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MERRILL LYNCH VARIABLE SERIES FUNDS INC

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MERRILL LYNCH VARIABLE

SERIES FUNDS, INC.

Annual Report
December 31, 1993

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
ANNUAL REPORT--DECEMBER 31, 1993

TO OUR SHAREHOLDERS:

We are pleased to submit this annual report for Merrill Lynch Variable Series Fund, Inc.

THE ENVIRONMENT

As 1993 drew to a close, the US economy began to show some signs of improvement with little evidence of an appreciable increase in the rate of inflation. Interest rate-sensitive sectors of the US economy are expanding, such as capital goods, consumer durables and residential construction. However, excluding the interest rate-sensitive sectors, the US economy grew only marginally during 1993. Growth was hampered by declining government spending, a deteriorating trade balance, and sluggishness in other sectors of the economy. Despite the areas of economic weakness that persist, concerns arose late in 1993 that the rate of business activity might increase inflationary pressures which were reflected in an upturn of long-term interest rates.

Other developments late in the year had significant long-term implications for the US financial markets. The outline for proposed healthcare reform is very important for the US economy. As the various healthcare reform proposals are debated, investors will focus on their potential effects on the Federal budget, the US economy and the quality of healthcare delivery in the United States. In addition, the ratification of the North American Free Trade Agreement (NAFTA) by the US Congress was important not only for the prospect of expanding trade with Canada and Mexico, but also as a positive influence on the recently concluded round of negotiations on the General Agreement on Tariffs and Trade (GATT). Further economic integration and growth through trade liberalization would be positive for the capital markets in the United States and around the world.

AMERICAN BALANCED FUND

For the six-month period ended December 31, 1993, the American Balanced Fund's total investment return was +4.11%, based on a change in per share net asset value from \$13.68 to \$14.08, and assuming reinvestment of \$0.154 per share income dividends.* For the year ended December 31, 1993, the Portfolio's total investment return was +13.49%, based on a change in per share net asset value from \$12.85 to \$14.08, and assuming reinvestment of \$0.358 per share income dividends and \$0.098 per share capital gains distributions.*

Stocks and bond investments both contributed to the Fund's total return of +13.49% for the year ended December 31, 1993. However, the primary positive contribution of the bonds took place during the first nine months of the year, with interest rates rising thereafter. The reduction of bond weighting during the second half of 1993 from 44% to 38% helped to limit the impact of bond market erosion on the overall Fund. We maintained the equity weighting near the maximum allowable 50% level throughout the year.

As of December 31, 1993, the Fund's asset allocation was: common stocks (46%), bonds (36%), and cash (18%). The previously mentioned reduction of bond holdings reflected our belief that the major portion of the interest rate decline in the United States already had taken place. However, we do not foresee a dramatic further rise in US interest rates as inflation is likely to remain subdued. Consequently, we maintain a representation in intermediate-term US Treasury obligations.

In the equity sector, we accepted profits in Union Pacific Corp. We established a position in Kelly Services as an attractive means of participating in the temporary employment industry. We remain overweighted in capital spending and energy equities and underweighted in consumer staples, where the underperformance of 1993 is likely to persist in 1994.

We are pleased to provide you with this first annual report for the Basic Value Focus Fund. In this and future reports, we will provide recent performance information, discuss the investment

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* Results do not reflect expenses and charges of variable annuity policies. Complete performance information, including average annual total returns, can be found on pages 10-16 of this report to shareholders.

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environment for the period under review, and outline our investment strategy.

Since inception (July 1, 1993) through December 31, 1993, the Fund's total investment return was +9.50%, based on a change in per share net asset value from \$10.00 to \$10.95.*

The Basic Value Focus Fund's investment universe is clearly defined by strict valuation criteria. Specifically, the Fund purchases issues that are selling at price/book ratios below the stock market, have above-average dividend yields, are selling at price/earnings ratios below the stock market, and/or display other out-of-favor characteristics such as operational or financial turnarounds.

The first six months of Basic Value Focus Fund's operations were marked by modestly rising US stock prices. For the six months ended December 31, 1993, the Fund provided a total return of +9.50% compared with a total return of +4.97% for the unmanaged Standard & Poor's 500 Index.* The Fund's better-than-market average return for the six-month period was generally well-balanced, with 29 stocks advancing in price while only 1 declined in value. In addition, 13 issues were up more than 10%, while only 1 declined by more than 10%.

We have invested the Fund's assets among different market-capitalization levels. Sixteen stocks have market capitalizations of less than \$400 million, six have market capitalizations of between \$400 million and \$1 billion, and eighteen have market capitalizations of over \$1 billion. In total, small-capitalization stocks represent 27.34% of the Fund's invested assets, medium-capitalization stocks represent 11.48%, and large-capitalization stocks make up 33.30%.

Performance for the six months ended December 31, 1993 was in response more to individual stock selection rather than a concentration in any one industry. Positions were established in General Motors Corp. and International Business Machines Corp. since we believed that at the prevailing prices there was a lack of recognition for the turnaround potential of these two companies. Within the basic industries, we focused on metals and mining, chemicals, and paper and forest products issues. Equities in these cyclical groups experienced declines in earnings from the historic high levels recorded in 1988 and 1989. In our opinion, share price valuations do not reflect the future earnings potential for these companies. To capitalize on these areas, we initiated positions in Reynolds Metals Co., Union Carbide Corp., ASARCO Inc., Cyprus Minerals Co., Federal Paper Board Co., Inc., Chesapeake Corp., and Geneva Steel Co.

Consumer growth stocks have underperformed the stock market dramatically for the past two years. In many cases, these stocks have fallen to levels where the yields were above the overall stock market and the price/earnings ratios were below the market averages. Accordingly, we established initial positions in two financially strong drug companies: Bristol-Myers Squibb Co. and Merck & Co., Inc. We also purchased shares of Philip Morris Cos. Inc. on the same out-of-favor basis. In the case of Philip Morris, at the average cost, the stock was trading at less than ten times 1994 expected earnings per share and the dividend yield was twice that of the overall market.

At December 31, 1993, the portfolio was 72% invested, with the remaining assets in cash and cash equivalents. Although by traditional standards US domestic stock prices are at historically high valuations, leading us to take a cautious approach, we will continue to invest our cash as individual opportunities arise.

DOMESTIC MONEY MARKET FUND

For the six-month period ended December 31, 1993, the Domestic Money Market Fund's net annualized yield was 2.96%+. For the year ended December 31, 1993, the Fund's net yield was 3.10%+.

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+ Based on a constant investment throughout the period, with dividends compounded daily, and reflecting a net return to the investor after all expenses.

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As we entered the second half of 1993, economic data portrayed an environment of modest growth and well-contained inflation. This setting led to interest rates moving lower during early July and provided an opportunity to reduce the Fund's average maturity by selling longer-term US Treasury securities. However, by month-end the market's optimistic tone was abruptly interrupted by negative comments on inflation from Chairman Greenspan at the Humphrey Hawkins testimony. Looking beyond Chairman Greenspan's comments and focusing on the economy, we felt that these higher interest rates offered an attractive buying opportunity for the Fund. Therefore, we increased the average portfolio maturity to the mid 80-day area.

We continued this constructive strategy from August through October. During this time, the Fund remained involved in the 18-month-- 24-month sector of the US Treasury curve given the steepness that the front end offered investors. Also the 3-month--6-month sector of the money market curve proved especially attractive as a result of pricing pressures that year-end funding requirements were exerting on the market. Finally, we also found value in one-year high-quality bank notes where credit spreads were reasonably wide to similar maturity US Treasury issues.

During November and December, we grew somewhat less optimistic about the overall direction of interest rates since we doubted the sustainability of a rally should one materialize. We reduced the Fund's average maturity to the high 60-day--low 70-day area. Since it was our contention that the Federal Reserve Board would not move to tighten money supply, we did not seek to reduce our longer-term exposure to the market at the time.

Looking forward, during the early part of 1994 we expect to maintain the Fund's average maturity toward the higher end of our allowed maturity spectrum given our belief that short-term interest rates will remain within a narrow trading range. Of course, diversity, liquidity, and credit quality remain paramount to the Fund in the evaluation of future purchases, and we will continue to closely monitor the shape and structure of the yield curve.

EQUITY GROWTH FUND

For the six-month period ended December 31, 1993, the Equity Growth Fund's total investment return was +16.96%, based on a change in per share net asset value from \$17.92 to \$20.96. For the year ended December 31, 1993, the Fund's total investment return was +17.78%, based on a change in per share net asset value from \$17.80 to \$20.96, and assuming reinvestment of \$0.004 per share income dividends.*

Fueled by rumblings of an economic recovery, low inflation and stable interest rates, smaller-capitalization equities soared to new highs in 1993, while new stock issuance exploded. While there is no question that an economic recovery is under way, we believe that conflicting economic signals will persist, presenting investors with a "stop and start" recovery. It is likely that ongoing discussions over the extent to which the Federal Reserve Board will tighten monetary policy will heighten tensions in the stock and bond markets.

We expect profits to continue to improve among small-and medium-capitalization companies in response to recovery in the economy and productivity improvements of recent years. Issuance of equities in the form of initial public and secondary offerings hit all-time records during 1993 as a large amount of investible funds poured into the equity markets. While this record issuance raises a flag of caution, as long as interest rates and inflation remain stable, we believe that the greater risk is in not being invested in equities.

During 1993 the Fund tried to maintain a fully invested position whenever possible in the presence of large positive cash flows. The Fund successfully participated in a number of initial and secondary public offerings, and was diversified over a broad spectrum of economic sectors,

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emphasizing an economic recovery. The strategies resulted in the Fund's +17.78%* total return for the fiscal year.

FLEXIBLE STRATEGY FUND

For the six-month period ended December 31, 1993, the Flexible Strategy Fund's total investment return was +10.49%, based on a change in per share net asset value from \$14.83 to \$16.19, and assuming reinvestment of \$0.147 per share income dividends and \$0.028 per share capital gains distribution.* The Fund's total investment return for the year ended December 31, 1993 was +15.80%, based on a change in per share net asset value from \$14.15 to \$16.19 and assuming reinvestment of \$0.147 per share income dividends and \$0.028 per share capital gains distribution.*

During recent months economic growth has been above trend line, stirring renewed interest in equities while raising concerns over the possibility of higher interest rates on a sustained basis. Bond investments, which produced superior results in the first nine months of 1993, began to lag during the fourth quarter, reflecting concern that demand for capital could raise interest rates despite low current and forecast inflation.

Estimates of lower GDP growth in the first half of 1994 compared to the second half of 1993 (which result from consumer spending having exceeded household income, fiscal drag and the belated impact of higher taxes) should calm the fears of bond investors even if the Federal Reserve Board deems it appropriate to raise short-term interest rates further. Nonetheless, we remain of the opinion that the return on bonds will not exceed the return on equities for a sustained period during the balance of the present economic expansion.

Accordingly, we have reduced the allocation to fixed-income investments, especially in the United States. Outside of the United States there is substantially better potential for interest rate reductions in several economies which are making progress on the inflation front.

The proliferation of free enterprise outside the United States has created equity investment opportunities unparalleled in the experience of most current stock market investors. Reduced restrictions on the movement of capital across borders and lowered trade barriers have created a euphoric atmosphere in which to conduct business in many underdeveloped markets, especially in Latin America and the Pacific Basin. The Fund has sizable investments in these two areas and has derived substantial benefit from them during 1993 although most of the return was achieved in the latter part of the fiscal year. These uneven returns are often characteristic of emerging economies. Patience with these positions through a period of sub-par returns early in the year was more than amply rewarded, enabling the Fund to achieve a total return of +15.80% in 1993.*

GLOBAL STRATEGY FOCUS FUND

For the six-month period ended December 31, 1993, the Global Strategy Focus Fund's total investment return was +9.57%, based on a change in per share net asset value from \$11.19 to \$12.17, and assuming reinvestment of \$0.082 per share income dividends.* For the year ended December 31, 1993, the Fund's total investment return was +21.03%, based on a change in per share net asset value from \$10.22 to \$12.17, and assuming reinvestment of \$0.173 per share ordinary income dividends.*

The major positive influence on the total return of the Fund's +21.03% for the year ended December 31, 1993, was the performance of emerging equity markets, which were overweighted in the Fund.* These markets include Hong Kong, Malaysia and Singapore in Southeast Asia and Argentina, Brazil and Mexico in Latin America. The allocation of more than 60% of the Fund's assets to equities throughout the year also benefited the Fund, as

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global equity securities substantially outperformed fixed-income securities.

As of December 31, 1993, the Fund's asset allocation was: US stocks (15%), foreign stocks (48%), US bonds (12%), foreign bonds (8%), and cash (20%). We reduced the US bond weighting from 16% to 12% during the second half of 1993 because we believed that the major portion of the decline in US interest rates had taken place. We took profits in Japanese bonds in response to expectations that returns to dollar-based investors could be limited by a weakening yen.

In the equity sector, we enlarged the commitment to emerging markets. New positions included Consorcio G Grupo Dina, S.A. de C.V. and Empresas ICA Sociedad Controladora S.A. de C.V. in Mexico, Banco Rio de la Plata in Argentina, and Hutchison Whampoa Ltd. in Hong Kong. We initiated positions in Thailand, namely Bangkok Bank and MDX Corp., Ltd. We accepted profits in several telecommunications stocks, including Telefonos de Chile, Telebras, and New Zealand Telecom. We also continued to expand representation in Japanese equities in anticipation of an improving stock market environment. The Fund remains underweighted in US equities, given our expectations that the US stock market will continue to lag other equity markets over the next 6-12 months.

GLOBAL UTILITY FOCUS FUND

We are pleased to provide you with this first annual report for the Global Utility Focus Fund. In this and future reports, we will provide recent performance information, discuss the investment environment for the period under review, and outline our investment strategy.

Since inception (July 1, 1993) through December 31, 1993, the Global Utility Focus Fund's total investment return was +6.85%, based on a change in per share net asset value from \$10.00 to \$10.66, and assuming reinvestment of \$0.025 per share income dividends.*

The Fund's strategy during the year ended December 31, 1993 was to balance the higher growth found in utilities abroad with the higher yields found among domestic utilities. This combination benefited total return and at the same time increased the Fund's diversification.

The greater capital appreciation potential of utility companies outside of the United States is based on demographic growth rates and the building of needed infrastructures in developing economies. In addition, global diversification reduces the risk inherent in being exposed to only one interest-rate cycle. Our strategy enabled the Fund to outperform many utility funds confined only to the investment in domestic utilities. While past performance is no guarantee of future performance, we believe that the Fund's globally diversified portfolio will continue to provide attractive total return opportunities.

HIGH CURRENT INCOME FUND

For the six-month period ended December 31, 1993, the High Current Income Fund's total investment return was +6.68%, based on a change in per share net asset value from \$11.76 to \$12.06, and assuming reinvestment of \$0.466 per share income dividends.* For the year ended December 31, 1993, the Fund's total investment return was +17.84%, based on a change in per share net asset value from \$11.13 to \$12.06, and assuming reinvestment of \$0.972 per share income dividends.*

Fiscal 1993 was a very good year for high-yield securities. It was a year in which high-yield bond prices advanced with relative consistency (two minor corrections in April and September notwithstanding), capped by a solid rally during October. The net result was a +3.47% return for the unmanaged Merrill Lynch High Yield Master Index for the quarter, bringing the 12-month figure to +17.18%.

Steady cash inflows into high-yield mutual funds enhanced the receptiveness of new issues while price gains in selected cyclical securities contributed to a strong secondary market environment.

Portfolio strategies over the course of the fiscal year ended December 31, 1993 have reflected our viewpoint that high-yield bonds have been attrac-

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tive. We have attempted to maintain a fully invested position throughout the period. The largest contribution to portfolio returns was from cyclical credits,

including chemicals, paper, transportation, and building-related companies.

Overall, yields have trended to the mean (9.75%) with most of the performance in lower-quality, higher-yielding issues. Under this scenario, credit selection has become increasingly important as the spread between higher-quality and lower-quality issuers continue to tighten. We have focused securities purchases on new issues generally with five-year call protection.

Cash equivalents at year-end constituted 9.1% of net assets. Major industry classifications included energy, 11.1%; conglomerates 8.9%; and industrial services, 6.5%. Our outlook for the high-yield market continues to be positive, given attractive valuations, growing economy and improving technical factors.

INTERNATIONAL EQUITY FOCUS FUND

We are pleased to provide you with this first annual report for the International Equity Focus Fund. In this and future reports, we will provide recent performance information, discuss the investment environment for the period under review, and outline our investment strategy.

The Fund seeks capital appreciation and, secondarily, income by investing in a diversified portfolio of equity securities of issuers located in countries other than the United States, and was designed for investors seeking to complement their US holdings through foreign equity investments.

Since inception (July 1, 1993) through December 31, 1993, the International Equity Focus Fund's total investment return on the Fund was +10.30%, based on a change in per share net asset value from \$10.00 to \$11.03.* During the same period, the unmanaged Financial Times--Actuaries (FT-A) World (Ex-US) Index had a total return of +7.16%. The Fund commenced operations with net assets of nearly \$1 million. By December 31, 1993, the Fund's net assets had risen to \$76.9 million.

Since the Fund's inception, our primary focus has been to fully invest the Fund's assets in international equities. At the end of December, the Fund's cash reserves accounted for approximately 3.1% of net assets, with the balance invested in non-US stocks. The portfolio is overweighted relative to the FT-A World (Ex-US) Index in Europe. In addition, we are overweighted in Switzerland (6.8% of net assets), the Netherlands (4.7%), Hong Kong (7.8%), and Mexico (6.6%). At December 31, 1993, the Fund also had large positions in the United Kingdom (14.2%) and Japan (26.9%). Early in 1994, however, we significantly altered our investment strategy, increasing our weighting in Latin America and Japan, out of both Europe and South East Asia. Our strategy is to overweight Latin American stock markets and to significantly hedge the Fund's Japanese and European currency exposures back into US dollars. These strategies resulted in the Fund's +10.30% total return since inception through fiscal year-end.

NATURAL RESOURCES FOCUS FUND

For the six-month period ended December 31, 1993, the Natural Resources Focus Fund's total investment return was -2.42%, based on a change in per share net asset value from \$11.14 to \$10.82, and assuming reinvestment of \$0.051 per share income dividends.* For the year ended December 31, 1993, the Fund's total investment return was +10.47%, based on a change in per share net asset value from \$9.84 to \$10.82, and assuming reinvestment of \$0.051 per share income dividends.*

The price of most energy shares finally succumbed to declining oil prices following the November Organization of Petroleum Exporting Countries' meeting at which quotas were left unchanged. The apparent abandonment of a strategy of controlling prices via production agreements has resulted in the price of petroleum falling to the \$14/barrel area. For the time being and until there is evidence of a better supply/demand environment for oil, we have reduced the energy

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component of the Fund to about 40% compared with 65% via sale of a number of international oil companies as well as oil and gas producers.

With the economy gathering momentum as we enter 1994, our current strategy is to focus on the industrial side of the business cycle where growing demand is likely to improve the pricing environment for basic commodities. Therefore, we

have added to the forest products and paper areas as well as aluminum. In addition, we have established a new position in the steel industry.

Our strategy in 1993 placed major emphasis on the energy sector, which represented about 65% of portfolio value for most of the year. The absence of precious metals stocks hindered the total return of the Fund in 1993. The fact that we placed so much emphasis on the energy sector resulted in the Fund's underperforming other funds which emphasized precious metals.

PRIME BOND FUND

For the six-month period ended December 31, 1993, the Prime Bond Fund's total investment return was +3.30%, based on a change in per share net asset value from \$12.58 to \$12.64, and assuming reinvestment of \$0.354 per share income dividends.* For the year ended December 31, 1993, the Fund's total investment return was +12.02%, based on a change in per share net asset value from \$12.04 to \$12.64, and assuming reinvestment of \$0.808 per share income dividends.*

After a disappointing start in the first quarter of 1993, the domestic economy began to show signs of increasing activity for the balance of the year. The decidedly upbeat tone was evidenced by a jump in new home sales and an increase in automobile sales and durable goods orders. The lowest mortgage rates in well over a decade encouraged new buyers into the market as affordability improved.

The pent-up demand of buyers who were shut out of the housing market by rapid price increases in the 1980s helped boost demand. Auto sales continued to improve, based on many factors, including low interest rates, improved consumer confidence and the yen-US dollar exchange rate.

The usual expectation is that a pick-up in economic growth is accompanied by a commensurate increase in the rate of inflation. This expectation led to an uptick in interest rates in the December quarter. Inflation did not keep pace with economy, however. The underlying rate of inflation was 3.2%, the smallest annual increase in 20 years. Faster economic growth translates into higher inflation only when the economy is operating close to potential output, and these conditions are not currently being met.

During the first six months of 1993, we extended the average maturity of the Fund from 7.1 years to 10.5 years. This enabled us to participate in the bond rally which occurred during this period. In anticipation of the rise in interest rates which began in the fourth quarter of 1993, we assumed a more defensive posture in investment strategy. The average maturity of the portfolio was reduced from 10.5 years to 8.9 years in the quarter ended December 31, 1993. We built the cash position up from 4.0% to 10.2%. We believe that the change in regulations in the electric utility industry will result in increased competition and difficulty for a number of companies. We reduced our exposure to the electric utility industry as well as the telephone industry. Because we believed that the low interest rate environment would help companies in the banking and brokerage industries, we added to these sectors. We also increased holdings in US dollar-denominated securities and supranational issues. The unmanaged Merrill Lynch Corporate Master Bond Index (COAO) showed a return of +12.43% for the year. The Prime Bond Fund had a return of +12.02% for the same period.*

QUALITY EQUITY FUND

For the six-month period ended December 31, 1993, the Quality Equity Fund's total investment return was +10.11%, based on a change in per share net asset value from \$26.51 to \$29.02, and assuming reinvestment of \$0.116 per share income dividends and \$0.036 per share capital gains

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distributions.* For the year ended December 31, 1993, the Fund had a total investment return of +14.57%, based on a change in per share net asset value from \$25.48 to \$29.02, and assuming reinvestment of \$0.116 per share income dividends and \$0.036 per share capital gains distributions.*

During the last few months of 1993, the US economic expansion, which began in early 1991, demonstrated that it is on a firmer footing despite investor concerns over higher taxes and fiscal drag, both of which are by-products of the effort to reduce the budget deficit. Rising corporate profits are returning equity valuations to more realistic levels in relation to earnings. Prospects

for 1994 are bright in response to continuing restructuring and productivity gains and improved consumer sentiment. Moreover, prospects for exports are expected to improve following the implementation of NAFTA and GATT.

Although it is likely that the rate of economic growth in the first half of 1994 will decelerate from the recent strong pace, we do not expect a return to recession even if the Federal Reserve Board raises short-term interest rates again. In this context we have maintained a moderately aggressive posture following the extended equity market advance, recognizing that we could experience some consolidation.

Earlier in the year we held our participation in economy-sensitive stocks down, expecting profit comparisons to fall short of many analysts' estimates. Although this fear proved well-founded, cyclicals performed relatively well. Our heavy weighting in telecommunications equipment manufacturers, which performed unusually well, more than compensated for the less-than-full participation in the cyclicals. These strategies resulted in the Fund's +14.57% total return for the fiscal year.*

RESERVE ASSETS FUND

For the six-month period ended December 31, 1993, the Reserve Assets Fund's net annualized yield was 2.82%+. For the year ended December 31, 1993, the Fund's net yield was 2.77%+.

As we entered the second half of 1993, economic data portrayed an environment of modest growth and well-contained inflation. This setting led to interest rates moving lower during early July and provided an opportunity to reduce the Fund's average maturity by selling longer-term US Treasury securities. However, by month-end the market's optimistic tone was abruptly interrupted by negative comments on inflation from Chairman Greenspan at the Humphrey Hawkins testimony. Looking beyond Chairman Greenspan's comments and focusing on the economy, we felt that these higher interest rates offered an attractive buying opportunity for the Fund. Therefore, we increased the average portfolio maturity to the mid 80-day area.

We continued this constructive strategy from August through October. During this time, the Fund remained involved in the 18-month-- 24-month sector of the US Treasury curve given the steepness that the front end offered investors. Also, the 3-month--6-month sector of the money market curve proved especially attractive as a result of pricing pressures that year-end funding requirements were exerting on the market. Finally, we also found value in one-year high-quality bank notes where credit spreads were reasonably wide to similar maturity US Treasury issues.

During November and December, we grew somewhat less optimistic about the overall direction of interest rates since we doubted the sustainability of a rally should one materialize. We reduced the Fund's average maturity to the high 60-day--low 70-day area.

Since it was our contention that the Federal Reserve Board would not move to tighten money supply, we did not seek to reduce our longer exposure to the market at the time.

Looking forward, during the early part of 1994 we expect to maintain the Fund's average maturity

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toward the higher end of our allowed maturity spectrum given our belief that short-term interest rates will remain within a narrow trading range. Of course, diversity, liquidity, and credit quality remain paramount to the Fund in the evaluation of future purchases, and we will continue to closely monitor the shape and structure of the yield curve.

WORLD INCOME FOCUS FUND

We are pleased to provide you with this first annual report for the World Income Focus Fund. In this and future reports, we will provide recent performance information, discuss the investment environment for the period under

review, and outline our investment strategy.

Since inception (July 1, 1993) through December 31, 1993, the World Income Focus Fund's total investment return was +5.90%, based on a change in per share net asset value from \$10.00 to \$10.38, and assuming reinvestment of \$0.204 per share income dividends.

The Fund seeks to achieve high current income by investing in a global portfolio of fixed-income securities denominated in various currencies. The Fund may invest in US and foreign government and corporate fixed-income securities, including high-yield, lower-rated, and unrated securities. At the close of the period, we had allocated the Fund's investments as follows: 70% in North America (including 50% in US high-yield investments); 25% in Europe; and, 5% in the Pacific Basin. The Fund commenced operations on July 1, 1993, with net assets of \$8 million. At December 31, 1993, net assets had risen to \$50.7 million.

Since the Fund's inception, its US dollar concentration remains overweighted, favoring high-yield bonds. The purpose of this strategy is to reduce the Fund's exposure to currency volatility and to allow for higher expected returns. As a result, the Fund has already benefited from the outperformance of US high-yield bonds relative to all other international bond markets (except Japan) in 1993. These strategies enabled the Fund to achieve its +5.90% total return since inception through December 31, 1993.*

Major industry classifications within the US high-yield sector included energy, 11.1%; conglomerates, 8.9%; and industrial services, 6.5%. Our outlook for the high-yield market continues to be positive, given attractive valuations, a growing economy and improving technical factors.

Since inception, we have established modest exposures in Italy, Spain, and Sweden. However, hedges have been placed against these investments given the prospect of currency volatility in those markets. With the realization of positive fundamentals benefiting both the pound sterling and UK yield curve, we continued to favor the UK bond market. Additionally, because of the political and economic pressures affecting both the Canadian dollar and bond market, we continue to hedge that currency exposure.

We have also established modest positions in several emerging market sovereign and corporate US dollar-denominated Eurobonds. These investments have already provided the Fund with attractive spreads across the US Treasury yield curve. Such issuers include the Republic of Argentina and Telecom Argentina, S.A. (one of Argentina's two recently privatized telecommunications companies). We will continue to seek additional attractive investments among emerging market issues to enhance the Fund's total return.

We appreciate your investment in Merrill Lynch Variable Series Fund, Inc., and we look forward to sharing our investment outlook and objectives with you in our June semi-annual report.

Sincerely,

Arthur Zeikel
President

February 16, 1994

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
DECEMBER 31, 1993
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AVERAGE ANNUAL TOTAL RETURNS
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<TABLE>
<CAPTION>

	YEAR ENDED 12/31/93	FIVE YEARS ENDED 12/31/93	TEN YEARS ENDED 12/31/93	SINCE INCEPTION TO 12/31/93
<S>	<C>	<C>	<C>	<C>
AMERICAN BALANCED FUND	+13.49%	+11.59%	--	+11.11%+

- - - - -

BASIC VALUE FOCUS FUND	--	--	--	+9.50%++
EQUITY GROWTH FUND	+17.78%	+12.39%	+6.64%	--
FLEXIBLE STRATEGY FUND	+15.80%	+13.72%	--	+10.92%++
GLOBAL STRATEGY FOCUS FUND	+21.03%	--	--	+12.49%+++
GLOBAL UTILITY FOCUS FUND	--	--	--	+6.85%++
HIGH CURRENT INCOME FUND	+17.84%	+14.68%	+13.39%	--
INTERNATIONAL EQUITY FOCUS FUND	--	--	--	+10.30%++
NATURAL RESOURCES FOCUS FUND	+10.47%	+4.71%	--	+3.40%++++
PRIME BOND FUND	+12.02%	+11.17%	+11.18%	--
QUALITY EQUITY FUND	+14.57%	+15.05%	+14.70%	--
WORLD INCOME FOCUS FUND	--	--	--	+5.90%++

</TABLE>

- + American Balanced Fund commenced operations on 6/01/88.
- ++ Flexible Strategy Fund commenced operations on 5/01/86.
- +++ Global Strategy Focus Fund commenced operations on 2/28/92.
- ++++ Natural Resources Focus Fund commenced operations on 6/01/88.
- ++ The Fund commenced operations on 7/01/93.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
DECEMBER 31, 1993

SEPARATE ACCOUNT AVERAGE ANNUAL TOTAL RETURNS*

RETIREMENT PLUS

<TABLE>
<CAPTION>

	YEAR ENDED 12/31/93 <C>	FIVE YEARS ENDED 12/31/93 <C>	TEN YEARS ENDED 12/31/93 <C>	SINCE INCEPTION TO 12/31/93 <C>
AMERICAN BALANCED FUND	+5.86%	+9.71%	--	+9.27%+
BASIC VALUE FOCUS FUND	--	--	--	+3.52%++
EQUITY GROWTH FUND	+10.09%	+10.48%	+5.07%	--
FLEXIBLE STRATEGY FUND	+8.14%	+11.80%	--	+9.32%++
GLOBAL STRATEGY FOCUS FUND	+13.29%	--	--	+7.77%+++
GLOBAL UTILITY FOCUS FUND	--	--	--	-1.38%++
HIGH CURRENT INCOME FUND	+10.15%	+12.77%	+11.75%	--
INTERNATIONAL EQUITY FOCUS FUND	--	--	--	+5.02%++
NATURAL RESOURCES FOCUS FUND	+2.95%	+2.87%	--	+1.61%++++
PRIME BOND FUND	+4.41%	+9.27%	+9.56%	--
QUALITY EQUITY FUND	+6.92%	+13.14%	+13.03%	--
WORLD INCOME FOCUS FUND	--	--	--	-3.12%++

</TABLE>

* Separate Account Average Annual Total Return figures are calculated as if the contract were surrendered at the end of the period shown and assume that the Separate Account had been in existence and a contract had been in force during the periods shown. They reflect separate account charges deducted daily at an annual rate of 1.25% mortality and expense risk

charge, and a 0.10% administrative charge. In addition, a contingent deferred sales charge incrementally decreasing from 7% in the first year a premium is invested in the contract to 0% the eighth year and later that the premium remains in the contract, deducted on the last day of the period shown and a contract maintenance charge of \$40 are reflected. All charges and fees are described in the product prospectuses. See those prospectuses for more complete information.

- + American Balanced Fund commenced operations on 6/01/88.
- ++ Flexible Strategy Fund commenced operations on 4/30/86.
- +++ Global Strategy Focus Fund commenced operations on 2/28/92.
- ++++ Natural Resources Focus Fund commenced operations on 6/01/88.
- ++ The Fund commenced operations on 7/01/93.

Investment results and principal value will fluctuate so that an investment may be worth more or less than its original cost. Past performance illustrated should not be considered a representation of future performance.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
DECEMBER 31, 1993

SEPARATE ACCOUNT AVERAGE ANNUAL TOTAL RETURNS* (CONCLUDED)

PORTFOLIO PLUS

<TABLE>
<CAPTION>

	YEAR ENDED 12/31/93 <C>	FIVE YEARS ENDED 12/31/93 <C>	TEN YEARS ENDED 12/31/93 <C>	SINCE INCEPTION TO 12/31/93 <C>
AMERICAN BALANCED FUND	+7.53%	+9.48%	--	+9.09%+
EQUITY GROWTH FUND	+11.77%	+10.27%	+5.31%	--
FLEXIBLE STRATEGY FUND	+9.82%	+11.61%	--	+9.10%++
HIGH CURRENT INCOME FUND	+11.83%	+12.57%	+11.95%	--
NATURAL RESOURCES FOCUS FUND	+4.56%	+2.51%	--	+1.29%+++
PRIME BOND FUND	+6.08%	+9.04%	+9.70%	--
QUALITY EQUITY FUND	+8.60%	+12.96%	+12.48%	--

</TABLE>

* Separate Account Average Annual Total Return figures are calculated as if the contract were surrendered at the end of the period shown. They reflect separate account charges deducted daily at an annual rate of 1.25% mortality and expense risk charge, and 0.05% distribution expense charge. (Family Life Insurance Company contracts are assessed a 1.30% mortality and expense risk charge and no distribution expense charge.) In addition, a contingent deferred sales charge of 5% for the first seven years the premium remains in the contract, deducted on the last day of the period shown, and a contract administration charge of \$30 are reflected. All charges and fees are described in the product prospectuses. See those prospectuses for more complete information.

Charges reflected are for non-qualified contracts. Qualified contracts have a lower expense risk charge. Average annual total returns for those contract owners would, therefore, be higher than the returns shown above.

- + American Balanced Fund commenced operations on 6/01/88.
- ++ Flexible Strategy Fund commenced operations on 4/30/86.
- +++ Natural Resources Focus Fund commenced operations on 6/01/88.

Investment results and principal value will fluctuate so that an investment may be worth more or less than its original cost. Past performance illustrated should not be considered a representation of future performance.

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MERRILL LYNCH AMERICAN BALANCED FUND
TOTAL RETURN BASED ON A \$10,000 INVESTMENT

<TABLE>
<CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	AMERICAN BALANCED FUND**	S&P 500 INDEX**	WEIGHTED INDEX+++
<S>	<C>	<C>	<C>
6/01/88**	10000	10000	10000
12/88	10410	10638	10538
12/89	12295	14009	12463
12/90	12445	13565	13034
12/91	15014	17696	15326
12/92	15874	19044	16307
12/93	18015	20966	17629

</TABLE>

* Assuming transaction costs and other operating expenses, including advisory fees. Does not include insurance-related fees and expenses.

** Commencement of Operations.

+ American Balanced Fund invests in a balanced portfolio of fixed income and equity securities.

++ This unmanaged broad-based Index is comprised of common stocks.

+++ This unmanaged Index, which is an equally weighted blend of the Three-Month Treasury Bill Index, the MLBOAO Index, and the S&P 500 Index, is comprised of US Treasury Bills maturing in up to 3 months, investment-grade bonds, and common stocks.

Past performance is not predictive of future performance.

MERRILL LYNCH EQUITY GROWTH FUND
TOTAL RETURN BASED ON A \$10,000 INVESTMENT

<TABLE>
<CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	EQUITY GROWTH FUND**	RUSSELL 1000 GROWTH INDEX**
<S>	<C>	<C>
12/83	10000	10000
12/84	8356	9905
12/85	11031	13159
12/86	13091	15181
12/87	10173	15986
12/88	10606	17787
12/89	12366	24177
12/90	10814	24114
12/91	16232	34040
12/92	16146	35742
12/93	19017	36780

</TABLE>

* Assuming transaction costs and other operating expenses, including advisory fees. Does not include insurance-related fees and expenses.

+ Equity Growth Fund invests primarily in common stocks of small companies and emerging growth companies regardless of size.

++ This unmanaged Index is comprised of a representative sampling of the common stocks of 1,000 of the largest publicly traded companies domiciled in the United States.

Past performance is not predictive of future performance.

MERRILL LYNCH FLEXIBLE STRATEGY FUND
TOTAL RETURN BASED ON A \$10,000 INVESTMENT

<TABLE>
<CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	FLEXIBLE STRATEGY FUND**	S & P 500 INDEX**	WEIGHTED INDEX+++
<S>	<C>	<C>	<C>
5/01/86**	10000	10000	10000

12/86	10220	10506	10561
12/87	10468	11057	10949
12/88	11647	12923	12295
12/89	14011	17018	15112
12/90	14684	16479	15514
12/91	18353	21469	19110
12/92	19132	23134	20572
12/93	22156	25469	22749

</TABLE>

* Assuming transaction costs and other operating expenses, including advisory fees. Does not include insurance-related fees and expenses.

** Commencement of Operations.

+ Flexible Strategy Fund, through a flexible investment policy, invests in equity securities, intermediate-and long-term debt obligations and money market securities of domestic and foreign issuers.

++ This unmanaged broad-based Index is comprised of common stocks.

+++ This unmanaged Index, which is an equally weighted blend of the S&P 500 Index and the MLBOAO Index, is comprised of common stocks as well as investment-grade bonds.

Past performance is not predictive of future performance.

MERRILL LYNCH GLOBAL STRATEGY FOCUS FUND
TOTAL RETURN BASED ON A \$10,000 INVESTMENT

<TABLE>

<CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	ML GLOBAL STRATEGY FOCUS FUND*+	MORGAN STANLEY WORLD INDEX**	WEIGHTED INDEX***
<S>	<C>	<C>	<C>
2/28/93**	10000	10000	10000
12/92	10262	9832	10383
12/93	12420	12044	11761

</TABLE>

* Assuming transaction costs and other operating expenses, including advisory fees. Does not include insurance-related fees and expenses.

** Commencement of Operations.

+ Global Strategy Focus Fund invests primarily in a portfolio of equity and fixed-income securities of US and foreign issuers.

++ This unmanaged market capitalization-weighted Index is comprised of a representative sampling of stocks of large-, medium-, and small-capitalization companies in 22 countries, including the United States.

+++ This unmanaged Index, which is an equally weighted blend of the Morgan Stanley World Index, the Solomon Brothers World Government Bond Index, and the Solomon Brothers World Money Market Index, is comprised of a representative sampling of stocks of large-, medium-, and small-capitalization companies in 22 countries, government bonds and money market securities in the major markets, including the United States.

Past performance is not predictive of future performance.

MERRILL LYNCH HIGH CURRENT INCOME FUND
TOTAL RETURN BASED ON A \$10,000 INVESTMENT

<TABLE>

<CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	ML HIGH CURRENT INCOME FUND*+	FIRST BOSTON HIGH YIELD INDEX**
<S>	<C>	<C>
12/83	10000	10000
12/84	10797	11069
12/85	13414	13829
12/86	14989	15990
12/87	15562	17036
12/88	17720	19361
12/89	18808	19435
12/90	17373	18195
12/91	24843	26155
12/92	29824	30512
12/93	35145	36282

</TABLE>

- * Assuming transaction costs and other operating expenses, including advisory fees. Does not include insurance-related fees and expenses.
- + High Current Income Fund invests principally in fixed-income securities, which are rated in the lower rating categories of the established rating services or in unrated securities of comparable quality.
- ++ This unmanaged market-weighted Index of high-yield debt securities is comprised of 423 securities rated BBB or lower.

Past performance is not predictive of future performance.

MERRILL LYNCH NATURAL RESOURCES FOCUS FUND
TOTAL RETURN BASED ON A \$10,000 INVESTMENT

<TABLE>
<CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	ML NATURAL RESOURCES FOCUS FUND**	S&P INDUSTRIALS INDEX++	LIPPER NATURAL RESOURCES AVERAGE+++	CONSUMER PRICE INDEX++++
<S>	<C>	<C>	<C>	<C>
6/01/88**	10000	10000	10000	10000
12/88	9580	10815	10070	10260
12/89	11326	13998	13325	10681
12/90	10622	13869	12180	11332
12/91	10766	18149	12536	11683
12/92	10913	19200	12779	12057
12/93	12056	20945	15710	12359

</TABLE>

- * Assuming transaction costs and other operating expenses, including advisory fees. Does not include insurance-related fees and expenses.
- ** Commencement of Operations.
- + Natural Resources Focus Fund invests primarily in a portfolio of equity securities of domestic and foreign companies with substantial natural resource assets.
- ++ This unmanaged Index measures the pattern of movements of the common stocks of 400 large industrial companies and their weighting by capitalization.
- +++ This unmanaged Index is comprised of all US mutual funds classified as natural resource-related funds.
- ++++ This unmanaged Index is the most widely used index of price changes over time and is designed to measure changes in the typical market basket of purchases by urban consumers.

Past performance is not predictive of future performance.

MERRILL LYNCH PRIME BOND FUND
TOTAL RETURN BASED ON A \$10,000 INVESTMENT

<TABLE>
<CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	ML PRIME BOND FUND**	ML COAO CORPORATE MASTER++
<S>	<C>	<C>
12/83	10000	10000
12/84	11582	11621
12/85	14147	14567
12/86	16093	16942
12/87	15916	17254
12/88	16990	18937
12/89	19248	21610
12/90	20620	23203
12/91	24004	27435
12/92	25749	29937
12/93	28844	33658

</TABLE>

- * Assuming transaction costs and other operating expenses, including advisory fees. Does not include insurance-related fees and expenses.
- + Prime Bond Fund invests primarily in long-term corporate bonds rated A or better by either Standard & Poor's Corp. or Moody's Investors Service, Inc.
- ++ This unmanaged Index is comprised of all industrialized bonds rated BBB3 or higher, of all maturities.

Past performance is not predictive of future performance.

MERRILL LYNCH QUALITY EQUITY FUND
TOTAL RETURN BASED ON A \$10,000 INVESTMENT

<TABLE>

<CAPTION>

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	ML QUALITY EQUITY FUND**	S&P 500 INDEX**
<S>	<C>	<C>
12/83	10000	10000
12/84	10854	10639
12/85	14399	14038
12/86	17333	16670
12/87	17212	17544
12/88	19543	20505
12/89	25556	27003
12/90	25725	26147
12/91	33488	34109
12/92	34389	36708
12/93	39399	40412

</TABLE>

* Assuming transaction costs and other operating expenses, including advisory fees. Does not include insurance-related fees and expenses.

+ Quality Equity Fund, which uses a fully managed investment policy, invests primarily in common stocks of large-capitalization companies, as well as investment-grade debt and convertible securities.

** This unmanaged broad-based Index is comprised of common stocks.

Past performance is not predictive of future performance.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--AMERICAN BALANCED FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>

<CAPTION>

INDUSTRIES	SHARES HELD	COMMON STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
AEROSPACE	32,000	United Technologies Corp.....	\$ 1,722,120	\$ 1,984,000	1.7%
AIRLINES	28,500+	AMR Corp.....	1,876,975	1,909,500	1.6
BANKING	28,000	Morgan (J. P.) & Co.....	1,884,577	1,942,500	1.7
BUILDING--RELATED	47,700	Stanley Works Co.....	1,970,379	2,122,650	1.8
CHEMICALS	52,400	Nalco Chemical Co.....	1,730,335	1,965,000	1.7
COMPUTER TECHNOLOGY	24,600	Hewlett-Packard Co.....	1,654,024	1,943,400	1.7
DRUGS & HOSPITAL SUPPLIES	33,000	Bristol-Myers Squibb Co.....	1,930,617	1,918,125	1.7
FOOD	86,870	Archer-Daniels-Midland Co.....	2,000,658	1,976,292	1.7
HEALTH MAINTENANCE ORGANIZATIONS	111,400+	Humana Inc.....	957,129	1,963,425	1.7
MACHINERY	47,700	Ingersoll-Rand Co.....	1,538,715	1,824,525	1.6
	74,100	Morrison Knudsen Corp.....	1,702,527	1,861,763	1.6
			3,241,242	3,686,288	3.2
MERCHANDISING	47,500	May Department Stores Co.....	1,722,656	1,870,313	1.6
METALS	27,700	Aluminum Co. of America.....	1,902,193	1,921,687	1.7
MISCELLANEOUS-- MANUFACTURING	70,900	Keystone International, Inc.....	1,838,872	1,940,888	1.7
NATURAL GAS	46,900	Consolidated Natural Gas Co.....	2,215,910	2,204,300	1.9
OFFICE RELATED	42,800	Pitney-Bowes, Inc.....	1,616,246	1,770,850	1.5

OIL & RELATED	95,300	Dresser Industries, Inc.....	2,004,443	1,977,475	1.7
	70,500	Phillips Petroleum Co.....	2,096,314	2,044,500	1.8
			4,100,757	4,021,975	3.5
PHOTOGRAPHY	28,400	Eastman Kodak Co.....	1,430,804	1,590,400	1.4
PRINT/PUBLISHING	32,200	Gannett Co., Inc.....	1,571,211	1,843,450	1.6
RETAIL STORES	85,900	K mart Corp.....	1,946,759	1,825,375	1.6
SEMICONDUCTOR PRODUCTION EQUIPMENT	76,000+	Teradyne, Inc.....	1,487,451	2,109,000	1.8
SERVICES	68,000	Kelly Services, Inc.....	1,781,000	1,878,500	1.6
SPECIAL SITUATIONS	102,792	Wheelabrator Technologies Inc.....	1,748,874	1,824,558	1.6
TELECOMMUNICATIONS	34,800	American Telephone & Telegraph Co....	1,852,700	1,827,000	1.6
	30,600	Bell Atlantic Corp.....	1,661,964	1,805,400	1.6
	60,500	Comsat Corp.....	1,722,000	1,799,875	1.5
			5,236,664	5,432,275	4.7
UTILITIES--ELECTRIC	94,000+	California Energy Co. Inc.....	1,686,121	1,739,000	1.5
		TOTAL COMMON STOCKS.....	49,253,574	53,383,751	46.2

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--AMERICAN BALANCED FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<S>	FACE AMOUNT <C>	US GOVERNMENT OBLIGATIONS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
US TREASURY NOTES		US Treasury Notes:			
	\$ 1,250,000	6.375% due 1/15/2000.....	\$ 1,277,148	\$ 1,313,662	1.1%
	12,450,000	5.50% due 4/15/2000.....	12,578,024	12,558,813	10.9
	700,000	7.75% due 2/15/2001.....	706,094	796,684	0.7
	1,400,000	8.00% due 5/15/2001.....	1,387,922	1,602,118	1.4
	200,000	7.875% due 8/15/2001.....	204,031	227,686	0.2
	1,300,000	7.50% due 11/15/2001.....	1,315,492	1,450,709	1.2
	900,000	7.50% due 5/15/2002.....	955,500	1,007,154	0.9
	3,500,000	6.375% due 8/15/2002.....	3,455,779	3,650,920	3.2
	12,550,000	6.25% due 2/15/2003.....	12,863,703	12,965,656	11.2
	6,350,000	5.75% due 8/15/2003.....	6,441,133	6,330,125	5.5
		TOTAL US GOVERNMENT OBLIGATIONS.....	41,184,826	41,903,527	36.3
		SHORT-TERM SECURITIES			
COMMERCIAL PAPER*	3,566,000	General Electric Capital Corp., 3.220% due 1/03/1994.....	3,565,043	3,565,043	3.1
US GOVERNMENT DISCOUNT NOTES*	1,000,000	US Treasury Bills:			
	5,000,000	3.055% due 2/03/1994.....	997,115	994,661	0.9
	1,000,000	3.06% due 2/03/1994.....	4,985,550	4,973,305	4.3
	1,000,000	3.065% due 2/03/1994.....	997,105	994,661	0.9
	1,000,000	3.08% due 2/03/1994.....	997,091	994,661	0.9
	1,000,000	3.01% due 3/10/1994.....	994,231	994,289	0.8
	4,000,000	3.04% due 3/10/1994.....	3,976,655	3,977,153	3.4
			12,947,747	12,928,730	11.2
		TOTAL SHORT-TERM SECURITIES.....	16,512,790	16,493,773	14.3
		TOTAL INVESTMENTS.....	\$106,951,190	111,781,051	96.8
		OTHER ASSETS LESS LIABILITIES.....		3,638,869	3.2
		NET ASSETS.....		\$115,419,920	100.0%

</TABLE>

+ Non-income producing security.

* Commercial Paper and US Government Discount Notes are traded on a discount basis, the interest rates shown are the discount rates paid at the time of purchase by the Fund.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--BASIC VALUE FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>		<CAPTION>							
INDUSTRY	SHARES HELD	COMMON STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS				
<S>	<C>	<C>	<C>	<C>	<C>				
DISCOUNT FROM BOOK VALUE									
METALS	40,000	ASARCO Inc.....	\$ 773,693	\$ 915,000	1.9%				
COMPUTERS	14,000	+Digital Equipment Corp.....	562,722	479,500	1.0				
PACKAGING	55,000	Federal Paper Board Co., Inc.....	1,170,668	1,168,750	2.5				
OIL & GAS PRODUCERS	80,000	+Gerrity Oil & Gas Corp.....	1,127,238	930,000	2.0				
INSURANCE	100,000	Greater N. Y. Savings Bank.....	708,612	725,000	1.5				
BANKING & FINANCIAL	70,000	+Peoples Heritage Financial Group, Inc..	757,318	831,250	1.8				
TEXTILE & APPAREL	60,000	+Texfi Industries, Inc.....	265,250	240,000	0.5				
OIL--INTEGRATED	60,000	Total Petroleum N.A., Ltd.....	579,312	667,500	1.4				
INSURANCE	10,000	Travelers Corp.....	326,690	311,250	0.7				
			6,271,503	6,268,250	13.3				
BELOW-AVERAGE PRICE/EARNINGS RATIO									
CONGLOMERATES	91,100	+ADT Ltd.....	805,189	819,900	1.7				
AUTOMOBILES	50,000	+Agency Rent-A-Car, Inc.....	513,750	662,500	1.4				
BANKING	30,000	BankAmerica Corp.....	1,327,975	1,391,250	3.0				
RETAIL STORES	34,300	+Bon-Ton Stores, Inc.....	222,590	274,400	0.6				
HOUSING	75,000	+Castle & Cooke Homes, Inc.....	993,370	1,012,500	2.1				
AUTOMOBILES	20,000	General Motors Corp.....	905,765	1,097,500	2.3				
RETAIL	10,000	Liz Claiborne Inc.....	226,864	227,500	0.5				
TECHNOLOGY	130,000	+Micronics Computers, Inc.....	745,040	780,000	1.7				
INSURANCE	40,000	PartnerRe Holdings Ltd.....	826,750	860,000	1.8				
AUTO PARTS	70,000	Purolator Products Co.....	1,206,910	1,225,000	2.6				
BROADCAST--MEDIA	30,000	U.S. Shoe Corp.....	298,650	450,000	1.0				
ENERGY	50,000	Valero Energy Corp.....	1,124,015	1,056,250	2.2				
			9,196,868	9,856,800	20.9				
ABOVE-AVERAGE YIELD									
FOODS	60,000	Borden, Inc.....	951,390	1,020,000	2.2				
PHARMACEUTICALS	15,000	Bristol-Myers Squibb Co.....	874,595	871,875	1.8				
REAL ESTATE	60,000	Camden Property Trust Inc.....	1,461,025	1,515,000	3.2				
INVESTMENT TRUST									
PHOTOGRAPHY	30,000	Eastman Kodak Co.....	1,765,150	1,680,000	3.6				
MERCHANDISING	35,000	K mart Corp.....	819,725	743,750	1.6				
OIL/DOMESTIC	60,000	Occidental Petroleum Corp.....	1,122,705	1,027,500	2.2				
TOBACCO	20,000	Philip Morris Cos. Inc.....	998,850	1,115,000	2.4				
			7,993,440	7,973,125	17.0				
SPECIAL SITUATIONS									
MEDICAL SERVICES	198,200	+Applied Bioscience International, Inc..	916,926	1,015,775	2.2				
PAPER PRODUCTS	36,000	Chesapeake Corp.....	715,332	918,000	1.9				
DIVERSIFIED COMPANIES	30,000	Cyprus Minerals Co.....	736,448	776,250	1.6				
STEEL	60,000	Geneva Steel Co. (Class A).....	879,456	1,020,000	2.2				
OIL SERVICES	15,000	Halliburton Co.....	454,650	478,125	1.0				
COMPUTER SERVICES	15,000	International Business Machines Corp.....	683,550	847,500	1.8				
PHARMACEUTICALS	40,000	Merck & Co., Inc.....	1,305,200	1,375,000	2.9				
TECHNOLOGY	70,000	+Network Systems Corp.....	581,400	586,250	1.2				

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--BASIC VALUE FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE>

<CAPTION>

INDUSTRY	SHARES HELD	COMMON STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
SPECIAL SITUATIONS (CONCLUDED)					
TELECOMMUNICATIONS	20,000	Northern Telecom Ltd.....	\$ 513,700	\$ 617,500	1.3%
METALS	15,000	+Reynolds Metals Co.....	688,560	680,625	1.4
HEALTH CARE	42,500	Salick Health Care, Inc.....	599,645	695,938	1.5
ENERGY	100,000	+Varco International Inc.....	568,294	600,000	1.3
			8,643,161	9,610,963	20.3
		TOTAL COMMON STOCKS.....	32,104,972	33,709,138	71.5
	FACE AMOUNT	ISSUE			
SHORT-TERM SECURITIES					
COMMERCIAL PAPER*	\$ 1,500,000	Ciesco L.P., 3.20% due 1/05/1994.....	1,499,333	1,499,333	3.2
	1,856,000	General Electric Capital Corp., 3.22% due 1/03/1994.....	1,855,502	1,855,502	3.9
	3,000,000	New Jersey Economic Development Authority: 3.15% due 1/11/1994.....	2,997,112	2,997,112	6.4
	2,000,000	3.11% due 1/25/1994.....	1,995,681	1,995,681	4.2
	2,000,000	Preferred Receivables Funding Corp., 3.42% due 1/12/1994.....	1,997,720	1,997,720	4.2
			10,345,348	10,345,348	21.9
US GOVERNMENT & AGENCY OBLIGATIONS-- DISCOUNT	2,000,000	Federal National Mortgage Association, 3.13% due 1/13/1994.....	1,997,739	1,997,739	4.2
			12,343,087	12,343,087	26.1
		TOTAL SHORT-TERM SECURITIES.....			
			\$ 44,448,059	46,052,225	97.6
		TOTAL INVESTMENTS.....			
				1,155,038	2.4
		OTHER ASSETS LESS LIABILITIES.....			
				\$ 47,207,263	100.0%
		NET ASSETS.....			

</TABLE>

+ Non-income producing security.

* Commercial Paper and certain US Government Agency Obligations are traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--DOMESTIC MONEY MARKET FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>
<CAPTION>

<S>	FACE AMOUNT <C>	ISSUE <C>	INTEREST RATE* <C>	MATURITY DATE <C>	VALUE (NOTE 1A) <C>
BANK NOTES--5.9%	\$ 4,000,000	FNB of Chicago.....	3.35%	1/31/94	\$ 3,999,986
	3,000,000	FNB of Chicago.....	3.55	5/25/94	3,001,710
	2,000,000	Nationsbank North Carolina.....	3.65	6/21/94	2,001,332
	1,000,000	PNC Bank, N.A.....	3.80	4/29/94	1,000,618
		TOTAL BANK NOTES (COST--\$10,002,652).....			10,003,646
COMMERCIAL PAPER*--61.6%	329,000	ABN-AMRO N.A. Finance, Inc.....	3.26	1/24/94	328,265
	988,000	ABN-AMRO N.A. Finance, Inc.....	3.32	1/24/94	985,793
	5,000,000	Abbey National N.A. Corp.....	3.21	3/21/94	4,964,444
	3,000,000	American Express Credit Corp.....	3.22	1/10/94	2,997,250
	4,000,000	Apreco, Inc.....	3.35	2/25/94	3,979,342
	3,000,000	Apreco, Inc.....	3.28	3/11/94	2,981,333
	1,000,000	Arco Coal Australia, Inc.....	3.33	2/07/94	996,443
	2,000,000	Bank One Diversified Services Inc.....	3.40	1/13/94	1,997,544
	5,000,000	Bankers Trust N.Y. Corp.....	3.21	3/16/94	4,966,667
	4,500,000	Beta Finance Inc.....	3.375	2/22/94	4,478,005
	1,000,000	CIT Group Holdings, Inc.....	3.25	1/07/94	999,358
	1,400,000	CIT Group Holdings, Inc.....	3.30	3/01/94	1,392,183
	3,000,000	CIT Group Holdings, Inc.....	3.28	4/15/94	2,971,563
	1,500,000	CIT Group Holdings, Inc.....	3.24	4/18/94	1,485,375
	4,000,000	CSW Credit, Inc.....	3.25	2/14/94	3,983,400
	275,000	CXC Inc.....	3.40	1/18/94	274,544
	1,973,000	CXC Inc.....	3.23	2/01/94	1,967,335
	1,000,000	Ciesco L.P.....	3.35	2/01/94	997,022
	2,000,000	Ciesco L.P.....	3.35	2/08/94	1,992,742
	2,000,000	Ciesco L.P.....	3.20	3/10/94	1,987,733
	2,893,000	Ciesco L.P.....	3.20	3/11/94	2,874,999
	3,000,000	Corporate Asset Funding Co., Inc.....	3.25	2/18/94	2,986,729
	4,000,000	Ford Motor Credit Co.....	3.20	1/27/94	3,989,950
	2,000,000	General Electric Capital Corp.....	3.21	1/31/94	1,994,231
	873,000	General Electric Capital Corp.....	3.35	3/23/94	866,637
	3,000,000	Goldman Sachs Group L.P.....	3.22	1/14/94	2,996,150
	2,000,000	Goldman Sachs Group L.P.....	3.36	2/07/94	1,992,886
	2,000,000	Hertz Funding Corp.....	3.34	2/11/94	1,992,137
	5,000,000	HYPO U.S. Finance, Inc.....	3.28	3/11/94	4,968,889
	600,000	MCA Funding Corp.....	3.30	1/18/94	599,004
	1,500,000	Nomura Holding America, Inc.....	3.40	1/24/94	1,496,650
	5,000,000	Sanwa Business Credit Corp.....	3.25	2/24/94	4,974,639
	1,582,000	Sanwa Business Credit Corp.....	3.20	2/28/94	1,573,392
	1,519,000	Sanwa Business Credit Corp.....	3.23	3/22/94	1,508,063
	5,617,000	Sheffield Receivables Corp.....	3.25	2/18/94	5,591,617
	3,740,000	Student Loan Corp.....	3.33	1/31/94	3,729,276
	7,000,000	Svenska Handelsbanken, Inc.....	3.25	1/05/94	6,996,792

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--DOMESTIC MONEY MARKET FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

<S>	FACE AMOUNT <C>	ISSUE <C>	INTEREST RATE* <C>	MATURITY DATE <C>	VALUE (NOTE 1A) <C>
COMMERCIAL PAPER* (CONCLUDED)	\$ 4,257,000	Transamerica Finance Corp.....	3.27%	2/04/94	\$ 4,243,466
	3,000,000	Transamerica Finance Corp.....	3.36	2/22/94	2,985,337
		TOTAL COMMERCIAL PAPER (COST--\$105,087,255).....			105,087,185
CORPORATE NOTES--1.8%	500,000	Associates Corp. of North America.....	9.00	1/15/94	501,414
	2,370,000	Associates Corp. of North America.....	12.50	9/15/94	2,512,200
		TOTAL CORPORATE NOTES (COST--\$3,017,067).....			3,013,614
MASTER NOTES+--1.2%	2,000,000	Goldman Sachs Group L.P.+.....	3.33	3/01/94	2,000,000
		TOTAL MASTER NOTES			

		(COST--\$2,000,000)			2,000,000
MEDIUM-TERM	3,000,000	General Electric Capital Corp.....	3.29	5/18/94	2,998,500
NOTES--2.3%	1,000,000	General Electric Capital Corp.....	3.50	8/25/94	999,600
TOTAL MEDIUM-TERM NOTES (COST--\$3,999,277)					3,998,100
US GOVERNMENT & AGENCY OBLIGATIONS-- DISCOUNT*--6.0%	1,783,000 172,000 133,000 560,000 365,000 275,000 155,000 4,000,000 55,000 3,000,000	Federal Home Loan Mortgage Corporation.... Federal Home Loan Mortgage Corporation.... Federal Home Loan Mortgage Corporation.... Federal National Mortgage Association..... Federal National Mortgage Association..... Federal National Mortgage Association..... Federal National Mortgage Association..... Federal National Mortgage Association..... Federal National Mortgage Association..... Federal National Mortgage Association..... United States Treasury Bills.....	3.12 3.35 3.47 3.23 3.28 3.39 3.34 3.43 3.55 3.245	1/24/94 5/20/94 7/28/94 5/12/94 6/30/94 7/15/94 9/22/94 9/29/94 10/13/94 6/23/94	1,779,220 169,853 130,460 553,409 359,036 270,074 151,121 3,897,244 53,497 2,953,600
TOTAL US GOVERNMENT & AGENCY OBLIGATIONS--DISCOUNT (COST--\$10,315,567)					10,317,514
US GOVERNMENT & AGENCY OBLIGATIONS-- NON-DISCOUNT*-- 21.0%	2,500,000 3,000,000 10,000,000 2,000,000 2,000,000 2,000,000 3,500,000 2,000,000 1,000,000 250,000 250,000 1,000,000 1,500,000 1,000,000	Federal Home Loan Bank+..... Federal Home Loan Bank+..... Federal Home Loan Mortgage Association+.... Federal National Mortgage Association+.... Federal National Mortgage Association+.... Federal National Mortgage Association+.... Student Loan Marketing Association+..... Student Loan Marketing Association+..... United States Treasury Notes..... United States Treasury Notes..... United States Treasury Notes..... United States Treasury Notes..... United States Treasury Notes..... United States Treasury Notes.....	3.15 3.43 3.36 3.33 3.33 3.45 3.51 3.44 5.375 5.125 5.00 3.875 3.875 4.125	5/20/94 12/28/95 9/01/95 5/13/96 8/13/96 5/19/97 5/14/98 12/30/94 3/03/97 2/28/94 5/31/94 6/30/94 3/31/95 4/30/95 6/30/95	2,497,403 3,000,000 9,996,770 2,000,000 2,000,000 2,000,000 3,508,159 2,000,736 1,003,627 251,875 252,031 1,000,312 1,500,000 1,002,500

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--DOMESTIC MONEY MARKET FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE>
<CAPTION>

<S>	FACE AMOUNT <C>	ISSUE <C>	INTEREST RATE* <C>	MATURITY DATE <C>	VALUE (NOTE 1A) <C>
US GOVERNMENT & AGENCY OBLIGATIONS-- NON-DISCOUNT* (CONCLUDED)	\$ 500,000 750,000 500,000	United States Treasury Notes..... United States Treasury Notes..... United States Treasury Notes.....	4.25 % 3.875 4.25	7/31/95 8/31/95 12/31/95	\$ 501,406 747,890 500,156
TOTAL US GOVERNMENT & AGENCY OBLIGATIONS--NON-DISCOUNT (COST--\$35,758,372)					35,762,865
TOTAL INVESTMENTS (COST--\$170,180,190)--99.8%					170,182,924
OTHER ASSETS LESS LIABILITIES--0.2%					348,429
NET ASSETS--100.0%					\$170,531,353

</TABLE>

* Commercial Paper and certain US Government Obligations are traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund. Other securities bear interest at the rates shown, payable at fixed dates or upon maturity. The interest rates on variable rate securities are adjusted periodically based upon appropriate indexes. The interest rates shown are the rates in effect at December 31, 1993.
+ Variable Rate Notes.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--EQUITY GROWTH FUND
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>
 <CAPTION>

INDUSTRY	SHARES HELD	COMMON STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
AIR TRANSPORTATION	29,000	SkyWest Inc.....	\$ 558,750	\$ 996,875	1.0%
AUTO--RELATED	50,000	+Automotive Industries Inc.....	1,091,625	1,462,500	1.5
AUTOMOBILE PARTS	60,000	+TBC Corp.....	757,500	735,000	0.7
AUTOMOTIVE	40,000	Monro Muffler Brake Inc.....	564,375	650,000	0.7
BUSINESS SERVICES	20,000	Reynolds & Reynolds Co. (Class A).....	809,271	912,500	0.9
COMPUTER SERVICES	50,000	+BancTec, Inc.....	867,125	1,193,750	1.2
	50,000	Merisel, Inc.....	834,375	912,500	0.9
			1,701,500	2,106,250	2.1
COMPUTER SOFTWARE	62,000	Metatec Corp. (Class A).....	670,500	914,500	0.9
COMPUTERS & PERIPHERALS	32,000	Adaptec Inc.....	859,000	1,274,000	1.3
CONSUMER--GOODS	65,000	Oshkosh B Gosh Inc. (Class A).....	1,250,000	1,283,750	1.3
CONSUMER--MISCELLANEOUS	45,000	Toro Co.....	886,575	1,260,000	1.3
ELECTRICAL EQUIPMENT	30,000	IEC Electronics Corp.....	358,750	397,500	0.4
	120,000	+Willcox & Gibbs, Inc.....	617,266	930,000	0.9
			976,016	1,327,500	1.3
ELECTRONIC/INSTRUMENTS	70,000	+BMC Industries Inc.....	961,524	1,478,750	1.5
	110,000	Checkmate Electronics Inc.....	1,041,875	1,045,000	1.1
	35,000	DOVatron International Inc.....	596,438	949,375	1.0
	40,000	Electronics For Imaging Inc.....	765,000	660,000	0.7
	65,000	Exide Electronics Group Inc.....	1,200,000	1,218,750	1.2
	40,000	+Kent Electronics Corp.....	816,041	1,140,000	1.2
	108,000	Methode Electronics Inc. (Class A).....	1,056,455	1,566,000	1.6
			6,437,333	8,057,875	8.3
ELECTRONICS	45,000	Vishay Intertechnology Inc.....	1,467,780	1,580,625	1.6
ENERGY--RELATED	40,000	Magma Power Co., Inc.....	1,333,876	1,395,000	1.4
ENGINEERING & CONSTRUCTION	40,000	Butler Manufacturing Co.....	691,000	1,075,000	1.1
ENVIRONMENTAL	25,000	Donaldson Co.....	756,777	1,106,250	1.1
	60,000	IMCO Recycling Inc.....	791,697	720,000	0.7
			1,548,474	1,826,250	1.8
ENVIRONMENTAL CONTROL	45,000	TETRA Technologies Inc.....	751,250	871,875	0.9
FINANCIAL SERVICES	35,000	CMAC Investment Corp.....	1,016,387	971,250	1.0
	75,000	First Financial Corp.....	1,087,188	1,246,875	1.3
	50,000	First State Bancorp.....	548,750	581,250	0.6
	85,000	Southwest Securities Group, Inc.....	1,042,500	966,875	1.0
			3,694,825	3,766,250	3.9
FOOD DISTRIBUTION	46,300	Performance Food Group Co.....	759,450	1,134,350	1.1

</TABLE>

<TABLE> <CAPTION>					
INDUSTRY	SHARES HELD	COMMON STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
FOODS	70,000	J & J Snack Food Corp.....	\$ 1,141,625	\$ 1,443,750	1.5%
GAMING	40,000	Players International Inc.....	941,875	982,500	1.0
	35,000	Sodak Gaming Inc.....	1,088,750	1,032,500	1.0
			2,030,625	2,015,000	2.0
GOLD	75,000	Echo Bay Mines Ltd.....	987,325	965,625	1.0
HEALTH CARE-- PRODUCTS & SERVICES	47,000	Sybron Corp.....	1,176,235	1,504,000	1.5
INDUSTRIAL	91,500	Medalist Industries Inc.....	1,195,687	1,383,938	1.4
INSURANCE	64,000	Gainsco Inc.....	779,583	584,000	0.6
	50,000	Life USA Holding Inc.....	964,375	937,500	0.9
			1,743,958	1,521,500	1.5
LEASING	50,000	Rollins Truck Leasing Corp.....	809,888	956,250	1.0
MACHINERY	62,000	Duriron Co., Inc.....	1,429,875	1,433,750	1.4
	35,000	Electroglas Inc.....	731,250	866,250	0.9
	75,000	Thermo Fibertek Inc.....	1,045,450	1,190,625	1.2
			3,206,575	3,490,625	3.5
MANUFACTURED HOUSING	60,000.....	Redman Industries Inc.....	946,062	1,237,500	1.3
MEDICAL SERVICES	75,000	Clintrials, Inc.....	739,376	937,500	0.9
	50,000	Renal Treatment Centers Inc.....	600,000	1,037,500	1.0
	50,000	Sun Healthcare Group Inc.....	601,500	837,500	0.8
	70,000	Wellcare Management Group Inc.....	1,130,314	1,662,500	1.7
			3,071,190	4,475,000	4.4
MEDICAL SUPPLIES	40,000	Sullivan Dental Products, Inc.....	620,000	685,000	0.7
MEDICAL TECHNOLOGY	30,000	Cordis Corp.....	1,003,125	1,481,250	1.5
	40,000	Dentsply International Inc.....	1,527,500	1,755,000	1.8
			2,530,625	3,236,250	3.3
MERCHANDISING	50,000	Grow Biz International Inc.....	663,776	875,000	0.9
METALS	53,000	Material Sciences Corp.....	1,107,365	1,212,375	1.2
METALS & BASIC MATERIALS	30,000	Harsco Corp.....	1,219,587	1,218,750	1.2
OFFICE--RELATED	30,000	Miller (Herman) Inc.....	658,125	916,875	0.9
OIL & GAS	125,000	Lomak Petroleum Inc.....	915,625	921,875	0.9
	60,000	Parker & Parsley Development Partners.....	1,380,798	1,485,000	1.5
			2,296,423	2,406,875	2.4
OIL SERVICE	65,000	Hornbeck Offshore Service Inc.....	1,177,625	950,625	1.0
	60,000	Sundowner Offshore Services.....	843,951	780,000	0.8
			2,021,576	1,730,625	1.8

</TABLE>

<TABLE> <CAPTION>						
INDUSTRY	SHARES HELD	COMMON STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS	
<S>	<C>	<C>	<C>	<C>	<C>	
PRINTING	55,000	Merrill Corp.....	\$ 1,103,738	\$ 1,485,000	1.5%	
PRINTING & PUBLISHING	30,000	Banta Corp.....	983,750	1,083,750	1.1	
	100,000	International Imaging Materials Inc....	1,598,749	2,000,000	2.0	
			2,582,499	3,083,750	3.1	
RETAIL	100,000	Goody's Family Clothing Inc.....	1,396,250	1,237,500	1.3	
	52,500	Haverty Furniture Companies Inc.....	673,750	899,063	0.9	
			2,070,000	2,136,563	2.2	
RETAIL SPECIALTY	50,000	Discovery Zone Inc.....	1,168,750	1,062,500	1.1	
	15,000	MicroAge Inc.....	318,375	577,500	0.6	
	50,000	Shoe Carnival Inc.....	837,500	612,500	0.6	
			2,324,625	2,252,500	2.3	
RETAIL TRADE	25,000	Fingerhut Companies Inc.....	714,000	703,125	0.7	
SAVINGS & LOAN ASSOCIATIONS	50,000	Coast Savings & Loan Association.....	792,125	712,500	0.7	
SEMICONDUCTOR EQUIPMENT	85,000	Aetrium Inc.....	878,751	871,250	0.9	
SHIPPING	50,000	+Kirby Corp.....	896,850	1,068,750	1.1	
TECHNOLOGY	50,000	LSI Logic Corp.....	787,752	800,000	0.8	
	30,000	Storage Technology Corp.....	868,050	948,750	1.0	
	50,000	Ultratech Stepper Inc.....	830,625	925,000	0.9	
			2,486,427	2,673,750	2.7	
TELECOMMUNICATIONS	80,000	Communications Central Inc.....	960,000	1,070,000	1.1	
	61,100	Peoples Telephone Co.....	604,651	603,362	0.6	
	13,000	Pittencrieff Communications Inc.....	187,000	315,250	0.3	
	90,000	SpecTran Corp.....	1,053,122	1,023,750	1.0	
			2,804,773	3,012,362	3.0	
TELECOMMUNICATIONS EQUIPMENT	80,000	Cellstar Corp.....	920,000	1,360,000	1.4	
TEXTILES	86,000	Worldtex Inc.....	509,646	451,500	0.5	
TRANSPORTATION	47,000	Greyhound Lines Inc.....	814,858	540,500	0.5	
TRANSPORTATION SERVICES	40,000	Johnstown America Industries, Inc.....	687,500	965,000	1.0	
		TOTAL COMMON STOCKS.....	73,821,539	85,221,588	86.2	

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--EQUITY GROWTH FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE> <CAPTION>						
INDUSTRY	FACE AMOUNT	SHORT-TERM SECURITIES	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS	
<S>	<C>	<C>	<C>	<C>	<C>	
COMMERCIAL PAPER*	\$ 4,184,000	General Electric Capital Corp., 3.00% due 1/03/1994.....	\$ 4,182,877	\$ 4,182,877	4.2%	
	3,000,000	Morgan Stanley Group Inc., 3.25% due 1/14/1994.....	2,996,208	2,996,208	3.0	
	2,000,000	Penney (J.C.) Co., 3.25% due 1/27/1994.....	1,995,125	1,995,125	2.0	
	4,500,000	Schering-Plough Corp., 3.20%				

due 1/24/1994.....	4,490,400	4,490,400	4.5
TOTAL SHORT-TERM SECURITIES.....	13,664,610	13,664,610	13.7
TOTAL INVESTMENTS.....	\$ 87,486,149	98,886,198	99.9
OTHER ASSETS LESS LIABILITIES.....		90,226	0.1
NET ASSETS.....		\$ 98,976,424	100.0%

</TABLE>

* Commercial Paper is traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.
+ Non-income producing security.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--FLEXIBLE STRATEGY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>
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INDUSTRIES	SHARES HELD	US STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
AEROSPACE	35,000	AlliedSignal Inc.....	\$ 2,374,243	\$ 2,765,000	1.4%
APPAREL	51,500	Phillips-Van Heusen Corp.....	1,356,596	1,931,250	1.0
APPLIANCES	120,000	Singer Co. N.V.....	3,614,607	4,485,000	2.3
	150,000	Sunbeam-Oster.....	3,055,575	3,300,000	1.7
			6,670,182	7,785,000	4.0
AUTOMOTIVE	65,000	Ford Motor Co.....	3,677,850	4,192,500	2.2
AUTOMOTIVE & EQUIPMENT	75,000	Cooper Tire & Rubber Co.....	1,477,729	1,875,000	1.0
BANKING	40,000	+Banco Rio de la Plata S.A. (ADR) (a).....	1,278,562	1,575,000	0.8
	55,000	Bank of New York, Inc.....	2,648,375	3,135,000	1.6
	65,000	+Bank of New York, Inc. (Warrants) (b).....	485,312	682,500	0.3
			4,412,249	5,392,500	2.7
BEVERAGES	10,000	PanAmerican Beverage, Inc. (Class A).....	322,807	382,500	0.2
	15,000	PepsiCo Inc.....	596,344	613,125	0.3
			919,151	995,625	0.5
CHEMICALS	30,000	PPG Industries, Inc.....	2,131,584	2,276,250	1.2
	35,000	Rohm and Haas.....	1,977,095	2,082,500	1.1
			4,108,679	4,358,750	2.3
COMMUNICATION EQUIPMENT	32,000	Tellabs, Inc.....	972,036	1,504,000	0.8
COMMUNICATIONS	62,367	LDDS Communication.....	2,660,824	3,024,800	1.6
	15,000	Sprint Corp.....	556,050	521,250	0.3
			3,216,874	3,546,050	1.9
COMPUTER SERVICES	40,000	Computer Sciences Corp.....	3,508,763	3,980,000	2.0
	100,000	General Motors Corp. (Class E)...	2,944,585	2,925,000	1.5
			6,453,348	6,905,000	3.5
CONTAINERS	80,000	Crown Cork & Seal Co., Inc.....	2,173,307	3,350,000	1.7

ELECTRICAL EQUIPMENT	55,000	Emerson Electric Co.....	3,151,393	3,313,750	1.7
ELECTRONICS	50,000	Perkin-Elmer Corp.....	1,847,668	1,925,000	1.0
	70,000	Solectron Corp.....	1,411,567	1,986,250	1.0
			3,259,235	3,911,250	2.0
ENGINEERING & CONSTRUCTION	50,000	Thermo Electron Corp.....	2,020,650	2,100,000	1.1
ENVIRONMENTAL CONTROL	225,000	Wheelabrator Technologies Inc....	3,579,011	3,993,750	2.0
FERTILIZERS	12,000	IMC Fertilizer Group, Inc.....	558,348	544,500	0.3

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--FLEXIBLE STRATEGY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

INDUSTRIES	SHARES HELD	US STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
FOREST PRODUCTS	49,000	Willamette Industries, Inc.....	\$ 1,854,798	\$ 2,437,750	1.2%
HEALTHCARE-- PRODUCTS/SERVICES	125,000	+Humana Corp.....	2,100,084	2,203,125	1.1
	15,000	Johnson & Johnson Co.....	599,666	671,250	0.3
			2,699,750	2,874,375	1.4
HOUSEHOLD PRODUCTS	60,000	Procter & Gamble.....	3,292,754	3,420,000	1.8
INSURANCE	30,000	America International Group Inc.....	2,641,542	2,632,500	1.3
	20,000	Capital Holding Corp.....	821,259	742,500	0.4
			3,462,801	3,375,000	1.7
MEDICAL	44,000	Physician Corp.....	786,250	1,094,500	0.6
	15,000	Vivra Inc.....	278,914	346,875	0.2
			1,065,164	1,441,375	0.8
MEDIA/PUBLISHING	50,000	News Corp. Ltd. (ADR) (a).....	2,617,345	2,637,500	1.4
MERCHANDISING	27,500	Heilig-Meyers Co.....	465,055	1,072,500	0.5
MULTI--INDUSTRY	15,234	Pacific Dunlop Ltd.....	55,601	55,832	0.0
OFFICE EQUIPMENT	67,000	Danka Business Systems PLC (ADR) (a).....	1,874,782	2,650,688	1.4
PAPER & PACKAGING	40,000	Union Camp Corp.....	1,919,332	1,905,000	1.0
PETROLEUM-- DOMESTIC	65,000	Phillips Petroleum Co.....	2,046,532	1,885,000	1.0
PETROLEUM-- INTERNATIONAL	45,000	British Petroleum PLC.....	2,305,178	2,880,000	1.5
	15,000	Chevron Oil Corp.....	1,314,133	1,306,875	0.7
	30,000	Mobil Oil Corp.....	2,303,502	2,370,000	1.2
			5,922,813	6,556,875	3.4
PUBLISHING	40,000	Gannett Co., Inc.....	2,129,343	2,290,000	1.2
RAILROADS	10,000	CSX Corp.....	851,775	810,000	0.4
	25,000	Southern Pacific Rail Corp.....	480,690	493,750	0.3
			1,332,465	1,303,750	0.7
SEMICONDUCTORS	12,000	Motorola, Inc.....	1,003,033	1,108,500	0.6
SERVICES	15,000	Block (H&R), Inc.....	545,801	611,250	0.3
	45,000	Huntingdon International Holdings PLC (ADR) (a).....	461,978	410,625	0.2

	12,500	Kelly Services, Inc. (Class A)...	361,324	345,312	0.2
			1,369,103	1,367,187	0.7
SMALLER GROWTH	20,000	Bandag, Inc. (Class A).....	1,088,927	1,035,000	0.5
	4,700	Bandag, Inc.....	252,630	260,262	0.1
			1,341,557	1,295,262	0.6
SOFTWARE--COMPUTER	20,000	Microsoft Corp.....	1,616,500	1,612,500	0.8

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--FLEXIBLE STRATEGY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>					
<CAPTION>					
INDUSTRIES	SHARES HELD	US STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
TELECOMMUNICATIONS	13,100	ALC Communications Corp.....	\$ 334,050	\$ 376,625	0.2%
	120,000	MCI Communications Corp.....	3,351,698	3,382,500	1.7
			3,685,748	3,759,125	1.9
TELECOMMUNICATIONS EQUIPMENT	70,000	ADC Telecommunications Inc.....	1,876,416	2,493,750	1.3
	32,000	Antec Corp.....	754,074	784,000	0.4
	35,000	DSC Communications Corp.....	1,843,006	2,150,312	1.1
	8,000	Picturetel Corp.....	145,636	149,000	0.1
			4,619,132	5,577,062	2.9
UTILITIES--ELECTRIC	100,000	California Energy, Inc.....	1,837,585	1,850,000	0.9
		TOTAL US STOCK & WARRANTS.....	96,592,074	108,939,206	56.0
COUNTRY		FOREIGN STOCKS & WARRANTS			
ARGENTINA	7,360	Banco de Galicia y Buenos Aires S.A. (ADR) (a) (2).....	139,200	295,780	0.1
	115,000	Telecom Argentina Stet S.A. (16).....	549,904	723,647	0.4
			689,104	1,019,427	0.5
AUSTRALIA	15,000	Coles Meyer, Ltd. (Warrants) (b) (15).....	44,571	32,272	0.0
	16,917	National Australia Bank Ltd. (2).....	105,508	141,453	0.1
			150,079	173,725	0.1
CANADA	15,000	Hudson Bay Co. (15).....	451,080	447,508	0.2
	50,000	International Semi-Tech Microelectronics Receipts Inc. (5) (d).....	331,795	283,233	0.1
	60,000	Magna International Inc. (Class A) (1).....	2,647,900	2,985,000	1.5
			3,430,775	3,715,741	1.8
CHILE	15,900	Distribuidora Chilectra Metropolitana S.A. (ADR) (a) (4)++.....	415,283	652,854	0.3
FRANCE	643	Compagnie Generale des Eaux (Ordinary) (5).....	240,370	317,750	0.2
GERMANY	400	Mannesman AG (11).....	68,658	97,210	0.0
HONG KONG	6,000	Cheung Kong Holdings Ltd. (14)....	21,616	36,709	0.0
	258,907	Dairy Farms International Holdings Ltd. (7).....	399,176	516,272	0.3
	35,000	Henderson Land Development Co., Ltd. (14).....	110,593	258,319	0.1

263,000	Hutchison Whampoa, Ltd.(12).....	495,611	1,311,084	0.7
200,000	Johnson Electric Holdings Ltd.(5).....	408,481	512,754	0.3
80,500	Swire Pacific, Ltd. (Class A)(12).....	308,125	724,427	0.4
		-----	-----	-----
		1,743,602	3,359,565	1.8

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--FLEXIBLE STRATEGY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>						
<CAPTION>						
<S>	COUNTRY	SHARES HELD <C>	FOREIGN STOCKS & WARRANTS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
MEXICO		205,200	+Cifra, S.A. de C.V.(15).....	\$ 196,740	\$ 615,930	0.3%
		50,000	Consorcio G Grupo Dino S.A. de C.V. (ADR) (a) (2).....	922,018	1,393,750	0.7
		70,000	Empresas ICA Sociedad Controladora, S.A. de C.V. (ADR) (a) (4).....	1,398,296	1,977,500	1.0
		115,000	Grupo Carso, S.A. de C.V. (ADR) (a) (12)++.....	1,270,567	2,501,250	1.3
		25,000	Grupo Financiero Serfin S.A. de C.V. (ADR) (a) (2).....	615,413	737,500	0.4
		45,000	Telefonos de Mexico, S.A. de C.V. (Telmex) (ADR) (a) (16).....	2,281,902	3,037,500	1.6
		100,000	Telefonos de Mexico, S.A. de C.V. (Telmex) (Class A) (16).....	215,208	336,554	0.2
		311,500	Telefonos de Mexico, S.A. de C.V. (Telmex) (Class L) (16).....	579,168	1,048,366	0.5
				-----	-----	-----
				7,479,312	11,648,350	6.0
NETHERLANDS		15,844	Aegon N.V.(10).....	567,718	860,821	0.4
		31,500	Royal Dutch Petroleum Co., N.V. (ADR) (a) (6).....	2,962,142	3,287,812	1.7
				-----	-----	-----
				3,529,860	4,148,633	2.1
PORTUGAL		3,040	Banco Comercial Portuges(2).....	38,256	45,746	0.0
		40,000	Banco Comercial Portuges (New) (ADR) (a) (2).....	559,100	610,000	0.3
		25,000	Espirito Santo Financial Holdings S.A. (ADR) (a) (2).....	725,712	881,250	0.4
				-----	-----	-----
				1,323,068	1,536,996	0.7
SPAIN		12,000	Empresa Nacional de Electricidad S.A. (ADR) (a) (4).....	260,496	570,000	0.3
		10,000	Repsol S.A.(13).....	277,603	311,080	0.2
				-----	-----	-----
				538,099	881,080	0.5
UNITED KINGDOM		26,065	British Petroleum PLC(13).....	131,040	138,687	0.1
		150,000	Hong Kong Land Holdings, Ltd.(14).....	291,839	532,177	0.3
		58,700	HSBC Holdings PLC(2).....	401,456	874,077	0.4
		31,300	Reuters Holdings PLC (ADR) (a) (3).....	2,101,244	2,472,700	1.3
				-----	-----	-----
				2,925,579	4,017,641	2.1
VENEZUELA		39,500	+Siderurgica Venezolana SIVENSA S.A.I.C.A.-S.A.C.A. (Warrants) (b) (9)++.....	56,525	5,530	0.0
				-----	-----	-----
			TOTAL FOREIGN STOCKS & WARRANTS.....	22,590,314	31,574,502	16.1

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--FLEXIBLE STRATEGY FUND
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
 <CAPTION>

INDUSTRIES <S>	FACE AMOUNT* <C>	CORPORATE & FOREIGN BONDS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
FINANCIAL SERVICES	\$ 1,000,000	Ford Motor Credit Corp., 7.125% due 12/01/1997.....	\$ 995,000	\$ 1,059,301	0.5%
	1,000,000	International Business Machines Corp., 6.375% due 6/15/2000.....	1,000,000	1,016,784	0.5
			1,995,000	2,076,085	1.0
FOREIGN--AUSTRALIA	A\$ 425,000	Queensland Treasury Corp. Global Notes, 8.00% due 7/14/1999(8).....	313,607	308,806	0.2
FOREIGN--CANADA	C\$ 750,000	Government of Canada, 7.25% due 6/01/2003(8).....	555,467	593,467	0.3
	5,000,000	Hydro-Electric Quebec, 6.35% due 1/15/2002(6).....	5,000,000	4,921,875	2.5
			5,555,467	5,515,342	2.8
FOREIGN--FRANCE	Ffr 3,250,000	French "OAT", 8.50% due 4/25/2003(8).....	653,879	661,058	0.3
FOREIGN--ITALY	Lit 950,000,000	Buoni Poliennali del Tesoro (BTPS), 12.00% due 1/01/1998(8).....	623,358	617,587	0.3
	500,000	Republic of Italy, 8.75% due 2/08/2001(8).....	537,305	568,126	0.3
			1,160,663	1,185,713	0.6
FOREIGN--MEXICO	Mxp 3,564,470	Mexican Cetes, 12.60%(e) due 9/07/1995(8).....	948,988	964,301	0.5
FOREIGN--NETHERLANDS	Nlg 500,000	Aegon N.V., 7.00% due 9/15/2001(8).....	652,486	740,000	0.4
FOREIGN--SPAIN	Pta 90,000,000	Spanish Government, 10.50% due 10/30/2003(8).....	773,823	728,242	0.4
FOREIGN--SWEDEN	Skr 3,500,000	Government of Sweden, 10.75% due 1/23/1997(8).....	486,204	470,757	0.2
FOREIGN--UNITED KINGDOM	L 625,000	U.K. Treasury Gilt, 7.25% due 3/30/1998(8).....	942,775	981,918	0.5
TOBACCO	\$ 500,000	Phillip Morris Corp. Inc., 9.25% due 12/01/1997.....	499,150	564,527	0.3
		TOTAL CORPORATE & FOREIGN BONDS..	13,982,042	14,196,749	7.2
		US GOVERNMENT & AGENCY OBLIGATIONS			
FEDERAL AGENCY OBLIGATIONS	7,500,000	Federal National Mortgage Association: FHG-16PH, 6.75% due 4/25/2021.....	7,617,188	7,485,938	3.8
	2,000,000	Series 93D, 5.85% due 2/25/2006.....	1,996,250	1,971,250	1.0
			9,613,438	9,457,188	4.8

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--FLEXIBLE STRATEGY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

INDUSTRIES	FACE AMOUNT*	US GOVERNMENT & AGENCY OBLIGATIONS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
MORTGAGE-BACKED SECURITIES		Government National Mortgage Association:			
	1,600,477	9.00% due 11/15/2019(c).....	\$ 1,585,954	\$ 1,712,011	0.9 %
	824,029	9.00% due 11/15/2019(c).....	818,364	881,454	0.5
US GOVERNMENT & AGENCY OBLIGATIONS		US Treasury Notes:			
	1,000,000	8.625% due 8/15/1997.....	1,027,344	1,125,156	0.6
	850,000	7.50% due 11/15/2001.....	853,320	948,414	0.5
	3,000,000	6.25% due 2/15/2003.....	3,103,594	3,099,375	1.6
	3,000,000	US Treasury Bond, 7.125% due 2/15/2023.....	3,169,219	3,245,157	1.7
	3,000,000	US Treasury STRIPS++, 5.795% due 5/15/2000(e).....	2,098,883	2,123,970	1.1
			10,252,360	10,542,072	5.5
		TOTAL US GOVERNMENT & AGENCY OBLIGATIONS.....	22,270,116	22,592,725	11.7

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--FLEXIBLE STRATEGY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE>
<CAPTION>

INDUSTRY	FACE AMOUNT*	SHORT-TERM SECURITIES	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
COMMERCIAL PAPER**	\$ 3,000,000	American Telephone & Telegraph Co. (AT&T), 3.29% due 1/04/1994.....	\$ 2,999,178	\$ 2,999,177	1.5%
	2,000,000	Ciesco L.P., 3.18% due 2/01/1994.....	1,994,523	1,994,523	1.0
	3,435,000	General Electric Capital Corp., 3.22% due 1/03/1994.....	3,434,386	3,434,386	1.8
	5,000,000	Sanwa Business Corp., 3.20% due 1/25/1994.....	4,989,333	4,989,333	2.6
		TOTAL SHORT-TERM SECURITIES.....	13,417,420	13,417,419	6.9
		TOTAL INVESTMENTS.....	\$168,851,966	190,720,601	97.9
		OTHER ASSETS LESS LIABILITIES....		4,055,915	2.1
		NET ASSETS.....		\$194,776,516	100.0%

</TABLE>

- (a) American Depositary Receipts (ADR).
- (b) Warrants entitle the Fund to purchase a predetermined number of shares of common stock. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (c) US Government Agency Mortgage-Backed Obligations are subject to principal paydowns as a result of prepayments or refinancings of the underlying mortgage investments. As a result, the average life may be substantially less than the original maturity.
- (d) Receipts evidence payment by the Fund of 40% of the purchase price of International Semi-Tech Microelectronics, Inc. The Fund is obligated to pay

the remaining 60%, approximately \$498,000 over the next two years.
(e) Represents the yield-to-maturity on this zero coupon issue.
* Denominated in US dollars unless otherwise indicated.
** Commercial Paper is traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.
+ Non-income producing security.
++ Restricted securities as to resale. The value of the Fund's investment in restricted securities was approximately \$3,160,000, representing 1.6% of net assets.

Corresponding industry groups for foreign securities:

- | | |
|------------------------------|-------------------------|
| (1) Automotive | (10) Insurance |
| (2) Banking | (11) Machinery |
| (3) Business Services | (12) Multi-Industry |
| (4) Electric Utilities | (13) Petroleum |
| (5) Electronics | (14) Real Estate |
| (6) Energy | (15) Retail Stores |
| (7) Food Chains | (16) Telecommunications |
| (8) Government Entities | |
| (9) Health and Personal Care | |

<TABLE>
<CAPTION>

ISSUE <S>	ACQUISITION DATE <C>	COST <C>	VALUE (NOTE 1A) <C>
Distribuidora Chilectra Metropolitana S.A. (ADR).....	2/13/92	\$ 415,283	\$ 652,854
Grupo Carso, S.A. de C.V. (ADR).....	9/24/91	1,270,567	2,501,250
Siderurgica Venezolana SIVENSA S.A.I.C.A.-S.A.C.A. (Warrants).....	2/13/92	56,525	5,530
TOTAL.....		\$1,742,375	\$3,159,634

</TABLE>

++ Separate Trading of Registered Interest and Principal of Securities (STRIPS).

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL STRATEGY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>
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INDUSTRY <S>	SHARES HELD <C>	US STOCKS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
AEROSPACE	23,500	United Technologies Corp.....	\$ 1,335,387	\$ 1,457,000	0.5%
AIRLINES	22,000	+AMR Corp.....	1,466,263	1,474,000	0.5
ALUMINUM	18,100	Aluminum Co. of America.....	1,262,536	1,255,688	0.5
BANKING	19,900	Morgan (J.P.) & Co.....	1,420,000	1,380,563	0.5
CHEMICALS	39,500	Nalco Chemical Co.....	1,372,693	1,481,250	0.5
COMPUTER TECHNOLOGY	16,400	Hewlett-Packard Co.....	1,197,290	1,295,600	0.5
FOOD & BEVERAGE	56,100	Grand Metropolitan PLC (Sponsored) (ADR)*.....	1,462,676	1,549,763	0.6
FOODS	54,381	Archer-Daniels-Midland Co.....	1,243,105	1,237,168	0.5
HARDWARE/PRODUCTS	35,700	Stanley Works Co.....	1,483,509	1,588,650	0.6
MACHINERY	36,900	Ingersoll-Rand Co.....	1,300,234	1,411,425	0.5
	53,800	Morrison Knudsen Corp.....	1,285,583	1,351,725	0.5
			2,585,817	2,763,150	1.0

MISCELLANEOUS	40,000	Kelly Services, Inc. (Class A).....	1,102,500	1,105,000	0.4
MISCELLANEOUS CAPITAL GOODS	47,200	Keystone International, Inc....	1,233,722	1,292,100	0.5
NATURAL GAS	74,000	Westcoast Energy Inc.....	1,199,590	1,221,000	0.5
OFFICE--RELATED	31,500	Pitney Bowes, Inc.....	1,239,729	1,303,312	0.5
OIL SERVICE	77,900	Dresser Industries, Inc.....	1,685,325	1,616,425	0.6
	24,200	Schlumberger Ltd.....	1,522,423	1,430,825	0.5
			3,207,748	3,047,250	1.1
PETROLEUM	46,700	Phillips Petroleum Co.....	1,396,735	1,354,300	0.5
PHARMACEUTICALS	50,000	Abbott Laboratories.....	1,358,227	1,475,000	0.5
	23,800	Bristol-Myers Squibb Co.....	1,400,865	1,383,375	0.5
			2,759,092	2,858,375	1.0
PHOTOGRAPHIC	20,200	Eastman Kodak Co.....	1,096,178	1,131,200	0.4
PRINTING/PUBLISHING	21,800	Gannett Co., Inc.....	1,079,334	1,248,050	0.5
RETAIL STORES	62,900	K mart Corp.....	1,416,070	1,336,625	0.5
	32,600	May Department Stores Co.....	1,290,202	1,283,625	0.5
			2,706,272	2,620,250	1.0
SEMICONDUCTOR PRODUCTION EQUIPMENT	49,000	+Teradyne Inc.....	1,140,755	1,359,750	0.5
SMALLER CAPITALIZATION	42,000	Cosat Corp. (a).....	1,222,587	1,249,500	0.5
SPECIAL SITUATIONS	76,800	Wheelabrator Technologies, Inc.....	1,317,755	1,363,200	0.5

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL STRATEGY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>						
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<S>	INDUSTRY	SHARES HELD	US STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<C>	<C>	<C>	<C>	<C>	<C>	<C>
	TELECOMMUNICATIONS	22,100	American Telephone & Telegraph Co.....	\$ 1,265,039	\$ 1,160,250	0.4%
		23,300	Bell Atlantic Corp.....	1,365,642	1,374,700	0.5
				2,630,681	2,534,950	0.9
	UTILITIES--ELECTRIC	54,000	+California Energy Co., Inc....	973,666	999,000	0.4
			TOTAL US STOCKS.....	39,135,620	40,170,069	14.9
	COUNTRY		FOREIGN STOCKS & WARRANTS			
	ARGENTINA	42,800	Banco de Galicia S.A. (ADR)* (1).....	1,049,975	1,720,025	0.6
		47,000	+Banco Frances del Rio de la Plata S.A. (Class A) (1).....	1,420,597	1,850,625	0.7
				2,470,572	3,570,650	1.3
	AUSTRALIA	401,000	CSR Ltd. Ordinary (17).....	1,188,354	1,328,134	0.5
		171,000	National Bank of Australia (1).....	1,243,148	1,429,831	0.5
		377,600	Pacific Dunlop, Ltd. (17).....	1,219,150	1,383,896	0.5
				3,650,652	4,141,861	1.5

BRAZIL	137,600	Aracruz Celulose S.A. (ADR) * (20)	1,314,143	1,806,000	0.7
<hr/>					
CANADA	82,100	Canadian Pacific Ltd.(17)	1,294,667	1,334,125	0.5
	37,000	Imperial Oil Ltd.(5)	1,347,223	1,250,566	0.5
	44,400	Northern Telecommunications, Ltd.(27)	1,181,567	1,370,850	0.5
	105,000	Thomson Corp.(24)	1,306,964	1,288,708	0.5
			5,130,421	5,244,249	2.0
<hr/>					
FRANCE	11,400	Alactel Alsthom(4)	1,408,181	1,622,790	0.6
	15,100	Compagnie de Saint Gobain(15)	1,490,945	1,501,065	0.6
	3,200	+Compagnie Generale des Eaux(30)	1,373,440	1,581,336	0.6
	130	+Compagnie Generale des Eaux (Rights) (30)	--	4,545	0.0
	21,766	Schneider S.A.(7)	1,386,094	1,622,791	0.6
	1,966	Schneider S.A. (Warrants) (b) (7)	16,313	24,995	0.0
	26,300	TOTAL S.A. (21)	1,348,914	1,434,828	0.5
			7,023,887	7,792,350	2.9
<hr/>					
GERMANY	6,250	Mannesmann AG(14)	1,165,504	1,518,910	0.6
	5,950	Preussag AG(17)	1,473,941	1,481,938	0.5
	4,700	RWE AG (Rheinisch Westfalisches) (29)	1,234,359	1,446,362	0.5
	3,150	Siemens AG(8)	1,277,995	1,444,996	0.5
	10,100	Thyssen AG (Ordinary) (14)	1,322,824	1,600,546	0.6
			6,474,623	7,492,752	2.7

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL STRATEGY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>						
<CAPTION>						
<S>	COUNTRY	SHARES HELD	FOREIGN STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<C>	<C>	<C>	<C>	<C>	<C>	<C>
<hr/>						
HONG KONG		236,400	China Light & Power Co., Ltd.(29)	\$ 1,097,227	\$ 1,729,457	0.6%
		340,000	Hutchison Whampoa, Ltd.(12)	1,191,669	1,694,937	0.6
		182,000	Swire Pacific, Ltd. (Class A) (16)	909,716	1,637,835	0.6
				3,198,612	5,062,229	1.8
<hr/>						
ITALY		410,000	Daniel & Co.(14)	1,430,488	1,384,807	0.5
		430,000	Italclementi S.p.A.(2)	1,449,431	1,542,425	0.6
		915,000	Stet Savings Telecom(27)	1,683,468	1,849,806	0.7
				4,563,387	4,777,038	1.8
<hr/>						
JAPAN		119,000	Asahi Glass Co., Ltd.(2)	1,344,440	1,129,679	0.4
		28,000	Bandai Co.(28)	985,433	1,055,705	0.4
		98,000	Canon, Inc.(8)	1,276,837	1,351,603	0.5
		92,000	Dai Nippon Printing Co., Ltd.(24)	1,395,217	1,310,048	0.5
		88,000	Daiwa House Industries, Ltd.(12)	1,299,429	1,182,160	0.4
		56,000	Fuji Photo Film Co., Ltd.(23)	1,328,598	1,238,761	0.5
		205,000	Hitachi Cable, Ltd.(4)	1,501,758	1,325,542	0.5
		26,000	Ito-Yokado Co., Ltd.(25)	1,173,699	1,187,534	0.4
		131,000	Kamigumi Co.(26)	1,553,445	1,384,381	0.5
		58,000	Kandenko Co. Ltd.(2)	1,374,145	1,111,589	0.4
		47,000	Kansai Electric Power Co.(30)	1,329,800	1,178,578	0.4
		132,000	Maeda Corp.(2)	1,283,398	1,182,160	0.4
		267,000	Makino Milling Machine Co.(14)	1,649,966	1,243,418	0.5

78,000	Makita Electric Works, Ltd. (8).....	1,273,092	1,362,171	0.5
106,000	Matsushita Electric Industries, Ltd. (8).....	1,359,367	1,414,472	0.5
221,000	Mitsubishi Heavy Industry, Ltd. (4).....	1,328,964	1,217,222	0.5
20,000	Nintendo Ltd. (8).....	1,648,723	1,286,047	0.5
210,000	Nippon Fire and Marine Insurance Co., Ltd. (13).....	1,435,241	1,352,230	0.5
214,000	Nippon Oil Co., Ltd. (21).....	1,473,852	1,253,412	0.5
175,000	Okumura Corp. (2).....	1,355,961	1,352,543	0.5
134,000	Sekisui Chemical Co., Ltd. (5).....	1,324,144	1,200,072	0.4
95,000	Sharp Corp. (8).....	1,319,123	1,293,212	0.5
49,000	Shikoku Electric Power Co. (29).....	1,326,068	1,176,070	0.4
40,000	Tokyo Electric Power Co., Inc. (29).....	1,248,014	1,103,349	0.4
76,000	Tokyo Style Co. (6).....	1,309,440	1,095,827	0.4
75,000	Toto Ltd. (2).....	1,418,884	1,229,178	0.5
50,000	Toyo Seikan Kaisha Corp. (19)...	1,397,919	1,253,806	0.5
66,000	Yamazaki Banking Ltd. (1).....	1,252,559	1,270,822	0.5
		37,967,516	34,741,591	12.9
MEXICO	55,500 Cementos Mexicanos, S.A. de C.V. (Class B) (4).....	1,055,969	1,655,169	0.6
	499,000 +Cifra S.A. de C.V. (Class C) (25).....	1,076,840	1,497,804	0.6
	60,000 Consorcio G Grupo Dina S.A. de C.V. (ADR) * (3).....	1,157,338	1,672,500	0.6

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL STRATEGY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE> <CAPTION>		SHARES HELD	FOREIGN STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	COUNTRY	<C>	<C>	<C>	<C>	<C>
MEXICO (CONCLUDED)		50,000	Empresas ICA Sociedad Controladora, S.A. de C.V. (ADR) * (30).....	\$ 1,141,552	\$ 1,412,500	0.5 %
		24,600	Telefonos de Mexico, S.A. de C.V. (Telmex) (ADR) * (27).....	1,260,088	1,660,500	0.6
				5,691,787	7,898,473	2.9
NETHERLANDS		466	ABN Amro Holdings N.V. (1).....	15,383	17,159	0.0
		38,600	ABN Amro Holdings N.V. (1).....	1,305,021	1,421,310	0.5
		14,000	Royal Dutch Petroleum Co. N.V. (ADR) * (21).....	1,361,397	1,461,250	0.5
		17,900	Ver Ner Utigever (24).....	1,236,673	1,601,210	0.6
				3,918,474	4,500,929	1.6
NORWAY		16,200	Hafslund Nycomed, Inc. (ADR) * (22).....	328,622	269,325	0.1
		87,200	Hafslund Nycomed, Inc. (Class B) (22).....	1,534,353	1,458,581	0.5
		34,200	Kvaerner, Inc. (Class B) (16)...	1,234,012	1,657,153	0.6
				3,096,987	3,385,059	1.2
PORTUGAL		89,200	Banco Comercial Portuges (ADR) * (1).....	1,151,795	1,360,300	0.5
SINGAPORE		153,000	Jurong Shipyard Ltd. (2).....	1,105,918	1,379,664	0.5
		1,175,000	Neptune Orient Lines Ltd. (26).....	1,250,889	2,170,243	0.8
		530,000	Sime Darby (ADR) * (25).....	1,130,772	1,486,165	0.6
				3,487,579	5,036,072	1.9
SPAIN		48,400	Repsol S.A. (Sponsored)			

		(ADR)* (21)	1,325,504	1,494,350	0.6
38,700		Telefonica Nacional de Espana S.A.			
		(ADR)* (27)	1,340,946	1,509,300	0.6
			2,666,450	3,003,650	1.2
SWEDEN	102,000	SKF AB 'B' Free (16)	1,390,487	1,650,367	0.6
SWITZERLAND	2,100	BBC Brown Boveri & Cie(16)	1,292,692	1,533,176	0.6
	2,640	Holderbank Financiere Glarus AG(4)	1,317,434	1,650,555	0.6
	310	Roche Holdings, Ltd.(22)	1,044,564	1,315,025	0.5
	2,890	Sulzer Gebrueder AG(14)	1,457,695	1,637,829	0.6
	390	Sulzer Gebrueder AG (Warrants) (b) (14)	--	2,097	0.0
			5,112,385	6,138,682	2.3
THAILAND	90,000	Bangkok Bank Co. Ltd.(1)	696,775	888,367	0.3
	120,000	+M.D.X. Corp., Ltd.(33)	686,720	958,872	0.4
			1,383,495	1,847,239	0.7
UNITED KINGDOM	125,600	Allied Lyons PLC(9)	1,116,657	1,265,115	0.5
	283,000	British Gas PLC(18)	1,344,449	1,426,314	0.5

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL STRATEGY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>					
<CAPTION>					
COUNTRY	SHARES HELD	FOREIGN STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
UNITED KINGDOM (CONCLUDED)	23,400	British Petroleum PLC (ADR)* (21)	\$ 1,330,220	\$ 1,497,600	0.6%
	195,000	British Telecommunications PLC(3)	1,293,218	1,360,351	0.5
	285,000	General Electric PLC(7)	1,430,390	1,436,394	0.5
	194,000	GKN PLC(3)	1,405,238	1,513,945	0.6
	347,000	Hanson PLC(6)	1,316,828	1,374,481	0.5
	552,000	Hillsdown Holdings PLC(6)	1,285,749	1,280,894	0.5
	127,000	Imperial Chemical Industries PLC(5)	1,440,295	1,499,771	0.6
	437,000	Lucas Industries PLC(3)	985,970	1,240,101	0.5
			12,949,014	13,894,966	5.3
		TOTAL FOREIGN STOCKS & WARRANTS	112,642,266	123,344,457	45.8

<CAPTION>						
COUNTRY	FACE AMOUNT**	FOREIGN BONDS				
<S>	<C>	<C>	<C>	<C>	<C>	
AUSTRALIA	A \$	1,625,000	Queensland Treasury Corp., 8.00% due 7/14/1999(1)	1,165,025	1,180,729	0.4
		3,500,000	Queensland Treasury Corp., 8.00% due 5/14/2003(1)	2,520,859	2,554,977	0.9
				3,685,884	3,735,706	1.3
CANADA	C \$	7,800,000	Government of Canada, 7.25% due 6/01/2003(1)	6,102,682	6,172,056	2.3
FRANCE	Ffr	2,000,000	French Government "OAT", 8.125% due 5/25/1999(1)	386,664	384,595	0.1
		8,880,000	French Government "OAT", 8.50% due 4/25/2003(1)	1,773,338	1,806,215	0.7
				2,160,002	2,190,810	0.8

ITALY	Lit	1,000,000,000	Buoni Poliennali del Tesoro, 11.50% due 3/01/1998(1).....	663,339	639,382	0.2
		3,100,000,000	Buoni Poliennali del Tesoro, 12.00% due 1/01/1998(1).....	2,119,044	2,015,283	0.7
				2,782,383	2,654,665	0.9

SWEDEN	Skr	6,000,000	Government of Sweden(1): 11.00% due 1/21/1999.....	854,936	856,925	0.3
		9,500,000	10.75% due 1/23/1997.....	1,303,345	1,277,768	0.5
				2,158,281	2,134,693	0.8

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL STRATEGY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>						
<CAPTION>						
COUNTRY		FACE AMOUNT**	FOREIGN BONDS			
<S>	<C>		<C>	<C>	<C>	<C>
UNITED KINGDOM	L	2,190,000	UK Gilt, 7.25% due 3/30/1998(11).....	\$ 3,400,346	\$ 3,440,639	1.3 %
		75,000	9.75% due 8/27/2002(11).....	149,409	136,657	0.1
				3,549,755	3,577,296	1.4
			TOTAL FOREIGN BONDS.....	20,438,987	20,465,226	7.5

US GOVERNMENT OBLIGATIONS						
US GOVERNMENT OBLIGATIONS	\$	13,275,000	US Treasury Notes: 5.50% due 4/15/2000.....	13,476,063	13,391,156	5.0
		500,000	6.375% due 1/15/2000.....	510,859	525,391	0.2
		300,000	7.875% due 8/15/2001.....	304,953	341,531	0.1
		700,000	7.50% due 11/15/2001.....	714,297	781,047	0.3
		1,400,000	6.375% due 8/15/2002.....	1,383,906	1,460,157	0.5
		7,175,000	6.25% due 2/15/2003.....	7,371,895	7,412,672	2.7
		8,000,000	5.75% due 8/15/2003.....	8,168,984	7,973,752	3.0
			TOTAL US GOVERNMENT OBLIGATIONS.....	31,930,957	31,885,706	11.8

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL STRATEGY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE>						
<CAPTION>						
COUNTRY		FACE AMOUNT**	SHORT-TERM SECURITIES	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>		<C>	<C>	<C>	<C>
COMMERCIAL PAPER***	\$	10,000,000	Bank One Diversified Services, 3.20% due 1/28/1994.....	\$ 9,976,000	\$ 9,976,000	3.7%
		10,000,000	Ciesco L.P., 3.20% due 2/10/1994.....	9,964,444	9,964,444	3.7
		9,460,000	General Electric Capital Corp., 3.22% due 1/03/1994.....	9,458,308	9,458,308	3.5
		4,000,000	Hertz Funding Corp., 3.25% due 1/12/1994.....	3,996,028	3,996,028	1.5
		6,000,000	PHH Corp., 3.35% due 1/10/1994.....	5,994,975	5,994,975	2.2
		6,100,000	Xerox Credit Corp., 3.35% due 1/14/1994.....	6,092,621	6,092,621	2.3
			TOTAL SHORT-TERM SECURITIES.....	45,482,376	45,482,376	16.9

TOTAL INVESTMENTS.....	\$ 249,630,206	261,347,834	96.9
OTHER ASSETS LESS LIABILITIES.....		8,279,347	3.1
NET ASSETS.....		\$ 269,627,181	100.0%

</TABLE>

* American Depositary Receipt (ADR).

** Denominated in US dollars unless otherwise indicated.

*** Commercial Paper is traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

(a) Formerly Communications Satellite Corp.

(b) Warrants entitle the Fund to purchase a predetermined number of shares of common stock. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.

+ Non-income producing security.

Corresponding industry groups for foreign stocks and bonds:

(1) Banking	(17) Multi-Industry
(2) Building & Construction	(18) Natural Gas
(3) Business & Public Service	(19) Packaging
(4) Capital Goods	(20) Paper
(5) Chemicals	(21) Petroleum
(6) Diversified	(22) Pharmaceutical
(7) Electrical Equipment	(23) Photography
(8) Electronics	(24) Printing & Publishing
(9) Food	(25) Retail Stores
(10) Government Bonds	(26) Shipping
(11) Government Agencies	(27) Telecommunications
(12) Housing	(28) Toys
(13) Insurance	(29) Utilities
(14) Machinery	(30) Utilities--Electric
(15) Miscellaneous	(31) Advertising
(16) Miscellaneous Capital Goods	(32) Trucking
	(33) Real Estate

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL UTILITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (IN US DOLLARS)

<TABLE>

<CAPTION>

COUNTRY <S>	INDUSTRIES <C>	SHARES HELD <C>	COMMON STOCKS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
ARGENTINA	TELECOMMUNICATIONS	900	+Central Costanera S.A.....	\$ 21,600	\$ 27,418	0.0%
		21,600	+Telecom Argentina Stet, S.A. (ADR)*.....	924,319	1,360,800	1.3
		19,000	+Telefonica de Argentina S.A. (ADR)*.....	940,801	1,396,500	1.3
			TOTAL COMMON STOCKS IN ARGENTINA.....	1,866,720	2,784,718	2.6
AUSTRALIA	UTILITIES--GAS	342,049	Australian Gas & Light Co., Ltd.....	947,000	1,044,669	1.0
			TOTAL COMMON STOCKS IN AUSTRALIA.....	947,000	1,044,669	1.0
AUSTRIA	UTILITIES	4,300	Energie Versorgung Niederosterreich AG (EVN).....	460,213	552,051	0.5
			TOTAL COMMON STOCKS IN AUSTRIA.....	460,213	552,051	0.5

CANADA	TELECOMMUNICATIONS	2,400	BC Telecom, Inc.....	43,814	45,997	0.0
	UTILITIES--GAS	53,100	Transcanada Pipeline Co., Ltd.....	825,380	816,413	0.8
TOTAL COMMON STOCKS IN CANADA.....				869,194	862,410	0.8
CHILE	TELECOMMUNICATIONS	14,400	Compania de Telefonos de Chile, S.A. (ADR)*.....	1,254,995	1,467,000	1.4
	UTILITIES--ELECTRIC	29,700	+Distribuidora Chilectra Metropolitana, S.A. (ADR)*.....	872,213	1,219,482	1.2
		37,500	Enersis S.A. (ADR)*.....	799,661	881,250	0.8
				1,671,874	2,100,732	2.0
TOTAL COMMON STOCKS IN CHILE.....				2,926,869	3,567,732	3.4
FRANCE	UTILITIES--ELECTRIC	3,537	+Compagnie Generale des Eaux (Ord.).....	1,608,201	1,747,870	1.7
TOTAL COMMON STOCKS IN FRANCE.....				1,608,201	1,747,870	1.7
HONG KONG	TELECOMMUNICATIONS	894,000	Hong Kong Telecommunications Ltd. PLC.....	1,646,544	1,886,857	1.8
	UTILITIES--ELECTRIC	538,200	China Light & Power Co., Ltd.....	3,285,897	3,937,369	3.8
		253,500	Hong Kong Electric Holdings, Ltd.....	681,517	1,058,575	1.0
				3,967,414	4,995,944	4.8
	UTILITIES--GAS	329,000	The Hong Kong & China Gas Co. Ltd.....	755,615	954,241	0.9
TOTAL COMMON STOCKS IN HONG KONG.....				6,369,573	7,837,042	7.5

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL UTILITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION>		SHARES HELD	COMMON STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ITALY	TELECOMMUNICATIONS	694,900	Societa Finanziara Telefonica S.p.A. (STET).....	\$ 1,415,223	\$ 1,404,842	1.3%
		652,600	Societa Italiana Esercizio Telecom S.p.A. (SIP)....	1,415,407	1,369,205	1.3
				2,830,630	2,774,047	2.6
	UTILITIES--GAS	453,400	Italgas Torino.....	1,362,668	1,309,449	1.3
TOTAL COMMON STOCKS IN ITALY.....				4,193,298	4,083,496	3.9
MALAYSIA	TELECOMMUNICATIONS	139,000	Telekom Malaysia BHD.....	962,438	1,140,910	1.1
	UTILITIES	148,000	Tenaga Nasional BHD.....	738,712	1,060,873	1.0
TOTAL COMMON STOCKS IN MALAYSIA.....				1,701,150	2,201,783	2.1
MEXICO	TELECOMMUNICATIONS	25,000	Telefonos de Mexico S.A.			

			de C.V. (Telemex) (ADR)*.....	1,481,566	1,687,500	1.6
TOTAL COMMON STOCKS IN MEXICO.....				1,481,566	1,687,500	1.6
NEW ZEALAND	TELECOMMUNICATIONS	31,800	Telecom Corporation of New Zealand Ltd. (ADR)*.....	1,442,105	1,609,875	1.5
TOTAL COMMON STOCKS IN NEW ZEALAND.....				1,442,105	1,609,875	1.5
PHILIPPINES	TELECOMMUNICATIONS	18,800	Philippine Long Distance Telephone Co. (ADR)*.....	1,057,611	1,525,150	1.5
TOTAL COMMON STOCKS IN THE PHILIPPINES.....				1,057,611	1,525,150	1.5
SPAIN	TELECOMMUNICATIONS	23,200	Telefonica de Espana S.A. (ADR)*.....	844,184	904,800	0.9
	UTILITIES--ELECTRIC	36,400	Empresa Nacional de Electricidad, S.A. (ADR)* (Endesa).....	1,634,684	1,729,000	1.7
		136,900	Iberdrola I S.A.....	861,792	980,933	0.9
				2,496,476	2,709,933	2.6
TOTAL COMMON STOCKS IN SPAIN.....				3,340,660	3,614,733	3.5
THAILAND	TELECOMMUNICATIONS	2,000	+TelecomAsia Corp. Public Co., Ltd. (ADR).....	43,740	106,500	0.1
TOTAL COMMON STOCKS IN THAILAND.....				43,740	106,500	0.1

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL UTILITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION>							
COUNTRY <S>	INDUSTRIES <C>	SHARES HELD <C>	COMMON STOCKS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>	
UNITED KINGDOM	TELECOMMUNICATIONS	10,000	British Telecommunications PLC (ADR)*.....	\$ 741,450	\$ 711,250	0.7%	
		57,000	British Telecommunications PLC (Ordinary).....	406,712	397,641	0.4	
		248,140	British Telecommunications PLC (Part Pay).....	735,211	792,182	0.8	
		11,000	Vodafone Group PLC (ADR)*.....	980,210	981,750	0.9	
TOTAL COMMON STOCKS IN THE UNITED KINGDOM.....				2,863,583	2,882,823	2.8	
UNITED STATES	TELECOMMUNICATIONS	42,800	American Telephone & Telegraph Co.....	2,405,105	2,247,000	2.1	
		13,400	Ameritech Corp.....	1,097,333	1,028,450	1.0	
		18,800	Bell Atlantic Corp.....	1,145,785	1,109,200	1.1	
		19,700	BellSouth Corp.....	1,149,084	1,140,138	1.1	
		31,500	GTE Corp.....	1,170,878	1,102,500	1.1	
		40,100	MCI Communications Corp.....	1,072,528	1,130,319	1.1	
		25,000	NYNEX Corp.....	1,122,519	1,003,125	1.0	
		21,400	Pacific Telesis Group....	1,160,333	1,155,600	1.1	
		26,300	Southwestern Bell Corp....	1,118,830	1,091,450	1.0	
		39,900	US West, Inc.....	1,863,861	1,830,412	1.7	
				13,306,256	12,838,194	12.3	
	UTILITIES--ELECTRIC	45,600	Allegheny Power System, Inc.....	1,237,676	1,208,400	1.2	

20,500	Boston Edison Co.....	650,444	609,875	0.6
38,300	Central & SouthWest Corp.....	1,237,363	1,158,575	1.1
18,300	Consolidated Edison Co. of N.Y.....	669,290	587,888	0.6
14,500	Detroit Edison Co.....	512,573	435,000	0.4
26,400	Dominion Resources, Inc.....	1,242,516	1,197,900	1.1
36,000	Duke Power Co.....	1,534,156	1,525,500	1.5
17,300	Entergy Corp.....	671,377	622,800	0.6
39,200	General Public Utilities Corp.....	1,252,521	1,210,300	1.2
44,100	Houston Industries, Inc.....	2,115,495	2,100,262	2.0
23,900	Long Island Lighting Co.....	668,586	582,562	0.6
18,700	New York State Electric & Gas Corp.....	667,501	575,025	0.5
37,000	NIPSCO Industries, Inc....	1,226,985	1,216,375	1.2
24,300	Northeast Utilities Co....	665,976	577,125	0.5
53,800	PacifiCorp.....	1,068,916	1,035,650	1.0
22,307	Pennsylvania Power & Light Co.....	673,784	602,289	0.6
39,800	Philadelphia Electric Co.....	1,234,908	1,203,950	1.1
46,300	PSI Resources, Inc.....	1,202,688	1,226,950	1.1
36,000	Public Service Co. of Colorado.....	1,101,146	1,156,500	1.1
22,900	Rochester Gas & Electric Corp.....	670,864	601,125	0.6

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL UTILITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE>
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COUNTRY <S>	INDUSTRIES <C>	SHARES HELD <C>	COMMON STOCKS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
UNITED STATES (CONCLUDED)	UTILITIES--ELECTRIC (CONCLUDED)	26,000	SCEcorp.....	\$ 586,637	\$ 520,000	0.5%
		26,600	Southern Co.....	1,192,679	1,173,725	1.1
		14,000	Texas Utilities Co.....	670,007	605,500	0.6
		34,600	Western Resources Co.....	1,226,601	1,206,675	1.2
				23,980,689	22,939,951	22.0
	UTILITIES--GAS	33,000	The Brooklyn Union Gas Co.....	855,855	903,375	0.9
		28,000	The Coastal Corp.....	761,928	787,500	0.8
		18,000	Consolidated Natural Gas Co.....	898,489	846,000	0.8
		29,800	El Paso Natural Gas Co....	1,110,642	1,072,800	1.0
		48,700	Enron Corp.....	1,621,393	1,412,300	1.3
		11,000	New Jersey Resources Corp.....	312,335	284,625	0.3
		31,100	NICOR Inc.....	886,928	870,800	0.9
		30,500	Questar Corp.....	1,157,336	1,006,500	1.0
		40,200	Sonat, Inc.....	1,300,425	1,160,775	1.1
		11,900	Washington Gas Light Co.....	524,002	490,875	0.5
		45,600	Williams Co., Inc.....	1,299,178	1,111,500	1.1
				10,728,511	9,947,050	9.7
			TOTAL COMMON STOCKS IN THE UNITED STATES.....	48,015,456	45,725,195	44.0
			TOTAL INVESTMENTS IN COMMON STOCKS.....	79,206,939	81,833,547	78.5

<CAPTION>

FACE
AMOUNT FIXED-INCOME SECURITIES

<S>	<C>	<C>	<C>	<C>	<C>	<C>
AUSTRALIA	TELECOMMUNICATIONS	\$1,040,000	Telstra Corp. Ltd., 6.50% due 7/31/2003.....	1,084,062	1,039,896	1.0
			TOTAL FIXED-INCOME SECURITIES IN AUSTRALIA.....	1,084,062	1,039,896	1.0
KOREA	ELECTRIC	1,000,000	Korea Electric Power Corp., 6.375% due 12/01/2020.....	985,510	968,258	0.9
			TOTAL FIXED-INCOME SECURITIES IN KOREA.....	985,510	968,258	0.9
			TOTAL INVESTMENTS IN FIXED-INCOME SECURITIES.....	2,069,572	2,008,154	1.9

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--GLOBAL UTILITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED) (IN US DOLLARS)

<TABLE> <CAPTION>		FACE AMOUNT	SHORT-TERM SECURITIES	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
UNITED STATES (CONCLUDED)	COMMERCIAL PAPER**	\$3,500,000	BASF Corp., 3.23% due 1/11/1994.....	\$ 3,496,546	\$ 3,496,546	3.3%
		3,500,000	Cooper Industries, Inc., 3.20% due 1/14/1994.....	3,495,644	3,495,644	3.3
		2,000,000	Corporate Bond Asset Fund, 3.20% due 1/28/1994.....	1,995,022	1,995,022	1.9
		4,000,000	Delaware Funding Corp., 3.23% due 1/10/1994.....	3,996,411	3,996,411	3.8
		823,000	General Electric Capital Corp., 3.22% due 1/03/1994.....	822,779	822,779	0.8
		3,000,000	Hertz Funding Corp., 3.35% due 1/10/1994.....	2,997,208	2,997,208	2.9
		3,500,000	K mart Corp., 3.30% due 1/18/1994.....	3,494,225	3,494,225	3.3
		2,000,000	Metlife Funding Inc., 3.30% due 1/04/1994.....	1,999,267	1,999,267	1.9
		3,500,000	PHH Corp., 3.25% due 1/20/1994.....	3,493,681	3,493,681	3.3
		3,500,000	Sara Lee Corp., 3.30% due 1/04/1994.....	3,498,717	3,498,717	3.3
				29,289,500	29,289,500	27.8
			TOTAL INVESTMENTS IN SHORT-TERM SECURITIES...	29,289,500	29,289,500	27.8
			TOTAL INVESTMENTS.....	\$110,566,011	113,131,201	108.2
			LIABILITIES IN EXCESS OF OTHER ASSETS.....		(8,613,888)	(8.2)
			NET ASSETS.....		\$104,517,313	100.0%

</TABLE>

* American Depositary Receipt (ADR).

** Commercial Paper is traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

+ Restricted securities as to resale. The value of the Fund's investment in

restricted securities was approximately \$4,111,000, representing 3.9% of net assets.

<TABLE>
<CAPTION>

ISSUE	ACQUISITION DATE	COST	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>
Central Costranera S.A.....	12/17/93	\$ 21,600	\$ 27,418
Distribuidora Chilectra Metropolitana, S.A. (ADR).....	8/06/93-12/21/93	872,213	1,219,482
Telecom Argentina Stet, S.A. (ADR).....	10/05/93-12/22/93	924,319	1,360,800
TelecomAsia Corp., Public Co., Ltd.....	11/15/93	43,740	106,500
Telefonica de Argentina S.A. (ADR).....	7/02/93-12/22/93	940,801	1,396,500
TOTAL.....		\$2,802,673	\$4,110,700

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>
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INDUSTRIES	S&P RATING	MOODY'S RATING	FACE AMOUNT	ISSUE	COST	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
AIRLINES--4.3%				Delta Air Lines Inc.:		
	BB+	Baa3	\$ 1,000,000	9.300% due 1/02/2010.....	\$ 987,700	\$ 999,148
	BB+	Baa3	500,000	10.50% due 4/30/2016.....	506,875	536,110
				United Air Lines, Inc.:		
	BB+	Baa1	1,000,000	9.35% due 4/07/2016.....	1,016,260	1,060,000
	BB+	Baa1	995,000	9.21% due 1/21/2017.....	991,938	1,003,487
				USAir, Inc.:		
	B+	Ba3	450,000	10.00% due 7/01/2003.....	450,000	432,000
	BB+	Ba2	1,000,000	9.82% due 1/01/2013.....	1,010,000	985,000
	BB+	Ba2	2,000,000	10.375% due 3/01/2013.....	2,000,000	2,001,926
					6,962,773	7,017,671
AUTOMOBILE PARTS--0.3%	B-	B2	500,000	Exide Corp., 10.75% due 12/15/2002.....	518,750	547,500
BROADCASTING & PUBLISHING--5.0%	B	B2	250,000	Century Communications, Inc., 11.875% due 10/15/2003.....	250,000	287,500
	BB-	Ba2	1,000,000	Continental Cablevision Inc., 9.50% due 8/01/2013.....	1,000,000	1,120,000
	BB-	Ba3	750,000	Heritage Media Services Inc., 11.00% due 6/15/2002.....	789,062	830,625
	BB-	Ba2	250,000	K-III Communications Corp., 10.625% due 5/01/2002.....	250,000	272,500
	B	B3	500,000	The Katz Corp., 12.75% due 11/15/2002.....	510,625	556,250
	CCC+	B3	1,500,000	SCI Television Inc., 11.00% due 6/30/2005.....	1,557,500	1,560,000
	B+	B3	2,000,000	Sinclair Broadcasting Group, Inc., 10.00% due 12/15/2003.....	2,000,000	2,055,000
	BB-	B1	1,500,000	World Color Press Inc., 9.125% due 3/15/2003.....	1,511,250	1,556,250
					7,868,437	8,238,125
BUILDING & CONSTRUCTION--1.0%	B	B1	250,000	K Hovnanian Enterprises Inc., 11.250% due 4/15/2002.....	247,812	273,437
	BB+	Ba2	250,000	Ryland Group Inc., 10.50% due 7/15/2002.....	246,260	265,000
	B+	Ba3	1,000,000	U.S. Home Corp., 9.75% due 6/15/2003.....	1,000,000	1,032,500
					1,494,072	1,570,937

BUILDING MATERIALS--1.0%	B+	B3	1,500,000	Pacific Lumber Co., 10.50% due 3/01/2003.....	1,527,813	1,556,250
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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

INDUSTRIES <S>	S&P RATING <C>	MOODY'S RATING <C>	FACE AMOUNT <C>	ISSUE <C>	COST <C>	VALUE (NOTE 1A) <C>
BUILDING PRODUCTS--2.4%	B	Ba3	\$ 250,000	American Standard Inc.: 9.875% due 6/01/2001.....	\$ 250,000	\$ 262,812
	B+	Ba3	750,000	9.25% due 12/01/2016.....	755,625	778,125
	B	Ba3	1,250,000	Inter-City Products Corp., 9.75% due 3/01/2000.....	1,221,250	1,253,125
	B+	B1	500,000	National Gypsum Co., 10.00% due 7/01/2003.....	500,938	507,500
	B+	B2	250,000	USG Corp.: 10.25% due 12/15/2002.....	251,563	257,500
	B-	B3	1,000,000	8.75% due 3/01/2017.....	904,375	925,000
					3,883,751	3,984,062
CAPITAL GOODS--1.0%	B+	B1	1,660,000	Essex Group, Inc., 10.00% due 5/01/2003.....	1,668,925	1,674,525
CELLULAR TELEPHONES--1.0%	B-	B3	1,500,000	Dial Page Inc., 12.25% due 2/15/2000.....	1,586,125	1,672,500
CHEMICALS--3.4%	B	B2	1,250,000	Agricultural Minerals Co., L.P., 10.75% due 9/30/2003.....	1,250,000	1,318,750
	B+	Ba3	1,735,000	G-I Holdings, Inc., 11.38% due 10/01/1998+.....	1,025,835	1,113,653
	B+	B2	2,500,000	Harris Chemical Corp., 10.25% due 7/15/2001*.....	2,013,696	2,146,875
	B-	B3	1,750,000	Indespec Chemical Corp., 11.50% due 12/01/2003*+.....	1,005,309	1,023,750
					5,294,840	5,603,028
COMMUNICATIONS--0.7%	B-	B3	1,650,000	Panamsat L.P., 11.38% due 8/01/2003*.....	971,469	1,105,500
CONGLOMERATES--8.5%	B	Caa	317,000	Collins & Aikman Group, Inc., 7.50% due 1/31/2005.....	273,790	312,641
	B+	Ba2	845,000	Coltec Industries, Inc.: 9.75% due 4/01/2000.....	895,700	903,094
	B+	B1	750,000	10.25% due 4/01/2002.....	796,250	808,125
	B+	B1	450,000	Foamex L.P.: 11.25% due 10/01/2002.....	458,875	492,750
	BB-	B1	750,000	9.50% due 6/01/2000.....	732,187	787,500
	NR	NR	500,000	Gillette Holdings Inc., 12.25% due 6/30/2002.....	515,000	547,500
	B+	Ba3	1,750,000	Interco Inc.: 10.00% due 6/01/2001.....	1,770,000	1,780,625
	B	B2	1,000,000	9.00% due 6/01/2004.....	973,906	1,002,500
	B-	B3	1,500,000	Interlake Corp., 12.125% due 3/01/2002.....	1,537,500	1,518,750
	B+	B3	3,000,000	Jordan Industries Inc., 10.375% due 8/01/2003.....	2,993,000	3,060,000
	NR	NR	150,000	MacAndrews & Forbes Group, Inc., 13.00% due 3/01/1999.....	128,373	150,937
	BB-	Ba3	250,000	Reeves Industries, Inc., 11.00% due 7/15/2002.....	248,190	271,250
	BB	B2	750,000	Sequa Corp., 9.625% due 10/15/1999.....	740,625	787,500

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

INDUSTRIES <S>	S&P RATING <C>	MOODY'S RATING <C>	FACE AMOUNT <C>	ISSUE <C>	COST <C>	VALUE (NOTE 1A) <C>
CONGLOMERATES (CONCLUDED)	BB-	Ba3	\$ 1,500,000	Sherritt Gordon Ltd, 9.75% due 4/01/2003.....	\$ 1,503,438	\$ 1,515,000
					13,566,834	13,938,172
CONSUMER PRODUCTS--3.6%	NR	NR	1,250,000	Coleman Holdings Inc., 11.09% due 5/27/1998+.....	778,440	809,375
	NR	NR	750,000	Formica Corp.: 13.06% due 10/01/2001*+.....	673,711	708,750
	NR	NR	750,000	13.125% due 9/15/2005+.....	750,000	761,719
	NR	NR	500,000	Liggett Group, Inc., 11.50% due 2/01/1999.....	451,760	370,000
	B-	B3	3,000,000	Revlon Worldwide Corp., 14.84% due 3/15/1998*.....	1,670,677	1,545,000
	B+	B1	1,520,000	Sealy Corp., 9.50% due 5/01/2003.....	1,548,425	1,592,200
					5,873,013	5,787,044
CONTAINERS--4.0%	B	B2	1,000,000	Anchor Glass Container Corp., 9.875% due 12/15/2008.....	1,000,000	1,025,000
	B+	B3	250,000	IVEX Packaging Corp., 12.50% due 12/15/2002.....	248,247	272,500
	BB	Ba3	750,000	Owens-Illinois, Inc., 11.00% due 12/01/2003.....	855,938	864,375
	B+	Ba3	250,000	Plastic Containers, Inc., 10.75% due 4/01/2001.....	251,875	264,375
	B-	B3	2,660,000	Silgan Holdings, Inc., 13.00% due 6/15/1996*.....	2,042,513	2,061,500
	B+	B1	1,000,000	Stone Consolidated Corp., 10.25% due 12/15/2000.....	1,000,000	1,010,000
	B+	Ba3	1,000,000	Sweetheart Cup Co., 9.625% due 9/01/2000.....	1,000,000	1,055,000
					6,398,573	6,552,750
CONVERTIBLE BONDS+++--1.8%	B-	B1	1,750,000	Employee Benefit Plans, Inc., 6.75% due 7/31/2006(1).....	1,194,325	1,262,188
	B-	B3	200,000	MEDIQ Inc., 7.25% due 6/01/2006(1).....	138,000	173,500
	B	B2	1,200,000	OHM Corp., 8.00% due 10/01/2006(2).....	1,070,500	1,177,500
	B+	B2	250,000	UNC Inc., 7.50% due 3/31/2006(3).....	145,625	238,125
					2,548,450	2,851,313
ENERGY--9.8%	BB+	Ba2	250,000	Clark Oil & Refining Corp.: 9.50% due 9/15/2004.....	240,937	263,750
	B+	B-	4,000,000	11.00% due 2/15/2000*.....	2,140,102	2,205,000
	NR	NR	1,500,000	Consolidated Hydro, Inc., 11.80% due 7/15/2003*+.....	868,918	892,500
	CC	Caa	230,000	Empire, Inc., 9.00% due 12/31/2007.....	124,025	201,250
	B	B2	2,000,000	Ferrell Gas Companies, Inc., 11.625% due 12/15/2003.....	2,140,420	2,177,500
	B+	B1	600,000	Global Marine Inc., 12.75% due 12/15/1999.....	616,625	669,000

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>

<CAPTION>							
INDUSTRIES	S&P RATING	MOODY'S RATING	FACE AMOUNT	ISSUE	COST	VALUE	(NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ENERGY (CONCLUDED)	BB	B1	\$ 1,080,000	Gulf Canada Resources, Ltd., 9.00% due 8/15/1999.....	\$ 1,023,700	\$ 1,072,372	
	BB	B1	250,000	Maxus Energy Corp., 11.50% due 11/15/2015.....	246,563	263,750	
	C	Caa	177,000	National Propane Corp., 13.125% due 3/01/1999.....	139,334	176,115	
	BB-	Ba3	1,000,000	Noble Drilling Corp., 9.25% due 10/01/2003.....	1,000,000	1,035,000	
	BBB-	Ba2	200,000	Oryx Energy Co., 10.375% due 9/15/2018.....	198,494	215,500	
	BB-	Ba2	250,000	Rowan Companies, Inc., 11.875% due 12/01/2001.....	257,500	279,375	
	BB-	Ba3	2,500,000	Seagull Energy Corp., 8.625% due 8/01/2005.....	2,493,750	2,500,000	
	CCC+	Caa	250,000	Tesoro Petroleum Corp., 12.75% due 3/15/2001.....	228,413	250,313	
	BB-	B1	1,750,000	Trans Texas Gas Corp., 10.50% due 9/01/2000.....	1,766,875	1,846,250	
	B+	B1	2,000,000	Triton Energy Corp., 12.816%* due 11/01/1997.....	1,368,257	1,400,000	
	B+	B1	500,000	Western Co. of North America, 12.875% due 12/01/2002.....	513,753	595,000	
					15,367,666	16,042,675	
ENTERTAINMENT--2.7%	B-	B3	500,000	AMC Entertainment, Inc., 12.625% due 8/01/2002.....	509,742	571,250	
	B+	B1	250,000	Cinemark, USA, Inc., 12.00% due 6/01/2002.....	250,000	280,000	
	CCC+	B3	260,000	Fair Lanes Inc., 11.875% due 8/15/1997.....	261,300	183,300	
	B	B3	1,865,000	Marvel Holdings, Inc., 11.47% due 4/15/1998*.....	1,166,533	1,226,238	
	NR	Caa	1,000,000	New World Pictures, 12.25% due 9/15/1998.....	967,250	1,015,000	
	B+	B2	1,415,000	SPI Holdings, Inc., 11.50% due 10/01/2001*.....	1,023,178	1,103,700	
					4,178,003	4,379,488	
FINANCIAL--2.4%	BB	Ba1	1,500,000	Lomas Mortgage USA, 10.25% due 10/01/2002.....	1,561,250	1,582,500	
	CCC+	B2	250,000	Pioneer Finance Corp., 13.50% due 12/01/1998.....	264,063	263,750	
	BB-	B1	2,000,000	Reliance Group Holdings Inc., 9.75% due 11/15/2003.....	2,000,000	2,065,000	
					3,825,313	3,911,250	
FOOD & BEVERAGE--4.1%	B-	B3	400,000	Farm Fresh Inc., 7.50% due 3/01/2010.....	208,000	266,000	
	BB-	Ba3	1,000,000	Del Monte Corp., 10.00% due 5/01/2003+.....	1,002,500	990,000	
	B+	B2	500,000	Grand Union Co., 12.25% due 7/15/2002.....	498,750	526,250	
	BB-	Ba3	250,000	P&C Food Markets, Inc., 11.50% due 10/15/2001.....	260,156	279,688	

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>							
<CAPTION>							
INDUSTRIES	S&P RATING	MOODY'S RATING	FACE AMOUNT	ISSUE	COST	VALUE	(NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
FOOD & BEVERAGE (CONCLUDED)	B	B2	\$ 1,000,000	Penn Traffic Co., 9.625% due 4/15/2005.....	\$ 1,013,760	\$ 1,042,500	
	B-	B2	1,500,000	Pueblo Xtra, 9.50%			

	B+	B1	1,000,000	due 8/01/2003..... Royal Crown Corp., 9.75%	1,504,375	1,522,500
				due 8/01/2000.....	1,000,000	1,030,000
	B	B2	1,000,000	Specialty Foods Corp., 10.25% due 8/15/2001.....	1,000,000	1,047,500
					6,487,541	6,704,438
HEALTH SERVICES--2.0%	B-	B1	750,000	Abbey Healthcare Group Inc., 9.50% due 11/01/2002.....	750,000	769,687
	BB-	Ba2	500,000	American International Group, Inc., 11.25% due 6/01/2015.....	525,625	532,500
	B+	B1	250,000	Continental Medical Systems Inc., 10.875% due 8/15/2002.....	248,125	259,375
	B+	B1	250,000	Continental Medsystems, Inc., 10.375% due 4/01/2003.....	249,687	255,000
	NR	NR	500,000	Epic Properties, Inc.: 11.375% due 7/15/2001.....	532,500	560,000
	NR	NR	98,235	11.50% due 7/15/2001.....	97,744	110,515
	B+	B1	250,000	Healthtrust Inc., 10.75% due 5/01/2002.....	255,625	280,625
	B+	B1	250,000	MEDIQ/PRN Life Support Services, Inc., 11.125% due 7/01/1999.....	250,625	263,750
	B-	B3	200,000	The Multicare Companies Inc., 12.50% due 7/01/2002.....	194,841	225,000
					3,104,772	3,256,452
HIGH TECHNOLOGY--0.3%	CCC+	B3	250,000	ANACOMP, Inc., 15.00% due 11/01/2000.....	240,000	288,750
	B-	B2	250,000	ComputerVision Corp., 10.875% due 8/15/1997.....	250,625	230,000
					490,625	518,750
HOTELS--0.6%	B-	B3	1,000,000	Red Roof Inn, 9.625% due 12/15/2003+.....	1,000,000	1,012,500
HOTELS & CASINOS--4.4%	B	B2	1,000,000	Aztar Corp., 11.00% due 10/01/2002.....	1,016,250	1,020,000
	B+	B2	1,000,000	GNS Mirage Finance Corp., 9.25% due 3/15/2003.....	989,687	1,047,500
	NR	NR	158,000	Goldriver Hotel & Casino Finance Corp., 11.375% due 8/31/1999.....	222,801	128,770
	BB-	Ba3	2,500,000	Showboat Inc., 9.25% due 5/01/2008.....	2,528,750	2,562,500
	NR	Caa	484,000	Trump Castle Funding, Inc., 9.50% due 8/15/1998 (a).....	346,210	401,417

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

INDUSTRIES	S&P RATING	MOODY'S RATING	FACE AMOUNT	ISSUE	COST	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
HOTELS & CASINOS (CONCLUDED)	B	B3	\$ 1,500,000	Trump Plaza Funding, Inc., 10.875% due 6/15/2001.....	\$ 1,487,965	\$ 1,507,500
	NR	Caa	533,279	Trump Taj Mahal Funding, Inc., 11.35% due 11/15/1999 (a).....	401,034	501,323
					6,992,697	7,169,010
INDUSTRIALS--2.8%	B	B2	2,000,000	Coca-Cola Bottling Co., 9.00% due 11/15/2003.....	2,000,000	2,005,000
	BB	Ba3	1,000,000	Methanex Corp., 8.875% due 11/15/2001.....	992,980	1,035,000
	B+	B2	1,500,000	Navistar Financial Co., 8.875% due 11/15/1998.....	1,500,000	1,518,750

					4,492,980	4,558,750
INDUSTRIAL SERVICES--3.0%	BB-	B2	2,000,000	ADT Operations, 9.25% due 8/01/2003.....	2,010,000	2,060,000
				Bell & Howell Co.:		
	B-	B3	500,000	10.75% due 10/01/2002.....	507,500	548,750
	B-	B3	1,000,000	11.50% due 3/01/2005*.....	501,447	555,000
	B+	B2	750,000	Blount, Inc., 9.00% due 6/15/2003.....	750,000	778,125
	NR	NR	583,200	DYN Corp., 16.00% due 6/30/2003(a).....	586,005	588,776
	NA	Caa	355,900	Thermadyne Industry, Inc., 15.00% due 5/01/1999(a).....	354,342	371,965
					4,709,294	4,902,616
METALS & MINING--1.7%	B-	B2	1,000,000	Kaiser Aluminum Corp., 12.75% due 2/01/2003.....	1,003,750	1,007,500
	B-	B3	3,000,000	Maxxam Group, Inc., 12.25% due 8/01/2003*.....	1,697,537	1,717,500
					2,701,287	2,725,000
PAPER--3.6%				Container Corp. of America:		
	B	B3	1,000,000	14.00% due 12/01/2001.....	1,110,000	1,118,750
	B+	B2	1,000,000	9.75% due 4/01/2003.....	1,015,000	1,037,500
	B+	B1	250,000	Fort Howard Corp., 9.25% due 3/15/2001.....	250,000	257,187
	B	B3	500,000	Gaylord Container Corp., 11.50% due 5/15/2001.....	500,000	535,000
	B	B1	1,250,000	Riverwood International Corp., 11.25% due 6/15/2002.....	1,340,313	1,368,750
				Stone Container Corp.:		
	B-	B2	250,000	10.75% due 6/15/1997.....	240,000	231,563
	B	B1	1,000,000	12.625% due 7/15/1998.....	1,000,000	1,030,000
	B	B1	250,000	11.875% due 12/01/1998.....	249,375	254,375
					5,704,688	5,833,125
PAPER & PACKAGING--0.6%	B-	Caa	2,000,000	Ivex Holdings Inc., 13.25% due 3/15/2005*.....	964,800	1,010,000
POLLUTION CONTROL--0.1%	B	B1	163,000	International Technology Inc., 9.375% due 7/01/1996.....	148,330	163,815

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>

<CAPTION>

INDUSTRIES <S>	S&P RATING <C>	MOODY'S RATING <C>	FACE AMOUNT <C>	ISSUE <C>	COST <C>	VALUE (NOTE 1A) <C>
RAILROADS--0.8%	B+	Ba3	\$ 1,250,000	Southern Pacific Rail Co., 9.375% due 8/15/2005.....	\$ 1,250,000	\$ 1,337,500
RESTAURANTS--2.6%	B-	B2	1,000,000	Flagstar Corp., 11.375% due 9/15/2003.....	1,000,000	1,035,000
	B	B2	1,500,000	Foodmaker, Inc.:	1,502,812	1,526,250
	B+	Ba3	1,750,000	9.75% due 6/01/2002.....	1,722,700	1,723,750
					4,225,512	4,285,000
RETAIL SPECIALTY--2.1%	B+	B2	250,000	Bradlees, Inc., 11.00% due 8/01/2002.....	255,312	269,687
	B-	B3	1,500,000	Pamida Holdings, Inc., 11.75% due 3/15/2003.....	1,502,188	1,533,750
	B+	B1	500,000	Specialty Retailer Services Inc.:	500,000	512,500
	B-	B3	1,000,000	11.00% due 8/15/2003+.....	1,000,000	1,030,000

					3,257,500	3,345,937
STEEL--1.3%	B+	B1	2,000,000	WCI Steel, Inc., 10.50% due 3/01/2002.....	2,000,000	2,080,000
TEXTILES--1.5%	CCC-	Caa	2,500,000	J.P. Stevens & Co., 9.00% due 3/01/2017.....	2,376,750	2,512,500
TRANSPORTATION SERVICES--0.6%	B+	B1	217,000	ACF Industries, Inc., 11.60% due 5/15/2000.....	207,235	218,085
	BB	Ba2	750,000	Eletson Holdings Inc., 9.25% due 11/15/2003.....	750,000	763,125
					957,235	981,210
TRANSPORTATION--1.7%	BB-	B1	1,500,000	International Shipholding Corp., 9.00% due 7/01/2003.....	1,498,750	1,533,750
	B+	Ba3	1,250,000	Viking Star Shipping Co., 9.625% due 7/15/2003+.....	1,252,813	1,289,063
					2,751,563	2,822,813
UTILITIES--3.7%	BB+	Ba1	1,500,000	CTC Mansfield Funding, 11.125% due 9/30/2016.....	1,612,500	1,626,142
	BB	Ba2	928,692	Midland Cogeneration Venture L.P.: 10.33% due 7/23/2002+.....	958,875	958,810
	B	B1	250,000	11.75% due 7/23/2005(a).....	250,000	271,299
				Texas New Mexico: 9.25% due 9/15/2000.....	1,750,000	1,831,478
	BB	Ba3	1,750,000	10.75% due 9/15/2003.....	255,000	264,856
	B+	B2	250,000	Tucson Electric Power Co.: (Series B), 10.21067% due 1/01/2009+(a).....	529,034	550,067
	NR	NR	570,386	(Series C), 10.73239% due 1/01/2013+(a).....	461,050	488,125
	NR	NR	500,000		5,816,459	5,990,777
				TOTAL INVESTMENTS IN CORPORATE BONDS--90.4%.....	142,966,840	147,642,983

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>

<CAPTION>

INDUSTRIES <S>	SHARES HELD <C>	PREFERRED STOCKS <C>	COST <C>	VALUE (NOTE 1A) <C>
BROADCASTING & PUBLISHING--0.3%	9,100 2,639	K-III Communications Corp..... K-III Communications Corp.(a).....	\$ 249,113 270,778	\$ 250,819 266,531
			519,891	517,350
FINANCIAL SERVICES--0.0%	222	Southmark Corp. (Series A)++.....	79,876	1,110
		TOTAL INVESTMENTS IN PREFERRED STOCKS--0.3%.....	599,767	518,460
		COMMON STOCKS		
DEFENSE--0.0%	78	+Empire of Carolina, Inc.++.....	4,056	507
ENERGY--0.0%	4,900	Petrolane Inc.....	56,963	47,163
FINANCIAL SERVICES--0.1%	4,384	Southmark Corp.....	130,874	0
FOOD & BEVERAGE--0.1%	4,060 7,063	Doskocil Companies, Inc..... RJR Holdings Corp.....	238,230 68,864	44,406 45,027
			307,094	89,433

HOTELS & CASINOS--0.0%	1,095	Buckhead Corp. of America+.....	2,738	2,738
	2,500	Goldriver Hotel & Casino Finance Corp.....	18,603	10,156
	500	Trump Taj Mahal Holding Corp. (Class A).....	250	11,375
			21,591	24,269
PAPER--0.0%	5,280	Gaylord Container Corp. (Class A)...	14,190	24,090
STEEL--0.0%	1,259	LTV Corp.....	141,540	20,301
		TOTAL INVESTMENTS IN COMMON STOCKS--0.2%.....	676,308	205,763
		TRUSTS, WARRANTS & RIGHTS		
ENERGY--0.0%	833	UGI Corp. (Warrants) (b)++.....	3,644	937
HIGH TECHNOLOGY--0.0%	7,588	+Anacomp, Inc. (Warrants) (b)++.....	10,000	19,918
HOTEL--0.0%	250	+Goldriver Hotel & Casino Finance Corp. (Liquidating Trust)++.....	6,000	4,282
INDUSTRIAL--0.0%	95	Thermadyne Industries, Inc. (Warrants) (b)++.....	945	413
PAPER--0.1%	28,046	Gaylord Container Corp. (Warrants) (b)++.....	59,598	101,667
		TOTAL INVESTMENTS IN TRUSTS, WARRANTS & RIGHTS--0.1%.....	80,187	127,217

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--HIGH CURRENT INCOME FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<S>	FACE AMOUNT <C>	SHORT-TERM SECURITIES <C>	COST <C>	VALUE (NOTE 1A) <C>
US GOVERNMENT & AGENCY OBLIGATIONS--DISCOUNT--1.8%	\$ 3,000,000	Federal Home Loan, 3.17% due 1/10/1994.....	\$ 2,997,359	\$ 2,997,359
COMMERCIAL PAPER**--5.0%	5,153,000	General Electric Capital Corp., 3.22% due 1/03/1994.....	5,151,617	5,151,617
	3,000,000	Goldman Sachs Group L.P., 3.40% due 1/21/1994.....	2,994,050	2,994,050
			8,145,667	8,145,667
		TOTAL INVESTMENTS IN SHORT-TERM SECURITIES--6.8%.....	11,143,026	11,143,026
		TOTAL INVESTMENTS--97.7%.....	\$ 155,466,128	159,637,449
		OTHER ASSETS LESS LIABILITIES--2.3%.....		3,790,723
		NET ASSETS--100.0%.....		\$ 163,428,172

</TABLE>

* Represents the yield to maturity at time of purchase.

** Commercial Paper is traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

(a) Represents a pay-in-kind security which may pay interest/dividend in additional face/shares.

(b) Warrants entitle the portfolio to purchase a predetermined number of shares of common stock/face amount of bonds. The purchase price and number of

shares/face amount are subject to adjustment under certain conditions until the expiration date.

+ Restricted security as to resale. The value of the Fund's investment in restricted securities was approximately \$11,656,000, representing 7.1% of net assets.

<TABLE>
<CAPTION>

<S>	ISSUE	ACQUISITION DATE <C>	COST <C>	VALUE (NOTE 1A) <C>
Anacomp, Inc. (Warrants).....		10/23/1990	10,000	19,918
Buckhead Corp. of America (Common Stock).....		12/29/1992	2,738	2,738
Coleman Holdings Inc., 11.09% due 5/27/1998.....		10/07/1993	778,440	809,375
Consolidated Hydro, Inc., 11.80% due 7/15/2003.....		7/08/1993	868,918	892,500
Del Monte Corp., 10.00% due 5/01/2003.....		4/22/93-7/26/1993	1,002,500	990,000
Empire of Carolina, Inc. (common stock).....		3/22/1989	4,056	507
Formica Corp., 13.06% due 10/01/2001.....		6/30/1993	673,711	708,750
Formica Corp., 13.125% due 9/15/2005.....		9/17/1993	750,000	761,719
G-I Holdings, Inc., 11.38% due 10/01/1998.....		9/28/1993	1,025,835	1,113,653
Goldriver Hotel & Casino Finance Corp. (Liquidating Trust).....		8/31/1992	6,000	4,282
Indespec Chemical Corp., 11.50% due 12/01/2003.....		11/19/1993	1,005,309	1,023,750
Midland Cogeneration Venture L.P., 10.33% due 7/23/2002....		6/10/93	958,875	958,810
Red Roof Inn, 9.625% due 12/15/2003.....		12/08/1993	1,000,000	1,012,500
Stone Container Corp., 12.625% due 7/15/1998.....		6/24/93	1,000,000	1,030,000
Tucson Electric Co. (Series B) 10.2106% due 1/01/2009.....		6/16/1993	529,034	550,067
Tucson Electric Co. (Series C) 10.73239% due 1/01/2013.....		3/01/1993	461,050	488,125
Viking Star Shipping Co., 9.625% due 7/15/2003.....		7/08/93-9/09/1993	1,252,813	1,289,063
TOTAL.....			\$ 11,329,279	\$ 11,655,757

</TABLE>

++ Non-income producing security.
++ Corresponding industry groups for convertible bonds:
(1) Healthcare
(2) Waste Management
(3) Conglomerates

Ratings of Issuers shown here have not been audited by Deloitte & Touche.
See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (IN US DOLLARS)

<TABLE>
<CAPTION>

LATIN AMERICA <S>	INDUSTRIES <C>	SHARES HELD/ FACE AMOUNT <C>	STOCKS, BONDS, WARRANTS & RIGHTS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
BRAZIL	TELECOMMUNICATIONS	22,000	Telecomunicacoes Brasileiras S.A. Telebras PN (Preferred) (ADR) (a)+.....	\$ 739,050	\$ 739,750	1.0%
TOTAL INVESTMENTS IN BRAZILIAN STOCKS.....				739,050	739,750	1.0
CHILE	MISCELLANEOUS	1,000	Enersis S.A. (ADR) (a).....	18,000	23,500	0.0
TOTAL INVESTMENTS IN CHILEAN STOCKS.....				18,000	23,500	0.0
MEXICO	BANKING	21,000	Servicios Financieros Quadrum S.A. de C.V. (ADR) (a)+.....	480,375	675,938	0.9
	BEVERAGES	135,000	Fomento Economico Mexicano S.A. de C.V. (Femsa) (ADR) (a)+.....	794,324	890,325	1.2

BUILDING & CONSTRUCTION	2,500	Cementos Mexicanos, S.A. de C.V. (Class B) (ADR) (a)...	100,000	147,500	0.2	
	25,500	Cementos Mexicanos, S.A. de C.V. (Series B) (Cemex).....	692,998	760,483	1.0	
			792,998	907,983	1.2	
DIVERSIFIED	100,000	Grupo Carso, S.A. de C.V. Series A.....	1,026,924	1,091,787	1.4	
MISCELLANEOUS	62,500	Elecktra 'L' Shares.....	511,892	555,556	0.7	
TELECOMMUNICATIONS	11,800	Telefonos de Mexico, S.A. de C.V. (Telmex) (ADR) (a)....	650,108	796,500	1.0	
		TOTAL INVESTMENTS IN MEXICAN STOCKS.....	4,256,621	4,918,089	6.4	
PANAMA	BEVERAGES	2,560	Panamerican Beverages, Inc. (ADR) (a).....	82,617	97,920	0.1
			TOTAL INVESTMENTS IN PANAMANIAN STOCKS.....	82,617	97,920	0.1
			TOTAL INVESTMENTS IN LATIN AMERICA.....	5,096,288	5,779,259	7.6

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION>		SHARES HELD/ FACE AMOUNT	STOCKS, BONDS, WARRANTS & RIGHTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
AUSTRALIA	ENGINEERING & CONSTRUCTION	230,800	Australia National Industries, Ltd. (Ordinary).....	\$ 296,137	\$ 324,253	0.4%
	FOOD & BEVERAGE	162,000	Burns Philp & Co., Ltd. (Ordinary).....	477,965	525,558	0.7
		52,852	Coca-Cola Amatil, Ltd. (Ordinary).....	321,089	412,513	0.5
		170,000	Goodman Fielder Wattie.....	193,004	190,375	0.2
				992,058	1,128,446	1.4
	INSURANCE	113,523	GIO Australia Holdings Ltd.....	221,504	263,504	0.3
	PROPERTY	32,000	Lend Lease Corp.....	372,709	384,416	0.5
	UTILITIES--GAS	48,062	The Australian Gas & Light Co. (Ordinary).....	121,398	146,789	0.2
			TOTAL INVESTMENTS IN AUSTRALIAN STOCKS.....	2,003,806	2,247,408	2.8
HONG KONG	BANKING	388,000	J.C.G. Holdings Ltd.....	300,147	311,485	0.4
		654,000	Winton Holdings Ltd.....	250,162	228,642	0.3
				550,309	540,127	0.7
	DIVERSIFIED	185,000	Citic Pacific Ltd. (Ordinary).....	475,097	610,838	0.8
	FINANCIAL SERVICES	1,060,000	Sun Kung Kai & Co., Ltd. (Ordinary).....	593,942	857,827	1.1
	FOODS	1,326,000	C.P. Pokphand Co., Ltd. (Ordinary).....	499,958	583,763	0.8

PROPERTY	243,000	Hang Lung Development Co., Ltd. (Ordinary).....	393,365	594,678	0.8
	390,000	Hopewell Holdings, Ltd.....	335,770	510,035	0.7
			729,135	1,104,713	1.5
TELECOMMUNICATIONS	253,000	Hong Kong Telecommunications Ltd. (Ordinary).....	432,236	533,976	0.7
UTILITIES	2,932	Consolidated Electric Power Ltd. (Ordinary).....	4,745	5,087	0.0
	175,000	The Hong Kong and China Gas Co., Ltd. (Ordinary).....	379,583	507,575	0.7
			384,328	512,662	0.7
UTILITIES--ELECTRIC	148,800	China Light & Power Co., Ltd. (Ordinary).....	735,003	1,088,593	1.4
TOTAL INVESTMENTS IN HONG KONG STOCKS.....			4,400,008	5,832,499	7.7

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

PACIFIC BASIN (CONTINUED)		INDUSTRIES	SHARES HELD/ FACE AMOUNT	STOCKS, BONDS, WARRANTS & RIGHTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
JAPAN	AUTOMOBILES	65,000	Suzuki Motor Co. (Ordinary).....	\$ 564,404	\$ 611,231	0.8%	
	BEVERAGES	9,000	Chukyo Coca-Cola Bottling Co., Ltd. (Ordinary).....	126,675	100,752	0.1	
		10,000	Hokkaido Coca-Cola Bottling Co., Ltd. (Ordinary).....	166,311	137,919	0.2	
		11,000	Kinki Coca-Cola Bottling Co., Ltd. (Ordinary).....	201,084	180,279	0.2	
		12,000	Mikuni Coca-Cola Bottling Co., Ltd.....	222,547	184,847	0.2	
		11,000	Sanyo Coca-Cola Bottling Co., Ltd.....	181,958	157,621	0.2	
				898,575	761,418	0.9	
	CAPITAL GOODS	142,000	Mitsubishi Heavy Industries, Ltd.....	903,477	782,106	1.0	
	CONSUMER--ELECTRONICS	56,000	Matsushita Electric Industrial Co., Ltd.....	746,797	747,268	1.0	
		1,800	Nintendo Co., Ltd.....	167,380	115,744	0.2	
				914,177	863,012	1.2	
	CONSTRUCTION/HOUSING	37,000	Sanki Engineering Co., Ltd.....	534,028	394,322	0.5	
	ELECTRICAL CONSTRUCTION	15,000	Chudenko Corp. (Ordinary)...	576,519	470,177	0.6	
		15,000	Taihei Dengyo Kaisha, Ltd.....	370,758	323,751	0.4	
				947,277	793,928	1.0	
	ELECTRICAL EQUIPMENT	14,000	Murata Manufacturing Co., Ltd.....	449,523	480,208	0.6	
		51,000	Sumitomo Electric Industries Ltd.....	635,263	593,767	0.8	
		23,000	The Nippon Signal Co., Ltd.....	347,016	278,076	0.4	

			1,431,802	1,352,051	1.8
INSURANCE	77,000	Dai-Tokyo Fire & Marine Insurance Co., Ltd.....	600,583	498,576	0.7
	63,000	Fuji Fire & Marine Insurance Co., Ltd.....	438,102	335,707	0.4
	76,000	Koa Fire & Marine Insurance Co., Ltd.....	535,648	426,079	0.6
	98,000	Nichido Fire & Marine Insurance Co., Ltd.....	769,213	561,705	0.7
	41,000	Sumitomo Marine & Fire Insurance Co., Ltd.....	366,544	323,858	0.4
	64,000	Tokio Marine & Fire Insurance Co., Ltd. (Ordinary).....	793,046	699,266	0.9
			3,503,136	2,845,191	3.7
OFFICE EQUIPMENT	61,000	Canon, Inc. (Ordinary).....	832,516	841,304	1.1

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION>							
PACIFIC BASIN (CONCLUDED) <S>	INDUSTRIES <C>	SHARES HELD/ FACE AMOUNT <C>	STOCKS, BONDS, WARRANTS & RIGHTS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>	
JAPAN (CONCLUDED)	PACKAGING	29,000	Toyo Seikan Kaisha, Ltd. (Ordinary).....	\$ 838,658	\$ 727,208	0.9	%
	PHARMACEUTICAL-- PRESCRIPTION	36,000	Sankyo Co., Ltd. (Ordinary).....	935,269	712,520	0.9	
	PHARMACEUTICALS	22,000	Taisho Pharmaceutical Co., Ltd. (Ordinary).....	459,150	423,607	0.6	
	PHOTOGRAPHY	20,000	Fuji Photo Film Co., Ltd....	487,545	442,414	0.6	
	RETAIL TRADE	16,000	Ito Yokado Co., Ltd. (Ordinary).....	766,061	730,790	1.0	
	STEEL	16,000	Maruichi Steel Tube, Ltd. (Ordinary).....	303,873	250,761	0.3	
			TOTAL INVESTMENTS IN JAPANESE STOCKS.....	14,319,948	12,531,863	16.3	
MALAYSIA	LEISURE	15,000	Genting BHD.....	138,632	208,914	0.3	
		70,000	Magnum Corp. BHD.....	142,789	207,985	0.3	
				281,421	416,899	0.6	
	STEEL	210,000	Maruichi Malaysia Steel Tube BHD.....	496,962	534,262	0.7	
	TELECOMMUNICATIONS	62,000	Telekom Malaysia BHD.....	503,306	508,895	0.7	
		50,000	Uniphone Telecommunications BHD.....	218,690	315,692	0.4	
				721,996	824,587	1.1	
			TOTAL INVESTMENTS IN MALAYSIAN STOCKS.....	1,500,379	1,775,748	2.4	
NEW ZEALAND	FOREIGN GOVERNMENT OBLIGATIONS	\$ 925,000	New Zealand Bill, 8.00% due 4/15/2004.....	598,473	600,296	0.8	
	TELECOMMUNICATIONS	25,000	Telecommunications Corp. New Zealand Ltd. (ADR) (a).....	1,117,263	1,265,625	1.6	
			TOTAL INVESTMENTS IN NEW				

			ZEALAND STOCKS & BONDS....	1,715,736	1,865,921	2.4
SINGAPORE	BANKING	29,166	United Overseas Bank Ltd. (Foreign Registered).....	209,500	315,602	0.4
			TOTAL INVESTMENTS IN SINGAPOREAN STOCKS.....	209,500	315,602	0.4
THAILAND	BANKING	67,600	Bangkok Bank Co., Ltd.....	594,571	667,262	0.9
			TOTAL INVESTMENTS IN THAI STOCKS.....	594,571	667,262	0.9
			TOTAL INVESTMENTS IN THE PACIFIC BASIN.....	24,743,948	25,236,303	32.9

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

SOUTHEAST ASIA		INDUSTRIES		SHARES HELD/ FACE AMOUNT	STOCKS, BONDS, WARRANTS & RIGHTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INDIA	INSURANCE	11,800	Grasim Industries Ltd. (ADR) (a).....		\$ 200,851	\$ 265,500	0.3%	
			TOTAL INVESTMENTS IN INDIAN STOCKS.....		200,851	265,500	0.3	
			TOTAL INVESTMENTS IN SOUTHEAST ASIA.....		200,851	265,500	0.3	
WESTERN EUROPE								
AUSTRIA	UTILITIES	2,371	Energie-Versorgung Niederosterreich AG.....		220,683	304,398	0.4	
		4,145	Verbund Oesterreichische Elektrizitats AG.....		224,164	252,304	0.3	
					444,847	556,702	0.7	
			TOTAL INVESTMENTS IN AUSTRIAN STOCKS.....		444,847	556,702	0.7	
BELGIUM	BANKING	1,110	Generale de Banque S.A. (Ordinary).....		273,130	276,495	0.4	
	CHEMICALS	500	Solvay Group (Ordinary)....		193,772	204,584	0.3	
	FOODS	6,000	GIB Group (Bearer).....		211,854	258,771	0.3	
	METAL & MINING	2,421	Union Miniere N.V.....		162,857	163,984	0.2	
			TOTAL INVESTMENTS IN BELGIAN STOCKS.....		841,613	903,834	1.2	
DENMARK	BANKING	3,140	Den Danske Bank AF (Ordinary).....		177,329	177,581	0.2	
	FOREIGN GOVERNMENT OBLIGATIONS	Dkr 1,250,000	Danish Government Bond, 7.00% due 12/15/2004.....		198,619	196,984	0.3	
			TOTAL INVESTMENTS IN DANISH STOCKS & BONDS.....		375,948	374,565	0.5	
FINLAND	MINING	5,000	Outokumpu OY.....		54,883	59,055	0.1	
	PAPER &	30,500	Enso-Gutzeit OY (Registered).....		201,133	193,285	0.3	

FOREST PRODUCTS	7,250	Metsa Serla OY.....	297,297	291,693	0.4	
	16,175	Repola OY S.....	251,155	251,652	0.3	
			749,585	736,630	1.0	
TOTAL INVESTMENTS IN FINNISH STOCKS.....			804,468	795,685	1.1	
FRANCE	AUTOMOBILES	2,190	Peugeot S.A.....	243,781	291,753	0.4

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE>
<CAPTION>

WESTERN EUROPE (CONTINUED) <S>	INDUSTRIES <C>	SHARES HELD/ FACE AMOUNT <C>	STOCKS, BONDS, WARRANTS & RIGHTS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
FRANCE (CONCLUDED)	BANKING	2,630	Compagnie Financiere de Paribas.....	\$ 223,993	\$ 220,493	0.3%
		3,400	Compagnie Financiere de Suez.....	194,401	205,150	0.3
		1,650	Societe Generale de Surveillance S.A. (Class A) (Ordinary).....	176,382	213,677	0.3
				594,776	639,320	0.9
	OIL--RELATED	2,500	Societe Nationale Elf Aquitaine (Ordinary).....	180,830	176,120	0.2
	PETROLEUM	3,500	Total S.A. (Class B).....	176,839	190,947	0.3
	RETAIL TRADE	1,500	Pinault Printemps S.A.....	177,710	254,607	0.3
	UTILITIES	621	Compagnie Generale des Eaux.....	281,389	306,878	0.4
TOTAL INVESTMENTS IN FRENCH STOCKS.....			1,655,325	1,859,625	2.5	
GERMANY	AUTOMOBILES	498	Bayerische Motorenwerke AG (BMW) (Bearer).....	171,887	206,820	0.3
		591	Daimler-Benz AG.....	258,961	287,596	0.4
		2,659	Volkswagen AG (Preferred Warrants) (b).....	239,121	244,717	0.3
		750	Volkswagen AG (Preferred)...	140,599	157,032	0.2
				810,568	896,165	1.2
	BANKING	1,440	Deutsche Bank AG (Ordinary).....	700,090	734,288	1.0
	BUILDING MATERIALS	116	Hochtief AG.....	74,861	76,066	0.1
	CHEMICALS	1,726	BASF AG (Ordinary).....	277,672	303,800	0.4
		2,654	Bayer AG (Ordinary).....	487,062	564,843	0.7
				764,734	868,643	1.1
	HEALTH & PERSONAL CARE	911	Schering AG.....	543,830	602,093	0.8
	INSURANCE	600	Allianz AG Holding (Warrants) (b).....	23,070	37,964	0.1
	MACHINERY	7,650	Kloekner Werke AG.....	382,078	453,236	0.6
	METAL & MINING	1,948	Thyssen AG (Ordinary).....	246,738	308,699	0.4
	UTILITIES	2,000	Veba (Warrants) (b).....	113,000	200,748	0.3
		584	Veba Vereinigte Elektrizitaets & Bergwerks			

AG (Ordinary).....	137,526	175,351	0.2
	250,526	376,099	0.5

TOTAL INVESTMENTS IN GERMAN STOCKS & WARRANTS.....	3,796,495	4,353,253	5.8
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</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION>							
WESTERN EUROPE (CONTINUED) <S>	INDUSTRIES <C>	SHARES HELD/ FACE AMOUNT <C>	STOCKS, BONDS, WARRANTS & RIGHTS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>	
IRELAND	BANKING	132,000	Bank of Ireland (Ordinary).....	\$ 538,778	\$ 562,704	0.7%	
	FOREIGN GOVERNMENT OBLIGATIONS	Iep 350,000	Irish Gilts, 9.25% due 7/11/2003.....	595,056	591,390	0.8	
			TOTAL INVESTMENTS IN IRISH STOCKS & BONDS.....	1,133,834	1,154,094	1.5	
ITALY	DIVERSIFIED	335,500 211,000	CIR NC Savings..... Compagnie Industriale Riunite S.p.A. (CIR).....	157,313 179,915	178,912 212,976	0.2 0.3	
				337,228	391,888	0.5	
	PAPER & FOREST PRODUCTS	34,700	Cartiere Burgo S.p.A. (Ordinary).....	175,909	196,362	0.3	
	TELECOMMUNICATIONS	261,720	Stet Savings Telecom.....	509,588	529,105	0.7	
	UTILITIES--GAS	12,800	Italgas (Sud) S.p.A.....	35,600	36,967	0.0	
			TOTAL INVESTMENTS IN ITALIAN STOCKS.....	1,058,325	1,154,322	1.5	
NETHERLANDS	BANKING	8,755	ABNAMRO Bank (Ordinary).....	314,833	322,372	0.4	
	BEVERAGES	496 1,530	Heineken Holdings, N.V. (Class A)..... Heineken N.V.....	39,308 160,673	48,686 169,720	0.1 0.2	
				199,981	218,406	0.3	
	CHEMICALS	4,235 5,110	Akzo N.V. (Ordinary)..... Dutch State Mining N.V. (Ordinary).....	395,654 269,387	410,022 280,526	0.5 0.4	
				665,041	690,548	0.9	
	INSURANCE	8,643 10,670 10,191	AEGON N.V. (Ordinary)..... Amev N.V. (Ordinary)..... Internationale Nederlanden Groep N.V.....	431,625 438,161 418,061	469,583 472,562 487,560	0.6 0.6 0.6	
				1,287,847	1,429,705	1.8	
	PAPER & FOREST PRODUCTS	16,175	Koninklijke KNP.....	304,559	394,004	0.5	
	RETAIL TRADE	512	De Boer Winkelbedr N.V.....	19,118	18,984	0.0	
	TRANSPORTATION	19,470	KLM Royal Dutch Airlines....	389,595	406,085	0.5	
			TOTAL INVESTMENTS IN DUTCH STOCKS.....	3,180,974	3,480,104	4.4	

PORTUGAL	BANKING	17,400	Banco Comercial Portugues...	247,411	265,350	0.3
TOTAL INVESTMENTS IN PORTUGUESE STOCKS.....				247,411	265,350	0.3

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE>
<CAPTION>

WESTERN EUROPE (CONTINUED) <S>	INDUSTRIES <C>	SHARES HELD/ FACE AMOUNT <C>	STOCKS, BONDS, WARRANTS & RIGHTS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
SPAIN	BANKING	2,215	Banco Popular Espanol (Ordinary).....	\$ 251,992	\$ 247,900	0.3%
	OIL--RELATED	10,760	Repsol S.A.....	304,591	334,722	0.4
	REAL ESTATE	307	Vallehermoso Inmobiliaria S.A. (New).....	3,760	5,955	0.0
		1,840	Vallehermoso Inmobiliaria S.A.....	26,146	35,694	0.0
				29,906	41,649	0.0
	TELECOMMUNICATIONS	39,710	Telefonica Nacional de Espana S.A. (Ordinary)....	476,770	517,715	0.7
	UTILITIES	47,000	Fuerzas Electricas de Cataluna, FECSA (Class A).....	267,823	282,559	0.4
TOTAL INVESTMENTS IN SPANISH STOCKS.....				1,331,082	1,424,545	1.8
SWEDEN	BUILDING RELATED	12,300	Svedala Industry.....	221,118	200,489	0.3
	FOREIGN GOVERNMENT OBLIGATIONS	Skr 700,000	Swedish Government Bond, 10.25% due 5/05/2003.....	99,005	102,039	0.1
	METAL & MINING	23,040	Trelleborg AB (Class B)....	163,109	220,912	0.3
	PHARMACEUTICAL--PRESCRIPTION	20,050	Astra 'A' Fria.....	401,920	456,578	0.6
TOTAL INVESTMENTS IN SWEDISH STOCKS & BONDS.....				885,152	980,018	1.3
SWITZERLAND	BANKING	1,194	SBV Schweiz Bankverein....	388,403	382,080	0.5
	BUILDING MATERIALS	543	Holderbank Financiere Glarus AG (Bearer).....	302,322	339,489	0.4
	CHEMICALS	744	Ciba-Geigy AG (Registered).....	367,871	450,151	0.6
	ELECTRICAL EQUIPMENT	1,211	BBC Brown Boveri & Cie.....	783,636	884,132	1.2
		212	Landis & Gyr AG (Registered).....	76,819	126,131	0.2
				860,455	1,010,263	1.4
	FOOD & BEVERAGE	536	Nestle AG (Registered).....	410,920	462,311	0.6
	HEALTH/PERSONAL CARE	160	Roche Holding Genusschein AG.....	599,734	678,723	0.9
		277	Sandoz AG (Registered).....	640,518	777,462	1.0
				1,240,252	1,456,185	1.9

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE>
 <CAPTION>

WESTERN EUROPE (CONTINUED) <S>	INDUSTRIES <C>	SHARES HELD/ FACE AMOUNT <C>	STOCKS, BONDS, WARRANTS & RIGHTS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
SWITZERLAND (CONCLUDED)	INSURANCE	80	Baloise Holding Insurance...	\$ 103,904	\$ 147,899	0.2%
		842	Winterthur.....	384,990	464,727	0.6
				488,894	612,626	0.8
	MACHINERY	182	Sulzer Gebrueder AG (Registered).....	92,856	103,144	0.1
	STEEL	1,850	Von Roll (Registered).....	203,001	211,429	0.3
			TOTAL INVESTMENTS IN SWISS STOCKS.....	4,354,974	5,027,678	6.6
UNITED KINGDOM	AEROSPACE	202,500	Rolls Royce PLC (Ordinary).....	483,323	486,354	0.6
	AIRLINES	40,500	British Airways PLC (Ordinary).....	230,579	269,665	0.4
	BANKING	29,000	Barclays Bank, Ltd. (Ordinary).....	225,156	272,174	0.4
		40,000	National Westminster Bank PLC (Ordinary).....	310,089	365,362	0.5
				535,245	637,536	0.9
	BEVERAGES	99,500	Grand Metropolitan PLC (Ordinary).....	643,076	697,069	0.9
	BUILDING & CONSTRUCTION	70,000	CRH PLC (Ordinary).....	335,762	366,357	0.5
	BUILDING MATERIALS	92,500	Tarmac PLC (Ordinary).....	192,214	235,150	0.3
	CONSUMER--GOODS	25,000	Vendome Luxury Group (Units).....	134,600	142,812	0.2
	DIVERSIFIED	56,700	BTR PLC (Warrants) (b).....	112,261	121,514	0.2
	ELECTRICAL EQUIPMENT	123,600	General Electric Co., Ltd. PLC (Ordinary).....	632,673	622,942	0.8
	FOODS	44,000	Argyll Group PLC (Ordinary).....	175,513	179,813	0.2
		111,000	Tesco PLC (Ordinary).....	328,445	351,084	0.5
				503,958	530,897	0.7
	FOOD & BEVERAGE	84,000	Tate & Lyle PLC (Ordinary).....	491,229	495,366	0.6
	INSURANCE	35,000	Commercial Union Assurance Co. PLC (Ordinary).....	332,852	334,693	0.4
	LEISURE & ENTERTAINMENT	28,000	The Rank Organisation PLC (Ordinary).....	334,626	404,736	0.5
		22,500	Thorn EMI (Ordinary).....	337,196	329,224	0.4
				671,822	733,960	0.9
	MEDIA/PUBLISHING	36,000	Pearson PLC (Ordinary).....	310,943	321,908	0.4
135,000		WPP Group PLC.....	194,584	179,577	0.2	
			505,527	501,485	0.6	

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE>
<CAPTION>

WESTERN EUROPE (CONCLUDED) <S>	INDUSTRIES <C>	SHARES HELD/ FACE AMOUNT <C>	STOCKS, BONDS, WARRANTS & RIGHTS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
UNITED KINGDOM (CONCLUDED)	OIL--RELATED	49,000	British Petroleum Co., Ltd.....	\$ 258,638	\$ 260,719	0.3%
	PHARMACEUTICALS	81,600	SmithKline Beecham 'A'.....	491,858	486,640	0.6
	RETAIL TRADE	39,000	Boots Co. PLC (Ordinary)....	310,146	344,699	0.4
		62,600	Dixons Group PLC (Ordinary).....	253,377	261,840	0.3
		249,300	Sears PLC.....	438,129	469,793	0.6
				1,001,652	1,076,332	1.3
	TELECOMMUNICATIONS	70,000	British Telecommunications PLC (Ordinary).....	500,780	488,331	0.6
	UTILITIES--GAS	56,000	British Gas PLC (Ordinary).....	269,257	282,239	0.4
			TOTAL INVESTMENTS IN UNITED KINGDOM STOCKS.....	8,327,306	8,770,061	11.2
			TOTAL INVESTMENTS IN WESTERN EUROPE.....	28,437,754	31,099,836	40.4

<CAPTION>

<S>	INDUSTRIES <C>	FACE AMOUNT <C>	SHORT-TERM SECURITIES <C>	<C>	<C>	<C>
UNITED STATES	US GOVERNMENT AGENCY OBLIGATIONS	\$ 10,000	Federal Farm Credit Bank, 3.15% due 1/24/1994.....	9,979	9,979	0.0
		500,000	Federal Home Loan Bank, 3.18% due 1/18/1994.....	499,205	499,205	0.7
		1,000,000	Federal Home Loan Mortgage Association, 3.15% due 1/11/1994.....	999,562	999,563	1.3
		1,300,000	Federal National Mortgage Association, 3.12% due 1/27/1994.....	1,296,958	1,296,958	1.7
			TOTAL INVESTMENTS IN US GOVERNMENT & AGENCY OBLIGATIONS.....	2,805,704	2,805,705	3.7
	COMMERCIAL PAPER*	2,357,000	General Electric Co., 3.22% due 1/03/1994.....	2,356,368	2,356,368	3.1
			TOTAL INVESTMENTS IN COMMERCIAL PAPER.....	2,356,368	2,356,368	3.1

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE>
<CAPTION>

<S>	<C>	FACE AMOUNT <C>	SHORT-TERM SECURITIES <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
UNITED STATES (CONCLUDED)	US GOVERNMENT OBLIGATIONS	\$ 380,000	US Treasury Bill: 2.95% due 3/17/1994.....	\$ 377,633	\$ 377,633	0.5 %
		400,000	2.96% due 3/24/1994.....	397,270	397,270	0.5
		175,000	3.00% due 3/17/1994.....	173,892	173,899	0.2
		10,000	3.00% due 3/24/1994.....	9,931	9,931	0.0
		30,000	3.01% due 3/24/1994.....	29,792	29,811	0.0
		650,000	3.015% due 3/24/1994.....	645,482	645,519	0.8
		4,000,000	3.025% due 3/10/1994.....	3,976,808	3,977,153	5.2
		1,000,000	3.04% due 3/10/1994.....	994,164	994,288	1.3
		200,000	3.06% due 3/17/1994.....	198,708	198,742	0.3
		10,000	3.098% due 3/17/1994.....	9,937	9,937	0.0
TOTAL INVESTMENTS IN US GOVERNMENT OBLIGATIONS....				6,813,617	6,814,183	8.8
TOTAL INVESTMENTS IN SHORT-TERM SECURITIES.....				11,975,689	11,976,256	15.6
TOTAL INVESTMENTS.....				\$70,454,530	74,357,154	96.7
Put Options Written (Premium Received--\$118,850)**.....					(221,740)	(0.3)
Call Options Purchased (Cost--\$131,375)**.....					39,270	0.0
Unrealized Appreciation on Forward Foreign Exchange Contracts++.....					529,800	0.7
Variation Margin on Stock Index Futures Contracts++.....					(14,358)	--
Other Assets Less Liabilities.....					2,216,296	2.9
NET ASSETS.....					\$76,906,422	100.0%

</TABLE>

- (a) American Depositary Receipt (ADR).
- (b) Warrants entitle the Fund to purchase a predetermined number of shares of common stock. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- + Restricted securities as to resale. The value of the Fund's investment in restricted securities was approximately \$2,306,000, representing 2.0% of net assets.

<TABLE>
<CAPTION>

<S>	ISSUE	ACQUISITION DATE <C>	COST <C>	VALUE (NOTE 1A) <C>
Fomento Economico Mexicano S.A. de C.V. (Femsa) (Class B) (ADR).....		8/24/93	\$ 794,324	\$ 890,325
Servicios Financieros Quadrum S.A. de C.V. (ADR).....		11/02/93	480,375	675,938
Telecomunicacoes Brasileiras S.A. Telebras PN (Preferred).....		10/08/93	739,050	739,750
TOTAL.....			\$2,013,749	\$2,306,013

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

++ Forward foreign exchange contracts as of December 31, 1993 are as follows:

<TABLE>
<CAPTION>

UNREALIZED

FOREIGN CURRENCY PURCHASED

<S>	EXPIRATION DATE	APPRECIATION (DEPRECIATION)
	<C>	<C>
A\$ 296,417.....	January 1994	\$ 2,125
Chf 1,454,600.....	January 1994	(12,120)
TOTAL (US\$ COMMITMENT--\$1,187,892).....		\$ (9,995)

</TABLE>

<TABLE>
<CAPTION>

FOREIGN CURRENCY SOLD

<S>	<C>	<C>
A\$ 4,698,148.....	January 1994	\$ 4,780
Bf 19,314,300.....	January 1994	(3,466)
Chf 1,454,600.....	January 1994	22,428
DM 6,857,200.....	January 1994	58,668
Dkr 545,763.....	January 1994	(309)
Pta 88,185,400.....	January 1994	14,420
Fmk 1,750,485.....	January 1994	(2,076)
Frf 11,581,448.....	January 1994	(6,574)
Iep 149,095.....	January 1994	407
Y 1,383,482,500.....	January 1994	428,478
Nlg 5,772,750.....	January 1994	28,921
Skr 2,972,354.....	January 1994	(5,882)
TOTAL (US\$ COMMITMENT--\$25,260,000).....		539,795

TOTAL UNREALIZED APPRECIATION ON FORWARD FOREIGN EXCHANGE CONTRACTS..... \$529,800

</TABLE>

*Commercial Paper is traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

**Put options written as of December 31, 1993 are as follows:

PAR VALUE	SUBJECT TO PUT	ISSUE	PREMIUMS RECEIVED	VALUE (NOTES 1A & 1D)
<C>	<S>		<C>	<C>
\$2,000,000	DM currency put option, strike price 1.7336, expiring 1/12/94.....		\$ (15,500)	\$ (4,460)
2,000,000	DM currency put option, strike price 1.805, expiring 4/13/94.....		(27,200)	(28,600)
1,000,000	Nlg currency put option, strike price 2.012, expiring 4/13/94.....		(14,050)	(15,400)
8,000,000	Y currency put option, strike price 103.6, expiring 1/02/94.....		(52,000)	(169,600)
2,000,000	Nlg currency put option, strike price 1.835, expiring 1/12/94.....		(10,100)	(3,680)
TOTAL PUT OPTIONS WRITTEN.....			\$ (118,850)	\$ (221,740)

</TABLE>

***Call Options purchased as of December 31, 1993 are as follows:

PAR VALUE	SUBJECT TO PUT	ISSUE	COST	VALUE (NOTES 1A & 1D)
<C>	<S>		<C>	<C>
\$2,000,000	DM currency call option, strike price 1.675, expiring 4/13/94.....		\$ 27,200	\$ 25,400
1,000,000	Nlg currency call option, strike price 1.895, expiring 4/13/94.....		14,050	12,500
2,000,000	Nlg currency call option, strike price 1.885, expiring 1/12/94.....		10,100	480
8,000,000	Y currency call option, strike price 109.5, expiring 1/12/94.....		62,800	0
2,000,000	DM currency call option, strike price 1.675, expiring 1/12/94.....		15,500	20
500,000	Frf currency call option, strike price 5.84, expiring 1/12/94.....		1,725	870
TOTAL CALL OPTIONS PURCHASED.....			\$ 131,375	\$ 39,270

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--INTERNATIONAL EQUITY FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED) (IN US DOLLARS)

++Stock Index futures contracts sold as of December 31, 1993 are as follows:

<TABLE> <CAPTION>					
NUMBER OF CONTRACTS <C>	<S>	ISSUE	EXPIRATION DATE <C>	VALUE (NOTE 1E) <C>	
17	LIFFE FTSE 100.....		March 1994	\$2,152,042	
97	Nikkei 225.....		March 1994	7,531,703	
TOTAL FINANCIAL FUTURES CONTRACTS SOLD (TOTAL CONTRACT PRICE--\$9,671,377)				\$9,683,745	

The market value of the pledged securities is \$6,615,442.

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--NATURAL RESOURCES FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE> <CAPTION>							
INDUSTRY <S>	SHARES HELD <C>	COMMON STOCKS <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>		
ALUMINUM	22,000	Alcan Aluminum Ltd.....	\$ 460,790	\$ 456,500	3.1%		
	7,500	Aluminum Co. of America.....	480,958	520,313	3.5		
	11,700	Reynolds Metals Co.....	550,233	530,888	3.6		
			1,491,981	1,507,701	10.2		
CHEMICALS	10,700	du Pont (E.I.) de Nemours & Co.....	534,988	516,275	3.5		
DIVERSIFIED RESOURCES COMPANY	17,900	Norsk Hydro A.S. (ADR)*.....	471,628	501,200	3.4		
ENGINEERING & CONSTRUCTION	23,300	Dresser Industries, Inc.....	486,528	483,475	3.3		
FOREST PRODUCTS	7,000	Georgia-Pacific Corp.....	510,263	481,250	3.3		
	12,100	Weyerhaeuser Co.....	476,374	539,963	3.7		
			986,637	1,021,213	7.0		
NATURAL GAS DISTRIBUTORS	11,100	Consolidated Natural Gas Co.....	539,539	521,700	3.5		
	4,800	Equitable Resources, Inc.....	118,772	175,800	1.2		
			658,311	697,500	4.7		
NATURAL GAS PIPELINES	18,500	Coastal Corp.....	493,653	520,313	3.5		
	4,000	Sonat, Inc.....	78,255	115,500	0.8		
			571,908	635,813	4.3		
OIL & GAS PRODUCERS	38,500	Norcen Energy Corp.....	600,603	466,812	3.2		
OIL--INTEGRATED	9,500	Amoco Corp.....	499,683	502,312	3.4		

	14,300	Imperial Oil Ltd.....	523,303	484,412	3.3
	17,700	Phillips Petroleum Co.....	517,938	513,300	3.5
			1,540,924	1,500,024	10.2
OIL--INTERNATIONAL	7,500	Exxon Corp.....	461,040	472,500	3.2
	4,700	Royal Dutch Petroleum Co. N.V. (ADR)*.....	398,449	490,562	3.3
			859,489	963,062	6.5
OIL SERVICE	71,500	+Parker Drilling Co.....	482,452	393,250	2.7
	64,400	Rowan Companies Inc.....	602,479	579,600	3.9
	8,600	Schlumberger Ltd., Inc.....	533,099	508,475	3.4
	24,000	Tidewater Inc.....	486,658	480,000	3.2
			2,104,688	1,961,325	13.2
PAPER & PACKAGING	7,400	International Paper Co.....	497,368	501,350	3.4
	12,000..	Scott Paper Co.....	479,340	493,500	3.3
	12,200	Union Camp Corp.....	530,592	581,025	3.9
			1,507,300	1,575,875	10.6

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--NATURAL RESOURCES FOCUS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<S>		<C>		<C>		<C>	
INDUSTRY	SHARES HELD	COMMON STOCKS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS		
SPECIAL SITUATIONS	33,100	+Destec Energy Inc.....	\$ 562,620	\$ 475,812	3.2%		
STEEL	21,000..	Allegheny Ludlum Corp.....	493,494	501,375	3.4		
		TOTAL COMMON STOCKS.....	12,871,098	12,807,462	86.7		
	FACE AMOUNT	SHORT-TERM INVESTMENTS					
COMMERCIAL PAPER**	\$614,000	General Electric Capital Corp., 3.22% due 1/03/1994.....	613,835	613,835	4.2		
US GOVERNMENT & AGENCY OBLIGATIONS**	300,000	Federal Home Loan Mortgage Corp., 3.13% due 1/05/1994.....	299,870	299,870	2.0		
	185,000	Federal National Mortgage Association, 3.135% due 1/10/1994.....	184,839	184,839	1.3		
	300,000	US Treasury Bill: 3.065% due 2/03/1994.....	299,132	299,122	2.0		
	200,000	2.99% due 2/17/1994.....	199,202	199,202	1.3		
			983,043	983,033	6.6		
		TOTAL SHORT-TERM INVESTMENTS	1,596,878	1,596,868	10.8		
		TOTAL INVESTMENTS.....	\$14,467,976	14,404,330	97.5		
		OTHER ASSETS LESS LIABILITIES.....		373,232	2.5		
		NET ASSETS.....		\$14,777,562	100.0%		

</TABLE>

* American Depositary Receipt (ADR).

** Certain US Government & Agency Obligations and Commercial Paper are traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

+ Non-income producing security.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--PRIME BOND FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>

<CAPTION>

<S>	INDUSTRIES	S&P RATING <C>	MOODY'S RATING <C>	FACE AMOUNT <C>	CORPORATE BONDS & NOTES <C>	COST <C>	VALUE (NOTE 1A) <C>
BANKS & THRIFTS--11.4%		A-	Baa1	\$ 3,000,000	Bank of New York, 6.50% due 12/01/2003.....	\$ 2,986,875	\$ 2,984,334
		A-	A3	1,000,000	Boatmen's Bancshares, Inc., 6.75% due 3/15/2003.....	999,800	1,018,209
		BBB+	A3	3,000,000	First Interstate Bancorp, 11.00% due 3/05/1998.....	3,605,145	3,557,994
		A-	A3	1,000,000	First Union Corp.: 6.75% due 1/15/1998.....	997,070	1,040,335
		A-	A3	5,000,000	8.125% due 6/24/2002.....	5,541,690	5,555,910
		A-	A3	2,000,000	Golden West Financial Corp.: 9.15% due 5/23/1998.....	2,271,480	2,273,712
		A-	A3	1,500,000	7.875% due 1/15/2002.....	1,592,310	1,638,105
		A-	A3	2,000,000	8.375% due 4/15/2002.....	2,014,380	2,251,302
		A-	A3	1,000,000	Huntington National Bank, 7.625% due 1/15/2003.....	1,066,660	1,076,927
		BBB+	A3	1,000,000	Meridian Bancorp., 6.625% due 3/15/2003.....	971,970	1,007,739
		A-	A3	4,500,000	NationsBank Corp., 6.875% due 2/15/2005.....	4,743,055	4,595,544
		A	A2	2,000,000	Norwest Corp., 6.625% due 3/15/2003.....	2,007,520	2,039,006
		A-	A3	2,000,000	Society National Bank, Inc., 6.75% due 6/15/2003.....	2,032,760	2,046,500
		A-	Baa1	3,000,000	U.S. Bancorp: 8.125% due 5/15/2002.....	3,343,260	3,316,755
		A-	Baa1	1,500,000	7.00% due 3/15/2003.....	1,496,250	1,553,658
						35,670,225	35,956,030
FINANCIAL SERVICES-- CAPTIVE--1.0%		A	A2	1,000,000	Ford Motor Credit Corp.: 7.75% due 11/15/2002.....	1,040,130	1,093,898
		A	A2	1,000,000	7.50% due 1/15/2003.....	1,020,320	1,073,334
		A	A2	1,000,000	6.75% due 8/15/2008.....	994,150	994,072
						3,054,600	3,161,304
FINANCIAL SERVICES-- CONSUMER--2.6%		A+	A1	2,000,000	American General Finance Corp., 8.50% due 8/15/1998.....	2,278,920	2,233,086
		AA-	A1	1,500,000	Associates Corp. of North America: 8.80% due 8/01/1998.....	1,690,365	1,693,362
		AA-	A1	1,000,000	7.50% due 5/15/1999.....	1,097,300	1,079,667
		A	A2	3,000,000	Commercial Credit Co., 6.70% due 8/01/1999.....	3,022,580	3,117,876
						8,089,165	8,123,991
FINANCIAL SERVICES-- OTHER--11.2%		A	A2	3,000,000	Bear Stearns Cos., Inc., 6.70% due 8/01/2003.....	2,985,330	3,008,124
		A	A3	2,000,000	Dean Witter, Discover & Co.: 6.875% due 3/01/2003.....	2,045,720	2,048,390
		A	A3	3,000,000	6.50% due 11/01/2005.....	3,000,000	2,973,735
		A	A3	4,750,000	6.75% due 10/15/2013.....	4,691,575	4,503,147
		A+	A2	2,000,000	Dillard Investment Co., 9.25% due 2/01/2001.....	2,354,230	2,389,524

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--PRIME BOND FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

INDUSTRIES	S&P RATING	MOODY'S RATING	FACE AMOUNT	CORPORATE BONDS & NOTES	COST	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FINANCIAL SERVICES-- OTHER (CONCLUDED)	AAA	Aaa	\$ 2,000,000	General Electric Capital Corp., 8.70% due 2/15/2003.....	\$ 2,422,100	\$ 2,336,122
	A+	A1	4,000,000	Morgan Stanley Group, Inc.: 9.25% due 3/01/1998.....	4,606,111	4,529,008
	A+	A1	3,000,000	8.875% due 10/15/2001.....	3,454,480	3,460,989
	A+	A1	2,000,000	7.00% due 10/01/2013.....	1,981,260	1,949,198
	BBB+	A3	1,000,000	PaineWebber Group, Inc.: 6.25% due 6/15/1998.....	1,026,020	1,007,861
	BBB+	A3	4,000,000	9.25% due 12/15/2001.....	4,670,870	4,627,952
	A+	A3	1,900,000	Torchmark Corp., 9.625% due 5/01/1998.....	2,114,568	2,186,526
					35,352,264	35,020,576
FOREIGN*--8.3%	A+	A2	6,000,000	CRA Finance Ltd., 7.125% due 12/01/2013 (1).....	5,965,200	5,906,796
	A+	A1	1,000,000	Hydro-Quebec (2): 8.00% due 2/01/2013.....	1,121,260	1,081,096
	A+	A1	3,000,000	8.40% due 1/15/2022.....	3,354,810	3,360,120
	AAA	Aaa	4,165,000	Japan Finance Corp. for Municipal Enterprises, 8.70% due 7/30/2001 (3).....	4,754,072	4,858,352
	A+	A1	1,175,000	Korea Development Bank Co., 7.90% due 2/01/2002 (3).....	1,282,700	1,267,756
	A+	A1	4,000,000	Korea Electric Power Corp., 7.75% due 4/01/2013 (2).....	4,093,760	4,104,388
	AAA	Aaa	250,000	Metropolis of Tokyo (Japan): 9.25% due 11/08/2000 (4).....	268,428	296,832
	AAA	Aaa	2,000,000	8.65% due 7/18/2001 (4).....	2,288,720	2,319,932
	A+	A1	1,500,000	Province of Manitoba (Canada), 8.80% due 1/15/2020 (4).....	1,775,700	1,770,376
	A+	A1	1,000,000	Province of Quebec (Canada), 7.50% due 7/15/2002 (4).....	1,076,020	1,069,346
					25,980,670	26,034,994
INDUSTRIAL-- CONSUMER--8.4%	AA-	A1	2,500,000	Anheuser-Busch Cos., Inc., 8.75% due 12/01/1999.....	2,839,090	2,867,533
	A+	A1	2,500,000	Bass America, Inc., 8.125% due 3/31/2002.....	2,668,930	2,769,375
	A+	A2	2,000,000	Dillard Department Stores, Inc.: 7.375% due 6/15/1999.....	2,095,990	2,151,770
	A+	A2	1,000,000	7.85% due 10/01/2012.....	1,033,960	1,082,836
	A+	A2	4,000,000	Grand Metropolitan Investment Corp.: 6.50% due 9/15/1999.....	4,054,400	4,133,152
	A+	A2	1,000,000	8.625% due 8/15/2001.....	1,049,910	1,150,171
	A+	A2	1,000,000	7.125% due 9/15/2004.....	1,027,490	1,055,163
	A+	A2	1,750,000	9.00% due 8/15/2011.....	2,049,972	2,085,200
	A	A2	1,000,000	K mart Corp., 7.77% due 7/02/2002(a).....	1,000,000	1,075,660
	A	A1	1,000,000	PepsiCo, Inc., 6.125% due 1/15/1998.....	993,060	1,029,117

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--PRIME BOND FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

INDUSTRIES	S&P RATING	MOODY'S RATING	FACE AMOUNT	CORPORATE BONDS & NOTES	COST	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INDUSTRIAL-- CONSUMER-- (CONCLUDED)	A	A2	\$ 1,000,000	Philip Morris Cos., Inc., 9.00% due 1/01/2001.....	\$ 1,043,370	\$ 1,154,561
	AA	Aa1	2,500,000	Wal-Mart Stores, Inc.: 8.625% due 4/01/2001.....	2,827,500	2,907,012
	AA	Aa1	3,000,000	6.50% due 6/01/2003.....	2,992,810	3,071,040

				25,676,482	26,532,590	
INDUSTRIAL--						
ENERGY--6.0%	AA-	A1	1,000,000	BP America Inc.: 9.50% due 1/01/1998.....	1,169,680	1,143,350
	AA-	A1	5,500,000	7.875% due 5/15/2002.....	5,972,510	6,078,914
Burlington Resources Inc.:						
	A-	A3	1,000,000	9.625% due 6/15/2000.....	1,201,910	1,193,948
	A-	A3	3,000,000	8.50% due 10/01/2001.....	3,497,340	3,420,456
Texaco Capital Inc.:						
	A+	A1	1,500,000	9.00% due 12/15/1999.....	1,731,670	1,736,587
	A+	A1	2,500,000	8.50% due 2/15/2003.....	2,925,310	2,876,125
	A+	A1	1,000,000	8.875% due 9/01/2021.....	1,220,140	1,208,077
	A+	A1	1,000,000	8.00% due 8/01/2032.....	969,730	1,101,910
				18,688,290	18,759,367	
INDUSTRIAL--						
OTHER--13.1%	A+	A1	2,000,000	Air Products & Chemicals Inc., 6.25% due 6/15/2003.....	1,982,700	2,001,500
	AA-	Aa2	2,000,000	Archer-Daniels-Midland Co., 6.25% due 5/15/2003.....	1,992,640	2,022,520
	A-	A3	2,000,000	Baxter International Inc., 8.125% due 11/15/2001.....	2,105,970	2,221,062
	A+	A1	3,000,000	Capital Cities/ABC, Inc., 8.875% due 12/15/2000.....	3,454,220	3,509,088
	A-	Baa1	2,000,000	Carnival Cruise Lines, Inc., 6.15% due 10/01/2003.....	1,998,900	1,948,190
	A	A2	3,000,000	Communications Satellite Corp., 8.125% due 4/01/2004.....	3,183,750	3,368,334
	A	A2	4,000,000	Equifax, Inc., 6.50% due 6/15/2003.....	3,999,320	4,022,136
	A	A3	5,000,000	First Data Corp., 6.625% due 4/01/2003.....	5,010,870	5,076,610
	AA-	Aa3	1,000,000	Gannett Co., Inc., 5.25% due 3/01/1998.....	996,820	999,268
	AA	Aa2	5,020,000	Kaiser Foundation Hospitals, 9.00% due 11/01/2001.....	5,678,096	5,885,227
	AA-	Aa3	4,000,000	Walt Disney Co., 5.80% due 10/27/2008.....	4,000,000	3,761,000
Weyerhaeuser Corp.:						
	A	A2	3,000,000	7.50% due 3/01/2013.....	3,159,740	3,159,903
	A	A2	2,000,000	7.25% due 7/01/2013.....	2,141,860	2,058,326
	A	A3	1,000,000	Witco Corp., 6.60% due 4/01/2003.....	999,710	1,015,130
				40,704,596	41,048,294	

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--PRIME BOND FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>							
<CAPTION>							
INDUSTRIES	S&P RATING <C>	MOODY'S RATING <C>	FACE AMOUNT <C>	CORPORATE BONDS & NOTES <C>	COST <C>	VALUE (NOTE 1A) <C>	
SUPRANATIONAL--6.0%							
	AAA	Aaa	\$ 1,000,000	Asian Development Bank: 10.75% due 6/01/1997.....	\$ 1,084,890	\$ 1,176,623	
	AAA	Aaa	3,000,000	6.50% due 9/21/2002.....	3,088,230	3,087,933	
	AAA	Aaa	5,000,000	European Investment Bank, 9.125% due 6/01/2002.....	6,147,500	5,996,760	
Inter-American Development Bank Co.:							
	AAA	Aaa	2,000,000	8.875% due 6/01/2009.....	2,481,700	2,464,838	
	AAA	Aaa	4,000,000	8.50% due 3/15/2011.....	4,910,200	4,751,328	
International Bank for Reconstruction & Development, 12.375% due 10/15/2002.....							
				1,210,790	1,413,593		
				18,923,310	18,891,075		
TRANSPORTATION							
Southwest Airlines, Inc.:							

SERVICES--1.8%	A-	Baa1	2,000,000	9.40% due 7/01/2001.....	2,407,120	2,353,712
	A-	Baa1	2,000,000	8.75% due 10/15/2003.....	2,297,060	2,308,578
	A-	Baa1	1,000,000	7.875% due 9/01/2007.....	992,600	1,086,883
					5,696,780	5,749,173
-----				GTE Corp.:		
UTILITIES--	BBB+	A3	1,000,000	8.85% due 3/01/1998.....	1,143,360	1,118,230
COMMUNICA-	BBB+	A3	1,000,000	9.10% due 6/01/2003.....	1,221,680	1,181,977
TIONS--4.0%				Pacific Bell, Inc.:		
	AA-	Aa3	4,000,000	8.70% due 6/15/2001.....	4,554,320	4,634,992
	AA-	Aa3	1,500,000	7.125% due 3/15/2026.....	1,532,790	1,504,561
				Southwestern Bell		
	A+	A1	2,000,000	6.125% due 3/01/2000.....	2,010,000	2,033,124
	A+	A1	2,000,000	7.00% due 7/01/2015.....	1,975,000	2,019,230
					12,437,150	12,492,114
-----				Georgia Power Co., 6.125%		
UTILITIES--	A-	A3	3,000,000	due 9/01/1999.....	2,892,720	3,048,123
ELECTRIC--2.2%	A	A1	1,000,000	Pacific Gas & Electric Co.,		
				7.875%		
				due 3/01/2002.....	997,920	1,102,846
				Pennsylvania Power & Light Co.:		
	A	A2	1,000,000	7.75% due 5/01/2002.....	995,100	1,093,746
	A	A2	1,000,000	6.875% due 2/01/2003.....	1,014,350	1,035,025
	A	A2	500,000	Virginia Electric & Power Co.,		
				6.625%		
				due 4/01/2003.....	499,450	512,868
					6,399,540	6,792,608
-----				Consolidated Natural Gas Co.:		
UTILITIES--GAS--2.0%	AA-	A1	3,000,000	8.75% due 6/01/1999.....	3,231,620	3,421,017
	AA-	A1	3,000,000	5.75% due 8/01/2003.....	3,002,550	2,902,176
					6,234,170	6,323,193
-----				TOTAL CORPORATE BONDS & NOTES--		
				78.0%.....	242,907,242	244,885,309

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--PRIME BOND FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE>							
<CAPTION>							
INDUSTRIES	S&P RATING	MOODY'S RATING	FACE AMOUNT	US GOVERNMENT OBLIGATIONS	COST	VALUE	
<S>	<C>	<C>	<C>	<C>	<C>	(NOTE 1A)	<C>
US GOVERNMENT							
OBLIGATIONS--11.7%	NR	Aaa	\$ 4,000,000	US Treasury Notes & Bonds:			
	NR	Aaa	9,000,000	8.25% due 7/15/1998.....	\$ 4,502,500	\$ 4,502,480	
	NR	Aaa	4,000,000	6.375% due 7/15/1999.....	9,681,563	9,458,370	
	NR	Aaa	4,000,000	6.00% due 10/15/1999.....	4,144,375	4,129,960	
	NR	Aaa	4,500,000	8.75% due 8/15/2000.....	5,356,113	5,312,790	
	NR	Aaa	3,000,000	8.50% due 11/15/2000.....	3,530,625	3,507,180	
	NR	Aaa	3,000,000	6.375% due 8/15/2002.....	3,135,938	3,129,360	
	NR	Aaa	4,500,000	5.75% due 8/15/2003.....	4,670,312	4,485,915	
	NR	Aaa	2,000,000	7.50% due 11/15/2016.....	2,219,480	2,221,240	
					37,240,906	36,747,295	
-----				TOTAL US GOVERNMENT			
				OBLIGATIONS--11.7%.....	37,240,906	36,747,295	

SHORT-TERM SECURITIES							
COMMERCIAL PAPER**--4.8%			15,000,000	General Electric Capital Corp.,			
				3.38% due 1/04/1994.....	14,994,367	14,994,367	
REPURCHASE AGREEMENTS***--2.9%			9,168,000	Carroll McEntee & McGinley, Inc.,			
				purchased on 12/31/1993 to			
				yield 3.25% to 1/03/1994.....	9,168,000	9,168,000	

TOTAL SHORT-TERM SECURITIES--7.7%.....	24,162,367	24,162,367
TOTAL INVESTMENTS--97.4%.....	\$304,310,515	305,794,971
OTHER ASSETS LESS LIABILITIES--2.6%.....		8,296,493
NET ASSETS--100%.....		\$314,091,464

</TABLE>

(a) Medium-Term Note.

* Corresponding industry groups for foreign securities, which are denominated in US dollars:

- (1) Industrial Mining.
- (2) Electric Utility.
- (3) Financial Institution.
- (4) Government Entity.

** Commercial Paper is traded on a discount basis and amortized to maturity. The interest rate shown is the discount rate paid at the time of purchase by the Fund.

*** Repurchase Agreements are fully collateralized by US Government Obligations. Ratings of issues shown have not been audited by Deloitte & Touche.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--QUALITY EQUITY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>
<CAPTION>

INDUSTRIES	SHARES HELD	COMMON STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
AEROSPACE	90,000	Allied Signal Inc.....	\$ 5,931,968	\$ 7,110,000	2.3%
APPAREL	110,000	Phillips-Van Heusen Corp.....	3,066,754	4,125,000	1.3
APPLIANCES	245,000	Singer Co., N.V.....	7,897,329	9,156,875	3.0
	392,000	Sunbeam-Oster.....	8,017,244	8,624,000	2.8
			15,914,573	17,780,875	5.8
AUTO & TRUCK	20,000	Conсорcio D Grupo Dina S.A. (ADR) (a).....	482,962	557,500	0.2
AUTOMOBILES	150,000	Ford Motor Co.....	8,093,805	9,675,000	3.1
AUTOMOTIVE	120,000	Magna International, Inc. (Class A)...	5,330,158	5,970,000	1.9
BANKING	60,000	Bank of New York Co. (Warrants) (b)....	433,750	630,000	0.2
	160,000	Bank of New York, Inc.....	7,904,505	9,120,000	3.0
			8,338,255	9,750,000	3.2
BEVERAGES	35,000	PepsiCo Inc.....	1,391,470	1,430,625	0.5
	13,500	Panamerican Beverages, Inc. (Class A).....	438,013	516,375	0.2
			1,829,483	1,947,000	0.7
CHEMICALS	50,000	PPG Industries, Inc.....	3,521,030	3,793,750	1.2
	70,000	Rohm and Haas.....	3,859,029	4,165,000	1.3
			7,380,059	7,958,750	2.5
COMMUNICATION	215,000	ADC Telecommunications Inc.....	6,295,827	7,659,375	2.5
EQUIPMENT	90,000	DSC Communications Corp.....	4,998,923	5,529,375	1.8
	45,000	Motorola, Inc.....	3,930,075	4,156,875	1.3
	37,000	Picturatel Corp.....	669,067	689,125	0.2
	125,000	Tellabs, Inc.....	4,755,455	5,875,000	1.9

			20,649,347	23,909,750	7.7
COMPUTER SERVICES	85,000	Computer Sciences Corp.....	6,859,844	8,457,500	2.7
	300,000	General Motors Corp. (Class E).....	8,878,108	8,775,000	2.8
			15,737,952	17,232,500	5.5
COMPUTER TECHNOLOGY	140,000	Solectron Corp.....	2,900,977	3,972,500	1.3
ELECTRICAL EQUIPMENT	100,000	Emerson Electric Co.....	5,778,286	6,025,000	1.9
ELECTRONIC/INSTRUMENTS	80,000	Perkin-Elmer Corp.....	2,878,887	3,080,000	1.0
ENGINEERING & CONSTRUCTION	135,500	Thermo Electron.....	5,429,097	5,691,000	1.8
ENVIRONMENTAL CONTROL	460,000	Wheelabrator Technologies Inc.....	7,465,633	8,165,000	2.6
FERTILIZER	25,000	IMC Fertilizer Group Inc.....	1,060,593	1,134,375	0.4
FOREIGN--ARGENTINA	50,000	+Banco Frances del Rio de la Plata S.A. (2).....	1,563,880	1,968,750	0.6

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--QUALITY EQUITY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

INDUSTRIES	SHARES HELD	COMMON STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
FOREIGN--MEXICO	25,000	Empresas ICA Sociedad Controladora, S.A. de C.V. (ADR) (a) (4).....	\$ 566,315	\$ 706,250	0.2%
	75,000	Grupo Financiero Serfin, S.A. de C.V. (ADR) (a) (2).....	1,874,720	2,212,500	0.7
	122,000	Telefonos de Mexico, S.A. de C.V. (Telmex) (ADR) (a) (7).....	6,019,253	8,235,000	2.7
			8,460,288	11,153,750	3.6
FOREIGN--NETHERLANDS	25,316	AEGON N.V. (ADR) (a) (3).....	1,125,525	1,373,393	0.4
	1,165,000	AEGON N.V. (ADR) (a) (3).....	1,496,297	1,724,200	0.6
			2,621,822	3,097,593	1.0
FOREIGN--PORTUGAL	30,000	Espirito Santo Financial Holdings S.A. (ADR) (a) (2).....	855,676	1,057,500	0.3
FOREIGN--UNITED KINGDOM	75,000	British Petroleum PLC (ADR) (a) (6)....	4,173,012	4,800,000	1.6
	40,000	Reuters Holdings PLC (ADR) (a) (1).....	2,583,407	3,160,000	1.0
			6,756,419	7,960,000	2.6
FOREST PRODUCTS	102,500	Willamette Industries Inc.....	3,925,498	5,099,375	1.7
HEALTH CARE	90,000	Vivra Inc.....	1,646,529	2,081,250	0.7
HEALTHCARE--PRODUCTS/SERVICES	306,600	+Humana Inc.....	5,094,403	5,403,825	1.7
	40,000	Johnson & Johnson Co.....	1,600,252	1,790,000	0.6
			6,694,655	7,193,825	2.3
HOME FURNISHINGS	90,000	Heilig-Meyers Co.....	1,593,336	3,510,000	1.1
HOUSEHOLD PRODUCTS	130,000	Procter & Gamble.....	6,748,835	7,410,000	2.4
INSURANCE	70,000	America International Group Inc.....	6,156,186	6,142,500	2.0
	100,000	Capital Holding Corp.....	4,035,123	3,712,500	1.2
			10,191,309	9,855,000	3.2
MEDICAL	240,000	Physician Corp.....	4,708,447	5,970,000	1.9

OFFICE EQUIPMENT	200,000	Danka Business Systems PLC (ADR) (a) (5)	5,044,461	7,912,500	2.6
OIL--INTEGRATED	50,000	Chevron Corp.....	4,388,825	4,356,250	1.4
	60,000	Mobil Corp.....	4,670,347	4,740,000	1.5
	50,000	Royal Dutch Petroleum Co. (ADR) (a) (6)	4,870,500	5,218,750	1.7
			13,929,672	14,315,000	4.6
PAPER & PACKAGING	200,000	Crown Cork & Seal Co., Inc.....	5,824,550	8,375,000	2.7
	60,000	Union Camp Corp.....	2,870,356	2,857,500	0.9
			8,694,906	11,232,500	3.6
PETROLEUM	165,000	Phillips Petroleum Co.....	4,733,030	4,785,000	1.5
PRINTING/PUBLISHING	80,000	News Corp., Ltd. (ADR) (a)	4,300,065	4,220,000	1.4

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--QUALITY EQUITY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

INDUSTRIES	SHARES HELD	COMMON STOCKS & WARRANTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>
RAILROADS	29,000	CSX Corp.....	\$ 2,458,253	\$ 2,349,000	0.8%
	50,000	Southern Pacific Rail Corp.....	959,750	987,500	0.3
			3,418,003	3,336,500	1.1
SERVICES	85,000	Block (H&R), Inc.....	2,979,575	3,463,750	1.1
	40,000	Kelly Services, Inc. (Class A).....	1,137,039	1,105,000	0.4
	12,000	Kelly Services, Inc. (Class B).....	114,998	363,000	0.1
			4,231,612	4,931,750	1.6
SOFTWARE--COMPUTER	40,000	Microsoft Corp.....	3,233,000	3,225,000	1.0
TELECOMMUNICATIONS	35,000	ALC Communications Corp.....	991,049	1,006,250	0.3
	150,000	LDDS Communications Inc.....	6,763,866	7,275,000	2.4
	290,000	MCI Communications Corp.....	8,127,036	8,174,375	2.6
	70,000	Sprint Corp.....	2,557,650	2,432,500	0.8
			18,439,601	18,888,125	6.1
TELECOMMUNICATIONS EQUIPMENT	4,000	Antec Corp.....	72,000	98,000	0.0
TIRES & RUBBER	10,000	Bandag, Inc.....	426,702	553,750	0.2
	50,000	Bandag, Inc. (Class A).....	2,585,504	2,587,500	0.8
	130,000	Cooper Tire & Rubber Co.....	2,713,790	3,250,000	1.1
			5,725,996	6,391,250	2.1
UTILITIES--ELECTRIC	294,000	California Energy Co., Inc.....	5,502,330	5,439,000	1.8
		TOTAL COMMON STOCKS & WARRANTS.....	251,360,159	285,215,918	92.0

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--QUALITY EQUITY FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE>

<CAPTION>

<S>	FACE AMOUNT <C>	SHORT-TERM SECURITIES <C>	COST <C>	VALUE (NOTE 1A) <C>	PERCENT OF NET ASSETS <C>
COMMERCIAL PAPER*	\$4,507,000	General Electric Capital Corp., 3.22% due 1/03/1994.....	\$ 4,505,791	\$ 4,505,791	1.5%
	4,500,000	Matterhorn Capital Corp., 3.20% due 1/24/1994.....	4,490,400	4,490,400	1.5
	5,000,000	Paribas Finance Corp., 3.36% due 1/04/1994.....	4,998,133	4,998,133	1.6
	3,000,000	PHH Corp., 3.25% due 1/12/1994.....	2,996,750	2,996,750	1.0
	7,000,000	Preferred Receivable Funding, 3.30% due 1/07/1994.....	6,995,508	6,995,508	2.3
US GOVERNMENT OBLIGATIONS	2,380,000	Federal Home Loan Bank, 3.17% due 1/18/1994.....	2,376,228	2,376,228	0.8
		TOTAL SHORT-TERM SECURITIES.....	26,362,810	26,362,810	8.7
		TOTAL INVESTMENTS.....	\$277,722,969	311,578,728	100.7
		LIABILITIES IN EXCESS OF OTHER ASSETS.....		(2,159,091)	(0.7)
		NET ASSETS.....		\$309,419,637	100.0%

</TABLE>

(a) American Depositary Receipt (ADR).

(b) Warrants entitle the Fund to purchase a predetermined number of shares of common stock. The purchase price and number of shares are subject to adjustments under certain conditions until the expiration date.

* Commercial Paper and certain US Government Obligations traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

Corresponding industry groups for foreign securities:

- (1) Business Services
- (2) Financial Services
- (3) Insurance
- (4) Miscellaneous
- (5) Office Equipment
- (6) Petroleum
- (7) Telecommunications

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--RESERVE ASSETS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993

<TABLE>
<CAPTION>

<S>	FACE AMOUNT <C>	ISSUE <C>	INTEREST RATE* <C>	MATURITY DATE <C>	VALUE (NOTE 1A) <C>
BANK NOTE--3.3%	\$ 1,000,000	FNB of Chicago.....	3.35%	1/31/94	\$ 1,000,000
		TOTAL BANK NOTES (COST--\$1,000,000).....			1,000,000
COMMERCIAL PAPER--49.1%	203,000	American Express Credit Corp.....	3.22	1/10/94	202,814
	1,000,000	Arco Coal Australia, Inc.....	3.33	2/07/94	996,443
	1,235,000	Bass Finance (C.I.) Ltd.....	3.28	3/11/94	1,227,315
	500,000	CIT Group Holdings, Inc. (The).....	3.30	3/01/94	497,208
	588,000	CSW Credit, Inc.....	3.27	2/18/94	585,343
	900,000	CSW Credit, Inc.....	3.25	2/25/94	895,352
	60,000	CXC Inc.....	3.40	1/18/94	59,900
	628,000	Central Hispano N.A. Capital Corp.....	3.23	1/10/94	627,424
	1,302,000	Fisons U.S. Inc.....	3.22	1/12/94	1,300,568
	1,000,000	Ford Motor Credit Co.....	3.20	1/27/94	997,487
	500,000	Goldman Sachs Group L.P.....	3.36	2/07/94	498,221
	1,300,000	Hanson Finance (UK) PLC.....	3.21	1/24/94	1,297,097
	1,000,000	Nomura Holding America Inc.....	3.40	1/24/94	997,767

1,388,000	Province of Quebec.....	3.35	2/03/94	1,383,582
961,000	Sheffield Receivables Corp.....	3.25	2/18/94	956,657
1,301,000	Societe Generale North America, Inc.....	3.35	3/01/94	1,293,736
1,000,000	Svenska Handelsbanken, Inc.....	3.25	1/05/94	999,542

TOTAL COMMERCIAL PAPER (COST--\$14,816,867)..... 14,816,456

CORPORATE NOTES--3.3% 1,000,000 Goldman Sachs Group L.P..... 3.33 3/01/94 1,000,000

TOTAL CORPORATE NOTES--(COST--\$1,000,000)..... 1,000,000

US GOVERNMENT & AGENCY OBLIGATIONS-- DISCOUNT--7.5%	50,000	Federal Farm Credit.....	3.59	11/17/94	48,440
	85,000	Federal Farm Credit.....	3.64	11/17/94	82,347
	54,000	Federal Home Loan Mortgage.....	3.22	1/18/94	53,914
	60,000	Federal Home Loan Mortgage.....	3.22	1/25/94	59,867
	128,000	Federal Home Loan Mortgage.....	3.39	5/09/94	126,528
	70,000	Federal Home Loan Mortgage.....	3.47	7/28/94	68,663
	303,000	Federal Home Loan Mortgage.....	3.50	7/28/94	297,213
	78,000	Federal Home Loan Mortgage.....	3.55	7/28/94	76,510
	125,000	Federal National Mortgage Association.....	3.24	2/24/94	124,415
	50,000	Federal National Mortgage Association.....	3.30	3/07/94	49,710
	30,000	Federal National Mortgage Association.....	3.21	4/01/94	29,758
	20,000	Federal National Mortgage Association.....	3.22	4/01/94	19,839
	125,000	Federal National Mortgage Association.....	3.275	6/06/94	123,228
	95,000	Federal National Mortgage Association.....	3.39	6/07/94	93,645
	90,000	Federal National Mortgage Association.....	3.38	7/19/94	88,355
	50,000	Federal National Mortgage Association.....	3.46	8/22/94	48,914
	25,000	Federal National Mortgage Association.....	3.46	8/23/94	24,455
	45,000	Federal National Mortgage Association.....	3.51	9/20/94	43,882
	120,000	Federal National Mortgage Association.....	3.34	9/22/94	116,997
	50,000	Federal National Mortgage Association.....	3.37	9/22/94	48,749

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--RESERVE ASSETS FUND
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE>

<CAPTION>

<S>	FACE AMOUNT <C>	ISSUE <C>	INTEREST RATE* <C>	MATURITY DATE <C>	VALUE (NOTE 1A) <C>
US GOVERNMENT & AGENCY OBLIGATIONS-- DISCOUNT (CONCLUDED)	25,000	Federal National Mortgage Association.....	3.42 %	9/27/94	\$ 24,363
	115,000	Federal National Mortgage Association.....	3.46	9/27/94	112,068
	20,000	Federal National Mortgage Association.....	3.49	9/27/94	19,490
	45,000	Federal National Mortgage Association.....	3.50	9/30/94	43,840
	45,000	Federal National Mortgage Association.....	3.42	10/11/94	43,779
	90,000	Federal National Mortgage Association.....	3.52	10/13/94	87,540
	240,000	Federal National Mortgage Association.....	3.53	10/13/94	233,441
	55,000	Federal National Mortgage Association.....	3.55	10/13/94	53,497

TOTAL US GOVERNMENT & AGENCY OBLIGATIONS--DISCOUNT (COST--\$2,242,107)..... 2,243,447

US GOVERNMENT & AGENCY OBLIGATIONS--NON-DISCOUNT--36.7%	500,000	Federal Home Loan Bank+.....	3.43	12/28/95	500,000
	2,000,000	Federal Home Loan Mortgage+.....	3.36	9/01/95	1,999,240
	1,000,000	Federal National Mortgage Association+.....	3.33	5/13/96	1,000,000
	1,000,000	Federal National Mortgage Association+.....	3.45	5/19/97	1,000,000
	1,000,000	Federal National Mortgage Association+.....	3.50	5/14/98	1,000,000
	500,000	Student Loan Marketing Association+.....	3.72	3/01/95	502,939
	1,000,000	Student Loan Marketing Association+.....	3.72	3/23/95	1,002,969
	450,000	Student Loan Marketing Association+.....	3.47	3/20/96	450,000
	1,000,000	United States Treasury Notes.....	5.75	3/31/94	1,006,250
	500,000	United States Treasury Notes.....	5.125	5/31/94	503,750
	650,000	United States Treasury Notes.....	5.00	6/30/94	655,281
	300,000	United States Treasury Notes.....	3.875	3/31/95	300,094
	250,000	United States Treasury Notes.....	3.875	4/30/95	250,000
	250,000	United States Treasury Notes.....	4.125	6/30/95	250,625
	400,000	United States Treasury Notes.....	3.875	8/31/95	398,875
	250,000	United States Treasury Notes.....	4.25	12/31/95	250,078

TOTAL US GOVERNMENT & AGENCY OBLIGATIONS--NON-DISCOUNT (COST--\$11,063,854)..... 11,070,101

TOTAL INVESTMENTS (COST--\$30,122,927)--99.9%..... 30,130,004
OTHER ASSETS LESS LIABILITIES--0.1%..... 37,901

</TABLE>

* Bankers' Acceptances, Commercial Paper and certain US Government & Agency Obligations are traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund. Other securities bear interest at the rates shown, payable at fixed dates or upon maturity. The interest rates on variable rate securities are adjusted periodically based upon appropriate indexes. The interest rates shown are the rates in effect at December 31, 1993.
 + Variable Rate Note.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--WORLD INCOME FOCUS
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (IN US DOLLARS)

<TABLE> <CAPTION> LATIN AMERICA AND THE CARIBBEAN		INDUSTRIES	FACE AMOUNT	FIXED-INCOME INVESTMENTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ARGENTINA	AUTOMOBILES		\$ 500,000	Compania Naviera Perez Companc S.A.C.F.I.M.F.A. S.A., 8.375% due 7/30/1998.....	\$ 511,875	\$ 508,750	1.01%
			500,000	Sevel Argentina, S.A., 8.50% due 11/17/1996.....	505,625	510,625	1.01
	FOREIGN GOVERNMENT OBLIGATIONS		500,000	Republic of Argentina, 8.25% due 8/02/2000.....	506,250	514,687	1.01
	TELECOMMUNICATIONS		500,000	Telecom Argentina Stet--France Telecom, S.A., 8.375% due 10/18/2000.....	502,500	513,750	1.01
				TOTAL FIXED-INCOME INVESTMENTS IN ARGENTINA	2,026,250	2,047,812	4.04
MEXICO	RETAIL STORES		250,000	Controladora Comercial Mexicana, S.A., 8.75% due 4/21/1998.....	263,125	264,375	0.52
				TOTAL FIXED-INCOME INVESTMENTS IN MEXICO	263,125	264,375	0.52
TRINIDAD & TOBAGO	FOREIGN GOVERNMENT OBLIGATIONS		200,000	Republic of Trinidad and Tobago, 11.50% due 11/20/1997.....	214,750	217,500	0.43
				TOTAL FIXED-INCOME INVESTMENTS IN TRINIDAD & TOBAGO	214,750	217,500	0.43
				TOTAL FIXED-INCOME INVESTMENTS IN LATIN AMERICAN SECURITIES	2,504,125	2,529,687	4.99
NORTH AMERICA							
CANADA	FOREIGN GOVERNMENT OBLIGATIONS		C\$ 550,000	Canadian Government Bonds: 6.50% due 9/01/1998....	431,789	428,763	0.84
			2,000,000	7.50% due 12/01/2003....	1,581,135	1,606,495	3.17
					2,012,924	2,035,258	4.01

TOTAL FIXED-INCOME INVESTMENTS IN CANADA 2,012,924 2,035,258 4.01

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--WORLD INCOME FOCUS
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION> NORTH AMERICA (CONTINUED)		FACE AMOUNT	FIXED-INCOME INVESTMENTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
UNITED STATES	AIR TRANSPORT	US\$ 250,000	Delta Air Lines, Inc., 9.30% due 1/02/2010....	\$ 246,925	\$ 249,787	0.49%
		100,000	USAir Inc.: 10.00% due 7/01/2003...	100,000	96,000	0.19
		250,000	10.375% due 3/01/2013..	250,000	250,241	0.49
		100,000	United Air Pass-Through, 10.125% due 3/22/2015.....	109,036	110,236	0.22
				705,961	706,264	1.39
	AUTOMOBILE PARTS	100,000	Exide Corp., 10.75% due 12/15/2002.....	107,500	109,500	0.22
	BROADCASTING & PUBLISHING	250,000	Continental Cablevision Inc., 9.50% due 8/01/2013.....	250,000	280,000	0.55
		500,000	SCI Television Inc., 11.00% due 6/30/2005...	520,625	520,000	1.03
		500,000	Sinclair Broadcasting Group, Inc., 10.00% due 12/15/2003.....	500,000	511,250	1.01
		250,000	World Color Press Inc., 9.125% due 3/15/2003...	250,625	259,375	0.51
				1,521,250	1,570,625	3.10
	BUILDING MATERIALS	250,000	Inter-City Products Corp., 9.75% due 3/01/2000.....	242,500	250,625	0.49
		100,000	Pacific Lumber Co., 10.50% due 3/01/2003...	102,500	103,750	0.21
		350,000	USG Corp., 8.75% due 3/01/2017.....	323,125	323,750	0.64
				668,125	678,125	1.34
	BUILDING PRODUCTS	250,000	American Standard Inc., 9.25% due 12/01/2016...	251,875	259,375	0.51
	CELLULAR TELEPHONES & PAGING	260,000	Dial Page, Inc., 12.25% due 2/15/2000.....	282,775	289,900	0.57
	CHEMICALS	435,000	G-I Holdings, Inc., 9.65%* due 10/01/1998.....	257,198	279,216	0.55
		500,000	Harris Chemical North America Co., 9.42%* due 7/15/2001.....	402,739	429,375	0.85
		250,000	Methanex Corp., 8.875% due 11/15/2001.....	248,245	258,750	0.51
				908,182	967,341	1.91
	COMMUNICATIONS	175,000	Panamsat L.P., 10.12%* due 8/01/2003.....	103,035	117,250	0.23

</TABLE>

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--WORLD INCOME FOCUS
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION> NORTH AMERICA (CONTINUED)		FACE AMOUNT	FIXED-INCOME INVESTMENTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
UNITED STATES (CONTINUED)	CONGLOMERATES	US\$ 150,000	Coltec Industries: 9.75% due 11/01/1999...	\$ 159,000	\$ 161,250	0.32 %
		100,000	10.25% due 4/01/2002...	107,000	107,750	0.21
		250,000	Foamex L.P., 9.50% due 6/01/2000.....	244,062	262,500	0.52
		292,000	Interco. Inc., 10.00% due 6/01/2001.....	294,920	297,110	0.58
		500,000	Interlake Corp., 12.125% due 3/01/2002.....	513,750	506,250	1.00
		500,000	Jordan Industries, Inc. 10.375% due 8/01/2003.....	495,688	510,000	1.00
		500,000	Sherritt Gordon, Ltd., 9.75% due 4/01/2003....	503,625	505,000	1.00
				2,318,045	2,349,860	4.63
	CONSUMER-PRODUCTS	500,000	++Coleman Holdings Inc., 10.11%* due 5/27/1998.....	311,376	324,375	0.64
		250,000	++Formica Corp., 13.125% due 9/15/2005.....	250,000	253,906	0.50
		925,000	Revlon Worldwide Corp., 16.61%* due 3/15/1998.....	516,725	476,375	0.94
		250,000	Sealy Corp., 9.5% due 5/01/2003.....	256,750	261,875	0.51
				1,334,851	1,316,531	2.59
	CONTAINERS	250,000	Anchor Glass Container Co., 9.875% due 12/15/2008.....	250,000	256,250	0.51
		500,000	Silgan Holdings, Inc., 12.43%* due 6/15/1996.....	386,521	387,500	0.76
		250,000	Stone-Consolidated Corp., 10.25% due 12/15/2000.....	251,250	252,500	0.50
		250,000	Sweetheart Cup Co., 9.625% due 9/01/2000...	250,000	263,750	0.52
				1,137,771	1,160,000	2.29
	ENERGY	100,000	++Clark Oil, 10.50% due 12/01/2001.....	106,375	108,375	0.21
		1,000,000	Clark R & M Holdings, Inc., 9.9684%* due 2/15/2000.....	520,005	551,250	1.09
		250,000	++Consolidated-Hydro Inc., 11.95%* due 7/15/2003.....	144,849	148,750	0.29
		500,000	Ferrell Gas Inc., 11.625% due 12/15/2003.....	543,250	544,375	1.07
		250,000	Noble Drilling Corp., 9.25% due 10/01/2003...	250,000	258,750	0.51
		500,000	Seagull Energy Corp., 8.625% due 8/01/2005...	499,688	500,000	0.99

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--WORLD INCOME FOCUS
 SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION> NORTH AMERICA (CONTINUED)		FACE AMOUNT	FIXED-INCOME INVESTMENTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
UNITED STATES (CONTINUED)	ENERGY (CONTINUED)	US\$	250,000	Trans Texas Gas Corp., 10.50% due 9/01/2000.....	\$ 250,000	\$ 263,750	0.52%
			500,000	Triton Energy Corp., 9.65%* due 11/01/1997.....	343,791	350,000	0.69
					2,657,958	2,725,250	5.37
	ENTERTAINMENT		500,000	Marvel Holdings, Inc., 10.13%* due 4/15/1998.....	312,570	328,750	0.65
			100,000	New World Pictures Inc., 12.25% due 9/15/1998.....	97,315	101,500	0.20
			350,000	SPI Holding Inc., 10.65%* due 10/01/2001.....	253,083	273,000	0.54
					662,968	703,250	1.39
	FINANCIAL SERVICES		250,000	Penn Financial Corp., 9.25% due 12/15/2003...	250,000	253,750	0.50
			250,000	Reliance Group Holdings, Inc., 9.75% due 11/15/2003...	250,000	258,125	0.51
					500,000	511,875	1.01
	FOOD & BEVERAGE		250,000	Coca-Cola Bottling Co., 9.0% due 11/15/2003....	250,625	250,625	0.49
			250,000	Del Monte Corp., 10.00% due 5/01/2003.....	251,250	247,500	0.49
			350,000	Grand Union Co., 12.25% due 7/15/2002.....	362,250	368,375	0.72
			300,000	Penn Traffic Co., 9.625% due 4/15/2005.....	309,000	312,750	0.62
			250,000	PuebloXtra, 9.50% due 8/01/2003.....	250,938	253,750	0.50
			250,000	Royal Crown Corp., 9.75% due 8/01/2000.....	250,000	257,500	0.51
			250,000	Specialty Foods Corp., 10.25% due 8/15/2001...	250,000	255,313	0.50
					1,924,063	1,945,813	3.83
	HOME BUILDING		250,000	Ryland Group, Inc., 9.625% due 6/01/2004...	250,000	252,188	0.50
	HOTELS & CASINOS		250,000	Aztar Corp., 11.00% due 10/01/2002.....	254,062	255,000	0.50
			250,000	Mirage Resorts Inc., 9.25% due 3/15/2003....	248,750	261,875	0.52
			500,000	Showboat Inc., 9.25% due 5/01/2008.....	506,250	512,500	1.01
			500,000	Trump Plaza Associates, 10.875% due 6/15/2001.....	500,313	502,500	0.99
			100,000	Trump Taj Mahal Funding, Inc., 11.35% due 11/15/1999(a).....	93,575	98,664	0.20
					1,602,950	1,630,539	3.22

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--WORLD INCOME FOCUS
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE>	<CAPTION>						
NORTH AMERICA (CONTINUED)	INDUSTRIES	FACE AMOUNT	FIXED-INCOME INVESTMENTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
UNITED STATES (CONTINUED)	INDUSTRIAL SERVICES	US\$	250,000	ADT Operations, 9.25% due 8/01/2003.....	\$ 251,687	\$ 257,500	0.51%
			300,000	Blount, Inc., 9.00% due 6/15/2003.....	300,500	311,250	0.61

				552,187	568,750	1.12
METALS & MINING	250,000	Maxxam Group, Inc., 12.48%* due 8/01/2003.....	141,461	143,125	0.28	
PAPER	250,000	Container Corp. of America, 9.75% due 4/01/2003.....	255,000	259,375	0.51	
	250,000	Riverwood International Corp., 11.25% due 6/15/2002.....	274,813	273,750	0.54	
	100,000	Stone Container Group, 11.875% due 12/01/1998.....	101,625	101,750	0.20	
			631,438	634,875	1.25	
RAILROADS	250,000	Southern Pacific Rail Co., 9.375% due 8/15/2005...	250,000	267,500	0.53	
RESTAURANTS & FOOD SERVICES	250,000	Flagstar Corp., 11.375% due 9/15/2003.....	250,000	258,750	0.51	
	250,000	Foodmaker, Inc., 9.75% due 6/01/2002.....	251,250	254,375	0.50	
			501,250	513,125	1.01	
RETAIL STORES	250,000	Pamida Holdings, Inc., 11.75% due 3/15/2003...	247,500	255,625	0.51	
	150,000	Specialty Retailers Inc., 10.00% due 8/15/2000...	149,625	153,750	0.30	
	100,000	++Specialty Retailers Inc., 11.00% due 8/15/2003.....	100,000	103,000	0.20	
			497,125	512,375	1.01	
STEEL	500,000	WCI Steel Inc., 10.50% due 3/01/2002.....	500,000	520,000	1.02	
TEXTILES	500,000	West Point Stevens Inc., 9.375% due 12/15/2005.....	500,000	506,875	1.00	
TRANSPORT SERVICES	250,000	Eletson Holdings Inc., 9.25% due 11/15/2003...	250,000	255,469	0.50	
	250,000	International Shipholding Corp., 9.00% due 7/01/2003.....	249,750	255,625	0.50	
	250,000	Viking Star Shipping Co., 9.625% due 7/15/2003...	250,938	257,813	0.51	
			750,688	768,907	1.51	
US GOVERNMENT & AGENCY OBLIGATIONS	4,000,000	US Treasury Note, 5.75% due 8/15/2003.....	3,983,125	3,986,876	7.86	

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--WORLD INCOME FOCUS
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION>								
NORTH AMERICA (CONCLUDED)	INDUSTRIES	FACE AMOUNT	FIXED-INCOME INVESTMENTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
UNITED STATES (CONCLUDED)	UTILITIES	US\$	92,869	Midland Funding Corp. II, 10.33% due 7/23/2002... \$	96,816	\$	95,881	0.19%
			250,000	Texas-New Mexico Power Company, 9.25% due 9/15/2000.....	250,000		261,640	0.51
			233,383	++Tucson Electric Power Co.,				

				10.732%				
				due 1/01/2013.....	223,464	227,840	0.45	
					570,280	585,361	1.15	
				TOTAL FIXED-INCOME INVESTMENTS IN THE UNITED STATES	25,814,863	26,303,916	51.84	
				TOTAL FIXED-INCOME INVESTMENTS IN NORTH AMERICAN SECURITIES	27,827,787	28,339,174	55.85	
PACIFIC BASIN								
AUSTRALIA	FOREIGN GOVERNMENT			Australia Government Bonds:				
	OBLIGATIONS--REGIONAL & AGENCY	A\$	2,400,000	9.50% due 8/15/2003....	1,931,468	1,948,792	3.84	
			1,000,000	7.00% due 4/01/2004....	659,662	693,767	1.37	
					2,591,130	2,642,559	5.21	
				TOTAL FIXED-INCOME INVESTMENTS IN AUSTRALIA	2,591,130	2,642,559	5.21	
				TOTAL FIXED-INCOME INVESTMENTS IN PACIFIC BASIN SECURITIES	2,591,130	2,642,559	5.21	
WESTERN EUROPE								
DENMARK	FOREIGN GOVERNMENT OBLIGATION			Denmark Government Bonds:				
		Dkr	2,000,000	9.00% due 11/15/2000...	344,014	343,746	0.67	
			8,000,000	7.00% due 12/15/2004...	1,283,497	1,261,874	2.49	
					1,627,511	1,605,620	3.16	
				TOTAL FIXED-INCOME INVESTMENTS IN DENMARK	1,627,511	1,605,620	3.16	
ITALY	FOREIGN GOVERNMENT OBLIGATIONS	Lit	3,600,000,000	Buoni Poliennali del Tesoro (Italian Government Bonds) 9.00% due 10/01/1998...	2,179,661	2,165,524	4.27	
				TOTAL FIXED-INCOME INVESTMENTS IN ITALY	2,179,661	2,165,524	4.27	

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--WORLD INCOME FOCUS
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE>								
<CAPTION>								
WESTERN EUROPE (CONTINUED)								
<S>	<C>	INDUSTRIES	FACE AMOUNT	FIXED-INCOME INVESTMENTS	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS	
<S>	<C>		<C>	<C>	<C>	<C>	<C>	
SPAIN	FOREIGN GOVERNMENT OBLIGATIONS		Pta 200,000,000	Government of Spain:				
			71,000,000	9.00%* due 2/28/1997...	\$ 1,432,931	\$ 1,434,603	2.83	%
				10.50% due 10/30/2003..	608,038	574,750	1.13	
					2,040,969	2,009,353	3.96	
				TOTAL FIXED-INCOME INVESTMENTS IN SPAIN	2,040,969	2,009,353	3.96	
SWEDEN	FOREIGN GOVERNMENT OBLIGATIONS--REGIONAL & AGENCY		Skr 9,500,000	SBAB, 12.50% due 1/23/1997.....	1,308,032	1,311,482	2.59	
			15,000,000	Government of Sweden, 10.250% due 5/05/2003.....	2,161,107	2,187,904	4.31	

				3,469,139	3,499,386	6.90
TOTAL FIXED-INCOME INVESTMENTS IN SWEDEN						
				3,469,139	3,499,386	6.90
UNITED KINGDOM	FOREIGN GOVERNMENT OBLIGATIONS	L 800,000	United Kingdom Gilt:			
		250,000	7.75% due 9/08/2006....	1,273,065	1,330,385	2.62
		700,000	8.00% due 6/10/2003....	390,145	419,671	0.83
			8.00% due 9/27/2013....	1,137,043	1,215,493	2.39
				2,800,253	2,965,549	5.84
TOTAL FIXED-INCOME INVESTMENTS IN THE UNITED KINGDOM						
				2,800,253	2,965,549	5.84
TOTAL FIXED-INCOME INVESTMENTS IN WESTERN EUROPEAN SECURITIES						
				12,117,533	12,245,432	24.13
SHORT-TERM SECURITIES	ISSUE					
	COMMERCIAL PAPER+	US\$ 819,000	General Electric Capital Corp., 3.22% due 1/03/1994.....	818,853	818,853	1.62
		1,000,000	Goldman Sachs & Co., 3.35% due 1/10/1994.....	999,163	999,163	1.97
		1,200,000	PepsiCo., Inc., 3.30% due 1/14/1994.....	1,198,570	1,198,570	2.36
				3,016,586	3,016,586	5.95

</TABLE>

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.--WORLD INCOME FOCUS
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 1993 (CONTINUED) (IN US DOLLARS)

<TABLE> <CAPTION>		FACE AMOUNT	SHORT-TERM SECURITIES	COST	VALUE (NOTE 1A)	PERCENT OF NET ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
	US GOVERNMENT & AGENCY OBLIGATIONS	US\$ 1,100,000	Federal Home Loan Bank, 3.120% due 2/03/1994.....	\$ 1,096,854	\$ 1,096,854	2.16%
				4,113,440	4,113,440	8.11
TOTAL INVESTMENTS				\$49,154,015	49,867,831	98.29
UNREALIZED APPRECIATION ON FORWARD FOREIGN EXCHANGE CONTRACTS**					9,831	0.02
OTHER ASSETS LESS LIABILITIES					857,786	1.69
NET ASSETS					\$50,737,448	100.00%

</TABLE>

(a) Each \$1,000 face amount contains one non-detachable share of Taj Mahal Holding Corp.'s Class B redeemable Common Stock.

+ Commercial Paper and certain US Government & Agency Obligations are traded on a discount basis; the interest rates shown are the discount rates paid at the time of purchase by the Fund.

* Represents the yield to maturity.

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** Forward foreign exchange contracts as of December 31, 1993 are as follows:

<S>	EXPIRATION DATE <C>	UNREALIZED APPRECIATION (DEPRECIATION) <C>
FOREIGN CURRENCY PURCHASED		
DM 3,467,664	January 1994	\$ (32,428)
Dkr 6,835,300	January 1994	5,218
Fmk 6,510,328	January 1994	(2,818)
Lit 1,939,020,000	January 1994	3,064
NZ\$ 2,524,249	January 1994	14,085
TOTAL (US\$ COMMITMENT--\$6,674,504)		\$ (12,879)
FOREIGN CURRENCY SOLD		
A\$ 3,560,305	January 1994	(4,234)
C\$ 2,686,665	January 1994	(5,720)
DM 2,693,329	January 1994	23,356
Dkr 8,697,222	January 1994	4,571
Fmk 5,999,380	January 1994	(8,986)
L 169,400	January 1994	1,877
Lit 3,954,989,758	January 1994	37,803
Pta 113,569,246	January 1994	25,171
NZ\$ 1,089,839	January 1994	(12,915)
Skr 30,430,608	January 1994	(38,213)
TOTAL (US\$ COMMITMENT--\$15,928,966)		\$ 22,710
TOTAL UNREALIZED APPRECIATION ON FORWARD FOREIGN EXCHANGE CONTRACTS--NET		\$ 9,831

++ Restricted securities as to resale. The value of the Fund's investment in restricted securities was approximately \$1,217,000, representing 2.39% of net assets.

ISSUE	ACQUISITION DATE <C>	COST <C>	VALUE (NOTE 1A) <C>
Clark Oil Co., 10.50% due 12/01/2001.....	9/01/1993	\$ 106,375	\$ 108,375
Coleman Holdings Inc., 10.11% due 5/27/1998.....	10/07/1993	311,376	324,375
Consolidated-Hydro Inc., 11.95% due 7/15/2003.....	7/08/1993	144,849	148,750
Formica Corp., 13.125% due 9/15/2005.....	9/17/1993	250,000	253,906
Speciality Retail Services Inc., 11.00% due 8/15/2003.....	11/05/1993	149,625	153,750
Tucson Electric Power Co., 10.732% due 7/01/2013.....	8/03/1993	223,464	227,840
TOTAL.....		\$1,185,689	\$1,216,996

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
 STATEMENTS OF ASSETS AND LIABILITIES AS OF DECEMBER 31, 1993

AMERICAN BALANCED FUND	BASIC VALUE FOCUS FUND	DOMESTIC MONEY MARKET FUND	EQUITY GROWTH FUND
------------------------------	---------------------------------	-------------------------------------	--------------------------

<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investments, at value* (Note 1a).....	\$111,781,051	\$ 46,052,225	\$170,182,924	\$ 98,886,198
Cash.....	14,486	--	5,390	81,004
Interest receivable.....	757,630	--	439,143	--
Dividends receivable.....	72,540	80,539	--	18,820
Receivable for securities sold.....	--	--	--	--
Receivable for capital shares sold.....	2,909,239	2,822,719	--	2,602,952
Receivable from investment adviser (Note 2).....	--	--	20,578	--
Deferred organization expenses (Note 1f).....	--	3,600	4,020	--
Prepaid registration fees and other assets (Note 1f)....	1,272	--	9,983	1,287
Foreign cash.....	--	--	--	--
Total assets.....	115,536,218	48,959,083	170,662,038	101,590,261
LIABILITIES:				
Payable for capital shares redeemed.....	20,650	--	--	65,966
Payable for securities purchased.....	--	1,709,155	--	2,442,812
Payable to investment adviser (Note 2).....	50,752	20,560	68,595	57,740
Accrued expenses and other liabilities.....	44,896	22,105	62,090	47,319
Total liabilities.....	116,298	1,751,820	130,685	2,613,837
NET ASSETS.....	\$115,419,920	\$ 47,207,263	\$170,531,353	\$ 98,976,424
NET ASSETS CONSIST OF:				
Common Stock, \$0.10 par value+.....	\$ 819,974	\$ 431,308	\$ 17,052,862	\$ 472,106
Paid-in capital in excess of par.....	108,108,763	45,102,816	153,475,757	86,208,596
Undistributed (overdistributed) investment income--net...	1,279,064	153,585	--	--
Undistributed (accumulated) realized capital gains (losses) and foreign currency transactions--net (Note 5).....	382,258	(84,612)	--	895,673
Unrealized appreciation/depreciation on investments and foreign currency transactions--net.....	4,829,861	1,604,166	2,734	11,400,049
NET ASSETS.....	\$115,419,920	\$ 47,207,263	\$170,531,353	\$ 98,976,424
CAPITAL SHARES OUTSTANDING.....	8,199,743	4,313,085	170,528,619	4,721,063
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE.....	\$ 14.08	\$ 10.95	\$ 1.00	\$ 20.96
* Identified cost.....	\$106,951,190	\$ 44,448,059	\$170,180,190	\$ 87,486,149
+ Authorized shares.....	100,000,000	100,000,000	100,000,000	100,000,000

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF ASSETS AND LIABILITIES AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>
	FLEXIBLE STRATEGY FUND	GLOBAL STRATEGY FOCUS FUND	GLOBAL UTILITY FOCUS FUND	HIGH CURRENT INCOME FUND
ASSETS:				
Investments, at value* (Note 1a).....	\$190,720,601	\$261,347,834	\$113,131,201	\$159,637,449
Cash.....	--	21,132	11,335	10,518

Interest receivable.....	505,549	1,134,757	32,831	3,141,802
Dividends receivable.....	88,186	271,486	227,326	--
Receivable for securities sold.....	3,052,707	4,725	--	--
Receivable for capital shares sold.....	3,323,319	7,557,095	3,338,787	3,302,657
Receivable from investment adviser (Note 2).....	--	--	--	--
Deferred organization expenses (Note 1f).....	--	4,020	5,002	--
Prepaid registration fees and other assets (Note 1f).....	9,919	690	--	18,844
Foreign cash.....	--	--	--	--
Total assets.....	197,700,281	270,341,739	116,746,482	166,111,270

LIABILITIES:

Payable for capital shares redeemed.....	162,370	700	--	39,814
Payable for securities purchased.....	2,412,620	469,904	12,128,755	2,470,980
Payable to investment adviser (Note 2).....	94,873	136,563	48,240	72,339
Accrued expenses and other liabilities.....	253,902	107,391	52,174	99,965
Total liabilities.....	2,923,765	714,558	12,229,169	2,683,098

NET ASSETS.....	\$194,776,516	\$269,627,181	\$104,517,313	\$163,428,172
-----------------	---------------	---------------	---------------	---------------

NET ASSETS CONSIST OF:

Common Stock, \$0.10 par value+.....	\$ 1,202,747	\$ 2,215,515	\$ 980,477	\$ 1,355,661
Paid-in capital in excess of par.....	163,437,304	252,693,893	100,371,469	156,922,503
Undistributed (overdistributed) investment income--net... Undistributed (accumulated) realized capital gains (losses) and foreign currency transactions--net (Note 5).....	1,585,213	1,762,959	558,583	1,096,476
Unrealized appreciation/depreciation on investments and foreign currency transactions--net.....	6,688,557	1,249,740	34,110	(117,789)
NET ASSETS.....	21,862,695	11,705,074	2,572,674	4,171,321

NET ASSETS.....	\$194,776,516	\$269,627,181	\$104,517,313	\$163,428,172
-----------------	---------------	---------------	---------------	---------------

CAPITAL SHARES OUTSTANDING.....	12,027,465	22,155,153	9,804,762	13,556,613
---------------------------------	------------	------------	-----------	------------

NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE.....	\$ 16.19	\$ 12.17	\$ 10.66	\$ 12.06
--	----------	----------	----------	----------

* Identified cost.....	\$168,851,966	\$249,630,206	\$110,566,011	\$155,466,128
------------------------	---------------	---------------	---------------	---------------

+ Authorized shares.....	100,000,000	100,000,000	100,000,000	100,000,000
--------------------------	-------------	-------------	-------------	-------------

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF ASSETS AND LIABILITIES AS OF DECEMBER 31, 1993 (CONTINUED)

<TABLE>
<CAPTION>

	INTERNATIONAL EQUITY FOCUS FUND	NATURAL RESOURCES FOCUS FUND	PRIME BOND FUND	QUALITY EQUITY FUND
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investments, at value* (Note 1a).....	\$ 74,357,154	\$ 14,404,330	\$305,794,971	\$311,578,728
Call options purchased, at value (Cost--\$131,375) (Notes 1a & 1e).....	39,270	--	--	--
Unrealized appreciation on forward foreign exchange contracts--net (Note 1h).....	529,800	--	--	--
Cash.....	35,175	3,783	311	316,427
Interest receivable.....	6,240	--	5,021,705	23,906

Dividends receivable.....	32,853	10,317	--	169,031
Receivable for securities sold.....	598,025	--	1,044,280	2,439,313
Receivable for capital shares sold.....	3,409,641	381,601	5,387,619	5,158,667
Receivable from investment adviser (Note 2).....	--	--	--	--
Prepaid registration fees and other assets (Note 1f).....	--	268	9,205	5,147
Foreign cash.....	693,271	--	--	--
Deferred organization expenses (Note 1f).....	6,245	--	--	--
Option receivable.....	41,250	--	--	--
Forward exchange contract (Note 1c).....	107,840	--	--	--
Total assets.....	79,856,764	14,800,299	317,258,091	319,691,219

LIABILITIES:

Put options written, at value (premiums received--\$118,500) (Notes 1a & 1c).....	221,740	--	--	--
Payable for capital shares redeemed.....	--	563	55,575	128,230
Payable for securities purchased.....	2,567,462	--	2,856,852	9,910,287
Payable to investment adviser (Note 2).....	42,260	8,007	129,057	122,695
Variation margin on stock index futures contracts (Note 1i).....	14,358	--	--	--
Accrued expenses and other liabilities.....	43,922	14,167	125,143	110,370
Option purchase.....	41,250	--	--	--
Forward exchange contract (Note 1h).....	19,350	--	--	--
Total liabilities.....	2,950,342	22,737	3,166,627	10,271,582

NET ASSETS.....	\$ 76,906,422	\$ 14,777,562	\$314,091,464	\$309,419,637
------------------------	----------------------	----------------------	----------------------	----------------------

NET ASSETS CONSIST OF:

Common Stock, \$0.10 par value+.....	\$ 697,249	\$ 136,573	\$ 2,484,213	\$ 1,066,357
Paid-in capital in excess of par.....	71,655,499	14,671,581	304,396,890	266,831,740
Undistributed (overdistributed) investment income--net... (losses) and foreign currency transactions--net (Note 5).....	53,487	82,634	1,534,560	1,111,383
Undistributed (accumulated) realized capital gains (losses) and foreign currency transactions--net (Note 5).....	115,051	(49,560)	4,191,345	6,554,398
Unrealized appreciation/depreciation on investments and foreign currency transactions--net.....	4,385,136	(63,666)	1,484,456	33,855,759
NET ASSETS.....	\$ 76,906,422	\$ 14,777,562	\$314,091,464	\$309,419,637

CAPITAL SHARES OUTSTANDING.....	6,972,495	1,365,728	24,842,132	10,663,572
--	------------------	------------------	-------------------	-------------------

NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE.....	\$ 11.03	\$ 10.82	\$ 12.64	\$ 29.02
--	-----------------	-----------------	-----------------	-----------------

* Identified cost.....	\$ 70,454,530	\$ 14,467,976	\$304,310,515	\$277,722,969
+ Authorized shares.....	100,000,000	100,000,000	100,000,000	100,000,000

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF ASSETS AND LIABILITIES AS OF DECEMBER 31, 1993 (CONCLUDED)

<TABLE>
<CAPTION>

<S>

RESERVE ASSETS FUND <C>
WORLD INCOME FOCUS FUND <C>

ASSETS:

Investments, at value* (Note 1a).....	\$ 30,130,004	\$ 49,867,831
Unrealized appreciation on forward foreign exchange contracts (Note 1h).....	--	9,831
Cash.....	5,628	--
Interest receivable.....	63,907	1,032,484
Dividends receivable.....	--	--
Receivable for securities sold.....	--	--
Receivable for capital shares sold.....	--	2,073,604
Receivable from investment adviser (Note 2).....	--	--
Deferred organization expenses (Note 1f).....	--	--
Prepaid registration fees and other assets (Note 1f).....	2,196	7,099
Foreign cash.....	--	--
Total assets.....	30,201,735	52,990,849
LIABILITIES:		
Payable for capital shares redeemed.....	--	--
Payable for securities purchased.....	--	1,669,440
Payable to investment adviser (Note 2).....	12,798	23,536
Accrued expenses and other liabilities.....	21,032	560,425
Total liabilities.....	33,830	2,253,401
NET ASSETS.....	\$ 30,167,905	\$ 50,737,448
NET ASSETS CONSIST OF:		
Common Stock, \$0.10 par value+.....	\$ 3,016,083	\$ 488,857
Paid-in capital in excess of par.....	27,144,745	49,094,430
Undistributed (overdistributed) investment income--net.....	--	257,069
Undistributed (accumulated) realized capital gains (losses) and foreign currency transactions--net.....	--	176,781
Unrealized appreciation/depreciation on investments and foreign currency transactions--net.....	7,077	720,311
NET ASSETS.....	\$ 30,167,905	\$ 50,737,448
CAPITAL SHARES OUTSTANDING.....	30,160,829	4,888,571
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE.....	\$ 1.00	\$ 10.38
* Identified cost.....	\$ 30,122,927	\$ 49,154,015
+ Authorized shares.....	700,000,000	100,000,000

</TABLE>

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1993

<S>	AMERICAN BALANCED FUND <C>	BASIC VALUE FOCUS FUND+ <C>	DOMESTIC MONEY MARKET FUND <C>	EQUITY GROWTH FUND <C>
INVESTMENT INCOME (NOTES 1D & 1E):				
Interest and discount earned*.....	\$1,665,280	\$ 74,035	\$3,090,335	\$ 222,025
Dividends*.....	649,751	157,366	--	252,221
Other income.....	--	--	--	--
Total income.....	2,315,031	231,401	3,090,335	474,246

EXPENSES:				
Investment advisory fees (Note 2).....	326,591	54,569	462,020	393,786
Transfer agent fees (Note 2).....	6,746	2,554	5,168	7,845
Custodian fees.....	21,426	8,063	9,750	27,826
Professional fees.....	12,276	391	16,391	9,525
Registration fees (Note 1f).....	25,510	9,003	43,828	19,665
Directors' fees and expenses.....	2,149	53	2,700	2,992
Accounting services (Note 2).....	19,697	2,645	38,498	35,714
Pricing services.....	--	--	--	--
Amortization of organization expenses (Note 1f).....	--	400	--	--
Other.....	1,927	138	3,361	1,789
Total expenses before reimbursement.....	416,322	77,816	581,716	499,142
Reimbursement of expenses (Note 2).....	--	--	(246,351)	--
Total expenses--net of reimbursement.....	416,322	77,816	335,365	499,142
Investment income (loss)--net.....	1,898,709	153,585	2,754,970	(24,896)

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS--NET (NOTES 1B, 1E & 3):				
Realized gain (loss) on investments--net.....	381,401	(84,612)	41,187	3,639,264
Realized gain (loss) on foreign currency transactions--net...	--	--	--	--
Change in unrealized appreciation/depreciation on investments--net.....	3,571,478	1,604,166	(1,652)	7,724,322
Change in unrealized appreciation/depreciation on currency transactions--net.....	--	--	--	--
Total realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	3,952,879	1,519,554	39,535	11,363,586
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	\$5,851,588	\$1,673,139	\$2,794,505	\$11,338,690
* Net of withholding tax.....	\$ --	\$ 712	\$ --	\$ 370

</TABLE>

+ The Fund commenced operations on July 1, 1993.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1993 (CONTINUED)

<S>	FLEXIBLE STRATEGY FUND <C>	GLOBAL STRATEGY FOCUS FUND <C>	GLOBAL UTILITY FOCUS FUND+ <C>	HIGH CURRENT INCOME FUND <C>
INVESTMENT INCOME (NOTES 1D & 1E):				
Interest and discount earned*.....	\$ 2,373,016	\$ 1,747,217	\$ 307,737	\$ 7,404,967
Dividends*.....	1,403,692	1,199,987	581,834	52,902
Other income.....	13,604	--	--	3,162
Total income.....	3,790,312	2,947,204	889,571	7,461,031
EXPENSES:				
Investment advisory fees (Note 2).....	803,592	582,082	142,995	439,699
Transfer agent fees (Note 2).....	7,841	5,840	2,653	7,411
Custodian fees.....	50,668	89,850	25,126	26,730
Professional fees.....	21,558	12,508	1,379	10,342
Registration fees (Note 1f).....	32,546	53,895	28,706	30,644
Directors' fees and expenses.....	6,679	1,580	134	2,347
Accounting services (Note 2).....	58,069	31,561	9,227	50,406
Pricing services.....	6,355	7,439	1,210	2,108
Amortization of organization expenses (Note 1f).....	--	1,340	435	--

Other.....	5,626	1,485	215	2,136
Total expenses before reimbursement.....	992,934	787,580	212,080	571,823
Reimbursement of expenses (Note 2).....	--	--	--	--
Total expenses--net of reimbursement.....	992,934	787,580	212,080	571,823
Investment income (loss)--net.....	2,797,378	2,159,624	677,491	6,889,208

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS--NET (NOTES 1B, 1E & 3):				
Realized gain (loss) on investments--net.....	6,460,171	1,230,629	33,513	615,071
Realized gain (loss) on foreign currency transactions--net.....	238,214	34,587	597	--
Change in unrealized appreciation/depreciation on investments--net.....	11,288,425	11,704,702	2,565,190	4,541,949
Change in unrealized appreciation/depreciation on currency transactions--net.....	(5,532)	(10,236)	7,484	--
Total realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	17,981,278	12,959,682	2,606,784	5,157,020

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	\$20,778,656	\$15,119,306	\$3,284,275	\$12,046,228

* Net of withholding tax.....	\$ 54,406	\$ 124,209	\$ 18,294	\$ --

</TABLE>

+ The Fund commenced operations on July 1, 1993.

See Notes to Financial Statements.

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<S>	INTERNATIONAL EQUITY FOCUS FUND+ <C>	NATURAL RESOURCES FOCUS FUND <C>	PRIME BOND FUND <C>	QUALITY EQUITY FUND <C>

INVESTMENT INCOME (NOTES 1D & 1E):				
Interest and discount earned*.....	\$ 132,598	\$ 28,031	\$11,866,781	\$ 665,734
Dividends*.....	124,532	198,183	--	2,281,319
Other income.....	--	--	108,833	--
Total income.....	257,130	226,214	11,975,614	2,947,053

EXPENSES:				
Investment advisory fees (Note 2).....	133,754	59,420	918,563	874,617
Transfer agent fees (Note 2).....	2,569	6,880	10,265	7,475
Custodian fees.....	43,366	12,643	33,099	31,890
Professional fees.....	1,011	4,339	34,485	31,658
Registration fees (Note 1f).....	16,806	2,491	70,039	60,423
Directors' fees and expenses.....	118	379	7,148	7,328
Accounting services (Note 2).....	5,079	16,397	40,300	57,796
Pricing services.....	100	--	41,374	--
Amortization of organization expenses (Note 1f).....	700	--	--	--
Other.....	140	768	5,849	5,734
Total expenses before reimbursement.....	203,643	103,317	1,161,122	1,076,921
Reimbursement of expenses (Note 2).....	--	--	--	--
Total expenses--net of reimbursement.....	203,643	103,317	1,161,122	1,076,921
Investment income (loss)--net.....	53,487	122,897	10,814,492	1,870,132

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS--NET (NOTES 1B, 1E & 3):				

Realized gain (loss) on investments--net.....	(176,770)	64,649	4,199,723	6,568,052
Realized gain (loss) on foreign currency transactions--net...	291,821	42	--	(8)
Change in unrealized appreciation/depreciation on investments--net.....	4,048,621	(85,110)	200,559	20,450,896
Change in unrealized appreciation/depreciation on currency transactions--net.....	336,515	(24)	--	--
Total realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	4,500,187	(20,443)	4,400,282	27,018,940
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	\$4,553,674	\$102,454	\$15,214,774	\$28,889,072
* Net of withholding tax.....	\$ 13,838	\$ 5,359	\$ --	\$ 40,626

</TABLE>

+ The Fund commenced operations on July 1, 1993.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1993 (CONCLUDED)

<TABLE>
<CAPTION>

	RESERVE ASSETS FUND <C>	WORLD INCOME FOCUS FUND+ <C>
<S>		
INVESTMENT INCOME (NOTES 1D & 1E):		
Interest and discount earned*.....	\$953,880	\$1,041,858
Dividends*.....	--	--
Other income.....	--	--
Total income.....	953,880	1,041,858
EXPENSES:		
Investment advisory fees (Note 2).....	141,301	88,050
Transfer agent fees (Note 2).....	7,154	2,575
Custodian fees.....	7,950	16,568
Professional fees.....	7,986	665
Registration fees (Note 1f).....	994	11,505
Directors' fees and expenses.....	2,210	106
Accounting services (Note 2).....	27,119	4,865
Amortization of organization expenses (Note 1f).....	--	789
Pricing services.....	--	12,114
Other.....	1,717	133
Total expenses before reimbursement.....	196,431	137,370
Reimbursement of expenses (Note 2).....	--	--
Total expenses--net of reimbursement.....	196,431	137,370
Investment income (loss)--net.....	757,449	904,488
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS--NET (NOTES 1B, 1E & 3):		
Realized gain (loss) on investments--net.....	15,302	101,414
Realized gain (loss) on foreign currency transactions--net.....	--	75,366
Change in unrealized appreciation/depreciation on investments--net.....	(173)	713,816
Change in unrealized appreciation/depreciation on currency transactions--net.....	--	6,495
Total realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	15,129	897,091
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	\$772,578	\$1,801,579

* Net of withholding tax..... \$ -- \$ 11,636

</TABLE>

+ The Fund commenced operations on July 1, 1993.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

INCREASE (DECREASE) IN NET ASSETS:	AMERICAN BALANCED FUND	
	FOR THE YEAR ENDED DECEMBER 31,	
	1993	1992
<S>	<C>	<C>
OPERATIONS:		
Investment income--net.....	\$ 1,898,709	\$ 551,068
Realized gain on investments and foreign currency transactions--net.....	381,401	228,607
Change in unrealized appreciation/depreciation on investments--net.....	3,571,478	415,741
Net increase in net assets resulting from operations.....	5,851,588	1,195,416
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS (NOTE 1G):		
Investment income--net.....	(975,251)	(342,416)
Realized and unrealized gain on investments--net.....	(227,751)	(185,720)
Net decrease in net assets resulting from dividends and distributions to shareholders.....	(1,203,002)	(528,136)
CAPITAL SHARE TRANSACTIONS (NOTE 4):		
Net increase in net assets derived from capital share transactions.....	85,853,104	16,314,371
NET ASSETS:		
Total increase in net assets.....	90,501,690	16,981,651
Beginning of period.....	24,918,230	7,936,579
End of period*.....	\$115,419,920	\$24,918,230
* Undistributed investment income--net.....	\$ 1,279,064	\$ 355,606

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF CHANGES IN NET ASSETS (CONTINUED)

<TABLE>
<CAPTION>

INCREASE (DECREASE) IN NET ASSETS:	BASIC VALUE FOCUS FUND	
	FOR THE PERIOD JULY 1, 1993+ TO DECEMBER 31, 1993	
<S>	<C>	

OPERATIONS:	
Investment income--net.....	\$ 153,585
Realized gain (loss) on investments and foreign currency transactions--net.....	(84,612)
Change in unrealized appreciation/depreciation on investments--net.....	1,604,166
Net increase in net assets resulting from operations.....	1,673,139

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS (NOTE 1G):	
Investment income--net.....	--
Realized and unrealized gain on investments--net.....	--
Net decrease in net assets resulting from dividends and distributions to shareholders.....	--

CAPITAL SHARE TRANSACTIONS (NOTE 4):	
Net increase in net assets derived from capital share transactions.....	43,534,024

NET ASSETS:	
Total increase in net assets.....	45,207,163
Beginning of period.....	2,000,100
End of period*.....	\$47,207,263

* Undistributed investment income--net.....	\$ 153,585

</TABLE>

+ Commencement of Operations.

See Notes to Financial Statements.

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<TABLE>
<CAPTION>

DOMESTIC MONEY MARKET FUND		EQUITY GROWTH FUND	
FOR THE YEAR ENDED DECEMBER 31, 1993 <S>	FOR THE PERIOD FEBRUARY 20, 1992+ TO DECEMBER 31, 1992 <C>	FOR THE YEAR ENDED DECEMBER 31, 1993 1992 <C> <C>	
\$ 2,754,970	\$ 507,987	\$ (24,896)	\$ 5,872
41,187	16,865	3,639,264	(391,529)
(1,652)	4,386	7,724,322	983,789
2,794,505	529,238	11,338,690	598,132
(2,754,970)	(507,987)	(5,834)	(47,447)
(41,187)	(16,865)	--	--
(2,796,157)	(524,852)	(5,834)	(47,447)
129,405,088	39,123,431	64,476,432	11,298,272
129,403,436	39,127,817	75,809,289	11,848,957
41,127,917	2,000,100	23,167,135	11,318,178
\$ 170,531,353	\$ 41,127,917	\$98,976,424	\$23,167,135
\$ --	\$ --	\$ --	\$ --

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF CHANGES IN NET ASSETS (CONTINUED)

<TABLE>
<CAPTION>

<S>	FLEXIBLE STRATEGY FUND	
	FOR THE YEAR ENDED DECEMBER 31,	
	1993 <C>	1992 <C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS:		
Investment income--net.....	\$ 2,797,378	\$ 1,666,621
Realized gain (loss) on investments and foreign currency transactions--net.....	6,698,385	2,290,915
Change in unrealized appreciation/depreciation on investments--net.....	11,288,425	(488,639)
Change in unrealized appreciation/depreciation on currency transactions--net.....	(5,532)	(3,631)
Net increase in net assets resulting from operations.....	20,778,656	3,465,266
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS (NOTE 1G):		
Investment income--net.....	(1,224,834)	(2,438,767)
Realized and unrealized gain on investments--net.....	(235,661)	(3,175,999)
Net decrease in net assets resulting from dividends and distributions to shareholders.....	(1,460,495)	(5,614,766)
CAPITAL SHARE TRANSACTIONS (NOTE 4):		
Net increase in net assets derived from capital share transactions.....	92,909,143	29,477,979
NET ASSETS:		
Total increase in net assets.....	112,227,304	27,328,479
Beginning of period.....	82,549,212	55,220,733
End of period*.....	\$194,776,516	\$82,549,212
* Undistributed investment income--net.....	\$ 1,585,213	\$ 9,152

</TABLE>

+ Commencement of Operations.

See Notes to Financial Statements.

<TABLE>
<CAPTION>

GLOBAL STRATEGY FOCUS FUND		GLOBAL UTILITY FOCUS FUND	
FOR THE YEAR ENDED DECEMBER 31, 1993	FOR THE PERIOD FEBRUARY 28, 1992+ TO DECEMBER 31, 1992	FOR THE PERIOD JULY 1, 1993+ TO DECEMBER 31, 1993	
<S>	<C>	<C>	
\$ 2,159,624	\$ 164,192	\$ 677,491	
1,265,216	(15,476)	34,110	
11,704,702	12,926	2,565,190	
(10,236)	(2,318)	7,484	

15,119,306	159,324	3,284,275
(531,339)	(29,518)	(118,908)
(531,339)	(29,518)	(118,908)
239,511,867	13,397,441	99,351,846
254,099,834	13,527,247	102,517,213
15,527,347	2,000,100	2,000,100
\$ 269,627,181	\$ 15,527,347	\$ 104,517,313
\$ 1,762,959	\$ 134,674	\$ 558,583

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF CHANGES IN NET ASSETS (CONTINUED)

<TABLE>
<CAPTION>

	HIGH CURRENT INCOME FUND	
	FOR THE YEAR ENDED DECEMBER 31,	
	1993	1992
	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS:		
Investment income--net.....	\$ 6,889,208	\$ 1,671,914
Realized gain (loss) on investments and foreign currency transactions--net.....	615,071	120,708
Change in unrealized appreciation/depreciation on investments--net.....	4,541,949	760,863
Change in unrealized appreciation/depreciation on currency transactions--net.....	--	--
Net increase in net assets resulting from operations.....	12,046,228	2,553,485
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS (NOTE 1G):		
Investment income--net.....	(6,035,740)	(1,522,781)
Realized and unrealized gain on investments--net.....	--	--
Net decrease in net assets resulting from dividends and distributions to shareholders.....	(6,035,740)	(1,522,781)
CAPITAL SHARE TRANSACTIONS (NOTE 4):		
Net increase in net assets derived from capital share transactions.....	131,074,555	15,663,036
NET ASSETS:		
Total increase in net assets.....	137,085,043	16,693,740
Beginning of period.....	26,343,129	9,649,389
End of period*.....	\$163,428,172	\$26,343,129
* Undistributed investment income--net.....	\$ 1,096,476	\$ 243,004

</TABLE>

+ Commencement of Operations.

<TABLE>

<CAPTION>

INTERNATIONAL EQUITY FOCUS FUND FOR THE PERIOD JULY 1, 1993+ TO DECEMBER 31, 1993	NATURAL RESOURCES FOCUS FUND FOR THE YEAR ENDED DECEMBER 31,	
	1993	1992
\$ 53,487	\$ 122,897	\$ 71,479
115,051	64,691	(110,450)
4,048,621	(85,110)	81,927
336,515	(24)	4
4,553,674	102,454	42,960
--	(40,449)	(106,437)
--	--	(19,447)
--	(40,449)	(125,884)
64,352,648	10,571,877	1,142,825
68,906,322	10,633,882	1,060,001
8,000,100	4,143,680	3,083,679
\$76,906,422	\$14,777,562	\$4,143,680
\$ 53,487	\$ 82,634	\$ 186

</TABLE>

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
STATEMENTS OF CHANGES IN NET ASSETS (CONCLUDED)

<TABLE>

<CAPTION>

INCREASE (DECREASE) IN NET ASSETS:	PRIME BOND FUND FOR THE YEAR ENDED DECEMBER 31,	
	1993	1992
OPERATIONS:		
Investment income--net.....	\$ 10,814,492	\$ 3,773,379
Realized gain (loss) on investments and foreign currency transactions--net.....	4,199,723	1,133,106
Change in unrealized appreciation/depreciation on investments--net.....	200,559	(935,353)
Change in unrealized appreciation/depreciation on currency transactions--net.....	--	--
Net increase in net assets resulting from operations.....	15,214,774	3,971,132
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS (NOTE 1G):		
Investment income--net.....	(9,710,533)	(3,604,131)
Realized and unrealized gain on investments--net.....	(752,637)	--

Net decrease in net assets resulting from dividends and distributions to shareholders.....	(10,463,170)	(3,604,131)
CAPITAL SHARE TRANSACTIONS (NOTE 4):		
Net increase (decrease) in net assets derived from capital share transactions.....	224,530,037	44,700,280
NET ASSETS:		
Total increase (decrease) in net assets.....	229,281,641	45,067,281
Beginning of period.....	84,809,823	39,742,542
End of period*.....	\$314,091,464	\$84,809,823
* Undistributed investment income--net.....	\$ 1,534,560	\$ 430,601

</TABLE>

+ Commencement of Operations.

See Notes to Financial Statements.

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QUALITY EQUITY FUND		RESERVE ASSETS FUND		WORLD INCOME FOCUS FUND	
FOR THE YEAR ENDED DECEMBER 31,		FOR THE YEAR ENDED DECEMBER 31,		FOR THE PERIOD JULY 1, 1993+ TO DECEMBER 31, 1993	
1993	1992	1993	1992		
<S>	<C>	<C>	<C>	<C>	
\$ 1,870,132	\$ 1,015,610	\$ 757,449	\$ 940,130	\$ 904,488	
6,568,044	2,097,924	15,302	45,971	176,780	
20,450,896	202,444	(173)	(25,438)	713,816	
--	--	--	--	6,495	
28,889,072	3,315,978	772,578	960,663	1,801,579	
(758,750)	(1,554,668)	(757,449)	(940,130)	(647,419)	
(236,123)	(2,663,160)	(15,302)	(13,284)	--	
(994,873)	(4,217,828)	(772,751)	(953,414)	(647,419)	
193,548,727	33,873,740	3,400,720	(7,602,390)	41,583,188	
221,442,926	32,971,890	3,400,547	(7,595,141)	42,737,348	
87,976,711	55,004,821	26,767,358	34,362,499	8,000,100	
\$309,419,637	\$87,976,711	\$30,167,905	\$26,767,358	\$50,737,448	
\$ 1,111,383	\$ (106,252)	\$ --	\$ --	\$ 257,069	

</TABLE>

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

AMERICAN BALANCED FUND

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.

INCREASE (DECREASE) IN NET ASSET VALUE: <S>	FOR THE YEAR ENDED DECEMBER 31,				
	1993 <C>	1992 <C>	1991 <C>	1990 <C>	1989 <C>
PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 12.85	\$ 12.82	\$ 11.26	\$ 11.74	\$ 10.41
Investment income--net.....	.32	.31	.47	.47	.44
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	1.37	.37	1.76	(.35)	1.40
Total from investment operations.....	1.69	.68	2.23	.12	1.84
Less dividends and distributions:					
Investment income--net.....	(.34)	(.37)	(.49)	(.46)	(.50)
Realized gain on investments--net.....	(.12)	(.28)	(.18)	(.14)	(.01)
Total dividends and distributions.....	(.46)	(.65)	(.67)	(.60)	(.51)
Net asset value, end of period.....	\$ 14.08	\$ 12.85	\$ 12.82	\$ 11.26	\$ 11.74
TOTAL INVESTMENT RETURN:*					
Based on net asset value per share.....	13.49%	5.72%	20.65%	1.22%	18.11%
RATIOS TO AVERAGE NET ASSETS:					
Expenses, net of reimbursement.....	.70%	.97%	1.20%	1.25%	1.25%
Expenses.....	.70%	.97%	1.20%	1.50%	2.29%
Investment income (loss)--net.....	3.20%	3.71%	4.16%	4.71%	4.71%
Investment income--net, and realized gain (loss) on investments--net.....	--	--	--	--	--
SUPPLEMENTAL DATA:					
Net assets, end of period (in thousands).....	\$ 115,420	\$ 24,918	\$ 7,937	\$ 5,675	\$ 3,854
Portfolio turnover.....	12.55%	36.34%	50.82%	23.52%	37.60%

</TABLE>

* Total investment returns exclude the effects of sales loads.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.

INCREASE (DECREASE) IN NET ASSET VALUE:	BASIC VALUE FOCUS FUND	DOMESTIC MONEY MARKET FUND
---	---------------------------	----------------------------

	FOR THE PERIOD JULY 1, 1993+ TO DECEMBER 31, 1993 <C>	FOR THE YEAR ENDED DECEMBER 31, 1993 <C>	FOR THE PERIOD FEBRUARY 28, 1992+ TO DECEMBER 31, 1992 <C>
PER SHARE OPERATING PERFORMANCE:			
Net asset value beginning of period.....	\$ 10.00	\$ 1.00	\$ 1.00
Investment income--net.....	.04	.0302	.0302
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	.91	.0005	.0013
Total from investment operations.....	.95	.0307	.0315
Less dividends and distributions:			
Investment income--net.....	--	(.0302)	(.0302)
Realized gain on investments--net.....	--	(.0005)	(.0010)
Total dividends and distributions.....	--	(.0307)	(.0312)
Net asset value, end of period.....	\$ 10.95	\$ 1.00	\$ 1.00
TOTAL INVESTMENT RETURN:**			
Based on net asset value per share.....	9.50%++	3.10	3.16%++
RATIOS TO AVERAGE NET ASSETS:			
Expenses, net of reimbursement.....	.86%*	.36%	.32%*
Expenses.....	.86%*	.63%	.88%*
Investment income (loss)--net.....	1.69%*	--	--
Investment income--net, and realized gain (loss) on investments--net.....	--*	3.03%	3.48%*
SUPPLEMENTAL DATA:			
Net assets, end of period (in thousands).....	\$ 47,207	\$ 170,531	\$ 41,128
Portfolio turnover.....	30.86%	--	--

</TABLE>

* Annualized.

** Total investment returns exclude the effects of sales loads.

+ Commencement of Operations.

++ Aggregate total investment return.

See Notes to Financial Statements.

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<TABLE>
<CAPTION>

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.	EQUITY GROWTH FUND				
	FOR THE YEAR ENDED DECEMBER 31,				
INCREASE (DECREASE) IN NET ASSET VALUE:	1993++ <C>	1992++ <C>	1991 <C>	1990 <C>	1989 <C>
PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 17.80	\$ 17.96	\$ 11.98	\$ 13.70	\$ 11.75
Investment income--net.....	(.01)	.01	.09	.05	(.07)
Realized and unrealized gain (loss) on investments--net.....	3.17	(.10)	5.91	(1.77)	2.02

Total from investment operations.....	3.16	(.09)	6.00	(1.72)	1.95
Less dividends and distributions:					
Investment income--net.....	--	(.07)	(.02)	--	--
Realized gain on investments--net.....	--	--	--	--	--
Total dividends and distributions.....	--	(.07)	(.02)	--	--
Net asset value, end of period.....	\$ 20.96	\$ 17.80	\$ 17.96	\$ 11.98	\$ 13.70

TOTAL INVESTMENT RETURN:*					
Based on net asset value per share.....	17.78%	(0.53%)	50.10%	(12.55%)	16.60%

RATIOS TO AVERAGE NET ASSETS:					
Expenses, net of reimbursement.....	.96%	1.18%	1.25%	1.25%	1.25%
Expenses.....	.96%	1.18%	1.28%	1.47%	1.53%
Investment income (loss)--net.....	(.05%)	.04%	.51%	.14%	(.68%)
Investment income--net, and realized gain (loss) on investments--net.....	--	--	--	--	--

SUPPLEMENTAL DATA:					
Net assets, end of period (in thousands).....	\$ 98,976	\$ 23,167	\$ 11,318	\$ 6,851	\$ 6,811
Portfolio turnover.....	131.75%	98.64%	79.10%	135.24%	100.49%

</TABLE>

* Total investment returns exclude the effects of sales loads.
 ++ Based on average number of shares outstanding during the year.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
 FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
 <CAPTION>

FLEXIBLE STRATEGY FUND

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN
 DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL
 STATEMENTS.

INCREASE (DECREASE) IN NET ASSET VALUE:	FOR THE YEAR ENDED DECEMBER 31,				
	1993 <C>	1992 <C>	1991 <C>	1990 <C>	1989 <C>
PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 14.15	\$ 14.79	\$ 12.55	\$ 12.44	\$ 10.84
Investment income--net.....	.28	.33	.47	.65	.48
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	1.94	.25	2.52	(.08)	1.67
Total from investment operations.....	2.22	.58	2.99	.57	2.15
Less dividends and distributions:					
Investment income--net.....	(.15)	(.54)	(.66)	(.46)	(.55)
Realized gain on investments--net.....	(.03)	(.68)	(.09)	--	--
Total dividends and distributions.....	(.18)	(1.22)	(.75)	(.46)	(.55)
Net asset value, end of period.....	\$ 16.19	\$ 14.15	\$ 14.79	\$ 12.55	\$ 12.44

TOTAL INVESTMENT RETURN:**					
Based on net asset value per share.....	15.80%	4.25%	24.98%	4.81%	20.29%

RATIOS TO AVERAGE NET ASSETS:					
Expenses, net of reimbursement.....	.80%	.90%	.96%	1.08%	1.19%

Expenses.....	.80%	.90%	.96%	1.08%	1.19%

Investment income--net.....	2.26%	2.62%	3.51%	5.19%	3.94%

Investment income--net, and realized gain (loss) on investments--net.....	--	--	--	--	--

SUPPLEMENTAL DATA:					
Net assets, end of period (in thousands).....	\$ 194,777	\$82,549	\$ 55,221	\$ 47,428	\$47,837

Portfolio turnover.....	56.42%	55.25%	67.13%	52.95%	83.31%

</TABLE>

* Total investment returns exclude the effects of sales loads.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>
THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN
DERIVED FROM INFORMATION PROVIDED IN THE
FINANCIAL STATEMENTS.

INCREASE (DECREASE) IN NET ASSET VALUE:	GLOBAL STRATEGY FOCUS FUND		GLOBAL UTILITY FOCUS FUND
	FOR THE YEAR ENDED DECEMBER 31, 1993 <C>	FOR THE PERIOD FEBRUARY 28, 1992+ TO DECEMBER 31, 1992 <C>	FOR THE PERIOD JULY 1, 1993+ TO DECEMBER 31, 1993 <C>
<S>			

PER SHARE OPERATING PERFORMANCE:			
Net asset value beginning of period.....	\$ 10.22	\$ 10.00	\$ 10.00

Investment income--net.....	.07	.13	.04

Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	1.96	.13	.64

Total from investment operations.....	2.03	.26	.68

Less dividends and distributions:			
Investment income--net.....	(.08)	(.04)	(.02)
Realized gain on investments--net.....	--	--	--

Total dividends and distributions.....	(.08)	(.04)	(.02)

Net asset value, end of period.....	\$ 12.17	\$ 10.22	\$ 10.66

TOTAL INVESTMENT RETURN:**			
Based on net asset value per share.....	21.03%	2.62%++	6.85%++

RATIOS TO AVERAGE NET ASSETS:			
Expenses, net of reimbursement.....	.88%	1.25%*	.89%*
Expenses.....	.88%	1.35%*	.89%*
Investment income--net.....	2.41%	2.66%*	2.84%*
Investment income--net, and realized gain (loss) on investments--net.....	--	--	--

SUPPLEMENTAL DATA:			
Net assets, end of period (in thousands)....	\$ 269,627	\$15,527	\$104,517
Portfolio turnover.....	17.07%	14.47%	1.72%

</TABLE>

* Annualized.

** Total investment returns exclude the effects of sales loads.

+ Commencement of Operations.

++ Aggregate total investment return.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

	HIGH CURRENT INCOME FUND				
	FOR THE YEAR ENDED DECEMBER 31,				
INCREASE (DECREASE) IN NET ASSET VALUE:	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.					
PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 11.13	\$ 10.23	\$ 8.14	\$10.21	\$ 10.85
Investment income--net.....	.95	1.07	1.19	1.40	1.29
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	.95	.90	2.10	(2.08)	(.64)
Total from investment operations.....	1.90	1.97	3.29	(.68)	.65
Less dividends and distributions:					
Investment income--net.....	(.97)	(1.07)	(1.20)	(1.39)	(1.29)
Realized gain on investments--net.....	--	--	--	--	--
Total dividends and distributions.....	(.97)	(1.07)	(1.20)	(1.39)	(1.29)
Net asset value, end of period.....	\$ 12.06	\$ 11.13	\$10.23	\$ 8.14	\$ 10.21
TOTAL INVESTMENT RETURN:*					
Based on net asset value per share.....	17.84%	20.05%	43.00%	(7.63%)	6.14%
RATIOS TO AVERAGE NET ASSETS:					
Expenses, net of reimbursement.....	.72%	.89%	1.10%	1.15%	1.22%
Expenses.....	.72%	.89%	1.10%	1.15%	1.22%
Investment income--net.....	8.62%	10.06%	12.49%	14.52%	11.98%

Investment income--net, and realized gain (loss) on investments--net.....	--	--	--	--	--

SUPPLEMENTAL DATA:					
Net assets, end of period (in thousands).....	\$ 163,428	\$26,343	\$9,649	\$8,106	\$12,942

Portfolio turnover.....	35.67%	28.21%	51.54%	26.43%	53.52%

</TABLE>

* Total investment returns exclude the effects of sales loads.
See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN
DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.

INTERNATIONAL EQUITY
FOCUS FUND

FOR THE PERIOD JULY 1, 1993+
TO DECEMBER 31, 1993
<C>

INCREASE (DECREASE) IN NET ASSET VALUE:
<S>

PER SHARE OPERATING PERFORMANCE:	
Net asset value beginning of period.....	\$ 10.00
Investment income--net.....	.01
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	1.02
Total from investment operations.....	1.03
Less dividends and distributions:	
Investment income--net.....	--
Realized gain on investments--net.....	--
Total dividends and distributions.....	--
Net asset value, end of period.....	\$ 11.03

TOTAL INVESTMENT RETURN:**	
Based on net asset value per share.....	10.30%++

RATIOS TO AVERAGE NET ASSETS:

Expenses, net of reimbursement.....	1.14%*

Expenses.....	1.14%*

Investment income (loss)--net.....	0.30%*

Investment income--net, and realized gain (loss) on investments--net.....	-- %

SUPPLEMENTAL DATA:	
Net assets, end of period (in thousands).....	\$ 76,906

Portfolio turnover.....	17.39%

</TABLE>

- * Annualized.
- ** Total investment returns exclude the effects of sales loads.
- + Commencement of Operations.
- ++ Aggregate total investment return.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.	NATURAL RESOURCES FOCUS FUND				
	FOR THE YEAR ENDED DECEMBER 31,				
INCREASE (DECREASE) IN NET ASSET VALUE: <S>	1993 <C>	1992 <C>	1991 <C>	1990 <C>	1989 <C>
PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 9.84	\$ 10.06	\$ 10.17	\$ 11.09	\$ 9.58
Investment income--net.....	.11	.18	.25	.22	.24
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	.92	(.05)	(.11)	(.90)	1.49
Total from investment operations.....	1.03	.13	.14	(.68)	1.73
Less dividends and distributions:					
Investment income--net.....	(.05)	(.29)	(.25)	(.24)	(.22)
Realized gain on investments--net.....	--	(.06)	--	--	--
Total dividends and distributions.....	(.05)	(.35)	(.25)	(.24)	(.22)
Net asset value, end of period.....	\$ 10.82	\$ 9.84	\$ 10.06	\$ 10.17	\$ 11.09
TOTAL INVESTMENT RETURN:*					
Based on net asset value per share.....	10.47%	1.36%	1.36%	(6.21%)	18.23%
RATIOS TO AVERAGE NET ASSETS:					
Expenses, net of reimbursement.....	1.13%	1.25%	1.25%	1.25%	1.25%
Expenses.....	1.13%	1.27%	1.30%	1.38%	1.74%
Investment income--net.....	1.34%	2.00%	2.31%	2.26%	2.26%
Investment income--net, and realized gain (loss) on investments--net.....	-- %	-- %	-- %	-- %	-- %
SUPPLEMENTAL DATA:					
Net assets, end of period (in thousands).....	\$ 14,778	\$ 4,144	\$ 3,084	\$ 3,247	\$ 2,704
Portfolio turnover.....	58.44%	22.88%	31.38%	27.61%	93.97%

</TABLE>

- * Total investment returns exclude the effects of sales loads.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

INCREASE (DECREASE) IN NET ASSET VALUE:	PRIME BOND FUND				
	FOR THE YEAR ENDED DECEMBER 31,				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 12.04	\$ 12.02	\$ 11.18	\$ 11.29	\$ 10.81
Investment income--net.....	.70	.79	.90	.88	.90
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	.71	.04	.84	(.12)	.48
Total from investment operations.....	1.41	.83	1.74	.76	1.38
Less dividends and distributions:					
Investment income--net.....	(.70)	(.81)	(.90)	(.87)	(.90)
Realized gain on investments--net.....	(.11)	--	--	--	--
Total dividends and distributions.....	(.81)	(.81)	(.90)	(.87)	(.90)
Net asset value, end of period.....	\$ 12.64	\$ 12.04	\$ 12.02	\$ 11.18	\$ 11.29
TOTAL INVESTMENT RETURN:*					
Based on net asset value per share.....	12.02%	7.27%	16.41%	7.13%	13.29%
RATIOS TO AVERAGE NET ASSETS:					
Expenses, net of reimbursement.....	.63%	.78%	.78%	1.06%	1.16%
Expenses.....	.63%	.78%	.78%	1.06%	1.16%
Investment income--net.....	5.86%	6.76%	7.94%	8.01%	8.12%
SUPPLEMENTAL DATA:					
Net assets, end of period (in thousands).....	\$314,091	\$84,810	\$39,743	\$34,655	\$29,593
Portfolio turnover.....	115.26%	82.74%	152.18%	155.17%	144.52%

</TABLE>

* Total investment returns exclude the effects of sales loads.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

INCREASE (DECREASE) IN NET ASSET VALUE:	QUALITY EQUITY FUND				
	FOR THE YEAR ENDED DECEMBER 31,				
	1993	1992	1991	1990	1989

<S>	<C>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 25.48	\$ 26.35	\$ 21.72	\$ 22.88	\$ 17.94
Investment income--net.....	.24	.34	.43	.47	.50
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	3.46	.32	5.75	(.38)	4.96
Total from investment operations.....	3.70	.66	6.18	.09	5.46
Less dividends and distributions:					
Investment income--net.....	(.12)	(.58)	(.50)	(.41)	(.52)
Realized gain on investments--net.....	(.04)	(.95)	(1.05)	(.84)	--
Total dividends and distributions.....	(.16)	(1.53)	(1.55)	(1.25)	(.52)
Net asset value, end of period.....	\$ 29.02	\$ 25.48	\$ 26.35	\$ 21.72	\$ 22.88

TOTAL INVESTMENT RETURN:*					
Based on net asset value per share.....	14.57%	2.69%	30.18%	0.66%	30.77%

RATIOS TO AVERAGE NET ASSETS:					
Expenses, net of reimbursement.....	.62%	.74%	.79%	.94%	1.05%
Expenses.....	.62%	.74%	.79%	.94%	1.05%
Investment income--net.....	1.07%	1.54%	1.87%	2.36%	2.58%

SUPPLEMENTAL DATA:					
Net assets, end of period (in thousands).....	\$ 309,420	\$87,977	\$55,005	\$39,470	\$31,467
Portfolio turnover.....	88.25%	62.54%	55.83%	69.05%	44.23%

</TABLE>

* Total investment returns exclude the effects of sales loads.

See Notes to Financial Statements.

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MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

<S>	RESERVE ASSETS FUND				
	FOR THE YEAR ENDED DECEMBER 31,				
INCREASE (DECREASE) IN NET ASSET VALUE:	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>

PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Investment income--net.....	.0268	.0320	.0546	.0730	.0822
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	.0005	.0007	.0014	.0019	.0012
Total from investment operations.....	.0273	.0327	.0560	.0749	.0834
Less dividends and distributions:					
Investment income--net.....	(.0268)	(.0320)	(.0546)	(.0730)	(.0822)
Realized gain on investments--net.....	(.0005)	(.0005)	(.0014) +	(.0019) +	(.0012) +
Total dividends and distributions.....	(.0273)	(.0325)	(.0560)	(.0749)	(.0834)

Net asset value, end of period.....	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

TOTAL INVESTMENT RETURN:*					
Based on net asset value per share.....	2.77%	3.29%	5.68%	7.65%	8.62%

RATIOS TO AVERAGE NET ASSETS:					
Expenses.....	.70%	.79%	.79%	.97%	1.03%

Investment income--net, and realized gain (loss) on investments--net.....	2.73%	3.36%	5.64%+	7.46%+	8.34%+

SUPPLEMENTAL DATA:					
Net assets, end of period (in thousands).....	\$30,168	\$26,767	\$34,362	\$35,871	\$29,311

</TABLE>

* Total investment returns exclude the effects of sales loads.
+ Includes unrealized gain (loss). (See Note 1g.)

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS (CONCLUDED)

<TABLE>
<CAPTION>

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN
DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.

WORLD INCOME FOCUS FUND
FOR THE PERIOD JULY 1, 1993+ TO
DECEMBER 31, 1993

INCREASE (DECREASE) IN NET ASSET VALUE:
<S>

<C>

PER SHARE OPERATING PERFORMANCE:	
Net asset value beginning of period.....	\$ 10.00
Investment income--net.....	.25
Realized and unrealized gain (loss) on investments and foreign currency transactions--net.....	.33
Total from investment operations.....	.58
Less dividends and distributions:	
Investment income--net.....	(.20)
Realized gain on investments--net.....	--
Total dividends and distributions.....	(.20)
Net asset value, end of period.....	\$ 10.38

TOTAL INVESTMENT RETURN:*	
Based on net asset value per share.....	5.90%+

RATIOS TO AVERAGE NET ASSETS:	
Expenses, net of reimbursement.....	.94%*
Expenses.....	.94%*
Investment income (loss)--net.....	6.20%*
Investment income--net, and realized gain (loss) on investments--net.....	-- %

SUPPLEMENTAL DATA:

Net assets, end of period (in thousands).....	\$50,737
Portfolio turnover.....	54.80%

</TABLE>

- * Annualized.
- ** Total investment returns exclude the effects of sales loads.
- + Commencement of Operations.
- ++ Aggregate total investment return.

See Notes to Financial Statements.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

Merrill Lynch Variable Series Funds, Inc. (the "Company") is an open-end management investment company which is comprised of fourteen separate funds offering fourteen separate classes of shares to the Merrill Lynch Life Insurance Company, ML Life Insurance Company of New York (indirect wholly-owned subsidiaries of Merrill Lynch & Co., Inc.), and Family Life Insurance Company (an insurance company not affiliated with Merrill Lynch & Co., Inc.) separate accounts to fund benefits under certain variable annuity contracts. Each Fund is classified as "diversified", as defined in the Investment Company Act of 1940, except for Natural Resources Focus Fund and the Global Strategy Focus Fund, each of which is classified as "non-diversified." The following is a summary of significant accounting policies followed by the Funds.

(a) Valuation of investments--Money market securities maturing more than sixty days after the valuation date are valued at the most recent bid price or yield equivalent as obtained from dealers that make markets in the securities. When such securities are valued with sixty days or less to maturity, the difference between the valuation existing on the sixty-first day before maturity and maturity value is amortized on a straight-line basis to maturity. Investments maturing within sixty days from their date of acquisition are valued at amortized cost which approximates market.

Portfolio securities which are traded on stock exchanges are valued at the last sale price as of the close of business on the day the securities are being valued, or lacking any sales, at the mean between closing bid and asked prices. Securities traded in the over-the-counter market are valued at the mean between the bid and asked prices or yield equivalent as obtained from one or more dealers that make markets in such securities. Portfolio securities which are traded both in the over-the-counter market and on a stock exchange are valued according to the broadest and most representative market, and it is expected that for debt securities this ordinarily will be the over-the-counter market. Securities for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Company.

Options which are traded on exchanges are valued at the last bid price in the case of options purchased and last asked price in the case of options written. Financial future contracts are valued at settlement price at the close of the applicable exchange.

(b) Foreign currency transactions--Transactions denominated in foreign currencies are recorded at the exchange rate prevailing when recognized. Assets and liabilities denominated in foreign currencies are valued at the exchange rate at the end of the period. Foreign currency transactions are the result of settling (realized) or valuing (unrealized) receivables or payables expressed in foreign currencies into US dollars. Realized and unrealized gains or losses from investments include the effects of foreign exchange rates on investments.

(c) Options--Flexible Strategy, Quality Equity, Natural Resources Focus, American Balanced, Global Strategy Focus, Basic Value Focus, World Income Focus, Global Utility Focus, and International Equity Focus Funds may write covered call options and purchase put options. When these Funds write an option, an amount equal to the premium received by the Fund is reflected as an asset and an

equivalent liability. The amount of the liability is subsequently marked to market to reflect the current market value of the option written.

When a written call option is exercised, the related premium received is added to the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction is less than or greater than the premiums received or paid).

Written and purchased options are non-income producing investments.

(d) Income taxes--It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment

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companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no Federal income tax provision is required. Under the applicable foreign tax law, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

(e) Security transactions and investment income--Security transactions are recorded on the dates the transactions are entered into (the trade dates). Dividend income is recorded on the ex-dividend dates except that if the ex-dividend date has passed, certain dividends from foreign securities are recorded as soon as the funds are informed of the ex-dividend date. Interest income (including amortization of premium and discount) is recognized on the accrual basis. Realized gains and losses on security transactions are determined on the identified cost basis.

(f) Deferred organization expenses and prepaid registration fees--Deferred organization expenses are charged to expense on a straight-line basis over a five year period. Prepaid registration fees are charged to expense as the related shares are issued.

(g) Dividends and distributions--Dividends and distributions paid by the Funds are recorded on the ex-dividend dates. This method maintains the Funds' current valuation of investment policy (see Note 1a). However, unrealized appreciation or depreciation will not be included in the daily dividend to shareholders. Dividends are declared from the total of net investment income and net realized gain or loss on investments.

(h) Foreign exchange contracts--The Funds are authorized to enter into forward foreign exchange contracts as a hedge against either specific transactions or portfolio positions. Such contracts are not entered on the Funds' records. However, the effect on operations is recorded from the date the Funds enter into such contracts. Premium or discount is amortized over the life of the contracts.

(i) Reclassifications--Certain 1992 amounts have been reclassified to conform to the 1993 presentation.

2. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH AFFILIATES:

The Company has entered into an Investment Advisory Agreement with Merrill Lynch Asset Management ("MLAM"). MLAM is the name under which Merrill Lynch Investment Management, Inc. ("MLIM") does business. MLIM is an indirect wholly-owned subsidiary of Merrill Lynch & Co., Inc. MLAM is responsible for the management of the Company's portfolios and provided the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Funds.

Effective January 1, 1994, the investment advisory business of MLAM was reorganized from a corporation to a limited partnership. The general partner of MLAM is Princeton Services, Inc., an indirect wholly-owned subsidiary of Merrill Lynch & Co. The limited partners are Merrill Lynch & Co. and MLIM.

For such services, the Company pays a monthly fee based upon the average daily value of each Fund's net assets at the following annual rates: American Balanced Fund, 0.55% of the average daily net assets of the Fund; Basic Value Focus Fund, 0.60% of average daily net assets of the Fund; Domestic Money Market Fund, 0.50% of the average daily net assets of the Fund; Equity Growth Fund, 0.75% of the average daily net assets of the Fund; Flexible Strategy Fund, 0.65% of the average daily net assets of the Fund; Global Strategy Focus Fund, 0.65% of the average daily net assets of the Fund; Global Utility Focus, 0.60% of the average daily net assets of the Fund; High Current Income Fund, 0.55% of the Fund's average daily net assets not exceeding \$250 million, and at reduced rates for average daily net assets in excess of \$250 million; International Equity Focus, 0.75% of average daily net assets of the Fund; Natural Resources Focus

Fund, 0.65% of the average daily net assets of the Fund; Prime Bond Fund, 0.50% of the Fund's average daily net assets not exceeding \$250 million, and at reduced rates for average daily net assets in excess of \$250 million; Quality Equity Fund, 0.50% of the Fund's average daily net assets not exceeding \$250 million, and at reduced rates for average daily net assets in excess of \$250 million; and Reserve

Assets Fund, 0.50% of the Fund's average daily net assets not exceeding \$500 million, and at reduced rates for average daily net assets in excess of \$500 million; and World Income Focus, 0.60% of average daily net assets of the Fund.

The Investment Advisory Agreement obligates MLAM to reimburse the Company, if in any year the aggregate ordinary operating expenses of any Fund exceed the most restrictive expense limitations then in effect under any state securities law or the regulations thereunder. Under the most restrictive state regulations presently in effect, the Investment Advisor would be required to reimburse each Fund for advisory fees received by it from the Fund, to the extent that such Fund's aggregate ordinary operating expenses (excluding interest, taxes, brokerage fees and commissions, and extraordinary items) exceed in any fiscal year 2.5% of each Fund's first \$30 million of average daily net assets, 2.0% of the Fund's average daily net assets in excess of \$30 million but less than \$100 million, and 1.5% of average daily net assets in excess of \$100 million. In addition, the Investment Adviser, MLAM, and Merrill Lynch Life Agency, Inc. ("MLLA") have entered into an agreement which limits the operating expenses paid by each Fund to 1.25% of its average daily net assets. Any expenses in excess of 1.25% of average daily net assets will be reimbursed to the Fund by the Investment Adviser which, in turn, will be reimbursed by MLLA.

For Domestic Money Market Fund, for the year ended December 31, 1993, MLAM has voluntarily agreed to waive \$246,351 of its advisory fee.

Merrill Lynch, Pierce, Fenner & Smith Inc. (MLPF&S), an affiliate of MLIM, earned commissions on the execution of portfolio security transactions aggregating \$3,860 in the American Balanced Fund, \$3,173 in the Basic Value Focus Fund, \$5,610 in the Equity Growth Fund, \$17,295 in the Flexible Strategy Fund, \$59,256 in the Global Strategy Focus Fund, \$11,815 in the Global Utility Focus Fund, \$8,520 in International Equity Focus Fund, \$1,725 in the Natural Resources Focus Fund and \$47,188 in the Quality Equity Fund.

Accounting services are provided to the Fund by MLAM at cost.

Financial Data Services, Inc. ("FDS"), a wholly-owned subsidiary of Merrill Lynch & Co., Inc., is the Fund's transfer agent.

Certain officers and/or directors of the Company are officers and/or directors of MLIM, FDS, Merrill Lynch Funds Distributor, Inc., a wholly owned subsidiary of MLIM, which is the Fund's distributor, and/or Merrill Lynch & Co., Inc.

3. INVESTMENTS:

Purchases and sales of investments, excluding short-term securities and maturities, for the year ended December 31, 1993, were as follows:

<TABLE>
<CAPTION>

<S>	PURCHASES		SALES	
	<C>		<C>	
American Balanced Fund.....	\$ 76,476,739		\$ 6,568,473	
Basic Value Focus Fund.....	36,468,837		4,292,258	
Equity Growth Fund.....	114,186,789		60,092,866	
Flexible Strategy Fund.....	172,795,711		91,376,748	
Global Strategy Focus Fund.....	202,555,937		13,232,386	
Global Utility Focus Fund.....	81,894,944		581,737	
High Current Income Fund.....	145,426,639		26,253,324	
International Equity Focus Fund....	62,933,311		4,642,661	
Natural Resources Focus Fund.....	13,643,916		4,676,701	
Prime Bond Fund.....	398,007,600		196,929,420	
Quality Equity Fund.....	312,484,148		137,688,316	
World Income Focus Fund.....	57,608,250		12,668,475	

</TABLE>

Transactions in written call and put options for the year ended December 31, 1993, were as follows:

<TABLE>
<CAPTION>

FLEXIBLE STRATEGY FUND

CALL OPTIONS WRITTEN	NUMBER OF SHARES COVERED	PREMIUMS RECEIVED
<S>	<C>	<C>
Outstanding call options written at beginning of year.....	--	--
Options written.....	40	\$ 8,326
Options expired.....	(25)	(5,824)
Options exercised.....	(15)	(2,502)
Outstanding call options written at end of year.....	--	\$ --

</TABLE>

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Transactions in written call and put options for the period ended December 31, 1993, were as follows:

<TABLE>
<CAPTION>

INTERNATIONAL EQUITY FOCUS FUND

PUT OPTIONS WRITTEN	NUMBER OF SHARES COVERED	PREMIUMS RECEIVED
<S>	<C>	<C>
Outstanding put options written at beginning of period.....	--	--
Options written.....	\$ 15,000,000	\$ 118,850
Outstanding put options written at end of period.....	\$ 15,000,000	\$ 118,850

</TABLE>

<TABLE>
<CAPTION>

QUALITY EQUITY FUND

CALL OPTIONS WRITTEN	NUMBER OF SHARES COVERED	PREMIUMS RECEIVED
<S>	<C>	<C>
Outstanding options written at beginning of year.....	--	--
Options written.....	8,500	\$ 17,816
Options expired.....	(5,500)	(12,812)
Options exercised.....	(3,000)	(5,004)
Outstanding options written at end of year.....	--	\$ --

</TABLE>

Transactions in call options purchased for the period ended December 31, 1993, were as follows:

<TABLE>
<CAPTION>

INTERNATIONAL EQUITY FOCUS FUND

CALL OPTIONS PURCHASED	NUMBER OF SHARES COVERED	PREMIUMS COST
<S>	<C>	<C>
Outstanding call options purchased at beginning of period.....	--	--
Options purchased.....	\$ 19,500,000	\$ 145,575

Options expired.....	(4,000,000)	(14,200)
Outstanding call options purchased at end of period.....	\$ 15,500,000	\$ 131,375

</TABLE>

At December 31, 1993 net unrealized appreciation/depreciation and aggregate cost for Federal income tax purposes were as follows:

<TABLE>
<CAPTION>

	AMERICAN BALANCED FUND	BASIC VALUE FOCUS FUND	DOMESTIC MONEY MARKET FUND	EQUITY GROWTH FUND
<S>	<C>	<C>	<C>	<C>
Appreciated securities.....	\$ 5,253,985	\$ 2,261,984	\$ 14,174	\$ 13,263,368
Depreciated securities.....	(424,124)	(657,818)	(11,440)	(1,863,319)
Net unrealized appreciation/ depreciation.....	\$ 4,829,861	\$ 1,604,166	\$ 2,734	\$ 11,400,049
Cost for Federal income tax purposes*.....	\$106,951,190	\$ 44,448,059	\$170,180,190	\$ 87,486,149

</TABLE>

<TABLE>
<CAPTION>

	FLEXIBLE STRATEGY FUND	GLOBAL STRATEGY FOCUS FUND	GLOBAL UTILITY FOCUS FUND	HIGH CURRENT INCOME FUND
<S>	<C>	<C>	<C>	<C>
Appreciated securities.....	\$ 22,800,480	\$ 16,477,099	\$ 5,285,411	\$ 5,234,018
Depreciated securities.....	(931,845)	(4,759,471)	(2,720,221)	(1,062,697)
Net unrealized appreciation/ depreciation.....	\$ 21,868,635	\$ 11,717,628	\$ 2,565,190	\$ 4,171,321
Cost for Federal income tax purposes*.....	\$168,851,966	\$249,630,206	\$110,566,011	\$155,466,128

</TABLE>

<TABLE>
<CAPTION>

	INTERNATIONAL EQUITY FOCUS FUND	NATURAL RESOURCES FOCUS FUND	PRIME BOND FUND
<S>	<C>	<C>	<C>
Appreciated securities.....	\$ 5,927,605	\$ 436,107	\$ 3,982,785
Depreciated securities.....	(2,024,981)	(499,753)	(2,505,829)
Net unrealized appreciation/ depreciation.....	\$ (3,902,624)	\$ (63,646)	\$ 1,476,956
Cost for Federal income tax			

purposes*..... \$ 70,454,530 \$ 14,467,976 \$304,318,015

</TABLE>

<TABLE>
<CAPTION>

	QUALITY EQUITY FUND	RESERVE ASSETS FUND	WORLD INCOME FOCUS FUND
<S>	<C>	<C>	<C>
Appreciated securities.....	\$ 34,758,443	\$ 9,647	\$ 847,505
Depreciated securities.....	(902,684)	(2,570)	(133,689)
Net unrealized appreciation/depreciation.....	\$ 33,855,759	\$ 7,077	\$ 713,816
Cost for Federal income tax purposes*.....	\$277,722,969	\$ 30,122,927	\$ 49,154,015

</TABLE>

*Net of premiums received on options written.

At December 31, 1993, net realized and unrealized gains (losses) were as follows:

<TABLE>
<CAPTION>

	AMERICAN BALANCED FUND		BASIC VALUE FOCUS FUND	
	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)
<S>	<C>	<C>	<C>	<C>
Long-term investments.....	\$ 381,896	\$4,848,878	\$ (84,592)	\$1,604,166
Short-term investments.....	(495)	(19,017)	(20)	--
	\$ 381,401	\$4,829,861	\$ (84,612)	\$1,604,166

</TABLE>

<TABLE>
<CAPTION>

	DOMESTIC MONEY MARKET FUND		EQUITY GROWTH FUND	
	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)
<S>	<C>	<C>	<C>	<C>
Long-term investments.....	--	--	\$ 3,639,259	\$ 11,400,049
Short-term investments.....	\$ 41,187	\$ 2,734	5	--
Options written.....	--	--	--	--
Foreign currency transactions.....	--	--	--	--
	\$ 41,187	\$ 2,734	\$ 3,639,264	\$ 11,400,049

</TABLE>

<TABLE>

<CAPTION>

	FLEXIBLE STRATEGY FUND		GLOBAL STRATEGY FOCUS FUND	
	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)
<S>	<C>	<C>	<C>	<C>
Long-term investments...	\$ 6,476,703	\$ 21,868,635	\$ 1,230,629	\$ 11,717,628
Short-term investments.....	(1,272)	--	--	--
Foreign currency transactions.....	238,214	(5,939)	34,587	(12,554)
Financial Futures Contracts.....	(15,260)	--	--	--
	\$ 6,698,385	\$ 21,862,695	\$ 1,265,216	\$ 11,705,074

</TABLE>

<TABLE>
<CAPTION>

	GLOBAL UTILITY FOCUS FUND		HIGH CURRENT INCOME FUND	
	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)
<S>	<C>	<C>	<C>	<C>
Long-term investments...	\$ 33,546	\$ 2,565,190	\$ 615,232	\$ 4,171,321
Short-term investments.....	(33)	--	(161)	--
Options written.....	--	--	--	--
Foreign currency transactions.....	597	7,484	--	--
	\$ 34,110	\$ 2,572,674	\$ 615,071	\$ 4,171,321

</TABLE>

<TABLE>
<CAPTION>

	INTERNATIONAL EQUITY FOCUS FUND		NATURAL RESOURCES FOCUS FUND	
	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)
<S>	<C>	<C>	<C>	<C>
Long-term investments...	\$ 188,191	\$ 3,902,056	\$ 64,514	\$ (63,636)
Short-term investments.....	(287)	568	135	(10)
Options written.....	(14,200)	(102,890)	--	--
Financial Futures Contracts.....	(364,674)	145,997	--	--
Options purchased.....	--	(92,105)	--	--
Foreign currency transactions.....	306,021	531,510	42	(20)
	\$ 115,051	4,385,136	\$ 64,691	\$ (63,666)

</TABLE>

<TABLE>
<CAPTION>

	PRIME BOND FUND		QUALITY EQUITY FUND	
	Realized Gains (Losses)	Unrealized Gains	Realized Gains (Losses)	Unrealized Gains (Losses)
<S>	<C>	<C>	<C>	<C>
Long-term investments....	\$ 4,199,757	\$ 1,484,456	\$ 6,567,931	\$ 33,855,759
Short-term investments...	(34)	--	121	--

Options written.....	--	--	--	--
Foreign currency transactions.....	--	--	(8)	--
	\$ 4,199,723	\$ 1,484,456	\$ 6,568,044	\$ 33,855,759

</TABLE>

<TABLE>
<CAPTION>

	RESERVE ASSETS FUND		WORLD INCOME FOCUS FUND	
	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)
<S>	<C>	<C>	<C>	<C>
Long-term investments.....	--	--	\$ 101,797	\$ 713,816
Short-term investments.....	\$ 15,302	\$ 7,077	(383)	--
Options written.....	--	--	--	--
Foreign currency transactions.....	--	--	75,366	6,495
	\$ 15,302	\$ 7,077	\$ 176,780	\$ 720,311

</TABLE>

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4. CAPITAL SHARE TRANSACTIONS:
Transactions in capital shares were as follows:

AMERICAN BALANCED FUND

<TABLE>
<CAPTION>

	For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>	<C>
Shares sold.....	6,659,885		\$ 91,353,359
Shares issued to shareholders in reinvestment of dividends and distributions.....	92,618		1,203,002
Total issued.....	6,752,503		92,556,361
Shares redeemed.....	(491,212)		(6,703,257)
Net increase.....	6,261,291		\$ 85,853,104

</TABLE>

<TABLE>
<CAPTION>

	For the Year Ended December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>	<C>
Shares sold.....	1,367,773		\$ 16,923,962
Shares issued to shareholders in reinvestment of dividends and distributions.....	43,421		528,136
Total issued.....	1,411,194		17,452,098
Shares redeemed.....	(91,625)		(1,137,727)
Net increase.....	1,319,569		\$ 16,314,371

</TABLE>

BASIC VALUE FOCUS FUND

<TABLE> <CAPTION>		
For the Period July 1, 1993+ to December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	4,316,053	\$ 47,688,307
Shares issued to shareholders in reinvestment of dividends and distributions.....	--	--
Total issued.....	4,316,053	47,688,307
Shares redeemed.....	(202,978)	(2,154,283)
Net increase.....	4,113,075	\$ 45,534,024

</TABLE>

+ Prior to July 1, 1993 (commencement of operations), the Fund issued 200,010 shares to MLAM for \$2,000,100.

DOMESTIC MONEY MARKET FUND

<TABLE> <CAPTION>		
For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	371,125,144	\$ 371,125,144
Shares issued to shareholders in reinvestment of dividends and distributions.....	2,796,153	2,796,153
Total issued.....	373,921,297	373,921,297
Shares redeemed.....	(244,516,209)	(244,516,209)
Net increase.....	129,405,088	\$ 129,405,088

</TABLE>

<TABLE> <CAPTION>		
For the Period February 20, 1992+ to December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	77,059,988	\$ 77,059,988
Shares issued to shareholders in reinvestment of dividends and distributions.....	522,668	522,668
Total issued.....	77,582,656	77,582,656
Shares redeemed.....	(38,459,225)	(38,459,225)
Net increase.....	39,123,431	\$ 39,123,431

</TABLE>

+ Prior to February 20, 1992 (commencement of operations), the Company issued 2,000,100 shares to MLAM for \$2,000,100.

EQUITY GROWTH FUND

<TABLE> <CAPTION>		
For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	3,715,936	\$ 69,928,165
Shares issued to shareholders in reinvestment of dividends and distributions.....	330	5,834
Total issued.....	3,716,266	69,933,999

Shares redeemed.....	(296,830)	(5,457,567)
Net increase.....	3,419,436	\$ 64,476,432

</TABLE>

<TABLE>
<CAPTION>

For the Year Ended December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	888,271	\$ 14,836,367
Shares issued to shareholders in reinvestment of dividends.....	2,518	47,447
Total issued.....	890,789	14,883,814
Shares redeemed.....	(219,409)	(3,585,542)
Net increase.....	671,380	\$ 11,298,272

</TABLE>

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FLEXIBLE STRATEGY FUND

<TABLE>
<CAPTION>

For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	6,911,886	103,761,462
Shares issued to shareholders in reinvestment of dividends and distributions.....	100,932	1,460,495
Total issued.....	7,012,818	105,221,957
Shares redeemed.....	(820,921)	(12,310,730)
Net increase.....	6,191,897	\$ 92,909,143

</TABLE>

<TABLE>
<CAPTION>

For the Year Ended December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	2,252,323	\$ 31,668,961
Shares issued to shareholders in reinvestment of dividends and distributions.....	402,362	5,614,766
Total issued.....	2,654,685	37,283,727
Shares redeemed.....	(553,710)	(7,805,748)
Net increase.....	2,100,975	\$ 29,477,979

</TABLE>

GLOBAL STRATEGY FOCUS FUND

<TABLE>
<CAPTION>

For the Year Ended December 31, 1993	Shares	Dollar Amount
---	--------	------------------

<S>	<C>	<C>
Shares sold.....	20,813,811	\$ 241,520,508
Shares issued to shareholders in reinvestment of dividends and distributions.....	35,643	394,216
Total issued.....	20,849,454	241,914,724
Shares redeemed.....	(213,171)	(2,402,857)
Net increase.....	20,636,283	\$ 239,511,867

</TABLE>

<TABLE>
<CAPTION>

For the Period February 28, 1992+ to December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	1,321,900	\$ 13,428,045
Shares issued to shareholders in reinvestment of dividends.....	2,888	29,518
Total issued.....	1,324,788	13,457,563
Shares redeemed.....	(5,928)	(60,122)
Net increase.....	1,318,860	\$ 13,397,441

</TABLE>

+ Prior to February 28, 1992 (commencement of operations), the Company sold 200,010 shares to MLAM for \$2,000,100.

GLOBAL UTILITY FOCUS FUND

<TABLE>
<CAPTION>

For the Period July 1, 1993+ to December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	9,794,562	\$ 101,325,529
Shares issued to shareholders in reinvestment of dividends and distributions.....	11,422	118,908
Total issued.....	9,805,984	101,444,437
Shares redeemed.....	(201,232)	(2,092,591)
Net increase.....	9,604,752	\$ 99,351,846

</TABLE>

+ Prior to July 1, 1993 (commencement of operations), the Company sold 200,010 shares to MLAM for \$2,000,100.

HIGH CURRENT INCOME FUND

<TABLE>
<CAPTION>

For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	11,096,856	\$ 130,007,224
Shares issued to shareholders in reinvestment of dividends and distributions.....	517,507	6,035,740
Total issued.....	11,614,363	136,042,964
Shares redeemed.....	(424,381)	(4,968,409)
Net increase.....	11,189,982	\$ 131,074,555

</TABLE>

<TABLE>
<CAPTION>

For the Year Ended December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	1,655,403	\$ 18,211,484
Shares issued to shareholders in reinvestment of dividends.....	139,646	1,522,781
Total issued.....	1,795,049	19,734,265
Shares redeemed.....	(371,472)	(4,071,229)
Net increase.....	1,423,577	\$ 15,663,036

</TABLE>

INTERNATIONAL EQUITY FOCUS FUND

<TABLE>
<CAPTION>

For the Period July 1, 1993+ to December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	6,976,839	\$ 72,732,083
Shares issued to shareholders in reinvestment of dividends and distributions.....	--	--
Total issued.....	6,976,839	72,732,083
Shares redeemed.....	(804,344)	(8,379,435)
Net increase.....	6,172,495	\$ 64,352,648

</TABLE>

+ Prior to July 1, 1993 (commencement of operations), the Company sold 800,010 shares to MLAM for \$8,000,100.

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NATURAL RESOURCES FOCUS FUND

<TABLE>
<CAPTION>

For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	1,268,742	\$ 13,999,275
Shares issued to shareholders in reinvestment of dividends and distributions.....	3,674	40,449
Total issued.....	1,272,416	14,039,724
Shares redeemed.....	(327,587)	(3,584,398)
Net increase.....	944,829	\$ 10,571,877

</TABLE>

<TABLE>
<CAPTION>

For the Year Ended December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	169,193	\$ 1,683,526
Shares issued to shareholders in reinvestment of dividends and distributions.....	13,009	125,884

Total issued.....	182,202	1,809,410
Shares redeemed.....	(67,934)	(666,485)
Net increase.....	114,268	\$ 1,142,925

</TABLE>

PRIME BOND FUND

<TABLE>

<CAPTION>

For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	18,166,471	\$ 229,284,947
Shares issued to shareholders in reinvestment of dividends and distributions.....	835,307	10,463,170
Total issued.....	19,001,778	239,748,117
Shares redeemed.....	(1,205,821)	(15,218,080)
Net increase.....	17,795,957	\$ 224,530,037

</TABLE>

<TABLE>

<CAPTION>

For the Year Ended December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	4,282,632	\$ 51,080,851
Shares issued to shareholders in reinvestment of dividends.....	303,832	3,604,131
Total issued.....	4,586,464	54,684,982
Shares redeemed.....	(847,635)	(9,984,702)
Net increase.....	3,738,829	\$ 44,700,280

</TABLE>

QUALITY EQUITY FUND

<TABLE>

<CAPTION>

For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	7,584,386	\$ 204,488,643
Shares issued to shareholders in reinvestment of dividends and distributions.....	38,501	99,487
Total issued.....	7,622,887	204,588,130
Shares redeemed.....	(412,554)	(11,039,403)
Net increase.....	7,210,333	\$ 193,548,727

</TABLE>

<TABLE>

<CAPTION>

For the Year Ended December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	1,635,715	\$ 40,556,147
Shares issued to shareholders in reinvestment of dividends and distributions.....	168,257	4,217,827

Total issued.....	1,803,972	44,773,974
Shares redeemed.....	(437,956)	(10,900,234)
Net increase.....	1,366,016	\$ 33,873,740

</TABLE>

RESERVE ASSETS FUND

<TABLE>

<CAPTION>

For the Year Ended December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	18,903,263	\$ 18,903,263
Shares issued to shareholders in reinvestment of dividends and distributions.....	772,770	772,770
Total issued.....	19,676,033	19,676,033
Shares redeemed.....	(16,275,313)	(16,275,313)
Net increase.....	3,400,720	\$ 3,400,720

</TABLE>

<TABLE>

<CAPTION>

For the Year Ended December 31, 1992	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	8,149,134	\$ 8,149,134
Shares issued to shareholders in reinvestment of dividends and distributions.....	953,406	953,406
Total issued.....	9,102,540	9,102,540
Shares redeemed.....	(16,704,930)	(16,704,930)
Net decrease.....	(7,602,390)	\$ (7,602,390)

</TABLE>

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WORLD INCOME FOCUS FUND

<TABLE>

<CAPTION>

For the Period July 1, 1993+ to December 31, 1993	Shares	Dollar Amount
<S>	<C>	<C>
Shares sold.....	4,880,334	\$ 49,656,106
Shares issued to shareholders in reinvestment of dividends and distributions.....	63,693	647,784
Total issued.....	4,944,037	50,303,890
Shares redeemed.....	(855,476)	(8,720,702)
Net increase.....	4,088,561	\$ 41,583,188

</TABLE>

+ Prior to July 1, 1993 (commencement of operations), the Fund issued 800,010 shares to MLAM for \$8,000,100.

5. CAPITAL LOSS CARRYFORWARD:

At December 31, 1993, the Fund had capital loss carryforwards of approximately \$52,000 in the Basic Value Focus Fund, all of which expires in 2001, \$119,000 in the High Current Income Fund, all of which expires in 1999 and \$48,000 in the Natural Resources Focus Fund, all of which expires in 2000. These will be available to offset like amount of any future taxable gains.

6. LOANED SECURITIES:

At December 31, 1993, the Prime Bond Fund held U.S. Treasury bonds having an aggregate value of approximately \$4,742,000 as collateral for portfolio securities loaned having a market value of approximately \$4,486,000.

7. COMMITMENTS:

At December 31, 1993, the Global Utility Focus Fund had entered into forward exchange contracts under which it agreed to purchase various foreign currencies with values of approximately \$2,955,000 and International Equity Focus \$87,000, and sold various foreign currencies with value of approximately \$298,000.

8. SUBSEQUENT EVENTS:

On January 3, 1994, the Board of Directors declared ordinary income dividends and a capital gains distributions per share to shareholders of record as of December 31, 1993 as follows:

<TABLE>
<CAPTION>

Fund	Ordinary Income-net	Capital Gains
<S>	<C>	<C>
American Balanced Fund (2).....	\$0.182570	\$0.020055
Basic Value Focus Fund (2).....	0.036210	--
Equity Growth Fund (2).....	--	0.189770
Flexible Strategy Fund (2).....	0.301396	0.386555
Global Strategy Focus Fund (2).....	0.125658	0.010581
Global Utility Focus Fund (2).....	0.060742	--
High Current Income Fund (1).....	--	--
International Equity Focus Fund (2).....	0.154109	--
Natural Resources Focus Fund (2)....	0.061468	--
Prime Bond Fund (1).....	0.128691	0.040576
Quality Equity Fund (2).....	0.423812	0.354436
World Income Focus Fund (1).....	0.043089	--

</TABLE>

(1) Payable on 1/03/1994.
(2) Payable on 1/10/1994.

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.
INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND SHAREHOLDERS,
MERRILL LYNCH VARIABLE SERIES FUNDS, INC.:

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of American Balanced, Domestic Money Market, Equity Growth, Flexible Strategy, Global Strategy Focus, High Current Income, Natural Resources Focus, Prime Bond, Quality Equity, Reserve Assets, Basic Value Focus, World Income Focus, Global Utility Focus, and International Equity Focus Funds of Merrill Lynch Variable Series Funds, Inc. as of December 31, 1993, the related statements of operations for the period then ended, and changes in net assets for each of the periods in the two-year period then ended, and the financial highlights for each of the periods presented. These financial statements and the financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and the financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the financial highlights are free of material misstatement. An audit includes examining on a

test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedure included confirmation of securities owned at December 31, 1993, by correspondence with the custodian and brokers, or other alternative procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights present fairly, in all material respects, the financial positions of American Balanced, Domestic Money Market, Equity Growth, Flexible Strategy, Global Strategy Focus, High Current Income, Natural Resources Focus, Prime Bond, Quality Equity, Reserve Assets, Basic Value Focus, World Income Focus, Global Utility Focus, and International Equity Focus Funds of Merrill Lynch Variable Series Focus Funds, Inc. as of December 31, 1993, the results of their operations, the changes in their net assets, and the financial highlights for the respective stated periods in conformity with generally accepted accounting principles.

Deloitte & Touche
Princeton, New Jersey
February 18, 1994

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MERRILL LYNCH
VARIABLE SERIES FUNDS, INC.

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Princeton, NJ 08543-9011

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4800 Deer Lake Drive East
Jacksonville, FL 32246-6484
(800) 637-3863

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President and Director

Walter Mintz
Director

Melvin R. Seiden
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Stephen B. Swensrud
Director

Harry Woolf
Director

Terry K. Glenn
Executive Vice President

Bernard J. Durnin
Senior Vice President

N. John Hewitt
Senior Vice President

Joseph T. Monagle, Jr.
Senior Vice President

Christopher G. Ayoub
Vice President

Donald C. Burke
Vice President

Denis B. Cummings
Vice President

Joel Heymsfeld
Vice President

Joseph T. Kenney
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Vincent T. Lathbury, III
Vice President

Fredric Lutcher
Vice President

Jay C. Harbeck
Vice President

Aldona A. Schwartz
Vice President

Gerald M. Richard
Treasurer

Michael J. Hennewinkel
Secretary

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This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Funds unless accompanied or preceded by the Funds' current prospectus. 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. For Domestic Money Market Fund and Reserve Asset Fund, the Funds seek to maintain a consistent \$1.00 net asset value per share, although this cannot be assured. An investment in the Funds is neither insured nor guaranteed by the US Government.

Merrill Lynch Variable Series Funds, Inc.
Box 9011
Princeton, NJ
08543-9011

#16897