

**BlackRock Variable Series Funds, Inc.**

- ▶ BlackRock Global Allocation V.I. Fund

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# The Markets in Review

Dear Shareholder,

In the 12 months ended December 31, 2017, risk assets, such as stocks and high-yield bonds, continued to deliver strong performance. The equity market advanced, month after month, despite geopolitical uncertainty and relatively high valuations, while bond returns were constrained by higher interest rates.

Rising interest rates worked against high-quality assets with more interest rate sensitivity. Consequently, longer-term U.S. Treasuries posted modest returns, as rising energy prices, modest wage increases, and steady job growth led to expectations of higher inflation and interest rate increases by the U.S. Federal Reserve (the “Fed”).

The market’s performance reflected reflationary expectations early in the reporting period, as investors began to sense that a global recovery was afoot. Thereafter, many countries throughout the world experienced sustained and synchronized growth for the first time since the financial crisis. Growth rates and inflation are still relatively low, but they are finally rising together.

The Fed responded to these positive developments by increasing short-term interest rates three times and setting expectations for additional interest rate increases. The Fed also began reducing the vast balance sheet reserves that had accumulated in the wake of the financial crisis. In October 2017, the Fed reduced its \$4.5 trillion balance sheet by only \$10 billion, while setting expectations for additional modest reductions and rate hikes in 2018.

By contrast, the European Central Bank (“ECB”) and the Bank of Japan (“BoJ”) both continued to expand their balance sheets despite nascent signs of sustained economic growth. The Eurozone and Japan are both approaching the limits of central banks’ ownership share of national debt, which is a structural pressure point that limits their capacity to deliver additional monetary stimulus. In October 2017, the ECB announced plans to cut the amount of its bond purchases in half for 2018, while the BoJ reiterated its commitment to economic stimulus until the inflation rate rises to its target of 2%.

Emerging market growth also stabilized, as accelerating growth in China, the second largest economy in the world and the most influential of all developing economies, improved the outlook for corporate profits and economic growth across most developing nations. Chinese demand for commodities and other raw materials allayed concerns about the country’s banking system, leading to rising equity prices and foreign investment flows.

While escalating tensions between the United States and North Korea and our nation’s divided politics are concerning, benign credit conditions, modest inflation, solid corporate earnings, and the positive outlook for growth in the world’s largest economies have kept markets relatively tranquil.

Rising consumer confidence and improving business sentiment are driving momentum for the U.S. economy. If the Fed maintains a measured pace of stimulus reduction, to the extent that inflation rises, it’s likely to be accompanied by rising real growth and higher wages. That could lead to a favorable combination of moderately higher inflation, steadily rising interest rates, and improving growth in 2018.

Further fueling optimism, Congress passed a sweeping tax reform bill in December 2017. The U.S. tax overhaul is likely to accentuate the reflationary themes already in place, including faster growth and rising interest rates. Changing the corporate tax rate to a flat 21% will create many winners and losers among high-and-low tax companies, while the windfall from lower taxes could boost business and consumer spending.

In this environment, 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](http://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 December 31, 2017

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	11.42%	21.83%
U.S. small cap equities (Russell 2000® Index)	9.20	14.65
International equities (MSCI Europe, Australasia, Far East Index)	9.86	25.03
Emerging market equities (MSCI Emerging Markets Index)	15.92	37.28
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	0.55	0.86
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	(0.01)	2.07
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	1.24	3.54
Tax-exempt municipal bonds (S&P Municipal Bond Index)	1.64	4.95
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	2.46	7.50

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 Global Allocation V.I. Fund's (the "Fund") investment objective is to seek high total investment return.

## Portfolio Management Commentary

### How did the Fund perform?

For the 12-month period ended December 31, 2017, the Fund underperformed both its Reference Benchmark and the broad based all-equity benchmark, the FTSE World Index. The Reference Benchmark is comprised as follows: 36% S&P 500® Index; 24% FTSE World (ex-U.S.) Index; 24% ICE BofAML Current 5-Year U.S. Treasury Index; and 16% Citigroup Non-US Dollar World Government Bond Index. The Fund invests in both equities and bonds, and therefore, the Reference Benchmark provides a more accurate representation of the Fund's composition and is a more comparable means for measurement. The following discussion of relative performance pertains to the Reference Benchmark. The following commentary (and referenced allocation percentages) are based on the economic exposures of the Fund, which reflect adjustments for futures, swaps and options (except with respect to fixed income securities), and convertible bonds, and may vary relative to the market value.

### What factors influenced performance?

Within equities, an overweight to Japan and underweight to the United States detracted from performance. From a sector perspective, an underweight and stock selection in information technology ("IT"), as well as stock selection within industrials, financials and health care weighed on returns. Exposure to commodity-related securities and cash and cash equivalents detracted. Currency management, notably an overweight to the U.S. dollar and an underweight to the euro, negatively impacted returns.

Within equities, an overweight to India positively impacted performance. From a sector perspective, stock selection within consumer discretionary and utilities contributed to returns. Stock selection within energy and telecommunication services ("telecom") was additive, but the benefit to performance was partially offset by overweights to both sectors. An underweight to consumer staples positively contributed to performance, but this was partially offset by stock selection within the sector. More broadly, an underweight to fixed income and exposure to corporate credit within that allocation positively contributed to performance.

The Fund uses derivatives, which may include options, futures, swaps and forward contracts both to seek to enhance returns of the Fund and to hedge (or protect) against adverse movements in currency exchange rates, interest rates and movements in the securities markets. During the period, the Fund's use of derivatives detracted from the Fund's performance.

### Describe recent portfolio activity.

During the 12-month period, the Fund's overall equity allocation increased from 57% to 62% of net assets. Within equities, the Fund increased exposure to the United States and Europe, and decreased exposure to Japan. From a sector perspective, the Fund increased exposure to IT, energy, materials, utilities, telecom, and consumer discretionary, and decreased exposure to financials, industrials, real estate and health care.

The Fund's overall allocation to fixed income increased from 25% to 30% of net assets. Within fixed income, the Fund increased exposure to government bonds and decreased exposure to corporate bonds.

The Fund's allocation to commodity-related securities increased from 3% to 4% of net assets.

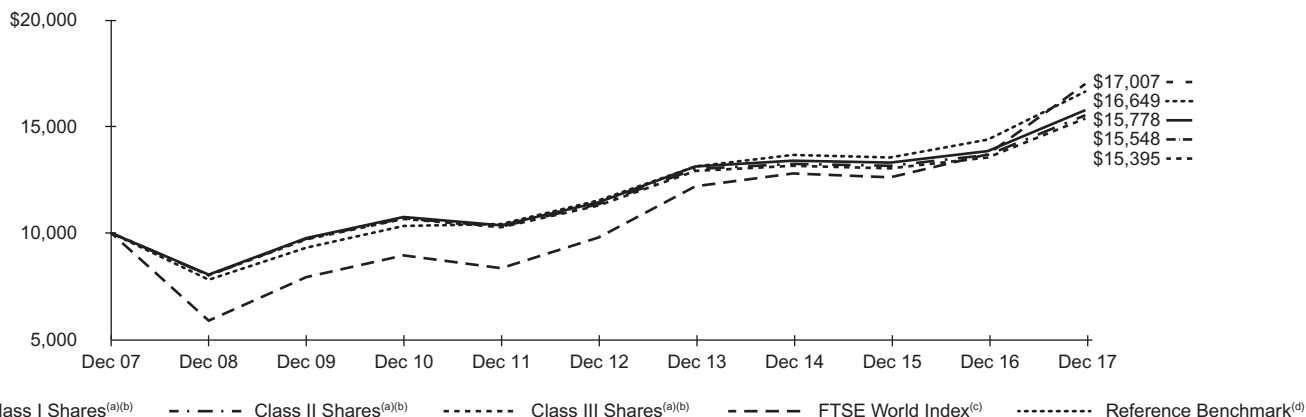
Reflecting the above changes, the Fund's cash and cash equivalents holdings decreased from 14% to 4% of net assets. During the 12-month period, the Fund's cash position helped mitigate portfolio volatility and served as a source of funds for new investments and redemptions.

### Describe portfolio positioning at period end.

Relative to its Reference Benchmark, the Fund was overweight equities, commodity-related securities and cash, and was underweight fixed income. Within equities, the Fund was overweight Japan and Europe, and underweight the United States. Within Europe, the Fund was overweight the Netherlands and France, and underweight Ireland. From a sector perspective, the Fund was overweight energy, consumer discretionary, telecom, IT, utilities and materials, and was underweight financials, consumer staples, industrials and healthcare. Within fixed income, the Fund was underweight developed market government bonds, and overweight corporate and convertible bonds. With respect to currency exposure, the Fund was overweight the U.S. dollar, Indian rupee and Brazilian real, and underweight the Canadian dollar and British pound sterling.

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.

TOTAL RETURN BASED ON A \$10,000 INVESTMENT



- <sup>(a)</sup> Assuming transaction costs, if any, and other operating expenses, including investment advisory fees. Does not include insurance-related fees and expenses.
- <sup>(b)</sup> The Fund invests in a portfolio of U.S. and foreign equity securities, debt and money market securities, the combination of which will be varied from time to time with respect to types of securities and markets in response to changing markets and economic trends.
- <sup>(c)</sup> This unmanaged capitalization-weighted index is comprised of 2,582 equities from 35 countries in 4 regions, including the United States.
- <sup>(d)</sup> The Reference Benchmark is an unmanaged weighted index comprised as follows: 36% S&P 500<sup>®</sup> Index; 24% FTSE World (ex U.S.) Index; 24% ICE BofAML Current 5-Year U.S. Treasury Index; and 16% Citigroup Non-U.S. Dollar World Government Bond Index.

Performance Summary for the Period Ended December 31, 2017

	6-Month Total Returns <sup>(b)</sup>	Average Annual Total Returns		
		1 Year <sup>(b)</sup>	5 Years <sup>(b)</sup>	10 Years <sup>(b)</sup>
Class I <sup>(a)</sup>	5.68%	13.86%	6.64%	4.67%
Class II <sup>(a)</sup>	5.61	13.74	6.49	4.51
Class III <sup>(a)</sup>	5.65	13.71	6.39	4.41
FTSE World Index	11.19	24.09	11.67	5.45
Reference Benchmark	7.21	15.69	7.59	5.23
U.S. Stocks: S&P 500 <sup>®</sup> Index <sup>(c)</sup>	11.42	21.83	15.79	8.50
Non-U.S. Stocks: FTSE World (ex-U.S.) Index <sup>(d)</sup>	10.92	26.57	7.52	2.52
U.S. Bonds: ICE BofAML Current 5-year U.S. Treasury Index <sup>(e)</sup>	(0.46)	0.72	0.64	3.23
Non-U.S. Bonds: Citigroup Non-U.S. Dollar World Government Bond Index <sup>(f)</sup>	4.18	10.33	(0.29)	2.44

- <sup>(a)</sup> Average annual and cumulative total returns are based on changes in net asset value for the periods shown and assume reinvestment of all distributions at net asset value on the ex-dividend date. Insurance-related fees and expenses are not reflected in these returns.
- <sup>(b)</sup> For a portion of the period, the Fund's investment adviser waived a portion of its fees. Without such waiver, the Fund's performance would have been lower.
- <sup>(c)</sup> This unmanaged index covers 500 leading companies and captures approximately 80% coverage of available market capitalization.
- <sup>(d)</sup> This unmanaged capitalization-weighted index is comprised of 1,969 equities from 34 countries, excluding the United States.
- <sup>(e)</sup> This unmanaged index is designed to track the total return of the current coupon five-year U.S. Treasury bond.
- <sup>(f)</sup> This unmanaged market capitalization-weighted index tracks 22 government bond indexes, excluding the United States.

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.

## Expense Example

	Actual				Hypothetical <sup>(a)</sup>				
	Beginning Account Value (07/01/17)	Ending Account Value (12/31/17)	Including Dividend Expense and Broker Fees and Expenses on Short Sales	Excluding Dividend Expense and Broker Fees and Expenses on Short Sales	Beginning Account Value (07/01/17)	Ending Account Value (12/31/17)	Including Dividend Expense and Broker Fees and Expenses on Short Sales	Excluding Dividend Expense and Broker Fees and Expenses on Short Sales	Expenses Paid During the Period <sup>(c)</sup>
			Expenses Paid During the Period <sup>(b)</sup>	Expenses Paid During the Period <sup>(c)</sup>			Expenses Paid During the Period <sup>(b)</sup>	Ending Account Value (12/31/17)	
Class I . . . . .	\$ 1,000.00	\$ 1,056.80	\$ 3.53	\$ 3.47	\$ 1,000.00	\$ 1,021.78	\$ 3.47	\$ 1,021.83	\$ 3.61
Class II . . . . .	1,000.00	1,056.10	4.30	4.25	1,000.00	1,021.02	4.23	1,021.07	4.41
Class III . . . . .	1,000.00	1,056.50	5.18	5.13	1,000.00	1,020.16	5.09	1,020.21	4.91

<sup>(a)</sup> Hypothetical 5% annual return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.

<sup>(b)</sup> For each class of the Fund, expenses are equal to the annualized expense ratio for the class (0.68% for Class I, 0.83% for Class II and 1.00% for Class III), multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period shown).

<sup>(c)</sup> For each class of the Fund, expenses are equal to the annualized expense ratio for the class (0.67% for Class I, 0.82% for Class II and 0.99% for Class III), multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period shown).

See "Disclosure of Expenses" on the following page for further information on how expenses were calculated.

## OVERALL ASSET EXPOSURE

Portfolio Composition	Percent of Fund's Net Assets <sup>(a)</sup>		Reference Benchmark <sup>(b)</sup> Percentage
	12/31/2017	12/31/2016	
US Equities . . . . .	32%	28%	35%
European Equities . . . . .	15	14	12
Asia Pacific Equities . . . . .	14	14	9
Other Equities . . . . .	1	1	3
Total Equities . . . . .	62	57	60
US Dollar Denominated Fixed Income Securities . . . . .	21	16	24
U.S. Issuers . . . . .	18	12	—
Non-U.S. Issuers . . . . .	3	4	—
Non-U.S. Dollar Denominated Fixed Income Securities . . . . .	8	9	16
Total Fixed Income Securities . . . . .	30	25	40
Commodity-Related . . . . .	4	3	—
Cash & Short-Term Securities . . . . .	4	15	—

<sup>(a)</sup> Exposure based on market value and adjusted for the economic value of futures, swaps and options (except with respect to fixed income securities), and convertible bonds.

<sup>(b)</sup> The Reference Benchmark is an unmanaged weighted index comprised as follows: 36% of the S&P 500 Index<sup>®</sup>; 24% FTSE World (ex U.S.) Index; 24% BofA Merrill Lynch Current 5-Year U.S. Treasury Index; and 16% Citigroup Non-U.S. Dollar World Government Bond Index. Descriptions of these indexes are found on page 5 of this report to shareholders in the "Performance Summary" section.

## Disclosure of Expenses

Shareholders of the Fund may incur the following charges: (a) transactional expenses, such as sales charges; 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 on the previous page (which is based on a hypothetical investment of \$1,000 invested on July 1, 2017 and held through December 31, 2017) 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 any 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.

## 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 asset 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 Consolidated Financial Statements.

# Consolidated Schedule of Investments

December 31, 2017

# BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Common Stocks — 55.1%</b>		
<b>Australia — 0.0%</b>		
AGL Energy Ltd.	1,889	\$ 35,797
Ancor Ltd. <sup>(a)</sup>	2,435	29,177
AMP Ltd. <sup>(a)</sup>	9,415	38,004
BHP Billiton Ltd.	7,243	166,378
National Australia Bank Ltd.	3,156	72,478
Rio Tinto Ltd.	2,415	141,990
Rio Tinto plc <sup>(a)</sup>	2,652	139,117
Stockland	21,585	75,296
Telstra Corp. Ltd.	10,555	29,837
Wesfarmers Ltd.	1,784	61,687
Woolworths Group Ltd.	8,630	183,356
		973,117
<b>Belgium — 0.4%</b>		
Anheuser-Busch InBev SA	389,183	43,448,950
UCB SA	269	21,330
		43,470,280
<b>Brazil — 0.2%</b>		
Azul SA, ADR <sup>(a)</sup>	892,637	21,271,540
Banco Bradesco SA <sup>(a)</sup>	909	8,785
Banco do Brasil SA <sup>(a)</sup>	13,591	130,375
JBS SA	30,216	89,361
Vale SA <sup>(a)</sup>	8,429	102,307
		21,602,368
<b>Canada — 0.4%</b>		
Agrium, Inc.	824	94,776
Bank of Montreal	99	7,922
Bank of Nova Scotia (The)	2,910	187,796
Barrick Gold Corp.	3,313	47,916
Canadian National Railway Co.	2,023	166,813
Encana Corp.	3,460,483	46,128,238
Magna International, Inc.	4,942	280,086
Platinum Group Metals Ltd. <sup>(a)(b)</sup>	2,151,915	653,695
Royal Bank of Canada	3,304	269,814
Suncor Energy, Inc. <sup>(a)</sup>	161	5,911
Teck Resources Ltd., Class B	6,429	168,116
Thomson Reuters Corp.	6,298	274,517
Toronto-Dominion Bank (The)	1,180	69,138
		48,354,738
<b>China — 0.3%</b>		
Agricultural Bank of China Ltd., Class H	391,000	181,713
Alibaba Group Holding Ltd., ADR <sup>(a)(b)</sup>	112,062	19,322,851
Bank of China Ltd., Class H	305,000	149,370
Bank of Communications Co. Ltd., Class H	73,000	54,031
Brilliance China Automotive Holdings Ltd.	3,616,000	9,609,170
China Communications Construction Co. Ltd., Class H	7,000	7,941
China Construction Bank Corp., Class H	315,000	289,974
China Mobile Ltd.	32,000	323,585
China Resources Power Holdings Co. Ltd.	82,000	152,516
China Telecom Corp. Ltd., Class H	128,000	60,712
CNOOC Ltd.	176,000	252,669
Country Garden Holdings Co. Ltd.	6,000	11,399
Dongfeng Motor Group Co. Ltd., Class H	66,000	79,664
Guangzhou Automobile Group Co. Ltd., Class H	14,000	33,068
Industrial & Commercial Bank of China Ltd., Class H	198,000	158,724
Longfor Properties Co. Ltd. <sup>(a)</sup>	21,500	53,882
New Oriental Education & Technology Group, Inc., ADR	2,328	218,832
PICC Property & Casualty Co. Ltd., Class H	4,000	7,663
Tencent Holdings Ltd.	1,800	93,164
Want Want China Holdings Ltd.	3,213,000	2,689,747

Security	Shares	Value
<b>China (continued)</b>		
Wilmar International Ltd.	23,500	\$ 54,155
		33,804,830
<b>Czech Republic — 0.0%</b>		
CEZ A/S <sup>(b)</sup>	190,490	4,441,567
<b>Denmark — 0.0%</b>		
AP Moller - Maersk A/S, Class A	36	59,977
AP Moller - Maersk A/S, Class B	72	125,495
Carlsberg A/S, Class B	81	9,715
Danske Bank A/S	5,094	198,269
		393,456
<b>Finland — 0.2%</b>		
Nokia OYJ	5,526,699	25,822,620
<b>France — 2.7%</b>		
AXA SA	850,055	25,189,885
BNP Paribas SA	2,328	173,177
Cie de Saint-Gobain	282,791	15,563,758
Cie Generale des Etablissements Michelin	108,921	15,581,725
Danone SA	1,002,947	84,037,846
Dassault Aviation SA	11,640	18,098,690
Engie SA	1,144	19,667
LVMH Moet Hennessy Louis Vuitton SE	116	34,047
Safran SA	248,264	25,607,344
Sanofi	334,485	28,796,478
Societe Generale SA	2,543	131,106
Sodexo SA	134,588	18,042,683
Thales SA <sup>(a)</sup>	488	52,518
TOTAL SA	438,546	24,207,713
TOTAL SA, ADR	17,306	956,675
Unibail-Rodamco SE	66,851	16,823,188
Vinci SA	165,609	16,907,298
Vivendi SA	1,218	32,690
		290,256,488
<b>Germany — 1.9%</b>		
adidas AG	403	80,596
Allianz SE (Registered)	1,244	284,687
BASF SE <sup>(a)</sup>	2,460	269,693
Bayer AG (Registered)	517,993	64,367,487
Deutsche Post AG (Registered)	6,276	298,321
Deutsche Telekom AG (Registered)	878,298	15,525,183
E.ON SE	20,770	225,067
Evonik Industries AG	380,722	14,299,602
GEA Group AG	265,476	12,701,480
Innogy SE <sup>(b)(c)</sup>	1,588,148	62,154,906
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen (Registered)	63	13,605
SAP SE	2,873	321,418
Siemens AG (Registered)	95,896	13,277,540
Vonovia SE <sup>(a)</sup>	376,287	18,644,007
		202,463,592
<b>Hong Kong — 0.8%</b>		
AIA Group Ltd.	2,400	20,414
CK Infrastructure Holdings Ltd.	377,000	3,235,098
CLP Holdings Ltd.	391,000	4,001,158
Galaxy Entertainment Group Ltd.	7,000	55,886
Hang Lung Properties Ltd.	783,000	1,907,368
HKT Trust & HKT Ltd. <sup>(d)</sup>	2,089,000	2,663,105
Hong Kong Exchanges & Clearing Ltd.	2,600	79,529
Hongkong Land Holdings Ltd.	15,300	107,618
I-CABLE Communications Ltd. <sup>(a)</sup>	379,342	11,119
Jardine Matheson Holdings Ltd.	52,700	3,197,441
Link REIT	481,000	4,450,123



# Consolidated Schedule of Investments (continued)

December 31, 2017

# BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Hong Kong (continued)</b>		
Power Assets Holdings Ltd. ....	344,000	\$ 2,899,548
Sino Land Co. Ltd. ....	1,440,000	2,547,516
Sun Hung Kai Properties Ltd. ....	2,889,083	48,100,511
Swire Pacific Ltd., Class A ....	310,000	2,868,221
Swire Properties Ltd. ....	17,800	57,413
WH Group Ltd. <sup>(c)</sup> ....	169,000	190,786
Wharf Holdings Ltd. (The) ....	488,000	1,682,864
Wharf Real Estate Investment Co. Ltd. <sup>(a)</sup> ....	503,000	3,347,818
		81,423,536
<b>India — 1.5%</b>		
Coal India Ltd. ....	662,134	2,724,884
GAIL India Ltd. ....	8,385	65,531
HCL Technologies Ltd. <sup>(a)</sup> ....	5,100	71,154
Hero MotoCorp Ltd. <sup>(a)</sup> ....	67,802	4,016,020
Hindustan Petroleum Corp. Ltd. ....	10,700	70,167
Hindustan Unilever Ltd. ....	5,862	125,625
Housing Development Finance Corp. Ltd. ....	206,144	5,520,258
Indian Oil Corp. Ltd. ....	8,332	50,638
Infosys Ltd. ....	2,302,495	37,423,403
Kotak Mahindra Bank Ltd. ....	1,235,542	19,534,927
Maruti Suzuki India Ltd. ....	112,149	17,076,862
Oil & Natural Gas Corp. Ltd. ....	960,743	2,928,715
Reliance Industries Ltd. ....	3,281,302	47,297,875
SBI Life Insurance Co. Ltd. <sup>(a)(c)</sup> ....	122,880	1,338,680
State Bank of India ....	2,486,178	12,043,591
Tata Motors Ltd. <sup>(a)</sup> ....	2,233	15,067
Tata Motors Ltd., Class A <sup>(a)</sup> ....	12,916	49,243
Tech Mahindra Ltd. ....	8,485	67,007
Vedanta Ltd. ....	14,052	72,390
Yes Bank Ltd. ....	1,257,964	6,197,697
		156,689,734
<b>Indonesia — 0.1%</b>		
Siloam International Hospitals Tbk. PT <sup>(a)</sup> ....	15,609,442	11,016,061
<b>Ireland — 0.0%</b>		
Experian plc ....	735	16,201
Medtronic plc ....	39,012	3,150,219
		3,166,420
<b>Israel — 0.0%</b>		
Check Point Software Technologies Ltd. <sup>(a)</sup> ....	2,757	285,680
<b>Italy — 1.0%</b>		
Atlantia SpA ....	1,179	37,170
Ei Towers SpA ....	316,602	20,323,308
Enel SpA ....	4,396,388	27,034,591
Luxottica Group SpA ....	327,114	20,075,747
RAI Way SpA <sup>(c)</sup> ....	2,173,792	13,236,738
Snam SpA ....	387,263	1,896,614
Telecom Italia SpA <sup>(a)(b)</sup> ....	30,679,349	26,376,319
		108,980,487
<b>Japan — 8.3%</b>		
Aisin Seiki Co. Ltd. ....	239,439	13,413,994
Ajinomoto Co., Inc. ....	1,201,600	22,607,173
Alfresa Holdings Corp. ....	104,700	2,452,333
Alpine Electronics, Inc. ....	72,900	1,505,706
Asahi Glass Co. Ltd. ....	3,500	151,286
Asahi Kasei Corp. ....	1,352,300	17,403,285
Astellas Pharma, Inc. ....	1,837,765	23,345,634
Bridgestone Corp. ....	877,632	40,618,777
Canon Marketing Japan, Inc. ....	88,700	2,394,199
COMSYS Holdings Corp. ....	106,600	3,090,619
Daicel Corp. ....	397,000	4,505,277
Dai-ichi Life Holdings, Inc. ....	800	16,442

Security	Shares	Value
<b>Japan (continued)</b>		
Daikin Industries Ltd. ....	122,000	\$ 14,415,883
Denso Corp. ....	575,420	34,472,708
Dowa Holdings Co. Ltd. <sup>(a)</sup> ....	50,300	2,042,813
East Japan Railway Co. ....	530,551	51,738,399
Exedy Corp. ....	62,900	1,937,880
Fujitsu Ltd. ....	50,000	354,477
GS Yuasa Corp. <sup>(a)(b)</sup> ....	426,000	2,114,661
Hino Motors Ltd. <sup>(b)</sup> ....	185,000	2,389,527
Hitachi Chemical Co. Ltd. ....	400,700	10,260,295
Hitachi Ltd. ....	49,000	380,152
Hoya Corp. ....	464,574	23,137,268
Japan Airlines Co. Ltd. ....	1,055,900	41,253,865
Japan Aviation Electronics Industry Ltd. ....	126,000	2,124,379
Japan Tobacco, Inc. ....	2,500	80,508
Kamigumi Co. Ltd. ....	96,700	2,137,008
Kao Corp. ....	1,900	128,382
KDDI Corp. ....	143,400	3,561,989
Keyence Corp. ....	8,000	4,469,051
Kinden Corp. ....	323,100	5,260,648
Kintetsu Group Holdings Co. Ltd. ....	1,900	72,713
Kirin Holdings Co. Ltd. <sup>(a)</sup> ....	3,300	83,165
Koito Manufacturing Co. Ltd. ....	130,000	9,101,738
Komatsu Ltd. ....	724,900	26,197,682
Kubota Corp. ....	759,496	14,855,317
Kuraray Co. Ltd. <sup>(b)</sup> ....	133,300	2,509,764
Kyudenko Corp. ....	52,600	2,540,007
Kyushu Railway Co. ....	310,200	9,601,417
Mabuchi Motor Co. Ltd. ....	76,700	4,145,979
Maeda Road Construction Co. Ltd. ....	128,000	2,932,771
Marubeni Corp. ....	17,900	129,411
Mazda Motor Corp. ....	15,100	201,787
Medipal Holdings Corp. ....	119,900	2,340,880
Mitsubishi Electric Corp. ....	2,409,300	39,928,322
Mitsubishi Tanabe Pharma Corp. ....	3,100	63,891
Mitsubishi UFJ Financial Group, Inc. ....	15,500	112,808
MS&AD Insurance Group Holdings, Inc. ....	900	30,357
Murata Manufacturing Co. Ltd. <sup>(b)</sup> ....	168,628	22,577,284
Nichias Corp. <sup>(a)</sup> ....	136,000	1,807,268
Nippo Corp. <sup>(b)</sup> ....	125,000	2,920,263
Nippon Telegraph & Telephone Corp. ....	74,260	3,491,268
Nippon Television Holdings, Inc. ....	241,900	4,138,578
Nitto Denko Corp. ....	208,600	18,450,404
NTT DOCOMO, Inc. ....	900	21,280
Okumura Corp. ....	118,050	4,850,350
Olympus Corp. ....	2,700	103,289
Otsuka Holdings Co. Ltd. ....	53,700	2,355,132
Panasonic Corp. <sup>(a)</sup> ....	9,600	140,102
Rakuten, Inc. ....	4,200	38,391
Renesas Electronics Corp. <sup>(a)</sup> ....	742,300	8,608,778
Resona Holdings, Inc. ....	19,200	114,408
Rohm Co. Ltd. ....	299,753	33,021,320
Seino Holdings Co. Ltd. ....	136,800	2,170,265
Seven & i Holdings Co. Ltd. ....	35,300	1,462,352
Shimamura Co. Ltd. ....	18,500	2,032,403
Shin-Etsu Chemical Co. Ltd. ....	474,634	48,091,343
Shionogi & Co. Ltd. ....	5,600	302,595
Sony Corp. ....	6,300	282,762
Stanley Electric Co. Ltd. ....	62,900	2,545,092
Subaru Corp. ....	479,864	15,215,450
Sumitomo Electric Industries Ltd. ....	787,948	13,282,676
Sumitomo Mitsui Financial Group, Inc. ....	1,069,047	46,080,752
Suzuken Co. Ltd. ....	54,000	2,217,043
Suzuki Motor Corp. ....	957,689	55,434,540
Taisei Corp. ....	900	44,758

# Consolidated Schedule of Investments (continued)

December 31, 2017

**BlackRock Global Allocation V.I. Fund**  
(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Japan (continued)</b>		
Toagosei Co. Ltd. <sup>(a)</sup>	128,900	\$ 1,636,256
Toda Corp. <sup>(b)</sup>	578,896	4,633,357
Toho Co. Ltd.	81,500	2,821,116
Tokio Marine Holdings, Inc.	503,223	22,888,117
Tokyo Electron Ltd.	700	126,273
Tokyo Gas Co. Ltd.	1,535,714	35,088,671
Tokyo Steel Manufacturing Co. Ltd.	366,200	3,281,337
Toray Industries, Inc.	1,457,300	13,716,561
Toshiba Corp. <sup>(a)</sup>	113,000	317,914
Toyota Industries Corp.	649,577	41,637,214
TV Asahi Holdings Corp.	175,900	3,528,493
Ube Industries Ltd.	370,434	10,851,316
Unicharm Corp.	4,800	124,642
West Japan Railway Co.	203,100	14,816,962
Yamato Kogyo Co. Ltd. <sup>(b)</sup>	74,700	2,163,710
		898,044,712
<b>Mexico — 0.0%</b>		
Cemex SAB de CV <sup>(a)</sup>	415,945	311,179
Grupo Financiero Banorte SAB de CV, Class O	4,942	27,127
		338,306
<b>Netherlands — 2.1%</b>		
ABN AMRO Group NV, CVA <sup>(a)(c)</sup>	767,504	24,745,007
ING Groep NV	1,945,463	35,712,354
Koninklijke Ahold Delhaize NV <sup>(a)</sup>	305	6,705
Koninklijke Philips NV	1,942,024	73,328,266
Randstad Holding NV	214,905	13,186,371
Royal Dutch Shell plc, Class A	984,743	32,816,721
Royal Dutch Shell plc, Class B	10,955	368,899
Royal Dutch Shell plc, ADR, Class A <sup>(b)</sup>	630,245	42,043,644
Unilever NV, CVA <sup>(a)</sup>	4,176	235,121
		222,443,088
<b>Norway — 0.0%</b>		
DNB ASA	5,201	96,278
Telenor ASA	2,686	57,499
		153,777
<b>Peru — 0.0%</b>		
Credicorp Ltd.	161	33,396
<b>Poland — 0.0%</b>		
PGE Polska Grupa Energetyczna SA <sup>(a)</sup>	45,235	156,343
Polski Koncern Naftowy ORLEN SA	1,110	33,738
Polskie Gornictwo Naftowe i Gazownictwo SA	31,030	56,071
		246,152
<b>Portugal — 0.1%</b>		
Jeronimo Martins SGPS SA	75,422	1,465,568
NOS SGPS SA	1,392,756	9,159,290
		10,624,858
<b>Singapore — 0.3%</b>		
CapitaLand Ltd.	7,783,950	20,477,152
ComfortDelGro Corp. Ltd.	1,724,500	2,547,937
Genting Singapore plc	263,300	257,149
Singapore Telecommunications Ltd.	1,714,700	4,571,607
		27,853,845
<b>South Africa — 0.0%</b>		
Barclays Africa Group Ltd. <sup>(b)</sup>	6,517	95,470
MTN Group Ltd.	664	7,331
RMB Holdings Ltd.	8,953	57,144
Tiger Brands Ltd.	3,541	131,652
		291,597

Security	Shares	Value
<b>South Korea — 0.6%</b>		
Amorepacific Corp. <sup>(a)(b)</sup>	34,612	\$ 9,844,803
Coway Co. Ltd.	38,250	3,485,694
Doosan Bobcat, Inc. <sup>(a)(b)</sup>	521,724	17,417,139
Hana Financial Group, Inc.	2,442	113,508
Hotel Shilla Co. Ltd. <sup>(a)(b)</sup>	43,135	3,420,823
KT&G Corp. <sup>(b)</sup>	131,610	14,199,201
LG Chem Ltd. <sup>(b)</sup>	14,300	5,409,836
LG Display Co. Ltd.	1,540	42,865
LG Household & Health Care Ltd. <sup>(a)</sup>	4,673	5,190,040
Lotte Chemical Corp. <sup>(a)</sup>	153	52,536
POSCO	13,737	4,272,910
Samsung Electronics Co. Ltd.	225	534,580
SK Hynix, Inc.	1,880	133,530
SK Innovation Co. Ltd.	808	154,143
SK Telecom Co. Ltd.	16,630	4,147,597
Woori Bank	3,680	54,097
		68,473,302
<b>Spain — 0.4%</b>		
Aena SME SA <sup>(c)</sup>	1,683	340,605
Amadeus IT Group SA <sup>(a)</sup>	305	21,949
CaixaBank SA <sup>(a)</sup>	27,145	126,192
Cellnex Telecom SA <sup>(c)</sup>	1,327,829	33,973,088
Gas Natural SDG SA <sup>(b)</sup>	328,310	7,576,898
Repsol SA	1,361	24,030
Telefonica SA	13,078	127,350
		42,190,112
<b>Sweden — 0.2%</b>		
Nordea Bank AB	6,732	81,511
Sandvik AB <sup>(a)</sup>	4,279	74,903
Skandinaviska Enskilda Banken AB, Class A	8,416	98,824
SKF AB, Class B <sup>(a)(b)</sup>	856,569	19,029,342
Swedbank AB, Class A <sup>(a)</sup>	353	8,516
Volvo AB, Class B <sup>(a)</sup>	11,701	217,895
		19,510,991
<b>Switzerland — 1.2%</b>		
ABB Ltd. (Registered)	3,984	106,709
Nestle SA (Registered)	828,154	71,201,587
Novartis AG (Registered)	2,600	218,796
Roche Holding AG	1,777	449,324
SGS SA (Registered)	72	187,707
Swatch Group AG (The) (Registered) <sup>(a)</sup>	2,009	153,233
Swiss Re AG	385	36,005
UBS Group AG (Registered) <sup>(a)</sup>	3,286,601	60,383,925
Zurich Insurance Group AG	904	274,855
		133,012,141
<b>Taiwan — 0.6%</b>		
Catcher Technology Co. Ltd.	4,000	43,831
Cathay Financial Holding Co. Ltd.	1,948,000	3,489,930
Cheng Shin Rubber Industry Co. Ltd.	1,338,323	2,361,072
Chunghwa Telecom Co. Ltd.	5,156,000	18,340,537
Far EasTone Telecommunications Co. Ltd.	2,871,000	7,091,033
Formosa Chemicals & Fibre Corp.	823,000	2,839,354
Formosa Petrochemical Corp.	588,000	2,274,356
Formosa Plastics Corp.	878,000	2,905,195
Fubon Financial Holding Co. Ltd.	2,024,000	3,440,730
Hon Hai Precision Industry Co. Ltd.	1,047,200	3,329,666
Innolux Corp.	167,000	69,323
Nan Ya Plastics Corp.	1,101,000	2,876,600
Pegatron Corp.	95,000	228,894
Taiwan Mobile Co. Ltd. <sup>(a)</sup>	2,539,000	9,171,917
Taiwan Semiconductor Manufacturing Co. Ltd.	446,000	3,415,055

# Consolidated Schedule of Investments (continued)

December 31, 2017

# BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Taiwan (continued)</b>		
Uni-President Enterprises Corp.	2,189,000	\$ 4,847,831
		66,725,324
<b>Thailand — 0.2%</b>		
Advanced Info Service PCL	861,500	5,048,988
Intouch Holdings PCL, Class F	2,192,500	3,749,528
PTT Global Chemical PCL	1,824,300	4,754,776
Siam Cement PCL (The)	279,900	4,150,598
Thai Oil PCL	831,400	2,640,377
		20,344,267
<b>Turkey — 0.0%</b>		
Eregli Demir ve Celik Fabrikalari TAS	14,659	38,678
Tupras Turkiye Petrol Rafinerileri A/S	6,025	193,079
		231,757
<b>United Arab Emirates — 0.4%</b>		
NMC Health plc	1,026,768	39,994,489
<b>United Kingdom — 2.7%</b>		
Anglo American plc	904	18,802
Aon plc	2,011	269,474
Associated British Foods plc	2,390	90,997
Aviva plc	7,114	48,520
BAE Systems plc	1,904,803	14,717,129
Barclays plc	51,773	141,722
Berkeley Group Holdings plc	285,242	16,163,464
BP plc <sup>(a)</sup>	1,377,853	9,666,033
BP plc, ADR <sup>(b)</sup>	854,785	35,926,613
Centrica plc	46,058	85,380
Compass Group plc	456	9,832
Diageo plc	1,135	41,603
GlaxoSmithKline plc	1,660,552	29,407,032
GW Pharmaceuticals plc, ADR <sup>(a)(b)</sup>	62,805	8,290,888
HSBC Holdings plc	5,601,576	57,853,480
Imperial Brands plc	4,455	190,026
Legal & General Group plc	44,110	162,395
Liberty Global plc, Class A <sup>(a)(b)</sup>	290,277	10,403,528
Liberty Global plc, Class C <sup>(a)</sup>	1,657	56,073
Lloyds Banking Group plc	375,513	344,339
Meggitt plc	1,869,168	12,137,178
National Grid plc	93,494	1,102,156
Prudential plc	1,348	34,523
Reckitt Benckiser Group plc	808	75,381
Smiths Group plc	766,202	15,377,285
SSE plc <sup>(a)</sup>	7,579	134,738
Vodafone Group plc	19,340,599	61,135,544
Vodafone Group plc, ADR	518,385	16,536,482
		290,420,617
<b>United States — 28.5%</b>		
3M Co.	6,208	1,461,177
AbbVie, Inc.	21,259	2,055,958
Acadia Healthcare Co., Inc. <sup>(a)(b)</sup>	467,272	15,247,085
Accenture plc, Class A	13,280	2,033,035
Activision Blizzard, Inc.	257,451	16,301,797
Adobe Systems, Inc. <sup>(a)</sup>	14,152	2,479,996
Aetna, Inc.	13,474	2,430,575
Agilent Technologies, Inc.	1,386	92,820
Air Products & Chemicals, Inc.	393,358	64,542,181
Allergan plc	206	33,697
Alliance Data Systems Corp.	4,025	1,020,257
Allstate Corp. (The)	269,787	28,249,397
Ally Financial, Inc.	27,785	810,211
Alphabet, Inc., Class A <sup>(a)</sup>	628	661,535
Alphabet, Inc., Class C <sup>(a)</sup>	106,418	111,355,795

Security	Shares	Value
<b>United States (continued)</b>		
Amazon.com, Inc. <sup>(a)</sup>	93,759	\$ 109,648,338
Amdocs Ltd.	27,552	1,804,105
American Express Co.	2,310	229,406
American International Group, Inc.	1,327	79,063
American Tower Corp.	15,995	2,282,007
Ameriprise Financial, Inc.	8,102	1,373,046
Amgen, Inc.	14,203	2,469,902
Anadarko Petroleum Corp.	900,272	48,290,590
Anthem, Inc.	142,580	32,081,926
Apple, Inc.	846,403	143,236,780
Applied Materials, Inc.	6,706	342,811
AT&T, Inc.	4,888	190,045
Autodesk, Inc. <sup>(a)</sup>	206	21,595
Automatic Data Processing, Inc.	439	51,446
Axalta Coating Systems Ltd. <sup>(a)</sup>	664,189	21,493,156
Bank of America Corp.	3,792,118	111,943,323
Bank of New York Mellon Corp. (The)	21,957	1,182,604
Baxter International, Inc.	81,532	5,270,228
Berkshire Hathaway, Inc., Class B <sup>(a)</sup>	23,206	4,599,893
Biogen, Inc. <sup>(a)</sup>	15,453	4,922,862
Boeing Co. (The)	9,273	2,734,700
Boston Scientific Corp. <sup>(a)</sup>	3,939	97,648
Bristol-Myers Squibb Co.	601	36,829
Broadcom Ltd.	45	11,561
Brown-Forman Corp., Class B	260	17,854
CA, Inc.	8,644	287,672
Capital One Financial Corp.	14,946	1,488,323
Carnival Corp.	5,819	386,207
Caterpillar, Inc.	6,598	1,039,713
Celgene Corp. <sup>(a)</sup>	2,901	302,748
CenterPoint Energy, Inc.	21,538	610,818
Charles Schwab Corp. (The)	744,257	38,232,482
Charter Communications, Inc., Class A <sup>(a)</sup>	112,048	37,643,646
Chevron Corp.	8,719	1,091,532
Chubb Ltd.	204,285	29,852,167
Cisco Systems, Inc.	3,411	130,641
Citigroup, Inc.	829,488	61,722,202
Cloudera, Inc. <sup>(a)(b)</sup>	1,436,239	23,726,668
Coca-Cola Co. (The)	6,911	317,077
Cognizant Technology Solutions Corp., Class A	1,182	83,946
Colgate-Palmolive Co.	38,757	2,924,216
Comcast Corp., Class A	2,519,407	100,902,250
CommScope Holding Co., Inc. <sup>(a)(b)</sup>	852,069	32,233,770
Conagra Brands, Inc.	9,030	340,160
ConocoPhillips	2,762	151,606
Constellation Brands, Inc., Class A	9,296	2,124,787
Corning, Inc.	3,107	99,393
Costco Wholesale Corp.	913	169,928
Crown Holdings, Inc. <sup>(a)</sup>	20,649	1,161,506
CSX Corp.	839	46,153
Cummins, Inc.	5,408	955,269
CVS Health Corp.	467,992	33,929,420
Dell Technologies, Inc., Class V <sup>(a)</sup>	2,605	211,734
Delta Air Lines, Inc.	18,236	1,021,216
Discover Financial Services	18,739	1,441,404
DISH Network Corp., Class A <sup>(a)</sup>	220,796	10,543,009
Dominion Energy, Inc.	53,991	4,376,510
DowDuPont, Inc.	1,187,391	84,565,987
DXC Technology Co.	1,517	143,963
Eaton Corp. plc	3,436	271,478
eBay, Inc. <sup>(a)</sup>	7,628	287,881
Edgewell Personal Care Co. <sup>(a)(b)</sup>	499,799	29,683,063
Electronic Arts, Inc. <sup>(a)</sup>	156,892	16,483,074

# Consolidated Schedule of Investments (continued)

December 31, 2017

# BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>United States (continued)</b>		
Emerson Electric Co. ....	627	\$ 43,696
EQT Corp. ....	250,815	14,276,390
Equity Residential ....	3,662	233,526
Expedia, Inc. ....	3,850	461,115
Express Scripts Holding Co. <sup>(a)</sup> .....	5,622	419,626
Exxon Mobil Corp. ....	8,869	741,803
Facebook, Inc., Class A <sup>(a)</sup> .....	394,957	69,694,112
Fifth Third Bancorp ....	38,742	1,175,432
FirstEnergy Corp. ....	331	10,135
FleetCor Technologies, Inc. <sup>(a)</sup> .....	242,500	46,664,275
Ford Motor Co. ....	6,115	76,376
Fortune Brands Home & Security, Inc. ....	277,052	18,961,439
Franklin Resources, Inc. ....	826	35,791
General Dynamics Corp. ....	8,184	1,665,035
General Electric Co. ....	2,406,220	41,988,539
General Motors Co. ....	1,871	76,692
Gilead Sciences, Inc. ....	632,999	45,348,048
Global Payments, Inc. ....	170,354	17,076,285
Goldman Sachs Group, Inc. (The) .....	141,855	36,138,980
Goodyear Tire & Rubber Co. (The) .....	19,273	622,711
Halliburton Co. ....	2,176	106,341
Hartford Financial Services Group, Inc. (The) .....	58,597	3,297,839
HCA Healthcare, Inc. <sup>(a)</sup> ....	638,577	56,092,604
HCP, Inc. ....	5,040	131,443
Helmerich & Payne, Inc. <sup>(b)</sup> .....	15,823	1,022,799
Hewlett Packard Enterprise Co. ....	11,078	159,080
Hilton Worldwide Holdings, Inc. ....	1,549	123,703
Home Depot, Inc. (The) ....	16,010	3,034,375
HP, Inc. ....	17,055	358,326
Huntsman Corp. ....	19,839	660,440
Illinois Tool Works, Inc. ....	8,604	1,435,577
Illumina, Inc. <sup>(a)</sup> ....	350	76,472
Ingersoll-Rand plc ....	2,197	195,950
Intel Corp. ....	43,740	2,019,038
International Business Machines Corp. ....	197,694	30,330,213
International Paper Co. ....	27,690	1,604,359
Intuit, Inc. ....	15,054	2,375,220
IQVIA Holdings, Inc. <sup>(a)</sup> ....	349	34,167
Jawbone Health Hub, Inc. (Acquired 01/24/17, cost \$0) <sup>(a)(e)(f)</sup> .....	333,860	455,251
Johnson & Johnson ....	34,036	4,755,510
JPMorgan Chase & Co. ....	358,620	38,350,823
Kansas City Southern ....	322,081	33,889,363
Kimberly-Clark Corp. ....	985	118,850
Kinder Morgan, Inc. ....	5,388	97,361
KLA-Tencor Corp. ....	14,265	1,498,824
Kohl's Corp. ....	11,318	613,775
Lam Research Corp. ....	1,173	215,914
Las Vegas Sands Corp. ....	5,539	384,905
Lear Corp. ....	8,124	1,435,186
Liberty Broadband Corp., Class A <sup>(a)</sup> .....	67,564	5,746,318
Liberty Broadband Corp., Class C <sup>(a)</sup> .....	213,686	18,197,500
Liberty Media Corp.-Liberty SiriusXM, Class A <sup>(a)</sup> .....	242,277	9,608,706
Liberty Media Corp.-Liberty SiriusXM, Class C <sup>(a)</sup> .....	405,971	16,100,810
Lookout, Inc. (Acquired 03/04/15, cost \$936,169), 0.00% <sup>(a)(e)(f)</sup> .....	81,954	17,210
Lowe's Cos., Inc. ....	57,712	5,363,753
LyondellBasell Industries NV, Class A ....	2,047	225,825
ManpowerGroup, Inc. ....	7,705	971,678
Marathon Petroleum Corp. ....	504,938	33,315,809
Marsh & McLennan Cos., Inc. ....	265,887	21,640,543
Masco Corp. ....	49,548	2,177,139
Mastercard, Inc., Class A ....	142,448	21,560,929

Security	Shares	Value
<b>United States (continued)</b>		
McDonald's Corp. ....	15,228	\$ 2,621,043
McKesson Corp. ....	4,846	755,734
Merck & Co., Inc. ....	2,301	129,477
MetLife, Inc. ....	644,058	32,563,572
MGM Resorts International ....	739,168	24,680,820
Micron Technology, Inc. <sup>(a)</sup> .....	4,244	174,513
Microsoft Corp. ....	2,240,289	191,634,321
Mohawk Industries, Inc. <sup>(a)</sup> .....	136,126	37,557,163
Mondelez International, Inc., Class A .....	78,244	3,348,843
Monsanto Co. ....	3,177	371,010
Moody's Corp. ....	987	145,691
Morgan Stanley ....	1,388,516	72,855,435
Motorola Solutions, Inc. ....	458	41,376
NextEra Energy Partners LP <sup>(b)</sup> .....	362,276	15,617,718
NextEra Energy, Inc. ....	341,274	53,303,586
Norfolk Southern Corp. ....	539	78,101
Northern Trust Corp. ....	1,385	138,348
Northrop Grumman Corp. ....	6,789	2,083,612
NVIDIA Corp. ....	179	34,637
ONEOK, Inc. ....	1,271	67,935
Oracle Corp. ....	7,963	376,491
O'Reilly Automotive, Inc. <sup>(a)(b)</sup> .....	203,061	48,844,293
PACCAR, Inc. ....	3,214	228,451
Packaging Corp. of America ....	17,342	2,090,578
PepsiCo, Inc. ....	39,341	4,717,773
Pfizer, Inc. ....	2,028,426	73,469,590
PG&E Corp. ....	2,668	119,606
Philip Morris International, Inc. ....	3,483	367,979
Phillips 66 ....	15,116	1,528,983
Pioneer Natural Resources Co. ....	249,512	43,128,149
Praxair, Inc. ....	574	88,786
Priceline Group, Inc. (The) <sup>(a)</sup> .....	170	295,416
Procter & Gamble Co. (The) ....	6,625	608,705
Progressive Corp. (The) ....	304	17,121
Prudential Financial, Inc. ....	12,983	1,492,785
Pure Storage, Inc., Class A <sup>(a)</sup> .....	1,171,166	18,574,693
PVH Corp. ....	6,366	873,479
QUALCOMM, Inc. ....	1,390,267	89,004,893
Raytheon Co. ....	7,734	1,452,832
Reinsurance Group of America, Inc. ....	9,407	1,466,834
Republic Services, Inc. ....	707	47,800
Rockwell Automation, Inc. ....	7,228	1,419,218
Ross Stores, Inc. ....	8,346	669,767
Royal Caribbean Cruises Ltd. ....	8,334	994,080
Schlumberger Ltd. ....	238,455	16,069,482
Sempra Energy ....	178,828	19,120,290
Snap, Inc., Class A <sup>(a)(b)</sup> .....	1,007,997	14,726,836
St Joe Co. (The) <sup>(a)</sup> ....	1,098,976	19,836,517
State Street Corp. ....	8,685	847,743
Stryker Corp. ....	21,346	3,305,215
SunTrust Banks, Inc. ....	266,713	17,226,993
Symantec Corp. ....	859	24,104
Sysco Corp. ....	170	10,324
Target Corp. ....	329,444	21,496,221
Tenet Healthcare Corp. <sup>(a)(b)</sup> .....	806,383	12,224,766
TESARO, Inc. <sup>(a)(b)</sup> .....	106,652	8,838,251
Texas Instruments, Inc. ....	3,456	360,945
Thermo Fisher Scientific, Inc. ....	18,588	3,529,489
Time Warner, Inc. ....	1,862	170,317
TJX Cos., Inc. (The) ....	218,242	16,686,783
Travelers Cos., Inc. (The) ....	31,254	4,239,293
TripAdvisor, Inc. <sup>(a)(b)</sup> .....	432,780	14,913,599
Tyson Foods, Inc., Class A ....	13,483	1,093,067



# Consolidated Schedule of Investments (continued)

December 31, 2017

**BlackRock Global Allocation V.I. Fund**  
(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>United States (continued)</b>		
Union Pacific Corp.	716	\$ 96,016
United Continental Holdings, Inc. <sup>(a)</sup>	719,907	48,521,732
United Rentals, Inc. <sup>(a)</sup>	11,147	1,916,281
United Technologies Corp.	394	50,263
UnitedHealth Group, Inc.	25,339	5,586,236
Valero Energy Corp.	34,599	3,179,994
VeriSign, Inc. <sup>(a)(b)</sup>	16,996	1,945,022
Verizon Communications, Inc.	586,679	31,052,919
Visa, Inc., Class A	183,099	20,876,948
Vistra Energy Corp. <sup>(a)(b)</sup>	275,021	5,038,385
VMware, Inc., Class A <sup>(a)(b)</sup>	138,966	17,415,219
Vornado Realty Trust	1,280	100,070
WABCO Holdings, Inc. <sup>(a)</sup>	8,893	1,276,146
Walgreens Boots Alliance, Inc.	3,859	280,241
Wal-Mart Stores, Inc.	2,972	293,485
Waste Management, Inc.	1,486	128,242
Wells Fargo & Co.	673	40,831
Western Digital Corp.	13,351	1,061,805
WestRock Co.	290,774	18,379,825
Weyerhaeuser Co.	3,818	134,623
Williams Cos., Inc. (The)	2,449,234	74,677,145
Williams-Sonoma, Inc. <sup>(b)</sup>	302,693	15,649,228
Wyndham Worldwide Corp.	17,042	1,974,657
Wynn Resorts Ltd.	10,204	1,720,292
Yum China Holdings, Inc.	1,813	72,556
Zimmer Biomet Holdings, Inc.	328,302	39,616,202
		<u>3,075,566,622</u>
<b>Total Common Stocks — 55.1%</b>		<u>5,949,644,327</u>
<b>(Cost: \$4,900,942,057)</b>		
	<i>Par</i>	
	<i>(000)</i>	

## Corporate Bonds — 3.1%

<b>Australia — 0.2%</b>			
Quintis Ltd., 8.75%, 08/01/23 <sup>(c)(g)</sup>	USD	28,698	20,088,600
Quintis Ltd. (Acquired 11/13/17, cost \$2,077,220), 12.00%, 05/31/18 <sup>(e)(f)(g)</sup>		2,159	2,075,584
			<u>22,164,184</u>
<b>Brazil — 0.0%</b>			
Odebrecht Finance Ltd., 4.38%, 04/25/25 <sup>(c)</sup>		5,283	1,558,485
<b>Chile — 0.0%</b>			
Inversiones Alsacia SA, 8.00%, 12/31/18 <sup>(c)(g)</sup>		7,809	195,219
<b>China — 0.0%</b>			
China Milk Products Group Ltd., 0.00%, 01/05/12 <sup>(f)(g)(h)(i)(j)</sup>		4,800	24,000
<b>France — 0.1%</b>			
Danone SA, 2.59%, 11/02/23 <sup>(c)</sup>		8,441	8,231,719
<b>Germany — 0.2%</b>			
Bayer Capital Corp. BV, 5.63%, 11/22/19 <sup>(c)(i)</sup>	EUR	16,000	21,574,455
<b>India — 0.0%</b>			
REI Agro Ltd. <sup>(f)(g)(i)</sup>			
5.50%, 11/13/14 <sup>(c)</sup>	USD	6,148	1
5.50%, 11/13/14		2,291	—
			<u>1</u>
<b>Italy — 0.1%</b>			
Telecom Italia SpA, 5.30%, 05/30/24 <sup>(c)</sup>		7,219	7,706,282

Security	Par (000)	Value	
<b>Luxembourg — 0.1%</b>			
Intelsat Jackson Holdings SA:			
7.50%, 04/01/21	USD	6,671	\$ 6,070,610
8.00%, 02/15/24 <sup>(c)</sup>		2,264	2,382,860
			<u>8,453,470</u>
<b>Mexico — 0.0%</b>			
Trust F/1401, 5.25%, 12/15/24 <sup>(c)</sup>		3,282	3,483,022
<b>Netherlands — 0.0%</b>			
Cooperatieve Rabobank UA, 3.95%, 11/09/22		2,236	2,331,251
<b>Singapore — 0.1%</b>			
CapitaLand Ltd., 1.95%, 10/17/23 <sup>(c)(i)</sup>	SGD	8,750	6,591,368
<b>Switzerland — 0.1%</b>			
UBS Group Funding Switzerland AG, 4.13%, 09/24/25 <sup>(c)</sup>	USD	5,294	5,555,808
<b>Turkey — 0.1%</b>			
Bio City Development Co. BV, 8.00%, 07/06/18 <sup>(c)(f)(g)(i)</sup>		21,400	5,604,660
<b>United Arab Emirates — 0.1%</b>			
Dana Gas Sukuk Ltd., 7.00%, 10/31/17 <sup>(a)(c)(g)(i)(j)</sup>		17,922	14,695,917
<b>United States — 2.0%</b>			
Activision Blizzard, Inc., 2.30%, 09/15/21	USD	2,004	1,977,697
AliphCom (Acquired 04/27/15-07/21/15, cost \$44,105,789), 15.00%, 04/28/20 <sup>(a)(e)(f)(g)(i)(k)</sup>		44,575	655,253
AliphCom (Acquired 11/11/15, cost \$3,000,000), 15.00%, 04/28/20 <sup>(a)(e)(f)(g)(i)(k)</sup>		3,000	44,100
Allergan Funding SCS, 3.45%, 03/15/22		7,672	7,795,167
Ally Financial, Inc., 3.50%, 01/27/19		5,076	5,101,380
Apple, Inc.:			
3.35%, 02/09/27		13,596	13,927,384
3.20%, 05/11/27		13,065	13,230,928
AT&T, Inc.:			
3.00%, 06/30/22		12,198	12,219,669
2.85%, 02/14/23		12,040	12,087,739
4.45%, 04/01/24		1,939	2,051,097
3.40%, 08/14/24		21,444	21,554,100
Bank of America Corp.:			
3.30%, 01/11/23		8,853	9,056,619
4.00%, 01/22/25		4,152	4,319,582
Becton Dickinson and Co.:			
3.13%, 11/08/21		7,784	7,849,635
2.89%, 06/06/22		6,370	6,330,153
3.36%, 06/06/24		3,461	3,470,669
Citigroup, Inc.:			
2.70%, 03/30/21		7,992	8,016,276
2.90%, 12/08/21		3,808	3,833,059
eBay, Inc., 2.75%, 01/30/23		4,090	4,050,151
Edgewell Personal Care Co.:			
4.70%, 05/19/21 - 05/24/22		8,214	8,452,305
Forest Laboratories LLC, 5.00%, 12/15/21 <sup>(c)</sup>		3,723	3,981,660
General Motors Financial Co., Inc., 3.45%, 04/10/22		3,200	3,242,660
Hughes Satellite Systems Corp., 7.63%, 06/15/21		1,337	1,477,385
JPMorgan Chase & Co.:			
4.35%, 08/15/21		3,482	3,693,065
(LIBOR USD 3 Month + 1.00%), 2.36%, 01/15/23 <sup>(i)</sup>		9,000	9,121,098
Santander Holdings USA, Inc., 3.70%, 03/28/22 <sup>(c)</sup>		2,205	2,231,535
Sherwin-Williams Co. (The), 2.75%, 06/01/22		2,965	2,953,490

# Consolidated Schedule of Investments (continued)

December 31, 2017

# BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Par (000)	Value
<b>United States (continued)</b>		
Synchrony Financial, 3.75%, 08/15/21	USD 2,199	\$ 2,254,877
Verizon Communications, Inc.:		
3.13%, 03/16/22	38,930	39,471,356
2.63%, 08/15/26	3,830	3,607,434
		<u>218,057,523</u>
<b>Total Corporate Bonds — 3.1%</b>		
<b>(Cost: \$417,370,932)</b>		<u>326,227,364</u>

## Floating Rate Loan Interests — 0.4%<sup>(1)</sup>

<b>United States — 0.4%</b>		
Fieldwood Energy LLC, 2nd Lien Term Loan, (LIBOR USD 3 Month + 7.13%), 8.82%, 09/30/20	4,979	1,597,446
Fieldwood Energy LLC, Term Loan: (LIBOR USD 3 Month + 7.00%), 8.69%, 08/31/20 <sup>(a)</sup>	2,191	1,972,277
(LIBOR USD 3 Month + 7.13%), 8.82%, 12/31/2100 <sup>(a)</sup>	2,958	2,031,456
Hilton Worldwide Finance LLC, Term Loan B-2, (LIBOR USD 3 Month + 2.00%), 3.55%, 10/25/23	14,413	14,479,903
Seadrill Operating LP, Term Loan, (LIBOR USD 3 Month + 3.00%), 4.69%, 02/21/21	13,985	11,258,035
Sheridan Investment Partners II LP, Term Loan, (LIBOR USD 3 Month + 3.50%), 4.98%, 12/16/20	11,649	10,057,317
Sheridan Investment Partners II-A LP, Term Loan, (LIBOR USD 3 Month + 3.50%), 4.98%, 12/16/20	1,621	1,399,129
Sheridan Investment Partners II-M LP, Term Loan, (LIBOR USD 3 Month + 3.50%), 4.98%, 12/16/20	604	521,839
		<u>43,317,402</u>
<b>Total Floating Rate Loan Interests — 0.4%</b>		
<b>(Cost: \$50,617,950)</b>		<u>43,317,402</u>

## Foreign Agency Obligations — 0.5%

<b>Brazil — 0.1%</b>		
Petrobras Global Finance BV:		
6.13%, 01/17/22	7,510	7,969,988
7.38%, 01/17/27	8,682	9,558,882
		<u>17,528,870</u>
<b>Mexico — 0.3%</b>		
Petroleos Mexicanos:		
(LIBOR USD 3 Month + 3.65%), 5.19%, 03/11/22 <sup>(c)(i)</sup>	8,570	9,409,800
4.63%, 09/21/23	19,444	20,003,015
		<u>29,412,815</u>
<b>South Korea — 0.1%</b>		
Export-Import Bank of Korea:		
2.88%, 09/17/18	3,344	3,352,521
2.63%, 12/30/20	6,819	6,758,781
		<u>10,111,302</u>
<b>Total Foreign Agency Obligations — 0.5%</b>		
<b>(Cost: \$55,589,417)</b>		<u>57,052,987</u>

Security	Par (000)	Value
<b>Foreign Government Obligations — 9.4%</b>		
<b>Argentina — 0.8%</b>		
Republic of Argentina:		
6.88%, 04/22/21	USD 9,941	\$ 10,825,749
3.88%, 01/15/22	EUR 5,376	6,789,233
5.63%, 01/26/22	USD 20,152	21,260,360
3.38%, 01/15/23	EUR 10,510	12,855,570
7.50%, 04/22/26	USD 18,591	21,047,801
6.88%, 01/26/27	12,979	14,179,557
		<u>86,958,270</u>
<b>Australia — 2.0%</b>		
Commonwealth of Australia:		
5.75%, 05/15/21	AUD 48,801	42,455,908
5.50%, 04/21/23	54,568	49,147,199
2.75%, 04/21/24	129,045	102,328,562
3.00%, 03/21/47	32,794	23,874,741
		<u>217,806,410</u>
<b>Brazil — 1.6%</b>		
Federative Republic of Brazil:		
6.00%, 08/15/22	BRL 89	28,634,495
10.00%, 01/01/23	179	54,533,028
10.00%, 01/01/27	128	38,111,396
4.63%, 01/13/28	USD 27,695	27,819,628
5.00%, 01/27/45	20,006	18,645,592
5.63%, 02/21/47	7,600	7,763,400
		<u>175,507,539</u>
<b>Canada — 0.9%</b>		
Canadian Government Bond:		
0.50%, 08/01/18	CAD 103,555	81,984,749
0.75%, 03/01/21	26,087	20,101,102
		<u>102,085,851</u>
<b>Germany — 0.5%</b>		
Federal Republic of Germany, 0.00%, 08/15/26	EUR 45,299	<u>53,019,736</u>
<b>Hungary — 0.2%</b>		
Republic of Hungary, 6.38%, 03/29/21	USD 22,384	<u>24,848,031</u>
<b>Indonesia — 0.1%</b>		
Republic of Indonesia:		
4.88%, 05/05/21	2,427	2,588,405
3.70%, 01/08/22 <sup>(c)</sup>	3,549	3,647,545
		<u>6,235,950</u>
<b>Italy — 0.2%</b>		
Republic of Italy, 1.85%, 05/15/24	EUR 13,627	<u>16,916,928</u>
<b>Japan — 1.1%</b>		
Government of Japan (2 Year), 0.10%, 03/15/18	JPY 6,086,800	54,046,786
Government of Japan (2 Year), 0.10%, 10/15/18	7,006,100	62,299,727
		<u>116,346,513</u>
<b>Mexico — 0.7%</b>		
United Mexican States:		
8.50%, 12/13/18	MXN 7,488	38,353,866
6.50%, 06/09/22	7,337	35,718,117
		<u>74,071,983</u>
<b>Poland — 1.3%</b>		
Republic of Poland:		
5.00%, 03/23/22	USD 3,654	4,001,130
3.25%, 07/25/25	PLN 95,041	27,532,525

# Consolidated Schedule of Investments (continued)

December 31, 2017

# BlackRock Global Allocation V.I. Fund

(Percentages shown are based on Net Assets)

Security	Par (000)	Value
<b>Poland (continued)</b>		
Republic of Poland (continued):		
2.50%, 07/25/26	PLN 95,635	\$ 25,984,741
2.50%, 07/25/27	316,102	84,957,742
		<u>142,476,138</u>
<b>Total Foreign Government Obligations — 9.4%</b> (Cost: \$997,561,965)		<u>1,016,273,349</u>
	Shares	

<b>Investment Companies — 3.8%<sup>(a)(m)</sup></b>		
ETFS Physical Platinum Shares	67,020	5,929,259
ETFS Physical Swiss Gold Shares	230,215	29,037,018
ETFS Physical Palladium Shares	80,940	8,219,457
iShares Gold Trust <sup>(l)</sup>	2,098,037	26,246,443
SPDR Gold Shares	2,724,874	336,930,670
<b>Total Investment Companies — 3.8%</b> (Cost: \$398,057,183)		<u>406,362,847</u>

	Par (000)	
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## Non-Agency Mortgage-Backed Securities — 0.1%

<b>Commercial Mortgage-Backed Securities — 0.1%</b>		
<b>United Kingdom — 0.1%</b>		
Logistics UK plc, Series 2015-1A, Class F, 4.13%, 08/20/25 <sup>(c)(n)</sup>	GBP 6,637	8,970,802
<b>Total Non-Agency Mortgage-Backed Securities — 0.1%</b> (Cost: \$10,174,225)		<u>8,970,802</u>

## Preferred Securities — 2.9%

<b>Capital Trusts — 0.8%</b>		
<b>Netherlands — 0.0%</b>		
ING Groep NV, 6.00% <sup>(a)(k)(n)</sup>	USD 3,944	4,087,956
<b>United Kingdom — 0.3%<sup>(k)</sup></b>		
HSBC Holdings plc, (USD Swap Rate 5 Year + 3.71%), 6.38% <sup>(l)</sup>	14,896	15,864,240
Lloyds Bank plc, (U.K. Government Bonds 5 Year Note Generic Bid Yield + 13.40%), 13.00% <sup>(l)</sup>	GBP 8,180	20,691,359
		<u>36,555,599</u>
<b>United States — 0.5%<sup>(a)</sup></b>		
American Express Co., Series C, 4.90% <sup>(k)(n)</sup>	5,135	5,237,700
Citigroup, Inc., Series O, 5.87% <sup>(k)(n)</sup>	9,567	9,925,762
General Electric Co., (LIBOR USD 3 Month + 3.33%), 5.00% <sup>(l)(k)</sup>	8,146	8,395,268
Goldman Sachs Group, Inc. (The), Series M, 5.38% <sup>(k)(n)</sup>	8,271	8,519,130
Morgan Stanley, Series H, 5.45% <sup>(k)(n)</sup>	5,940	6,097,410
NBCUniversal Enterprise, Inc., 5.25% <sup>(c)(k)</sup>	6,235	6,624,687
Prudential Financial, Inc. <sup>(n)</sup>		
5.63%, 06/15/43	2,954	3,199,182
5.87%, 09/15/42	4,447	4,858,348
USB Capital IX, 3.50% <sup>(k)(n)</sup>	2,096	1,896,880
		<u>54,754,367</u>
<b>Total Capital Trusts — 0.8%</b> (Cost: \$86,871,864)		<u>95,397,922</u>

Security	Shares	Value
<b>Preferred Stocks — 1.6%</b>		
<b>Brazil — 0.0%</b>		
Banco Bradesco SA (Preference), 0.00% <sup>(a)</sup>	5,864	\$ 59,841
Itau Unibanco Holding SA (Preference), 0.00%	8,128	104,335
Petroleo Brasileiro SA (Preference), 0.00% <sup>(a)</sup>	9,168	44,498
		<u>208,674</u>
<b>South Korea — 0.0%</b>		
Samsung Electronics Co. Ltd. (Preference), 0.00%	116	225,900

<b>United States — 1.6%</b>		
Anthem, Inc., 5.25% <sup>(l)</sup>	407,836	22,838,816
Crown Castle International Corp., Series A, 6.88% <sup>(b)(l)</sup>	13,602	14,276,523
Dominion Energy, Inc., Series A, 6.75% <sup>(l)</sup>	328,925	16,992,266
Domo, Inc., Series D-2 (Acquired 04/01/15-04/12/17, cost \$23,596,895), 0.00% <sup>(a)(e)(f)</sup>	2,798,626	17,547,385
Dropbox, Inc., Series C (Acquired 01/28/14, cost \$28,835,783), 0.00% <sup>(a)(e)(f)</sup>	1,509,632	21,436,774
Grand Rounds, Inc., Series C (Acquired 03/31/15, cost \$5,939,231), 0.00% <sup>(a)(e)(f)</sup>	2,139,107	6,096,455
Lookout, Inc. (Acquired 09/19/14-10/22/14, cost \$10,936,522), 0.00% <sup>(a)(e)(f)</sup>	957,404	8,932,579
Palantir Technologies, Inc., Series I (Acquired 03/27/14, cost \$11,447,321), 0.00% <sup>(a)(e)(f)</sup>	1,867,426	10,588,306
Uber Technologies, Inc., Series D (Acquired 06/10/14, cost \$17,574,548), 0.00% <sup>(a)(e)(f)</sup>	1,132,888	37,351,317
Wells Fargo & Co., Series L, 7.50% <sup>(l)</sup>	3,211	4,206,378
Welltower, Inc., Series I, 6.50% <sup>(l)(k)</sup>	154,397	9,243,748
		<u>169,510,547</u>

<b>Total Preferred Stocks — 1.6%</b> (Cost: \$159,327,908)		<u>169,945,121</u>
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## Trust Preferreds — 0.5%

<b>China — 0.3%</b>		
Mandatory Exchangeable Trust, 5.75%, 06/03/19 <sup>(c)(l)</sup>	159,574	31,078,632
<b>United States — 0.2%</b>		
Citigroup Capital XIII, 7.75%, 10/30/40 <sup>(b)(n)</sup>	362,772	9,968,975
GMAC Capital Trust I, Series 2, 7.20%, 02/15/40 <sup>(b)(n)</sup>	405,551	10,524,049
		<u>20,493,024</u>

<b>Total Trust Preferreds — 0.5%</b> (Cost: \$35,835,157)		<u>51,571,656</u>
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<b>Total Preferred Securities — 2.9%</b> (Cost: \$282,034,929)		<u>316,914,699</u>
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	Par (000)	
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## U.S. Treasury Obligations — 15.0%

<b>U.S. Treasury Notes:</b>			
1.25%, 12/15/18 <sup>(m)</sup>	USD	30,000	29,842,969
1.13%, 07/31/21		22,358	21,620,401
2.00%, 10/31/22 - 11/30/22		702,447	696,187,062
2.13%, 09/30/24 <sup>(p)</sup>		261,200	257,914,595
2.25%, 10/31/24 - 11/15/27		625,603	619,355,676

<b>Total U.S. Treasury Obligations — 15.0%</b> (Cost: \$1,634,363,138)		<u>1,624,920,703</u>
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# Consolidated Schedule of Investments (continued)

December 31, 2017

**BlackRock Global Allocation V.I. Fund**  
(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Warrants — 0.0%</b>		
<b>Australia — 0.0%</b> <sup>(a)(f)</sup>		
Quintis Ltd. (issued/exercisable 01/08/2011, 2 share for 1 warrant, Expires 07/15/2018, Strike Price AUD 1.28) .....	3,767,700	\$ 29
<b>Total Warrants — 0.0%</b> .....		29
<b>Total Long-Term Investments — 90.3%</b> (Cost: \$8,746,711,796) .....		9,749,684,509
<b>Short-Term Securities — 11.5%</b>		
	Shares	
<b>Money Market Funds — 2.3%</b> <sup>(a)(t)</sup>		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 1.17% .....	USD 10,574,106	10,574,106
SL Liquidity Series, LLC, Money Market Series, 1.48% <sup>(t)</sup> .....	235,838,442	235,814,858
<b>Total Money Market Funds — 2.3%</b> (Cost: \$246,403,657) .....		246,388,964
	Par (000)	
<b>Time Deposits — 0.0%</b>		
<b>Canada — 0.0%</b>		
Brown Brothers Harriman & Co., 0.33%, 01/02/18 .....	CAD 3	2,377
<b>United Kingdom — 0.0%</b>		
Citibank NA, 0.16%, 01/02/18 .....	GBP 104	140,667
<b>Total Time Deposits — 0.0%</b> (Cost: \$143,044) .....		143,044
<b>U.S. Treasury Obligations — 9.2%</b>		
<b>U.S. Treasury Bills:</b>		
1.15%, 01/02/18 .....	USD 198,000	198,000,000
1.13%, 01/04/18 .....	205,000	204,987,087
1.21%, 01/11/18 <sup>(p)</sup> .....	33,000	32,990,285
1.17%, 01/18/18 .....	115,000	114,936,686
1.14%, 01/25/18 .....	165,000	164,870,338
1.24%, 02/01/18 .....	80,000	79,915,638
1.23%, 02/08/18 .....	75,000	74,903,549
1.25%, 02/15/18 .....	119,000	118,820,013
<b>Total U.S. Obligations — 9.2%</b> (Cost \$989,404,918) .....		989,423,596
<b>Total Short-Term Securities — 11.5%</b> (Cost: \$1,235,951,619) .....		1,235,955,604
<b>Total Options Purchased — 0.3%</b> (Cost: \$36,800,490) .....		43,312,386
<b>Total Investments — 102.1%</b> (Cost: \$10,019,463,905) .....		11,028,952,499
<b>Liabilities in Excess of Other Assets — (2.1)%</b> .....		(230,739,311)
<b>Net Assets — 100.0%</b> .....		\$10,798,213,188

- (a) Non-income producing security.
- (b) Security, or a portion of the security, is on loan.
- (c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (d) A security contractually bound to one or more other securities to form a single saleable unit which cannot be sold separately.
- (e) Restricted security as to resale, excluding 144A securities. The Fund held restricted securities with a current value of \$105,200,214, representing 1.00% of its net assets as of period end, and an original cost of \$148,417,899.
- (f) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- (g) Issuer filed for bankruptcy and/or is in default.
- (h) Zero-coupon bond.
- (i) Convertible security.
- (j) Variable rate security. Security may be issued at a fixed coupon rate, which converts to a variable rate at a specified date. Rate shown is the rate in effect as of period end.
- (k) Perpetual security with no stated maturity date.
- (l) Variable rate security. Rate shown is the rate in effect as of period end.
- (m) All or a portion of the security is held by a wholly-owned subsidiary. See Note 1 of the Notes to Consolidated Financial Statements for details on the wholly-owned subsidiary.
- (n) Variable or floating rate security, which interest rate adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. Rate shown is the rate in effect as of period end.
- (o) Rates are discount rates or a range of discount rates at the time of purchase.
- (p) All or a portion of security has been pledged as collateral in connection with outstanding OTC derivatives.
- (q) Annualized 7-day yield as of period end.
- (r) Security was purchased with the cash collateral from loaned securities.

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



# Consolidated Schedule of Investments (continued)

BlackRock Global Allocation V.I. Fund

December 31, 2017

(i) During the year ended December 31, 2017, investments in issuers considered to be affiliates of the Fund for the purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, and/or related parties of the fund were as follows:

Affiliates	Shares Held at 12/31/16	Shares Purchased	Shares Sold	Shares Held at 12/31/17	Value at 12/31/17	Income	Net Realized Gain (Loss) <sup>(a)</sup>	Change in Unrealized (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class	3,489,583	7,084,523 <sup>(b)</sup>	—	10,574,106	\$ 10,574,106	\$ 51,448	\$ —	\$ —
SL Liquidity Series, LLC, Money Market Series	304,751,698	—	(68,913,256) <sup>(c)</sup>	235,838,442	235,814,858	2,573,563 <sup>(d)</sup>	(30,958)	222
iShares Gold Trust	2,098,037	—	—	2,098,037	26,246,443	—	—	3,000,193
iShares iBoxx \$ High Yield Corporate Bond ETF	122,665	—	(122,665)	—	—	93,976	368,124	(353,624)
					<u>\$272,635,407</u>	<u>\$2,718,987</u>	<u>\$ 337,166</u>	<u>\$ 2,646,791</u>

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

(b) Represents net shares purchased.

(c) Represents net shares sold.

(d) 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.

## Derivative Financial Instruments Outstanding as of Period End

### Futures Contracts

Description	Number of Contracts	Expiration Date	Notional Amount (000)	Value/Unrealized Appreciation/Depreciation
<b>Short Contracts</b>				
Yen Denominated Nikkei 225 Index	138	03/08/18	\$ 13,901	\$ (118,210)
EURO STOXX 50 Index	89	03/16/18	3,730	76,458
NASDAQ 100 E-Mini Index	168	03/16/18	21,533	(70,135)
S&P 500 E-Mini Index	210	03/16/18	28,098	(279,124)
				<u>\$ (391,011)</u>

### Forward Foreign Currency Exchange Contracts

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
JPY 131,108,687	USD 1,161,951	BNP Paribas SA	01/04/18	\$ 1,709
USD 76,642	JPY 8,624,999	Barclays Bank plc	01/04/18	90
USD 26,525,000	MXN 492,932,643	UBS AG	01/11/18	1,493,650
USD 21,261,000	MXN 405,957,534	Deutsche Bank AG	01/18/18	676,421
USD 62,453,233	AUD 79,763,000	Goldman Sachs International	01/25/18	217,513
GBP 20,413,000	USD 26,846,157	JP Morgan Chase Bank NA	02/08/18	748,544
GBP 20,413,000	USD 26,852,281	JP Morgan Chase Bank NA	02/16/18	748,816
NZD 34,135,000	USD 23,523,282	JP Morgan Chase Bank NA	02/22/18	652,374
USD 24,413,693	NZD 34,135,000	JP Morgan Chase Bank NA	02/22/18	238,037
GBP 20,345,000	USD 26,768,425	JP Morgan Chase Bank NA	02/23/18	746,304
EUR 42,096,000	USD 49,698,538	UBS AG	03/15/18	1,025,521
JPY 3,573,985,000	USD 31,654,013	Goldman Sachs International	03/15/18	178,896
EUR 32,446,000	USD 38,417,524	UBS AG	03/16/18	681,300
SEK 225,145,264	EUR 22,773,000	Deutsche Bank AG	03/22/18	124,269
SEK 225,224,970	EUR 22,773,000	BNP Paribas SA	03/29/18	133,536
EUR 42,213,000	USD 49,933,758	UBS AG	04/12/18	1,027,462
				<u>8,694,442</u>
JPY 184,203,375	USD 1,636,912	Barclays Bank plc	01/05/18	(1,926)
NOK 171,746,000	USD 21,520,976	Morgan Stanley & Co., Inc.	01/26/18	(588,300)
USD 17,172,294	EUR 14,481,000	UBS AG	02/26/18	(258,152)
JPY 2,982,565,000	USD 26,572,510	Barclays Bank plc	03/08/18	(19,098)
EUR 22,639,000	PLN 95,959,929	Deutsche Bank AG	03/16/18	(292,141)
USD 10,109,060	AUD 13,000,000	Citibank NA	04/06/18	(32,261)
USD 27,396,612	AUD 36,024,000	Deutsche Bank AG	04/13/18	(705,489)
				<u>(1,897,367)</u>
Net Unrealized Appreciation				<u>\$ 6,797,075</u>

December 31, 2017

**OTC Options Purchased**

Description	Counterparty	Number of Contracts	Expiration Date	Exercise Price	Notional Amount (000)	Value
<b>Call</b>						
Tokyo Stock Price Index	Morgan Stanley & Co. International plc	3,384,276	01/12/18	JPY 1,785.00	JPY 6,151,125	\$ 1,183,646
Franklin Resources, Inc.	Goldman Sachs International	267,940	01/19/18	USD 45.00	USD 11,610	46,889
S&P 500 Index	Deutsche Bank AG	34,284	01/19/18	USD 2,685.00	USD 91,662	443,978
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	138,888	01/19/18	USD 126.00	USD 17,174	55,555
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	138,890	01/19/18	USD 125.00	USD 17,174	88,195
Synchrony Financial	Goldman Sachs International	296,775	01/19/18	USD 35.00	USD 11,458	1,142,584
Travelers Cos., Inc. (The)	Goldman Sachs International	106,866	01/19/18	USD 135.00	USD 14,495	237,777
Tokyo Stock Price Index	Citibank NA	2,460,020	02/09/18	JPY 1,785.00	JPY 4,471,234	1,178,602
S&P 500 Index	BNP Paribas SA	41,080	02/16/18	USD 2,690.00	USD 109,832	944,840
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	345,955	02/16/18	USD 130.00	USD 42,777	119,354
Tokyo Stock Price Index	Morgan Stanley & Co. International plc	2,733,462	03/09/18	JPY 1,800.00	JPY 4,968,231	1,491,972
S&P 500 Index	Bank of America NA	23,291	03/16/18	USD 2,675.00	USD 62,271	1,038,779
S&P 500 Index	UBS AG	23,293	03/16/18	USD 2,670.00	USD 62,276	1,115,735
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	345,988	03/16/18	USD 127.00	USD 42,781	413,456
EUR Currency	UBS AG	—	03/27/18	USD 1.20	EUR 268,091	5,599,965
S&P 500 Index	Societe Generale SA	16,433	03/29/18	USD 2,675.00	USD 43,935	903,629
S&P 500 Index	Citibank NA	13,681	04/20/18	USD 2,700.00	USD 36,578	682,012
S&P 500 Index	Morgan Stanley & Co. International plc	11,982	04/20/18	USD 2,695.00	USD 32,035	633,595
EUR Currency	Barclays Bank plc	—	05/18/18	USD 1.19	EUR 135,126	4,552,691
EURO STOXX 50 Index	Deutsche Bank AG	3,336	09/21/18	EUR 3,426.55	EUR 11,689	658,198
BP plc	UBS AG	869,910	01/18/19	USD 40.00	USD 36,562	3,088,181
Chevron Corp.	UBS AG	275,840	01/18/19	USD 125.00	USD 34,532	2,475,664
ConocoPhillips	UBS AG	458,581	01/18/19	USD 52.50	USD 25,172	2,717,092
Exxon Mobil Corp.	UBS AG	187,537	01/18/19	USD 95.00	USD 15,686	213,792
Occidental Petroleum Corp.	UBS AG	403,026	01/18/19	USD 75.00	USD 29,687	2,146,113
Royal Dutch Shell plc	UBS AG	496,555	01/18/19	USD 60.00	USD 33,125	3,798,646
Schlumberger Ltd.	UBS AG	271,460	01/18/19	USD 90.00	USD 18,294	145,231
Schneider Electric SE	UBS AG	585,698	01/18/19	USD 35.00	USD 21,507	2,416,004
TOTAL SA	UBS AG	598,145	01/18/19	USD 60.00	USD 33,065	1,001,893
						40,534,068
<b>Put</b>						
USD Currency	BNP Paribas SA	—	01/12/18	JPY 111.75	USD 137,396	272,686
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	277,778	01/19/18	USD 117.00	USD 34,347	17,959
						290,645
						\$40,824,713

<sup>(a)</sup> All or a portion of the security is held by a wholly-owned subsidiary. See Note 1 of the Notes to Consolidated Financial Statements for details on the wholly-owned subsidiary.

**OTC Interest Rate Swaptions Purchased**

Description	Paid by the Fund		Received by the Fund		Counterparty	Expiration Date	Exercise Rate	Notional Amount (000)	Value
	Rate	Frequency	Rate	Frequency					
<b>Call</b>									
5-Year Interest Rate Swap, 04/24/18	3 month LIBOR	Quarterly	2.15%	Semi Annual	Goldman Sachs International	04/24/18	2.15%	USD 692,291	\$1,903,807
<b>Put</b>									
10-Year Interest Rate Swap, 01/04/18	2.46%	Semi Annual	3 month LIBOR	Quarterly	Goldman Sachs International	01/04/18	2.46%	USD 138,646	55,056
5-Year Interest Rate Swap, 04/04/18	1.07%	Semi Annual	3 month LIBOR	Quarterly	Deutsche Bank AG	04/04/18	1.07%	JPY 2,370,178	55
30-Year Interest Rate Swap, 05/02/18	2.75%	Semi Annual	3 month LIBOR	Quarterly	Goldman Sachs International	05/02/18	2.75%	USD 31,963	406,086
									461,197
									\$2,365,004

**OTC Interest Rate Caps Purchased**

Description	Exercise Rate	Counterparty	Expiration Date	Notional Amount (000)	Value	Premiums Paid	Unrealized
							Appreciation/Depreciation
5Y-30Y CMS Index Cap	0.60%	Goldman Sachs International	11/06/18	USD 215,050	\$122,669	\$ 659,487	\$ (536,818)

December 31, 2017

**OTC Barrier Options Written**

Description	Type of Option	Counterparty	Number of Contracts	Expiration Date	Exercise Price	Barrier Price/Range	Notional Amount (000)	Value
Put								
EURO STOXX 50 Index	Down-and-In	Deutsche Bank AG	(3,336)	09/21/18	EUR 2,586.07	EUR 2,165.83	EUR (11,689)	<u>\$(76,447)</u>

**OTC Options Written**

Description	Counterparty	Number of Contracts	Expiration Date	Exercise Price	Notional Amount (000)	Value
Call						
USD Currency	BNP Paribas SA	—	01/12/18	JPY 115.00	USD 137,396	\$ (26,112)
Synchrony Financial	Bank of America NA	296,775	01/19/18	USD 35.00	USD 11,458	(1,142,584)
USD Currency	BNP Paribas SA	—	01/26/18	ZAR 15.25	USD 34,324	(15)
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	345,988	03/16/18	USD 140.00	USD 42,781	(41,519)
Flight Centre Travel Group Ltd.	Barclays Bank plc	34,069	01/18/19	USD 180.00	USD 6,556	(1,008,442)
Pioneer Natural Resources Co.	UBS AG	72,530	01/18/19	USD 165.00	USD 12,537	(2,063,479)
United Continental Holdings, Inc.	Deutsche Bank AG	90,361	01/18/19	USD 75.00	USD 6,090	(582,828)
						<u>(4,864,979)</u>
Put						
USD Currency	BNP Paribas SA	—	01/12/18	JPY 108.00	USD 137,396	(1,334)
S&P 500 Index	Deutsche Bank AG	17,142	01/19/18	USD 2,500.00	USD 45,831	(48,426)
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	277,778	01/19/18	USD 120.00	USD 34,347	(44,217)
Tokyo Stock Price Index	Citibank NA	2,460,020	02/09/18	JPY 1,675.00	JPY 4,471,234	(97,213)
S&P 500 Index	BNP Paribas SA	20,540	02/16/18	USD 2,450.00	USD 54,916	(117,078)
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	241,806	02/16/18	USD 115.00	USD 29,899	(25,092)
Tokyo Stock Price Index	Morgan Stanley & Co. International plc	2,733,462	03/09/18	JPY 1,650.00	JPY 4,968,231	(131,002)
SPDR Gold Shares <sup>(a)</sup>	Morgan Stanley & Co. International plc	145,105	03/16/18	USD 115.00	USD 17,942	(10,440)
BP plc	UBS AG	869,910	01/18/19	USD 25.00	USD 36,562	(173,982)
Chevron Corp.	UBS AG	275,840	01/18/19	USD 80.00	USD 34,532	(205,501)
ConocoPhillips	UBS AG	458,581	01/18/19	USD 35.00	USD 25,172	(311,835)
Exxon Mobil Corp.	UBS AG	187,537	01/18/19	USD 60.00	USD 15,686	(128,463)
Occidental Petroleum Corp.	UBS AG	403,026	01/18/19	USD 45.00	USD 29,687	(253,906)
Royal Dutch Shell plc	UBS AG	496,555	01/18/19	USD 40.00	USD 33,125	(86,897)
Schlumberger Ltd.	UBS AG	271,460	01/18/19	USD 60.00	USD 18,294	(916,178)
Schneider Electric SE	UBS AG	585,698	01/18/19	USD 25.00	USD 21,507	(307,492)
TOTAL SA	UBS AG	598,145	01/18/19	USD 40.00	USD 33,065	(284,119)
						<u>(3,143,175)</u>
						<u>\$(8,008,154)</u>

<sup>(a)</sup> All or a portion of the security is held by a wholly-owned subsidiary. See Note 1 of the Notes to Consolidated Financial Statements for details on the wholly-owned subsidiary.

**OTC Interest Rate Swaptions Written**

Description	Paid by the Fund		Received by the Fund		Counterparty	Expiration Date	Exercise Rate	Notional Amount (000)	Value
	Rate	Frequency	Rate	Frequency					
Call									
5-Year Interest Rate Swap, 04/24/18	1.90%	Semi Annual	3 month LIBOR	Quarterly	Goldman Sachs International	04/26/23	1.90%	USD 692,291	\$ (466,743)
Put									
10-Year Interest Rate Swap, 01/04/18	2.61%	Semi Annual	3 month LIBOR	Quarterly	Goldman Sachs International	01/08/28	2.61	USD 138,646	(61)
5-Year Interest Rate Swap, 04/24/18	2.40%	Semi Annual	3 month LIBOR	Quarterly	Goldman Sachs International	04/26/23	2.40	USD 346,146	(1,127,344)
5-Year Interest Rate Swap, 05/02/18	2.50%	Semi Annual	3 month LIBOR	Quarterly	Goldman Sachs International	05/04/23	2.50	USD 146,213	(317,831)
									<u>(1,445,236)</u>
									<u>\$(1,911,979)</u>

December 31, 2017

**Centrally Cleared Credit Default Swaps — Buy Protection**

Reference Obligation/Index	Financing Rate Paid by the Fund	Payment Frequency	Termination Date	Notional Amount (000)	Value	Upfront Premium Paid (Received)	Unrealized Appreciation (Depreciation)
CDX.NA.HY.29.V1	5.00%	Quarterly	12/20/22	USD 8,975	<u>\$(756,013)</u>	<u>\$ —</u>	<u>\$ (756,013)</u>

**Centrally Cleared Interest Rate Swaps**

Paid by the Fund		Received by the Fund		Effective Date	Termination Date	Notional Amount (000)	Value	Upfront Premium Paid (Received)	Unrealized Appreciation (Depreciation)
Rate	Frequency	Rate	Frequency	Date	Date				
3 month LIBOR	Quarterly	2.40%	Semi-Annual	03/07/2018 <sup>(a)</sup>	03/07/23	USD 134,710	\$ 850,507	\$ —	\$ 850,507
0.42%	Annual	6 month EURIBOR	Semi-Annual	03/07/2018 <sup>(a)</sup>	03/07/23	EUR 119,219	(380,044)	—	(380,044)
0.34%	Annual	6 month EURIBOR	Semi-Annual	06/14/2018 <sup>(a)</sup>	06/14/23	EUR 118,086	651,804	—	651,804
3 month LIBOR	Quarterly	2.33%	Semi-Annual	06/14/2018 <sup>(a)</sup>	06/14/23	USD 147,260	167,932	—	167,932
0.37%	Annual	6 month EURIBOR	Semi-Annual	N/A	08/15/26	EUR 45,313	1,590,492	—	1,590,492
							<u>\$2,880,691</u>	<u>\$ —</u>	<u>\$ 2,880,691</u>

<sup>(a)</sup> Forward Swap

**OTC Credit Default Swaps — Buy Protection**

Reference Obligation/Index	Financing Rate Paid by the Fund	Payment Frequency	Counterparty	Termination Date	Notional Amount (000)	Value	Upfront Premium Paid (Received)	Unrealized Appreciation (Depreciation)
Airbus SE	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 3,449	\$ (134,857)	\$ (122,411)	\$ (12,446)
Airbus SE	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(269,510)	(229,159)	(40,351)
Akzo Nobel NV	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(200,378)	(156,127)	(44,251)
BASF SE	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(285,049)	(247,605)	(37,444)
Bayer AG	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(253,717)	(221,802)	(31,915)
BP plc	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(227,497)	(156,214)	(71,283)
Compagnie de Saint-Gobain SA	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(239,866)	(192,494)	(47,372)
Royal Dutch Shell plc	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 3,449	(136,598)	(109,308)	(27,290)
Royal Dutch Shell plc	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(272,987)	(199,803)	(73,184)
Statoil ASA	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(324,888)	(251,303)	(73,585)
Volkswagen AG	1.00%	Quarterly	Barclays Bank plc	06/20/22	EUR 6,893	(204,200)	(134,448)	(69,752)
						<u>\$(2,549,547)</u>	<u>\$ (2,020,674)</u>	<u>\$ (528,873)</u>

**OTC Currency Swaps**

Paid by the Fund		Received by the Fund		Notional Amount (000)		Termination Date	Value	Upfront Premium Paid (Received)	Unrealized Appreciation (Depreciation)
Rate	Frequency	Rate	Frequency	Delivered	Received	Date <sup>(a)</sup>			
0.10 JPY	Semi-Annual	1.96%	Semi-Annual	JPY 3,652,350	USD 32,208	Bank of America NA	03/15/18	\$ (40,406)	\$ (40,406)
0.10 JPY	Semi-Annual	1.84%	Semi-Annual	JPY 2,434,450	USD 21,624	Bank of America NA	03/15/18	116,351	116,351
0.10 JPY	Semi-Annual	2.01%	Semi-Annual	JPY 7,006,100	USD 67,725	Bank of America NA	10/15/18	5,666,874	5,666,874
								<u>\$5,742,819</u>	<u>\$ —</u>

<sup>(a)</sup> At expiration date, the notional amount delivered will be exchanged for the notional amount received.

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## OTC Total Return Swaps

Reference Entity		Fixed Amount Paid / (Received) by the Fund <sup>(a)</sup>	Counterparty	Termination Date	Notional Amount (000)	Value	Upfront Premium Paid (Received)	Unrealized Appreciation (Depreciation)
Nikkei Dividend Future December 2017	JPY	600,750,000	BNP Paribas SA	04/02/18	JPY 600,750	\$ 583,892	\$ —	\$ 583,892
Nikkei Dividend Future December 2017	JPY	594,918,000	BNP Paribas SA	04/02/18	JPY 594,918	635,651	—	635,651
S&P 500 Index Annual Dividend Future December 2018	USD	7,094,313	BNP Paribas SA	12/21/18	USD 7,094	842,212	—	842,212
Nikkei Dividend Future December 2018	JPY	316,800,000	BNP Paribas SA	04/01/19	JPY 316,800	619,836	—	619,836
Nikkei Dividend Future December 2018	JPY	618,839,000	BNP Paribas SA	04/01/19	JPY 618,839	1,408,804	—	1,408,804
Nikkei Dividend Future December 2018	JPY	309,375,000	BNP Paribas SA	04/01/19	JPY 309,375	685,733	—	685,733
Euro Stoxx 50 Index Dividend Future December 2019	EUR	3,589,050	BNP Paribas SA	12/20/19	EUR 3,589	1,137,278	—	1,137,278
Euro Stoxx 50 Index Dividend Future December 2019	EUR	1,688,400	BNP Paribas SA	12/20/19	EUR 1,688	550,299	—	550,299
Euro Stoxx 50 Index Dividend Future December 2019	EUR	3,305,250	BNP Paribas SA	12/20/19	EUR 3,305	1,017,773	—	1,017,773
Euro Stoxx 50 Index Dividend Future December 2019	EUR	2,608,580	BNP Paribas SA	12/20/19	EUR 2,609	764,952	—	764,952
Nikkei Dividend Future December 2019	JPY	314,640,000	BNP Paribas SA	04/01/20	JPY 314,640	943,333	—	943,333
Nikkei Dividend Future December 2019	JPY	510,000,000	BNP Paribas SA	04/01/20	JPY 510,000	1,700,022	—	1,700,022
Nikkei Dividend Future December 2019	JPY	418,800,000	BNP Paribas SA	04/01/20	JPY 418,800	1,264,167	—	1,264,167
Euro Stoxx 50 Index Dividend Future December 2020	EUR	2,800,780	BNP Paribas SA	12/18/20	EUR 2,801	619,291	—	619,291
Euro Stoxx 50 Index Dividend Future December 2020	EUR	720,000	BNP Paribas SA	12/18/20	EUR 720	275,366	—	275,366
Euro Stoxx 50 Index Dividend Future December 2020	EUR	970,000	BNP Paribas SA	12/18/20	EUR 970	355,156	—	355,156
Euro Stoxx 50 Index Dividend Future December 2020	EUR	1,810,440	BNP Paribas SA	12/18/20	EUR 1,810	683,483	—	683,483
Euro Stoxx 50 Index Dividend Future December 2020	EUR	836,940	BNP Paribas SA	12/18/20	EUR 837	317,336	—	317,336
Euro Stoxx 50 Index Dividend Future December 2020	EUR	964,000	BNP Paribas SA	12/18/20	EUR 964	362,355	—	362,355
Euro Stoxx 50 Index Dividend Future December 2020	EUR	2,919,700	BNP Paribas SA	12/18/20	EUR 2,920	1,069,018	—	1,069,018
S&P 500 Index Annual Dividend Future December 2020	USD	2,914,481	Goldman Sachs International	12/18/20	USD 2,914	621,169	—	621,169
Nikkei Dividend Future December 2020	JPY	104,085,000	BNP Paribas SA	04/01/21	JPY 104,085	234,835	—	234,835
Nikkei Dividend Future December 2020	JPY	89,240,000	BNP Paribas SA	04/01/21	JPY 89,240	194,941	—	194,941
Nikkei Dividend Future December 2020	JPY	143,310,000	BNP Paribas SA	04/01/21	JPY 143,310	187,087	—	187,087
Nikkei Dividend Future December 2020	JPY	191,375,000	BNP Paribas SA	04/01/21	JPY 191,375	447,082	—	447,082
Nikkei Dividend Future December 2020	JPY	384,120,000	BNP Paribas SA	04/01/21	JPY 384,120	839,095	—	839,095
Euro Stoxx 50 Index Dividend Future December 2021	EUR	1,524,150	BNP Paribas SA	12/17/21	EUR 1,524	168,459	—	168,459
Euro Stoxx 50 Index Dividend Future December 2021	EUR	1,353,230	BNP Paribas SA	12/17/21	EUR 1,353	314,361	—	314,361
Euro Stoxx 50 Index Dividend Future December 2021	EUR	1,637,150	BNP Paribas SA	12/17/21	EUR 1,637	62,464	—	62,464
Euro Stoxx 50 Index Dividend Future December 2021	EUR	833,520	BNP Paribas SA	12/17/21	EUR 834	20,697	—	20,697
Euro Stoxx 50 Index Dividend Future December 2021	EUR	1,409,760	BNP Paribas SA	12/17/21	EUR 1,410	261,327	—	261,327
S&P 500 Index Annual Dividend Future December 2021	USD	3,726,213	BNP Paribas SA	12/17/21	USD 3,726	936,350	—	936,350
Nikkei Dividend Future December 2021	JPY	199,250,000	BNP Paribas SA	04/01/22	JPY 199,250	411,360	—	411,360
Nikkei Dividend Future December 2021	JPY	198,750,000	BNP Paribas SA	04/01/22	JPY 198,750	415,798	—	415,798
Nikkei Dividend Future December 2021	JPY	144,840,000	BNP Paribas SA	04/01/22	JPY 144,840	196,743	—	196,743
Nikkei Dividend Future December 2021	JPY	389,070,000	BNP Paribas SA	04/01/22	JPY 389,070	862,818	—	862,818
Euro Stoxx 50 Index Dividend Future December 2022	EUR	744,600	BNP Paribas SA	12/16/22	EUR 745	81,590	—	81,590
Euro Stoxx 50 Index Dividend Future December 2022	EUR	3,130,720	BNP Paribas SA	12/16/22	EUR 3,131	143,598	—	143,598
Euro Stoxx 50 Index Dividend Future December 2022	EUR	1,495,800	BNP Paribas SA	12/16/22	EUR 1,496	140,922	—	140,922
Euro Stoxx 50 Index Dividend Future December 2022	EUR	1,481,040	BNP Paribas SA	12/16/22	EUR 1,481	172,970	—	172,970
Nikkei Dividend Future December 2022	JPY	143,820,000	BNP Paribas SA	04/03/23	JPY 143,820	227,823	—	227,823
Nikkei Dividend Future December 2022			JP Morgan Chase					
	JPY	145,520,000	Bank NA	04/03/23	JPY 145,520	212,736	—	212,736
Euro Stoxx 50 Index Dividend Future December 2023	EUR	2,147,040	BNP Paribas SA	12/15/23	EUR 2,147	29,480	—	29,480
						<u>\$ 23,019,662</u>	<u>\$ —</u>	<u>\$ 23,019,662</u>

<sup>(a)</sup> At termination, the fixed amount paid (received) will be exchanged for the total return of the reference entity.

## Balances reported in the Statement of Assets and Liabilities for Centrally Cleared Swaps and OTC Derivatives

	Swap Premiums Paid	Swap Premiums Received	Unrealized Appreciation	Unrealized Depreciation
Centrally Cleared Swaps <sup>(a)</sup>	\$ —	\$ —	\$ 3,260,735	\$ (1,136,057)
OTC Derivatives	—	(2,020,674)	28,802,887	(569,279)

<sup>(a)</sup> Includes cumulative appreciation (depreciation) on centrally cleared swaps, as reported in the Consolidated Schedule of Investments. Only current day's variation margin is reported within the Consolidated Statement of Assets and Liabilities and is net of any previously paid (received) swap premium amounts.



December 31, 2017

**Derivative Financial Instruments Categorized by Risk Exposure**

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

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
<b>Assets — Derivative Financial Instruments</b>							
Futures Contracts							
Net unrealized appreciation <sup>(a)</sup>	\$ —	\$ —	\$ 76,458	\$ —	\$ —	\$ —	\$ 76,458
Forward foreign currency exchange contracts							
Unrealized appreciation on forward foreign currency exchange contracts	—	—	—	8,694,442	—	—	8,694,442
Options purchased							
Investments at value — unaffiliated <sup>(b)</sup>	—	—	30,399,371	10,425,342	2,487,673	—	43,312,386
Swaps — centrally cleared							
Net unrealized appreciation <sup>(a)</sup>	—	—	—	—	3,260,735	—	3,260,735
Swaps — OTC							
Net unrealized appreciation on OTC swaps; Swap premiums paid	—	—	23,019,662	—	5,783,225	—	28,802,887
	<u>\$ —</u>	<u>\$ —</u>	<u>\$53,495,491</u>	<u>\$19,119,784</u>	<u>\$11,531,633</u>	<u>\$ —</u>	<u>\$84,146,908</u>
<b>Liabilities — Derivative Financial Instruments</b>							
Futures Contracts							
Net unrealized depreciation <sup>(a)</sup>	\$ —	\$ —	\$ 467,469	\$ —	\$ —	\$ —	\$ 467,469
Forward foreign currency exchange contracts							
Unrealized depreciation on forward foreign currency exchange contracts	—	—	—	1,897,367	—	—	1,897,367
Options written							
Options written, at value	—	—	8,057,140	27,461	1,911,979	—	9,996,580
Swaps — centrally cleared							
Net unrealized depreciation <sup>(a)</sup>	—	756,013	—	—	380,044	—	1,136,057
Swaps — OTC							
Net unrealized depreciation on OTC swaps; Swap premiums received	—	2,549,547	—	—	40,406	—	2,589,953
	<u>\$ —</u>	<u>\$3,305,560</u>	<u>\$ 8,524,609</u>	<u>\$ 1,924,828</u>	<u>\$ 2,332,429</u>	<u>\$ —</u>	<u>\$16,087,426</u>

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

<sup>(b)</sup> Includes options purchased at value as reported in the Consolidated Schedule of Investments.

For the year ended 31 December, 2017, the effect of derivative financial instruments in the Consolidated Statement of Operations was as follows:

	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
<b>Net realized Gain (Loss) from:</b>							
Futures Contracts	\$ —	\$ —	\$(42,141,232)	\$ —	\$ —	\$ —	\$(42,141,232)
Forward foreign currency exchange contracts	—	—	—	30,891,297	—	—	30,891,297
Options purchased <sup>(a)</sup>	—	—	26,002,437	(7,072,173)	(1,774,993)	—	17,155,271
Options written	—	—	6,779,692	16,894,630	(3,570,758)	—	20,103,564
Swaps	—	1,741,429	3,943,981	688,831	(6,081,676)	—	292,565
	<u>\$ —</u>	<u>\$ 1,741,429</u>	<u>\$ (5,415,122)</u>	<u>\$ 41,402,585</u>	<u>\$(11,427,427)</u>	<u>\$ —</u>	<u>\$ 26,301,465</u>
<b>Net Change in Unrealized Appreciation (Depreciation)</b>							
Futures Contracts	\$ —	\$ —	\$ 107,675	\$ —	\$ —	\$ —	\$ 107,675
Forward foreign currency exchange contracts	—	—	—	(62,539,435)	—	—	(62,539,435)
Options purchased <sup>(b)</sup>	—	—	(51,079,760)	(2,972,692)	(12,343,564)	—	(66,396,016)
Options written	—	—	3,223,314	3,774,150	12,822,488	—	19,819,952
Swaps	—	(3,187,077)	14,719,447	—	8,318,460	—	19,850,830
	<u>\$ —</u>	<u>\$(3,187,077)</u>	<u>\$ (33,029,324)</u>	<u>\$ (61,737,977)</u>	<u>\$ 8,797,384</u>	<u>\$ —</u>	<u>\$(89,156,994)</u>

<sup>(a)</sup> Options purchased are included in net realized gain (loss) from investments — unaffiliated.

<sup>(b)</sup> Options purchased are included in net change in unrealized appreciation (depreciation) on investments — unaffiliated.

December 31, 2017

**Average Quarterly Balances of Outstanding Derivative Financial Instruments**

Futures contracts:	
Average notional value of contracts — long	\$ 8,740,606
Average notional value of contracts — short	\$ 131,867,584
Forward foreign currency exchange contracts:	
Average amounts purchased — in USD	\$ 307,112,927
Average amounts sold — in USD	\$ 257,297,493
Options:	
Average value of option contracts purchased	\$ 47,788,652
Average value of option contracts written	\$ 11,166,837
Average notional value of swaption contracts purchased	\$1,128,088,207
Average notional value of swaption contracts written	\$1,394,399,196
Credit default swaps:	
Average notional value — buy protection	\$ 46,271,989
Interest rate swaps:	
Average notional value — pays fixed rate	\$ 355,446,735
Average notional value — receives fixed rate	\$ 322,428,750
Currency swaps:	
Average notional value — pays	\$ 60,778,500
Average notional value — receives	\$ 119,281,405
Total return swaps:	
Average notional value	\$ 114,336,691

**Derivative Financial Instruments — Offsetting as of Period End**

The Fund's derivative assets and liabilities (by type) were as follows

	Assets	Liabilities
<b>Derivative Financial Instruments:</b>		
Futures contracts	\$ 402,371	\$ —
Forward foreign currency exchange contracts	8,694,442	1,897,367
Options <sup>(a)</sup>	43,189,717	10,533,398
Swaps — Centrally cleared	904,629	—
Swaps — OTC <sup>(b)</sup>	28,802,887	2,589,953
Total derivative assets and liabilities in the Consolidated Statement of Assets and Liabilities	<u>\$81,994,046</u>	<u>\$15,020,718</u>
Derivatives not subject to a Master Netting Agreement or similar agreement ("MNA")	(1,307,000)	—
Total derivative assets and liabilities subject to an MNA	<u>\$80,687,046</u>	<u>\$15,020,718</u>

<sup>(a)</sup> Includes options purchased at value which is included in Investments at value — unaffiliated in the Consolidated Statements of Assets and Liabilities and reported in the Consolidated Schedule of Investments.

<sup>(b)</sup> Includes unrealized appreciation (depreciation) on OTC swaps and swap premiums (paid/received) in the Consolidated Statement of Assets and Liabilities.

The following tables present the Fund's derivative assets and liabilities by counterparty net of amounts available for offset under an MNA and net of the related collateral received and pledged by the Fund:

Counterparty	Derivative Assets		Non-cash Collateral Received	Cash Collateral Received <sup>(b)</sup>	Net Amount of Derivative Assets <sup>(c)</sup>
	Subject to MNA by Counterparty	Derivatives Available for Offset <sup>(a)</sup>			
Bank of America NA	\$ 6,822,004	\$ (1,182,990)	\$ —	\$ (5,639,014)	\$ —
Barclays Bank plc	4,552,781	(3,579,013)	—	—	973,768
BNP Paribas SA	23,538,527	(144,539)	—	(23,380,000)	13,988
Citibank NA	1,860,614	(129,474)	—	(1,731,140)	—
Deutsche Bank AG	1,902,921	(1,705,331)	—	(197,590)	—
Goldman Sachs International	4,809,777	(2,448,797)	—	(2,360,980)	—
JP Morgan Chase Bank NA	3,346,811	—	—	—	3,346,811
Morgan Stanley & Co. International plc <sup>(e)</sup>	4,003,732	(840,570)	—	(3,163,162)	—
Societe Generale SA	903,629	—	—	(903,629)	—
UBS AG	28,946,249	(4,990,004)	\$(15,857,675)	(4,050,000)	4,048,570
	<u>\$80,687,045</u>	<u>\$(15,020,718)</u>	<u>\$(15,857,675)</u>	<u>\$(41,425,515)</u>	<u>\$ 8,383,137</u>

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Counterparty	Derivative Liabilities Subject to MNA by Counterparty	Derivatives Available for Offset <sup>(a)</sup>	Non-cash Collateral Pledged	Cash Collateral Pledged	Net Amount of Derivative Liabilities <sup>(d)</sup>
Bank of America NA	\$ 1,182,990	\$ (1,182,990)	\$ —	\$ —	\$ —
Barclays Bank plc	3,579,013	(3,579,013)	—	—	—
BNP Paribas SA	144,539	(144,539)	—	—	—
Citibank NA	129,474	(129,474)	—	—	—
Deutsche Bank AG	1,705,331	(1,705,331)	—	—	—
Goldman Sachs International	2,448,797	(2,448,797)	—	—	—
Morgan Stanley & Co. International plc <sup>(e)</sup>	840,570	(840,570)	—	—	—
UBS AG	4,990,004	(4,990,004)	—	—	—
	<u>\$ 15,020,718</u>	<u>\$(15,020,718)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

<sup>(a)</sup> The amount of derivatives available for offset is limited to the amount of assets and/or liabilities that are subject to an MNA.

<sup>(b)</sup> Excess of collateral received from the individual counterparty is not shown for financial reporting purposes.

<sup>(c)</sup> Net amount represents the net amount receivable from the counterparty in the event of default.

<sup>(d)</sup> Net amount represents the net amount payable from the counterparty in the event of default.

<sup>(e)</sup> Includes derivatives owned by the BlackRock Cayman Global Allocation V.I. Fund I, Ltd., a wholly owned subsidiary of the Fund. See Note 1.

### 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 Consolidated Financial Statements.

The following table summarizes the Fund's investments and derivative instruments categorized in the disclosure hierarchy.

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks:				
Australia	\$ —	\$ 973,117	\$ —	\$ 973,117
Belgium	—	43,470,280	—	43,470,280
Brazil	21,602,368	—	—	21,602,368
Canada	48,354,738	—	—	48,354,738
China	19,595,565	14,209,265	—	33,804,830
Czech Republic	4,441,567	—	—	4,441,567
Denmark	—	393,456	—	393,456
Finland	—	25,822,620	—	25,822,620
France	956,675	289,299,813	—	290,256,488
Germany	—	202,463,592	—	202,463,592
Hong Kong	10,271,399	71,152,137	—	81,423,536
India	1,602,466	155,087,268	—	156,689,734
Indonesia	11,016,061	—	—	11,016,061
Ireland	3,150,219	16,201	—	3,166,420
Israel	285,680	—	—	285,680
Italy	53,635,793	55,344,694	—	108,980,487
Japan	317,914	897,726,798	—	898,044,712
Mexico	338,306	—	—	338,306
Netherlands	42,043,644	180,399,444	—	222,443,088
Norway	—	153,777	—	153,777
Peru	33,396	—	—	33,396
Poland	56,071	190,081	—	246,152
Portugal	10,624,858	—	—	10,624,858
Singapore	—	27,853,845	—	27,853,845
South Africa	131,652	159,945	—	291,597
South Korea	42,212,300	26,261,002	—	68,473,302
Spain	—	42,190,112	—	42,190,112
Sweden	—	19,510,991	—	19,510,991
Switzerland	—	133,012,141	—	133,012,141
Taiwan	18,624,022	48,101,302	—	66,725,324
Thailand	7,689,365	12,654,902	—	20,344,267
Turkey	—	231,757	—	231,757
United Arab Emirates	39,994,489	—	—	39,994,489
United Kingdom	87,822,899	202,597,718	—	290,420,617
United States	3,075,094,161	—	472,461	3,075,566,622



December 31, 2017

	Level 1	Level 2	Level 3	Total
<b>Corporate Bonds:</b>				
Australia	\$ —	\$ 20,088,600	\$ 2,075,584	\$ 22,164,184
Brazil	—	1,558,485	—	1,558,485
Chile	—	195,219	—	195,219
China	—	—	24,000	24,000
France	—	8,231,719	—	8,231,719
Germany	—	21,574,455	—	21,574,455
India	—	—	1	1
Italy	—	7,706,282	—	7,706,282
Luxembourg	—	8,453,470	—	8,453,470
Mexico	—	3,483,022	—	3,483,022
Netherlands	—	2,331,251	—	2,331,251
Singapore	—	6,591,368	—	6,591,368
Switzerland	—	5,555,808	—	5,555,808
Turkey	—	—	5,604,660	5,604,660
United Arab Emirates	—	14,695,917	—	14,695,917
United States	—	217,358,170	699,353	218,057,523
Floating Rate Loan Interests	—	43,317,402	—	43,317,402
Foreign Agency Obligations	—	57,052,987	—	57,052,987
Foreign Government Obligations	—	1,016,273,349	—	1,016,273,349
Investment Companies	406,362,847	—	—	406,362,847
Non-Agency Mortgage-Backed Securities	—	8,970,802	—	8,970,802
Preferred Securities	88,259,429	126,702,454	101,952,816	316,914,699
U.S. Treasury Obligations	—	1,624,920,703	—	1,624,920,703
Warrants	—	—	29	29
<b>Short-Term Securities:</b>				
Money Market Funds	10,574,106	—	—	10,574,106
Time Deposits	—	143,044	—	143,044
U.S. Treasury Obligations	—	989,423,596	—	989,423,596
<b>Options Purchased:</b>				
Equity contracts	—	30,399,371	—	30,399,371
Foreign currency exchange contracts	—	10,425,342	—	10,425,342
Interest rate contracts	—	2,365,004	—	2,365,004
Subtotal	<u>\$4,005,091,990</u>	<u>\$6,677,094,078</u>	<u>\$110,828,904</u>	<u>\$10,793,014,972</u>
Investments valued at NAV <sup>(a)</sup>				<u>\$ 235,814,858</u>
Total Investments				<u>\$11,028,829,830</u>
<b>Derivative Financial Instruments<sup>(b)</sup></b>				
<b>Assets:</b>				
Equity contracts	\$ 76,458	\$ 23,019,662	\$ —	\$ 23,096,120
Foreign currency exchange contracts	—	8,694,442	—	8,694,442
Interest rate contracts	—	9,043,960	—	9,043,960
<b>Liabilities:</b>				
Credit contracts	—	(1,284,886)	—	(1,284,886)
Equity contracts	(467,469)	(8,057,140)	—	(8,524,609)
Foreign currency exchange contracts	—	(1,924,828)	—	(1,924,828)
Interest rate contracts	—	(2,332,429)	—	(2,332,429)
	<u>\$ (391,011)</u>	<u>\$ 27,158,781</u>	<u>\$ —</u>	<u>\$ 26,767,770</u>

<sup>(a)</sup> As of December 31, 2017, 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.

<sup>(b)</sup> Derivative financial instruments are swaps, futures contracts, forward foreign currency exchange contracts, and options written. Swaps, futures contracts, and forward foreign currency exchange contracts are valued at the unrealized appreciation (depreciation) on the instrument and options written are shown at value.

During the year ended December 31, 2017, there were no transfers between Levels 1 and Level 2.

A reconciliation of Level 3 investments is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

December 31, 2017

The Fund's investments that are categorized as Level 3 were valued utilizing third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in third party information could result in a significantly lower or higher value of such Level 3 investments.

	Common Stocks	Corporate Bonds	Floating Rate Loan Interests	Preferred Securities	Rights	Warrants	Total
<b>Investments:</b>							
<b>Assets:</b>							
Opening Balance, as of December 31, 2016	\$ 1,126,894	\$ 24,183,817	\$ 16,176,802	\$ 119,783,830	\$ 3	\$ —	\$ 161,271,346
Transfers into Level 3	—	25	—	—	—	—	25
Transfers out of Level 3	—	—	(3,485,372)	—	—	—	(3,485,372)
Other <sup>1</sup>	—	(29)	—	—	—	29	—
Accrued discounts/premiums	—	(65)	1,367	—	—	—	1,302
Net realized gain (loss)	(5,538,430)	(8,953,056)	60,673	—	—	—	(14,430,813)
Net change in unrealized appreciation (depreciation) <sup>1,2</sup>	7,640,913	2,391,520	29,690	(23,603,480)	—	—	(13,541,357)
Purchases	—	50,600,834	—	5,772,466	—	—	56,373,300
Sales	(2,756,916)	(59,819,448)	(12,783,160)	—	(3)	—	(75,359,527)
Closing Balance, as of December 31, 2017	\$ 472,461	\$ 8,403,598	\$ —	\$ 101,952,816	\$ —	\$ 29	\$ 110,828,904
Net change in unrealized appreciation (depreciation) on investments still held at December 31, 2017 <sup>2</sup>	\$ 17,616	\$ (3,240,605)	\$ —	\$ (23,603,481)	\$ —	\$ 5	\$ (26,826,465)

<sup>(1)</sup> Included in the related net change in unrealized appreciation (depreciation) in the Consolidated Statement of Operations.

<sup>(2)</sup> Any difference between net change in unrealized appreciation (depreciation) and net change in unrealized appreciation (depreciation) on investments still held at December 31, 2017 is generally due to investments no longer held or categorized as Level 3 at period end.

The following table summarizes the valuation approaches used and unobservable inputs utilized by the BlackRock Global Valuation Methodologies Committee ("Global Valuation Committee") to determine the value of certain of the Fund's Level 3 investments as of period end. The table does not include Level 3 investments with values based upon unadjusted third party pricing information in the amount of \$24,030. A significant change in such third party pricing information could result in significantly lower or higher value of such Level 3 investments.

	Value	Valuation Approach	Unobservable Inputs	Range of Unobservable Inputs Utilized	Weighted Average of Unobservable Inputs
Common Stocks <sup>c</sup>	\$ 472,461	Market	Revenue Multiple <sup>a</sup>	5.75x	—
			Time to Exit <sup>a</sup>	1 year	—
			Volatility <sup>a</sup>	24%	—
			Estimated Recovery Value <sup>a</sup>	—	—
Corporate Bonds	8,379,597	Income	Discount Rate <sup>b</sup>	19%-24%	20.35%
		Market	Estimated Recovery Value <sup>a</sup>	—	—
Preferred Stocks <sup>c</sup>	101,952,816	Market	Discount Rate <sup>b</sup>	20%	—
			Revenue Multiple <sup>a</sup>	5.75x-	—
			Time to Exit <sup>a,b</sup>	12.25x	9.11x
			Volatility <sup>a,b</sup>	1-2 years	—
			Recent Transactions <sup>a</sup>	24%-43%	29.71%
				—	—
	\$ 110,804,874				

<sup>(a)</sup> Increase in unobservable input may result in a significant increase to value, while a decrease in unobservable input may result in a significant decrease to value.

<sup>(b)</sup> Decrease in unobservable input may result in a significant increase to value, while an increase in unobservable input may result in a significant decrease to value.

<sup>(c)</sup> For the year ended December 31, 2017, the valuation technique changed for certain investments in common stocks and preferred stocks with a total value of \$8,949,789 from a hybrid model using Probability-Weighted Expected Return Model ("PWERM") and Option Pricing Model ("OPM") to using only OPM. The change was due to consideration of liquidation preferences and exit strategy.

See notes to consolidated financial statements.

# Consolidated Statement of Assets and Liabilities

December 31, 2017

BlackRock Global  
Allocation V.I. Fund

## ASSETS

Investments at value — unaffiliated (including securities loaned at value of \$224,291,034) (cost — \$9,744,056,799)	\$10,756,317,092
Investments at value — affiliated (cost — \$275,407,106)	272,635,407
Cash	3,427,024
Cash pledged:	
Futures contracts	2,285,000
Centrally cleared swaps	4,926,000
Foreign currency at value (cost — \$3,470,317)	3,470,345
Receivables:	
Investments sold	8,017,662
Securities lending income — affiliated	93,638
Capital shares sold	1,280,029
Tax reclaims	1,847,703
Dividends — affiliated	7,074
Dividends — unaffiliated	5,055,277
Interest — unaffiliated	21,168,847
Variation margin on futures contracts	402,371
Variation margin on centrally cleared swaps	904,629
Unrealized appreciation on:	
Forward foreign currency exchange contracts	8,694,442
OTC swaps	28,802,887
Prepaid expenses	49,256
<b>Total assets</b>	<b>11,119,384,683</b>

## LIABILITIES

Cash received:	
Collateral — OTC derivatives	43,255,796
Cash collateral on securities loaned at value	235,809,728
Options written at value (premium received \$21,822,116)	9,996,580
Payables:	
Investments purchased	10,244,223
Capital shares redeemed	5,218,351
Deferred foreign capital gain tax	1,123,280
Distribution fees	1,790,069
Transfer agent fees	2,124,038
Investment advisory fees	5,566,339
Officer's and Directors' fees	37,783
Other affiliates	60,477
Other accrued expenses	1,457,511
Swap premiums received	2,020,674
Unrealized depreciation on:	
Forward foreign currency exchange contracts	1,897,367
OTC swaps	569,279
<b>Total liabilities</b>	<b>321,171,495</b>

**NET ASSETS** **\$10,798,213,188**

## NET ASSETS CONSIST OF

Paid-in capital	\$ 9,759,088,792
Distributions in excess of net investment income	(47,766,850)
Accumulated net realized gain	29,857,028
Net unrealized appreciation (depreciation)	1,057,034,218
<b>NET ASSETS</b>	<b>\$10,798,213,188</b>

## NET ASSET VALUE

Class I — Based on net assets of \$2,306,033,946 and 133,569,869 shares outstanding, 400 million shares authorized, \$0.10 par value.	\$ 17.26
Class II — Based on net assets of \$258,564,202 and 15,026,467 shares outstanding, 200 million shares authorized, \$0.10 par value.	\$ 17.21
Class III — Based on net assets of \$8,233,615,040 and 554,721,124 shares outstanding, 1.5 billion shares authorized, \$0.10 par value.	\$ 14.84

See notes to consolidated financial statements.

# Consolidated Statements of Operations

Year Ended December 31, 2017

BlackRock Global  
Allocation V.I. Fund

## INVESTMENT INCOME

Dividends — affiliated	\$ 145,424
Dividends — unaffiliated	133,429,157
Interest — unaffiliated	98,860,427
Securities lending income — affiliated — net	2,573,563
Foreign taxes withheld	(7,426,746)
<b>Total investment income</b>	<b>227,581,825</b>

## EXPENSES

Investment advisory	66,867,241
Distribution — class specific	20,927,743
Transfer agent — class specific	18,350,616
Custodian	1,439,871
Accounting services	691,746
Professional	550,479
Printing	287,873
Directors and Officer	161,827
Transfer agent	5,687
Registration	386
Miscellaneous	295,541
<b>Total expenses excluding dividend expense</b>	<b>109,579,010</b>
Dividends expense — unaffiliated	2,230,034
<b>Total expenses</b>	<b>111,809,044</b>
Less:	
Fees waived and/or reimbursed by the Manager	(279,705)
Transfer agent fees reimbursed — class specific	(10,930,117)
<b>Total expenses after fees waived and/or reimbursed</b>	<b>100,599,222</b>
<b>Net investment income</b>	<b>126,982,603</b>

## REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:	
Investments — affiliated	337,166
Investments — unaffiliated	414,616,611
Forward foreign currency exchange contracts	30,891,297
Foreign currency transactions	5,788,473
Futures contracts	(42,141,232)
Options written	20,103,564
Short sales — unaffiliated	(15,814,184)
Swaps	292,565
	<b>414,074,260</b>
Net change in unrealized appreciation (depreciation) on:	
Investments — affiliated	2,646,791
Investments — unaffiliated (net of \$(734,576) foreign capital gain tax)	850,215,516
Forward foreign currency exchange contracts	(62,539,435)
Foreign currency translations	(1,496,782)
Futures contracts	107,675
Options written	19,819,952
Short sales — unaffiliated	3,050,449
Swaps	19,850,830
	<b>831,654,996</b>
<b>Net realized and unrealized gain</b>	<b>1,245,729,256</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$1,372,711,859</b>

See notes to consolidated financial statements.

# Consolidated Statements of Changes in Net Assets

BlackRock Global Allocation V.I. Fund

Year Ended December 31,

2017

2016

## INCREASE (DECREASE) IN NET ASSETS

### OPERATIONS

Net investment income	\$ 126,982,603	\$ 136,433,324
Net realized gain (loss)	414,074,260	(175,975,483)
Net change in unrealized appreciation (depreciation)	831,654,996	445,816,308
Net increase in net assets resulting from operations	<u>1,372,711,859</u>	<u>406,274,149</u>

### DISTRIBUTIONS TO SHAREHOLDERS<sup>(a)</sup>

From net investment income:		
Class I	(29,375,286)	(26,933,124)
Class II	(2,933,651)	(2,573,765)
Class III	(102,989,429)	(99,994,504)
From net realized gain:		
Class I	(22,847,673)	—
Class II	(2,565,922)	—
Class III	(94,602,394)	—
Decrease in net assets resulting from distributions to shareholders	<u>(255,314,355)</u>	<u>(129,501,393)</u>

### CAPITAL SHARE TRANSACTIONS

Net decrease in net assets derived from capital share transactions	<u>(795,038,529)</u>	<u>(921,542,124)</u>
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### NET ASSETS

Total increase (decrease) in net assets	322,358,975	(644,769,368)
Beginning of year	<u>10,475,854,213</u>	<u>11,120,623,581</u>
End of year	<u>\$10,798,213,188</u>	<u>\$10,475,854,213</u>
Distributions in excess of net investment income, end of year	<u>\$ (47,766,850)</u>	<u>\$ (54,431,232)</u>

<sup>(a)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

See notes to consolidated financial statements.

# Consolidated Financial Highlights

(For a share outstanding throughout each period)

	BlackRock Global Allocation V.I. Fund				
	Class I				
	Year Ended December 31,				
	2017	2016	2015	2014	2013
<b>Net asset value, beginning of year</b> .....	\$ 15.51	\$ 15.09	\$ 16.26	\$ 17.61	\$ 16.10
Net investment income <sup>(a)</sup> .....	0.22	0.22	0.22	0.29	0.22
Net realized and unrealized gain (loss) .....	1.92	0.40	(0.35)	0.12	2.14
Net increase (decrease) from investment operations .....	2.14	0.62	(0.13)	0.41	2.36
<b>Distributions:</b> <sup>(b)</sup>					
From net investment income .....	(0.22)	(0.20)	(0.19)	(0.39)	(0.20)
From net realized gain .....	(0.17)	—	(0.84)	(1.37)	(0.65)
From return of capital .....	—	—	(0.01)	—	—
Total distributions .....	(0.39)	(0.20)	(1.04)	(1.76)	(0.85)
<b>Net asset value, end of year</b> .....	\$ 17.26	\$ 15.51	\$ 15.09	\$ 16.26	\$ 17.61
<b>Total Return:</b> <sup>(c)</sup>					
Based on net asset value .....	13.86%	4.11%	(0.89)%	2.30%	14.76%
<b>Ratios to Average Net Assets:</b>					
Total expenses .....	0.72% <sup>(d)</sup>	0.74%	0.75%	0.74%	0.72%
Total expenses after fees waived and/or reimbursed .....	0.72% <sup>(d)</sup>	0.74%	0.73%	0.72%	0.72%
Total expenses after fees waived and/or reimbursed and excluding dividend expense, interest expense and broker fees and expenses on short sales .....	0.70% <sup>(d)</sup>	0.73%	0.73%	0.72%	0.72%
Net investment income .....	1.32% <sup>(d)</sup>	1.47%	1.32%	1.64%	1.26%
<b>Supplemental Data:</b>					
Net assets, end of year (000) .....	\$2,306,034	\$2,107,145	\$1,994,371	\$1,708,903	\$2,426,154
Portfolio turnover rate .....	118%	135%	90% <sup>(e)</sup>	72%	53%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(c)</sup> Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.

<sup>(d)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds of 0.01%.

<sup>(e)</sup> Includes mortgage dollar roll transactions ("MDRs"). Excluding these transactions the portfolio turnover would have been 88%.

See notes to consolidated financial statements.

# Consolidated Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Global Allocation V.I. Fund				
	Class II				
	Year Ended December 31,				
	2017	2016	2015	2014	2013
<b>Net asset value, beginning of year</b> .....	\$ 15.46	\$ 15.04	\$ 16.21	\$ 17.56	\$ 16.07
Net investment income <sup>(a)</sup> .....	0.19	0.20	0.19	0.25	0.19
Net realized and unrealized gain (loss) .....	1.93	0.40	(0.35)	0.14	2.14
Net increase (decrease) from investment operations .....	2.12	0.60	(0.16)	0.39	2.33
<b>Distributions:</b> <sup>(b)</sup>					
From net investment income .....	(0.20)	(0.18)	(0.16)	(0.37)	(0.19)
From net realized gain .....	(0.17)	—	(0.84)	(1.37)	(0.65)
From return of capital .....	—	—	(0.01)	—	—
Total distributions .....	(0.37)	(0.18)	(1.01)	(1.74)	(0.84)
<b>Net asset value, end of year</b> .....	\$ 17.21	\$ 15.46	\$ 15.04	\$ 16.21	\$ 17.56
<b>Total Return:</b> <sup>(c)</sup>					
Based on net asset value .....	13.74%	3.96%	(1.05)%	2.16%	14.55%
<b>Ratios to Average Net Assets:</b>					
Total expenses .....	1.00% <sup>(d)</sup>	1.02%	1.02%	1.01%	1.00%
Total expenses after fees waived and/or reimbursed .....	0.87% <sup>(d)</sup>	0.89%	0.88%	0.88%	0.87%
Total expenses after fees waived and/or reimbursed and excluding dividend expense, interest expense and broker fees and expenses on short sales .....	0.85% <sup>(d)</sup>	0.88%	0.88%	0.87%	0.87%
Net investment income .....	1.17% <sup>(d)</sup>	1.33%	1.17%	1.39%	1.07%
<b>Supplemental Data:</b>					
Net assets, end of year (000) .....	\$258,564	\$229,492	\$256,964	\$260,312	\$216,395
Portfolio turnover rate .....	118%	135%	90% <sup>(e)</sup>	72%	53%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(c)</sup> Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.

<sup>(d)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds of 0.01%.

<sup>(e)</sup> Includes mortgage dollar roll transactions ("MDRs"). Excluding these transactions the portfolio turnover would have been 88%.

See notes to consolidated financial statements.

# Consolidated Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Global Allocation V.I. Fund				
	Class III				
	Year Ended December 31,				
	2017	2016	2015	2014	2013
<b>Net asset value, beginning of year</b> .....	\$ 13.37	\$ 13.04	\$ 14.19	\$ 15.58	\$ 14.34
Net investment income <sup>(a)</sup> .....	0.17	0.16	0.15	0.21	0.16
Net realized and unrealized gain (loss) .....	1.66	0.34	(0.30)	0.12	1.89
Net increase (decrease) from investment operations .....	1.83	0.50	(0.15)	0.33	2.05
<b>Distributions:</b> <sup>(b)</sup>					
From net investment income .....	(0.19)	(0.17)	(0.15)	(0.35)	(0.16)
From net realized gain .....	(0.17)	—	(0.84)	(1.37)	(0.65)
From return of capital .....	—	—	(0.01)	—	—
Total distributions .....	(0.36)	(0.17)	(1.00)	(1.72)	(0.81)
<b>Net asset value, end of year</b> .....	\$ 14.84	\$ 13.37	\$ 13.04	\$ 14.19	\$ 15.58
<b>Total Return:</b> <sup>(c)</sup>					
Based on net asset value .....	13.71%	3.81%	(1.14)%	2.08%	14.42%
<b>Ratios to Average Net Assets:</b>					
Total expenses .....	1.13% <sup>(d)</sup>	1.12%	1.12%	1.11%	1.11%
Total expenses after fees waived and/or reimbursed .....	1.00% <sup>(d)</sup>	0.99%	0.98%	0.98%	0.97%
Total expenses after fees waived and/or reimbursed and excluding dividend expense, interest expense and broker fees and expenses on short sales .....	0.98% <sup>(d)</sup>	0.98%	0.98%	0.97%	0.97%
Net investment income .....	1.15% <sup>(d)</sup>	1.22%	1.07%	1.32%	1.02%
<b>Supplemental Data:</b>					
Net assets, end of year (000) .....	\$8,233,615	\$8,139,218	\$8,869,288	\$9,780,007	\$10,014,301
Portfolio turnover rate <sup>(e)</sup> .....	118%	135%	90% <sup>(e)</sup>	72%	53%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(c)</sup> Where applicable, excludes insurance-related fees and expenses and assumes the reinvestment of distributions.

<sup>(d)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds of 0.01%.

<sup>(e)</sup> Includes mortgage dollar roll transactions ("MDRs"). Excluding these transactions the portfolio turnover would have been 88%.

See notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

## 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 20 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 consolidated financial statements presented are for BlackRock Global Allocation 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 open-end funds referred to as the Equity-Bond Complex.

**Basis of Consolidation:** The accompanying consolidated financial statements of the Fund include the accounts of BlackRock Cayman Global Allocation V.I. Fund I, Ltd. (the “Subsidiary”), which is a wholly-owned subsidiary of the Fund and primarily invests in commodity-related instruments. The Subsidiary enables the Fund to hold these commodity-related instruments while allowing its investors to satisfy regulated investment company tax requirements. The Fund may invest up to 25% of its total assets in the Subsidiary. The net assets of the Subsidiary as of period end were \$436,796,581, which is 4.1% of the Fund’s consolidated net assets. Intercompany accounts and transactions, if any, have been eliminated. The Subsidiary is subject to the same investment policies and restrictions that apply to the Fund, except that the Subsidiary may invest without limitation in commodity-related instruments.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated 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 consolidated financial statements, disclosure of contingent assets and liabilities at the date of the consolidated 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 entered into (the “trade dates”). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is 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, some 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. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on an accrual basis. 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 Consolidated 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, forward foreign currency exchange contracts, options written, swaps and short sales) 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 date. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

Net income and realized gains from investments held by the Subsidiary are treated as ordinary income for tax purposes. If a net loss is realized by the Subsidiary in any taxable year, the loss will generally not be available to offset the Fund’s ordinary income and/or capital gains for that year.

**Recent Accounting Standards:** In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update “Premium Amortization of Purchased Callable Debt Securities”, which amends the amortization period for certain purchased callable debt securities. Under the new guidance, the premium amortization of purchased callable debt securities that have explicit, non-contingent call features and are callable at fixed prices will be amortized to the earliest call date. The guidance will be applied on a modified retrospective basis and is effective for fiscal years, and their interim periods, beginning after December 15, 2018. Management is currently evaluating the impact of this guidance to the Fund.

## Notes to Consolidated Financial Statements (continued)

**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.

The Fund has an arrangement with its custodian whereby credits are earned on uninvested cash balances, which could be used to reduce custody fees and/or overdraft charges. The Fund may incur charges on certain uninvested cash balances and overdrafts, subject to certain conditions.

### 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 consolidated financial statements) as of the close of trading on the NYSE (generally 4:00 p.m., Eastern time) (or, if the reporting date falls on a day the NYSE is closed, investments are valued at fair value as of the period end). 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"). 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:

- 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.
- Fixed-income securities for which market quotations are readily available are generally valued using the last available bid prices or current market quotations provided by independent dealers or third party pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more independent brokers or dealers as obtained from a third party pricing service. Pricing services generally value fixed-income securities assuming orderly transactions of an institutional round lot size, but a fund may hold or transact in such securities in smaller, odd lot sizes. Odd lots may trade at lower prices than institutional round lots. The pricing services may use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values, including transaction data (e.g., recent representative bids and offers), credit quality information, perceived market movements, news, and other relevant information. Certain fixed-income securities, including asset-backed and mortgage related securities may be valued based on valuation models that consider the estimated cash flows of each tranche of the entity, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. The amortized cost method of valuation may be used with respect to debt obligations with sixty days or less remaining to maturity unless the Manager determines such method does not represent fair value.
- 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 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 contracts traded on exchanges are valued at their last sale price.
- Forward foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of trading on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.
- Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade. An exchange-traded option for which there is no mean price is valued at the last bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day's price will be used, unless it is determined that the prior day's price no longer reflects the fair value of the option. OTC options and options on swaps ("swaptions") are valued by an independent pricing service using a mathematical model, which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.
- Swap agreements are valued utilizing quotes received daily by the Fund's pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments.

## Notes to Consolidated Financial Statements (continued)

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 Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Fund's pricing vendors, regular reviews of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis. As a result of the inherent uncertainty in valuation of these investments, the fair values may differ from the values that would have been used had an active market existed.

For investments in equity or debt issued by privately held companies or funds ("Private Company" or collectively, the "Private Companies") and other Fair Valued Investments, the fair valuation approaches that are used by third party pricing services utilize one or a combination of, but not limited to, the following inputs.

<i>Standard Inputs Generally Considered By Third Party Pricing Services</i>	
Market approach. . . . .	(i) recent market transactions, including subsequent rounds of financing, in the underlying investment or comparable issuers; (ii) recapitalizations and other transactions across the capital structure; and (iii) market multiples of comparable issuers.
Income approach. . . . .	(i) future cash flows discounted to present and adjusted as appropriate for liquidity, credit, and/or market risks; (ii) quoted prices for similar investments or assets in active markets; and (iii) other risk factors, such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates.
Cost approach. . . . .	(i) audited or unaudited financial statements, investor communications and financial or operational metrics issued by the Private Company; (ii) changes in the valuation of relevant indices or publicly traded companies comparable to the Private Company; (iii) relevant news and other public sources; and (iv) known secondary market transactions in the Private Company's interests and merger or acquisition activity in companies comparable to the Private Company.

Investments in series of preferred stock issued by Private Companies are typically valued utilizing market approach in determining the enterprise value of the company. Such investments often contain rights and preferences that differ from other series of preferred and common stock of the same issuer. Valuation techniques such as an option pricing model ("OPM"), a probability weighted expected return model ("PWERM") or a hybrid of those techniques are used in allocating enterprise value of the company, as deemed appropriate under the circumstances. The use of OPM and PWERM techniques involve a determination of the exit scenarios of the investment in order to appropriately allocate the enterprise value of the company among the various parts of its capital structure.

The Private Companies are not subject to the public company disclosure, timing, and reporting standards as other investments held by the Fund. Typically, the most recently available information by a Private Company is as of a date that is earlier than the date the Fund is calculating its NAV. This factor may result in a difference between the value of the investment and the price the Fund could receive upon the sale of the investment.

**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 Fund's own 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 Private Companies. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for

## Notes to Consolidated Financial Statements (continued)

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 December 31, 2017, certain investments of the Fund were valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

### 4. SECURITIES AND OTHER INVESTMENTS

**Asset-Backed and Mortgage-Backed Securities:** Asset-backed securities are generally issued as pass-through certificates or as debt instruments. Asset-backed securities issued as pass-through certificates represent undivided fractional ownership interests in an underlying pool of assets. Asset-backed securities issued as debt instruments, which are also known as collateralized obligations, are typically issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. The yield characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security will have the effect of shortening the maturity of the security. In addition, a fund may subsequently have to reinvest the proceeds at lower interest rates. If a fund has purchased such an asset-backed security at a premium, a faster than anticipated prepayment rate could result in a loss of principal to the extent of the premium paid.

For mortgage pass-through securities (the "Mortgage Assets") there are a number of important differences among the agencies and instrumentalities of the U.S. Government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by Ginnie Mae are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. However, mortgage-related securities issued by Freddie Mac and Fannie Mae, including Freddie Mac and Fannie Mae guaranteed mortgage pass-through certificates, which are solely the obligations of Freddie Mac and Fannie Mae, are not backed by or entitled to the full faith and credit of the United States, but are supported by the right of the issuer to borrow from the U.S. Treasury.

Non-agency mortgage-backed securities are securities issued by non-governmental issuers and have no direct or indirect government guarantees of payment and are subject to various risks. Non-agency mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. The ability of a borrower to repay a loan is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, acts of God, terrorism, social unrest and civil disturbances, may impair a borrower's ability to repay its loans.

**Inflation-Indexed Bonds:** Inflation-indexed bonds (other than municipal inflation-indexed and certain corporate inflation-indexed bonds) are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation rises or falls, the principal value of inflation-indexed bonds (other than municipal inflation-indexed and certain corporate inflation-indexed bonds) will be adjusted upward or downward, and consequently the interest payable on these securities (calculated with respect to a larger or smaller principal amount) will be increased or reduced, respectively. Any upward or downward adjustment in the principal amount of an inflation-indexed bond will be included as interest income in the Consolidated Statement of Operations, even though investors do not receive their principal until maturity. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal. With regard to municipal inflation-indexed bonds and certain corporate inflation-indexed bonds, the inflation adjustment is typically reflected in the semi-annual coupon payment. As a result, the principal value of municipal inflation-indexed bonds and such corporate inflation-indexed bonds does not adjust according to the rate of inflation.

**Multiple Class Pass-Through Securities:** Multiple class pass-through securities, including collateralized mortgage obligations ("CMOs") and commercial mortgage-backed securities, may be issued by Ginnie Mae, U.S. Government agencies or instrumentalities or by trusts formed by private originators of, or investors in, mortgage loans. In general, CMOs are debt obligations of a legal entity that are collateralized by a pool of residential or commercial mortgage loans or Mortgage Assets. The payments on these are used to make payments on the CMOs or multiple pass-through securities. Multiple class pass-through securities represent direct ownership interests in the Mortgage Assets. Classes of CMOs include interest only ("IOs"), principal only ("POs"), planned amortization classes and targeted amortization classes. IOs and POs are stripped mortgage-backed securities representing interests in a pool of mortgages, the cash flow from which has been separated into interest and principal components. IOs receive the interest portion of the cash flow while POs receive the principal portion. IOs and POs can be extremely volatile in response to changes in interest rates. As interest rates rise and fall, the value of IOs tends to move in the same direction as interest rates. POs perform best when prepayments on the underlying mortgages rise since this increases the rate at which the principal is returned and the yield to maturity on the PO. When payments on mortgages underlying a PO are slower than anticipated, the life of the PO is lengthened and the yield to maturity is reduced. If the underlying Mortgage Assets experience greater than anticipated prepayments of principal, a fund's initial investment in the IOs may not fully recoup.

**Zero-Coupon Bonds:** Zero-coupon bonds are normally issued at a significant discount from face value and do not provide for periodic interest payments. These bonds may experience greater volatility in market value than other debt obligations of similar maturity which provide for regular interest payments.

**Capital Securities and Trust Preferred Securities:** Capital securities, including trust preferred securities, are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics. In the case of trust preferred securities, an affiliated business trust of a corporation issues these securities, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured with either a fixed or adjustable coupon that can have either a perpetual or stated maturity date. For trust preferred securities, the issuing bank or corporation pays interest to the trust, which is then distributed to holders of these securities as a dividend. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. These securities generally are rated below that of the issuing company's senior debt securities and are freely callable at the issuer's option.



## Notes to Consolidated Financial Statements (continued)

**Preferred Stocks:** Preferred stock has a preference over common stock in liquidation (and generally in receiving dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

**Warrants:** Warrants entitle a fund to purchase a specified number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date of the warrants, if any. If the price of the underlying stock does not rise above the strike price before the warrant expires, the warrant generally expires without any value and a fund will lose any amount it paid for the warrant. Thus, investments in warrants may involve more risk than investments in common stock. Warrants may trade in the same markets as their underlying stock; however, the price of the warrant does not necessarily move with the price of the underlying stock.

**Floating Rate Loan Interests:** Floating rate loan interests are typically issued to companies (the "borrower") by banks, other financial institutions, or privately and publicly offered corporations (the "lender"). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly leveraged or in bankruptcy proceedings. In addition, transactions in floating rate loan interests may settle on a delayed basis, which may result in proceeds from the sale not being readily available for a fund to make additional investments or meet its redemption obligations. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. Since the rates reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the NAV of a fund to the extent that it invests in floating rate loan interests. The base lending rates are generally the lending rate offered by one or more European banks, such as the London Interbank Offered Rate ("LIBOR"), the prime rate offered by one or more U.S. banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. These investments are treated as investments in debt securities for purposes of a fund's investment policies.

When a fund purchases a floating rate loan interest, it may receive a facility fee and when it sells a floating rate loan interest, it may pay a facility fee. On an ongoing basis, a fund may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by a fund upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. A fund may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loan interests are usually freely callable at the borrower's option. A fund may invest in such loans in the form of participations in loans ("Participations") or assignments ("Assignments") of all or a portion of loans from third parties. Participations typically will result in a fund having a contractual relationship only with the lender, not with the borrower. A fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, a fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower. A fund may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, a fund assumes the credit risk of both the borrower and the lender that is selling the Participation. A fund's investment in loan participation interests involves the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, a fund may be treated as a general creditor of the lender and may not benefit from any offset between the lender and the borrower. Assignments typically result in a fund having a direct contractual relationship with the borrower, and a fund may enforce compliance by the borrower with the terms of the loan agreement.

**Forward Commitments and When-Issued Delayed Delivery Securities:** A fund may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. A fund may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, a fund may be required to pay more at settlement than the security is worth. In addition, a fund is not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, a fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, a fund's maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions.

**TBA Commitments:** TBA commitments are forward agreements for the purchase or sale of mortgage-backed securities for a fixed price, with payment and delivery on an agreed upon future settlement date. The specific securities to be delivered are not identified at the trade date. However, delivered securities must meet specified terms, including issuer, rate and mortgage terms. When entering into TBA commitments, a fund may take possession of or deliver the underlying mortgage-backed securities but can extend the settlement or roll the transaction. TBA commitments involve a risk of loss if the value of the security to be purchased or sold declines or increases, respectively, prior to settlement date.

In order to better define contractual rights and to secure rights that will help a fund mitigate their counterparty risk, TBA commitments may be entered into by a fund under Master Securities Forward Transaction Agreements (each, an "MSFTA"). An MSFTA typically contains, among other things, collateral posting terms and netting provisions in the event of default and/or termination event. The collateral requirements are typically calculated by netting the mark-to-market amount for each transaction under such agreement and comparing that amount to the value of the collateral currently pledged by a fund and the counterparty. Cash collateral that has been pledged to cover the obligations of a fund and cash collateral received from the counterparty, if any, is reported separately on the Consolidated Statement of Assets and Liabilities as cash pledged as collateral for TBA commitments or cash received as collateral for TBA commitments, respectively. Non-cash collateral pledged by a fund, if any, is noted in the Consolidated Schedule of Investments. Typically, a fund is permitted to sell, re-pledge or use the collateral it receives; however, the counterparty is not permitted to do so. To the extent amounts due to a fund is not fully collateralized, contractually or otherwise, a fund bears the risk of loss from counterparty non-performance.

## Notes to Consolidated Financial Statements (continued)

**Mortgage Dollar Roll Transactions:** A fund may sell TBA mortgage-backed securities and simultaneously contract to repurchase substantially similar (i.e., same type, coupon and maturity) securities on a specific future date at an agreed upon price. During the period between the sale and repurchase, a fund is not entitled to receive interest and principal payments on the securities sold. Mortgage dollar roll transactions are treated as purchases and sales and realizes gains and losses on these transactions. Mortgage dollar rolls involve the risk that the market value of the securities that a fund is required to purchase may decline below the agreed upon repurchase price of those securities.

**Short Sale Transactions:** In short sale transactions, a fund sells a security it does not hold in anticipation of a decline in the market price of that security. When a fund makes a short sale, it will borrow the security sold short from a broker/counterparty and deliver the security to the purchaser. To close out a short position, a fund delivers the same security to the broker and records a liability to reflect the obligation to return the security to the broker. The amount of the liability is subsequently marked-to-market to reflect the market value of the short sale. A fund maintains a segregated account of securities or deposits cash with the broker-dealer as collateral for the short sales. Cash deposited with the broker is recorded as an asset in the Consolidated Statement of Assets and Liabilities. Securities segregated as collateral are denoted in the Consolidated Schedule of Investments. A fund may pay a financing fee for the difference between the market value of the short position and the cash collateral deposited with the broker which would be recorded as interest expense. A fund is required to repay the counterparty any dividends received on the security sold short, which, if applicable, is shown as dividend expense in the Consolidated Statement of Operations. A fund may pay a fee on the assets borrowed from the counterparty, which, if applicable, is shown as broker fees and expenses on short sales in the Consolidated Statement of Operations. A fund is exposed to market risk based on the amount, if any, that the market value of the security increases beyond the market value at which the position was sold. Thus, a short sale of a security involves the risk that instead of declining, the price of the security sold short will rise. The short sale of securities involves the possibility of an unlimited loss since there is an unlimited potential for the market price of the security sold short to increase. A gain is limited to the price at which a fund sold the security short. A realized gain or loss is recognized upon the termination of a short sale if the market price is either less than or greater than the proceeds originally received. There is no assurance that a fund will be able to close out a short position at a particular time or at an acceptable price.

**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 or preferred stocks in the Fund's Consolidated Schedule of Investments, and the value of any related collateral are shown separately in the Consolidated Statement of Assets and Liabilities as a component of investments at value — unaffiliated, and collateral on securities loaned at value, respectively. 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 Consolidated 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:

Counterparty	Securities Loaned at Value	Cash Collateral Received <sup>(a)</sup>	Net Amount
Barclays Capital, Inc. ....	\$ 202,891	\$ (202,891)	\$ —
BNP Paribas S.A. ....	40,122,900	(40,122,900)	—
Citigroup Global Markets, Inc. ....	48,083,210	(48,083,210)	—
Credit Suisse Securities (USA) LLC ....	18,726	(18,726)	—
Deutsche Bank Securities Inc. ....	10,324,923	(10,324,923)	—
Goldman Sachs & Co. ....	8,861,141	(8,861,141)	—
JP Morgan Securities LLC ....	5,850,381	(5,850,381)	—
Merrill Lynch, Pierce, Fenner & Smith ....	4,692,321	(4,692,321)	—
Morgan Stanley ....	78,254,303	(78,254,303)	—
State Street Bank & Trust Co. ....	1,732,622	(1,732,622)	—
UBS Securities LLC ....	26,147,616	(26,147,616)	—
	<u>\$ 224,291,034</u>	<u>\$ (224,291,034)</u>	<u>\$ —</u>

<sup>(a)</sup> Cash collateral with a value of \$235,809,728 has been received in connection with securities lending agreements. Collateral received in excess of the value of securities loaned from the individual counterparty is not shown for financial reporting purposes.

## Notes to Consolidated Financial Statements (continued)

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 if 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.

### 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 Consolidated 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), 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.

Securities deposited as initial margin are designated in the Consolidated Schedule of Investments and cash deposited, if any, are shown as cash pledged for futures contracts in the Consolidated 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 Consolidated Statement of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Consolidated 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.

**Forward Foreign Currency Exchange Contracts:** Forward foreign currency exchange contracts are entered into to gain or reduce exposure to foreign currencies (foreign currency exchange rate risk).

A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a specified date. These contracts help to manage the overall exposure to the currencies in which some of the investments held by the Fund are denominated and in some cases, may be used to obtain exposure to a particular market.

The contract is marked-to-market daily and the change in market value is recorded as unrealized appreciation (depreciation) in the Consolidated Statement of Assets and Liabilities. When a contract is closed, a realized gain or loss is recorded in the Consolidated Statement of Operations equal to the difference between the value at the time it was opened and the value at the time it was closed. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash without the delivery of foreign currency. The use of forward foreign currency exchange contracts involves the risk that the value of a forward foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies.

**Options:** The Fund purchases and writes call and put options to increase or decrease its exposure to the risks of underlying instruments, including equity risk, interest rate risk and/or commodity price risk and/or, in the case of options written, to generate gains from options premiums.

A call option gives the purchaser (holder) of the option the right (but not the obligation) to buy, and obligates the seller (writer) to sell (when the option is exercised) the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise or strike price at any time or at a specified time during the option period.

Premiums paid on options purchased and premiums received on options written, as well as the daily fluctuation in market value, are included in investments at value — unaffiliated and options written at value, respectively, in the Consolidated Statement of Assets and Liabilities. When an instrument is purchased or sold through the exercise of an option, the premium is offset against the cost or proceeds of the underlying instrument. When an option expires, a realized gain or loss is recorded in the Consolidated Statement of Operations to the extent of the premiums received or paid. When an option is closed or sold, a gain or loss is recorded in the Consolidated Statement of Operations to the extent the cost of the closing transaction exceeds the premiums received or paid. When the Fund writes a call option, such option is typically "covered," meaning that it holds the underlying instrument subject to being called by the option counterparty. When the Fund writes a put option, such option is covered by cash in an amount sufficient to cover the obligation. As of period end, the value of portfolio securities subject to covered call options written was \$67,964,456.

- **Swaptions** — The Fund purchases and writes options on swaps ("swaptions") primarily to preserve a return or spread on a particular investment or portion of the Fund's holdings, as a duration management technique or to protect against an increase in the price of securities it anticipates purchasing at a later date. The purchaser and writer of a swaption is buying or granting the right to enter into a previously agreed upon interest rate or credit default swap agreement (interest rate risk and/or credit risk) at any time before the expiration of the option.
- **Interest rate caps and floors** — Interest rate caps and floors are entered into to gain or reduce exposure to interest rates (interest rate risk and/or other risk). Caps are agreements whereby one party agrees to make payments to the other, in return for a premium, to the extent that interest rate indexes exceed a specified rate, or "cap." Floors are agreements whereby one party agrees to make payments to the other, in return for a premium, to the extent that interest rate indexes fall below a specified rate, or "floor."

## Notes to Consolidated Financial Statements (continued)

- Foreign currency options — The Fund purchases and writes foreign currency options, foreign currency futures and options on foreign currency futures to gain or reduce exposure to foreign currencies (foreign currency exchange rate risk). Foreign currency options give the purchaser the right to buy from or sell to the writer a foreign currency at any time before the expiration of the option.
- Barrier options — The Fund may purchase and write a variety of options with non-standard payout structures or other features (“barrier options”) that are generally traded OTC.

The Fund may invest in various types of barrier options, including down-and-out options, down-and-in options, double no-touch options, one-touch options, up-and-out options and up-and-in options. Down-and-out options expire worthless to the purchaser if the price of the underlying instrument falls below a specific barrier price level prior to the expiration date. Down-and-in options expire worthless to the purchaser unless the price of the underlying instrument falls below a specific barrier price level prior to the expiration date. Double no-touch options provide the purchaser an agreed-upon payout if the price of the underlying instrument does not reach or surpass predetermined barrier price levels prior to the option’s expiration date. One-touch options provide the purchaser an agreed-upon payout if the price of the underlying instrument reaches or surpasses predetermined barrier price levels prior to the expiration date. Up-and-out options expire worthless to the purchaser if the price of the underlying instrument increases beyond a predetermined barrier price level prior to the expiration date. Up-and-in options can only be exercised when the price of the underlying instrument increases beyond a predetermined barrier price level.

In purchasing and writing options, the Fund bears the risk of an unfavorable change in the value of the underlying instrument or the risk that it may not be able to enter into a closing transaction due to an illiquid market. Exercise of a written option could result in the Fund purchasing or selling a security when it otherwise would not, or at a price different from the current market value.

**Swaps:** Swap contracts are entered into to manage exposure to issuers, markets and securities. Such contracts are agreements between the Fund and a counterparty to make periodic net payments on a specified notional amount or a net payment upon termination. Swap agreements are privately negotiated in the OTC market and may be entered into as a bilateral contract (“OTC swaps”) or centrally cleared (“centrally cleared swaps”).

For OTC swaps, any upfront premiums paid and any upfront fees received are shown as swap premiums paid and swap premiums received, respectively, in the Consolidated Statement of Assets and Liabilities and amortized over the term of the contract. The daily fluctuation in market value is recorded as unrealized appreciation (depreciation) on OTC Swaps in the Consolidated Statement of Assets and Liabilities. Payments received or paid are recorded in the Consolidated Statement of Operations as realized gains or losses, respectively. When an OTC swap is terminated, a realized gain or loss is recorded in the Consolidated Statement of Operations equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund’s basis in the contract, if any. Generally, the basis of the contract is the premium received or paid.

In a centrally cleared swap, immediately following execution of the swap contract, the swap contract is novated to a central counterparty (the “CCP”) and the Fund’s counterparty on the swap agreement becomes the CCP. The Fund is required to interface with the CCP through the broker. Upon entering into a centrally cleared swap, 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 the size and risk profile of the particular swap. Securities deposited as initial margin are designated in the Consolidated Schedule of Investments and cash deposited is shown as cash pledged for centrally cleared swaps in the Consolidated 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 shown as variation margin receivable (or payable) on centrally cleared swaps in the Consolidated Statement of Assets and Liabilities. Payments received from (paid to) the counterparty, including at termination, are recorded as realized gains (losses) in the Consolidated Statement of Operations.

- Credit default swaps — Credit default swaps are entered into to manage exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which a fund is not otherwise exposed (credit risk).

The Fund may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps are agreements in which the protection buyer pays fixed periodic payments to the seller in consideration for a promise from the protection seller to make a specific payment should a negative credit event take place with respect to the referenced entity (e.g., bankruptcy, failure to pay, obligation acceleration, repudiation, moratorium or restructuring). As a buyer, if an underlying credit event occurs, the Fund will either (i) receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index, or (ii) receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Fund will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

- Total return swaps — Total return swaps are entered into to obtain exposure to a security or market without owning such security or investing directly in such market or to exchange the risk/return of one market (e.g., fixed-income) with another market (e.g., equity or commodity prices) (equity risk, commodity price risk and/or interest rate risk).

Total return swaps are agreements in which there is an exchange of cash flows whereby one party commits to make payments based on the total return (distributions plus capital gains/losses) of an underlying instrument in exchange for fixed or floating rate interest payments. If the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting fixed or floating interest rate obligation, the Fund receives payment from or makes a payment to the counterparty.

- Interest rate swaps — Interest rate swaps are entered into to gain or reduce exposure to interest rates or to manage duration, the yield curve or interest rate (interest rate risk).



## Notes to Consolidated Financial Statements (continued)

Interest rate swaps are agreements in which one party pays a stream of interest payments, either fixed or floating, in exchange for another party's stream of interest payments, either fixed or floating, on the same notional amount for a specified period of time. In more complex interest rate swaps, the notional principal amount may decline (or amortize) over time.

- **Currency swaps** — Currency swaps are entered into to gain or reduce exposure to foreign currencies (foreign currency exchange rate risk).

Currency swaps are interest rate swaps in which one party pays a stream of interest payments, either fixed or floating, in exchange for another party's stream of interest payments, either fixed or floating, based on the notional amounts of two different currencies. The notional amounts are typically determined based on the spot exchange rates at the inception of the trade. Currency swaps may also involve an exchange of notional amounts at the start, during and/or at expiration of the contract, either at the current spot rate or another specified rate.

- **Forward swaps** — The Fund enters into forward interest rate swaps and forward total return swaps. In a forward swap, the Fund and the counterparty agree to make periodic net payments beginning on a specified date or a net payment at termination.

Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Consolidated Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

**Master Netting Arrangements:** In order to define its contractual rights and to secure rights that will help it mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with its counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs certain OTC derivatives and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. Bankruptcy or insolvency laws of a particular jurisdiction may restrict or prohibit the right of offset in bankruptcy, insolvency or other events.

**Collateral Requirements:** For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark-to-market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty.

Cash collateral that has been pledged to cover obligations of the Fund and cash collateral received from the counterparty, if any, is reported separately on the Consolidated Statement of Assets and Liabilities as cash pledged as collateral and cash received as collateral, respectively. Non-cash collateral pledged by the Fund, if any, is noted in the Consolidated Schedule of Investments. Generally, the amount of collateral due from or to a counterparty is subject to a certain minimum transfer amount threshold before a transfer is required, which is determined at the close of business of the Fund. Any additional required collateral is delivered to/pledged by the Fund on the next business day. Typically, the counterparty is not permitted to sell, re-pledge or use cash and non-cash collateral it receives. The Fund generally agrees not to use non-cash collateral that it receives but may, absent default or certain other circumstances defined in the underlying ISDA Master Agreement, be permitted to use cash collateral received. In such cases, interest may be paid pursuant to the collateral arrangement with the counterparty. To the extent amounts due to the Fund from its counterparties are not fully collateralized, it bears the risk of loss from counterparty non-performance. Likewise, to the extent the Fund has delivered collateral to a counterparty and stands ready to perform under the terms of its agreement with such counterparty, it bears the risk of loss from a counterparty in the amount of the value of the collateral in the event the counterparty fails to return such collateral. Based on the terms of agreements, collateral may not be required for all derivative contracts.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements, if any, in the Consolidated Statement of Assets and Liabilities.

### 6. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate of BlackRock, Inc. ("BlackRock") for 1940 Act purposes.

**Investment Advisory:** The Company, on behalf of the Fund, entered into an Investment Advisory Agreement with the Manager, the Fund's investment adviser, an indirect, wholly-owned subsidiary of 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.

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 \$6 Billion . . . . .	0.65%
\$6 Billion — \$8 Billion . . . . .	0.61
\$8 Billion — \$10 Billion . . . . .	0.59
\$10 Billion — \$15 Billion . . . . .	0.57
Greater than \$15 Billion . . . . .	0.55

The Manager provides investment management and other services to the Subsidiary. The Manager does not receive separate compensation from the Subsidiary for providing investment management or administrative services. However, the Fund pays the Manager based on the Fund's net assets, which includes the assets of the Subsidiary.

## Notes to Consolidated Financial Statements (continued)

**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:

	Class II	Class III
Distribution Fee .....	0.15%	0.25%

For the year ended December 31, 2017, the following table shows the class specific distribution fees borne directly by each share class of the Fund:

	Class II	Class III	Total
Distribution Fees .....	\$367,328	\$20,560,415	\$20,927,743

**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 sub-accounts they service. 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 year ended December 31, 2017, 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 Consolidated Statement of Operations.

For the year ended December 31, 2017, the following table shows the class specific transfer agent fees borne directly by each share class of the Fund:

Class I	Class II	Class III	Total
\$1,577,420	\$479,436	\$16,293,760	\$18,350,616

**Expense Limitations, Waivers and Reimbursements:** With respect to the Fund, the Manager voluntarily 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”). The amount of waivers and/or reimbursements of fees and expenses made pursuant to the expense limitation will be reduced by the amount of the affiliated money market fund waiver. This amount is included in fees waived by the Manager in the Consolidated Statement of Operations. For the year ended December 31, 2017, the amount waived was \$4,908.

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, 2018. The contractual agreement may be terminated upon 90 days’ notice by a majority of the independent directors who are not “interested persons” of the Fund, as defined in the 1940 Act (“Independent Directors”) or by a vote of a majority of the outstanding voting securities of the Fund. This amount is included in fees waived by the Manager in the Consolidated Statement of Operations. For the year ended December 31, 2017, the Fund waived \$274,797 in investment advisory fees pursuant to these arrangements.

For the year ended December 31, 2017, the Fund reimbursed the Manager \$120,595 for certain accounting services, which is included in accounting services in the Consolidated Statement of Operations.

The Manager has contractually agreed to reimburse 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 .....	0.07
Class III .....	0.07

The Manager has agreed not to reduce or discontinue this contractual expense limitation through April 30, 2018, 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 shown as transfer agent fees reimbursed—class specific in the Consolidated Statement of Operations. For the year ended December 31, 2017, class specific expense waivers and/or reimbursements are as follows:

	Class I	Class II	Class III	Total
Transfer Agent Fees Reimbursed .....	\$70,182	\$308,213	\$10,551,722	\$10,930,117

With respect to the Fund, 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 are as follows:

Class I	Class II	Class III
1.25%	1.40%	1.50%

The Manager has agreed not to reduce or discontinue this contractual expense limitation through April 30, 2018, 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 twelve months ended December 31, 2017, there were no fees waived and/or reimbursed by the Manager.

## Notes to Consolidated Financial Statements (continued)

**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 a securities lending agreement, the Fund retains 80% of securities lending income, 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 Equity-Bond 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 as follows: to 85% of securities lending income, 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 Consolidated Statement of Operations. For the year ended December 31, 2017, the Fund paid BIM \$546,844 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 year ended December 31, 2017, the Fund did not participate in the Interfund Lending Program.

**Officers and Directors:** 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 Consolidated Statement of Operations.

**Other Transactions:** The Fund may purchase securities from, or sell securities to, an affiliated fund provided the affiliation is due solely to having a common investment adviser, common officers, or common directors. For the year ended December 31, 2017, the purchase and sale transactions and any net realized gains (losses) with affiliated funds in compliance with Rule 17a-7 under the 1940 Act were as follows:

Purchases	\$ 3,674,765
Sales	31,783
Net Realized Gain	5,712

### 7. PURCHASES AND SALES

For the year ended December 31, 2017, purchases and sales of investments, including paydowns and excluding short-term securities, were as follows:

	Purchases	Sales
Non-U.S. Government Securities	\$4,076,350,513	\$5,290,478,317
U.S. Government Securities	7,391,337,262	6,468,911,414

### 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, 2017. The statutes of limitations on the Fund’s state and local tax returns may remain open for an additional year depending upon the jurisdiction.

## Notes to Consolidated Financial Statements (continued)

Management has analyzed tax laws and regulations and their application to the Fund as of December 31, 2017, 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.

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of period end, the following permanent differences attributable to the accounting for swap agreements, amortization methods on fixed income securities, the classification of investments, foreign currency transactions, the sale of stock of passive foreign investment companies, net paydown gains, the characterization of expenses and income recognized from a wholly owned subsidiary and dividends recognized for tax purposes were reclassified to the following accounts:

Paid-in capital	\$ 1,087,651
Distributions in excess of net investment income	\$ 14,980,145
Accumulated net realized gain	\$(16,067,796)

The tax character of distributions paid was as follows:

	12/31/2017	12/31/2016
Ordinary income	\$237,849,708	\$129,501,393
Long-term capital gains	17,464,647	—
Total	\$255,314,355	\$129,501,393

As of December 31, 2017, the tax components of accumulated net earnings (losses) were as follows:

Undistributed ordinary income	\$ 13,450,130
Undistributed long-term capital gains	76,679,275
Net unrealized gains*	948,994,991
Total	\$1,039,124,396

\* The difference between book-basis and tax-basis net unrealized gains was attributable primarily to the tax deferral of losses on wash sales and straddles, the realization for tax purposes of unrealized gains on investments in passive foreign investment companies, the realization for tax purposes of unrealized gains / losses on certain futures and foreign currency contracts, the timing and recognition of partnership income, the accounting for swap agreements, the classification of investments, investment in a wholly owned subsidiary and dividends recognized for tax purposes.

During the year ended December 31, 2017, the Fund utilized \$174,593,093 of its capital loss carryforward.

As of December 31, 2017, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

Tax cost	\$10,075,866,909
Gross unrealized appreciation	1,270,603,176
Gross unrealized depreciation	(276,181,309)
Net unrealized depreciation	\$ 994,421,867

### 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, \$2.1 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 \$1.6 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 0.12% 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 2018 unless extended or renewed. Participating Funds paid administration, legal and arrangement fees, which, if applicable, are included in miscellaneous expenses in the Consolidated Statement of Operations. 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 year ended December 31, 2017, 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. The Fund's prospectus provides details of the risks to which the Fund is subject.

The Fund may be exposed to prepayment risk, which is the risk that borrowers may exercise their option to prepay principal earlier than scheduled during periods of declining interest rates, which would force the Fund to reinvest in lower yielding securities. The Fund may also be exposed to reinvestment risk, which is the risk that

## Notes to Consolidated Financial Statements (continued)

income from the Fund's portfolio will decline if the Fund invests the proceeds from matured, traded or called fixed-income securities at market interest rates that are below the Fund portfolio's current earnings rate.

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 and 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 and may experience difficulty in selling those 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.

The price the Fund could receive upon the sale of any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation technique or a price provided by an independent pricing service. Changes to significant unobservable inputs and assumptions (i.e., publicly traded company multiples, growth rate, time to exit) due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations. As a result, the price received upon the sale of an investment may be less than the value ascribed by the Fund, and the Fund could realize a greater than expected loss or lesser than expected gain upon the sale of the investment. The Fund's ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third party service providers.

**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 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 Consolidated 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.

For OTC options purchased, the Fund bears the risk of loss of the amount of the premiums paid plus the positive change in market values net of any collateral held by such Fund should the counterparty fail to perform under the contracts. Options written by the Fund do not typically give rise to counterparty credit risk, as options written generally obligate the Fund, and not the counterparty, to perform. The Fund may be exposed to counterparty credit risk with respect to options written to the extent the Fund deposits collateral with its counterparty to a written option.

With exchange-traded options purchased and futures and centrally cleared swaps, 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 and centrally cleared swaps 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:** The Fund invests a significant portion of its assets in fixed-income securities and/or uses derivatives tied to the fixed-income markets. Changes in market interest rates or economic conditions may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates.

The Fund invests a significant portion of its assets in securities of issuers located in Europe or with significant exposure to European issuers or countries. The European financial markets have recently experienced volatility and adverse trends due to concerns about economic downturns in, or rising government debt levels of, several European countries. These events may spread to other countries in Europe and may affect the value and liquidity of certain of the Fund's investments.

The United Kingdom voted on June 23, 2016 to withdraw from the European Union, which may introduce significant new uncertainties and instability in the financial markets across Europe.

**11. CAPITAL SHARE TRANSACTIONS**

Transactions in capital shares for each class were as follows:

	Year Ended 12/31/2017		Year Ended 12/31/2016	
	Shares	Amount	Shares	Amount
<b>Class I</b>				
Shares sold .....	8,584,248	\$ 143,679,674	16,192,343	\$ 244,305,933
Shares issued in reinvestment of distributions .....	2,672,740	46,050,926	1,521,201	23,578,615
Shares redeemed .....	(13,573,580)	(224,416,668)	(14,033,328)	(214,313,552)
Net increase (decrease) .....	<u>(2,316,592)</u>	<u>\$ (34,686,068)</u>	<u>3,680,216</u>	<u>\$ 53,570,996</u>
<b>Class II</b>				
Shares sold .....	1,384,696	\$ 23,128,223	789,548	\$ 11,986,829
Shares issued in reinvestment of distributions .....	320,419	5,499,573	166,479	2,573,765
Shares redeemed .....	(1,525,356)	(25,239,075)	(3,198,273)	(48,293,049)
Net increase (decrease) .....	<u>179,759</u>	<u>\$ 3,388,721</u>	<u>(2,242,246)</u>	<u>\$ (33,732,455)</u>
<b>Class III</b>				
Shares sold .....	10,049,191	\$ 144,899,286	13,153,930	\$ 171,434,340
Shares issued in reinvestment of distributions .....	13,347,588	197,591,823	7,479,020	99,994,504
Shares redeemed .....	(77,304,864)	(1,106,232,291)	(92,373,623)	(1,212,809,509)
Net decrease .....	<u>(53,908,085)</u>	<u>\$ (763,741,182)</u>	<u>(71,740,673)</u>	<u>\$ (941,380,665)</u>
Total Net Decrease .....	<u>(56,044,918)</u>	<u>\$ (795,038,529)</u>	<u>(70,302,703)</u>	<u>\$ (921,542,124)</u>

**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.



# Report of the Independent Registered Public Accounting Firm

To the Shareholders of BlackRock Global Allocation V.I. Fund and the Board of Directors of BlackRock Variable Series Funds, Inc.:

## Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying consolidated statement of assets and liabilities, including the consolidated schedule of investments, of BlackRock Global Allocation V.I. Fund of BlackRock Variable Series Funds, Inc. (the "Fund"), as of December 31, 2017, the related consolidated statement of operations for the year then ended, the consolidated statements of changes in net assets for each of the two years in the period then ended, the consolidated financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the consolidated financial statements and consolidated financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

## Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP  
Boston, Massachusetts  
February 19, 2018

We have served as the auditor of one or more BlackRock investment companies since 1992.

# Glossary of Terms Used in this Report

## Currency

AUD	Australian Dollar
BRL	Brazilian Real
CAD	Canadian Dollar
EUR	Euro
GBP	British Pound
JPY	Japanese Yen
MXN	Mexican Peso
NOK	Norwegian Krone
NZD	New Zealand Dollar
PLN	Polish Zloty
SEK	Swedish Krona
USD	United States Dollar
ZAR	South African Rand

## Portfolio Abbreviations

ADR	American Depositary Receipts
CDX	Credit Default Swap Index
CVA	Certification Van Aandelon (Dutch Certificate)
ETF	Exchange Traded Fund
LIBOR	London Interbank Offered Rate
NASDAQ	National Association of Securities Dealers Automated Quotations
OTC	Over-The-Counter
PCL	Public Company Limited
REIT	Real Estate Investment Trust
S&P	Standard & Poor's
SPDR	S&P Depository Receipt

# Director and Officer Information

## Independent Directors <sup>(a)</sup>

Name <sup>(b)</sup> Year of Birth	Position(s) Held (Length of Service) <sup>(c)</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
<b>Robert M. Hernandez</b> 1944	Chair of the Board and Director (Since 2007)	Director, Vice Chairman and Chief Financial Officer of USX Corporation (energy and steel business) from 1991 to 2001; Director and non-executive Chairman, RTI International Metals, Inc. from 1990 to 2015; Director, TE Connectivity (electronics) from 2006 to 2012.	27 RICs consisting of 98 Portfolios	Chubb Limited (insurance company); Eastman Chemical Company
<b>James H. Bodurtha</b> 1944	Director (Since 2007)	Director, The China Business Group, Inc. (consulting and investing firm) from 1996 to 2013 and Executive Vice President thereof from 1996 to 2003; Chairman of the Board, Berkshire Holding Corporation since 1980; Director, ICI Mutual since 2010.	27 RICs consisting of 98 Portfolios	None
<b>Bruce R. Bond</b> 1940	Director (Since 2007)	Trustee and Member of the Governance Committee, State Street Research Mutual Funds from 1997 to 2005; Board Member of Governance, Audit and Finance Committee, Avaya Inc. (computer equipment) from 2003 to 2007.	27 RICs consisting of 98 Portfolios	None
<b>Donald W. Burton</b> 1944	Director (Since 2007)	Managing General Partner, The Burton Partnership, LP (an investment partnership) from 1979 to 2017; Managing General Partner, The Burton Partnership (QP), LP (an investment partnership) since 2000; Managing General Partner, The South Atlantic Venture Funds from 1983 to 2012; Director, IDology, Inc. (technology solutions) since 2006; Director, Knology, Inc. (telecommunications) from 1996 to 2012; Director, Capital Southwest (financial) from 2006 to 2012; Director, Burton Grill (restaurant) since 2013; Director, PDQ South Texas (restaurant) since 2013; Director, ITC/Talon (data) since 2015.	27 RICs consisting of 98 Portfolios	None
<b>Honorable Stuart E. Eizenstat</b> 1943	Director (Since 2007)	Partner and Head of International Practice, Covington and Burling LLP (law firm) since 2001; International Advisory Board Member, The Coca-Cola Company from 2002 to 2011; Advisory Board Member, Veracity Worldwide, LLC (risk management) from 2007 to 2012; Member of the International Advisory Board GML Ltd. (energy) since 2003.	27 RICs consisting of 98 Portfolios	Alcatel-Lucent (telecommunications); Global Specialty Metallurgical; UPS Corporation (delivery service); Ferroglobe (Metals)
<b>Henry Gabbay</b> 1947	Director (Since 2007)	Consultant, BlackRock, Inc. from 2007 to 2008; Managing Director, BlackRock, Inc. from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Allocation Target Shares (formerly, BlackRock Bond Allocation Target Shares) from 2005 to 2007 and Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.	27 RICs consisting of 98 Portfolios	None
<b>Lena G. Goldberg</b> 1949	Director (Since 2016)	Senior Lecturer, Harvard Business School since 2008; Executive Vice President, FMR LLC/Fidelity Investments (financial services) from 2007 to 2008, Executive Vice President and General Counsel thereof from 2002 to 2007, Senior Vice President and General Counsel thereof from 1999 to 2002, Vice President and General Counsel thereof from 1997 to 1999, Senior Vice President and Deputy General Counsel thereof in 1997, and Vice President and Corporate Counsel thereof from 1996 to 1997; Partner, Sullivan & Worcester LLP from 1985 to 1996 and Associate thereof from 1979 to 1985.	27 RICs consisting of 98 Portfolios	None

Independent Directors <sup>(a)</sup>

Name <sup>(b)</sup> Year of Birth	Position(s) Held (Length of Service) <sup>(c)</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
Henry R. Keizer 1956	Director (Since 2016)	Director, Park Indemnity Ltd. (captive insurer) since 2010; Director, MUFG Americas Holdings Corporation and MUFG Union Bank, N.A. (financial and bank holding company) from 2014 to 2016; Director, Montpelier Re Holdings, Ltd. (publicly held property and casual reinsurance) from 2013 to 2015; Director, American Institute of Certified Public Accountants from 2009 to 2011; Director, KPMG LLP (audit, tax and advisory services) from 2004 to 2005 and 2010 to 2012; Director, KPMG International in 2012, Deputy Chairman and Chief Operating Officer thereof from 2010 to 2012 and U.S. Vice Chairman of Audit thereof from 2005 to 2010; Global Head of Audit, KPMGI (consortium of KPMG firms) from 2006 to 2010; Director, YMCA of Greater New York from 2006 to 2010.	27 RICs consisting of 98 Portfolios	Hertz Global Holdings (car rental); WABCO (commercial vehicle safety systems)
John F O'Brien 1947	Director (Since 2007)	Trustee, Woods Hole Oceanographic Institute since 2003 and Chairman thereof from 2009 to 2015; Co-Founder and Managing Director, Board Leaders LLC (director education) since 2005.	27 RICs consisting of 98 Portfolios	Cabot Corporation (chemicals); LKQ Corporation (auto parts manufacturing); TJX Companies, Inc. (retailer)
Donald C. Opatrny 1952	Director (Since 2015)	Trustee, Member of the Executive Committee and Chair of the Investment Committee, Cornell University since 2004; Member of the Board and Investment Committee, University School since 2007; Member of the Investment Committee, Mellon Foundation from 2009 to 2015; President and Trustee, the Center for the Arts, Jackson Hole since 2011; Director, Athena Capital Advisors LLC (investment management firm) since 2013; Trustee and Chair of the Investment Committee, Community Foundation of Jackson Hole since 2014; Trustee, Artst or (a Mellon Foundation affiliate) from 2010 to 2015; President, Trustee and Member of the Investment Committee, The Aldrich Contemporary Art Museum from 2007 to 2014.	27 RICs consisting of 98 Portfolios	None
Roberta Cooper Ramo 1942	Director (Since 2007)	Shareholder and Attorney, Modrall, Sperling, Roehl, Harris & Sisk, P.A. (law firm) since 1993; Director, ECMC Group (service provider to students, schools and lenders) since 2001; President, The American Law Institute (non-profit) since 2008; Vice President, Santa Fe Opera (non-profit) since 2011; Chair, Think New Mexico (non-profit) since 2013; Chairman of the Board, Cooper's Inc. (retail) from 1999 to 2011.	27 RICs consisting of 98 Portfolios	None

Interested Directors <sup>(a)(d)</sup>

Name <sup>(b)</sup> Year of Birth	Position(s) Held (Length of Service) <sup>(c)</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
<b>Robert Fairbairn</b> 1965	Director (Since 2015)	Senior Managing Director of BlackRock, Inc. since 2010; oversees BlackRock's Strategic Partner Program and Strategic Product Management Group; Member of BlackRock's Global Executive and Global Operating Committees; Co-Chair of BlackRock's Human Capital Committee; Global Head of BlackRock's Retail and iShares® businesses from 2012 to 2016; Head of BlackRock's Global Client Group from 2009 to 2012; Chairman of BlackRock's international businesses from 2007 to 2010.	27 RICs consisting of 98 Portfolios	None
<b>John M. Perlowski</b> 1964	Director (Since 2015), President and Chief Executive Officer (Since 2010)	Managing Director of BlackRock, Inc. since 2009; Head of BlackRock Global Accounting and Product Services since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Advisory Director of Family Resource Network (charitable foundation) since 2009.	127 RICs consisting of 316 Portfolios	None

<sup>(a)</sup> The address of each Director is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

<sup>(b)</sup> Each Independent Director holds office until his or her successor is duly elected and qualifies or until his or her earlier death, resignation, retirement or removal as provided by the Company's by-laws or charter or statute, or until December 31 of the year in which he or she turns 75. The Board may determine to extend the terms of Independent Directors on a case-by-case basis, as appropriate. Interested Directors serve until their successor is duly elected and qualifies or until their earlier death, resignation, retirement or removal as provided by the Company's by-laws or statute, or until December 31 of the year in which they turn 72.

<sup>(c)</sup> Following the combination of Merrill Lynch Investment Managers, L.P. ("MLIM") and BlackRock, Inc. in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Independent Directors as joining the Corporation's board in 2007, those Directors first became members of the boards of other legacy MLIM or legacy BlackRock funds as follows: James H. Bodurtha, 1995; Bruce R. Bond, 2005; Donald W. Burton, 2002; Honorable Stuart E. Eizenstat, 2001; Robert M. Hernandez, 1996; John F. O'Brien, 2005; and Roberta Cooper Ramo, 1999.

<sup>(d)</sup> Messrs. Fairbairn and Perlowski are both "interested persons," as defined in the 1940 Act, of the Company based on their positions with BlackRock, Inc. and its affiliates. Mr. Perlowski is also a board member of the BlackRock Closed-End Complex and the BlackRock Equity-Liquidity Complex.

# Director and Officer Information (continued)

## Officers Who Are Not Directors <sup>(a)</sup>

Name <sup>(b)</sup> Year of Birth	Position(s) Held (Length of Service)	Principal Occupation(s) During Past Five Years
<b>Jennifer McGovern</b> 1977	Vice President (Since 2014)	Managing Director of BlackRock, Inc. since 2016; Director of BlackRock, Inc. from 2011 to 2015; Head of Product Structure and Oversight for BlackRock's U.S. Wealth Advisory Group since 2013; Vice President of BlackRock, Inc. from 2008 to 2010.
<b>Neal J. Andrews</b> 1966	Chief Financial Officer (Since 2007)	Managing Director of BlackRock, Inc. since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.
<b>Jay M. Fife</b> 1970	Treasurer (Since 2007)	Managing Director of BlackRock, Inc. since 2007; Director of BlackRock, Inc. in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.
<b>Charles Park</b> 1967	Chief Compliance Officer (Since 2014)	Anti-Money Laundering Compliance Officer for the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex from 2014 to 2015; Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares <sup>®</sup> Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors ("BFA") since 2006; Chief Compliance Officer for the BFA-advised iShares <sup>®</sup> exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012.
<b>Fernanda Piedra</b> 1969	Anti-Money Laundering Compliance Officer (Since 2015)	Director of BlackRock, Inc. since 2014; Anti-Money Laundering Compliance Officer and Regional Head of Financial Crime for the Americas at BlackRock, Inc. since 2014; Head of Regulatory Changes and Remediation for the Asset Wealth Management Division of Deutsche Bank from 2010 to 2014; Vice President of Goldman Sachs (Anti-Money Laundering/ Suspicious Activities Group) from 2004 to 2010.
<b>Benjamin Archibald</b> 1975	Secretary (Since 2012)	Managing Director of BlackRock, Inc. since 2014; Director of BlackRock, Inc. from 2010 to 2013; Secretary of the iShares <sup>®</sup> exchange traded funds since 2015; Secretary of the BlackRock-advised mutual funds since 2012.

<sup>(a)</sup> The address of each Officer is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

<sup>(b)</sup> Officers of the Company serve at the pleasure of the Board.

Further information about the Company's Officers and Directors is available in the Company's Statement of Additional Information, which can be obtained without charge by calling 1-800-441-7762.

Effective December 31, 2017, Roberta Cooper Ramo retired and Donald W. Burton resigned as Directors of the Company.

### Investment Adviser

BlackRock Advisors, LLC  
Wilmington, DE 19809

### Custodians

JPMorgan Chase Bank, N.A.<sup>(c)</sup>  
New York, NY 10179  
The Bank of New York Mellon<sup>(c)</sup>  
New York, NY 10286

### Sub-Advisers

BlackRock International Limited<sup>(a)</sup>  
Edinburgh, United Kingdom

Brown Brothers Harriman & Co.<sup>(d)</sup>  
Boston, MA 02109

BlackRock Asset Management  
North Asia Limited<sup>(b)</sup>  
Hong Kong

### Accounting Agent and Transfer Agent

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

BlackRock (Singapore) Limited<sup>(b)</sup>  
079912 Singapore

### Independent Registered Public Accounting Firm

Deloitte & Touche LLP  
Philadelphia, PA 19103

### 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

<sup>(a)</sup> For BlackRock International V.I. Fund and BlackRock Managed Volatility V.I. Fund.

<sup>(b)</sup> For BlackRock Managed Volatility V.I. Fund.

<sup>(c)</sup> For all Funds except BlackRock Global Allocation V.I. Fund, BlackRock International V.I. Fund and BlackRock Large Cap Growth V.I. Fund.

<sup>(d)</sup> For BlackRock Global Allocation V.I. Fund, BlackRock International V.I. Fund and BlackRock Large Cap Growth V.I. Fund.



# Additional Information

## General Information

### Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room or how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

### 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 <http://www.blackrock.com/prospectus/insurance>; and (3) on the SEC's website at <http://www.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 <http://www.blackrock.com/prospectus/insurance> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

## BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safe-guarding 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 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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This report is only for distribution to shareholders of the Funds of BlackRock Variable Series Funds, Inc. Past performance results shown in this report should not be considered a representation of future performance. Investment return and principal value of non-money market fund shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. An investment in the BlackRock Government Money Market V.I. Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market funds. Statements and other information herein are as dated and are subject to change.

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