
CommScope Holding Co., Inc. ^(a)	1,911	15,919
Motorola Solutions, Inc.	306	42,880
		1,668,071
Construction & Engineering — 0.7%		
Comfort Systems USA, Inc.	8,681	353,751
EMCOR Group, Inc.	8,044	532,030
MasTec, Inc. ^(a)	6,021	270,162
		1,155,943
Construction Materials — 0.0%		
Vulcan Materials Co.	223	25,834
Consumer Finance — 0.6%		
Ally Financial, Inc.	15,224	301,892
American Express Co.	4,900	466,480
Discover Financial Services	113	5,660
FirstCash, Inc.	758	51,150
LendingTree, Inc. ^(a)	398	115,233
		940,415
Containers & Packaging — 0.0%		
WestRock Co.	957	27,045
Diversified Consumer Services — 0.4%		
Bright Horizons Family Solutions, Inc. ^(a)	1,645	192,794
Chegg, Inc. ^(a)	361	24,281
Graham Holdings Co., Class B	146	50,030
H&R Block, Inc.	22,179	316,716
		583,821
Diversified Financial Services — 0.8%		
Berkshire Hathaway, Inc., Class B ^(a)	7,096	1,266,707
Diversified Telecommunication Services — 0.9%		
AT&T, Inc.	22,950	693,779
CenturyLink, Inc.	2,707	27,151
Verizon Communications, Inc.	12,816	706,546
		1,427,476
Electric Utilities — 1.6%		
ALLETE, Inc.	1,774	96,878
Alliant Energy Corp. ^(b)	9,313	445,534
El Paso Electric Co.	214	14,338
Eversource Energy	6,405	533,344
Exelon Corp.	403	14,625
IDACORP, Inc.	8,494	742,121
NextEra Energy, Inc.	966	232,004
Pinnacle West Capital Corp.	4,192	307,232

Security	Shares	Value
Electric Utilities (continued)		
Xcel Energy, Inc.	2,080	\$ 130,000
		2,516,076
Electrical Equipment — 0.7%		
AMETEK, Inc.	4,754	424,865
Generac Holdings, Inc. ^(a)	1,019	124,247
Hubbell, Inc.	3,862	484,140
Rockwell Automation, Inc.	188	40,044
		1,073,296
Electronic Equipment, Instruments & Components — 0.4%		
Avnet, Inc.	8,521	237,608
National Instruments Corp.	9,244	357,835
		595,443
Energy Equipment & Services — 0.3%		
Archrock, Inc. ^(b)	27,487	178,391
ChampionX Corp. ^(a)	4,883	47,658
Schlumberger Ltd.	11,714	215,420
Seadrill Ltd. ^(a)	29	13
TechnipFMC plc.	20,037	137,053
		578,535
Entertainment — 0.8%		
Activision Blizzard, Inc.	2,306	175,025
Electronic Arts, Inc. ^(a)	155	20,468
Netflix, Inc. ^(a)	2,187	995,173
Zynga, Inc., Class A ^(a)	5,636	53,767
		1,244,433
Equity Real Estate Investment Trusts (REITs) — 3.1%		
Alexandria Real Estate Equities, Inc.	1,252	203,137
American Campus Communities, Inc.	2,374	82,995
American Tower Corp.	2,951	762,952
AvalonBay Communities, Inc.	1,591	246,032
Boston Properties, Inc.	8,938	807,816
Camden Property Trust	1,400	127,708
Crown Castle International Corp.	337	56,397
Equity Residential	8,730	513,499
Essex Property Trust, Inc.	403	92,355
Federal Realty Investment Trust	474	40,390
Host Hotels & Resorts, Inc.	20,079	216,652
Life Storage, Inc.	445	42,253
Macerich Co. (The) ^(b)	2,192	19,662
National Retail Properties, Inc.	488	17,314
Outfront Media, Inc.	2,886	40,895
Park Hotels & Resorts, Inc.	24,904	246,301
Prologis, Inc.	7,949	741,880
QTS Realty Trust, Inc., Class A	899	57,617
Realty Income Corp.	2,016	119,952
Regency Centers Corp.	844	38,731
RLJ Lodging Trust ^(b)	30,209	285,173
SBA Communications Corp.	621	185,008
Simon Property Group, Inc.	743	50,806
Ventas, Inc.	858	31,420
Welltower, Inc.	1,300	67,275
		5,094,220
Food & Staples Retailing — 1.5%		
Costco Wholesale Corp.	7,766	2,354,729
Performance Food Group Co. ^(a)	1,079	31,442
		2,386,171

Schedule of Investments (unaudited) (continued)

June 30, 2020

BlackRock Advantage U.S. Total Market V.I. Fund
(Percentages shown are based on Net Assets)

Security	Shares	Value
Food Products — 1.5%		
Campbell Soup Co. ^(b)	664	\$ 32,954
General Mills, Inc.	14,412	888,500
Hershey Co. (The)	6,537	847,326
Lamb Weston Holdings, Inc.	1,672	106,891
Lancaster Colony Corp.	2,636	408,553
Mondelez International, Inc., Class A	1,468	75,059
		2,359,283
Gas Utilities — 0.2%		
Southwest Gas Holdings, Inc.	2,215	152,946
UGI Corp.	5,850	186,030
		338,976
Health Care Equipment & Supplies — 2.9%		
Abbott Laboratories ^(b)	12,265	1,121,389
Danaher Corp.	2,015	356,312
Dentsply Sirona, Inc.	491	21,633
DexCom, Inc. ^(a)	249	100,945
Edwards Lifesciences Corp. ^(a)	12,809	885,230
Globus Medical, Inc., Class A ^(a)	1,115	53,197
Haemonetics Corp. ^(a)	318	28,480
Hologic, Inc. ^{(a)(b)}	744	42,408
IDEXX Laboratories, Inc. ^(a)	2,007	662,631
LivaNova plc ^(a)	1,483	71,377
Medtronic plc	4,624	424,021
Sientra, Inc. ^{(a)(b)}	15,403	59,610
SmileDirectClub, Inc. ^{(a)(b)}	4,290	33,891
STERIS plc	206	31,609
Stryker Corp.	2,701	486,693
West Pharmaceutical Services, Inc.	1,220	277,147
		4,656,573
Health Care Providers & Services — 3.3%		
AmerisourceBergen Corp.	2,078	209,400
AMN Healthcare Services, Inc. ^{(a)(b)}	646	29,225
Anthem, Inc.	2,915	766,587
Brookdale Senior Living, Inc. ^(a)	6,004	17,712
Cardinal Health, Inc.	3,833	200,044
Cigna Corp.	1,992	373,799
CVS Health Corp.	11,855	770,219
HCA Healthcare, Inc.	1,975	191,693
Humana, Inc.	64	24,816
Laboratory Corp. of America Holdings ^(a)	654	108,636
McKesson Corp.	3,921	601,560
Quest Diagnostics, Inc.	2,010	229,060
UnitedHealth Group, Inc.	6,100	1,799,195
		5,321,946
Health Care Technology — 0.4%^(a)		
Allscripts Healthcare Solutions, Inc.	2,231	15,104
Teladoc Health, Inc.	1,404	267,939
Veeva Systems, Inc., Class A	1,624	380,698
		663,741
Hotels, Restaurants & Leisure — 1.8%		
Boyd Gaming Corp.	9,492	198,383
Brinker International, Inc.	1,079	25,896
Chipotle Mexican Grill, Inc. ^(a)	150	157,854
Choice Hotels International, Inc.	614	48,445
Churchill Downs, Inc.	180	23,967
Cracker Barrel Old Country Store, Inc.	751	83,293
Darden Restaurants, Inc.	4,318	327,175
Dave & Buster's Entertainment, Inc.	5,939	79,167
Domino's Pizza, Inc.	601	222,033

Security	Shares	Value
Hotels, Restaurants & Leisure (continued)		
Extended Stay America, Inc.	11,948	\$ 133,698
International Game Technology plc	4,395	39,116
McDonald's Corp.	2,227	410,815
Penn National Gaming, Inc. ^(a)	4,545	138,804
Scientific Games Corp., Class A ^(a)	2,812	43,474
Texas Roadhouse, Inc. ^(b)	5,659	297,494
Vail Resorts, Inc.	426	77,596
Wingstop, Inc.	1,200	166,764
Wyndham Destinations, Inc.	791	22,290
Wyndham Hotels & Resorts, Inc.	878	37,420
Yum! Brands, Inc.	5,095	442,806
		2,976,490
Household Durables — 0.2%		
DR Horton, Inc.	1,346	74,636
Helen of Troy Ltd. ^(a)	1,088	205,153
LGI Homes, Inc. ^(a)	351	30,898
		310,687
Household Products — 1.7%		
Church & Dwight Co., Inc.	5,085	393,071
Clorox Co. (The)	1,409	309,092
Colgate-Palmolive Co.	3,009	220,439
Procter & Gamble Co. (The)	14,972	1,790,202
		2,712,804
Industrial Conglomerates — 0.9%		
3M Co.	236	36,814
Carlisle Cos., Inc.	1,912	228,809
Honeywell International, Inc.	5,418	783,388
Roper Technologies, Inc.	942	365,741
		1,414,752
Insurance — 1.9%		
Alleghany Corp.	68	33,261
Allstate Corp. (The)	496	48,107
Arthur J Gallagher & Co.	2,645	257,861
Brown & Brown, Inc.	3,968	161,736
Cincinnati Financial Corp.	12,104	775,019
CNO Financial Group, Inc.	1,558	24,258
First American Financial Corp.	3,762	180,651
Globe Life, Inc.	3,194	237,091
Hanover Insurance Group, Inc. (The)	332	33,642
Hartford Financial Services Group, Inc. (The) ^(b)	1,058	40,786
Marsh & McLennan Cos., Inc.	3,123	335,316
Progressive Corp. (The)	685	54,875
Prudential Financial, Inc.	10,559	643,043
Reinsurance Group of America, Inc.	564	44,240
Unum Group	4,415	73,245
Willis Towers Watson plc	667	131,366
		3,074,497
Interactive Media & Services — 5.0%^(a)		
Alphabet, Inc., Class A	1,963	2,783,632
Alphabet, Inc., Class C	1,520	2,148,687
Facebook, Inc., Class A	10,039	2,279,556
Twitter, Inc.	9,188	273,711
Yelp, Inc.	1,798	41,588
ZoomInfo Technologies, Inc., Class A	10,613	541,581
		8,068,755
Internet & Direct Marketing Retail — 5.0%		
Amazon.com, Inc. ^(a)	2,760	7,614,343
eBay, Inc.	5,345	280,345

Schedule of Investments (unaudited) (continued)

June 30, 2020

BlackRock Advantage U.S. Total Market V.I. Fund
(Percentages shown are based on Net Assets)

Security	Shares	Value
Internet & Direct Marketing Retail (continued)		
Etsy, Inc. ^(a)	828	\$ 87,958
Grubhub, Inc. ^(a)	473	33,252
Wayfair, Inc., Class A ^(a)	734	145,046
		8,160,944
IT Services — 4.6%		
Accenture plc, Class A	561	120,458
Automatic Data Processing, Inc.	10,099	1,503,640
Broadridge Financial Solutions, Inc.	558	70,414
Cognizant Technology Solutions Corp., Class A	355	20,171
Fiserv, Inc. ^(a)	857	83,660
Gartner, Inc. ^(a)	262	31,788
Jack Henry & Associates, Inc.	925	170,228
ManTech International Corp., Class A	747	51,162
Mastercard, Inc., Class A	4,590	1,357,263
Paychex, Inc.	13,345	1,010,884
PayPal Holdings, Inc. ^(a)	11,172	1,946,498
Perspecta, Inc.	881	20,466
Unisys Corp. ^(a)	2,515	27,439
VeriSign, Inc. ^(a)	104	21,510
Visa, Inc., Class A	5,585	1,078,854
		7,514,435
Life Sciences Tools & Services — 0.4%		
Mettler-Toledo International, Inc. ^(a)	325	261,804
PRA Health Sciences, Inc. ^(a)	140	13,621
Repligen Corp. ^(a)	175	21,632
Thermo Fisher Scientific, Inc.	828	300,017
Waters Corp. ^(a)	530	95,612
		692,686
Machinery — 1.8%		
AGCO Corp.	606	33,609
Deere & Co.	1,422	223,467
IDEX Corp.	506	79,968
Illinois Tool Works, Inc.	6,194	1,083,021
Middleby Corp. (The) ^(a)	372	29,366
Oshkosh Corp.	4,037	289,130
PACCAR, Inc.	7,295	546,031
Snap-on, Inc. ^(b)	2,486	344,336
Stanley Black & Decker, Inc.	319	44,462
Toro Co. (The)	557	36,951
Xylem, Inc.	2,935	190,658
		2,900,999
Media — 1.5%		
AMC Networks, Inc., Class A ^(a)	1,971	46,102
Cable One, Inc.	28	49,696
Comcast Corp., Class A	11,430	445,541
Gray Television, Inc. ^(a)	5,038	70,280
iHeartMedia, Inc., Class A ^{(a)(b)}	5,794	48,380
Interpublic Group of Cos., Inc. (The)	45,586	782,256
Liberty Media Corp.-Liberty SiriusXM, Class A ^(a)	447	15,431
Nexstar Media Group, Inc., Class A	409	34,229
Omnicom Group, Inc.	322	17,581
Sirius XM Holdings, Inc.	161,101	945,663
ViacomCBS, Inc. ^(b)	1,307	30,479
		2,485,638
Metals & Mining — 0.4%		
Alcoa Corp. ^(a)	14,899	167,465
Materion Corp.	1,990	122,365
Newmont Corp.	506	31,240
Reliance Steel & Aluminum Co.	480	45,566

Security	Shares	Value
Metals & Mining (continued)		
Royal Gold, Inc.	1,464	\$ 182,005
Steel Dynamics, Inc.	2,155	56,224
		604,865
Multiline Retail — 0.4%		
Dollar General Corp.	1,264	240,805
Target Corp.	3,835	459,931
		700,736
Multi-Utilities — 0.5%		
Ameren Corp.	4,852	341,387
CMS Energy Corp.	6,649	388,434
Consolidated Edison, Inc.	1,060	76,246
		806,067
Oil, Gas & Consumable Fuels — 1.8%		
Cheniere Energy, Inc. ^(a)	408	19,715
Chevron Corp.	5,912	527,528
Concho Resources, Inc.	779	40,119
ConocoPhillips	4,225	177,534
Continental Resources, Inc.	3,489	61,162
Devon Energy Corp.	7,909	89,688
EOG Resources, Inc.	9,536	483,094
Exxon Mobil Corp.	7,640	341,661
Marathon Oil Corp. ^(b)	57,906	354,385
Marathon Petroleum Corp.	2,167	81,002
ONEOK, Inc.	537	17,839
PBF Energy, Inc., Class A	3,747	38,369
Phillips 66	1,866	134,165
Teekay Corp. ^{(a)(b)}	10,158	24,379
Valero Energy Corp.	4,191	246,515
Williams Cos., Inc. (The)	17,091	325,071
		2,962,226
Paper & Forest Products — 0.4%		
Boise Cascade Co.	8,818	331,645
Domtar Corp.	10,047	212,092
Verso Corp., Class A ^(b)	5,575	66,677
		610,414
Pharmaceuticals — 4.1%		
Bristol-Myers Squibb Co.	11,797	693,664
Elanco Animal Health, Inc. ^(a)	2,826	60,618
Eli Lilly & Co.	4,418	725,347
Evolus, Inc. ^(a)	4,007	21,237
Johnson & Johnson	11,204	1,575,618
Merck & Co., Inc.	20,861	1,613,181
Mylan NV ^(a)	3,683	59,223
Pfizer, Inc.	25,021	818,187
Prestige Consumer Healthcare, Inc. ^(a)	2,330	87,515
Zoetis, Inc.	6,830	935,983
		6,590,573
Professional Services — 0.2%		
IHS Markit Ltd.	1,226	92,563
Robert Half International, Inc.	4,200	221,886
		314,449
Real Estate Management & Development — 0.1%		
CBRE Group, Inc., Class A ^(a)	2,146	97,042

Schedule of Investments (unaudited) (continued)

June 30, 2020

BlackRock Advantage U.S. Total Market V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
Road & Rail — 1.0%		
AMERCO	551	\$ 166,507
Covenant Transportation Group, Inc., Class A ^(a)	1,496	21,587
CSX Corp.	4,300	299,882
Landstar System, Inc.	892	100,181
Lyft, Inc., Class A ^(a)	2,096	69,189
Norfolk Southern Corp.	2,018	354,300
Uber Technologies, Inc. ^(a)	2,973	92,401
Union Pacific Corp.	2,488	420,646
Universal Logistics Holdings, Inc.	3,296	57,284
		<hr/>
		1,581,977
Semiconductors & Semiconductor Equipment — 3.9%		
Applied Materials, Inc.	8,561	517,513
Cirrus Logic, Inc. ^(a)	7,760	479,413
Intel Corp.	28,643	1,713,711
Lam Research Corp.	1,633	528,210
Monolithic Power Systems, Inc.	75	17,775
NVIDIA Corp.	5,362	2,037,077
Skyworks Solutions, Inc.	3,474	444,186
Texas Instruments, Inc.	4,592	583,046
Xilinx, Inc.	703	69,168
		<hr/>
		6,390,099
Software — 10.3%		
8x8, Inc. ^(a)	10,970	175,520
Adobe, Inc. ^(a)	4,604	2,004,167
Atlassian Corp. plc, Class A ^(a)	1,539	277,436
Autodesk, Inc. ^(a)	623	149,015
Box, Inc., Class A ^(a)	8,482	176,086
Cadence Design Systems, Inc. ^(a)	274	26,293
Citrix Systems, Inc.	1,685	249,228
Cloudflare, Inc., Class A ^(a)	4,970	178,672
DocuSign, Inc. ^(a)	1,840	316,866
HubSpot, Inc. ^(a)	938	210,440
Intuit, Inc.	3,082	912,858
LogMeIn, Inc.	250	21,193
Microsoft Corp.	44,740	9,105,037
New Relic, Inc. ^(a)	399	27,491
Paycomity Holding Corp. ^(a)	268	39,099
RingCentral, Inc., Class A ^(a)	1,080	307,811
salesforce.com, Inc. ^(a)	3,138	587,842
ServiceNow, Inc. ^(a)	912	369,415
Slack Technologies, Inc., Class A ^(a)	6,961	216,417
Smartsheet, Inc., Class A ^(a)	3,919	199,555
Teradata Corp. ^(a)	2,446	50,877
VMware, Inc., Class A ^(a)	904	139,993
Workday, Inc., Class A ^(a)	1,056	197,852
Zendesk, Inc. ^(a)	452	40,016
Zoom Video Communications, Inc., Class A ^(a)	1,602	406,171
Zscaler, Inc. ^(a)	1,837	201,152
		<hr/>
		16,586,502
Specialty Retail — 2.4%		
Abercrombie & Fitch Co., Class A ^(b)	7,318	77,863
Bed Bath & Beyond, Inc.	9,779	103,657
Best Buy Co., Inc.	2,868	250,290
Home Depot, Inc. (The)	7,864	1,970,011
Lowe's Cos., Inc.	7,815	1,055,963
Michaels Cos., Inc. (The) ^(a)	25,623	181,155
TJX Cos., Inc. (The)	3,532	178,578
		<hr/>
		3,817,517

Security	Shares	Value
Technology Hardware, Storage & Peripherals — 4.9%		
Apple, Inc.	21,195	\$ 7,731,936
HP, Inc.	7,582	132,154
NetApp, Inc.	516	22,895
		<hr/>
		7,886,985
Textiles, Apparel & Luxury Goods — 0.8%		
Deckers Outdoor Corp. ^(a)	215	42,224
Lululemon Athletica, Inc. ^(a)	1,163	362,868
NIKE, Inc., Class B	8,506	834,013
VF Corp.	1,203	73,311
		<hr/>
		1,312,416
Thriffs & Mortgage Finance — 0.1%		
MGIC Investment Corp.	11,465	93,899
Premier Financial Corp.	196	3,463
		<hr/>
		97,362
Tobacco — 0.0%		
Altria Group, Inc.	1,814	71,199
		<hr/>
Trading Companies & Distributors — 0.6%		
GATX Corp. ^(b)	9,263	564,858
SiteOne Landscape Supply, Inc. ^(a)	327	37,268
WESCO International, Inc. ^(a)	683	23,980
WW Grainger, Inc.	905	284,315
		<hr/>
		910,421
Water Utilities — 0.7%		
American Water Works Co., Inc.	9,216	1,185,731
		<hr/>
Wireless Telecommunication Services — 0.4%		
Telephone & Data Systems, Inc.	17,351	344,938
United States Cellular Corp. ^(a)	7,771	239,891
		<hr/>
		584,829
Total Common Stocks — 96.9%		
(Cost: \$143,884,192)		<hr/>
		156,401,230
Rights — 0.0%		
Pharmaceuticals — 0.0%^(a)		
Bristol-Myers Squibb Co.	3,948	14,134
		<hr/>
Total Rights — 0.0%		
(Cost: \$8,409)		<hr/>
		14,134
Total Long-Term Investments — 96.9%		
(Cost: \$143,892,601)		<hr/>
		156,415,364
Short-Term Securities — 5.9%^(c)		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.11%	4,362,928	4,362,928
JPMorgan U.S. Treasury Plus Money Market Fund, Agency Class, 0.05%	20,715	20,715
SL Liquidity Series, LLC, Money Market Series, 0.50% ^(d)	5,196,606	5,200,764
		<hr/>
Total Short-Term Securities — 5.9%		
(Cost: \$9,584,661)		<hr/>
		9,584,407
Total Investments — 102.8%		
(Cost: \$153,477,262)		<hr/>
		165,999,771
Liabilities in Excess of Other Assets — (2.8)%		
		<hr/>
		(4,577,648)
Net Assets — 100.0%		
		<hr/>
		\$ 161,422,123

June 30, 2020

^(a) Non-income producing security.

^(b) All or a portion of this security is on loan.

^(c) Annualized 7-day yield as of period end.

^(d) All or a portion of this security was purchased with the cash collateral from loaned securities.

* Investments in issuers considered to be an affiliate/affiliates of the Fund during the six months ended June 30, 2020 for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

<i>Affiliated Issuer</i>	<i>Shares Held at 12/31/19</i>	<i>Shares Purchased</i>	<i>Shares Sold</i>	<i>Shares Held at 06/30/20</i>	<i>Value at 06/30/20</i>	<i>Income</i>	<i>Net Realized Gain (Loss) ^(a)</i>	<i>Change in Unrealized Appreciation (Depreciation)</i>
BlackRock Liquidity Funds, T-Fund, Institutional Class ^(b)	1,117,321	3,245,607	—	4,362,928	\$ 4,362,928	\$ 6,212	\$ —	\$ —
SL Liquidity Series, LLC, Money Market Series ^(b)	8,995,175	—	(3,798,569)	5,196,606	5,200,764	26,298 ^(c)	(6,430)	(398)
					<u>\$ 9,563,692</u>	<u>\$ 32,510</u>	<u>\$ (6,430)</u>	<u>\$ (398)</u>

^(a) Includes net capital gain distributions, if applicable.

^(b) Represents net shares purchased (sold).

^(c) All or a portion represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

For Fund compliance purposes, the Fund's industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

June 30, 2020

Derivative Financial Instruments Outstanding as of Period End**Futures Contracts**

Description	Number of Contracts	Expiration Date	Notional Amount (000)	Value/ Unrealized Appreciation (Depreciation)
Long Contracts				
S&P 500 E-Mini Index	34	09/18/20	\$ 5,253	\$ 96,295

Derivative Financial Instruments Categorized by Risk Exposure

As of period end, the fair values of derivative financial instruments located in the Statement of Assets and Liabilities were as follows:

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Assets — Derivative Financial Instruments							
Futures contracts							
Unrealized appreciation on futures contracts ^(a)	\$ —	\$ —	\$ 96,295	\$ —	\$ —	\$ —	\$ 96,295

^(a) Net cumulative unrealized appreciation (depreciation) on futures contracts, if any, are reported in the Schedule of Investments. In the Statement of Assets and Liabilities, only current day's variation margin is reported in receivables or payables and the net cumulative unrealized appreciation (depreciation) is included in accumulated earnings (loss).

For the six months ended June 30, 2020, the effect of derivative financial instruments in the Statement of Operations was as follows:

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Net Realized Gain (Loss) from:							
Futures contracts	\$ —	\$ —	\$ 278,283	\$ —	\$ —	\$ —	\$ 278,283
Net Change in Unrealized Appreciation (Depreciation) on:							
Futures contracts	—	—	80,714	—	—	—	80,714

Average Quarterly Balances of Outstanding Derivative Financial Instruments

Futures contracts:	
Average notional value of contracts — long	\$ 4,810,915

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

June 30, 2020

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments	\$ 156,415,364	\$ —	\$ —	\$ 156,415,364
Short-Term Securities	4,383,643	—	—	4,383,643
Subtotal	<u>\$ 160,799,007</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 160,799,007</u>
Investments valued at NAV ^(a)				5,200,764
Total Investments				<u>\$ 165,999,771</u>
Derivative Financial Instruments ^(b)				
Assets:				
Equity contracts	<u>\$ 96,295</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 96,295</u>

The breakdown of the Fund's investments into major categories is disclosed in the Schedule of Investments above.

^(a) Certain investments of the Fund were fair valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

^(b) Derivative financial instruments are futures contracts. Futures contracts are valued at the unrealized appreciation (depreciation) on the instrument.

See notes to financial statements.

Statement of Assets and Liabilities (unaudited)

June 30, 2020

BlackRock
Advantage U.S.
Total Market V.I.
Fund

ASSETS

Investments at value — unaffiliated (including securities loaned at value of \$5,053,350) (cost — \$143,913,316)	\$ 156,436,079
Investments at value — affiliated (cost — \$9,563,946)	9,563,692
Cash	259
Cash pledged for futures contracts	388,000
Foreign currency at value (cost — \$785)	718
Receivables:	
Investments sold	1,286,874
Securities lending income — affiliated	6,710
Capital shares sold	66
Dividends — affiliated	393
Dividends — unaffiliated	114,928
From affiliate(s)	781
Variation margin on futures contracts	68,705
Prepaid expenses	1,887
Total assets	<u>167,869,092</u>

LIABILITIES

Cash collateral on securities loaned at value	5,199,290
Payables:	
Investments purchased	904,906
Capital shares redeemed	64,793
Distribution fees	1,401
Investment advisory fees	61,675
Other affiliates	1,211
Transfer agent fees	79,810
Other accrued expenses	133,883
Total liabilities	<u>6,446,969</u>

NET ASSETS \$ **161,422,123**

NET ASSETS CONSIST OF

Paid-in capital	\$ 146,879,727
Accumulated earnings	14,542,396
NET ASSETS	<u>\$ 161,422,123</u>

NET ASSET VALUE

Class I — Based on net assets of \$153,598,062 and 6,391,590 shares outstanding, 100 million shares authorized, \$0.10 par value	\$ 24.03
Class II — Based on net assets of \$2,748,590 and 114,771 shares outstanding, 100 million shares authorized, \$0.10 par value	\$ 23.95
Class III — Based on net assets of \$5,075,471 and 319,129 shares outstanding, 10 million shares authorized, \$0.10 par value	<u>\$ 15.90</u>

See notes to financial statements.

Statement of Operations (unaudited)
Six Months Ended June 30, 2020

BlackRock
Advantage U.S.
Total Market V.I.
Fund

INVESTMENT INCOME

Dividends — affiliated	\$ 6,212
Dividends — unaffiliated	1,419,684
Securities lending income — affiliated — net	26,298
Foreign taxes withheld	(77)
Total investment income	1,452,117

EXPENSES

Investment advisory	594,947
Transfer agent — class specific	191,933
Accounting services	25,623
Professional	25,436
Custodian	15,164
Printing	8,985
Distribution — class specific	8,410
Directors and Officer	3,282
Transfer agent	2,488
Miscellaneous	2,609
Total expenses	878,877
Less:	
Fees waived and/or reimbursed by the Manager	(242,798)
Transfer agent fees waived and/or reimbursed — class specific	(191,933)
Total expenses after fees waived and/or reimbursed	444,146
Net investment income	1,007,971

REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:	
Investments — affiliated	(6,430)
Investments — unaffiliated	(851,916)
Futures contracts	278,283
	<u>(580,063)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments — affiliated	(398)
Investments — unaffiliated	(5,327,475)
Foreign currency translations	(33)
Futures contracts	80,714
	<u>(5,247,192)</u>
Net realized and unrealized loss	(5,827,255)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (4,819,284)

See notes to financial statements.

Statements of Changes in Net Assets

	BlackRock Advantage U.S. Total Market V.I. Fund	
	Six Months Ended 06/30/20 (unaudited)	Year Ended 12/31/19
<i>INCREASE (DECREASE) IN NET ASSETS</i>		
OPERATIONS		
Net investment income	\$ 1,007,971	\$ 2,979,432
Net realized gain (loss)	(580,063)	17,736,348
Net change in unrealized appreciation (depreciation)	(5,247,192)	34,104,578
Net increase (decrease) in net assets resulting from operations	<u>(4,819,284)</u>	<u>54,820,358</u>
DISTRIBUTIONS TO SHAREHOLDERS ^(a)		
Class I	—	(15,857,138)
Class II	—	(284,705)
Class III	—	(782,251)
Decrease in net assets resulting from distributions to shareholders	<u>—</u>	<u>(16,924,094)</u>
CAPITAL SHARE TRANSACTIONS		
Net decrease in net assets derived from capital share transactions	<u>(11,057,757)</u>	<u>(87,387,941)</u>
NET ASSETS		
Total decrease in net assets	(15,877,041)	(49,491,677)
Beginning of period	177,299,164	226,790,841
End of period	<u>\$ 161,422,123</u>	<u>\$ 177,299,164</u>

^(a) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

See notes to financial statements.

Financial Highlights

(For a share outstanding throughout each period)

	BlackRock Advantage U.S. Total Market V.I. Fund					
	Class I					
	Six Months Ended	Year Ended December 31,				
	06/30/20	2019	2018	2017	2016	2015
	(unaudited)					
Net asset value, beginning of period	\$ 24.65	\$ 21.11	\$ 25.63	\$ 27.93	\$ 23.24	\$ 26.96
Net investment income ^(a)	0.15	0.35	0.34	0.26 ^(b)	0.07	0.07
Net realized and unrealized gain (loss)	(0.77)	5.74	(2.00)	3.60	5.43	(1.80)
Net increase (decrease) from investment operations	(0.62)	6.09	(1.66)	3.86	5.50	(1.73)
Distributions ^(c)						
From net investment income	—	(0.44)	(0.34)	(0.27)	(0.07)	(0.07)
From net realized gain	—	(2.11)	(2.52)	(5.89)	(0.74)	(1.92)
From return of capital	—	—	—	—	—	(0.00) ^(d)
Total distributions	—	(2.55)	(2.86)	(6.16)	(0.81)	(1.99)
Net asset value, end of period	\$ 24.03	\$ 24.65	\$ 21.11	\$ 25.63	\$ 27.93	\$ 23.24
Total Return ^(e)						
Based on net asset value	(2.52)% ^(f)	28.98%	(6.39)%	14.05%	23.65%	(6.61)%
Ratios to Average Net Assets						
Total expenses	1.10% ^(g)	1.02%	1.03%	1.05%	1.01%	1.01%
Total expenses after fees waived and/or reimbursed	0.55% ^(g)	0.55%	0.55%	0.71%	0.92%	0.90%
Net investment income	1.28% ^(g)	1.45%	1.31%	0.91% ^(b)	0.28%	0.26%
Supplemental Data						
Net assets, end of period (000)	\$ 153,598	\$ 168,415	\$ 218,976	\$ 261,872	\$ 250,567	\$ 220,681
Portfolio turnover rate	61%	135%	150%	179%	78%	61%

^(a) Based on average shares outstanding.

^(b) Net investment income per share and the ratio of net investment income to average net assets includes \$0.05 per share and 0.18%, respectively, resulting from a non-recurring dividend.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Amount is greater than \$(0.005) per share.

^(e) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.

^(f) Aggregate total return.

^(g) Annualized.

See notes to financial statements.

Financial Highlights (continued)
(For a share outstanding throughout each period)

	BlackRock Advantage U.S. Total Market V.I. Fund					
	Class II					
	Six Months Ended 06/30/20 (unaudited)	Year Ended December 31,				
	2019	2018	2017	2016	2015	
Net asset value, beginning of period	\$ 24.58	\$ 21.06	\$ 25.57	\$ 27.88	\$ 23.21	\$ 26.91
Net investment income ^(a)	0.13	0.32	0.30	0.20 ^(b)	0.03	0.02
Net realized and unrealized gain (loss)	(0.76)	5.71	(1.99)	3.60	5.41	(1.77)
Net increase (decrease) from investment operations	(0.63)	6.03	(1.69)	3.80	5.44	(1.75)
Distributions ^(c)						
From net investment income	—	(0.40)	(0.30)	(0.22)	(0.03)	(0.03)
From net realized gain	—	(2.11)	(2.52)	(5.89)	(0.74)	(1.92)
From return of capital	—	—	—	—	—	(0.00) ^(d)
Total distributions	—	(2.51)	(2.82)	(6.11)	(0.77)	(1.95)
Net asset value, end of period	\$ 23.95	\$ 24.58	\$ 21.06	\$ 25.57	\$ 27.88	\$ 23.21
Total Return ^(e)						
Based on net asset value	(2.56)% ^(f)	28.77%	(6.53)%	13.85%	23.40%	(6.76)%
Ratios to Average Net Assets						
Total expenses	1.21% ^(g)	1.21%	1.22%	1.22%	1.20%	1.18%
Total expenses after fees waived and/or reimbursed	0.70% ^(g)	0.70%	0.70%	0.88%	1.09%	1.07%
Net investment income	1.13% ^(g)	1.29%	1.16%	0.72% ^(b)	0.10%	0.08%
Supplemental Data						
Net assets, end of period (000)	\$ 2,749	\$ 3,055	\$ 2,742	\$ 3,131	\$ 3,351	\$ 3,120
Portfolio turnover rate	61%	135%	150%	179%	78%	61%

^(a) Based on average shares outstanding.

^(b) Net investment income per share and the ratio of net investment income to average net assets includes \$0.05 per share and 0.17%, respectively, resulting from a non-recurring dividend.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Amount is greater than \$(0.005) per share.

^(e) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.

^(f) Aggregate total return.

^(g) Annualized.

See notes to financial statements.

Financial Highlights (continued)
(For a share outstanding throughout each period)

	BlackRock Advantage U.S. Total Market V.I. Fund					
	Class III					
	Six Months Ended 06/30/20 (unaudited)	Year Ended December 31,				
	2019	2018	2017	2016	2015	
Net asset value, beginning of period	\$ 16.33	\$ 14.66	\$ 18.74	\$ 21.89	\$ 18.36	\$ 21.73
Net investment income ^(a)	0.08	0.20	0.20	0.14 ^(b)	0.01	0.01
Net realized and unrealized gain (loss)	(0.51)	3.97	(1.46)	2.82	4.29	(1.43)
Net increase (decrease) from investment operations	(0.43)	4.17	(1.26)	2.96	4.30	(1.42)
Distributions ^(c)						
From net investment income	—	(0.39)	(0.30)	(0.22)	(0.03)	(0.03)
From net realized gain	—	(2.11)	(2.52)	(5.89)	(0.74)	(1.92)
From return of capital	—	—	—	—	—	(0.00) ^(d)
Total distributions	—	(2.50)	(2.82)	(6.11)	(0.77)	(1.95)
Net asset value, end of period	\$ 15.90	\$ 16.33	\$ 14.66	\$ 18.74	\$ 21.89	\$ 18.36
Total Return ^(e)						
Based on net asset value	(2.63)% ^(f)	28.65%	(6.65)%	13.83%	23.41%	(6.78)%
Ratios to Average Net Assets						
Total expenses	1.30% ^(g)	1.31%	1.32%	1.32%	1.29%	1.29%
Total expenses after fees waived and/or reimbursed	0.80% ^(g)	0.80%	0.80%	0.95%	1.11%	1.09%
Net investment income	1.03% ^(g)	1.19%	1.06%	0.65% ^(b)	0.08%	0.06%
Supplemental Data						
Net assets, end of period (000)	\$ 5,075	\$ 5,829	\$ 5,073	\$ 5,324	\$ 6,184	\$ 6,152
Portfolio turnover rate	61%	135%	150%	179%	78%	61%

^(a) Based on average shares outstanding.

^(b) Net investment income per share and the ratio of net investment income to average net assets includes \$0.04 per share and 0.17%, respectively, resulting from a non-recurring dividend.

^(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

^(d) Amount is greater than \$(0.005) per share.

^(e) Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.

^(f) Aggregate total return.

^(g) Annualized.

See notes to financial statements.

Notes to Financial Statements (unaudited)

1. ORGANIZATION

BlackRock Variable Series Funds, Inc. (the "Company") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Company is organized as a Maryland corporation that is comprised of 15 separate funds. The funds offer shares to insurance companies for their separate accounts to fund benefits under certain variable annuity and variable life insurance contracts. The financial statements presented are for BlackRock Advantage U.S. Total Market V.I. Fund (the "Fund"). The Fund is classified as diversified. Class I, Class II and Class III Shares have equal voting, dividend, liquidation and other rights, except that only shares of the respective classes are entitled to vote on matters concerning only that class. In addition, Class II and Class III Shares bear certain expenses related to the distribution of such shares.

The Fund, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the "Manager") or its affiliates, is included in a complex of equity, multi-asset, index and money market funds referred to as the BlackRock Multi-Asset Complex.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

Investment Transactions and Income Recognition: For financial reporting purposes, investment transactions are recorded on the dates the transactions are executed. Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income and non-cash dividend income, if any, are recorded on the ex-dividend date. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Fund is informed of the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Upon notification from issuers, a portion of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Income, expenses and realized and unrealized gains and losses are allocated daily to each class based on its relative net assets.

Foreign Currency Translation: The Fund's books and records are maintained in U.S. dollars. Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates determined as of the close of trading on the New York Stock Exchange ("NYSE"). Purchases and sales of investments are recorded at the rates of exchange prevailing on the respective dates of such transactions. Generally, when the U.S. dollar rises in value against a foreign currency, the investments denominated in that currency will lose value; the opposite effect occurs if the U.S. dollar falls in relative value.

The Fund does not isolate the portion of the results of operations arising as a result of changes in the exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in exchange rates on investments are not segregated in the Statement of Operations from the effects of changes in market prices of those investments, but are included as a component of net realized and unrealized gain (loss) from investments. The Fund reports realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are generally treated as ordinary income for U.S. federal income tax purposes.

Segregation and Collateralization: In cases where the Fund enters into certain investments (e.g., futures contracts) that would be treated as "senior securities" for 1940 Act purposes, the Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments. Doing so allows the investment to be excluded from treatment as a "senior security." Furthermore, if required by an exchange or counterparty agreement, the Fund may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

Distributions: Distributions paid by the Fund are recorded on the ex-dividend dates. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

Indemnifications: In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnification. The Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against the Fund, which cannot be predicted with any certainty.

Other: Expenses directly related to the Fund or its classes are charged to the Fund or the applicable class. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods. Expenses directly related to the Fund and other shared expenses prorated to the Fund are allocated daily to each class based on its relative net assets or other appropriate methods.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Investment Valuation Policies: The Fund's investments are valued at fair value (also referred to as "market value" within the financial statements) as of the close of trading on the NYSE (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund determines the fair values of its financial instruments using various independent dealers or pricing services under policies approved by the Board of Directors of the Company (the "Board"). If a security's market price is not readily available or does not otherwise accurately represent the fair value of the security, the security will be valued in accordance with a policy approved by the Board as reflecting fair value. The BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

Fair Value Inputs and Methodologies: The following methods and inputs are used to establish the fair value of the Fund's assets and liabilities:

Notes to Financial Statements (unaudited) (continued)

- Equity investments traded on a recognized securities exchange are valued at the official closing price each day, if available. For equity investments traded on more than one exchange, the official closing price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day may be valued at the last available bid (long positions) or ask (short positions) price.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of trading on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of trading on the NYSE that may not be reflected in the computation of the Fund's net assets. Each business day, the Fund uses a pricing service to assist with the valuation of certain foreign exchange-traded equity securities and foreign exchange-traded and over-the-counter ("OTC") options (the "Systematic Fair Value Price"). Using current market factors, the Systematic Fair Value Price is designed to value such foreign securities and foreign options at fair value as of the close of trading on the NYSE, which follows the close of the local markets.

- Investments in open-end U.S. mutual funds are valued at net asset value ("NAV") each business day.
- The Fund values its investment in SL Liquidity Series, LLC, Money Market Series (the "Money Market Series") at fair value, which is ordinarily based upon its pro rata ownership in the underlying fund's net assets. The Money Market Series seeks current income consistent with maintaining liquidity and preserving capital. Although the Money Market Series is not registered under the 1940 Act, its investments may follow the parameters of investments by a money market fund that is subject to Rule 2a-7 under the 1940 Act.
- Futures contract notional values are determined based on that day's last reported settlement price on the exchange where the contract is traded.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ("Fair Valued Investments"). The fair valuation approaches that may be used by the Global Valuation Committee will include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that the Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 — Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Fund has the ability to access
- Level 2 — Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)
- Level 3 — Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Global Valuation Committee's assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by privately held companies or funds. There may not be a secondary market, and/or there are a limited number of investors. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

As of June 30, 2020, certain investments of the Fund were fair valued using NAV per share or its equivalent as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

4. SECURITIES AND OTHER INVESTMENTS

Securities Lending: The Fund may lend its securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Fund collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. Government. The initial collateral received by the Fund is required to have a value of at least 102% of the current value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter at a value equal to at least 100% of the current market value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Fund and any additional required collateral is delivered to the Fund, or excess collateral returned by the Fund, on the next business day. During the term of the loan, the Fund is entitled to all distributions made on or in respect of the loaned securities, but does not receive interest income on securities received as collateral. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

The market value of any securities on loan, all of which were classified as common stocks in the Fund's Schedule of Investments, and the value of any related collateral are shown separately in the Statement of Assets and Liabilities as a component of investments at value – unaffiliated, and collateral on securities loaned at value, respectively.

Notes to Financial Statements (unaudited) (continued)

As of period end, any securities on loan were collateralized by cash and/or U.S. Government obligations. Cash collateral invested by the securities lending agent, BlackRock Investment Management, LLC ("BIM"), if any, is disclosed in the Schedule of Investments.

Securities lending transactions are entered into by the Fund under Master Securities Lending Agreements (each, an "MSLA"), which provide the right, in the event of default (including bankruptcy or insolvency), for the non-defaulting party to liquidate the collateral and calculate a net exposure to the defaulting party or request additional collateral. In the event that a borrower defaults, the Fund, as lender, would offset the market value of the collateral received against the market value of the securities loaned. When the value of the collateral is greater than that of the market value of the securities loaned, the lender is left with a net amount payable to the defaulting party. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of an MSLA counterparty's bankruptcy or insolvency. Under the MSLA, absent an event of default, the borrower can resell or re-pledge the loaned securities, and the Fund can reinvest cash collateral received in connection with loaned securities. Upon an event of default, the parties' obligations to return the securities or collateral to the other party are extinguished, and the parties can resell or re-pledge the loaned securities or the collateral received in connection with the loaned securities in order to satisfy the defaulting party's net payment obligation for all transactions under the MSLA. The defaulting party remains liable for any deficiency.

As of period end, the following table is a summary of the Fund's securities lending agreements by counterparty which are subject to offset under an MSLA:

<i>Counterparty</i>		<i>Securities Loaned at Value</i>	<i>Cash Collateral Received ^(a)</i>	<i>Net Amount</i>
Barclays Bank plc	\$	799,580	\$(799,580)	\$ —
Citigroup Global Markets, Inc.		1,860,331	(1,860,331)	—
Credit Suisse Securities (USA) LLC		1,609,863	(1,609,863)	—
Deutsche Bank Securities, Inc.		29,159	(29,159)	—
Goldman Sachs & Co.		122,750	(122,750)	—
JP Morgan Securities LLC		278,690	(278,690)	—
National Financial Services LLC		215,360	(215,360)	—
State Street Bank & Trust Co.		136,431	(136,431)	—
UBS Securities LLC		1,186	(1,186)	—
	\$	5,053,350	\$(5,053,350)	\$ —

^(a) Collateral received in excess of the market value of securities on loan is not presented in this table. The total cash collateral received by the Fund is disclosed in the Fund's Statement of Assets and Liabilities.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Fund benefits from a borrower default indemnity provided by BIM. BIM's indemnity allows for full replacement of the securities loaned to the extent the collateral received does not cover the value on the securities loaned in the event of borrower default. The Fund could incur a loss if the value of an investment purchased with cash collateral falls below the market value of loaned securities or if the value of an investment purchased with cash collateral falls below the value of the original cash collateral received. Such losses are borne entirely by the Fund.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund engages in various portfolio investment strategies using derivative contracts both to increase the returns of the Fund and/or to manage its exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Schedule of Investments. These contracts may be transacted on an exchange or OTC.

Futures Contracts: Futures contracts are purchased or sold to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk) and changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Amounts pledged, which are considered restricted, are included in cash pledged for futures contracts in the Statement of Assets and Liabilities.

Securities deposited as initial margin are designated in the Schedule of Investments and cash deposited, if any, are shown as cash pledged for futures contracts in the Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract ("variation margin"). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Statement of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statement of Operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

6. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Advisory: The Company, on behalf of the Fund, entered into an Investment Advisory Agreement with the Manager, the Fund's investment adviser and an indirect, wholly-owned subsidiary of BlackRock, Inc. ("BlackRock"), to provide investment advisory and administrative services. The Manager is responsible for the management of the Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of the Fund.

Notes to Financial Statements (unaudited) (continued)

For such services, the Fund pays the Manager a monthly fee at an annual rate equal to the following percentages of the average daily value of the Fund's net assets:

<i>Average Daily Net Assets</i>	<i>Investment Advisory Fees</i>
First \$1 Billion	0.75%
\$1 Billion - \$3 Billion	0.71
\$3 Billion - \$5 Billion	0.68
\$5 Billion - \$10 Billion	0.65
Greater than \$10 Billion	0.64

Distribution Fees: The Company, on behalf of the Fund, entered into a Distribution Agreement and a Distribution Plan with BlackRock Investments, LLC ("BRIL"), an affiliate of the Manager. Pursuant to the Distribution Plan and in accordance with Rule 12b-1 under the 1940 Act, the Fund pays BRIL ongoing distribution fees. The fees are accrued daily and paid monthly at annual rates based upon the average daily net assets of the relevant share class of the Fund as follows:

	<i>Distribution Fees</i>
Class II	0.15%
Class III	0.25

BRIL and broker-dealers, pursuant to sub-agreements with BRIL, provide shareholder servicing and distribution services to the Fund. The ongoing distribution fee compensates BRIL and each broker-dealer for providing shareholder distribution related services to shareholders.

For the six months ended June 30, 2020, the following table shows the class specific service and distribution fees borne directly by each share class of the Fund:

	<i>Distribution Fees</i>
Class II	\$ 2,067
Class III	6,343
	\$ 8,410

Transfer Agent: On behalf of the Fund, the Manager entered into agreements with insurance companies and other financial intermediaries ("Service Organizations"), some of which may be affiliates. Pursuant to these agreements, the Service Organizations provide the Fund with administrative, networking, recordkeeping, sub-transfer agency and shareholder services to underlying investor accounts. For these services, the Service Organizations receive an annual fee per shareholder account, which will vary depending on share class and/or net assets of Fund shareholders serviced by the Service Organizations which is shown as transfer agent – class specific. For the six months ended June 30, 2020, the Fund did not pay any amounts to affiliates in return for these services.

In addition, the Fund pays the transfer agent, which is not an affiliate, a fee for the issuance, transfer and redemption of shares and the opening and maintenance of shareholder accounts, which is included in transfer agent in the Statement of Operations.

For the six months ended June 30, 2020, the following table shows the class specific transfer agent fees borne directly by each share class of the Fund:

Class I	\$ 184,146
Class II	2,759
Class III	5,028
	\$ 191,933

Expense Limitations, Waivers and Reimbursements: The Manager contractually agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Manager indirectly through its investment in affiliated money market funds (the "affiliated money market fund waiver") through April 30, 2021. The contractual agreement may be terminated upon 90 days' notice by a majority of the directors who are not "interested persons" of the Company, as defined in the 1940 Act ("Independent Directors"), or by a vote of a majority of the outstanding voting securities of the Fund. The amount of waivers and/or reimbursements of fees and expenses made pursuant to the expense limitation described below will be reduced by the amount of the affiliated money market fund waiver. Prior to May 1, 2020, this waiver was voluntary. This amount is included in fees waived and/or reimbursed by the Manager in the Statement of Operations. For the six months ended June 30, 2020, the amount waived was \$1,136.

The Manager has contractually agreed to waive its investment advisory fee with respect to any portion of the Fund's assets invested in affiliated equity and fixed-income mutual funds and affiliated exchange-traded funds that have a contractual management fee through April 30, 2021. The contractual agreement may be terminated upon 90 days' notice by a majority of the Independent Directors, or by a vote of a majority of the outstanding voting securities of the Fund. For the six months ended June 30, 2020, there were no fees waived and/or reimbursed by the Manager pursuant to this arrangement.

For the six months ended June 30, 2020, the Fund reimbursed the Manager \$1,160 for certain accounting services, which is included in accounting services in the Statement of Operations.

The Manager has contractually agreed to reimburse certain transfer agent fees in order to limit such expenses to a percentage of average daily net assets as follows.

Class I	0.07%
Class II	0.09
Class III	0.01

Notes to Financial Statements (unaudited) (continued)

The Manager has agreed not to reduce or discontinue these contractual expense limitations through April 30, 2021, unless approved by the Board, including a majority of the Independent Directors, or by a vote of a majority of the outstanding voting securities of the Fund. These amounts waived and/or reimbursed are included in transfer agent fees waived and/or reimbursed — class specific in the Statement of Operations. For the six months ended June 30, 2020, class specific expense waivers and/or reimbursements were as follows:

	<i>Transfer Agent Fees Waived and/or Reimbursed</i>
Class I	\$ 131,569
Class II	1,521
Class III	4,782
	<u>\$ 137,872</u>

The Manager contractually agreed to waive and/or reimburse fees or expenses in order to limit expenses, excluding interest expense, dividend expense, tax expense, acquired fund fees and expenses, and certain other fund expenses, which constitute extraordinary expenses not incurred in the ordinary course of the Fund's business ("expense limitation"). The expense limitations as a percentage of average daily net assets were as follows:

Class I	0.55%
Class II	0.70
Class III	0.80

The Manager has agreed not to reduce or discontinue these contractual expense limitations through April 30, 2021, unless approved by the Board, including a majority of the Independent Directors, or by a vote of a majority of the outstanding voting securities of the Fund. For the six months ended June 30, 2020, the Manager waived and/or reimbursed \$241,662 and \$54,061, which is included in fees waived and/or reimbursed by the Manager and transfer agent fees waived and/or reimbursed - class specific, respectively in the Statement of Operations.

Securities Lending: The U.S. Securities and Exchange Commission ("SEC") has issued an exemptive order which permits BIM, an affiliate of the Manager, to serve as securities lending agent for the Fund, subject to applicable conditions. As securities lending agent, BIM bears all operational costs directly related to securities lending. The Fund is responsible for expenses in connection with the investment of cash collateral received for securities on loan (the "collateral investment expenses"). The cash collateral is invested in a private investment company managed by the Manager or its affiliates. However, BIM has agreed to cap the collateral investment expenses of the private investment company to an annual rate of 0.04%. The investment adviser to the private investment company will not charge any advisory fees with respect to shares purchased by the Fund. The private investment company in which the cash collateral has been invested may, under certain circumstances, impose a liquidity fee of up to 2% of the value withdrawn or temporarily restrict withdrawals for up to 10 business days during a 90 day period, in the event that the private investment company's weekly liquid assets fall below certain thresholds.

Securities lending income is equal to the total of income earned from the reinvestment of cash collateral, net of fees and other payments to and from borrowers of securities, and less the collateral investment expenses. The Fund retains a portion of securities lending income and remits a remaining portion to BIM as compensation for its services as securities lending agent.

Pursuant to the current securities lending agreement, the Fund retains 75% of securities lending income (which excludes collateral investment expenses), and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

In addition, commencing the business day following the date that the aggregate securities lending income earned across the BlackRock Multi-Asset Complex in a calendar year exceeds a specified threshold, the Fund, pursuant to the securities lending agreement, will retain for the remainder of that calendar year securities lending income in an amount equal to 80% of securities lending income (which excludes collateral investment expenses), and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

The share of securities lending income earned by the Fund is shown as securities lending income — affiliated — net in the Statement of Operations. For the six months ended June 30, 2020, the Fund paid BIM \$8,436 for securities lending agent services.

Interfund Lending: In accordance with an exemptive order (the "Order") from the SEC, the Fund may participate in a joint lending and borrowing facility for temporary purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the Fund's investment policies and restrictions. The Fund is currently permitted to borrow under the Interfund Lending Program.

A lending BlackRock fund may lend in aggregate up to 15% of its net assets, but may not lend more than 5% of its net assets to any one borrowing fund through the Interfund Lending Program. A borrowing BlackRock fund may not borrow through the Interfund Lending Program or from any other source more than 33 1/3% of its total assets (or any lower threshold provided for by the fund's investment restrictions). If a borrowing BlackRock fund's total outstanding borrowings exceed 10% of its total assets, each of its outstanding interfund loans will be subject to collateralization of at least 102% of the outstanding principal value of the loan. All interfund loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the highest current overnight repurchase agreement rate available to a lending fund and the bank loan rate, as calculated according to a formula established by the Board.

During the period ended June 30, 2020, the Fund did not participate in the Interfund Lending Program.

Directors and Officers: Certain directors and/or officers of the Company are directors and/or officers of BlackRock or its affiliates. The Fund reimburses the Manager for a portion of the compensation paid to the Company's Chief Compliance Officer, which is included in Directors and Officer in the Statement of Operations.

7. PURCHASES AND SALES

For the six months ended June 30, 2020, purchases and sales of investments, excluding short-term securities, were \$95,130,873 and \$108,724,959, respectively.

8. INCOME TAX INFORMATION

It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

The Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Fund's U.S. federal tax returns generally remains open for each of the four years ended December 31, 2019. The statutes of limitations on the Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Fund as of June 30, 2020, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Fund's financial statements.

As of June 30, 2020, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

Tax cost	\$ 154,066,747
Gross unrealized appreciation	\$ 20,714,159
Gross unrealized depreciation	(8,684,840)
Net unrealized appreciation (depreciation)	\$ 12,029,319

9. BANK BORROWINGS

The Company, on behalf of the Fund, along with certain other funds managed by the Manager and its affiliates ("Participating Funds"), is a party to a 364-day, \$2.25 billion credit agreement with a group of lenders. Under this agreement, the Fund may borrow to fund shareholder redemptions. Excluding commitments designated for certain individual funds, the Participating Funds, including the Fund, can borrow up to an aggregate commitment amount of \$1.75 billion at any time outstanding, subject to asset coverage and other limitations as specified in the agreement. The credit agreement has the following terms: a fee of 0.10% per annum on unused commitment amounts and interest at a rate equal to the higher of (a) one-month LIBOR (but, in any event, not less than 0.00%) on the date the loan is made plus 0.80% per annum or (b) the Fed Funds rate (but, in any event, not less than 0.00%) in effect from time to time plus 0.80% per annum on amounts borrowed. The agreement expires in April 2021 unless extended or renewed. These fees were allocated among such funds based upon portions of the aggregate commitment available to them and relative net assets of Participating Funds. During the six months ended June 30, 2020, the Fund did not borrow under the credit agreement.

10. PRINCIPAL RISKS

In the normal course of business, the Fund invests in securities or other instruments and may enter into certain transactions, and such activities subject the Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation or international tax treaties between various countries; or (iv) currency, interest rate and price fluctuations. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Fund and its investments. The Fund's prospectus provides details of the risks to which the Fund is subject.

The Fund may be exposed to additional risks when reinvesting cash collateral in money market funds that do not seek to maintain a stable NAV per share of \$1.00, which may be subject to redemption gates or liquidity fees under certain circumstances.

Valuation Risk: The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. The Fund may invest in illiquid investments. An illiquid investment is any investment that the Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. The Fund may experience difficulty in selling illiquid investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause the Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

An outbreak of respiratory disease caused by a novel coronavirus has developed into a global pandemic and has resulted in closing borders, quarantines, disruptions to supply chains and customer activity, as well as general concern and uncertainty. The impact of this pandemic, and other global health crises that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. This pandemic may result in substantial market volatility and may adversely impact the prices and liquidity of a fund's investments. The duration of this pandemic and its effects cannot be determined with certainty.

Counterparty Credit Risk: The Fund may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Fund manages counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Fund to market, issuer

Notes to Financial Statements (unaudited) (continued)

and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Fund's exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statement of Assets and Liabilities, less any collateral held by the Fund.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

The Fund's risk of loss from counterparty credit risk on OTC derivatives is generally limited to the aggregate unrealized gain less the value of any collateral held by the Fund.

With exchange-traded futures, there is less counterparty credit risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Fund.

Concentration Risk: As of period end, the Fund invested a significant portion of its assets in securities in the Information Technology sector. Changes in economic conditions affecting such sector would have a greater impact on the Fund and could affect the value, income and/or liquidity of positions in such securities.

11. CAPITAL SHARE TRANSACTIONS

Transactions in capital shares for each class were as follows:

	Six Months Ended 06/30/20		Year Ended 12/31/19	
	Shares	Amount	Shares	Amount
Class I				
Shares sold	28,022	\$ 640,981	129,497	\$ 3,140,046
Shares issued in reinvestment of distributions	—	—	650,520	15,857,138
Shares redeemed	(468,809)	(10,870,260)	(4,320,224)	(106,385,309)
Net decrease	(440,787)	\$ (10,229,279)	(3,540,207)	\$ (87,388,125)
Class II				
Shares sold	126	\$ 2,410	697	\$ 16,660
Shares issued in reinvestment of distributions	—	—	11,714	284,705
Shares redeemed	(9,623)	(223,675)	(18,329)	(444,528)
Net decrease	(9,497)	\$ (221,265)	(5,918)	\$ (143,163)
Class III				
Shares sold	18,875	\$ 284,208	28,577	\$ 466,249
Shares issued in reinvestment of distributions	—	—	48,411	782,251
Shares redeemed	(56,598)	(891,421)	(66,117)	(1,105,153)
Net increase (decrease)	(37,723)	\$ (607,213)	10,871	\$ 143,347
Total Net Decrease	(488,007)	\$ (11,057,757)	(3,535,254)	\$ (87,387,941)

12. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were issued and has determined that there were no subsequent events requiring adjustment or additional disclosure in the financial statements.

Glossary of Terms Used in this Report

Portfolio Abbreviation

S&P Standard & Poor's

Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements

The Board of Directors (the “Board,” the members of which are referred to as “Board Members”) of BlackRock Variable Series Funds, Inc. (the “Corporation”) met on April 7, 2020 (the “April Meeting”) and May 11-13, 2020 (the “May Meeting”) to consider the approval of the investment advisory agreement (the “Advisory Agreement”) between the Corporation, on behalf of BlackRock Advantage Large Cap Core V.I. Fund (the “Large Cap Core V.I. Fund”), BlackRock Advantage Large Cap Value V.I. Fund (the “Large Cap Value V.I. Fund”), BlackRock Advantage U.S. Total Market V.I. Fund (the “U.S. Total Market V.I. Fund”), BlackRock Basic Value V.I. Fund (the “Basic Value V.I. Fund”), BlackRock Capital Appreciation V.I. Fund (the “Capital Appreciation V.I. Fund”), BlackRock Equity Dividend V.I. Fund (the “Equity Dividend V.I. Fund”), BlackRock Global Allocation V.I. Fund (the “Global Allocation V.I. Fund”), BlackRock Government Money Market V.I. Fund (the “Government Money Market V.I. Fund”), BlackRock International V.I. Fund (the “International V.I. Fund”), BlackRock International Index V.I. Fund (the “International Index V.I. Fund”), BlackRock 60/40 Target Allocation ETF V.I. Fund (the “60/40 Target Allocation ETF V.I. Fund”), BlackRock Large Cap Focus Growth V.I. Fund (the “Large Cap Focus Growth V.I. Fund”), BlackRock Managed Volatility V.I. Fund (the “Managed Volatility V.I. Fund”), BlackRock Small Cap Index V.I. Fund (the “Small Cap Index V.I. Fund”) and BlackRock S&P 500 Index V.I. Fund (the “S&P 500 Index V.I. Fund”) (each, a “Fund,” and collectively the “Funds”), each a series of the Corporation, and BlackRock Advisors, LLC (the “Manager”), the Corporation’s investment advisor. The Board also considered the approval of the sub-advisory agreements between the Manager and (a) BlackRock International Limited (“BIL”) with respect to International V.I. Fund and Managed Volatility V.I. Fund (the “BIL Sub-Advisory Agreements”); (b) BlackRock Asset Management North Asia Limited (“BNA”) with respect to Managed Volatility V.I. Fund (the “BNA Sub-Advisory Agreement”); and (c) BlackRock (Singapore) Limited (“BSL” and together with BIL and BNA, the “Sub-Advisors”) with respect to Managed Volatility V.I. Fund (the “BSL Sub-Advisory Agreement” and together with the BIL Sub-Advisory Agreements and the BNA Sub-Advisory Agreement, the “Sub-Advisory Agreements”). The Manager and the Sub-Advisors are referred to herein as “BlackRock.” The Advisory Agreement and the Sub-Advisory Agreements are referred to herein as the “Agreements.”

Activities and Composition of the Board

On the date of the May Meeting, the Board consisted of fourteen individuals, twelve of whom were not “interested persons” of the Corporation as defined in the Investment Company Act of 1940, as amended (the “1940 Act”) (the “Independent Board Members”). The Board Members are responsible for the oversight of the operations of the Corporation and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chair of the Board is an Independent Board Member. The Board has established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Ad Hoc Topics Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Ad Hoc Topics Committee, which also has one interested Board Member).

The Agreements

Consistent with the requirements of the 1940 Act, the Board considers the continuation of the Agreements on an annual basis. The Board has four quarterly meetings per year, each typically extending for two days, and additional in-person and telephonic meetings throughout the year, as needed. While the Board also has a fifth one-day meeting to consider specific information surrounding the renewal of the Agreements, the Board’s consideration entails a year-long deliberative process whereby the Board and its committees assess BlackRock’s services to the Funds. In particular, the Board assessed, among other things, the nature, extent and quality of the services provided to each Fund by BlackRock, BlackRock’s personnel and affiliates, including (as applicable): investment management services; accounting oversight; administrative and shareholder services; oversight of each Fund’s service providers; risk management and oversight; and legal, regulatory and compliance services. Throughout the year, including during the contract renewal process, the Independent Board Members were advised by independent legal counsel, and met with independent legal counsel in various executive sessions outside of the presence of BlackRock’s management.

During the year, the Board, acting directly and through its committees, considers information that is relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to each Fund and its shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. This additional information is discussed further in the section titled “Board Considerations in Approving the Agreements.” Among the matters the Board considered were: (a) with respect to each Fund, investment performance for one-year, three-year, five-year, and/or since inception periods, as applicable, against peer funds, an applicable benchmark, and other performance metrics, as applicable, as well as BlackRock senior management’s and portfolio managers’ analyses of the reasons for any outperformance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by each Fund for services; (c) Fund operating expenses and how BlackRock allocates expenses to each Fund; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of each Fund’s investment objective, policies and restrictions, and meeting regulatory requirements; (e) BlackRock’s and the Corporation’s adherence to applicable compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services; (g) BlackRock’s and other service providers’ internal controls and risk and compliance oversight mechanisms; (h) BlackRock’s implementation of the proxy voting policies approved by the Board; (i) the use of brokerage commissions and execution quality of portfolio transactions; (j) BlackRock’s implementation of the Corporation’s valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment mandates across the open-end fund, exchange-traded fund (“ETF”), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to each Fund; (l) BlackRock’s compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals’ investments in the fund(s) they manage; and (m) periodic updates on BlackRock’s business.

Board Considerations in Approving the Agreements

The Approval Process: Prior to the April Meeting, the Board requested and received materials specifically relating to the Agreements. The Independent Board Members are continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to the Board to better assist its deliberations. The materials provided in connection with the April Meeting included, among other things: (a) information independently compiled and prepared by Broadridge Financial Solutions, Inc. (“Broadridge”), based on either a Lipper classification or Morningstar category, regarding each Fund’s fees and expenses as compared with a peer group of funds as determined by Broadridge (“Expense Peers”) and the investment performance of each Fund as compared with a peer group of funds (“Performance Peers”); (b) information on the composition of the Expense Peers and Performance Peers, and a description of Broadridge’s methodology; (c) information on the estimated profits realized by BlackRock and its affiliates pursuant to the Agreements and a discussion of fall-out benefits to BlackRock and its affiliates; (d) a general analysis provided by BlackRock concerning investment management fees received in connection with other types of investment products, such as institutional accounts,

Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

sub-advised mutual funds, ETFs, closed-end funds, open-end funds, and separately managed accounts under similar investment mandates, as well as the performance of such other products, as applicable; (e) a review of non-management fees; (f) the existence, impact and sharing of potential economies of scale, if any, with the Funds; (g) a summary of aggregate amounts paid by each Fund to BlackRock; (h) sales and redemption data regarding each Fund's shares; and (i) various additional information requested by the Board as appropriate regarding BlackRock's and each Fund's operations.

At the April Meeting, the Board reviewed materials relating to its consideration of the Agreements. As a result of the discussions that occurred during the April Meeting, and as a culmination of the Board's year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these questions and requests with additional written information in advance of the May Meeting.

At the May Meeting, the Board concluded its assessment of, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund as compared to its Performance Peers and to other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and estimated profits realized by BlackRock and its affiliates from their relationship with the Funds; (d) each Fund's fees and expenses compared to its Expense Peers; (e) the existence and sharing of potential economies of scale; (f) any fall-out benefits to BlackRock and its affiliates as a result of BlackRock's relationship with the Funds; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates relating to securities lending and cash management, and BlackRock's services related to the valuation and pricing of each Fund's portfolio holdings. The Board noted the willingness of BlackRock personnel to engage in open, candid discussions with the Board. The Board did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Fund. Throughout the year, the Board compared each Fund's performance to the performance of a comparable group of mutual funds, relevant benchmark, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by each Fund's portfolio management team discussing the Fund's performance, investment strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and each Fund's portfolio management team; research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the nature and quality of the administrative and other non-investment advisory services provided to each Fund. BlackRock and its affiliates provide the Funds with certain administrative, shareholder and other services (in addition to any such services provided to the Funds by third-parties) and officers and other personnel as are necessary for the operations of the Funds. In particular, BlackRock and its affiliates provide the Funds with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of third-party service providers, including, among others, each Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing or managing administrative functions necessary for the operation of each Fund, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing each Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal & compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Funds and BlackRock: The Board, including the Independent Board Members, also reviewed and considered the performance history of each Fund. In preparation for the April Meeting, the Board was provided with reports independently prepared by Broadridge, which included an analysis of each Fund's performance as of December 31, 2019, as compared to its Performance Peers. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, the Board received and reviewed information regarding the investment performance of each Fund as compared to its Performance Peers and, with respect to 60/40 Target Allocation ETF V.I. Fund, Large Cap Focus Growth V.I. Fund, Capital Appreciation V.I. Fund, Large Cap Core V.I. Fund, Large Cap Value V.I. Fund, Global Allocation V.I. Fund, Basic Value V.I. Fund, U.S. Total Market V.I. Fund and International V.I. Fund, the respective Morningstar open-end fund category ("Morningstar Open-End Category"); with respect to Managed Volatility V.I. Fund, in light of the Fund's outcome-oriented investment objective, certain performance metrics ("Outcome-Oriented Performance Metrics"); with respect to International Index V.I. Fund, Small Cap Index V.I. Fund and S&P 500 Index V.I. Fund, the performance of the Fund as compared with its benchmark; and, with respect to Government Money Market V.I. Fund, a weighted average benchmark of similar funds, as defined by BlackRock ("Benchmark Weighted Average"). The Board and its Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of each Fund throughout the year.

In evaluating performance, the Board focused particular attention on funds with less favorable performance records. The Board also noted that while it found the data provided by Broadridge generally useful, it recognized the limitations of such data, including in particular, that notable differences may exist between a fund and its Performance Peers (for example, the investment objectives and strategies). Further, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. The Board also acknowledged that long-term performance could be impacted by even one period of significant outperformance or underperformance, and that a single investment theme could have the ability to disproportionately affect long-term performance.

The Board noted that for each of the one-, three- and five-year periods reported, Equity Dividend V.I. Fund ranked in the first quartile against its Performance Peers.

The Board noted that for the one-, three-, and five-year periods reported, 60/40 Target Allocation ETF V.I. Fund ranked in the first, first and second quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the

Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-, three- and five-year periods reported, International V.I. Fund ranked in the first, first and second quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-, three- and five-year periods reported, Large Cap Focus Growth V.I. Fund ranked in the second, first and first quartile, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for each of the one-, three- and five-year periods reported, Global Allocation V.I. Fund ranked in the second quartile against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board noted significant changes to the Fund's portfolio management team under the senior leadership of BlackRock's Global Fixed Income Chief Investment Officer and an expansion of resources.

The Board noted that for the one-, three- and five-year periods reported, Capital Appreciation V.I. Fund ranked in the third, first and first quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its Morningstar Open-End Category during the applicable periods.

The Board noted that for the one-, three- and five-year periods reported, Large Cap Core V.I. Fund ranked in the third, second and second quartiles, respectively against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its Morningstar Open-End Category during the applicable periods.

The Board noted that for the one-, three- and five-year periods reported, Large Cap Value V.I. Fund ranked in the third, second and second quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its Morningstar Open-End Category during the applicable periods.

The Board noted that for the one-, three- and five-year periods reported, U.S. Total Market V.I. Fund ranked in the third, fourth and third quartiles, respectively against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its Morningstar Open-End Category during the applicable periods.

The Board noted that for the one-, three- and five-year periods reported, Basic Value V.I. Fund ranked in the third, fourth and fourth quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its Morningstar Open-End Category during the applicable periods. The Board was informed that, among other things, longer-term performance was impacted by the investment team's focus on value and related positioning in more volatile areas of the market.

The Board and BlackRock discussed BlackRock's strategy for improving the Fund's investment performance. Discussions covered topics such as performance attribution, the Fund's investment personnel, and the resources appropriate to support the Fund's investment processes.

The Board noted that for each of the one- and three-year periods reported, Government Money Market V.I. Fund outperformed its Benchmark Weighted Average. The Board noted that BlackRock believes that the Benchmark Weighted Average is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board reviewed and considered the Fund's performance relative to Managed Volatility V.I. Fund's Outcome-Oriented Performance Metrics including a total return target. The Board noted that for each of the one-, three- and five-year periods reported, the Fund underperformed its total return target. The Board noted that BlackRock believes that the Outcome-Oriented Performance Metrics are an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's underperformance relative to its total return target during the applicable periods.

The Board noted that for the one-year period reported, S&P 500 Index V.I. Fund's net performance was within the tolerance range of its benchmark. The Board noted that BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-year period reported, International Index V.I. Fund's net performance above the tolerance range of its benchmark. The Board noted that BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's above tolerance performance relative to its benchmark over the period.

The Board noted that for the one-year period reported, Small Cap Index V.I. Fund's net performance was above the tolerance range of its benchmark. The Board noted that BlackRock believes that net performance relative to the benchmark is an appropriate performance metric for the Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Fund's above tolerance performance relative to its benchmark over the period.

C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with the Funds: The Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared each Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total expense ratio represents a fund's total net operating expenses, including any 12b-1 or non-12b-1 service fees. The total expense ratio gives effect to any expense

Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

reimbursements or fee waivers, and the actual management fee rate gives effect to any management fee reimbursements or waivers. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Board reviewed BlackRock's estimated profitability with respect to each Fund and other funds the Board currently oversees for the year ended December 31, 2019 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by BlackRock and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by BlackRock, the types of funds managed, precision of expense allocations and business mix. The Board thus recognized that calculating and comparing profitability at the individual fund level is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk, and liability profile in servicing the Funds, including in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that Large Cap Core V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that Small Cap Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that S&P 500 Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that International Index V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board also noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that Basic Value V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

BlackRock has reviewed with the Board that the varying fee structure for fund of funds can limit the value of management fee comparisons. The Board noted that 60/40 Target Allocation ETF V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that Capital Appreciation V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that Equity Dividend V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and second quartiles, respectively, relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that International V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the second and fourth quartiles, respectively, relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. In addition, the Board noted that BlackRock and the Board agreed to a lower contractual expense cap, on a class-by-class basis. After discussions between the Board, including Independent Board Members, and BlackRock, the Board and BlackRock agreed to a continuation of the contractual cap.

The Board noted that Managed Volatility V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the third and second quartiles, respectively, relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that Global Allocation V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio each ranked in the second quartile relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

The Board noted that Large Cap Focus Growth V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio ranked in the second and fourth quartiles, respectively, relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that Government Money Market V.I. Fund's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that U.S. Total Market V.I. Fund's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

The Board noted that the Large Cap Value V.I. Fund's contractual management fee rate ranked in the fourth quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile relative to the Fund's Expense Peers. Additionally, the Board noted that BlackRock had voluntarily agreed to waive a portion of the advisory fee payable by the Fund. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

With respect to Large Cap Core V.I. Fund, Large Cap Value V.I. Fund, U.S. Total Market V.I. Fund, Basic Value V.I. Fund, Capital Appreciation V.I. Fund, Equity Dividend V.I. Fund, Global Allocation V.I. Fund, Government Money Market V.I. Fund, International V.I. Fund, 60/40 Target Allocation ETF V.I. Fund, Large Cap Focus Growth V.I. Fund and Managed Volatility V.I. Fund, the Board noted that each Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the pertinent Fund increases above certain contractually specified levels. The Board noted that if the size of the pertinent Fund were to decrease, the Fund could lose the benefit of one or more breakpoints.

With respect to Large Cap Core V.I. Fund, Large Cap Value V.I. Fund, U.S. Total Market V.I. Fund, Basic Value V.I. Fund, Capital Appreciation V.I. Fund, Equity Dividend V.I. Fund, Global Allocation V.I. Fund, International V.I. Fund, International Index V.I. Fund, Large Cap Focus Growth V.I. Fund, Managed Volatility V.I. Fund, Small Cap Index V.I. Fund and S&P 500 Index V.I. Fund, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for each Fund on a class-by-class basis.

D. Economies of Scale: The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of the Funds increase, including the existence of fee waivers and/or expense caps, as applicable, noting that any contractual fee waivers and contractual expense caps had been approved by the Board. In its consideration, the Board further considered the continuation and/or implementation of fee waivers and/or expense caps, as applicable. The Board also considered the extent to which each Fund benefits from such economies of scale in a variety of ways and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Funds to more fully participate in these economies of scale. The Board considered each Fund's asset levels and whether the current fee schedule was appropriate.

E. Other Factors Deemed Relevant by the Board Members: The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and its risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including for administrative, distribution, securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third-party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreements, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the open-end fund marketplace, and that shareholders are able to redeem their Fund shares if they believe that the pertinent Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

Conclusion

The Board, including the Independent Board Members, unanimously approved the continuation of (i) the Advisory Agreement between the Manager and the Corporation, on behalf of each Fund, (ii) the BIL Sub-Advisory Agreements between the Manager and BIL with respect to International V.I. Fund and Managed Volatility V.I. Fund, (iii) the BNA Sub-Advisory Agreement between the Manager and BNA with respect to Managed Volatility V.I. Fund and (iv) BSL Sub-Advisory Agreement between the Manager and BSL with respect to Managed Volatility V.I. Fund, each for a one-year term ending June 30, 2021. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreements were fair and reasonable and in the best interest of each Fund, as pertinent, and its shareholders. In arriving at its decision to approve the Agreements, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Disclosure of Investment Advisory Agreement

The Board of Directors (the “Board,” the members of which are referred to as “Board Members”) of BlackRock Variable Series Funds II, Inc. (the “Company”) met on April 16, 2020 (the “April Meeting”) and May 20-21, 2020 (the “May Meeting”) to consider the approval of the investment advisory agreement (the “Advisory Agreement” or the “Agreement”) between the Company, on behalf of BlackRock High Yield V.I. Fund (the “High Yield V.I. Fund”), BlackRock Total Return V.I. Fund (the “Total Return V.I. Fund”) and BlackRock U.S. Government Bond V.I. Fund (the “U.S. Government Bond V.I. Fund” and together with the High Yield V.I. Fund and the Total Return V.I. Fund, the “Funds” and each, a “Fund”), and BlackRock Advisors, LLC (the “Manager” or “BlackRock”), each Fund’s investment advisor.

Activities and Composition of the Board

On the date of the May Meeting, the Board consisted of ten individuals, eight of whom were not “interested persons” of the Company as defined in the Investment Company Act of 1940, as amended (the “1940 Act”) (the “Independent Board Members”). The Board Members are responsible for the oversight of the operations of each Fund and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Co-Chairs of the Board are Independent Board Members. The Board has established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Executive Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member).

The Agreement

Consistent with the requirements of the 1940 Act, the Board considers the continuation of the Agreement on an annual basis. The Board has four quarterly meetings per year, each typically extending for two days, and additional in-person and telephonic meetings throughout the year, as needed. While the Board also has a fifth one-day meeting to consider specific information surrounding the renewal of the Agreement, the Board’s consideration entails a year-long deliberative process whereby the Board and its committees assess BlackRock’s services to each Fund. In particular, the Board assessed, among other things, the nature, extent and quality of the services provided to each Fund by BlackRock, BlackRock’s personnel and affiliates, including (as applicable): investment management services; accounting oversight; administrative and shareholder services; oversight of each Fund’s service providers; risk management and oversight; and legal, regulatory and compliance services. Throughout the year, including during the contract renewal process, the Independent Board Members were advised by independent legal counsel, and met with independent legal counsel in various executive sessions outside of the presence of BlackRock’s management.

During the year, the Board, acting directly and through its committees, considers information that is relevant to its annual consideration of the renewal of the Agreement, including the services and support provided by BlackRock to each Fund and its shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. This additional information is discussed further in the section titled “Board Considerations in Approving the Agreement.” Among the matters the Board considered were: (a) investment performance for one-year, three-year, five-year, and/or since inception periods, as applicable, against peer funds, applicable benchmarks, and other performance metrics, as applicable, as well as BlackRock senior management’s and portfolio managers’ analyses of the reasons for any outperformance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by each Fund for services; (c) Fund operating expenses and how BlackRock allocates expenses to each Fund; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of each Fund’s investment objective, policies and restrictions, and meeting regulatory requirements; (e) BlackRock’s and each Fund’s adherence to applicable compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services; (g) BlackRock’s and other service providers’ internal controls and risk and compliance oversight mechanisms; (h) BlackRock’s implementation of the proxy voting policies approved by the Board; (i) execution quality of portfolio transactions; (j) BlackRock’s implementation of each Fund’s valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment mandates across the open-end fund, exchange-traded fund (“ETF”), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to each Fund; (l) BlackRock’s compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals’ investments in the fund(s) they manage; and (m) periodic updates on BlackRock’s business.

Board Considerations in Approving the Agreement

The Approval Process: Prior to the April Meeting, the Board requested and received materials specifically relating to the Agreement. The Independent Board Members are continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to the Board to better assist its deliberations. The materials provided in connection with the April Meeting included, among other things: (a) information independently compiled and prepared by Broadridge Financial Solutions, Inc. (“Broadridge”), based on either a Lipper classification or Morningstar category, regarding each Fund’s fees and expenses as compared with a peer group of funds as determined by Broadridge (“Expense Peers”) and the investment performance of each Fund as compared with a peer group of funds (“Performance Peers”); (b) information on the composition of the Expense Peers and Performance Peers and a description of Broadridge’s methodology; (c) information on the estimated profits realized by BlackRock and its affiliates pursuant to the Agreement and a discussion of fall-out benefits to BlackRock and its affiliates; (d) a general analysis provided by BlackRock concerning investment management fees received in connection with other types of investment products, such as institutional accounts, sub-advised mutual funds, ETFs, closed-end funds, open-end funds, and separately managed accounts, under similar investment mandates, as well as the performance of such other products, as applicable; (e) a review of non-management fees; (f) the existence, impact and sharing of potential economies of scale, if any, with each Fund; (g) a summary of aggregate amounts paid by each Fund to BlackRock; (h) sales and redemption data regarding each Fund’s shares; and (i) various additional information requested by the Board as appropriate regarding BlackRock’s and each Fund’s operations.

At the April Meeting, the Board reviewed materials relating to its consideration of the Agreement. As a result of the discussions that occurred during the April Meeting, and as a culmination of the Board’s year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these questions and requests with additional written information in advance of the May Meeting. Topics covered included: (a) the methodology for measuring estimated fund profitability; (b) economies of scale; (c) fund expenses and potential fee waivers; and (d) differences in services provided and management fees between open-end funds and other product channels.

At the May Meeting, the Board concluded its assessment of, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund as compared to its Performance Peers and to other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and

Disclosure of Investment Advisory Agreement (continued)

estimated profits realized by BlackRock and its affiliates from their relationship with each Fund; (d) each Fund's fees and expenses compared to its Expense Peers; (e) the existence and sharing of potential economies of scale; (f) any fall-out benefits to BlackRock and its affiliates as a result of BlackRock's relationship with each Fund; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates relating to securities lending and cash management, and BlackRock's services related to the valuation and pricing of Fund portfolio holdings. The Board noted the willingness of BlackRock's personnel to engage in open, candid discussions with the Board. The Board did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services, and the resulting performance of each Fund. Throughout the year, the Board compared Fund performance to the performance of a comparable group of mutual funds, relevant benchmarks, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by each Fund's portfolio management team discussing each Fund's performance, investment strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and each Fund's portfolio management team; research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the nature and quality of the administrative and other non-investment advisory services provided to each Fund. BlackRock and its affiliates provide each Fund with certain administrative, shareholder and other services (in addition to any such services provided to each Fund by third-parties) and officers and other personnel as are necessary for the operations of each Fund. In particular, BlackRock and its affiliates provide each Fund with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of third-party service providers including, among others, each Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing or managing administrative functions necessary for the operation of each Fund, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing each Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal & compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of each Fund and BlackRock: The Board, including the Independent Board Members, also reviewed and considered the performance history of each Fund. In preparation for the April Meeting, the Board was provided with reports independently prepared by Broadridge, which included an analysis of each Fund's performance as of December 31, 2019, as compared to its Performance Peers. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, the Board received and reviewed information regarding the investment performance of each Fund as compared to its Performance Peers and the respective Morningstar open-end fund category ("Morningstar Open-End Category"). The Board and its Performance Oversight Committee regularly review and meet with Fund management to discuss the performance of each Fund throughout the year.

In evaluating performance, the Board focused particular attention on funds with less favorable performance records. The Board also noted that while it found the data provided by Broadridge generally useful, it recognized the limitations of such data, including in particular, that notable differences may exist between a fund and its Performance Peers (for example, the investment objectives and strategies). Further, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. The Board also acknowledged that long-term performance could be impacted by even one period of significant outperformance or underperformance, and that a single investment theme could have the ability to disproportionately affect long-term performance.

The Board noted that for each of the one-, three- and five-year periods reported, the High Yield V.I. Fund ranked in the first quartile against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the High Yield V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board.

The Board noted that for the one-, three- and five-year periods reported, the Total Return V.I. Fund ranked in the second, second, and third quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the Total Return V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the Total Return V.I. Fund's underperformance relative to its Morningstar Open-End Category during the applicable period.

The Board noted that for the one-, three- and five-year periods reported, the U.S. Government Bond V.I. Fund ranked in the second, third and third quartiles, respectively, against its Morningstar Open-End Category. The Board noted that BlackRock believes that the Morningstar Open-End Category is an appropriate performance metric for the U.S. Government Bond V.I. Fund, and that BlackRock has explained its rationale for this belief to the Board. The Board and BlackRock reviewed the U.S. Government Bond V.I. Fund's underperformance relative to its Morningstar Open-End Category during the applicable periods.

C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with each Fund: The Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared each Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total expense ratio represents a fund's total net operating expenses, including any 12b-1 or non-12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers, and the actual management fee rate gives effect to any management fee reimbursements or waivers. The Board considered the services

Disclosure of Investment Advisory Agreement (continued)

provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Board reviewed BlackRock's estimated profitability with respect to each Fund and other funds the Board currently oversees for the year ended December 31, 2019 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. The Board thus recognized that calculating and comparing profitability at the individual fund level is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreement and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk, and liability profile in servicing each Fund, including in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that the High Yield V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the High Yield V.I. Fund's Expense Peers. The Board also noted that the High Yield V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the aggregate assets of the High Yield V.I. Fund, combined with the assets of the Total Return V.I. Fund, increase above certain contractually specified levels. The Board noted that if the size of the High Yield V.I. Fund or the Total Return V.I. Fund were to decrease, the High Yield V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the High Yield V.I. Fund's total expenses as a percentage of the High Yield V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the High Yield V.I. Fund on a class-by-class basis.

The Board noted that the Total Return V.I. Fund's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Total Return V.I. Fund's Expense Peers. The Board also noted that the Total Return V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the aggregate assets of the Total Return V.I. Fund, combined with the assets of the High Yield V.I. Fund, increase above certain contractually specified levels. The Board noted that if the size of the Total Return V.I. Fund or the High Yield V.I. Fund were to decrease, the Total Return V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Total Return V.I. Fund's total expenses as a percentage of the Total Return V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the Total Return V.I. Fund on a class-by-class basis.

The Board noted that the U.S. Government Bond V.I. Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the first and third quartiles, respectively, relative to the U.S. Government Bond V.I. Fund's Expense Peers. The Board also noted that the U.S. Government Bond V.I. Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the U.S. Government Bond V.I. Fund increases above certain contractually specified levels. The Board noted that if the size of the U.S. Government Bond V.I. Fund were to decrease, the U.S. Government Bond V.I. Fund could lose the benefit of one or more breakpoints. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the U.S. Government Bond V.I. Fund's total expenses as a percentage of the U.S. Government Bond V.I. Fund's average daily net assets on a class-by-class basis. Additionally, the Board noted that BlackRock and the Board have contractually agreed to a cap on certain operational and recordkeeping fees for the U.S. Government Bond V.I. Fund on a class-by-class basis. In addition, the Board noted that BlackRock has voluntarily agreed to waive a portion of the advisory fee payable by the U.S. Government Bond V.I. Fund. An advisory fee waiver has been in effect since 2016, that amount of which may have varied from time to time. After discussion between the Board, including the Independent Board Members, and BlackRock, the Board and BlackRock agreed to a continuation of the current 26 basis point voluntary advisory fee waiver.

D. Economies of Scale: The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of each Fund increase, including the existence of fee waivers and/or expense caps, as applicable, noting that any contractual fee waivers and contractual expense caps had been approved by the Board. In its consideration, the Board further considered the continuation and/or implementation of fee waivers and/or expense caps, as applicable. The Board also considered the extent to which each Fund benefits from such economies of scale in a variety of ways, and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable each Fund to more fully participate in these economies of scale. The Board considered each Fund's asset levels and whether the current fee schedule was appropriate.

E. Other Factors Deemed Relevant by the Board Members: The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with each Fund, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and its risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to each Fund, including for administrative, distribution, securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third-party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreement, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the open-end fund marketplace, and that shareholders are able to redeem their Fund shares if they believe that each Fund's fees

Disclosure of Investment Advisory Agreement (continued)

and expenses are too high or if they are dissatisfied with the performance of each Fund.

Conclusion

The Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and the Company, on behalf of each Fund, for a one-year term ending June 30, 2021. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreement were fair and reasonable and in the best interest of each Fund and its shareholders. In arriving at its decision to approve the Agreement, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Disclosure of Sub-Advisory Agreements

The Board of Directors (the “Board,” and the members of which are referred to as “Board Members”) of BlackRock Variable Series Funds II, Inc. (the “Company”), on behalf of its series BlackRock High Yield V.I. Fund (the “Fund”), met in person on February 19, 2020 (the “February Meeting”) to consider the initial approval of the sub-advisory agreement (the “Sub-Advisory Agreement”) between BlackRock Advisors, LLC (the “Manager”), the Fund’s investment advisor, and BlackRock International Limited, with respect to the Fund. The Sub-Advisory Agreement was substantially similar to the sub-advisory agreements previously approved with respect to certain other portfolios in the BlackRock Fixed-Income Complex.

On the date of the February Meeting, the Board consisted of ten individuals, eight of whom were not “interested persons” of the Company as defined in the Investment Company Act of 1940, as amended (the “1940 Act”) (the “Independent Board Members”). Pursuant to the 1940 Act, the Board is required to consider the initial approval of the Sub-Advisory Agreement.

At the February Meeting, the Board reviewed materials relating to its consideration of the proposed Sub-Advisory Agreement. The Fund’s investment advisory agreement with the Manager was most recently approved by the Board at in-person meetings on May 1, 2019 (the “May Meeting”) and June 5-6, 2019 (the “June Meeting”). A discussion of the basis for the Board’s approval of this agreement at the May and June Meetings is included in the Fund’s semi-annual shareholder report for the reporting period ended June 30, 2019. The factors considered by the Board at the February Meeting in connection with approval of the proposed Sub-Advisory Agreement were substantially the same as the factors considered at the May and June Meetings.

Following discussion, all the Board Members present at the February Meeting, including all the Independent Board Members present, approved the Sub-Advisory Agreement between the Manager and BlackRock International Limited, with respect to the Fund for a two-year term beginning on the effective date of the Sub-Advisory Agreement. Based upon its evaluation of all of the aforementioned factors in their totality, the Board, including the Independent Board Members, was satisfied that the terms of the Sub-Advisory Agreement were fair and reasonable and in the best interest of the Fund and its shareholders. In arriving at its decision to approve the Sub-Advisory Agreement, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Disclosure of Sub-Advisory Agreements (continued)

The Board of Directors (the “Board,” and the members of which are referred to as “Board Members”) of BlackRock Variable Series Funds II, Inc. (the “Company”), on behalf of its series BlackRock U.S. Government Bond V.I. Fund (the “Fund”), met on April 16, 2020 (the “April Meeting”) to consider the initial approval of the sub-advisory agreement (the “Sub-Advisory Agreement”) between BlackRock Advisors, LLC (the “Manager”), the Fund’s investment advisor, and BlackRock International Limited, with respect to the Fund. The Sub-Advisory Agreement was substantially similar to the sub-advisory agreements previously approved with respect to certain other portfolios in the BlackRock Fixed-Income Complex.

On the date of the April Meeting, the Board consisted of ten individuals, eight of whom were not “interested persons” of the Company as defined in the Investment Company Act of 1940, as amended (the “1940 Act”) (the “Independent Board Members”). Pursuant to the 1940 Act, the Board is required to consider the initial approval of the Sub-Advisory Agreement.

At the April Meeting, the Board reviewed materials relating to its consideration of the proposed Sub-Advisory Agreement. The Fund’s investment advisory agreement with the Manager was most recently approved by the Board at in-person meetings on May 1, 2019 (the “May Meeting”) and June 5-6, 2019 (the “June Meeting”). A discussion of the basis for the Board’s approval of this agreement at the May and June Meetings is included in the Fund’s semi-annual shareholder report for the reporting period ended June 30, 2019. The factors considered by the Board at the April Meeting in connection with approval of the proposed Sub-Advisory Agreement were substantially the same as the factors considered at the May and June Meetings.

Following discussion, all the Board Members present at the April Meeting, including all the Independent Board Members present, approved the Sub-Advisory Agreement between the Manager and BlackRock International Limited, with respect to the Fund for a two-year term beginning on the effective date of the Sub-Advisory Agreement. Based upon its evaluation of all of the aforementioned factors in their totality, the Board, including the Independent Board Members, was satisfied that the terms of the Sub-Advisory Agreement were fair and reasonable and in the best interest of the Fund and its shareholders. In arriving at its decision to approve the Sub-Advisory Agreement, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

Director and Officer Information

BlackRock Variable Series Funds, Inc.

Mark Stalneck, Chair of the Board and Director
Bruce R. Bond, Director
Susan J. Carter, Director
Collette Chilton, Director
Neil A. Cotty, Director
Lena G. Goldberg, Director
Henry R. Keizer, Director
Cynthia A. Montgomery, Director
Donald C. Opatmy, Director
Joseph P. Platt, Director
Kenneth L. Urish, Director
Claire A. Walton, Director
Robert Fairbairn, Director
John M. Perlowski, Director, President and Chief Executive Officer
Jennifer McGovern, Vice President
Neal J. Andrews, Chief Financial Officer
Jay M. Fife, Treasurer
Charles Park, Chief Compliance Officer
Lisa Belle, Anti-Money Laundering Compliance Officer
Janey Ahn, Secretary

Investment Adviser and Administrator

BlackRock Advisors, LLC
Wilmington, DE 19809

Sub-Advisers

BlackRock International Limited ^(a)
Edinburgh, EH3 8BL
United Kingdom

BlackRock Asset Management
North Asia Limited ^(b)
Hong Kong

BlackRock (Singapore) Limited ^(b)
079912 Singapore

Accounting Agent

JPMorgan Chase Bank, N.A.
New York, NY 10179

Transfer Agent

BNY Mellon Investment Servicing (US) Inc.
Wilmington, DE 19809

Custodians

JPMorgan Chase Bank, N.A. ^(c)
New York, NY 10179

Brown Brothers Harriman & Co. ^(d)
Boston, MA 02109

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Boston, MA 02116

Distributor

BlackRock Investments, LLC
New York, NY 10022

Legal Counsel

Sidley Austin LLP
New York, NY 10019

Address of the Funds

100 Bellevue Parkway
Wilmington, DE 19809

^(a) For BlackRock International V.I. Fund and BlackRock Managed Volatility V.I. Fund.

^(b) For BlackRock Managed Volatility V.I. Fund.

^(c) For BlackRock 60/40 Target Allocation ETF V.I. Fund, BlackRock Advantage Large Cap Core V.I. Fund, BlackRock Advantage Large Cap Value V.I. Fund, BlackRock Advantage U.S. Total Market V.I. Fund, BlackRock Basic Value V.I. Fund, BlackRock Capital Appreciation V.I. Fund, BlackRock Equity Dividend V.I. Fund, BlackRock Government Money Market V.I. Fund, BlackRock International Index V.I. Fund, BlackRock Managed Volatility V.I. Fund, BlackRock S&P 500 Index V.I. Fund and BlackRock Small Cap Index V.I. Fund.

^(d) For BlackRock Global Allocation V.I. Fund, BlackRock International V.I. Fund and BlackRock Large Cap Focus Growth V.I. Fund.

Director and Officer Information

BlackRock Variable Series Funds II, Inc.

Richard E. Cavanagh, Co-Chair of the Board and Director
Karen P. Robards, Co-Chair of the Board and Director
Michael J. Castellano, Director
Cynthia L. Egan, Director
Frank J. Fabozzi, Director
R. Glenn Hubbard, Director
W. Carl Kester, Director
Catherine A. Lynch, Director
Robert Fairbairn, Director
John M. Perowski, Director, President and Chief Executive Officer
Jennifer McGovern, Vice President
Neal J. Andrews, Chief Financial Officer
Jay M. Fife, Treasurer
Charles Park, Chief Compliance Officer
Lisa Belle, Anti-Money Laundering Compliance Officer
Janey Ahn, Secretary

Effective February 19, 2020, Henry Gabbay resigned as a Director of the Company.

Investment Adviser and Administrator

BlackRock Advisors, LLC
Wilmington, DE 19809

Sub-Advisers

BlackRock International Limited ^(a)
Edinburgh, EH3 8BL
United Kingdom

BlackRock (Singapore) Limited ^(b)
079912 Singapore

Accounting Agent

JPMorgan Chase Bank, N.A.
New York, NY 10179

Transfer Agent

BNY Mellon Investment Servicing (US) Inc.
Wilmington, DE 19809

Custodian

JPMorgan Chase Bank, N.A.
New York, NY 10179

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Boston, MA 02116

Distributor

BlackRock Investments, LLC
New York, NY 10022

Legal Counsel

Willkie Farr & Gallagher LLP
New York, NY 10019

Address of the Funds

100 Bellevue Parkway
Wilmington, DE 19809

^(a) For BlackRock High Yield V.I. Fund, BlackRock Total Return V.I. Fund and BlackRock U.S. Government Bond V.I. Fund.

^(b) For BlackRock Total Return V.I. Fund.

Additional Information

General Information

Householding

The Funds will mail only one copy of shareholder documents, including prospectuses, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called “householding” and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 441-7762.

Availability of Quarterly Schedule of Investments

The Funds (except BlackRock Government Money Market V.I. Fund) file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to their reports on Form N-PORT. The Funds' Forms N-PORT are available on the SEC's website at sec.gov.

The BlackRock Government Money Market V.I. Fund files its complete schedule of portfolio holdings with the SEC each month on Form N-MFP. The Fund's reports on Form N-MFP are available on the SEC's website at sec.gov. The Fund makes portfolio holdings available to shareholders on its website at blackrock.com.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available upon request and without charge (1) by calling (800) 441-7762; (2) at blackrock.com/prospectus/insurance; and (3) on the SEC's website at sec.gov.

Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at blackrock.com/prospectus/insurance; or by calling (800) 441-7762 and (2) on the SEC's website at sec.gov.

BlackRock's Mutual Fund Family

BlackRock offers a diverse lineup of open-end mutual funds crossing all investment styles and managed by experts in equity, fixed-income and tax-exempt investing. Visit blackrock.com for more information.

Shareholder Privileges

Account Information

Call us at (800) 441-7762 from 8:00 AM to 6:00 PM ET on any business day to get information about your account balances, recent transactions and share prices. You can also visit blackrock.com for more information.

Automatic Investment Plans

Investor class shareholders who want to invest regularly can arrange to have \$50 or more automatically deducted from their checking or savings account and invested in any of the BlackRock funds.

Systematic Withdrawal Plans

Investor class shareholders can establish a systematic withdrawal plan and receive periodic payments of \$50 or more from their BlackRock funds, as long as their account balance is at least \$10,000.

Retirement Plans

Shareholders may make investments in conjunction with Traditional, Rollover, Roth, Coverdell, Simple IRAs, SEP IRAs and 403(b) Plans.

Additional Information (continued)

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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