ZURICH®

August 29, 2018

Dear Contract Owner:

Zurich American Life Insurance Company is pleased to continue with our customized process for producing and distributing semi-annual reports for the registered funds underlying the investment choices you have selected in your Destinations VA or Farmers VA I variable annuity contract.

Your customized semi-annual report is enclosed. The report provides an update on the relevant funds' performance as of June 30, 2018. Fund performance does not take into account the fees charged by your contract. If these fees had been included, the performance would have been lower. As always, past performance cannot predict or guarantee future returns.

We hope that the enclosed information is helpful. If you have any questions concerning your contract, please do not hesitate to call our Service Center at (800) 449-0523 (toll free).

Thank you for placing your variable annuity contract with us.

Sincerely,

Richard W. Grilli
Senior Vice President and Chief Operating Officer

Enclosure

Zurich American
Life Insurance Company

Administrative Office:
PO Box 7728
Overland Park, KS 66207-0728

Telephone 877-301-5376
Fax 1-866-315-0729

ZURICHAMERICANLIFEINSURANCE.COM

August 6, 2018

THE DREYFUS SUSTAINABLE U.S. EQUITY FUND, INC.

THE DREYFUS SUSTAINABLE U.S. EQUITY PORTFOLIO, INC.

Supplement to Current Summary Prospectus and Prospectus

Effective August 6, 2018, Terry Coles will no longer serve as a portfolio manager of the Fund. All references to Mr. Coles in the Summary Prospectus and Prospectus are deleted.

ALGER

THE ALGER PORTFOLIOS

Alger Balanced Portfolio

SEMI-ANNUAL REPORT

JUNE 30, 2018 (UNAUDITED)

Table of Contents

ALGER BALANCED PORTFOLIO

Go Paperless With Alger Electronic Delivery Service

Alger is pleased to provide you with the ability to access regulatory materials online. When documents such as prospectuses and annual and semi-annual reports are available, we'll send you an e-mail notification with a convenient link that will take you directly to the fund information on our website. To sign up for this free service, simply enroll at **www.icsdelivery.com/alger.**

Dear Shareholders,

Corporations Generate Strong Earnings but Emotions Spark Volatility

After a nearly one-and-a-half-year period without a single monthly decline for the S&P 500 Index, market volatility returned in late January and persisted during most of the first half of this year. Despite the volatility, the S&P 500 Index generated a 2.65% return during the six-month period ended June 30 with strong corporate earnings and encouraging economic data supporting investor sentiment. Concerns about inflation and rising trade protectionism, however, challenged market sentiment. Those concerns were particularly strong among non-U.S. markets, with the MSCI ACWI ex USA Index declining 3.44% during the period ended June 30. Weakening emerging markets currencies, furthermore, contributed to the MSCI Emerging Markets Index falling 6.51% during the period ended June 30.

We maintain that investors should focus on the health of corporate America, the benefits of fiscal stimulus, high levels of innovation, and the strength of the U.S. economy rather than succumb to what we believe are misguided concerns about the length of the current bull market, the potential for inflation, and the rise of trade protectionism. We also believe that emerging markets volatility has resulted in the asset class having attractive valuations.

Corporate Earnings Shine but Volatility Thrives

After hitting an all-time high on January 26, the S&P 500 Index dropped more than 10% during the ensuing 10 days. The short-lived and emotionally fueled decline was largely driven by Bureau of Labor Statistics data depicting a 2.9% year-over-year increase in wages as of the month of January vs. the prior January, which sparked fears that potential inflation could derail the ongoing economic recovery and bull market. Some investors may also have believed that market gains, equity valuations, and optimism were excessive relative to corporate fundamentals and the potential benefits of lower taxes resulting from tax reform that was signed into law by President Donald Trump in late December.

Readers of our market commentaries would note that we quickly recognized (again) the error of such short-term thinking and predicted a strong recovery into first quarter earnings season. As of the end of the quarterly reporting season in late May, S&P 500 companies had reported year-over-year earnings growth of 24.6% for the first quarter, which was the highest rate since the third quarter of 2010, according to FactSet Research, and well above the consensus expectation of a 17.1% increase. Also for the first quarter, 78% of S&P 500 companies announced positive earnings surprises and 77% announced positive sales surprises. This represents very strong breadth of revenues and earnings across corporate America. We were, in short, correct about the following points:

- The economy was stronger than commonly believed.
- The economy would drive a stock market recovery.
- Growth companies were particularly well positioned to benefit from economic growth. In regards to this final point, the Russell 1000 Growth Index generated a 7.25% return compared to the -1.69% return of the Russell 1000 Value Index during the first six months of this year.

While corporate profits are benefiting from reduced taxes, which account for about one third of the recent earnings growth, the rest of the growth is coming from a strong economy and strong execution by companies and their employees. We believe innovation in America is strong and its influence is spreading from its center in technology to across industries at all levels. The trends may be the stuff of headlines in our media, but they are real and large. Artificial intelligence, internet-connected devices, cloud computing, e-commerce, genome sequencing, big data analysis, real-time data collection, "the sharing" economy, "last mile" logistics and other technologies and trends are sweeping across the American landscape in business and society. And companies leading in innovation, development or implementation of these technologies are benefitting as these trends disrupt industries and legacy business models.

Investor enthusiasm about strong corporate earnings was held partially in check during the reporting period by fears that a potential trade war could hinder global growth. Among other developments, the Trump Administration let certain tariff exemptions expire, which resulted in a 25% steel tariff and 10% aluminum tariff on imports from Canada, Mexico, and the European Union. In late June, the Trump Administration announced a 25% tariff on various imports from China with a combined value of $34 billion annually and said it was evaluating placing a 10% tariff on an additional $16 billion of Chinese imports. Trump has also threatened to place tariffs on an additional $200 billion of Chinese goods. The various tariffs have caused U.S. trading partners to implement retaliatory actions or threaten to do so. In mid-February, the growing concerns about tariffs sparked a strong rotation into small cap stocks that resulted in the Russell 2000 Index gaining 7.66% during the reporting period. Investors' preference for small cap growth was even more dramatic, with the Russell 2000 Growth Index producing a 9.69% return. We believe the rally in small cap stocks was driven by the perception that smaller companies are less susceptible to tariffs than their larger counterparts. Indeed, Russell 2000 Index companies derive only 21% of their revenues from outside the U.S. while the S&P 500 proportion is 39%.

Keeping Inflation and Trade Tariffs in Perspective

Investors frequently focus on inflation and monetary policy to gain insight into economic cycles. When the U.S. Federal Reserve (Fed) begins increasing interest rates to curtail inflation, investors fear that higher financing costs can throttle corporate profits and economic growth. In our view, the Fed's current monetary tightening appears to be a long way from sparking a recession or a bear market. Bull markets have historically persisted during Fed rate increases and recessions typically haven't occurred until the real fed funds rate, which is the nominal fed funds rate minus inflation, hits 2% or higher. With the real fed funds rate currently at about 0% and the Fed expected to raise rates approximately 75-100 basis points a year, we maintain that monetary policy is unlikely to mute the economic recovery or stifle the equity market in the foreseeable future.

We believe that bonds are a different matter. During periods of fed funds rate increases, the 10-year Treasury bond has generated an average annual return of -2.7% compared to the average annual return of 6.2% of the S&P 500 Index. [1] We also believe that valuations imply that earnings multiples may not suffer as rates rise, with the S&P 500 Index having an EPS yield on June 30 that was more than 300 bps higher than the yield of the 10-year Treasury bond. While bonds are susceptible to monetary tightening, we believe the economy is strong and can absorb the impact of Fed rate increases. [2]

We also believe that a historical view of global trade can provide helpful insights into tariffs. In the early 1960s, the U.S. tariff rate was approximately 7%. The rate, along with rates for most countries, has declined at a fairly steady pace and was slightly less than 2% as of the end of last year, which we believe illustrates that governments favor free trade. In the short term, we believe uncertainty about trading disputes is likely to drive market volatility, but we believe the strong preference for free trade among governments worldwide can potentially prevent tariffs from escalating and hindering economic growth. In the meantime, volatility from trade war fears can provide opportunities for active managers who can potentially select companies that may benefit from tariffs and avoid companies that may be hurt by changes in trade agreements. In a similar manner, trade tariffs may provide a competitive edge for smaller companies that produce a substantial portion of their sales within the U.S.

Outlook

In past years, economic growth has been driven primarily by consumer spending, but business spending, which is growing at a faster rate than the nation's gross domestic product, is now playing a more significant role. At the same time, the Conference Board's Leading Economic Index (LEI) is encouraging. The LEI historically leads S&P 500 Index earnings by 6 to 18 months, so its record high June reading of 109.8 may suggest that the bull market still has a long runway in the U.S. Further, we believe that both European and emerging markets equities have been more negatively affected by concerns around a U.S. driven trade war. European and emerging markets equities have also been negatively affected by battles within their respective borders between pro-growth/pro-change policies and the "status quo" or traditionalist policy backers. We believe that emerging markets valuations are highly compelling with the forward price-to-earnings multiple discount for the MSCI Emerging Markets Index relative to developed markets as indicated by the MSCI World Index having widened to nearly 27% as of the end of June. European equity valuations are also attractive, in our view, with the MSCI Europe Index on June 30 trading at only 3% premium to its 20-year median price-to-earnings ratio compared to the 6% premium for the S&P 500 Index.

In closing, we think the best way to address risks, including those associated with Fed tightening and tariffs, is to invest in highly innovative companies that can disrupt their industries by creating new products and services. During the global financial crisis that lasted from early 2008 until early 2011, U.S. e-commerce and internet advertising spending grew 33% while total U.S. retail sales increased only 1%. We think similar trends will be driven by the innovation around commercial adoption of technologies such as artificial intelligence, cloud computing, internet connectivity, genome sequencing, and big data analytics to name some but not all of the biggest trends we see in the world today.

Portfolio Matters

Alger Balanced Portfolio

The Alger Balanced Portfolio returned -0.70% during the fiscal six-month period ended June 30, 2018. The equity portion of the Portfolio underperformed the 7.25% return of the Russell 1000 Growth Index and the fixed-income portion outperformed the -1.90% return of the Bloomberg Barclays Capital U.S. Government/Credit Bond Index during the fiscal six-month period ended June 30, 2018. Regarding the equity portion of the Portfolio, the Information Technology and Financials sectors were the largest sector weightings during the reporting period.

Contributors to Performance

The largest sector overweight was Financials and the largest sector underweight was Information Technology. The Energy and Utilities sectors provided the greatest contributions to relative performance. Among individual positions, Microsoft Corp.; Apple, Inc.; The Boeing Company; Amazon.com, Inc.; and ConocoPhillips were the top contributors to performance. Apple is a leading technology provider in telecommunications, computing, and services. Apple's iOS operating system drives extremely tight engagement with consumers and enterprises. Apple shares contributed to performance as a result of healthy growth in the company's customers as individuals and businesses have continued to embrace the iOS ecosystem. Investor excitement about the company's introduction of the new iPhone models also supported performance of Apple stock.

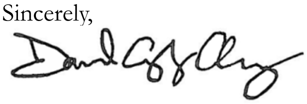
Detractors from Performance

Information Technology and Consumer Discretionary were among the sectors that detracted from results. Among individual positions, Altria Group, Inc.; Comcast Corp., Cl. A; Johnson & Johnson; Morgan Stanley; and The Procter & Gamble Co. were the top detractors from performance. Morgan Stanley offers investment banking, asset management, and trading services. We believe the company is a positive lifecycle change beneficiary because it is emphasizing asset management, which is more profitable, less volatile and importantly, more highly valued than proprietary banking and trading services. Shares of Morgan Stanley underperformed in response to a flattening yield curve, which has hurt investor sentiment toward financial companies.

At the end of the reporting period, the fixed-income portion of the portfolio consisted of 11 corporate bonds, which was the same number as at the start of the reporting period. The option adjusted spread of the Bloomberg Barclays U.S. Corporate Bond Index reached its tightest levels of the past five years early in the period and reversed to erase the spread tightening of the past year by the end of the period. In addition, yields moved up to five-year highs. As a result total returns for corporate bonds were negative for the period.

As always, we strive to deliver consistently superior investment results for you, our shareholders, and we thank you for your continued confidence in Alger.

Sincerely,



Daniel C. Chung, CFA
Chief Investment Officer
Fred Alger Management, Inc.

---

[1] *Dan Chung and Brad Neuman, Capital Markets: Observations and Insights: Party without the Punch, Spring 2018. Based on periods of fed funds rate increases occurring between 1955 and 2017.*

[2] *Dan Chung and Brad Neuman, Capital Markets: Observations and Insights: Degrees of Debt. Fred Alger Management, Summer 2018.*

Investors cannot invest directly in an index. Index performance does not reflect the deduction for fees, expenses, or taxes.

This report and the financial statements contained herein are submitted for the general information of shareholders of the Alger Balanced Portfolio. This report is not authorized for distribution to prospective investors in the Portfolio unless preceded or accompanied by an effective prospectus for the Portfolio. The Portfolio's returns represent the fiscal six-month period return of Class I-2 shares. Returns include reinvestment of dividends and distributions.

The performance data quoted in these materials represent past performance, which is not an indication or guarantee of future results.

Standard performance results can be found on the following pages. The investment return and principal value of an investment in the Portfolio will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month-end, visit us at www.alger.com, or call us at (800) 992-3863.

The views and opinions of the Portfolio's management in this report are as of the date of the Shareholders' Letter and are subject to change at any time subsequent to this date. There is no guarantee that any of the assumptions that formed the basis for the opinions stated herein are accurate or that they will materialize. Moreover, the information forming the basis for such assumptions is from sources believed to be reliable; however, there is no guarantee that such information is accurate. Any securities mentioned, whether owned in the Portfolio or otherwise, are considered in the context of the construction of an overall portfolio of securities and therefore reference to them should not be construed as a recommendation or offer to purchase or sell any such security. Inclusion of such securities in the Portfolio and transactions in such securities, if any, may be for a variety of reasons, including without limitation, in response to cash flows, inclusion in a benchmark, and risk control. The reference to a specific security should also be understood in such context and not viewed as a statement that the security is a significant holding in the Portfolio. Please refer to the Schedule of Investments for the Portfolio which is included in this report for a complete list of Portfolio holdings as of June 30, 2018. Securities mentioned in the Shareholders' Letter, if not found in the Schedule of Investments, may have been held by the Portfolio during the six-month fiscal period.

Risk Disclosure

Investing in the stock market involves gains and losses and may not be suitable for all investors. The value of an investment may move up or down, sometimes rapidly and unpredictably, and may be worth more or less than what you invested. Stocks tend to be more volatile than other investments such as bonds. Growth stocks tend to be more volatile than other stocks as the prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. The primary risks arising from the fixed-income portion of the portfolio are interest rate sensitivity, risk of default, credit rating sensitivity, prepayment risk, illiquidity, changes in regulations, and suspension of U.S. government support to government sponsored agencies or instrumentalities.

For a more detailed discussion of the risks associated with the Portfolio, please see the Portfolio's Prospectus.

Before investing, carefully consider the Portfolio's investment objective, risks, charges, and expenses. For a prospectus containing this and other information about the Alger Portfolios, call us at (800) 992-3863 or visit us at www.alger.com. Read it carefully before investing.

Fred Alger & Company, Incorporated, Distributor. Member NYSE Euronext, SIPC.

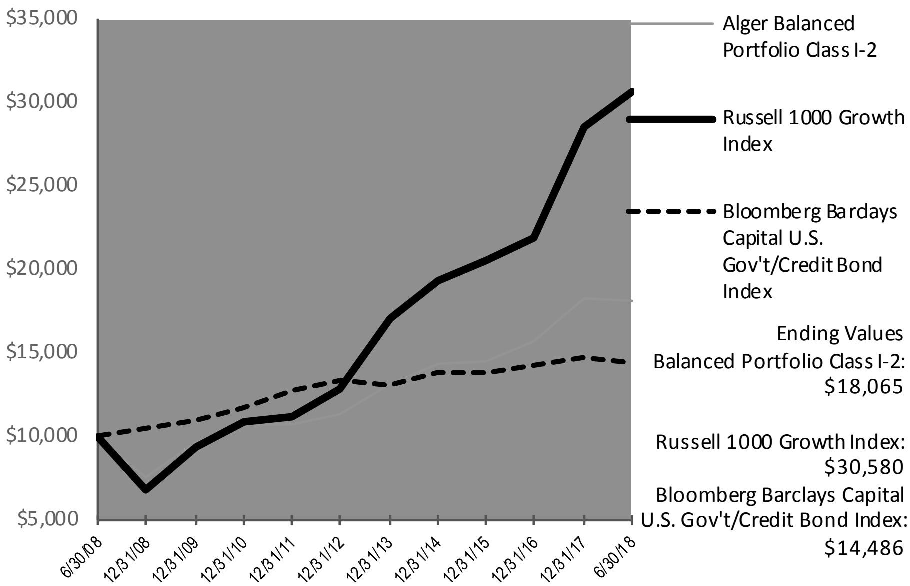
NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.

Definitions:

- The S&P 500 Index: An index of large company stocks considered representative of the U.S. stock market.
- The Russell 1000 Growth Index: An unmanaged index designed to measure the performance of the largest 1,000 companies in the Russell 3000 Index with higher price-to-book ratios and higher forecasted growth values.
- The Bloomberg Barclays Capital U.S. Government/Credit Bond Index: An index designed to track performance of government and corporate bonds.
- Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) ex USA: An unmanaged, market capitalization-weighted index designed to provide a broad measure of equity market performance throughout the world, including both developing and emerging markets, but excluding the United States.
- Morgan Stanley Capital International (MSCI) Emerging Markets Index: A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
- The Conference Board's Leading Economic Index is based on a variety of economic data and is part of the Conference Board's analytic system that seeks to signal peaks and troughs in the business cycle.
- FactSet Research Systems provides data and research for investment managers, hedge funds, investment bankers and other financial professionals.
- The Bloomberg Barclays US Corporate Bond Index: An index that measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

HYPOTHETICAL $10,000 INVESTMENT IN CLASS I-2 SHARES

— *10 years ended 6/30/18*



The chart above illustrates the change in value of a hypothetical $10,000 investment made in Alger Balanced Portfolio Class I-2 shares and the Russell 1000 Growth Index (an unmanaged index of common stocks) and the Bloomberg Barclays Capital U.S. Gov't/Credit Bond Index (an unmanaged index of government and corporate bonds) for the ten years ended June 30, 2018. Figures for each of the Alger Balanced Portfolio Class I-2 shares and the Russell 1000 Growth Index and the Bloomberg Barclays Capital U.S. Gov't/Credit Bond Index include reinvestment of dividends and capital gains.

PERFORMANCE COMPARISON AS OF 06/30/18

AVERAGE ANNUAL TOTAL RETURNS

	1 YEAR	5 YEARS	10 YEARS	Since 9/5/1989
Class I-2 (Inception 9/5/89)	6.63%	8.62%	6.09%	7.56%
Russell 1000 Growth Index	22.51%	16.36%	11.83%	9.69%
Barclays Capital U.S. Gov't/Credit Bond Index	-0.63%	2.29%	3.78%	5.96%

The performance data quoted represents past performance, which is not an indication or a guarantee of future results. Investment return and principal will fluctuate and the Portfolio's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. For performance current to the most recent month end, visit us at www.alger.com or call us at (800) 992-3863.

Returns indicated assume reinvestment of all distributions, no transaction costs or taxes, and are net of management fees and fund operating expenses only. Total return does not include deductions at the portfolio or contract level for cost of insurance charges, premium load, administrative charges, mortality and expense risk charges or other charges that may be incurred under the variable annuity contract, variable life insurance plan or retirement plan for which the Portfolio serves as an underlying investment vehicle. If these charges were deducted, the total return figures would be lower. Please refer to the variable insurance product or retirement plan disclosure documents for any additional applicable expenses. Investing in the stock market involves gains and losses and may not be suitable for all investors.

PORTFOLIO SUMMARY†
June 30, 2018 (Unaudited)

SECTORS/SECURITY TYPES	Alger Balanced Portfolio
Consumer Discretionary	8.3%
Consumer Staples	5.0
Energy	4.1
Financials	9.3
Health Care	8.9
Industrials	5.9
Information Technology	15.4
Materials	1.1
Real Estate	2.3
Telecommunication Services	1.8
Utilities	0.7
Total Equity Securities	62.8
Corporate Bonds	34.6
Total Debt Securities	34.6
Short-Term Investments and Net Other Assets	2.6
	100.0%

† *Based on net assets for the Portfolio.*

COMMON STOCKS—59.2%	SHARES		VALUE
AEROSPACE & DEFENSE—2.7%			
General Dynamics Corp.	1,874	$	349,332
The Boeing Co.	2,122		711,952
United Technologies Corp.	1,561		195,172
			1,256,456
AIR FREIGHT & LOGISTICS—0.3%			
United Parcel Service, Inc., Cl. B	1,221		**129,707**
APPAREL ACCESSORIES & LUXURY GOODS—0.5%			
Tapestry, Inc.	5,220		**243,826**
APPAREL RETAIL—0.5%			
The Gap, Inc.	6,808		**220,511**
ASSET MANAGEMENT & CUSTODY BANKS—1.2%			
BlackRock, Inc., Cl. A	1,072		**534,971**
BIOTECHNOLOGY—1.4%			
AbbVie, Inc.	2,865		265,442
Amgen, Inc.	1,070		197,511
Gilead Sciences, Inc.	2,516		178,234
			641,187
BREWERS—0.3%			
Molson Coors Brewing Co., Cl. B	1,990		**135,400**
BUILDING PRODUCTS—0.6%			
Johnson Controls International PLC.	8,028		**268,537**
CABLE & SATELLITE—0.8%			
Comcast Corp., Cl. A	11,412		**374,428**
COMMUNICATIONS EQUIPMENT—1.0%			
Cisco Systems, Inc.	10,991		**472,943**
CONSUMER ELECTRONICS—0.3%			
Garmin Ltd.	2,432		**148,352**
DIVERSIFIED BANKS—4.0%			
Bank of America Corp.	15,332		432,209
JPMorgan Chase & Co.	10,596		1,104,103
Wells Fargo & Co.	5,357		296,992
			1,833,304
DIVERSIFIED CHEMICALS—0.6%			
DowDuPont, Inc.	4,272		**281,610**
ELECTRIC UTILITIES—0.3%			
NextEra Energy, Inc.	875		**146,151**
ELECTRICAL COMPONENTS & EQUIPMENT—0.4%			
Eaton Corp., PLC.	2,452		**183,263**
FINANCIAL EXCHANGES & DATA—1.3%			
CME Group, Inc., Cl. A	3,567		**584,703**
HEALTH CARE EQUIPMENT—0.4%			
Medtronic PLC.	2,374		**203,238**
HEALTH CARE SERVICES—0.6%			
CVS Health Corp.	3,935		**253,217**

COMMON STOCKS—59.2% (CONT.)	SHARES	VALUE
HOME IMPROVEMENT RETAIL—1.7%		
The Home Depot, Inc.	3,864	$ **753,866**
HOTELS RESORTS & CRUISE LINES—1.0%		
Carnival Corp.	3,453	197,891
Extended Stay America, Inc.	11,418	246,743
		444,634
HOUSEHOLD PRODUCTS—0.8%		
The Procter & Gamble Co.	4,838	**377,654**
HYPERMARKETS & SUPER CENTERS—0.6%		
Walmart, Inc.	3,080	**263,802**
INDUSTRIAL CONGLOMERATES—1.5%		
Honeywell International, Inc.	4,747	**683,805**
INDUSTRIAL GASES—0.5%		
Air Products & Chemicals, Inc.	1,525	**237,488**
INTEGRATED OIL & GAS—2.2%		
Chevron Corp.	2,090	264,239
Exxon Mobil Corp.	5,204	430,527
TOTAL SA#	4,838	292,989
		987,755
INTEGRATED TELECOMMUNICATION SERVICES—1.8%		
AT&T, Inc.	8,324	267,284
Verizon Communications, Inc.	11,292	568,100
		835,384
INTERNET & DIRECT MARKETING RETAIL—0.9%		
Amazon.com, Inc.*	228	**387,554**
INTERNET SOFTWARE & SERVICES—3.8%		
Alphabet, Inc., Cl. A*	531	599,600
Alphabet, Inc., Cl. C*	527	587,948
Facebook, Inc., Cl. A*	2,895	562,556
		1,750,104
INVESTMENT BANKING & BROKERAGE—1.4%		
Morgan Stanley	13,629	**646,015**
LEISURE FACILITIES—1.0%		
Six Flags Entertainment Corp.	2,669	186,964
Vail Resorts, Inc.	942	258,287
		445,251
MANAGED HEALTH CARE—1.3%		
UnitedHealth Group, Inc.	2,500	**613,350**
MULTI-LINE INSURANCE—0.5%		
The Hartford Financial Services Group, Inc.	4,439	**226,966**
MULTI-UTILITIES—0.4%		
Sempra Energy	1,710	**198,548**
OIL & GAS EQUIPMENT & SERVICES—0.5%		
Schlumberger Ltd.	3,677	**246,469**

COMMON STOCKS—59.2% (CONT.)	SHARES	VALUE
OIL & GAS EXPLORATION & PRODUCTION—0.7%		
ConocoPhillips	4,449	$ **309,739**
OIL & GAS REFINING & MARKETING—0.3%		
Valero Energy Corp.	1,282	**142,084**
PACKAGED FOODS & MEATS—0.3%		
The Kraft Heinz Co.	2,280	**143,230**
PHARMACEUTICALS—5.2%		
AstraZeneca PLC.#	4,132	145,075
Bristol-Myers Squibb Co.	7,418	410,512
Eli Lilly & Co.	5,278	450,372
GlaxoSmithKline PLC.#	5,896	237,668
Johnson & Johnson	4,769	578,670
Pfizer, Inc.	15,789	572,825
		2,395,122
RAILROADS—0.4%		
Union Pacific Corp.	1,159	**164,207**
RESTAURANTS—1.6%		
Darden Restaurants, Inc.	1,699	181,895
Dunkin' Brands Group, Inc.	2,116	146,152
McDonald's Corp.	2,486	389,531
		717,578
SEMICONDUCTOR EQUIPMENT—0.6%		
KLA-Tencor Corp.	2,816	**288,725**
SEMICONDUCTORS—2.8%		
Broadcom, Inc.	2,778	674,054
Intel Corp.	9,053	450,025
QUALCOMM, Inc.	3,192	179,135
		1,303,214
SOFT DRINKS—1.8%		
PepsiCo, Inc.	5,178	563,729
The Coca-Cola Co.	5,379	235,923
		799,652
SYSTEMS SOFTWARE—3.7%		
Microsoft Corp.	17,250	**1,701,023**
TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—3.5%		
Apple, Inc.	7,927	1,467,367
Western Digital Corp.	1,854	143,518
		1,610,885
TOBACCO—1.2%		
Altria Group, Inc.	10,043	**570,342**
TOTAL COMMON STOCKS (Cost $17,534,166)		**27,156,250**

MASTER LIMITED PARTNERSHIP—1.3%	SHARES	VALUE
ASSET MANAGEMENT & CUSTODY BANKS—0.9%		
The Blackstone Group LP.	13,355	**429,630**

MASTER LIMITED PARTNERSHIP—1.3% (CONT.)	SHARES		VALUE
OIL & GAS STORAGE & TRANSPORTATION—0.4%			
Cheniere Energy Partners LP.	4,546	$	**163,429**
TOTAL MASTER LIMITED PARTNERSHIP			
(Cost $468,880)			**593,059**

REAL ESTATE INVESTMENT TRUST—2.3%	SHARES	VALUE
HEALTH CARE—0.4%		
Welltower, Inc.	2,947	**184,748**
MORTGAGE—0.5%		
Blackstone Mortgage Trust, Inc., Cl. A	6,717	**211,115**
SPECIALIZED—1.4%		
Crown Castle International Corp.	2,997	323,136
CyrusOne, Inc.	2,549	148,760
Lamar Advertising Co., Cl. A	2,823	192,839
		664,735
TOTAL REAL ESTATE INVESTMENT TRUST		
(Cost $943,264)		**1,060,598**

CORPORATE BONDS—34.6%	PRINCIPAL AMOUNT	VALUE
AGRICULTURAL & FARM MACHINERY—3.7%		
John Deere Capital Corp., 2.75%, 3/15/22	1,750,000	**1,719,748**
DIVERSIFIED BANKS—4.4%		
JPMorgan Chase & Co., 4.35%, 8/15/21	1,000,000	1,028,833
Wells Fargo & Co., 3.30%, 9/9/24	1,000,000	966,885
		1,995,718
INDUSTRIAL CONGLOMERATES—4.5%		
General Electric Co., 6.00%, 8/7/19	2,000,000	**2,068,204**
INTEGRATED OIL & GAS—2.2%		
Total Capital SA, 4.45%, 6/24/20	1,000,000	**1,028,762**
INTEGRATED TELECOMMUNICATION SERVICES—3.0%		
Verizon Communications, Inc., 5.15%, 9/15/23	1,300,000	**1,384,132**
PACKAGED FOODS & MEATS—4.1%		
Campbell Soup Co., 2.50%, 8/2/22	2,000,000	**1,896,582**
SEMICONDUCTORS—3.4%		
Altera Corp., 4.10%, 11/15/23	1,500,000	**1,552,749**
SYSTEMS SOFTWARE—2.2%		
Microsoft Corp., 1.85%, 2/12/20	1,000,000	**987,922**
TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—7.1%		
Apple, Inc., 1.80%, 5/11/20	1,200,000	1,179,988
HP, Inc., 4.38%, 9/15/21	2,000,000	2,052,971
		3,232,959
TOTAL CORPORATE BONDS		
(Cost $16,125,238)		**15,866,776**

			VALUE
Total Investments			
(Cost $35,071,548)	97.4%	**$**	**44,676,683**
Unaffiliated Securities (Cost $35,071,548)			44,676,683
Other Assets in Excess of Liabilities	2.6%		1,170,300
NET ASSETS	100.0%	**$**	**45,846,983**

American Depositary Receipts.
* *Non-income producing security.*

See Notes to Financial Statements.

ALGER BALANCED PORTFOLIO
Statement of Assets and Liabilities June 30, 2018 (Unaudited)

		Alger Balanced Portfolio
ASSETS:		
Investments in unaffiliated securities, at value (Identified cost below)* see accompanying schedule of investments	$	44,676,683
Cash and cash equivalents		1,010,283
Receivable for shares of beneficial interest sold		22,081
Dividends and interest receivable		217,051
Prepaid expenses		16,202
Total Assets		45,942,300
LIABILITIES:		
Payable for shares of beneficial interest redeemed		4,644
Accrued investment advisory fees		27,243
Accrued professional fees		22,381
Accrued printing fees		17,337
Accrued custodian fees		11,159
Accrued transfer agent fees		2,254
Accrued administrative fees		1,055
Accrued shareholder administrative fees		384
Accrued other expenses		8,860
Total Liabilities		95,317
NET ASSETS	**$**	**45,846,983**
NET ASSETS CONSIST OF:		
Paid in capital (par value of $.001 per share)		29,259,872
Undistributed net investment income		1,499,213
Undistributed net realized gain		5,482,763
Net unrealized appreciation on investments		9,605,135
NET ASSETS	**$**	**45,846,983**
* Identified cost	$	35,071,548[a]

See Notes to Financial Statements.

[a] *At June 30, 2018, the net unrealized appreciation on investments, based on cost for federal income tax purposes of $34,967,255, amounted to $9,709,428 which consisted of aggregate gross unrealized appreciation of $10,430,348 and aggregate gross unrealized depreciation of $720,920.*

		Alger Balanced Portfolio
NET ASSETS BY CLASS:		
Class I-2	$	45,846,983
SHARES OF BENEFICIAL INTEREST OUTSTANDING — NOTE 6:		
Class I-2		2,683,915
NET ASSET VALUE PER SHARE:		
Class I-2 — Net Asset Value Per Share Class I-2	$	17.08

See Notes to Financial Statements.

ALGER BALANCED PORTFOLIO
Statement of Operations for the six months ended June 30, 2018 (Unaudited)

		Alger Balanced Portfolio
INCOME:		
Dividends (net of foreign withholding taxes*)	$	406,776
Interest from unaffiliated securities		231,840
Total Income		638,616
EXPENSES:		
Advisory fees — Note 3(a)		165,293
Shareholder administrative fees — Note 3(f)		2,328
Administration fees — Note 3(b)		6,402
Custodian fees		29,695
Interest expenses		19
Transfer agent fees and expenses — Note 3(f)		6,312
Printing fees		15,060
Professional fees		22,885
Registration fees		11,549
Trustee fees — Note 3(g)		518
Fund accounting fees		381
Miscellaneous		10,060
Total Expenses		270,502
NET INVESTMENT INCOME		368,114
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain on unaffiliated investments		652,194
Net change in unrealized (depreciation) on unaffiliated investments		(1,337,412)
Net realized and unrealized (loss) on investments		(685,218)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	**$**	**(317,104)**
* Foreign withholding taxes / (reclaimed taxes)	$	(2,255)

See Notes to Financial Statements.

ALGER BALANCED PORTFOLIO
Statements of Changes in Net Assets (Unaudited)

	Alger Balanced Portfolio	
	For the Six Months Ended June 30, 2018	For the Year Ended December 31, 2017
Net investment income	$ 368,114	$ 1,219,903
Net realized gain on investments and foreign currency	652,194	11,474,588
Net change in unrealized (depreciation) on investments	(1,337,412)	(2,801,193)
Net increase (decrease) in net assets resulting from operations	(317,104)	9,893,298
Dividends and distributions to shareholders from:		
Net investment income:		
Class I-2	—	(1,315,911)
Total dividends and distributions to shareholders	—	(1,315,911)
Decrease from shares of beneficial interest transactions — Note 6:		
Class I-2	(1,336,768)	(32,610,726)
Total decrease	(1,653,872)	(24,033,339)
Net Assets:		
Beginning of period	47,500,855	71,534,194
END OF PERIOD	**$ 45,846,983**	**$ 47,500,855**
Undistributed net investment income	$ 1,499,213	$ 1,131,099

See Notes to Financial Statements.

Alger Balanced Portfolio

	Class I-2					
	Six months ended 6/30/2018[i]	Year ended 12/31/2017	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014	Year ended 12/31/2013
Net asset value, beginning of period	$ 17.20	$ 15.32	$ 14.39	$ 14.48	$ 13.49	$ 11.84
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income[ii]	0.13	0.29	0.29	0.29	0.29	0.20
Net realized and unrealized gain (loss) on investments	(0.25)	2.08	0.94	(0.08)	0.98	1.61
Total from investment operations	(0.12)	2.37	1.23	0.21	1.27	1.81
Dividends from net investment income	–	(0.49)	(0.30)	(0.30)	(0.28)	(0.16)
Net asset value, end of period	$ 17.08	$ 17.20	$ 15.32	$ 14.39	$ 14.48	$ 13.49
Total return	(0.70)%	15.44%	8.51%	1.47%	9.43%	15.28%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (000's omitted)	$ 45,847	$ 47,501	$ 71,534	$ 75,350	$ 96,563	$ 95,577
Ratio of net expenses to average net assets	1.17%	0.96%	0.96%	0.92%	0.92%	0.95%
Ratio of net investment income to average net assets	1.58%	1.77%	1.97%	1.97%	2.09%	1.56%
Portfolio turnover rate	3.34%	10.89%	3.58%	9.64%	24.89%	71.66%

See Notes to Financial Statements.

(i) *Ratios have been annualized; total return and portfolio turnover rate have not been annualized.*
(ii) *Amount was computed based on average shares outstanding during the period.*

NOTE 1 — General:

The Alger Portfolios (the "Fund") is an open-end registered investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. The Fund qualifies as an investment company as defined in Financial Accounting Standards Board Accounting Standards Codification 946-Financial Services – Investment Companies. The Fund operates as a series company currently offering seven series of shares of beneficial interest: Alger Capital Appreciation Portfolio, Alger Large Cap Growth Portfolio, Alger Mid Cap Growth Portfolio, Alger SMid Cap Focus Portfolio, Alger Small Cap Growth Portfolio, Alger Growth & Income Portfolio and Alger Balanced Portfolio (collectively the "Portfolios"). These financial statements include only the Alger Balanced Portfolio (the "Portfolio"). The Portfolio's investment objective is current income and long-term capital appreciation which it seeks to achieve through investing in equity and fixed-income securities. Shares of the Portfolio are available to investment vehicles for variable annuity contracts and variable life insurance policies offered by separate accounts of life insurance companies, as well as qualified pension and retirement plans. The Portfolio offers Class I-2 shares.

NOTE 2 — Significant Accounting Policies:

(a) Investment Valuation: The Portfolio values its financial instruments at fair value using independent dealers or pricing services under policies approved by the Fund's Board of Trustees ("Board"). Investments of the Portfolio are valued on each day the New York Stock Exchange (the "NYSE") is open, as of the close of the NYSE (normally 4:00 p.m. Eastern Time).

Equity securities, including traded rights, warrants and option contracts for which valuation information is readily available are valued at the last quoted sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded. In the absence of quoted sales, such securities are valued at the bid price or, in the absence of a recent bid price, the equivalent as obtained from one or more of the major market makers for the securities to be valued.

Debt securities generally trade in the over-the-counter market. Debt securities with remaining maturities of more than sixty days at the time of acquisition are valued on the basis of last available bid prices or current market quotations provided by dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures based on valuation technology commonly employed in the market for such investments. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche-specific spread to the benchmark yield based on the unique attributes of the tranche. Debt securities with a remaining maturity of sixty days or less are valued at amortized cost which approximates market value.

Securities for which market quotations are not readily available are valued at fair value, as determined in good faith pursuant to procedures established by the Board.

Securities in which the Portfolio invests may be traded in foreign markets that close before the close of the NYSE. Developments that occur between the close of the foreign markets and the close of the NYSE may result in adjustments to the closing foreign prices to reflect what the investment adviser, pursuant to policies established by the Board, believes to be the fair value of these securities as of the close of the NYSE. The Portfolio may also fair value securities in other situations, for example, when a particular foreign market is closed but the Portfolio is open.

Financial Accounting Standards Board Accounting Standards Codification 820 – Fair Value Measurements and Disclosures ("ASC 820") defines fair value as the price that the Portfolio would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability and may be observable or unobservable. Observable inputs are based on market data obtained from sources independent of the Portfolio. Unobservable inputs are inputs that reflect the Portfolio's own assumptions based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – significant other observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Portfolio's own assumptions in determining the fair value of investments)

The Portfolio's valuation techniques are generally consistent with either the market or the income approach to fair value. The market approach considers prices and other relevant information generated by market transactions involving identical or comparable assets to measure fair value. The income approach converts future amounts to a current, or discounted, single amount. These fair value measurements are determined on the basis of the value indicated by current market expectations about such future events. Inputs for Level 1 include exchange-listed prices and broker quotes in an active market. Inputs for Level 2 include the last trade price in the case of a halted security, an exchange-listed price which has been adjusted for fair value factors, and prices of closely related securities. Additional Level 2 inputs include an evaluated price which is based upon a compilation of observable market information such as spreads for fixed income and preferred securities. Inputs for Level 3 include, but are not limited to, revenue multiples, earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples, discount rates, time to exit and the probabilities of success of certain outcomes. Such unobservable market information may be obtained from a company's financial statements and from industry studies, market data, and market indicators such as benchmarks and indexes. Because of the inherent uncertainty and often limited markets for restricted securities, the values may significantly differ from values if there was an active market.

Valuation processes are determined by a Valuation Committee ("Committee") established by the Fund's Board and comprised of representatives of the Fund's investment adviser. The Committee reports its fair valuation determinations to the Board which is responsible for approving valuation policy and procedures.

While the Committee meets on an as-needed basis, the Committee meets at least quarterly to review and evaluate the effectiveness of the procedures for making fair value determinations. The Committee considers, among other things, the results of quarterly back testing of the fair value model for foreign securities, pricing comparisons between primary and secondary price sources, the outcome of price challenges put to the Portfolio's pricing vendor, and variances between transactional prices and the previous day's price.

The Portfolio will record a change to a security's fair value level if new inputs are available or it becomes evident that inputs previously considered for leveling have changed or are no longer relevant. Transfers between Levels 1, 2 and 3 are recognized at the end of the reporting period.

(b) Cash and Cash Equivalents: Cash and cash equivalents include U.S. dollars, foreign cash and overnight time deposits.

(c) Security Transactions and Investment Income: Security transactions are recorded on a trade date basis. Realized gains and losses from security transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis.

Premiums and discounts on debt securities purchased are amortized or accreted over the lives of the respective securities.

(d) Foreign Currency Transactions: The books and records of the Portfolio are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the prevailing rates of exchange on the valuation date. Purchases and sales of investment securities and income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of such transactions.

Net realized gains and losses on foreign currency transactions represent net gains and losses from the disposition of foreign currencies, currency gains and losses realized between the trade dates and settlement dates of security transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are included in realized and unrealized gain or loss on investments in the accompanying Statement of Operations.

(e) Option Contracts: When the Portfolio writes an option, an amount equal to the premium received by the Portfolio is recorded as a liability and is subsequently adjusted to reflect the current fair value of the option written. Premiums received from writing options that

expire unexercised are treated by the Portfolio on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Portfolio has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Portfolio. The Portfolio as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

The Portfolio may also purchase put and call options. The Portfolio pays a premium which is included in the Portfolio's accompanying Statement of Assets and Liabilities as an investment and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. The risk of loss associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying security to determine the realized gain or loss.

(f) Lending of Fund Securities: The Portfolio may lend its securities to financial institutions, provided that the market value of the securities loaned will not at any time exceed one third of the Portfolio's total assets, as defined in its prospectus. The Portfolio earns fees on the securities loaned, which are included in interest income in the accompanying Statement of Operations. In order to protect against the risk of failure by the borrower to return the securities loaned or any delay in the delivery of such securities, the loan is collateralized by cash or securities that are maintained with Brown Brothers Harriman & Company, the Portfolio's Custodian ("BBH" or the "Custodian"), in an amount equal to at least 102 percent of the current market value of U.S. loaned securities or 105 percent for non-U.S. loaned securities. The market value of the loaned securities is determined at the close of business of the Portfolio. Any required additional collateral is delivered to the Custodian and any excess collateral is returned to the borrower on the next business day. In the event the borrower fails to return the loaned securities when due, the Portfolio may take the collateral to replace the securities. If the value of the collateral is less than the purchase cost of replacement securities, the Custodian shall be responsible for any shortfall, but only to the extent that the shortfall is not due to any diminution in collateral value, as defined in the securities lending agreement. The Portfolio is required to maintain the collateral in a segregated account and determine its value each day until the loaned securities are returned. Cash collateral may be invested as determined by the Portfolio. Collateral is returned to the borrower upon settlement of the loan. There were no securities loaned as of June 30, 2018.

(g) Dividends to Shareholders: Dividends and distributions payable to shareholders are recorded by the Portfolio on the ex-dividend date.

Dividends from net investment income, if available, are declared and paid annually. Dividends from net realized gains, offset by any loss carryforward, are declared and paid annually after the end of the fiscal year in which earned.

The characterization of distributions to shareholders for financial reporting purposes is determined in accordance with federal income tax rules. Therefore, the source of the Portfolio's distributions may be shown in the accompanying financial statements as either from, or in excess of, net investment income, net realized gain on investment transactions or return of capital, depending on the type of book/tax differences that may exist. Capital accounts within the financial statements are adjusted for permanent book/tax differences. Reclassifications result primarily from the difference in tax treatment of net operating losses, passive foreign investment companies, and foreign currency transactions. The reclassifications are done annually at year-end and have no impact on the net asset value of the Portfolio and are designed to present the Portfolio's capital accounts on a tax basis.

(h) Federal Income Taxes: It is the Portfolio's policy to comply with the requirements of the Internal Revenue Code Subchapter M applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Provided that the Portfolio maintains such compliance, no federal income tax provision is required.

Financial Accounting Standards Board Accounting Standards Codification 740 – Income Taxes ("ASC 740") requires the Portfolio to measure and recognize in its financial statements the benefit of a tax position taken (or expected to be taken) on an income tax return if such position will more likely than not be sustained upon examination based on the technical merits of the position. No tax years are currently under investigation. The Portfolio files income tax returns in the U.S. Federal jurisdiction, as well as the New York State and New York City jurisdictions. The statute of limitations on the Portfolio's tax returns remains open for the tax years 2015-2017. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

(i) Allocation Methods: The Fund accounts separately for the assets, liabilities and operations of the Portfolio. Expenses directly attributable to the Portfolio are charged to the Portfolio's operations; expenses which are applicable to all Portfolios are allocated among them based on net assets.

(j) Estimates: These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require using estimates and assumptions that affect the reported amounts therein. These unaudited interim financial statements reflect all adjustments which are, in the opinion of management, necessary to present a fair statement of results for the interim period. Actual results may differ from those estimates. All such estimates are of normal recurring nature.

NOTE 3 — Investment Advisory Fees and Other Transactions with Affiliates:

(a) Investment Advisory Fees: The fees incurred by the Portfolio, pursuant to the provisions of the Fund's Investment Advisory Agreement with Fred Alger Management, Inc. ("Alger Management" or the "Investment Manager"), are payable monthly and computed based on the following rates. The actual rate paid as a percentage of average daily net assets, for the six months ended June 30, 2018, is set forth below under the heading "Actual Rate."

	Tier 1	Tier 2	Actual Rate
Alger Balanced Portfolio[(a)]	0.710%	0.550%	0.710%

[(a)] *Tier 1 rate is paid on assets up to $1 billion and Tier 2 rate is paid on assets in excess of $1 billion.*

(b) Administration Fees: Fees incurred by the Portfolio, pursuant to the provisions of the Fund's Fund Administration Agreement with Alger Management, are payable monthly and computed based on the average daily net assets of the Portfolio at the annual rate of 0.0275%.

(c) Brokerage Commissions: During the six months ended June 30, 2018, the Portfolio paid Fred Alger & Company, Incorporated, the Fund's distributor (the "Distributor" or "Alger Inc.") and an affiliate of Alger Management, $667 in connection with securities transactions.

(d) Interfund Loans: The Portfolio and other funds advised by Alger Management may borrow money from and lend money to each other for temporary or emergency purposes. To the extent permitted under its investment restrictions, the Portfolio may lend uninvested cash in an amount up to 15% of its net assets to other funds. If the Portfolio has borrowed from other funds and has aggregate borrowings from all sources that exceed 10% of the Portfolio's total assets, the Portfolio will secure all of its loans from other funds. The interest rate charged on interfund loans is equal to the average of the overnight time deposit rate and bank loan rate available to the Portfolio. There were no interfund loans throughout the six months ended June 30, 2018.

(e) Other Transactions with Affiliates: Certain officers of the Fund are directors and officers of Alger Management, the Distributor, or their affiliates.

(f) Shareholder Administrative Fees: The Fund has entered into a shareholder administrative services agreement with Alger Management to compensate Alger Management for its liaison and administrative oversight of DST Asset Manager Solutions, Inc., the transfer agent, and for other related services. The Portfolio compensates Alger Management at the annual rate of 0.01% of the average daily net assets for these services.

(g) Trustee Fees: Effective January 2018, each Independent Trustee receives a fee of $112,000 per annum, paid pro rata by each fund in the Alger Fund Complex, plus travel expenses incurred for attending the meeting. The term "Alger Fund Complex" refers to the Fund, The Alger Institutional Funds, The Alger Funds II, The Alger Funds and Alger Global Growth Fund, each of which is a registered investment company managed by Alger Management. The Independent Trustee appointed as Chairman of the Board of Trustees receives additional compensation of $30,000 per annum paid pro rata by each fund in the Alger Fund Complex. Additionally, each member of the Audit Committee receives a fee of $11,000 per annum, paid pro rata by each fund in the Alger Fund Complex.

(h) Interfund Trades: The Portfolio may engage in purchase and sale transactions with other funds advised by Alger Management. There were no interfund trades during the six months ended June 30, 2018.

NOTE 4 — Securities Transactions:

Purchases and sales of securities, other than U.S. Government securities and short-term securities, for the six months ended June 30, 2018, were as follows:

	PURCHASES	SALES
Alger Balanced Portfolio	$1,533,439	$3,180,002

Transactions in foreign securities may involve certain considerations and risks not typically associated with those of U.S. companies because of, among other factors, the level of governmental supervision and regulation of foreign security markets, and the possibility of political or economic instability. Additional risks associated with investing in the emerging markets include increased volatility, limited liquidity, and less stringent regulatory and legal systems.

NOTE 5 — Borrowings:

The Portfolio may borrow from the Custodian on an uncommitted basis. The Portfolio pays the Custodian a market rate of interest, generally based upon the London Inter-Bank Offered Rate. The Portfolio may also borrow from other funds advised by Alger Management, as discussed in Note 3(d). For the six months ended June 30, 2018, the Portfolio had no borrowings from the Custodian and other funds.

NOTE 6 — Share Capital:

The Portfolio has an unlimited number of authorized shares of beneficial interest of $.001 par value. During the six months ended June 30, 2018 and the year ended December 31, 2017, transactions of shares of beneficial interest were as follows:

	FOR THE SIX MONTHS ENDED JUNE 30, 2018		FOR THE YEAR ENDED DECEMBER 31, 2017	
	SHARES	AMOUNT	SHARES	AMOUNT
Alger Balanced Portfolio				
Class I-2:				
Shares sold	126,698	$ 2,187,413	323,131	$ 5,291,541
Dividends reinvested	—	—	76,462	1,315,911
Shares redeemed	(204,901)	(3,524,181)	(2,307,794)	(39,218,178)
Net decrease	**(78,203)**	**$ (1,336,768)**	**(1,908,201)**	**$ (32,610,726)**

NOTE 7 — Income Tax Information:

At December 31, 2017, the Portfolio, for federal income tax purposes, had no capital loss carryforwards.

During the year ended December 31, 2017, the Portfolio utilized $6,886,700 of its capital loss carryforward.

Under the Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Portfolio on or after January 1, 2011 (Post Act) will not be subject to expiration.

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is determined annually and is attributable primarily to the tax deferral of losses on wash sales, 988 currency transactions, the tax treatment of partnership investments, the realization of unrealized appreciation of Passive Foreign Investment Companies, and return of capital from real estate investment trust investments.

NOTE 8 — Fair Value Measurements:

The major categories of securities and their respective fair value inputs are detailed in the Portfolio's Schedule of Investments. Based upon the nature, characteristics, and risks associated with its investments as of June 30, 2018, the Portfolio has determined that presenting them by security type and sector is appropriate.

Alger Balanced Portfolio	TOTAL FUND	LEVEL 1	LEVEL 2	LEVEL 3
COMMON STOCKS				
Consumer Discretionary	$ 3,736,000	$ 3,736,000	—	—
Consumer Staples	2,290,080	2,290,080	—	—
Energy	1,686,047	1,686,047	—	—
Financials	3,825,959	3,825,959	—	—
Health Care	4,106,114	4,106,114	—	—
Industrials	2,685,975	2,685,975	—	—
Information Technology	7,126,894	7,126,894	—	—
Materials	519,098	519,098	—	—
Telecommunication Services	835,384	835,384	—	—
Utilities	344,699	344,699	—	—
TOTAL COMMON STOCKS	**$ 27,156,250**	**$ 27,156,250**	**—**	**—**
CORPORATE BONDS				
Consumer Staples	1,896,582	—	$ 1,896,582	—
Energy	1,028,762	—	1,028,762	—
Financials	1,995,718	—	1,995,718	—
Industrials	3,787,952	—	3,787,952	—
Information Technology	5,773,630	—	5,773,630	—
Telecommunication Services	1,384,132	—	1,384,132	—
TOTAL CORPORATE BONDS	**$ 15,866,776**	**—**	**$ 15,866,776**	**—**
MASTER LIMITED PARTNERSHIP				
Energy	163,429	163,429	—	—
Financials	429,630	429,630	—	—
TOTAL MASTER LIMITED PARTNERSHIP	**$ 593,059**	**$ 593,059**	**—**	**—**
REAL ESTATE INVESTMENT TRUST				
Financials	211,115	211,115	—	—
Real Estate	849,483	849,483	—	—
TOTAL REAL ESTATE INVESTMENT TRUST	**$ 1,060,598**	**$ 1,060,598**	**—**	**—**
TOTAL INVESTMENTS IN SECURITIES	**$ 44,676,683**	**$ 28,809,907**	**$ 15,866,776**	**—**

As of June 30, 2018, there were no transfers of securities between Level 1 and Level 2.

Certain of the Portfolio's assets and liabilities are held at carrying amount or face value, which approximates fair value for financial statement purposes. As of June 30, 2018, such assets are categorized within the ASC 820 disclosure hierarchy as follows:

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash and Cash equivalents	$1,010,283	—	$1,010,283	—

NOTE 9 — Derivatives:

Financial Accounting Standards Board Accounting Standards Codification 815 – Derivatives and Hedging ("ASC 815") requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements.

Options—The Portfolio seeks to capture the majority of the returns associated with equity market investments. To meet this investment goal, the Portfolio invests in a broadly diversified portfolio of common stocks and may also buy and sell call and put options on equities and equity indexes. The Portfolio may purchase call options to increase its exposure to the stock market and also provide diversification of risk. The Portfolio may purchase put options in order to protect from significant market declines that may occur over a short period of time. The Portfolio may write covered call and cash-secured put options to generate cash flows while reducing the volatility of the portfolio. The cash flows may be an important source of the Portfolio's return, although written call options may reduce the Portfolio's ability to profit from increases in the value of the underlying security or equity portfolio. The value of a call option generally increases as the price of the underlying stock increases and decreases as the stock decreases in price. Conversely, the value of a put option generally increases as the price of the underlying stock decreases and decreases as the stock increases in price. The combination of the diversified stock portfolio and the purchase and sale of options is intended to provide the Portfolio with the majority of the returns associated with equity market investments but with reduced volatility and returns that are augmented with the cash flows from the sale of options.

There were no derivative instruments throughout the period or as of June 30, 2018.

NOTE 10 — Risk Disclosures:

Investing in the stock market involves gains and losses and may not be suitable for all investors. The value of an investment may move up or down, sometimes rapidly and unpredictably, and may be worth more or less than what you invested. Stocks tend to be more volatile than other investments such as bonds. Growth stocks tend to be more volatile than other stocks as the prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. The primary risks arising from the fixed-income portion of the portfolio are interest rate sensitivity, risk of default, credit rating sensitivity, prepayment risk, illiquidity, changes in regulations, and suspension of U.S. government support to government sponsored agencies or instrumentalities.

NOTE 11 — Subsequent Events:

Management of the Portfolio has evaluated events that have occurred subsequent to June 30, 2018, through the issuance date of the Financial Statements. No such events have been identified which require recognition and/or disclosure.

Shareholder Expense Example

As a shareholder of the Portfolio, you incur two types of costs: transaction costs, if applicable; and ongoing costs, including management fees, distribution (12b-1) fees, if applicable, and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The example below is based on an investment of $1,000 invested at the beginning of the six-month period starting January 1, 2018 and ending June 30, 2018.

Actual Expenses

The first line for each class of shares in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you would have paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Six Months Ended June 30, 2018" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line for each class of shares in the table below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratios for each class of shares and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs or deduction of insurance charges against assets or annuities. Therefore, the second line under each class of shares in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

		Beginning Account Value January 1, 2018	Ending Account Value June 30, 2018	Expenses Paid During the Six Months Ended June 30, 2018[(a)]	Annualized Expense Ratio For the Six Months Ended June 30, 2018[(b)]
Alger Balanced Portfolio					
Class I-2	Actual	$ 1,000.00	$ 993.00	$ 5.78	1.17%
	Hypothetical[(c)]	1,000.00	1,018.99	5.86	1.17

(a) *Expenses are equal to the annualized expense ratio of the respective share class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

(b) *Annualized.*

(c) *5% annual return before expenses.*

Privacy Policy

U.S. Consumer Privacy Notice **Rev. 12/20/16**

FACTS	WHAT DOES ALGER DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and • Account balances and • Transaction history and • Purchase history and • Assets When you are no longer our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share personal information to run their everyday business. In the section below, we list the reasons financial companies can share their personal information; the reasons Alger chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Alger share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	**Yes**	**No**
For our marketing purposes — to offer our products and services to you	**Yes**	**No**
For joint marketing with other financial companies	**No**	**We don't share**
For our affiliates' everyday business purposes — information about your transactions and experiences	**Yes**	**No**
For our affiliates' everyday business purposes — information about your creditworthiness	**No**	**We don't share**
For nonaffiliates to market to you	**No**	**We don't share**
Questions? Call 1-800-342-2186		

Who we are	
Who is providing this notice?	Alger includes Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios, and Alger Global Growth Fund.

What we do	
How does Alger protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Alger collect my personal information?	We collect your personal information, for example, when you: • Open an account or • Make deposits or withdrawals from your account or • Give us your contact information or • Provide account information or • Pay us by check.
Why can't I limit all sharing?	Federal law gives you the right to only • sharing for affiliates' everyday business purposes — information about your credit worthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • Our affiliates include Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios and Alger Global Growth Fund.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

Proxy Voting Policies

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities and the proxy voting record is available, without charge, by calling (800) 992-3863 or online on the Fund's website at http://www.alger.com or on the SEC's website at http://www.sec.gov.

Fund Holdings

The Board of Trustees has adopted policies and procedures relating to disclosure of the Portfolio's securities. These policies and procedures recognize that there may be legitimate business reasons for holdings to be disclosed and seek to balance those interests to protect the proprietary nature of the trading strategies and implementation thereof by the Portfolio.

Generally, the policies prohibit the release of information concerning portfolio holdings which have not previously been made public to individual investors, institutional investors, intermediaries that distribute the Portfolio's shares and other parties which are not employed by the Investment Manager or its affiliates except when the legitimate business purposes for selective disclosure and other conditions (designed to protect the Portfolio) are acceptable.

The Portfolio makes its full holdings available semi-annually in shareholder reports filed on Form N-CSR and after the first and third fiscal quarters in regulatory filings on Form N-Q. These shareholder reports and regulatory filings are filed with the SEC, as required by federal securities laws, and are generally available within sixty (60) days of the end of the Portfolio's fiscal quarter. The Portfolio's Forms N-CSR and N-Q are available online on the SEC's website at www.sec.gov or may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330.

In addition, the Portfolio makes publicly available its month-end top 10 holdings with a 10 day lag and its month-end full portfolio with a 60 day lag on its website www.alger.com and through other marketing communications (including printed advertising/sales literature and/or shareholder telephone customer service centers). No compensation or other consideration is received for the non-public disclosure of portfolio holdings information.

In accordance with the foregoing, the Portfolio provides portfolio holdings information to service providers who provide necessary or beneficial services when such service providers need access to this information in the performance of their services and are subject to duties of confidentiality (1) imposed by law, including a duty not to trade on non-public information, and/or (2) pursuant to an agreement that confidential information is not to be disclosed or used (including trading on such information) other than as required by law. From time to time, the Fund will communicate with these service providers to confirm that they understand the Portfolio's policies and procedures regarding such disclosure. This agreement must be approved by the Portfolio's Chief Compliance Officer, President, Secretary or Assistant Secretary.

The Board of Trustees periodically reviews a report disclosing the third parties to whom the Portfolio's holdings information has been disclosed and the purpose for such disclosure, and it considers whether or not the release of information to such third parties is in the best interest of the Portfolio and its shareholders.

In addition to material the Portfolio routinely provides to shareholders, the Investment Manager may, upon request, make additional statistical information available regarding the Portfolio. Such information will include, but not be limited to, relative weightings and characteristics of the Portfolio's holdings versus its peers or an index (such as P/E (or price to book) ratio EPS forecasts, alpha, beta, capture ratio, maximum drawdown, standard deviation, Sharpe ratio, information ratio, R-squared, and market cap analysis), security specific impact on overall portfolio performance, return on equity statistics, geographic analysis, number of holdings, month-end top ten contributors to and detractors from performance, breakdown of High Unit Volume Growth holdings vs. Positive Lifecycle Change holdings, portfolio turnover, and requests of a similar nature. Please contact the Portfolio at (800) 992-3863 to obtain such information.

THE ALGER PORTFOLIOS

360 Park Avenue South
New York, NY 10010
(800) 992-3863
www.alger.com

Investment Manager

Fred Alger Management, Inc.
360 Park Avenue South
New York, NY 10010

Distributor

Fred Alger & Company, Incorporated
360 Park Avenue South
New York, NY 10010

Transfer Agent and Dividend Disbursing Agent

DST Asset Manager Solutions, Inc.
P.O. Box 219432
Kansas City, MO 64121-9432

Custodian

Brown Brothers Harriman & Company
50 Post Office Square
Boston, MA 02110

This report is submitted for the general information of the shareholders of Alger Balanced Portfolio. It is not authorized for distribution to prospective investors unless accompanied by an effective Prospectus for the Portfolio, which contains information concerning the Portfolio's investment policies, fees and expenses as well as other pertinent information.

ALGER

Inspired by Change, Driven by Growth.

PRINTED WITH SOY INK™

Printed on recycled paper

BalancedAR

ALGER

THE ALGER PORTFOLIOS

Alger Capital Appreciation Portfolio

SEMI-ANNUAL REPORT

JUNE 30, 2018 (UNAUDITED)

Table of Contents

ALGER CAPITAL APPRECIATION PORTFOLIO

Go Paperless With Alger Electronic Delivery Service

Alger is pleased to provide you with the ability to access regulatory materials online. When documents such as prospectuses and annual and semi-annual reports are available, we'll send you an e-mail notification with a convenient link that will take you directly to the fund information on our website. To sign up for this free service, simply enroll at **www.icsdelivery.com/alger.**

Dear Shareholders,

Corporations Generate Strong Earnings but Emotions Spark Volatility

After a nearly one-and-a-half-year period without a single monthly decline for the S&P 500 Index, market volatility returned in late January and persisted during most of the first half of this year. Despite the volatility, the S&P 500 Index generated a 2.65% return during the six-month period ended June 30 with strong corporate earnings and encouraging economic data supporting investor sentiment. Concerns about inflation and rising trade protectionism, however, challenged market sentiment. Those concerns were particularly strong among non-U.S. markets, with the MSCI ACWI ex USA Index declining 3.44% during the period ended June 30. Weakening emerging markets currencies, furthermore, contributed to the MSCI Emerging Markets Index falling 6.51% during the period ended June 30.

We maintain that investors should focus on the health of corporate America, the benefits of fiscal stimulus, high levels of innovation, and the strength of the U.S. economy rather than succumb to what we believe are misguided concerns about the length of the current bull market, the potential for inflation, and the rise of trade protectionism. We also believe that emerging markets volatility has resulted in the asset class having attractive valuations.

Corporate Earnings Shine but Volatility Thrives

After hitting an all-time high on January 26, the S&P 500 Index dropped more than 10% during the ensuing 10 days. The short-lived and emotionally fueled decline was largely driven by Bureau of Labor Statistics data depicting a 2.9% year-over-year increase in wages as of the month of January vs. the prior January, which sparked fears that potential inflation could derail the ongoing economic recovery and bull market. Some investors may also have believed that market gains, equity valuations, and optimism were excessive relative to corporate fundamentals and the potential benefits of lower taxes resulting from tax reform that was signed into law by President Donald Trump in late December.

Readers of our market commentaries would note that we quickly recognized (again) the error of such short-term thinking and predicted a strong recovery into first quarter earnings season. As of the end of the quarterly reporting season in late May, S&P 500 companies had reported year-over-year earnings growth of 24.6% for the first quarter, which was the highest rate since the third quarter of 2010, according to FactSet Research, and well above the consensus expectation of a 17.1% increase. Also for the first quarter, 78% of S&P 500 companies announced positive earnings surprises and 77% announced positive sales surprises. This represents very strong breadth of revenues and earnings across corporate America. We were, in short, correct about the following points:

- The economy was stronger than commonly believed.
- The economy would drive a stock market recovery.
- Growth companies were particularly well positioned to benefit from economic growth. In regards to this final point, the Russell 1000 Growth Index generated a 7.25% return compared to the -1.69% return of the Russell 1000 Value Index during the first six months of this year.

While corporate profits are benefiting from reduced taxes, which account for about one third of the recent earnings growth, the rest of the growth is coming from a strong economy and strong execution by companies and their employees. We believe innovation in America is strong and its influence is spreading from its center in technology to across industries at all levels. The trends may be the stuff of headlines in our media, but they are real and large. Artificial intelligence, internet-connected devices, cloud computing, e-commerce, genome sequencing, big data analysis, real-time data collection, "the sharing" economy, "last mile" logistics and other technologies and trends are sweeping across the American landscape in business and society. And companies leading in innovation, development or implementation of these technologies are benefitting as these trends disrupt industries and legacy business models.

Investor enthusiasm about strong corporate earnings was held partially in check during the reporting period by fears that a potential trade war could hinder global growth. Among other developments, the Trump Administration let certain tariff exemptions expire, which resulted in a 25% steel tariff and 10% aluminum tariff on imports from Canada, Mexico, and the European Union. In late June, the Trump Administration announced a 25% tariff on various imports from China with a combined value of $34 billion annually and said it was evaluating placing a 10% tariff on an additional $16 billion of Chinese imports. Trump has also threatened to place tariffs on an additional $200 billion of Chinese goods. The various tariffs have caused U.S. trading partners to implement retaliatory actions or threaten to do so. In mid-February, the growing concerns about tariffs sparked a strong rotation into small cap stocks that resulted in the Russell 2000 Index gaining 7.66% during the reporting period. Investors' preference for small cap growth was even more dramatic, with the Russell 2000 Growth Index producing a 9.69% return. We believe the rally in small cap stocks was driven by the perception that smaller companies are less susceptible to tariffs than their larger counterparts. Indeed, Russell 2000 Index companies derive only 21% of their revenues from outside the U.S. while the S&P 500 proportion is 39%.

Keeping Inflation and Trade Tariffs in Perspective

Investors frequently focus on inflation and monetary policy to gain insight into economic cycles. When the U.S. Federal Reserve (Fed) begins increasing interest rates to curtail inflation, investors fear that higher financing costs can throttle corporate profits and economic growth. In our view, the Fed's current monetary tightening appears to be a long way from sparking a recession or a bear market. Bull markets have historically persisted during Fed rate increases and recessions typically haven't occurred until the real fed funds rate, which is the nominal fed funds rate minus inflation, hits 2% or higher. With the real fed funds rate currently at about 0% and the Fed expected to raise rates approximately 75-100 basis points a year, we maintain that monetary policy is unlikely to mute the economic recovery or stifle the equity market in the foreseeable future.

We believe that bonds are a different matter. During periods of fed funds rate increases, the 10-year Treasury bond has generated an average annual return of -2.7% compared to the average annual return of 6.2% of the S&P 500 Index.[1] We also believe that valuations imply that earnings multiples may not suffer as rates rise, with the S&P 500 Index having an EPS yield on June 30 that was more than 300 bps higher than the yield of the 10-year Treasury bond. While bonds are susceptible to monetary tightening, we believe the economy is strong and can absorb the impact of Fed rate increases. [2]

We also believe that a historical view of global trade can provide helpful insights into tariffs. In the early 1960s, the U.S. tariff rate was approximately 7%. The rate, along with rates for most countries, has declined at a fairly steady pace and was slightly less than 2% as of the end of last year, which we believe illustrates that governments favor free trade. In the short term, we believe uncertainty about trading disputes is likely to drive market volatility, but we believe the strong preference for free trade among governments worldwide can potentially prevent tariffs from escalating and hindering economic growth. In the meantime, volatility from trade war fears can provide opportunities for active managers who can potentially select companies that may benefit from tariffs and avoid companies that may be hurt by changes in trade agreements. In a similar manner, trade tariffs may provide a competitive edge for smaller companies that produce a substantial portion of their sales within the U.S.

Outlook

In past years, economic growth has been driven primarily by consumer spending, but business spending, which is growing at a faster rate than the nation's gross domestic product, is now playing a more significant role. At the same time, the Conference Board's Leading Economic Index (LEI) is encouraging. The LEI historically leads S&P 500 Index earnings by 6 to 18 months, so its record high June reading of 109.8 may suggest that the bull market still has a long runway in the U.S. Further, we believe that both European and emerging markets equities have been more negatively affected by concerns around a U.S. driven trade war. European and emerging markets equities have also been negatively affected by battles within their respective borders between pro-growth/pro-change policies and the "status quo" or traditionalist policy backers. We believe that emerging markets valuations are highly compelling with the forward price-to-earnings multiple discount for the MSCI Emerging Markets Index relative to developed markets as indicated by the MSCI World Index having widened to nearly 27% as of the end of June. European equity valuations are also attractive, in our view, with the MSCI Europe Index on June 30 trading at only 3% premium to its 20-year median price-to-earnings ratio compared to the 6% premium for the S&P 500 Index.

In closing, we think the best way to address risks, including those associated with Fed tightening and tariffs, is to invest in highly innovative companies that can disrupt their industries by creating new products and services. During the global financial crisis that lasted from early 2008 until early 2011, U.S. e-commerce and internet advertising spending grew 33% while total U.S. retail sales increased only 1%. We think similar trends will be driven by the innovation around commercial adoption of technologies such as artificial intelligence, cloud computing, internet connectivity, genome sequencing, and big data analytics to name some but not all of the biggest trends we see in the world today.

Portfolio Matters

Alger Capital Appreciation Portfolio

The Alger Capital Appreciation Portfolio generated a 9.86% return for the fiscal six-month period ended June 30, 2018, compared to the 7.25% return of its benchmark, the Russell 1000 Growth Index during the fiscal six-month period ended June 30, 2018. During the quarter, the largest sector weightings were Information Technology and Consumer Discretionary.

Contributors to Performance

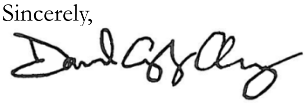
The largest sector overweight was Information Technology and the largest sector underweight was Consumer Staples. The Consumer Discretionary and Information Technology sectors provided the largest contributions to relative performance. Among individual positions, Amazon.com, Inc.; Microsoft Corp.; salesforce.com, Inc.; Visa, Inc., Cl. A; and Netflix, Inc. were the top contributors to performance. Amazon is well known as a leading U.S. online retailer. Its shares contributed to performance as Amazon has enjoyed high unit volume growth, in large part driven by the company continuing to take market share from traditional brick and mortar retailers. Its leadership in the sizable and expanding web hosting industry also supported the performance of Amazon shares.

Detractors from Performance

The Real Estate and Industrials sectors were among the sectors that detracted from results. Among individual holdings, Stanley Black & Decker, Inc.; Comcast Corp., Cl. A; Philip Morris International, Inc.; Honeywell International, Inc.; and Intarcia Therapeutics, Inc., Series DD were the top detractors from performance. Stanley Black & Decker is a leading manufacturer and marketer of power and hand tools, as well as doorway products such as electric security and monitoring systems. Investors during the second quarter sold shares of industrial companies, including Stanley Black & Decker, in response to concerns that trade tariffs could hurt business fundamentals. Investors also became concerned about the potential for rising interest rates to hurt Stanley Black & Decker's revenues from the housing industry. Stanley Black & Decker is also facing rising costs of commodity-related materials, challenging foreign exchange currency rates, and increased pricing transparency as sales for tools migrate to online retailers.

As always, we strive to deliver consistently superior investment results for you, our shareholders, and we thank you for your continued confidence in Alger.

Sincerely,



Daniel C. Chung, CFA
Chief Investment Officer
Fred Alger Management, Inc.

---

[1] *Dan Chung and Brad Neuman, Capital Markets: Observations and Insights: Party without the Punch, Spring 2018. Based on periods of fed funds rate increases occurring between 1955 and 2017.*

[2] *Dan Chung and Brad Neuman, Capital Markets: Observations and Insights: Degrees of Debt. Fred Alger Management, Summer 2018.*

Investors cannot invest directly in an index. Index performance does not reflect the deduction for fees, expenses, or taxes.

This report and the financial statements contained herein are submitted for the general information of shareholders of the Alger Capital Appreciation Portfolio. This report is not authorized for distribution to prospective investors in the Portfolio unless preceded or accompanied by an effective prospectus for the Portfolio. The Portfolio's returns represent the fiscal six-month period return of Class I-2 shares. Returns include reinvestment of dividends and distributions.

The performance data quoted in these materials represent past performance, which is not an indication or guarantee of future results.

Standard performance results can be found on the following pages. The investment return and principal value of an investment in the Portfolio will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month-end, visit us at www.alger.com, or call us at (800) 992-3863.

The views and opinions of the Portfolio's management in this report are as of the date of the Shareholders' Letter and are subject to change at any time subsequent to this date. There is no guarantee that any of the assumptions that formed the basis for the opinions stated herein are accurate or that they will materialize. Moreover, the information forming the basis for such assumptions is from sources believed to be reliable; however, there is no guarantee that such information is accurate. Any securities mentioned, whether owned in the Portfolio or otherwise, are considered in the context of the construction of an overall portfolio of securities and therefore reference to them should not be construed as a recommendation or offer to purchase or sell any such security. Inclusion of such securities in the Portfolio and transactions in such securities, if any, may be for a variety of reasons, including without limitation, in response to cash flows, inclusion in a benchmark, and risk control. The reference to a specific security should also be understood in such context and not viewed as a statement that the security is a significant holding in the Portfolio. Please refer to the Schedule of Investments for the Portfolio which is included in this report for a complete list of Portfolio holdings as of June 30, 2018. Securities mentioned in the Shareholders' Letter, if not found in the Schedule of Investments, may have been held by the Portfolio during the six-month fiscal period.

Risk Disclosure

Investing in the stock market involves gains and losses and may not be suitable for all investors. The value of an investment may move up or down, sometimes rapidly and unpredictably, and may be worth more or less than what you invested. Stocks tend to be more volatile than other investments such as bonds. Growth stocks tend to be more volatile than other stocks as the prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. The Portfolio may have a significant portion of its assets invested in securities of companies conducting business in a related group of industries within a sector, which may make the Portfolio more vulnerable to unfavorable developments in that sector than a fund that has a more diversified portfolio. Many technology companies have limited operating histories and prices of these companies' securities have historically been more volatile than other securities due to increased competition, government regulation, and risk of obsolescence due to the progress of technological developments. Investing in companies of small capitalizations involves the risk that such issuers may have limited product lines or financial resources, lack management depth, or have more limited liquidity. The cost of borrowing money to leverage may exceed the returns for the securities purchased or the securities purchased may actually go down in value more quickly than if the Portfolio had not borrowed.

For a more detailed discussion of the risks associated with the Portfolio, please see the Portfolio's Prospectus.

Before investing, carefully consider the Portfolio's investment objective, risks, charges, and expenses. For a prospectus containing this and other information about the Alger Portfolios, call us at (800) 992-3863 or visit us at www.alger.com. Read it carefully before investing.

Fred Alger & Company, Incorporated, Distributor. Member NYSE Euronext, SIPC.

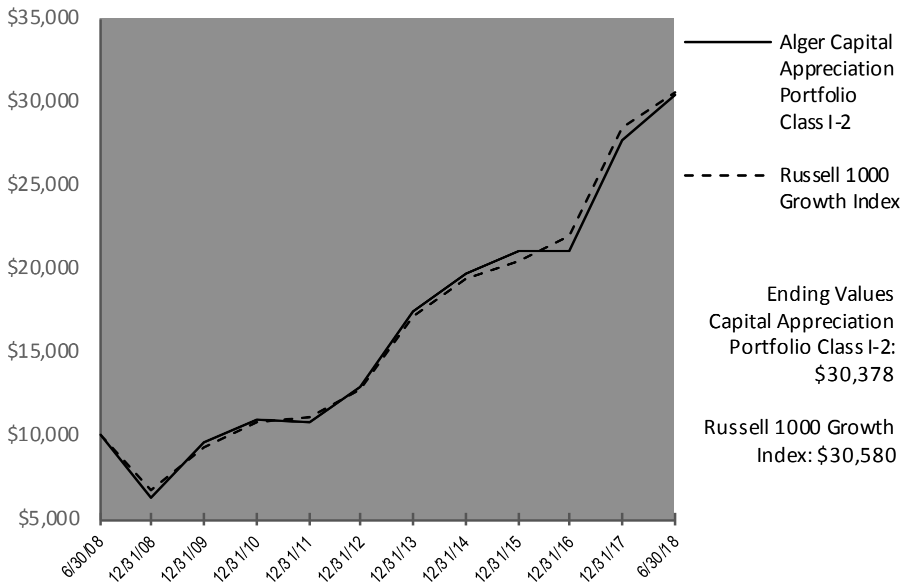
NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.

Definitions:

- S&P 500 Index: An unmanaged index generally representative of the U.S. stock market without regard to company size.
- Russell 1000 Growth Index: An index of common stocks designed to track performance of large-capitalization companies with greater than average growth orientation.
- Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) ex USA is an unmanaged, market capitalization-weighted index designed to provide a broad measure of equity market performance throughout the world, including both developing and emerging markets, but excluding the United States.
- MSCI Emerging Markets Index: A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
- The Conference Board's Leading Economic Index is based on a variety of economic data and is part of the Conference Board's analytic system that seeks to signal peaks and troughs in the business cycle.
- FactSet Research Systems provides data and research for investment managers, hedge funds, investment bankers and other financial professionals.

HYPOTHETICAL $10,000 INVESTMENT IN CLASS I-2 SHARES

— 10 years ended 06/30/18



The chart above illustrates the change in value of a hypothetical $10,000 investment made in Alger Capital Appreciation Portfolio Class I-2 shares and the Russell 1000 Growth Index (an unmanaged index of common stocks) for the ten years ended June 30, 2018. Figures for each of the Alger Capital Appreciation Portfolio Class I-2 shares and the Russell 1000 Growth Index include reinvestment of dividends and capital gains. Performance for Alger Capital Appreciation Portfolio Class S shares will be lower than the results shown above due to the higher expenses that class bears.

PERFORMANCE COMPARISON AS OF 06/30/18

AVERAGE ANNUAL TOTAL RETURNS

	1 YEAR	5 YEARS	10 YEARS	Since 1/25/1995
Class I-2 (Inception 1/25/95)	23.57%	16.41%	11.75%	13.44%
Class S (Inception 5/1/02)(i)	23.23%	16.10%	11.43%	13.16%
Russell 1000 Growth Index	22.51%	16.36%	11.83%	9.75%

The performance data quoted represents past performance, which is not an indication or a guarantee of future results. Investment return and principal will fluctuate and the Portfolio's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance quoted. For performance current to the most recent month end, visit us at www.alger.com or call us at (800) 992-3863.

Returns indicated assume reinvestment of all distributions, no transaction costs or taxes, and are net of management fees and fund operating expenses only. Total return does not include deductions at the portfolio or contract level for cost of insurance charges, premium load, administrative charges, mortality and expense risk charges or other charges that may be incurred under the variable annuity contract, variable life insurance plan or retirement plan for which the Portfolio serves as an underlying investment vehicle. If these charges were deducted, the total return figures would be lower. Please refer to the variable insurance product or retirement plan disclosure documents for any additional applicable expenses. Investing in the stock market involves gains and losses and may not be suitable for all investors.

(i) Since inception returns are calculated from Class I-2 inception date. Class S shares returns prior to their commencement of operations are those of Class I-2 shares adjusted to reflect the higher expenses of Class S shares.

PORTFOLIO SUMMARY†
June 30, 2018 (Unaudited)

SECTORS/SECURITY TYPES	Alger Capital Appreciation Portfolio
Consumer Discretionary	16.7%
Consumer Staples	0.6
Energy	0.9
Financials	6.0
Health Care	13.7
Industrials	8.0
Information Technology	44.6
Materials	4.0
Real Estate	1.9
Total Equity Securities	96.4
Short-Term Investments and Net Other Assets	3.6
	100.0%

† *Based on net assets for the Portfolio.*

COMMON STOCKS—93.7%	SHARES	VALUE
AEROSPACE & DEFENSE—2.5%		
The Boeing Co.	30,655	$ 10,285,059
United Technologies Corp.	21,931	2,742,033
		13,027,092
APPAREL ACCESSORIES & LUXURY GOODS—0.6%		
adidas AG*	3,701	805,705
PVH Corp.	17,735	2,655,284
		3,460,989
APPLICATION SOFTWARE—6.4%		
Adobe Systems, Inc.*	32,878	8,015,985
Autodesk, Inc.*	46,049	6,036,564
RealPage, Inc.*	30,199	1,663,965
salesforce.com, Inc.*	135,716	18,511,662
		34,228,176
AUTO PARTS & EQUIPMENT—0.3%		
Aptiv PLC.	19,757	**1,810,334**
BIOTECHNOLOGY—3.1%		
BioMarin Pharmaceutical, Inc.*	23,653	2,228,113
Exact Sciences Corp.*	15,600	932,724
Sarepta Therapeutics, Inc.*	33,919	4,483,413
Vertex Pharmaceuticals, Inc.*	51,868	8,815,485
		16,459,735
COMMUNICATIONS EQUIPMENT—0.2%		
Palo Alto Networks, Inc.*	5,494	**1,128,852**
CONSTRUCTION MATERIALS—1.6%		
Vulcan Materials Co.	67,704	**8,737,878**
DATA PROCESSING & OUTSOURCED SERVICES—6.1%		
Automatic Data Processing, Inc.	9,897	1,327,584
GreenSky, Inc., Cl. A*	9,823	207,757
PayPal Holdings, Inc.*	62,357	5,192,467
Visa, Inc., Cl. A	193,587	25,640,598
		32,368,406
DIVERSIFIED BANKS—1.3%		
Bank of America Corp.	105,752	2,981,149
Citigroup, Inc.	22,645	1,515,403
JPMorgan Chase & Co.	21,090	2,197,578
		6,694,130
DIVERSIFIED CHEMICALS—0.4%		
DowDuPont, Inc.	35,702	**2,353,476**
DIVERSIFIED SUPPORT SERVICES—0.5%		
Cintas Corp.	15,811	**2,926,142**
FINANCIAL EXCHANGES & DATA—3.1%		
Intercontinental Exchange, Inc.	122,665	9,022,011
S&P Global, Inc.	35,888	7,317,204
		16,339,215

COMMON STOCKS—93.7% (CONT.)	SHARES	VALUE
GENERAL MERCHANDISE STORES—0.0%		
BJ's Wholesale Club Holdings, Inc.*	7,016	**$ 165,928**
HEALTH CARE EQUIPMENT—4.2%		
Boston Scientific Corp.*	156,211	5,108,100
Danaher Corp.	75,155	7,416,295
Intuitive Surgical, Inc.*	5,190	2,483,311
Medtronic PLC.	42,955	3,677,378
Zimmer Biomet Holdings, Inc.	33,414	3,723,656
		22,408,740
HOME ENTERTAINMENT SOFTWARE—0.2%		
Electronic Arts, Inc.*	6,965	**982,204**
HOME IMPROVEMENT RETAIL—2.9%		
The Home Depot, Inc.	78,839	**15,381,489**
HOTELS RESORTS & CRUISE LINES—0.4%		
Norwegian Cruise Line Holdings Ltd.*	43,267	**2,044,366**
INDUSTRIAL CONGLOMERATES—2.2%		
Honeywell International, Inc.	81,982	**11,809,507**
INDUSTRIAL GASES—0.9%		
Air Products & Chemicals, Inc.	30,596	**4,764,715**
INDUSTRIAL MACHINERY—0.8%		
Stanley Black & Decker, Inc.	31,431	**4,174,351**
INTERNET & DIRECT MARKETING RETAIL—10.9%		
Amazon.com, Inc.*	29,769	50,601,346
Booking Holdings, Inc.*	1,148	2,327,099
Netflix, Inc.*	13,016	5,094,853
		58,023,298
INTERNET SOFTWARE & SERVICES—13.5%		
Alibaba Group Holding Ltd.#,*	71,274	13,223,465
Alphabet, Inc., Cl. C*	22,260	24,834,369
Altaba, Inc.*	90,894	6,654,351
Facebook, Inc., Cl. A*	135,947	26,417,221
Palantir Technologies, Inc., Cl. A*,@,(a)	41,286	237,394
		71,366,800
INVESTMENT BANKING & BROKERAGE—0.5%		
Morgan Stanley	53,550	**2,538,270**
IT CONSULTING & OTHER SERVICES—0.3%		
Cognizant Technology Solutions Corp., Cl. A*	23,357	**1,844,969**
LEISURE FACILITIES—0.7%		
Vail Resorts, Inc.	12,672	**3,474,536**
LIFE SCIENCES TOOLS & SERVICES—1.4%		
Illumina, Inc.*	19,080	5,328,853
Thermo Fisher Scientific, Inc.	9,087	1,882,281
		7,211,134
MANAGED HEALTH CARE—4.4%		
UnitedHealth Group, Inc.	94,355	**23,149,056**

COMMON STOCKS—93.7% (CONT.)	SHARES	VALUE
OIL & GAS EQUIPMENT & SERVICES—0.2%		
Halliburton Co.	21,169	$ **953,875**
OIL & GAS EXPLORATION & PRODUCTION—0.7%		
Pioneer Natural Resources Co.	20,449	**3,869,769**
PHARMACEUTICALS—0.5%		
Allergan PLC.	4,499	750,073
Bristol-Myers Squibb Co.	17,202	951,959
GW Pharmaceuticals PLC.#,*	5,647	787,982
		2,490,014
PROPERTY & CASUALTY INSURANCE—0.6%		
The Progressive Corp.	52,363	**3,097,272**
RAILROADS—2.0%		
Union Pacific Corp.	75,462	**10,691,456**
RESTAURANTS—0.9%		
McDonald's Corp.	29,276	**4,587,256**
SEMICONDUCTOR EQUIPMENT—1.5%		
Applied Materials, Inc.	167,520	**7,737,749**
SEMICONDUCTORS—4.2%		
Broadcom, Inc.	52,346	12,701,234
Marvell Technology Group Ltd.	120,203	2,577,152
Microchip Technology, Inc.	19,132	1,740,056
Micron Technology, Inc.*	34,007	1,783,327
NVIDIA Corp.	15,336	3,633,098
		22,434,867
SPECIALTY CHEMICALS—1.1%		
The Sherwin-Williams Co.	14,125	**5,756,926**
SYSTEMS SOFTWARE—8.6%		
Microsoft Corp.	419,971	41,413,340
Red Hat, Inc.*	30,523	4,101,376
		45,514,716
TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—3.4%		
Apple, Inc.	97,724	**18,089,690**
TOBACCO—0.6%		
Philip Morris International, Inc.	38,765	**3,129,886**
TOTAL COMMON STOCKS		
(Cost $338,504,386)		**497,227,264**

PREFERRED STOCKS—0.3%	SHARES	VALUE
INTERNET SOFTWARE & SERVICES—0.2%		
Palantir Technologies, Inc., Cl. B*,@,(a)	168,373	968,145
Palantir Technologies, Inc., Cl. D*,@,(a)	21,936	126,132
		1,094,277
PHARMACEUTICALS—0.1%		
Intarcia Therapeutics, Inc., Series DD*,@,(a)	20,889	**560,034**
TOTAL PREFERRED STOCKS		
(Cost $1,933,274)		**1,654,311**

MASTER LIMITED PARTNERSHIP—0.5%	SHARES		VALUE
ASSET MANAGEMENT & CUSTODY BANKS—0.5%			
The Blackstone Group LP.	82,163	**$**	**2,643,184**
(Cost $2,299,682)			**2,643,184**
REAL ESTATE INVESTMENT TRUST—1.9%	**SHARES**		**VALUE**
SPECIALIZED—1.9%			
Equinix, Inc.	13,444		5,779,441
SBA Communications Corp., Cl. A*	24,994		4,127,009
			9,906,450
TOTAL REAL ESTATE INVESTMENT TRUST			
(Cost $9,610,669)			**9,906,450**
Total Investments			
(Cost $352,348,011)	96.4%	**$**	**511,431,209**
Unaffiliated Securities (Cost $352,348,011)			511,431,209
Other Assets in Excess of Liabilities	3.6%		18,936,567
NET ASSETS	100.0%	**$**	**530,367,776**

[#] *American Depositary Receipts.*
[(a)] *Security is valued in good faith at fair value determined using significant unobservable inputs pursuant to procedures established by the Board.*
[*] *Non-income producing security.*
[@] *Restricted security - Investment in security not registered under the Securities Act of 1933. The investment is deemed to not be liquid and may be sold only to qualified buyers.*

Security	Acquisition Date(s)	Acquisition Cost	% of net assets (Acquisition Date)	Market Value	% of net assets as of 6/30/2018
Intarcia Therapeutics, Inc., Series DD	*03/27/14*	*$676,595*	*0.14%*	*$560,034*	*0.11%*
Palantir Technologies, Inc., Cl. A	*10/07/14*	*268,648*	*0.05%*	*237,394*	*0.04%*
Palantir Technologies, Inc., Cl. B	*10/07/14*	*1,111,840*	*0.22%*	*968,145*	*0.18%*
Palantir Technologies, Inc., Cl. D	*10/14/14*	*144,839*	*0.03%*	*126,132*	*0.03%*
Total				$1,891,705	0.36%

See Notes to Financial Statements.

ALGER CAPITAL APPRECIATION PORTFOLIO
Statement of Assets and Liabilities June 30, 2018 (Unaudited)

		Alger Capital Appreciation Portfolio
ASSETS:		
Investments in unaffiliated securities, at value (Identified cost below)* see accompanying schedule of investments	$	511,431,209
Cash and cash equivalents		19,736,234
Receivable for investment securities sold		6,760,154
Receivable for shares of beneficial interest sold		96,220
Dividends and interest receivable		127,782
Prepaid expenses		35,045
Total Assets		538,186,644
LIABILITIES:		
Payable for investment securities purchased		6,511,111
Payable for shares of beneficial interest redeemed		791,692
Accrued investment advisory fees		361,033
Accrued transfer agent fees		13,801
Accrued distribution fees		9,784
Accrued administrative fees		12,257
Accrued shareholder administrative fees		4,457
Accrued other expenses		114,733
Total Liabilities		7,818,868
NET ASSETS	**$**	**530,367,776**
NET ASSETS CONSIST OF:		
Paid in capital (par value of $.001 per share)		318,493,525
Undistributed net investment income		381,487
Undistributed net realized gain		52,427,361
Net unrealized appreciation on investments		159,065,403
NET ASSETS	**$**	**530,367,776**
* Identified cost	$	352,348,011[(a)]

See Notes to Financial Statements.

(a) *At June 30, 2018, the net unrealized appreciation on investments, based on cost for federal income tax purposes of $357,316,485, amounted to $154,114,724 which consisted of aggregate gross unrealized appreciation of $162,077,109 and aggregate gross unrealized depreciation of $7,962,385.*

		Alger Capital Appreciation Portfolio
NET ASSETS BY CLASS:		
Class I-2	$	483,654,756
Class S	$	46,713,020
SHARES OF BENEFICIAL INTEREST OUTSTANDING — NOTE 6:		
Class I-2		5,327,250
Class S		538,040
NET ASSET VALUE PER SHARE:		
Class I-2 — Net Asset Value Per Share Class I-2	$	90.79
Class S — Net Asset Value Per Share Class S	$	86.82

See Notes to Financial Statements.

ALGER CAPITAL APPRECIATION PORTFOLIO
Statement of Operations for the six months ended June 30, 2018 (Unaudited)

		Alger Capital Appreciation Portfolio
INCOME:		
Dividends (net of foreign withholding taxes*)	$	2,689,296
Interest from unaffiliated securities		51,534
Total Income		2,740,830
EXPENSES:		
Advisory fees — Note 3(a)		2,140,812
Distribution fees — Note 3(c)		
Class S		61,271
Shareholder administrative fees — Note 3(f)		26,430
Administration fees — Note 3(b)		72,682
Custodian fees		45,639
Interest expenses		2,377
Transfer agent fees and expenses — Note 3(f)		43,184
Printing fees		50,725
Professional fees		48,622
Registration fees		13,030
Trustee fees — Note 3(g)		8,947
Fund accounting fees		32,282
Miscellaneous		28,947
Total Expenses		2,574,948
NET INVESTMENT INCOME		165,882
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:		
Net realized gain on unaffiliated investments		36,484,450
Net realized (loss) on foreign currency transactions		(5,111)
Net change in unrealized appreciation on unaffiliated investments		12,701,465
Net change in unrealized (depreciation) on foreign currency		(24)
Net realized and unrealized gain on investments and foreign currency		49,180,780
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	**$**	**49,346,662**
* Foreign withholding taxes	$	1,717

See Notes to Financial Statements.

ALGER CAPITAL APPRECIATION PORTFOLIO
Statements of Changes in Net Assets (Unaudited)

	Alger Capital Appreciation Portfolio	
	For the Six Months Ended June 30, 2018	For the Year Ended December 31, 2017
Net investment income	$ 165,882	$ 618,023
Net realized gain on investments and foreign currency	36,479,339	59,047,887
Net change in unrealized appreciation on investments and foreign currency	12,701,441	88,517,821
Net increase in net assets resulting from operations	49,346,662	148,183,731
Dividends and distributions to shareholders from:		
Net investment income:		
Class I-2	—	(731,262)
Net realized gains:		
Class I-2	—	(28,434,116)
Class S	—	(3,100,713)
Total dividends and distributions to shareholders	—	(32,266,091)
Increase (decrease) from shares of beneficial interest transactions:		
Class I-2	(30,199,400)	(115,794,419)
Class S	(7,760,040)	1,516,510
Net decrease from shares of beneficial interest transactions — Note 6	(37,959,440)	(114,277,909)
Total increase	11,387,222	1,639,731
Net Assets:		
Beginning of period	518,980,554	517,340,823
END OF PERIOD	**$ 530,367,776**	**$ 518,980,554**
Undistributed net investment income	$ 381,487	$ 215,605

See Notes to Financial Statements.

Alger Capital Appreciation Portfolio

	Class I-2					
	Six months ended 6/30/2018[i]	Year ended 12/31/2017	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014	Year ended 12/31/2013
Net asset value, beginning of period	$ 82.64	$ 67.11	$ 67.42	$ 71.35	$ 73.41	$ 60.81
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income[ii]	0.04	0.11	0.22	0.13	0.12	0.24
Net realized and unrealized gain on investments	8.11	20.76	0.13	4.37	10.04	20.99
Total from investment operations	8.15	20.87	0.35	4.50	10.16	21.23
Dividends from net investment income	–	(0.13)	(0.13)	(0.06)	(0.08)	(0.27)
Distributions from net realized gains	–	(5.21)	(0.53)	(8.37)	(12.14)	(8.36)
Net asset value, end of period	$ 90.79	$ 82.64	$ 67.11	$ 67.42	$ 71.35	$ 73.41
Total return	9.86%	31.08%	0.50%	6.19%	13.75%	35.19%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (000's omitted)	$ 483,655	$ 468,883	$ 477,771	$ 559,298	$ 499,123	$ 464,465
Ratio of net expenses to average net assets	0.95%	0.94%	0.94%	0.93%	0.94%	0.96%
Ratio of net investment income to average net assets	0.09%	0.13%	0.33%	0.18%	0.16%	0.34%
Portfolio turnover rate	32.02%	61.90%	89.78%	142.01%	143.20%	117.15%

See Notes to Financial Statements.

(i) *Ratios have been annualized; total return and portfolio turnover rate have not been annualized.*
(ii) *Amount was computed based on average shares outstanding during the period.*

Alger Capital Appreciation Portfolio

	Class S					
	Six months ended 6/30/2018[i]	Year ended 12/31/2017	Year ended 12/31/2016	Year ended 12/31/2015	Year ended 12/31/2014	Year ended 12/31/2013
Net asset value, beginning of period	$ 79.13	$ 64.50	$ 64.87	$ 69.08	$ 71.54	$ 59.46
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income (loss)[ii]	(0.07)	(0.09)	0.04	(0.06)	(0.08)	0.03
Net realized and unrealized gain on investments	7.76	19.93	0.12	4.22	9.76	20.49
Total from investment operations	7.69	19.84	0.16	4.16	9.68	20.52
Dividends from net investment income	–	–	–	–	–	(0.08)
Distributions from net realized gains	–	(5.21)	(0.53)	(8.37)	(12.14)	(8.36)
Net asset value, end of period	$ 86.82	$ 79.13	$ 64.50	$ 64.87	$ 69.08	$ 71.54
Total return	9.72%	30.74%	0.22%	5.91%	13.45%	34.79%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (000's omitted)	$ 46,713	$ 50,097	$ 39,570	$ 39,681	$ 27,987	$ 19,750
Ratio of net expenses to average net assets	1.22%	1.21%	1.21%	1.20%	1.21%	1.26%
Ratio of net investment income (loss) to average net assets	(0.18)%	(0.13)%	0.06%	(0.09)%	(0.11)%	0.04%
Portfolio turnover rate	32.02%	61.90%	89.78%	142.01%	143.20%	117.15%

See Notes to Financial Statements.

[i] *Ratios have been annualized; total return and portfolio turnover rate have not been annualized.*
[ii] *Amount was computed based on average shares outstanding during the period.*

NOTE 1 — General:

The Alger Portfolios (the "Fund") is an open-end registered investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. The Fund qualifies as an investment company as defined in Financial Accounting Standards Board Accounting Standards Codification 946-Financial Services – Investment Companies. The Fund operates as a series company currently offering seven series of shares of beneficial interest: Alger Capital Appreciation Portfolio, Alger Large Cap Growth Portfolio, Alger Mid Cap Growth Portfolio, Alger SMid Cap Focus Portfolio, Alger Small Cap Growth Portfolio, Alger Growth & Income Portfolio and Alger Balanced Portfolio (collectively the "Portfolios"). These financial statements include only the Alger Capital Appreciation Portfolio (the "Portfolio"). The Portfolio invests primarily in equity securities and has an investment objective of long-term capital appreciation. Shares of the Portfolio are available to investment vehicles for variable annuity contracts and variable life insurance policies offered by separate accounts of life insurance companies, as well as qualified pension and retirement plans.

The Portfolio offers Class I-2 shares and Class S shares. Each class has identical rights to assets and earnings except that only Class S shares have a plan of distribution and bear the related expenses.

NOTE 2 — Significant Accounting Policies:

(a) Investment Valuation: The Portfolio values its financial instruments at fair value using independent dealers or pricing services under policies approved by the Fund's Board of Trustees ("Board"). Investments of the Portfolio are valued on each day the New York Stock Exchange (the "NYSE") is open, as of the close of the NYSE (normally 4:00 p.m. Eastern Time).

Equity securities, including traded rights, warrants and option contracts for which valuation information is readily available are valued at the last quoted sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded. In the absence of quoted sales, such securities are valued at the bid price or, in the absence of a recent bid price, the equivalent as obtained from one or more of the major market makers for the securities to be valued.

Debt securities generally trade in the over-the-counter market. Debt securities with remaining maturities of more than sixty days at the time of acquisition are valued on the basis of last available bid prices or current market quotations provided by dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures based on valuation technology commonly employed in the market for such investments. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche-specific spread to the benchmark yield based on the unique attributes of the tranche. Debt securities with a remaining maturity of sixty days or less are valued at amortized cost which approximates market value.

Securities for which market quotations are not readily available are valued at fair value, as determined in good faith pursuant to procedures established by the Board.

Securities in which the Portfolio invests may be traded in foreign markets that close before the close of the NYSE. Developments that occur between the close of the foreign markets and the close of the NYSE may result in adjustments to the closing foreign prices to reflect what the investment adviser, pursuant to policies established by the Board, believes to be the fair value of these securities as of the close of the NYSE. The Portfolio may also fair value securities in other situations, for example, when a particular foreign market is closed but the Portfolio is open.

Financial Accounting Standards Board Accounting Standards Codification 820 – Fair Value Measurements and Disclosures ("ASC 820") defines fair value as the price that the Portfolio would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability and may be observable or unobservable. Observable inputs are based on market data obtained from sources independent of the Portfolio. Unobservable inputs are inputs that reflect the Portfolio's own assumptions based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – significant other observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Portfolio's own assumptions in determining the fair value of investments)

The Portfolio's valuation techniques are generally consistent with either the market or the income approach to fair value. The market approach considers prices and other relevant information generated by market transactions involving identical or comparable assets to measure fair value. The income approach converts future amounts to a current, or discounted, single amount. These fair value measurements are determined on the basis of the value indicated by current market expectations about such future events. Inputs for Level 1 include exchange-listed prices and broker quotes in an active market. Inputs for Level 2 include the last trade price in the case of a halted security, an exchange-listed price which has been adjusted for fair value factors, and prices of closely related securities. Additional Level 2 inputs include an evaluated price which is based upon a compilation of observable market information such as spreads for fixed income and preferred securities. Inputs for Level 3 include, but are not limited to, revenue multiples, earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples, discount rates, time to exit and the probabilities of success of certain outcomes. Such unobservable market information may be obtained from a company's financial statements and from industry studies, market data, and market indicators such as benchmarks and indexes. Because of the inherent uncertainty and often limited markets for restricted securities, the values may significantly differ from values if there was an active market.

Valuation processes are determined by a Valuation Committee ("Committee") established by the Fund's Board and comprised of representatives of the Fund's investment adviser. The Committee reports its fair valuation determinations to the Board which is responsible for approving valuation policy and procedures.

While the Committee meets on an as-needed basis, the Committee meets at least quarterly to review and evaluate the effectiveness of the procedures for making fair value determinations. The Committee considers, among other things, the results of quarterly back testing of the fair value model for foreign securities, pricing comparisons between primary and secondary price sources, the outcome of price challenges put to the Portfolio's pricing vendor, and variances between transactional prices and the previous day's price.

The Portfolio will record a change to a security's fair value level if new inputs are available or it becomes evident that inputs previously considered for leveling have changed or are no longer relevant. Transfers between Levels 1, 2 and 3 are recognized at the end of the reporting period.

(b) Cash and Cash Equivalents: Cash and cash equivalents include U.S. dollars, foreign cash and overnight time deposits.

(c) Security Transactions and Investment Income: Security transactions are recorded on a trade date basis. Realized gains and losses from security transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis.

Premiums and discounts on debt securities purchased are amortized or accreted over the lives of the respective securities.

(d) Foreign Currency Transactions: The books and records of the Portfolio are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the prevailing rates of exchange on the valuation date. Purchases and sales of investment securities and income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of such transactions.

Net realized gains and losses on foreign currency transactions represent net gains and losses from the disposition of foreign currencies, currency gains and losses realized between the trade dates and settlement dates of security transactions, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities are included in realized and unrealized gain or loss on investments in the accompanying Statement of Operations.

(e) Option Contracts: When the Portfolio writes an option, an amount equal to the premium received by the Portfolio is recorded as a liability and is subsequently adjusted to reflect the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Portfolio on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Portfolio has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Portfolio. The Portfolio as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

The Portfolio may also purchase put and call options. The Portfolio pays a premium which is included in the Portfolio's accompanying Statement of Assets and Liabilities as an investment and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. The risk of loss associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying security to determine the realized gain or loss.

(f) Lending of Fund Securities: The Portfolio may lend its securities to financial institutions, provided that the market value of the securities loaned will not at any time exceed one third of the Portfolio's total assets, as defined in its prospectus. The Portfolio earns fees on the securities loaned, which are included in interest income in the accompanying Statement of Operations. In order to protect against the risk of failure by the borrower to return the securities loaned or any delay in the delivery of such securities, the loan is collateralized by cash or securities that are maintained with Brown Brothers Harriman & Company, the Portfolio's Custodian ("BBH" or the "Custodian"), in an amount equal to at least 102 percent of the current market value of U.S. loaned securities or 105 percent for non-U.S. loaned securities. The market value of the loaned securities is determined at the close of business of the Portfolio. Any required additional collateral is delivered to the Custodian and any excess collateral is returned to the borrower on the next business day. In the event the borrower fails to return the loaned securities when due, the Portfolio may take the collateral to replace the securities. If the value of the collateral is less than the purchase cost of replacement securities, the Custodian shall be responsible for any shortfall, but only to the extent that the shortfall is not due to any diminution in collateral value, as defined in the securities lending agreement. The Portfolio is required to maintain the collateral in a segregated account and determine its value each day until the loaned securities are returned. Cash collateral may be invested as determined by the Portfolio. Collateral is returned to the borrower upon settlement of the loan. There were no securities loaned as of June 30, 2018.

(g) Dividends to Shareholders: Dividends and distributions payable to shareholders are recorded by the Portfolio on the ex-dividend date.

Dividends from net investment income, if available, are declared and paid annually. Dividends from net realized gains, offset by any loss carryforward, are declared and paid annually after the end of the fiscal year in which earned.

Each share class is treated separately in determining the amounts of dividends from net investment income payable to holders of its shares.

The characterization of distributions to shareholders for financial reporting purposes is determined in accordance with federal income tax rules. Therefore, the source of the Portfolio's distributions may be shown in the accompanying financial statements as either from, or in excess of, net investment income, net realized gain on investment transactions or return of capital, depending on the type of book/tax differences that may exist. Capital accounts within the financial statements are adjusted for permanent book/tax differences. Reclassifications result primarily from the difference in tax treatment of net operating losses, passive foreign investment companies, and foreign currency transactions. The reclassifications are done annually at year-end and have no impact on the net asset value of the Portfolio and are designed to present the Portfolio's capital accounts on a tax basis.

(h) Federal Income Taxes: It is the Portfolio's policy to comply with the requirements of the Internal Revenue Code Subchapter M applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Provided that the Portfolio maintains such compliance, no federal income tax provision is required.

Financial Accounting Standards Board Accounting Standards Codification 740 – Income Taxes ("ASC 740") requires the Portfolio to measure and recognize in its financial statements the benefit of a tax position taken (or expected to be taken) on an income tax return if such position will more likely than not be sustained upon examination based on the technical merits of the position. No tax years are currently under investigation. The Portfolio files income tax returns in the U.S. Federal jurisdiction, as well as the New York State and New York City jurisdictions. The statute of limitations on the Portfolio's tax returns remains open for the tax years 2015-2017. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

(i) Allocation Methods: The Fund accounts separately for the assets, liabilities and operations of the Portfolio. Expenses directly attributable to the Portfolio are charged to the Portfolio's operations; expenses which are applicable to all Portfolios are allocated among them based on net assets. Income, realized and unrealized gains and losses, and expenses of the Portfolio are allocated among the Portfolio's classes based on relative net assets, with the exception of distribution fees and transfer agency fees.

(j) Estimates: These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require using estimates and assumptions that affect the reported amounts therein. These unaudited interim financial statements reflect all adjustments which are, in the opinion of management, necessary to present a fair statement of results for the interim period. Actual results may differ from those estimates. All such estimates are of normal recurring nature.

NOTE 3 — Investment Advisory Fees and Other Transactions with Affiliates:

(a) Investment Advisory Fees: The fees incurred by the Portfolio, pursuant to the provisions of the Fund's Investment Advisory Agreement with Fred Alger Management, Inc. ("Alger Management" or the "Investment Manager"), are payable monthly and computed based on the following rates. The actual rate paid as a percentage of average daily net assets, for the six months ended June 30, 2018, is set forth below under the heading "Actual Rate."

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Actual Rate
Alger Capital Appreciation Portfolio[a]	0.810%	0.650%	0.600%	0.550%	0.450%	0.810%

[a] *Tier 1 rate is paid on assets up to $2 billion, Tier 2 rate is paid on assets between $2 billion to $3 billion, Tier 3 rate is paid on assets in between $3 billion to $4 billion, Tier 4 rate is paid on assets between $4 billion to $5 billion, and Tier 5 rate is paid on assets in excess of $5 billion.*

(b) Administration Fees: Fees incurred by the Portfolio, pursuant to the provisions of the Fund's Fund Administration Agreement with Alger Management, are payable monthly and computed based on the average daily net assets of the Portfolio at the annual rate of 0.0275%.

(c) Distribution Fees: Class S shares—The Fund has adopted a Distribution Plan pursuant to which Class S shares of the Portfolio pay Fred Alger & Company, Incorporated, the Fund's distributor (the "Distributor" or "Alger Inc.") and an affiliate of Alger Management, a fee at the annual rate of 0.25% of the average daily net assets of the Class S shares of the Portfolio to compensate the Distributor for its activities and expenses incurred in distributing the Class S shares. The fees paid may be more or less than the expenses incurred by Alger Inc.

(d) Brokerage Commissions: During the six months ended June 30, 2018, the Portfolio paid Alger Inc., $33,961 in connection with securities transactions.

(e) Interfund Loans: The Portfolio and other funds advised by Alger Management may borrow money from and lend money to each other for temporary or emergency purposes. To the extent permitted under its investment restrictions, the Portfolio may lend uninvested cash in an amount up to 15% of its net assets to other funds. If the Portfolio has borrowed from other funds and has aggregate borrowings from all sources that exceed 10% of the Portfolio's total assets, the Portfolio will secure all of its loans from other funds. The interest rate charged on interfund loans is equal to the average of the overnight time deposit rate and bank loan rate available to the Portfolio. There were no interfund loans outstanding as of June 30, 2018.

During the six months ended June 30, 2018, the Portfolio incurred interfund loan interest expense of $1,959 which is included in the interest expenses in the accompanying Statement of Operations.

(f) Shareholder Administrative Fees: The Fund has entered into a shareholder administrative services agreement with Alger Management to compensate Alger Management for its liaison and administrative oversight of DST Asset Manager Solutions, Inc., the transfer agent, and for other related services. The Portfolio compensates Alger Management at the annual rate

of 0.01% of the average daily net assets for these services.

(g) Trustee Fees: Effective January 2018, each Independent Trustee receives a fee of $112,000 per annum, paid pro rata by each fund in the Alger Fund Complex, plus travel expenses incurred for attending the meeting. The term "Alger Fund Complex" refers to the Fund, The Alger Institutional Funds, The Alger Funds II, The Alger Funds and Alger Global Growth Fund, each of which is a registered investment company managed by Alger Management. The Independent Trustee appointed as Chairman of the Board of Trustees receives additional compensation of $30,000 per annum paid pro rata by each fund in the Alger Fund Complex. Additionally, each member of the Audit Committee receives a fee of $11,000 per annum, paid pro rata by each fund in the Alger Fund Complex.

(h) Interfund Trades: The Portfolio may engage in purchase and sale transactions with other funds advised by Alger Management. There were no interfund trades during the six months ended June 30, 2018.

(i) Other Transactions with Affiliates: Certain officers of the Fund are directors and officers of Alger Management, the Distributor, or their affiliates.

NOTE 4 — Securities Transactions:

Purchases and sales of securities, other than U.S. Government securities and short-term securities, for the six months ended June 30, 2018, were as follows:

	PURCHASES	SALES
Alger Capital Appreciation Portfolio	$165,462,835	$221,610,911

Transactions in foreign securities may involve certain considerations and risks not typically associated with those of U.S. companies because of, among other factors, the level of governmental supervision and regulation of foreign security markets, and the possibility of political or economic instability. Additional risks associated with investing in the emerging markets include increased volatility, limited liquidity, and less stringent regulatory and legal systems.

NOTE 5 — Borrowings:

The Portfolio may borrow from the Custodian on an uncommitted basis. The Portfolio pays the Custodian a market rate of interest, generally based upon the London Inter-Bank Offered Rate. The Portfolio may also borrow from other funds advised by Alger Management, as discussed in Note 3(e). For the six months ended June 30, 2018, the Portfolio had the following borrowings from the Custodian and other funds:

	AVERAGE DAILY BORROWING	WEIGHTED AVERAGE INTEREST RATE
Alger Capital Appreciation Portfolio	$ 195,663	2.27%

The highest amount borrowed from the Custodian and other funds during the six months ended June 30, 2018, for the Portfolio was as follows:

	HIGHEST BORROWING
Alger Capital Appreciation Portfolio	$ 4,085,000

NOTE 6 — Share Capital:

The Portfolio has an unlimited number of authorized shares of beneficial interest of $.001 par value for each share class. During the six months ended June 30, 2018 and the year ended December 31, 2017, transactions of shares of beneficial interest were as follows:

	FOR THE SIX MONTHS ENDED JUNE 30, 2018		FOR THE YEAR ENDED DECEMBER 31, 2017	
	SHARES	AMOUNT	SHARES	AMOUNT
Alger Capital Appreciation Portfolio				
Class I-2:				
Shares sold	393,492	$ 34,901,519	789,951	$ 61,835,176
Dividends reinvested	—	—	345,242	28,613,610
Shares redeemed	(739,886)	(65,100,919)	(2,581,109)	(206,243,205)
Net decrease	**(346,394)**	**$ (30,199,400)**	**(1,445,916)**	**$ (115,794,419)**
Class S:				
Shares sold	15,823	$ 1,349,600	69,536	$ 5,219,421
Dividends reinvested	—	—	39,066	3,100,714
Shares redeemed	(110,859)	(9,109,640)	(89,041)	(6,803,625)
Net increase (decrease)	**(95,036)**	**$ (7,760,040)**	**19,561**	**$ 1,516,510**

NOTE 7 — Income Tax Information:

At December 31, 2017, the Portfolio, for federal income tax purposes, had no capital loss carryforwards and no capital loss carryforwards were utilized in 2017.

Under the Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Portfolio on or after January 1, 2011 (Post Act) will not be subject to expiration.

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is determined annually and is attributable primarily to the tax deferral of losses on wash sales, 988 currency transactions, the tax treatment of partnership investments, the realization of unrealized appreciation of Passive Foreign Investment Companies, and return of capital from real estate investment trust investments.

NOTE 8 — Fair Value Measurements:

The major categories of securities and their respective fair value inputs are detailed in the Portfolio's Schedule of Investments. Based upon the nature, characteristics, and risks associated with its investments as of June 30, 2018, the Portfolio has determined that presenting them by security type and sector is appropriate.

Alger Capital Appreciation Portfolio	TOTAL FUND	LEVEL 1	LEVEL 2	LEVEL 3
COMMON STOCKS				
Consumer Discretionary	$ 88,948,196	$ 87,976,563	$ 971,633	—
Consumer Staples	3,129,886	3,129,886	—	—
Energy	4,823,644	4,823,644	—	—
Financials	28,668,887	28,668,887	—	—
Health Care	71,718,679	71,718,679	—	—
Industrials	42,628,548	42,628,548	—	—
Information Technology	235,696,429	235,459,035	—	$ 237,394
Materials	21,612,995	21,612,995	—	—
TOTAL COMMON STOCKS	**$ 497,227,264**	**$ 496,018,237**	**$ 971,633**	**$ 237,394**
MASTER LIMITED PARTNERSHIP				
Financials	2,643,184	2,643,184	—	—
PREFERRED STOCKS				
Health Care	560,034	—	—	560,034
Information Technology	1,094,277	—	—	1,094,277
TOTAL PREFERRED STOCKS	**$ 1,654,311**	**—**	**—**	**$ 1,654,311**
REAL ESTATE INVESTMENT TRUST				
Real Estate	9,906,450	9,906,450	—	—
TOTAL INVESTMENTS IN SECURITIES	**$ 511,431,209**	**$ 508,567,871**	**$ 971,633**	**$ 1,891,705**

Alger Capital Appreciation Portfolio	FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) Common Stocks
Opening balance at January 1, 2018	$ 237,394
Transfers into Level 3	—
Transfers out of Level 3	—
Total gains or losses	
Included in net realized gain (loss) on investments	—
Included in net change in unrealized appreciation (depreciation) on investments	—
Purchases and sales	
Purchases	—
Sales	—
Closing balance at June 30, 2018	237,394
Net change in unrealized appreciation (depreciation) attributable to investments still held at June 30, 2018	$ —

Alger Capital Appreciation Portfolio	FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) Preferred Stocks
Opening balance at January 1, 2018	$ 2,293,932
Transfers into Level 3	—
Transfers out of Level 3	—
Total gains or losses	
Included in net realized gain (loss) on investments	—
Included in net change in unrealized appreciation (depreciation) on investments	(639,621)
Purchases and sales	
Purchases	–
Sales	–
Closing balance at June 30, 2018	1,654,311
Net change in unrealized appreciation (depreciation) attributable to investments still held at June 30, 2018	$ (639,621)

The following table provides quantitative information about our Level 3 fair value measurements of our investments as of June 30, 2018. In addition to the techniques and inputs noted in the table below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value measurements. The table below is not intended to be all-inclusive, but rather provides information on the Level 3 inputs as they relate to our fair value measurements.

	Fair Value June 30, 2018	Valuation Methodology	Unobservable Input	Input/ Range	Weighted Average
Alger Capital Appreciation Portfolio					
Common Stocks	$ 237,394	Market Approach	Market Quotation	N/A*	N/A
Preferred Stocks	1,654,311	Market Approach	Time to Exit	1.5 years	N/A
			Volatility	75.1%	N/A
			Market Quotation	N/A*	N/A

** The Portfolio utilized a market approach to fair value this security. The significant unobservable input used in the valuation model was a market quotation available to the Portfolio at June 30, 2018.*

The significant unobservable inputs used in the fair value measurement of the Portfolio's securities are revenue and EBITDA multiples, discount rates, and the probabilities of success of certain outcomes. Significant increases and decreases in these inputs in isolation and interrelationships between those inputs could result in significantly higher or lower fair value measurements as noted in the table above. Generally, increases in revenue and EBITDA multiples, decreases in discount rates, and increases in the probabilities of success results in higher fair value measurements, whereas decreases in revenues and EBITDA multiples, increases in discount rates, and decreases in the probabilities of success results in lower fair value measurements.

As of June 30, 2018, there were no transfers of securities between Level 1 and Level 2.

Certain of the Portfolio's assets and liabilities are held at carrying amount or face value, which approximates fair value for financial statement purposes. As of June 30, 2018, such assets are categorized within the ASC 820 disclosure hierarchy as follows:

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash and Cash equivalents	$19,736,234	—	$19,736,234	—

NOTE 9 — Derivatives:

Financial Accounting Standards Board Accounting Standards Codification 815 – Derivatives and Hedging ("ASC 815") requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements.

Options—The Portfolio seeks to capture the majority of the returns associated with equity market investments. To meet this investment goal, the Portfolio invests in a broadly diversified portfolio of common stocks and may also buy and sell call and put options on equities and equity indexes. The Portfolio may purchase call options to increase its exposure to the stock market and also provide diversification of risk. The Portfolio may purchase put options in order to protect from significant market declines that may occur over a short period of time. The Portfolio may write covered call and cash-secured put options to generate cash flows while reducing the volatility of the portfolio. The cash flows may be an important source of the Portfolio's return, although written call options may reduce the Portfolio's ability to profit from increases in the value of the underlying security or equity portfolio. The value of a call option generally increases as the price of the underlying stock increases and decreases as the stock decreases in price. Conversely, the value of a put option generally increases as the price of the underlying stock decreases and decreases as the stock increases in price. The combination of the diversified stock portfolio and the purchase and sale of options is intended to provide the Portfolio with the majority of the returns associated with equity market investments but with reduced volatility and returns that are augmented with the cash flows from the sale of options.

There were no derivative instruments throughout the period or as of June 30, 2018.

NOTE 10 — Risk Disclosures:

Investing in the stock market involves gains and losses and may not be suitable for all investors. The value of an investment may move up or down, sometimes rapidly and unpredictably, and may be worth more or less than what you invested. Stocks tend to be more volatile than other investments such as bonds. Growth stocks tend to be more volatile than other stocks as the prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. There may be a significant portion of assets invested in securities of companies conducting business in a related group of industries within a sector, and may be more vulnerable to unfavorable developments in that sector than a more diversified portfolio. Many technology companies have limited operating histories and prices of these companies' securities have historically been more volatile than other securities due to increased competition, government regulation, and risk of obsolescence due to the progress of technological developments. Investing in companies of small capitalizations involves the risk that such issuers may have limited product lines or financial resources, lack management depth, or have more limited liquidity. The cost of borrowing money to leverage may exceed the returns for the securities purchased or the securities purchased may actually go down in value more quickly than if borrowing had not been utilized.

NOTE 11 — Subsequent Events:

Management of the Portfolio has evaluated events that have occurred subsequent to June 30, 2018, through the issuance date of the Financial Statements. No such events have been identified which require recognition and/or disclosure.

Shareholder Expense Example

As a shareholder of the Portfolio, you incur two types of costs: transaction costs, if applicable; and ongoing costs, including management fees, distribution (12b-1) fees, if applicable, and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The example below is based on an investment of $1,000 invested at the beginning of the six-month period starting January 1, 2018 and ending June 30, 2018.

Actual Expenses

The first line for each class of shares in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you would have paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Six Months Ended June 30, 2018" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line for each class of shares in the table below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratios for each class of shares and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs or deduction of insurance charges against assets or annuities. Therefore, the second line under each class of shares in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

		Beginning Account Value January 1, 2018	Ending Account Value June 30, 2018	Expenses Paid During the Six Months Ended June 30, 2018[a]	Annualized Expense Ratio For the Six Months Ended June 30, 2018[b]
Alger Capital Appreciation Portfolio					
Class I-2	Actual	$ 1,000.00	$ 1,098.60	$ 4.94	0.95%
	Hypothetical[c]	1,000.00	1,020.08	4.76	0.95
Class S	Actual	1,000.00	1,097.20	6.34	1.22
	Hypothetical[c]	1,000.00	1,018.74	6.11	1.22

[a] *Expenses are equal to the annualized expense ratio of the respective share class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

[b] *Annualized.*

[c] *5% annual return before expenses.*

Privacy Policy

U.S. Consumer Privacy Notice **Rev. 12/20/16**

FACTS	WHAT DOES ALGER DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and • Account balances and • Transaction history and • Purchase history and • Assets When you are no longer our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share personal information to run their everyday business. In the section below, we list the reasons financial companies can share their personal information; the reasons Alger chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Alger share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	**Yes**	**No**
For our marketing purposes — to offer our products and services to you	**Yes**	**No**
For joint marketing with other financial companies	**No**	**We don't share**
For our affiliates' everyday business purposes — information about your transactions and experiences	**Yes**	**No**
For our affiliates' everyday business purposes — information about your creditworthiness	**No**	**We don't share**
For nonaffiliates to market to you	**No**	**We don't share**
Questions? Call 1-800-342-2186		

Who we are	
Who is providing this notice?	Alger includes Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios, and Alger Global Growth Fund.

What we do	
How does Alger protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Alger collect my personal information?	We collect your personal information, for example, when you: • Open an account or • Make deposits or withdrawals from your account or • Give us your contact information or • Provide account information or • Pay us by check.
Why can't I limit all sharing?	Federal law gives you the right to only • sharing for affiliates' everyday business purposes — information about your credit worthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • Our affiliates include Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios and Alger Global Growth Fund.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

Proxy Voting Policies

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities and the proxy voting record is available, without charge, by calling (800) 992-3863 or online on the Fund's website at http://www.alger.com or on the SEC's website at http://www.sec.gov.

Fund Holdings

The Board of Trustees has adopted policies and procedures relating to disclosure of the Portfolio's securities. These policies and procedures recognize that there may be legitimate business reasons for holdings to be disclosed and seek to balance those interests to protect the proprietary nature of the trading strategies and implementation thereof by the Portfolio.

Generally, the policies prohibit the release of information concerning portfolio holdings which have not previously been made public to individual investors, institutional investors, intermediaries that distribute the Portfolio's shares and other parties which are not employed by the Investment Manager or its affiliates except when the legitimate business purposes for selective disclosure and other conditions (designed to protect the Portfolio) are acceptable.

The Portfolio makes its full holdings available semi-annually in shareholder reports filed on Form N-CSR and after the first and third fiscal quarters in regulatory filings on Form N-Q. These shareholder reports and regulatory filings are filed with the SEC, as required by federal securities laws, and are generally available within sixty (60) days of the end of the Portfolio's fiscal quarter. The Portfolio's Forms N-CSR and N-Q are available online on the SEC's website at www.sec.gov or may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330.

In addition, the Portfolio makes publicly available its month-end top 10 holdings with a 10 day lag and its month-end full portfolio with a 60 day lag on its website www.alger.com and through other marketing communications (including printed advertising/sales literature and/or shareholder telephone customer service centers). No compensation or other consideration is received for the non-public disclosure of portfolio holdings information.

In accordance with the foregoing, the Portfolio provides portfolio holdings information to service providers who provide necessary or beneficial services when such service providers need access to this information in the performance of their services and are subject to duties of confidentiality (1) imposed by law, including a duty not to trade on non-public information, and/or (2) pursuant to an agreement that confidential information is not to be disclosed or used (including trading on such information) other than as required by law. From time to time, the Fund will communicate with these service providers to confirm that they understand the Portfolio's policies and procedures regarding such disclosure. This agreement must be approved by the Portfolio's Chief Compliance Officer, President, Secretary or Assistant Secretary.

The Board of Trustees periodically reviews a report disclosing the third parties to whom the Portfolio's holdings information has been disclosed and the purpose for such disclosure, and it considers whether or not the release of information to such third parties is in the best interest of the Portfolio and its shareholders.

In addition to material the Portfolio routinely provides to shareholders, the Investment Manager may, upon request, make additional statistical information available regarding the Portfolio. Such information will include, but not be limited to, relative weightings and characteristics of the Portfolio's holdings versus its peers or an index (such as P/E (or price to book) ratio EPS forecasts, alpha, beta, capture ratio, maximum drawdown, standard deviation, Sharpe ratio, information ratio, R-squared, and market cap analysis), security specific impact on overall portfolio performance, return on equity statistics, geographic analysis, number of holdings, month-end top ten contributors to and detractors from performance, breakdown of High Unit Volume Growth holdings vs. Positive Lifecycle Change holdings, portfolio turnover, and requests of a similar nature. Please contact the Portfolio at (800) 992-3863 to obtain such information.

THE ALGER PORTFOLIOS

360 Park Avenue South
New York, NY 10010
(800) 992-3863
www.alger.com

Investment Manager

Fred Alger Management, Inc.
360 Park Avenue South
New York, NY 10010

Distributor

Fred Alger & Company, Incorporated
360 Park Avenue South
New York, NY 10010

Transfer Agent and Dividend Disbursing Agent

DST Asset Manager Solutions, Inc.
P.O. Box 219432
Kansas City, MO 64121-9432

Custodian

Brown Brothers Harriman & Company
50 Post Office Square
Boston, MA 02110

This report is submitted for the general information of the shareholders of Alger Capital Appreciation Portfolio. It is not authorized for distribution to prospective investors unless accompanied by an effective Prospectus for the Portfolio, which contains information concerning the Portfolio's investment policies, fees and expenses as well as other pertinent information.

ALGER

Inspired by Change, Driven by Growth.

Printed on recycled paper

PRINTED WITH SOY INK™

Trademark of American Soybean Association

CapAppSAR

Dreyfus Investment Portfolios, MidCap Stock Portfolio

SEMIANNUAL REPORT
June 30, 2018

BNY MELLON | Dreyfus

The views expressed in this report reflect those of the portfolio manager(s) only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

Contents

THE FUND

A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this semiannual report for Dreyfus Investment Portfolios, MidCap Stock Portfolio, covering the six-month period from January 1, 2018 through June 30, 2018. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

Volatility returned to the financial markets over the first half of 2018. Although stocks set a series of new record highs in January amid growing corporate earnings, reduced corporate tax rates and synchronized global economic growth, investors later grew nervous about rising interest rates, renewed inflationary pressures, escalating geopolitical tensions and the prospects of more protectionist U.S. trade policies. Consequently, U.S. stocks produced mildly positive returns over the reporting period. Meanwhile, bonds typically lost a degree of value over the first six months of the year due to rising interest rates and inflation concerns.

Despite the return of heightened market volatility, we believe that underlying market fundamentals remain sound. Ongoing economic growth, robust labor markets, rising corporate earnings and strong consumer and business confidence seem likely to support stock and corporate bond prices over the months ahead. Monetary policymakers have indicated that short-term interest rates probably will rise further, but U.S. government bond prices may already reflect those expectations. As always, we encourage you to discuss the risks and opportunities of today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,

R. LaRoche-Morris

Renee Laroche-Morris
President
The Dreyfus Corporation
July 16, 2018

DISCUSSION OF FUND PERFORMANCE (Unaudited)

For the period from January 1, 2018 through June 30, 2018, as provided by C. Wesley Boggs, William S. Cazalet, CAIA, Peter D. Goslin, CFA, and Syed A. Zamil, CFA, Portfolio Managers

Market and Fund Performance Overview

For the six-month period ended June 30, 2018, Dreyfus Investment Portfolios, MidCap Stock Portfolio's Initial shares produced a total return of -1.51%, and its Service shares produced a total return of -1.61%.[1] In comparison, the fund's benchmark, the S&P MidCap 400® Index (the "Index"), produced a total return of 3.49% for the same period.[2]

Mid-cap stocks produced moderate gains in a volatile market over the reporting period amid rising corporate earnings, sustained economic growth, and intensifying merger-and-acquisition activity. The fund lagged the Index, mainly due to security selection shortfalls in the consumer discretionary, financials, consumer staples, and health care sectors.

The Fund's Investment Approach

The fund seeks investment results that are greater than the total return performance of publicly traded common stocks of medium-sized domestic companies in the aggregate, as represented by the Index. To pursue this goal, the fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in stocks of mid-cap companies. The fund invests in growth and value stocks, which are chosen through a disciplined investment process that combines computer-modeling techniques, fundamental analysis, and risk management. Consistency of returns compared to the Index is a primary goal of the investment process.

The portfolio managers select stocks through a "bottom-up," structured approach that seeks to identify undervalued securities using a quantitative ranking process. The process is driven by a proprietary quantitative model that measures a diverse set of corporate characteristics to identify and rank stocks based on valuation, momentum, and sentiment and earnings quality measures.

Next, the fund's portfolio managers construct the portfolio through a risk-controlled process, focusing on stock selection as opposed to making proactive decisions as to industry and sector exposure. The portfolio managers seek to maintain a portfolio that has exposure to industries and market capitalizations that are generally similar to the fund's benchmark. Finally, within each sector and style subset, the fund will seek to overweight the most attractive stocks and underweight or not hold the stocks that have been ranked least attractive.

Market Volatility Increased Despite Positive Economic Trends

A positive economic backdrop supported U.S. equity markets at the start of 2018, including sustained GDP growth, robust labor markets, and higher growth forecasts from the Federal Reserve Board (the "Fed"). Enactment of corporate tax cuts as part of major tax reform legislation in late December 2017 sparked additional market gains, driving the Index to new all-time highs in January.

Economic data in January indicated robust levels of consumer spending during the critical year-end shopping season, and long-awaited signs of wage growth began to appear. However, concerns about rising inflationary pressures and prospects for more aggressive interest-rate hikes soon began to weigh on market sentiment, sparking renewed volatility that sent stock prices sharply lower in early February. Political rhetoric regarding potentially protectionist U.S. trade policies also took a toll on many stocks, and rising bond yields further contributed to heightened volatility.

Mid-cap stocks fared better over the second quarter of 2018. Despite an additional interest-rate hike by the Fed, the Index rallied in an environment of persistently strong economic growth, rising corporate earnings, and higher levels of merger-and-acquisition activity. Consequently, the Index again reached new record highs toward the reporting period's end.

Security Selections Constrained Fund Performance

The fund's performance compared to the Index was mainly the result of stock selection shortfalls across several market sectors. In the consumer discretionary sector, automotive supplier Dana Corp. lagged market averages due in part to disappointing after-tax profit margins. Despite a strong quarterly earnings report, retailer Big Lots issued guidance that fell short of analysts' expectations. Overweighted exposure to homebuilders in the household durables industry group also hurt relative results. The consumer discretionary sector, however, did provide some bright points. Deckers Outdoor Corporation beat earnings expectations and provided guidance above expectations. Among financial companies, investment manager Federated Investors reported weaker-than-expected quarterly earnings. Results from the health care sector were constrained by lack of exposure to medical devices maker ABIOMED, which more than doubled in value. The fund's stock selections in the consumer staples sector also undermined relative performance, primarily due to weakness among food products companies.

The fund achieved better results in other areas. Our stock selection strategy identified a number of winners in the industrials sector, where the fund participated in gains posted by some of the sector's stronger performers and largely avoided weaker stocks. Oil refiner HollyFrontier participated in above-average gains for its industry group in an environment of rising oil prices. Results from the utilities sector were bolstered by a favorable sector allocation as our bottom-up investment process identified relatively few investment candidates at the start of 2018, but more opportunities arose later in the reporting period. Our security selection strategy also proved beneficial in the utilities sector.

A Disciplined Approach to Stock Picking

As of the reporting period's end, our quantitative models have continued to identify what we believe are attractive investment opportunities across a broad spectrum of mid-cap companies and industry groups. Indeed, recent bouts of volatility have provided opportunities to purchase the stocks of companies ranked highly by our process. When the fund's holdings reach what we perceive to be fuller valuations, we expect to replace them with high-quality companies that display then-currently attractive valuations in our model. In addition, we continue to maintain a broadly diversified portfolio.

July 16, 2018

[1] *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns.*

[2] *Source: Lipper Inc. — The S&P MidCap 400® Index provides investors with a benchmark for mid-sized companies. The index measures the performance of mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment. Investors cannot invest directly in any index.*

Equities are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.

Stocks of mid-cap companies often experience sharper price fluctuations than stocks of large-cap companies.

The fund is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of Dreyfus Investment Portfolios, MidCap Stock Portfolio made available through insurance products may be similar to those of other funds managed by Dreyfus. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund.

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in Dreyfus Investment Portfolios, MidCap Stock Portfolio from January 1, 2018 to June 30, 2018. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended June 30, 2018

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.23	$ 5.46
Ending value (after expenses)	$ 984.90	$ 983.90

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission ("SEC") has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a $1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended June 30, 2018

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.31	$ 5.56
Ending value (after expenses)	$ 1,020.53	$ 1,019.29

† *Expenses are equal to the fund's annualized expense ratio of .86% for Initial shares and 1.11% for Service shares, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS
June 30, 2018 (Unaudited)

Description	Shares	Value ($)
Common Stocks - 99.7%		
Automobiles & Components - 2.3%		
Dana	67,950	1,371,911
Gentex	11,500	264,730
Visteon	16,760 [a]	2,166,062
		3,802,703
Banks - 6.5%		
BancorpSouth Bank	26,300 [b]	866,585
Cathay General Bancorp	63,255	2,561,195
Comerica	24,300	2,209,356
Commerce Bancshares	4,952	320,444
East West Bancorp	17,095	1,114,594
Synovus Financial	54,850	2,897,725
UMB Financial	2,360	179,903
Washington Federal	12,120	396,324
		10,546,126
Capital Goods - 10.4%		
Curtiss-Wright	16,680	1,985,254
EMCOR Group	32,000	2,437,760
Granite Construction	32,700 [b]	1,820,082
KBR	13,600	243,712
Kennametal	42,300	1,518,570
KLX	23,200 [a]	1,668,080
Spirit AeroSystems Holdings, Cl. A	25,775	2,214,330
Terex	57,600	2,430,144
Toro	44,670	2,691,367
		17,009,299
Commercial & Professional Services - 2.6%		
Copart	32,560 [a,b]	1,841,594
Dun & Bradstreet	20,100	2,465,265
		4,306,859
Consumer Durables & Apparel - 6.9%		
Brunswick	28,980	1,868,630
Deckers Outdoor	23,200 [a]	2,619,048
KB Home	73,050	1,989,882
NVR	640 [a]	1,901,024
Toll Brothers	63,520	2,349,605
TRI Pointe Group	30,500 [a,b]	498,980
		11,227,169
Consumer Services - 1.2%		
Hyatt Hotels, Cl. A	2,100	162,015
Royal Caribbean Cruises	17,990	1,863,764
		2,025,779

Description	Shares	Value ($)
Common Stocks - 99.7% (continued)		
Diversified Financials - 2.8%		
Federated Investors, Cl. B	95,800 [b]	2,234,056
Legg Mason	16,200	562,626
LPL Financial Holdings	3,100	203,174
SEI Investments	24,470	1,529,864
		4,529,720
Energy - 3.0%		
HollyFrontier	33,220	2,273,245
Marathon Petroleum	2,500	175,400
PBF Energy, Cl. A	56,300	2,360,659
		4,809,304
Food, Beverage & Tobacco - 1.5%		
Ingredion	22,740	**2,517,318**
Health Care Equipment & Services - 4.5%		
Haemonetics	22,800 [a]	2,044,704
Masimo	7,860 [a]	767,529
Varian Medical Systems	6,160 [a]	700,515
WellCare Health Plans	14,450 [a]	3,558,168
West Pharmaceutical Services	1,900 [b]	188,651
		7,259,567
Household & Personal Products - .6%		
Edgewell Personal Care	18,050 [a,b]	**910,803**
Insurance - 6.8%		
CNO Financial Group	114,250	2,175,320
Kemper	9,300 [b]	703,545
Old Republic International	112,080	2,231,513
Primerica	26,915 [b]	2,680,734
Reinsurance Group of America	11,805	1,575,731
Torchmark	20,500	1,668,905
		11,035,748
Materials - 7.9%		
Chemours	47,420	2,103,551
Freeport-McMoRan	103,360	1,783,994
Greif, Cl. A	17,960	949,904
Huntsman	68,690	2,005,748
Louisiana-Pacific	90,690	2,468,582
Owens-Illinois	62,160 [a]	1,044,910
United States Steel	4,700 [b]	163,325
Westlake Chemical	20,720 [b]	2,230,094
Worthington Industries	4,045 [b]	169,769
		12,919,877
Media - .8%		
John Wiley & Sons, Cl. A	20,700	**1,291,680**

Description	Shares	Value ($)
Common Stocks - 99.7% (continued)		
Pharmaceuticals, Biotechnology & Life Sciences - 7.2%		
Agilent Technologies	11,080	685,187
Bio-Techne	4,900	724,955
Catalent	63,970 [a]	2,679,703
Charles River Laboratories International	25,140 [a]	2,822,216
Mettler-Toledo International	2,310 [a]	1,336,635
United Therapeutics	9,045 [a]	1,023,442
Waters	2,130 [a]	412,347
Zoetis	24,300	2,070,117
		11,754,602
Real Estate - 6.9%		
First Industrial Realty Trust	84,320 [c]	2,811,229
Highwoods Properties	24,600 [c]	1,247,958
Hospitality Properties Trust	16,075 [c]	459,906
Kilroy Realty	15,055 [c]	1,138,760
Lamar Advertising, Cl. A	36,595 [c]	2,499,804
Piedmont Office Realty Trust, Cl. A	17,880 [c]	356,348
Tanger Factory Outlet Centers	7,680 [b,c]	180,403
Weingarten Realty Investors	85,650 [c]	2,638,876
		11,333,284
Retailing - 1.6%		
Best Buy	10,810	806,210
Big Lots	43,810 [b]	1,830,382
		2,636,592
Semiconductors & Semiconductor Equipment - 3.2%		
First Solar	6,000 [a,b]	315,960
MKS Instruments	25,200	2,411,640
ON Semiconductor	63,770 [a]	1,417,926
Skyworks Solutions	11,220	1,084,413
		5,229,939
Software & Services - 9.3%		
CDK Global	43,630	2,838,131
Convergys	101,975	2,492,269
CoreLogic	44,200 [a]	2,293,980
Fair Isaac	14,580 [a]	2,818,606
Manhattan Associates	47,470 [a,b]	2,231,565
MAXIMUS	40,950	2,543,405
		15,217,956
Technology Hardware & Equipment - 5.3%		
F5 Networks	6,750 [a]	1,164,038
NCR	67,335 [a,b]	2,018,703
Vishay Intertechnology	112,260	2,604,432
Zebra Technologies, Cl. A	19,940 [a]	2,856,405
		8,643,578

Description	7-Day Yield (%)	Shares	Value ($)
Common Stocks - 99.7% (continued)			
Transportation - .9%			
Werner Enterprises		40,800 [b]	**1,532,040**
Utilities - 7.5%			
IDACORP		10,000 [b]	922,400
MDU Resources Group		103,280	2,962,070
New Jersey Resources		40,580 [b]	1,815,955
NorthWestern		42,000	2,404,500
NRG Energy		41,500	1,274,050
OGE Energy		79,700	2,806,237
			12,185,212
Total Common Stocks (cost $139,242,443)			**162,725,155**
Other Investment - .5%			
Registered Investment Company;			
Dreyfus Institutional Preferred Government Plus Money Market Fund (cost $857,018)	1.83	857,018 [d]	**857,018**
Investment of Cash Collateral for Securities Loaned - 2.1%			
Registered Investment Company;			
Dreyfus Institutional Preferred Government Money Market Fund, Institutional Shares (cost $3,381,561)	1.85	3,381,561 [d]	**3,381,561**
Total Investments (cost $143,481,022)		**102.3%**	**166,963,734**
Liabilities, Less Cash and Receivables		**(2.3%)**	**(3,704,104)**
Net Assets		**100.0%**	**163,259,630**

[a] *Non-income producing security.*

[b] *Security, or portion thereof, on loan. At June 30, 2018, the value of the fund's securities on loan was $18,913,112 and the value of the collateral held by the fund was $19,721,956, consisting of cash collateral of $3,381,561 and U.S. Government & Agency securities valued at $16,340,395.*

[c] *Investment in real estate investment trust.*

[d] *Investment in affiliated issuer. The investment objective of this investment company is publicly available and can be found within the respective investment company's prospectus.*

Portfolio Summary (Unaudited) †	Value (%)
Capital Goods	10.4
Software & Services	9.3
Materials	7.9
Utilities	7.5
Pharmaceuticals, Biotechnology & Life Sciences	7.2
Real Estate	6.9
Consumer Durables & Apparel	6.9
Insurance	6.8
Banks	6.5
Technology Hardware & Equipment	5.3
Health Care Equipment & Services	4.5
Semiconductors & Semiconductor Equipment	3.2
Energy	3.0
Diversified Financials	2.8
Commercial & Professional Services	2.6
Money Market Investments	2.6
Automobiles & Components	2.3
Retailing	1.6
Food, Beverage & Tobacco	1.5
Consumer Services	1.2
Transportation	.9
Media	.8
Household & Personal Products	.6
	102.3

† *Based on net assets.*
See notes to financial statements.

STATEMENT OF INVESTMENTS IN AFFILIATED ISSUERS
(Unaudited)

Registered Investment Companies	Value 12/31/17($)	Purchases($)	Sales($)	Value 6/30/18($)	Net Assets(%)	Dividends/ Distributions($)
Dreyfus Institutional Preferred Government Plus Money Market Fund	1,813,429	7,162,424	8,118,835	857,018	.5	6,007
Dreyfus Institutional Preferred Government Money Market Fund, Institutional Shares	5,638,451	24,934,854	27,191,744	3,381,561	2.1	-
Total	**7,451,880**	**32,097,278**	**35,310,579**	**4,238,579**	**2.6**	**6,007**

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2018 (Unaudited)

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments		
(including securities on loan, valued at $18,913,112)—Note 1(b):		
Unaffiliated issuers	139,242,443	162,725,155
Affiliated issuers	4,238,579	4,238,579
Cash		18,630
Dividends and securities lending income receivable		178,519
Prepaid expenses		4,102
		167,164,985
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(b)		126,506
Liability for securities on loan—Note 1(b)		3,381,561
Payable for shares of Beneficial Interest redeemed		348,066
Trustees fees and expenses payable		100
Accrued expenses		49,122
		3,905,355
Net Assets ($)		**163,259,630**
Composition of Net Assets ($):		
Paid-in capital		132,303,300
Accumulated undistributed investment income—net		452,844
Accumulated net realized gain (loss) on investments		7,020,774
Accumulated net unrealized appreciation (depreciation)		
on investments		23,482,712
Net Assets ($)		**163,259,630**

Net Asset Value Per Share	Initial Shares	Service Shares
Net Assets ($)	88,334,117	74,925,513
Shares Outstanding	4,511,781	3,842,828
Net Asset Value Per Share ($)	**19.58**	**19.50**

See notes to financial statements.

STATEMENT OF OPERATIONS

Six Months Ended June 30, 2018 (Unaudited)

Investment Income ($):	
Income:	
Cash dividends:	
Unaffiliated issuers	1,208,224
Affiliated issuers	6,007
Income from securities lending—Note 1(b)	12,300
Total Income	**1,226,531**
Expenses:	
Management fee—Note 3(a)	623,056
Distribution fees—Note 3(b)	94,404
Professional fees	41,630
Prospectus and shareholders' reports	16,267
Loan commitment fees—Note 2	4,718
Trustees' fees and expenses—Note 3(c)	3,727
Shareholder servicing costs—Note 3(b)	786
Custodian fees—Note 3(b)	318
Miscellaneous	22,664
Total Expenses	**807,570**
Less—reduction in fees due to earnings credits—Note 3(b)	(62)
Net Expenses	**807,508**
Investment Income—Net	**419,023**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments	7,159,653
Net unrealized appreciation (depreciation) on investments	(10,157,120)
Net Realized and Unrealized Gain (Loss) on Investments	**(2,997,467)**
Net (Decrease) in Net Assets Resulting from Operations	**(2,578,444)**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations ($):		
Investment income—net	419,023	776,876
Net realized gain (loss) on investments	7,159,653	19,205,766
Net unrealized appreciation (depreciation) on investments	(10,157,120)	5,929,234
Net Increase (Decrease) in Net Assets Resulting from Operations	**(2,578,444)**	**25,911,876**
Distributions to Shareholders from ($):		
Investment income—net:		
Initial Shares	(510,886)	(1,318,278)
Service Shares	(253,530)	(571,428)
Net realized gain on investments:		
Initial Shares	(10,475,203)	(1,947,592)
Service Shares	(8,781,068)	(1,048,153)
Total Distributions	**(20,020,687)**	**(4,885,451)**
Beneficial Interest Transactions ($):		
Net proceeds from shares sold:		
Initial Shares	3,391,575	7,641,567
Service Shares	6,590,104	16,117,819
Distributions reinvested:		
Initial Shares	10,986,089	3,265,870
Service Shares	9,034,598	1,619,581
Cost of shares redeemed:		
Initial Shares	(6,466,279)	(54,096,819)
Service Shares	(7,400,600)	(13,049,664)
Increase (Decrease) in Net Assets from Beneficial Interest Transactions	**16,135,487**	**(38,501,646)**
Total Increase (Decrease) in Net Assets	**(6,463,644)**	**(17,475,221)**
Net Assets ($):		
Beginning of Period	169,723,274	187,198,495
End of Period	**163,259,630**	**169,723,274**
Undistributed investment income—net	452,844	798,237
Capital Share Transactions (Shares):		
Initial Shares		
Shares sold	157,817	360,786
Shares issued for distributions reinvested	551,234	163,702
Shares redeemed	(310,262)	(2,544,770)
Net Increase (Decrease) in Shares Outstanding	**398,789**	**(2,020,282)**
Service Shares		
Shares sold	315,781	781,309
Shares issued for distributions reinvested	454,914	81,427
Shares redeemed	(355,417)	(633,009)
Net Increase (Decrease) in Shares Outstanding	**415,278**	**229,727**

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The fund's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the fund's financial statements.

Initial Shares	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017	2016	2015	2014	2013
Per Share Data ($):						
Net asset value, beginning of period	22.56	20.09	18.95	23.03	20.87	15.68
Investment Operations:						
Investment income—net[a]	.06	.10	.21	.18	.14	.20
Net realized and unrealized gain (loss) on investments	(.35)	2.92	2.50	(.50)	2.35	5.24
Total from Investment Operations	(.29)	3.02	2.71	(.32)	2.49	5.44
Distributions:						
Dividends from investment income—net	(.13)	(.22)	(.21)	(.14)	(.21)	(.25)
Dividends from net realized gain on investments	(2.56)	(.33)	(1.36)	(3.62)	(.12)	-
Total Distributions	(2.69)	(.55)	(1.57)	(3.76)	(.33)	(.25)
Net asset value, end of period	19.58	22.56	20.09	18.95	23.03	20.87
Total Return (%)	(1.51)[b]	15.38	15.47	(2.29)	12.09	34.99
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	.86[c]	.87	.85	.85	.85	.86
Ratio of net expenses to average net assets	.86[c]	.87	.85	.85	.85	.86
Ratio of net investment income to average net assets	.62[c]	.50	1.16	.89	.64	1.11
Portfolio Turnover Rate	35.77[b]	64.86	65.52	80.27	83.06	68.72
Net Assets, end of period ($ x 1,000)	88,334	92,776	123,226	123,354	160,482	158,682

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

Service Shares	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017	2016	2015	2014	2013
Per Share Data ($):						
Net asset value, beginning of period	22.45	20.00	18.88	22.97	20.83	15.65
Investment Operations:						
Investment income—net[a]	.04	.06	.17	.15	.09	.16
Net realized and unrealized gain (loss) on investments	(.36)	2.90	2.47	(.52)	2.34	5.23
Total from Investment Operations	(.32)	2.96	2.64	(.37)	2.43	5.39
Distributions:						
Dividends from investment income—net	(.07)	(.18)	(.16)	(.10)	(.17)	(.21)
Dividends from net realized gain on investments	(2.56)	(.33)	(1.36)	(3.62)	(.12)	-
Total Distributions	(2.63)	(.51)	(1.52)	(3.72)	(.29)	(.21)
Net asset value, end of period	19.50	22.45	20.00	18.88	22.97	20.83
Total Return (%)	(1.61)[b]	15.04	15.20	(2.52)	11.76	34.70
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	1.11[c]	1.12	1.10	1.10	1.10	1.11
Ratio of net expenses to average net assets	1.11[c]	1.12	1.10	1.10	1.10	1.11
Ratio of net investment income to average net assets	.37[c]	.28	.94	.72	.40	.86
Portfolio Turnover Rate	35.77[b]	64.86	65.52	80.27	83.06	68.72
Net Assets, end of period ($ x 1,000)	74,926	76,948	63,972	49,363	35,213	23,838

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

NOTE 1—Significant Accounting Policies:

MidCap Stock Portfolio (the "fund") is a separate diversified series of Dreyfus Investment Portfolios (the "Company"), which is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company and operates as a series company currently offering four series, including the fund. The fund is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The fund's investment objective is to seek investment results that are greater than the total return performance of publicly traded common stocks of medium-size domestic companies in the aggregate, as represented by the Standard & Poor's MidCap 400® Index. The Dreyfus Corporation (the "Manager" or "Dreyfus"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser.

MBSC Securities Corporation (the "Distributor"), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund's shares, which are sold without a sales charge. The fund is authorized to issue an unlimited number of $.001 par value shares of Beneficial Interest in each of the following classes of shares: Initial and Service. Each class of shares has identical rights and privileges, except with respect to the Distribution Plan, and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Company accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series' operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The Company enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant American Depository Receipts and futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to accurately reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Company's Board of Trustees (the "Board"). Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and such securities are generally categorized within Level 3 of the fair value hierarchy.

The following is a summary of the inputs used as of June 30, 2018 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 – Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	**Total**
Assets ($)				
Investments in Securities:				
Equity Securities-Domestic Common Stocks†	162,725,155	-	-	**162,725,155**
Registered Investment Companies	4,238,579	-	-	**4,238,579**

† *See Statement of Investments for additional detailed categorizations.*

At June 30, 2018, there were no transfers between levels of the fair value hierarchy. It is the fund's policy to recognize transfers between levels at the end of the reporting period.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by Dreyfus, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, The Bank of New York Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. Additionally, the contractual maturity of security lending transactions are on an overnight and continuous basis. During the period ended June 30, 2018, The Bank of New York Mellon earned $2,551 from lending portfolio securities, pursuant to the securities lending agreement.

(c) Affiliated issuers: Investments in other investment companies advised by Dreyfus are defined as "affiliated" under the Act.

(d) Dividends and distributions to shareholders: Dividends and distributions are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended June 30, 2018, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended June 30, 2018, the fund did not incur any interest or penalties.

Each tax year in the three-year period ended December 31, 2017 remains subject to examination by the Internal Revenue Service and state taxing authorities.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2017 was as follows: ordinary income $1,889,706 and long-term capital gains $2,995,745. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed funds in an $830 million unsecured credit facility led by Citibank, N.A. and a $300 million unsecured credit facility provided by The Bank of New York Mellon (each, a "Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for each Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing.

During the period ended June 30, 2018, the fund did not borrow under the Facilities.

NOTE 3—Management Fee and Other Transactions with Affiliates:

(a) Pursuant to a management agreement with Dreyfus, the management fee is computed at the annual rate of .75% of the value of the fund's average daily net assets and is payable monthly.

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2018, Service shares were charged $94,404 pursuant to the Distribution Plan.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended June 30, 2018, the fund was charged $432 for transfer agency services and $62 for cash management services. These fees are included in Shareholder servicing costs in the Statement of Operations. Cash management fees were offset by earnings credits of $62.

The fund compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended June 30, 2018, the fund was charged $318 pursuant to the custody agreement.

During the period ended June 30, 2018, the fund was charged $6,320 for services performed by the Chief Compliance Officer and his staff. These fees are included in Miscellaneous in the Statement of Operations.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees $103,483, Distribution Plan fees $15,782, custodian fees $665, Chief Compliance Officer fees $6,320 and transfer agency fees $256.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended June 30, 2018, amounted to $59,225,791 and $61,528,967, respectively.

At June 30, 2018, accumulated net unrealized appreciation on investments was $23,482,712, consisting of $27,907,487 gross unrealized appreciation and $4,424,775 gross unrealized depreciation.

At June 30, 2018, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

NOTES

NOTES

For More Information

Dreyfus Investment Portfolios, MidCap Stock Portfolio

200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Telephone 1-800-258-4260 or 1-800-258-4261

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144 Attn: Institutional Services Department

E-mail Send your request to info@dreyfus.com

Internet Information can be viewed online or downloaded at www.dreyfus.com

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at http://www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at http://www.dreyfus.com and on the SEC's website at http://www.sec.gov. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-DREYFUS.

0174SA0618

The Dreyfus Sustainable U.S. Equity Portfolio, Inc.

SEMIANNUAL REPORT
June 30, 2018

BNY MELLON | Dreyfus

Contents

A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this semiannual report for The Dreyfus Sustainable U.S. Equity Portfolio, Inc., covering the six-month period from January 1, 2018 through June 30, 2018. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

Volatility returned to the financial markets over the first half of 2018. Although stocks set a series of new record highs in January amid growing corporate earnings, reduced corporate tax rates and synchronized global economic growth, investors later grew nervous about rising interest rates, renewed inflationary pressures, escalating geopolitical tensions and the prospects of more protectionist U.S. trade policies. Consequently, U.S. stocks produced mildly positive returns over the reporting period. Meanwhile, bonds typically lost a degree of value over the first six months of the year due to rising interest rates and inflation concerns.

Despite the return of heightened market volatility, we believe that underlying market fundamentals remain sound. Ongoing economic growth, robust labor markets, rising corporate earnings and strong consumer and business confidence seem likely to support stock and corporate bond prices over the months ahead. Monetary policymakers have indicated that short-term interest rates probably will rise further, but U.S. government bond prices may already reflect those expectations. As always, we encourage you to discuss the risks and opportunities of today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,

R. LaRoche-Morris

Renee Laroche-Morris
President
The Dreyfus Corporation
July 16, 2018

DISCUSSION OF FUND PERFORMANCE (Unaudited)

For the period from January 1, 2018 through June 30, 2018, as provided by portfolio managers John Gilmore and Jeff Munroe of Newton Investment Management (North America) Limited, Sub-Investment Adviser

Market and Fund Performance Overview

For the six-month period ended June 30, 2018, The Dreyfus Sustainable U.S. Equity Portfolio, Inc.'s Initial shares produced a total return of 0.20%, and the fund's Service shares returned 0.08%.[1] In comparison, the fund's benchmark, the S&P 500® Index (the "Index"), produced a total return of 2.65% for the same period.[2]

U.S. stocks produced mild gains in a volatile market over the reporting period amid rising corporate earnings, higher interest rates, and concerns regarding U.S. trade policies. The fund underperformed the Index, mainly due to security selection shortfalls in the financials, consumer discretionary, and materials sectors.

The Fund's Investment Approach

The fund seeks long-term capital appreciation. To pursue its goal, the fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of U.S. companies that demonstrate attractive investment attributes and sustainable business practices, and have no material unresolvable environmental, social, and governance (ESG) issues. The fund invests principally in common stocks, focusing on companies with market capitalizations of $5 billion or more at the time of purchase. The fund may invest up to 20% of its assets in the stocks of foreign companies, including up to 10% in the stocks of companies in emerging-market countries.

We use quantitative and qualitative fundamental analyses to identify attractively priced companies with good products, strong management, and strategic direction that have adopted, or are making progress toward, a sustainable business approach. We employ an investment process that combines investment themes with fundamental research and analysis to select stocks for the fund's portfolio.

Rising Volatility Amid Political Worries

The first quarter of 2018 witnessed the return of volatility to the U.S. stock market. Equities came under pressure towards the end of January in an environment of rising sovereign bond yields. Following a brief period of stabilization, equity markets again succumbed to downward pressure, this time due to the Trump administration's move to impose tariffs on aluminum and steel imports.

The second quarter of the year was equally volatile as President Trump stepped up his protectionist rhetoric on trade. Italy was another focus of investors' attention when a constitutional crisis in May briefly roiled markets. Against this more febrile political backdrop, global macroeconomic conditions appeared somewhat less buoyant and synchronized than at the start of 2018. On a more positive note, the U.S. economy continued to deliver as it reaped the benefits of last year's tax cuts, although in some areas accelerating inflation and a tightening labor market have started to weigh on corporate profitability.

Security Selections Dampened Fund Performance

The fund lagged the Index over the reporting period, mainly due to stock selection shortfalls in the financials, consumer discretionary, and materials sectors. An overweighted position in the consumer discretionary sector and lack of exposure to energy stocks further detracted from relative performance.

A number of individual companies also were disappointing. Global specialty chemicals company Albemarle struggled with a potential change in lithium-supply dynamics due to a planned expansion of lithium production by its competitors. We regard these concerns as overblown, as rising demand for the batteries used in electronic vehicles should absorb the increased supply. The fund did not hold shares of Internet retailer Amazon.com over much of the reporting period, preventing the portfolio from participating fully in its gains. We subsequently purchased the stock to reduce the risks associated with lack of exposure to a major Index component. Beauty-products manufacturer Coty also stumbled when investors focused on weakness in its consumer beauty division rather than better-than-expected quarterly results for the company overall.

The fund achieved better results in other areas. Pet food maker *Blue Buffalo Pet Products* reported strong quarterly results and agreed to be acquired by General Mills. Global software giant Microsoft advanced as it continued to move towards more recurring revenues. Financial software developer Intuit reported good results driven by subscriber growth and a particularly strong tax season. Apparel maker Under Armour reported better-than-expected revenues stemming from significant growth opportunities in international markets for footwear and athleisure. From a market sector perspective, an underweighted position in the industrials sector and lack of exposure to telecommunications companies also aided relative performance.

Finding Opportunities in Volatile Markets

As of midyear, interest rates, inflationary pressures, and geopolitical risks have risen. However, more volatile market conditions may provide greater opportunities as well as elevated risks. We intend to continue to invest in companies where we anticipate growth expectations will be achieved, valuations are reflective of the wider environment, and sustainability factors meet stringent criteria.

We recently have reduced the fund's sensitivity to market volatility by increasing its holdings in more defensive areas, such as pharmaceuticals and utilities. We also have identified an ample number of investment opportunities in the information technology sector, but relatively few in the energy and industrials sectors.

July 16, 2018

[1] *Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns. The fund's returns reflect the absorption of certain fund expenses by The Dreyfus Corporation pursuant to an agreement in effect through May 1, 2019, at which time it may be extended, terminated, or modified.*

[2] *Source: Lipper Inc. — The S&P 500® Index is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Investors cannot invest directly in any index.*

Please note: the position in any security highlighted with italicized typeface was sold during the reporting period.

Equities are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund's prospectus.

The fund's consideration of ESG issues in the securities selection process may cause the fund to perform differently from funds that do not integrate consideration of ESG issues when selecting investments.

The fund is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of The Dreyfus Sustainable U.S. Equity Portfolio, Inc. made available through insurance products may be similar to those of other funds managed by Dreyfus. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund.

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in The Dreyfus Sustainable U.S. Equity Portfolio, Inc. from January 1, 2018 to June 30, 2018. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended June 30, 2018

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 3.47	$ 4.71
Ending value (after expenses)	$ 1,002.00	$ 1,000.80

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission ("SEC") has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a $1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended June 30, 2018

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 3.51	$ 4.76
Ending value (after expenses)	$ 1,021.32	$ 1,020.08

† *Expenses are equal to the fund's annualized expense ratio of .70% for Initial shares and .95% for Service shares, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS
June 30, 2018 (Unaudited)

Description	Shares	Value ($)
Common Stocks - 96.8%		
Banks - 6.2%		
Citigroup	143,728	9,618,278
First Republic Bank	46,110	4,462,987
		14,081,265
Capital Goods - 2.0%		
Acuity Brands	13,003	1,506,658
Ferguson	35,930	2,916,221
		4,422,879
Consumer Durables & Apparel - 4.1%		
Newell Brands	67,752	1,747,324
NIKE, Cl. B	45,620	3,635,002
PulteGroup	62,405	1,794,144
Under Armour, Cl. A	93,114 [a]	2,093,203
		9,269,673
Consumer Services - 1.5%		
McDonald's	21,220	**3,324,962**
Food & Staples Retailing - 3.9%		
Costco Wholesale	28,249	5,903,476
Walgreens Boots Alliance	48,586	2,915,889
		8,819,365
Health Care Equipment & Services - 7.4%		
Abbott Laboratories	116,231	7,088,929
Cerner	44,829 [a]	2,680,326
Medtronic	79,534	6,808,906
		16,578,161
Household & Personal Products - 3.4%		
Colgate-Palmolive	95,190	6,169,264
Coty, Cl.A	102,414	1,444,037
		7,613,301
Insurance - 4.6%		
Intact Financial	97,568	6,920,637
Principal Financial Group	64,660	3,423,747
		10,344,384
Materials - 3.1%		
Albemarle	37,260	3,514,736
Ecolab	24,149	3,388,829
		6,903,565
Media - 1.1%		
Thomson Reuters	59,267	**2,389,645**
Pharmaceuticals, Biotechnology & Life Sciences - 6.9%		
Gilead Sciences	95,505	6,765,574

Description	Shares	Value ($)
Common Stocks - 96.8% (continued)		
Pharmaceuticals, Biotechnology & Life Sciences - 6.9% (continued)		
Merck & Co.	143,873	8,733,091
		15,498,665
Real Estate - .7%		
Redwood Trust	101,330 [b]	**1,668,905**
Retailing - 6.9%		
Amazon.com	3,780 [a]	6,425,244
Dollar General	47,827	4,715,742
The TJX Companies	46,506	4,426,441
		15,567,427
Semiconductors & Semiconductor Equipment - 4.1%		
Applied Materials	85,752	3,960,885
Maxim Integrated Products	54,916	3,221,372
QUALCOMM	38,308	2,149,845
		9,332,102
Software & Services - 23.5%		
Accenture, Cl. A	47,885	7,833,507
Alphabet, Cl. A	10,428 [a]	11,775,193
Alphabet, Cl. C	1,827 [a]	2,038,292
Cognizant Technology Solutions, Cl. A	22,376	1,767,480
eBay	159,028 [a]	5,766,355
Intuit	20,682	4,225,436
Microsoft	167,313	16,498,735
Western Union	146,188	2,972,002
		52,877,000
Technology Hardware & Equipment - 9.7%		
Apple	61,051	11,301,151
Cisco Systems	167,759	7,218,670
Samsung SDI, GDR	68,339 [c]	3,280,517
		21,800,338
Transportation - 1.9%		
CH Robinson Worldwide	50,727	**4,243,821**
Utilities - 5.8%		
CMS Energy	121,424	5,740,927
Eversource Energy	125,339	7,346,119
		13,087,046
Total Common Stocks (cost $195,187,378)		**217,822,504**

Description	7-Day Yield (%)	Shares	Value ($)
Other Investment - 3.2%			
Registered Investment Company;			
Dreyfus Institutional Preferred Government Plus Money Market Fund (cost $7,188,718)	1.83	7,188,718 [d]	**7,188,718**
Total Investments (cost $202,376,096)		**100.0%**	**225,011,222**
Cash and Receivables (Net)		**.0%**	**96,703**
Net Assets		**100.0%**	**225,107,925**

GDR—Global Depository Receipt

[a] *Non-income producing security.*
[b] *Investment in real estate investment trust.*
[c] *Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2018, these securities were valued at $3,280,517 or 1.46% of net assets.*
[d] *Investment in affiliated issuer. The investment objective of this investment company is publicly available and can be found within the respective investment company's prospectus.*

Portfolio Summary (Unaudited) †	Value (%)
Software & Services	23.5
Technology Hardware & Equipment	9.7
Health Care Equipment & Services	7.4
Retailing	6.9
Pharmaceuticals, Biotechnology & Life Sciences	6.9
Banks	6.2
Utilities	5.8
Insurance	4.6
Semiconductors & Semiconductor Equipment	4.1
Consumer Durables & Apparel	4.1
Food & Staples Retailing	3.9
Household & Personal Products	3.4
Money Market Investment	3.2
Materials	3.1
Capital Goods	2.0
Transportation	1.9
Consumer Services	1.5
Media	1.1
Real Estate	.7
	100.0

† *Based on net assets.*
See notes to financial statements.

STATEMENT OF INVESTMENTS IN AFFILIATED ISSUERS
(Unaudited)

Registered Investment Company	Value 12/31/17($)	Purchases($)	Sales($)	Value 6/30/18($)	Net Assets(%)	Dividends/ Distributions($)
Dreyfus Institutional Preferred Government Plus Money Market Fund	4,831,655	21,904,291	19,547,228	7,188,718	3.2	17,285

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2018 (Unaudited)

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments:		
Unaffiliated issuers	195,187,378	217,822,504
Affiliated issuers	7,188,718	7,188,718
Cash		2,575
Cash denominated in foreign currency	3	3
Receivable for investment securities sold		3,302,078
Dividends receivable		403,121
Prepaid expenses		51,888
		228,770,887
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(c)		118,633
Payable for investment securities purchased		3,377,962
Payable for shares of Common Stock redeemed		111,223
Directors fees and expenses payable		22,630
Accrued expenses		32,514
		3,662,962
Net Assets ($)		**225,107,925**
Composition of Net Assets ($):		
Paid-in capital		198,917,222
Accumulated distributions in excess of investment income—net		(343,568)
Accumulated net realized gain (loss) on investments		3,899,686
Accumulated net unrealized appreciation (depreciation) on investments and foreign currency transactions		22,634,585
Net Assets ($)		**225,107,925**

Net Asset Value Per Share	Initial Shares	Service Shares
Net Assets ($)	214,845,053	10,262,872
Shares Outstanding	6,669,434	322,711
Net Asset Value Per Share ($)	**32.21**	**31.80**

See notes to financial statements.

STATEMENT OF OPERATIONS
Six Months Ended June 30, 2018 (Unaudited)

Investment Income ($):	
Income:	
Cash dividends (net of $30,066 foreign taxes withheld at source):	
Unaffiliated issuers	2,152,000
Affiliated issuers	17,285
Total Income	**2,169,285**
Expenses:	
Management fee—Note 3(a)	690,629
Prospectus and shareholders' reports	70,017
Professional fees	50,016
Directors' fees and expenses—Note 3(d)	17,926
Distribution fees—Note 3(b)	12,897
Custodian fees—Note 3(c)	4,767
Shareholder servicing costs—Note 3(c)	4,595
Loan commitment fees—Note 2	2,733
Miscellaneous	23,365
Total Expenses	**876,945**
Less—reduction in expenses due to undertaking—Note 3(a)	(52,522)
Less—reduction in fees due to earnings credits—Note 3(c)	(361)
Net Expenses	**824,062**
Investment Income—Net	**1,345,223**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments and foreign currency transactions	3,879,136
Net realized gain (loss) on forward foreign currency exchange contracts	50,084
Net Realized Gain (Loss)	**3,929,220**
Net unrealized appreciation (depreciation) on investments and foreign currency transactions	(4,678,558)
Net Realized and Unrealized Gain (Loss) on Investments	**(749,338)**
Net Increase in Net Assets Resulting from Operations	**595,885**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations ($):		
Investment income—net	1,345,223	2,335,933
Net realized gain (loss) on investments	3,929,220	43,286,871
Net unrealized appreciation (depreciation) on investments	(4,678,558)	(11,803,414)
Net Increase (Decrease) in Net Assets Resulting from Operations	**595,885**	**33,819,390**
Distributions to Shareholders from ($):		
Investment income—net:		
Initial Shares	(3,898,183)	(2,632,049)
Service Shares	(157,553)	(108,956)
Net realized gain on investments:		
Initial Shares	(41,232,227)	(15,130,712)
Service Shares	(1,957,913)	(772,217)
Total Distributions	**(47,245,876)**	**(18,643,934)**
Capital Stock Transactions ($):		
Net proceeds from shares sold:		
Initial Shares	1,899,806	6,289,382
Service Shares	596,488	1,369,778
Distributions reinvested:		
Initial Shares	45,130,410	17,762,761
Service Shares	2,115,466	881,173
Cost of shares redeemed:		
Initial Shares	(13,729,997)	(33,706,023)
Service Shares	(605,978)	(3,477,410)
Increase (Decrease) in Net Assets from Capital Stock Transactions	**35,406,195**	**(10,880,339)**
Total Increase (Decrease) in Net Assets	**(11,243,796)**	**4,295,117**
Net Assets ($):		
Beginning of Period	236,351,721	232,056,604
End of Period	**225,107,925**	**236,351,721**
Undistributed (distributions in excess of) investment income—net	(343,568)	2,366,945
Capital Share Transactions (Shares):		
Initial Shares		
Shares sold	51,613	163,577
Shares issued for distributions reinvested	1,380,979	481,245
Shares redeemed	(377,161)	(872,998)
Net Increase (Decrease) in Shares Outstanding	**1,055,431**	**(228,176)**
Service Shares		
Shares sold	16,082	35,925
Shares issued for distributions reinvested	65,535	24,109
Shares redeemed	(17,043)	(92,472)
Net Increase (Decrease) in Shares Outstanding	**64,574**	**(32,438)**

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single fund share. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The fund's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the fund's financial statements.

	Six Months Ended June 30, 2018	Year Ended December 31,				
Initial Shares	(Unaudited)	2017	2016	2015	2014	2013
Per Share Data ($):						
Net asset value, beginning of period	40.27	37.86	38.56	45.97	44.09	33.24
Investment Operations:						
Investment income—net[a]	.21	.38	.44	.47	.45	.46
Net realized and unrealized gain (loss) on investments	(.01)	5.14	3.15	(1.54)	5.07	10.87
Total from Investment Operations	.20	5.52	3.59	(1.07)	5.52	11.33
Distributions:						
Dividends from investment income—net	(.71)	(.46)	(.50)	(.47)	(.48)	(.48)
Dividends from net realized gain on investments	(7.55)	(2.65)	(3.79)	(5.87)	(3.16)	–
Total Distributions	(8.26)	(3.11)	(4.29)	(6.34)	(3.64)	(.48)
Net asset value, end of period	32.21	40.27	37.86	38.56	45.97	44.09
Total Return (%)	.20[b]	15.33	10.38	(3.20)	13.45	34.34
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	.75[c]	.80	.86	.86	.84	.86
Ratio of net expenses to average net assets	.70[c]	.77	.86	.86	.84	.86
Ratio of net investment income to average net assets	1.19[c]	.99	1.21	1.14	1.02	1.19
Portfolio Turnover Rate	38.10[b]	119.51	60.67	59.57	45.05	38.81
Net Assets, end of period ($ x 1,000)	214,845	226,078	221,172	227,483	270,483	264,713

[a] *Based on average shares outstanding.*
[b] *Not annualized.*
[c] *Annualized.*
See notes to financial statements.

Service Shares	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017	2016	2015	2014	2013
Per Share Data ($):						
Net asset value, beginning of period	39.80	37.46	38.19	45.58	43.76	33.01
Investment Operations:						
Investment income—net[a]	.16	.28	.34	.36	.33	.36
Net realized and unrealized gain (loss) on investments	(.00)[b]	5.08	3.12	(1.52)	5.04	10.78
Total from Investment Operations	.16	5.36	3.46	(1.16)	5.37	11.14
Distributions:						
Dividends from investment income—net	(.61)	(.37)	(.40)	(.36)	(.39)	(.39)
Dividends from net realized gain on investments	(7.55)	(2.65)	(3.79)	(5.87)	(3.16)	–
Total Distributions	(8.16)	(3.02)	(4.19)	(6.23)	(3.55)	(.39)
Net asset value, end of period	31.80	39.80	37.46	38.19	45.58	43.76
Total Return (%)	.08[c]	15.04	10.08	(3.41)	13.13	33.99
Ratios/Supplemental Data (%):						
Ratio of total expenses to average net assets	1.00[d]	1.05	1.11	1.11	1.09	1.11
Ratio of net expenses to average net assets	.95[d]	1.02	1.11	1.11	1.09	1.11
Ratio of net investment income to average net assets	.94[d]	.74	.96	.89	.76	.93
Portfolio Turnover Rate	38.10[c]	119.51	60.67	59.57	45.05	38.81
Net Assets, end of period ($ x 1,000)	10,263	10,274	10,884	9,869	10,632	8,767

[a] *Based on average shares outstanding.*
[b] *Amount represents less than $.01 per share.*
[c] *Not annualized.*
[d] *Annualized.*
See notes to financial statements.

NOTE 1—Significant Accounting Policies:

The Dreyfus Sustainable U.S. Equity Portfolio, Inc. (the "fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified open-end management investment company. The fund is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The fund's investment objective is to seek long-term capital appreciation. The Dreyfus Corporation (the "Manager" or "Dreyfus"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser. Newton Investment Management (North America) Limited ("Newton"), a wholly-owned subsidiary of BNY Mellon and an affiliate of Dreyfus, serves as the fund's sub-investment adviser.

MBSC Securities Corporation (the "Distributor"), a wholly-owned subsidiary of Dreyfus, is the distributor of the fund's shares, which are sold without a sales charge. The fund is authorized to issue 150 million shares of $.001 par value Common Stock in each of the following classes of shares: Initial and Service. Initial shares are subject to a Shareholder Services Plan fee and Service shares are subject to a Distribution Plan fee. Each class of shares has identical rights and privileges, except with respect to the Distribution Plan, Shareholder Services Plan and the expenses borne by each class, the allocation of certain transfer agency costs, and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification is the exclusive reference of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The fund's financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The fund enters into contracts that contain a variety of indemnifications. The fund's maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). GAAP establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Additionally, GAAP provides guidance on determining whether the volume and activity in a market has decreased significantly and whether such a decrease in activity results in transactions that are not orderly. GAAP requires enhanced disclosures around valuation inputs and techniques used during annual and interim periods.

Various inputs are used in determining the value of the fund's investments relating to fair value measurements. These inputs are summarized in the three broad levels listed below:

Level 1—unadjusted quoted prices in active markets for identical investments.

Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3—significant unobservable inputs (including the fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. Valuation techniques used to value the fund's investments are as follows:

Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. For open short positions, asked prices are used for valuation purposes. Bid price is used when no asked price is available. Registered investment companies that are not traded on an exchange are valued at their net asset value. All of the preceding securities are generally categorized within Level 1 of the fair value hierarchy.

Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. These securities are generally categorized within Level 2 of the fair value hierarchy.

Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant American Depository Receipts and futures. Utilizing these techniques may result in transfers between Level 1 and Level 2 of the fair value hierarchy.

When market quotations or official closing prices are not readily available, or are determined not to accurately reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the Board. Certain factors may be considered when fair valuing investments such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. These securities are either categorized within Level 2 or 3 of the fair value hierarchy depending on the relevant inputs used.

For restricted securities where observable inputs are limited, assumptions about market activity and risk are used and such securities are generally categorized within Level 3 of the fair value hierarchy.

Investments denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange.

The following is a summary of the inputs used as of June 30, 2018 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Assets ($)				
Investments in Securities:				
Equity Securities - Domestic Common Stocks†	202,315,484	-	-	**202,315,484**
Equity Securities - Foreign Common Stocks†	15,507,020	-	-	**15,507,020**
Registered Investment Company	7,188,718	-	-	**7,188,718**

† *See Statement of Investments for additional detailed categorizations.*

At December 31, 2017, $15,968,823 of exchange traded foreign equity securities were classified within Level 2 of the fair value hierarchy pursuant to the fund's fair valuation procedures. It is the fund's policy to recognize transfers between levels at the end of the reporting period.

(b) Foreign currency transactions: The fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized on securities transactions between trade and settlement date, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments resulting from changes in exchange rates. Foreign currency gains and losses on foreign currency transactions are also included with net realized and unrealized gain or loss on investments.

(c) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

(d) Affiliated issuers: Investments in other investment companies advised by Dreyfus are defined as "affiliated" under the Act.

(e) Dividends and distributions to shareholders: Dividends and distributions are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP.

(f) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended June 30, 2018, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended June 30, 2018, the fund did not incur any interest or penalties.

Each tax year in the three-year period ended December 31, 2017 remains subject to examination by the Internal Revenue Service and state taxing authorities.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2017 was as follows: ordinary income $4,614,655 and long-term capital gains $14,029,279. The tax character of current year distributions will be determined at the end of the current fiscal year.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed funds in an $830 million unsecured credit facility led by Citibank, N.A. and a $300 million unsecured credit facility provided by The Bank of New York Mellon (each, a "Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for each Facility. Interest is charged to the fund based on rates determined pursuant to the terms of the respective Facility at the time of borrowing.

During the period ended June 30, 2018, the fund did not borrow under the Facilities.

NOTE 3—Management Fee, Sub-Investment Advisory Fee and Other Transactions with Affiliates:

(a) Pursuant to the management agreement with Dreyfus, the management fee is computed at an annual rate of .60% of the value of the fund's average daily net assets and is payable monthly. Dreyfus has contractually agreed, from January 1, 2018 through May 1, 2019, to waive receipt of its fees and/or assume the direct expenses of the fund so that the expenses of neither class (excluding Rule 12b-1 Distribution Plan fees, Shareholder Services Plan fees, taxes, interest expense, brokerage commission, commitment fees on borrowings and extraordinary expenses) exceed .70% of the value of the fund's average daily net assets. On or after May 1, 2019, Dreyfus may terminate this expense limitation agreement at any time. The reduction in expenses, pursuant to the undertaking, amounted to $52,522 during the period ended June 30, 2018.

Pursuant to the separate sub-investment advisory agreement between Dreyfus and Newton, Newton serves as the fund's sub-investment adviser responsible for the day-to-day management of the fund's portfolio. Dreyfus pays the sub-investment adviser a monthly fee at an annual percentage of the value of the fund's average daily net assets. Dreyfus has obtained an exemptive order from the SEC (the "Order"), upon which the fund may rely, to use a manager of managers approach that permits Dreyfus, subject to certain conditions and approval by the Board, to enter into and materially amend sub-investment advisory agreements with one or more sub-investment advisers who are either unaffiliated with Dreyfus or are wholly-owned subsidiaries (as defined under the Act) of Dreyfus' ultimate parent company, BNY Mellon, without obtaining shareholder approval. The Order also allows the fund to disclose the sub-investment advisory fee paid by Dreyfus to any unaffiliated sub-investment adviser in the aggregate with other unaffiliated sub-investment advisers in documents filed with the SEC and provided to shareholders. In addition, pursuant to the Order, it is not necessary to disclose the sub-investment advisory fee payable by Dreyfus separately to a sub-investment adviser that is a wholly-owned subsidiary of BNY Mellon in documents filed with the SEC and provided to shareholders; such fees are to be aggregated with fees payable to Dreyfus. Dreyfus has ultimate responsibility (subject to oversight by the Board) to supervise any sub-investment adviser and recommend the hiring, termination, and replacement of any sub-investment adviser to the Board.

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2018, Service shares were charged $12,897 pursuant to the Distribution Plan.

(c) Under the Shareholder Services Plan, Initial shares reimburse the Distributor at an amount not to exceed an annual rate of .25% of the value of its average daily net assets for certain allocated expenses with respect to servicing and/or maintaining Initial shares' shareholder accounts. During the period ended June 30, 2018, Initial shares were charged $3,794 pursuant to the Shareholder Services Plan.

The fund has arrangements with the transfer agent and the custodian whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency and custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended June 30, 2018, the fund was charged $530 for transfer agency services and $75 for cash management services. These fees are included in Shareholder servicing costs in the Statement of Operations. Cash management fees were offset by earnings credits of $75.

The fund compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the fund. These fees are determined based on net assets, geographic region and transaction activity. During the period ended June 30, 2018, the fund was charged $4,767 pursuant to the custody agreement. These fees were partially offset by earnings credits of $286.

During the period ended June 30, 2018, the fund was charged $6,320 for services performed by the Chief Compliance Officer and his staff. These fees are included in Miscellaneous in the Statement of Operations.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees $112,498 and Distribution Plan fees $2,138, custodian fees $4,961, Chief Compliance Officer fees $6,320 and transfer agency fees $267, which are offset against an expense reimbursement currently in effect in the amount of $7,551.

(d) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities and forward foreign currency exchange contracts ("forward contracts"), during the period ended June 30, 2018, amounted to $86,769,011 and $99,599,895, respectively.

Derivatives: A derivative is a financial instrument whose performance is derived from the performance of another asset. The fund enters into International Swaps and Derivatives Association, Inc. Master Agreements or similar agreements (collectively, "Master Agreements") with its over-the-counter ("OTC") derivative contract counterparties in order to, among other things, reduce its credit risk to counterparties. Master Agreements include provisions for general obligations, representations, collateral and events of default or termination. Under a Master Agreement, the fund may offset with the counterparty certain derivative financial instrument's payables and/or receivables with collateral held and/or posted and create one single net payment in the event of default or termination.

Each type of derivative instrument that was held by the fund during the period ended June 30, 2018 is discussed below.

Forward Foreign Currency Exchange Contracts: The fund enters into forward contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to settle foreign currency transactions or as a part of its investment strategy. When executing forward contracts, the fund is obligated to buy or sell a foreign currency at a specified rate on a certain date in the future. With respect to sales of forward contracts, the fund incurs a loss if the value of the contract increases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract decreases between those dates. With respect to purchases of forward contracts, the fund incurs a loss if the value of the contract decreases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract increases between those dates. Any realized or unrealized gains or losses which occurred during the period are reflected in the Statement of Operations. The fund is exposed to foreign currency risk as a result of changes in value of underlying financial instruments. The fund is also exposed to credit risk associated with counterparty nonperformance on these forward contracts, which is generally limited to the unrealized gain on each open contract. This risk may be mitigated by Master Agreements, if any, between the fund and the counterparty and the posting of collateral, if any, by the counterparty to the fund to cover the fund's exposure to the counterparty. At June 30, 2018, there were no outstanding forward contracts.

The following summarizes the average market value of derivatives outstanding during the period ended June 30, 2018:

	Average Market Value ($)
Forward contracts	52,391

At June 30, 2018, accumulated net unrealized appreciation on investments was $22,635,126, consisting of $29,608,376 gross unrealized appreciation and $6,973,250 gross unrealized depreciation.

At June 30, 2018, the cost of investments for federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

NOTES

NOTES

For More Information

The Dreyfus Sustainable U.S. Equity Portfolio, Inc.

200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Sub-Investment Adviser

Newton Investment Management
(North America) Limited
160 Queen Victoria Street
London, EC4V, 4LA, UK

Custodian

The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286

Transfer Agent & Dividend Disbursing Agent

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Telephone 1-800-258-4260 or 1-800-258-4261

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144 Attn: Institutional Services Department

E-mail Send your request to info@dreyfus.com

Internet Information can be viewed online or downloaded at www.dreyfus.com

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. (phone 1-800-SEC-0330 for information).

A description of the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the fund voted these proxies for the most recent 12-month period ended June 30 is available at www.dreyfus.com and on the SEC's website at www.sec.gov and without charge, upon request, by calling 1-800-DREYFUS.

Printed on recycled paper.
50% post-consumer.
Process chlorine free.
Vegetable-based ink.

0111SA0618

BNY MELLON | Dreyfus

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS Bond VIP

(formerly Deutsche Bond VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. Investments in lower-quality ("junk bonds") and non-rated securities present greater risk of loss than investments in higher-quality securities. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Please read the prospectus for details.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

DWS Distributors, Inc., 222 South Riverside Plaza, Chicago, IL 60606, (800) 621-1148

NOT FDIC/NCUA INSURED NO BANK GUARANTEE MAY LOSE VALUE NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Performance Summary

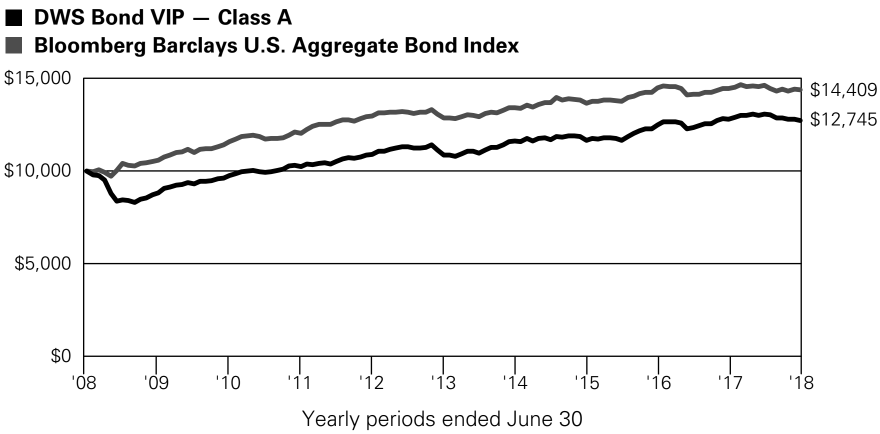
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns.

The gross expense ratio of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 is 0.74% for Class A shares and may differ from the expense ratio disclosed in the Financial Highlights table in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment



The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index representing domestic taxable investment-grade bonds, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities with an average maturity of one year or more.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Bond VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,735	$9,962	$10,933	$11,709	$12,745
	Average annual total return	–2.65%	–0.38%	3.02%	3.21%	2.46%
Bloomberg Barclays U.S. Aggregate Bond Index	Growth of $10,000	$9,838	$9,960	$10,525	$11,189	$14,409
	Average annual total return	–1.62%	–0.40%	1.72%	2.27%	3.72%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Total Net Assets)	**6/30/18**	**12/31/17**
Corporate Bonds	45%	64%
Mortgage-Backed Securities Pass-Throughs	21%	20%
Government & Agency Obligations	16%	5%
Asset-Backed	7%	5%
Collateralized Mortgage Obligations	4%	4%
Commercial Paper	4%	—
Short-Term U.S. Treasury Obligations	4%	7%
Commercial Mortgage-Backed Securities	1%	2%
Cash Equivalents, Securities Lending Collateral and other Assets and Liabilities, net	–2%	–7%
	100%	100%

Quality (Excludes Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
AAA	43%	29%
AA	7%	5%
A	11%	14%
BBB	29%	32%
BB	8%	13%
B	1%	5%
Not Rated	1%	2%
	100%	100%

Interest Rate Sensitivity	**6/30/18**	**12/31/17**
Effective Maturity	10.1 years	11.1 years
Effective Duration	5.9 years	5.9 years

The quality ratings represent the higher of Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings, Inc. ("Fitch") or Standard & Poor's Corporation ("S&P") credit ratings. The ratings of Moody's, Fitch and S&P represent their opinions as to the quality of the securities they rate. Credit quality measures a bond issuer's ability to repay interest and principal in a timely manner. Ratings are relative and subjective and are not absolute standards of quality. Credit quality does not remove market risk and is subject to change.

Effective maturity is the weighted average of the maturity date of bonds held by the Fund taking into consideration any available maturity shortening features.

Effective duration is an approximate measure of the Fund's sensitivity to interest rate changes taking into consideration any maturity shortening features.

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Thomas M. Farina, CFA, Managing Director
Gregory M. Staples, CFA, Managing Director
Kelly L. Beam, CFA, Director
Portfolio Managers

Investment Portfolio

as of June 30, 2018 (Unaudited)

	Principal Amount ($)(a)	Value ($)
Corporate Bonds 45.2%		
Consumer Discretionary 7.8%		
BMW U.S. Capital LLC, 144A, 3.75%, 4/12/2028	130,000	127,232
CCO Holdings LLC, 144A, 5.125%, 5/1/2027	180,000	168,412
Charter Communications Operating LLC:		
3.579%, 7/23/2020	90,000	89,886
3.75%, 2/15/2028	110,000	99,623
5.375%, 5/1/2047	70,000	63,567
Comcast Corp., 3.55%, 5/1/2028 (b)	240,000	229,205
CSC Holdings LLC, 144A, 5.375%, 2/1/2028	200,000	185,000
Discovery Communications LLC, 3.95%, 3/20/2028	125,000	118,377
Expedia Group, Inc., 3.8%, 2/15/2028	100,000	91,575
Ford Motor Co., 5.291%, 12/8/2046	50,000	46,337
General Motors Financial Co., Inc.:		
3.15%, 6/30/2022	450,000	437,341
4.35%, 4/9/2025	84,000	82,795
GLP Capital LP, 5.25%, 6/1/2025	220,000	220,000
Hilton Domestic Operating Co., Inc., 4.25%, 9/1/2024	130,000	123,500
Hilton Worldwide Finance LLC, 4.875%, 4/1/2027	220,000	212,300
KFC Holding Co., 144A, 4.75%, 6/1/2027	110,000	103,950
Lennar Corp., 5.0%, 6/15/2027	90,000	86,175
Nordstrom, Inc.:		
4.0%, 3/15/2027 (b)	85,000	81,789
5.0%, 1/15/2044	135,000	124,479
Sabre GLBL, Inc., 144A, 5.375%, 4/15/2023	130,000	131,300
Toll Brothers Finance Corp., 4.875%, 11/15/2025	130,000	125,125
Viacom, Inc.:		
5.875%, 2/28/2057	80,000	75,600
6.25%, 2/28/2057	85,000	80,537
Viking Cruises Ltd., 144A, 5.875%, 9/15/2027	250,000	236,250
VOC Escrow Ltd., 144A, 5.0%, 2/15/2028	145,000	136,983
Walgreens Boots Alliance, Inc., 4.8%, 11/18/2044	40,000	37,663
Walmart, Inc., 3.4%, 6/26/2023	175,000	176,302
		3,691,303
Consumer Staples 1.8%		
Anheuser-Busch InBev Finance, Inc., 4.9%, 2/1/2046	140,000	143,973
Anheuser-Busch InBev Worldwide, Inc., 4.75%, 4/15/2058	60,000	58,606
Aramark Services, Inc., 144A, 5.0%, 2/1/2028	95,000	90,725
Campbell Soup Co., 4.8%, 3/15/2048	65,000	58,765
General Mills, Inc., 4.7%, 4/17/2048	29,000	27,733
Kraft Heinz Foods Co.:		
4.375%, 6/1/2046	130,000	112,464
4.625%, 1/30/2029	90,000	89,135
Maple Escrow Subsidiary, Inc.:		
144A, 4.057%, 5/25/2023	90,000	90,219
144A, 4.597%, 5/25/2028	70,000	70,259
Molson Coors Brewing Co., 4.2%, 7/15/2046	120,000	107,737
		849,616
Energy 5.9%		
Andeavor Logistics LP, 5.2%, 12/1/2047	60,000	57,873
Baker Hughes a GE Co., LLC:		
2.773%, 12/15/2022	85,000	82,458
4.08%, 12/15/2047	55,000	49,151
Boardwalk Pipelines LP, 4.95%, 12/15/2024	110,000	111,986
Buckeye Partners LP, 4.125%, 12/1/2027	175,000	158,915
Canadian Natural Resources Ltd.:		
3.85%, 6/1/2027	125,000	121,957
4.95%, 6/1/2047	80,000	82,570
Cenovus Energy, Inc., 5.4%, 6/15/2047	100,000	97,900
Continental Resources, Inc.:		
4.375%, 1/15/2028	40,000	39,766
4.9%, 6/1/2044	175,000	171,392
5.0%, 9/15/2022	60,000	60,793
Enbridge, Inc., 2.9%, 7/15/2022	110,000	106,841
Energy Transfer Equity LP, 4.25%, 3/15/2023	350,000	337,754
Energy Transfer Partners LP, 5.95%, 10/1/2043	50,000	48,883
EnLink Midstream Partners LP, 5.45%, 6/1/2047	160,000	134,531
EQT Corp., 3.9%, 10/1/2027	130,000	121,234
EQT Midstream Partners LP, 4.75%, 7/15/2023	230,000	229,629
Hess Corp., 5.8%, 4/1/2047	140,000	144,668
Kinder Morgan Energy Partners LP, 4.7%, 11/1/2042	110,000	97,334
Kinder Morgan, Inc., 3.15%, 1/15/2023	150,000	144,828
MPLX LP, 3.375%, 3/15/2023	30,000	29,339
Newfield Exploration Co., 5.75%, 1/30/2022	60,000	62,475
Plains All American Pipeline LP:		
2.85%, 1/31/2023	165,000	155,337
4.3%, 1/31/2043	95,000	78,478
Sunoco Logistics Partners Operations LP, 5.3%, 4/1/2044	75,000	67,983
		2,794,075
Financials 11.1%		
AerCap Ireland Capital DAC, 3.3%, 1/23/2023	150,000	144,177
Ares Capital Corp.:		
3.625%, 1/19/2022	130,000	126,775
3.875%, 1/15/2020	200,000	200,654
ASB Bank Ltd., 144A, 3.75%, 6/14/2023	200,000	199,101

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
AXA Equitable Holdings, Inc., 144A, 5.0%, 4/20/2048	100,000	92,261
Banco de Credito e Inversiones SA, 144A, 3.5%, 10/12/2027	225,000	203,062
Banco Santander SA, 4.379%, 4/12/2028	200,000	191,225
Barclays PLC, 4.338%, 5/16/2024	200,000	197,527
BNP Paribas SA, 144A, 4.625%, 3/13/2027	300,000	294,459
BNZ International Funding Ltd., 144A, 2.9%, 2/21/2022	250,000	243,647
Citigroup, Inc., 3.2%, 10/21/2026	170,000	158,088
Credit Suisse Group AG, 144A, 4.282%, 1/9/2028	250,000	243,187
Everest Reinsurance Holdings, Inc., 4.868%, 6/1/2044	100,000	100,524
Fairfax Financial Holdings Ltd., 144A, 4.85%, 4/17/2028	96,000	94,939
FS Investment Corp., 4.75%, 5/15/2022	40,000	39,865
HSBC Holdings PLC:		
4.375%, 11/23/2026	200,000	196,599
6.0%, 5/22/2027	225,000	208,687
Intesa Sanpaolo SpA, 144A, 3.875%, 7/14/2027	150,000	129,428
JPMorgan Chase & Co., 2.95%, 10/1/2026	140,000	130,045
KKR Group Finance Co. III LLC, 144A, 5.125%, 6/1/2044	70,000	69,186
Kookmin Bank, 144A, 2.875%, 3/25/2023	200,000	191,972
Legg Mason, Inc., 5.625%, 1/15/2044	100,000	104,049
Macquarie Group Ltd., 144A, 3.189%, 11/28/2023	220,000	209,911
Manulife Financial Corp., 4.061%, 2/24/2032	200,000	189,675
Nationwide Financial Services, Inc., 144A, 5.3%, 11/18/2044	80,000	85,430
Royal Bank of Scotland Group PLC, 3.498%, 5/15/2023	200,000	193,742
Santander Holdings U.S.A., Inc., 3.7%, 3/28/2022	270,000	266,027
Standard Chartered PLC, 144A, 3.885%, 3/15/2024	5,000	4,909
Swiss Re Treasury U.S. Corp., 144A, 4.25%, 12/6/2042	70,000	70,132
The Goldman Sachs Group, Inc., 3.75%, 2/25/2026	290,000	280,981
Westpac Banking Corp., 5.0%, 9/21/2027	185,000	159,686
Woori Bank, 144A, 4.5%, 12/29/2049	250,000	235,623
		5,255,573

Health Care 2.2%

	Principal Amount ($)(a)	Value ($)
AbbVie, Inc., 4.45%, 5/14/2046	120,000	114,750
Allergan Funding SCS, 4.75%, 3/15/2045	70,000	67,384
Bayer US Finance II LLC, 144A, 4.375%, 12/15/2028	200,000	200,380
Centene Escrow I Corp., 144A, 5.375%, 6/1/2026	105,000	106,379
CVS Health Corp., 4.78%, 3/25/2038	129,000	126,881
HCA, Inc., 5.25%, 6/15/2026	130,000	129,116
Stryker Corp.:		
3.375%, 11/1/2025	80,000	76,852
4.625%, 3/15/2046	40,000	40,752
Teva Pharmaceutical Finance Netherlands III BV, 6.0%, 4/15/2024	200,000	198,065
		1,060,559

Industrials 1.9%

	Principal Amount ($)(a)	Value ($)
Boeing Co., 3.625%, 3/1/2048	25,000	23,426
BWX Technologies, Inc., 144A, 5.375%, 7/15/2026	40,000	40,500
CSX Corp., 4.25%, 11/1/2066	130,000	112,395
Delta Air Lines, Inc., 4.375%, 4/19/2028	154,000	148,304
FedEx Corp., 4.05%, 2/15/2048	220,000	197,617
Union Pacific Corp., 4.5%, 9/10/2048	55,000	55,910
United Rentals North America, Inc., 5.5%, 5/15/2027	330,000	320,100
		898,252

Information Technology 4.5%

	Principal Amount ($)(a)	Value ($)
Amazon.com, Inc., 4.25%, 8/22/2057	135,000	133,115
Apple, Inc., 3.45%, 2/9/2045	60,000	53,623
Booking Holdings, Inc., 2.75%, 3/15/2023	105,000	101,303
Broadcom Corp.:		
3.5%, 1/15/2028	115,000	104,722
3.625%, 1/15/2024	125,000	121,001
Dell International LLC, 144A, 5.875%, 6/15/2021	240,000	243,269
DXC Technology Co., 4.75%, 4/15/2027	190,000	191,962
Fair Isaac Corp., 144A, 5.25%, 5/15/2026	95,000	95,356
Fidelity National Information Services, Inc., 4.25%, 5/15/2028	53,000	52,783
Microchip Technology, Inc., 144A, 3.922%, 6/1/2021	97,000	97,161
Netflix, Inc., 144A, 5.875%, 11/15/2028	235,000	237,280
QUALCOMM, Inc., 3.25%, 5/20/2027	133,000	123,757
Seagate HDD Cayman, 4.25%, 3/1/2022	90,000	88,781
VMware, Inc., 3.9%, 8/21/2027	275,000	253,929
Western Digital Corp., 4.75%, 2/15/2026	245,000	238,263
		2,136,305

Materials 1.5%

	Principal Amount ($)(a)	Value ($)
Anglo American Capital PLC, 144A, 4.75%, 4/10/2027	230,000	226,765
AngloGold Ashanti Holdings PLC, 5.125%, 8/1/2022 (b)	110,000	111,650
Celulosa Arauco y Constitucion SA, 5.5%, 11/2/2047	200,000	194,602
Crown Americas LLC, 144A, 4.75%, 2/1/2026	80,000	76,000
Yamana Gold, Inc., 4.95%, 7/15/2024	110,000	109,880
		718,897

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
Real Estate 4.5%		
CBL & Associates LP:		
(REIT), 5.25%, 12/1/2023	95,000	82,650
(REIT), 5.95%, 12/15/2026	130,000	109,484
Crown Castle International Corp.:		
(REIT), 3.8%, 2/15/2028	50,000	46,867
(REIT), 5.25%, 1/15/2023	135,000	141,458
Government Properties Income Trust:		
(REIT), 3.75%, 8/15/2019	60,000	60,075
(REIT), 4.0%, 7/15/2022	125,000	123,521
Hospitality Properties Trust:		
(REIT), 3.95%, 1/15/2028	70,000	63,956
(REIT), 5.25%, 2/15/2026	155,000	157,274
Host Hotels & Resorts LP, (REIT), 3.875%, 4/1/2024	135,000	131,614
MGM Growth Properties Operating Partnership LP, (REIT), 4.5%, 9/1/2026	120,000	111,450
Omega Healthcare Investors, Inc., (REIT), 4.75%, 1/15/2028 (b)	165,000	159,079
Realty Income Corp., (REIT), 3.875%, 4/15/2025	250,000	246,485
SBA Communications Corp., 144A, (REIT), 4.0%, 10/1/2022	190,000	181,688
Select Income REIT:		
(REIT), 4.15%, 2/1/2022	80,000	79,443
(REIT), 4.25%, 5/15/2024	80,000	76,503
WEA Finance LLC, 144A, (REIT), 3.75%, 9/17/2024	200,000	197,589
Welltower, Inc., (REIT),		
4.0%, 6/1/2025	75,000	73,555
4.25%, 4/15/2028	105,000	103,174
		2,145,865
Telecommunication Services 0.8%		
Empresa Nacional de Telecomunicaciones SA, REG S, 4.75%, 8/1/2026	250,000	238,520
Verizon Communications, Inc., 5.5%, 3/16/2047	60,000	62,872
Vodafone Group PLC, 5.25%, 5/30/2048	98,000	97,729
		399,121
Utilities 3.2%		
Abu Dhabi National Energy Co. PJSC, 144A, 4.375%, 4/23/2025	210,000	207,703
Calpine Corp., 144A, 5.25%, 6/1/2026	235,000	221,341
EDP Finance BV, 144A, 3.625%, 7/15/2024	200,000	191,496
Electricite de France SA, 144A, 4.75%, 10/13/2035	150,000	155,288
Israel Electric Corp., Ltd.:		
144A, REG S, 4.25%, 8/14/2028	290,000	278,881
Series 6, 144A, REG S, 5.0%, 11/12/2024	300,000	307,950
Sempra Energy, 4.0%, 2/1/2048	55,000	49,432
Southern Power Co., Series F, 4.95%, 12/15/2046	87,000	87,488
		1,499,579
Total Corporate Bonds (Cost $22,206,029)		**21,449,145**

	Principal Amount ($)(a)	Value ($)
Mortgage-Backed Securities Pass-Throughs 20.6%		
Federal Home Loan Mortgage Corp.:		
3.5%, 12/1/2047	479,189	476,995
4.0%, 8/1/2039	388,651	398,355
5.5%, with various maturities from 10/1/2023 until 5/1/2041	605,512	654,735
6.5%, 3/1/2026	72,404	77,220
Federal National Mortgage Association:		
12-month USD-LIBOR + 1.750%, 3.5%*, 9/1/2038	27,313	28,568
3.5%, with various maturities from 12/1/2045 until 7/1/2048 (c)	2,792,892	2,786,925
4.0%, 7/1/2048 (c)	1,300,000	1,325,352
4.5%, 7/1/2048 (c)	1,900,000	1,978,391
5.0%, 10/1/2033	30,779	33,005
5.5%, with various maturities from 12/1/2032 until 8/1/2037	603,343	654,176
6.0%, with various maturities from 4/1/2024 until 3/1/2025	164,687	179,985
6.5%, with various maturities from 11/1/2024 until 1/1/2036	55,329	60,989
Government National Mortgage Association, 4.0%, 7/1/2048 (c)	1,100,000	1,127,414
Total Mortgage-Backed Securities Pass-Throughs (Cost $9,809,695)		**9,782,110**
Asset-Backed 7.3%		
Automobile Receivables 2.1%		
Avis Budget Rental Car Funding AESOP LLC, “C”, Series 2015-1A, 144A, 3.96%, 7/20/2021	500,000	497,045
CarMax Auto Owner Trust, “A4”, Series 2015-1, 1.83%, 7/15/2020	500,000	497,946
		994,991
Credit Card Receivables 3.1%		
Discover Card Execution Note Trust, “A4”, Series 2014-A4, 2.12%, 12/15/2021	500,000	497,313
World Financial Network Credit Card Master Trust, “M”, Series 2016-A, 2.33%, 4/15/2025	1,000,000	965,556
		1,462,869
Miscellaneous 2.1%		
Hilton Grand Vacations Trust, “B”, Series 2014-AA, 144A, 2.07%, 11/25/2026	103,335	101,608
Taco Bell Funding LLC, “A2I”, Series 2016-1A, 144A, 3.832%, 5/25/2046	733,825	734,706
Wendy’s Funding LLC, “A2I”, Series 2018-1A, 144A, 3.573%, 3/15/2048	199,000	193,531
		1,029,845
Total Asset-Backed (Cost $3,535,147)		**3,487,705**

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)

Commercial Mortgage-Backed Securities 1.2%

	Principal Amount ($)(a)	Value ($)
BXP Trust, "B", Series 2017-CQHP, 144A, 1-month USD-LIBOR + 1.100%, 3.173% *, 11/15/2034	280,000	279,657
FHLMC Multifamily Structured Pass-Through Certificates:		
"X1", Series K043, Interest Only, 0.672% *, 12/25/2024	4,939,682	149,189
"X1", Series K054, Interest Only, 1.316% *, 1/25/2026	1,835,804	134,502
Total Commercial Mortgage-Backed Securities (Cost $562,175)		**563,348**

Collateralized Mortgage Obligations 4.4%

	Principal Amount ($)(a)	Value ($)
Countrywide Home Loans, "A2", Series 2006-1, 6.0%, 3/25/2036	170,253	142,563
CSFB Mortgage-Backed Pass-Through Certificates, "10A3", Series 2005-10, 6.0%, 11/25/2035	84,944	49,378
Federal Home Loan Mortgage Corp.:		
"PI", Series 4485, Interest Only, 3.5%, 6/15/2045	1,696,923	347,109
"PI", Series 3940, Interest Only, 4.0%, 2/15/2041	266,428	42,922
"C31", Series 303, Interest Only, 4.5%, 12/15/2042	1,238,322	282,784
Federal National Mortgage Association, "ZL" , Series 2017-55, 3.0%, 10/25/2046	515,208	438,714
Government National Mortgage Association:		
"PL", Series 2013-19, 2.5%, 2/20/2043	684,500	616,601
"PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044	275,014	36,773
"PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039	212,952	34,028
"EI", Series 2011-162, Interest Only, 4.5%, 5/20/2040	243,421	10,316
"IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039	63,121	11,837
"IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039	122,911	24,217
"IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039	47,863	9,189
MASTR Alternative Loans Trust:		
"5A1", Series 2005-1, 5.5%, 1/25/2020	13,109	13,316
"8A1", Series 2004-3, 7.0%, 4/25/2034	4,573	4,855
Total Collateralized Mortgage Obligations (Cost $2,109,624)		**2,064,602**

Government & Agency Obligations 15.8%

Other Government Related (d) 2.0%

	Principal Amount ($)(a)	Value ($)
Inter-American Development Bank, 7.0%, 6/15/2025	400,000	490,422
Novatek OAO, 144A, 6.604%, 2/3/2021	300,000	318,180
Provincia de Neuquen Argentina, 144A, 7.5%, 4/27/2025	150,000	124,812
		933,414

Sovereign Bonds 3.4%

	Principal Amount ($)(a)	Value ($)
French Republic Government Bond OAT, 144A, REG S, 1.75%, 5/25/2066	EUR 555,287	653,578
Kingdom of Norway, Series 480, 144A, REG S, 2.0%, 4/26/2028	NOK 7,750,000	971,290
		1,624,868

U.S. Treasury Obligations 10.4%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bond, 3.0%, 2/15/2048	1,117,000	1,120,752
U.S. Treasury Notes:		
2.75%, 5/31/2023	818,000	819,023
2.875%, 5/15/2028	3,020,000	3,026,016
		4,965,791
Total Government & Agency Obligations (Cost $7,500,061)		**7,524,073**

Short-Term U.S. Treasury Obligations 3.8%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bills:		
1.18% **, 8/16/2018 (e)	804,000	802,166
1.381% **, 10/11/2018	1,000,000	994,589
Total Short-Term U.S. Treasury Obligations (Cost $1,798,876)		**1,796,755**

Commercial Paper 4.2%

	Principal Amount ($)(a)	Value ($)
Catholic Health Initiatives, 2.708%**, 10/10/2018 (Cost $1,985,131)	2,000,000	**1,985,131**

Securities Lending Collateral 1.2%

	Shares	Value ($)
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (f) (g) (Cost $560,435)	560,435	**560,435**

Cash Equivalents 6.4%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 1.85% (f) (Cost $3,058,618)	3,058,618	**3,058,618**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $53,125,791)	110.1	**52,271,922**
Other Assets and Liabilities, Net	(10.1)	**(4,796,618)**
Net Assets	100.0	**47,475,304**

The accompanying notes are an integral part of the financial statements.

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 1.2%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (f) (g)								
1,394,433	—	833,998	—	—	4,880	—	560,435	560,435
Cash Equivalents 6.4%								
DWS Central Cash Management Government Fund, 1.85% (f)								
1,055,489	23,611,609	21,608,480	—	—	14,698	—	3,058,618	3,058,618
2,449,922	**23,611,609**	**22,442,478**	**—**	**—**	**19,578**	**—**	**3,619,053**	**3,619,053**

* Variable or floating rate security. These securities are shown at their current rate as of June 30, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

** Annualized yield at time of purchase; not a coupon rate.

(a) Principal amount stated in U.S. dollars unless otherwise noted.

(b) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $541,450, which is 1.1% of net assets.

(c) When-issued, delayed delivery or forward commitment securities included.

(d) Government-backed debt issued by financial companies or government sponsored enterprises.

(e) At June 30, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(f) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

(g) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

Interest Only: Interest Only (IO) bonds represent the "interest only" portion of payments on a pool of underlying mortgages or mortgage-backed securities. IO securities are subject to prepayment risk of the pool of underlying mortgages.

LIBOR: London Interbank Offered Rate

PJSC: Public Joint Stock Company

REG S: Securities sold under Regulation S may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

REIT: Real Estate Investment Trust

Included in the portfolio are investments in mortgage or asset-backed securities which are interests in separate pools of mortgages or assets. Effective maturities of these investments may be shorter than stated maturities due to prepayments. Some separate investments in the Federal Home Loan Mortgage Corp. and Federal National Mortgage Association issues which have similar coupon rates have been aggregated for presentation purposes in this investment portfolio.

At June 30, 2018, open futures contracts purchased were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Appreciation (Depreciation) ($)
10 Year U.S. Treasury Note	USD	9/19/2018	7	843,186	841,313	(1,873)
U.S. Treasury Long Bond	USD	9/19/2018	8	1,157,079	1,160,000	2,921
Ultra 10 Year U.S. Treasury Note	USD	9/19/2018	30	3,823,782	3,847,031	23,249
Total net unrealized appreciation						**24,297**

At June 30, 2018, open futures contracts sold were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Appreciation (Depreciation) ($)
5 Year U.S. Treasury Note	USD	9/28/2018	12	1,367,509	1,363,406	4,103
Federal Republic of Germany Euro-Bund	EUR	9/6/2018	6	1,127,525	1,138,955	(11,430)
Euro-OAT French Government Bond	EUR	9/6/2018	14	2,496,828	2,526,606	(29,778)
Ultra Long U.S. Treasury Bond	USD	9/19/2018	12	1,907,225	1,914,750	(7,525)
Total net unrealized depreciation						**(44,630)**

The accompanying notes are an integral part of the financial statements.

As of June 30, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation ($)	Counterparty
EUR	522,000	USD	650,028	7/18/2018	39,628	HSBC Holdings PLC
NOK	7,750,000	USD	992,296	7/24/2018	39,780	Danske Bank AS
USD	221,265	EUR	190,000	8/2/2018	1,150	Credit Agricole CIB
EUR	190,000	USD	232,076	8/2/2018	9,661	Credit Agricole CIB
SEK	8,364,905	USD	938,110	8/15/2018	919	Danske Bank AS
EUR	416,000	USD	501,792	8/16/2018	14,277	Canadian Imperial Bank of Commerce
Total unrealized appreciation					**105,415**	

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Depreciation ($)	Counterparty
USD	963,756	JPY	104,984,001	7/19/2018	(14,296)	Toronto-Dominion Bank
USD	971,339	CAD	1,246,000	8/7/2018	(22,930)	Barclays Bank PLC
USD	979,516	SEK	8,364,905	8/15/2018	(42,325)	Danske Bank AS
USD	488,216	EUR	416,000	8/16/2018	(700)	Canadian Imperial Bank of Commerce
Total unrealized depreciation					**(80,251)**	

Currency Abbreviations

CAD	Canadian Dollar	NOK	Norwegian Krone
EUR	Euro	SEK	Swedish Krona
JPY	Japanese Yen	USD	United States Dollar

For information on the Fund's policy and additional disclosures regarding futures contracts and forward foreign currency contracts, please refer to the Derivatives section of Note B in the accompanying Notes to Financial Statements.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Fixed Income Investments (h)				
Corporate Bonds	$ —	$ 21,449,145	$ —	$ 21,449,145
Mortgage-Backed Securities Pass-Throughs	—	9,782,110	—	9,782,110
Asset-Backed	—	3,487,705	—	3,487,705
Commercial Mortgage-Backed Securities	—	563,348	—	563,348
Collateralized Mortgage Obligations	—	2,064,602	—	2,064,602
Government & Agency Obligations	—	7,524,073	—	7,524,073
Short-Term U.S. Treasury Obligations	—	1,796,755	—	1,796,755
Commercial Paper	—	1,985,131	—	1,985,131
Short-Term Investments (h)	3,619,053	—	—	3,619,053
Derivatives (i)				
Futures Contracts	30,273	—	—	30,273
Forward Foreign Currency Contracts	—	105,415	—	105,415
Total	**$ 3,649,326**	**$ 48,758,284**	**$ —**	**$ 52,407,440**

Liabilities	Level 1	Level 2	Level 3	Level 2
Derivatives (i)				
Futures Contracts	$ (50,606)	$ —	$ —	$ (50,606)
Forward Foreign Currency Contracts	—	(80,251)	—	(80,251)
Total	**$ (50,606)**	**$ (80,251)**	**$ —**	**$ (130,857)**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(h) See Investment Portfolio for additional detailed categorizations.

(i) Derivatives include unrealized appreciation (depreciation) on open futures contracts and forward foreign currency contracts.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $49,506,738) — including $541,450 of securities loaned	$ 48,652,869
Investment in Government & Agency Securities Portfolio (cost $560,435)*	560,435
Investment in DWS Central Cash Management Government Fund (cost $3,058,618)	3,058,618
Cash	6,225
Foreign currency, at value (cost $545,122)	534,539
Receivable for investments sold — when-issued/delayed delivery securities	2,144,938
Receivable for Fund shares sold	2,479
Interest receivable	352,638
Unrealized appreciation on forward foreign currency contracts	105,415
Other assets	864
Total assets	55,419,020

Liabilities	
Payable upon Securities loaned	560,435
Payable for investments purchased — when-issued/delayed delivery securities	7,160,280
Payable for Fund shares redeemed	23,923
Payable for variation margin on futures contracts	11,998
Unrealized depreciation on forward foreign currency contracts	80,251
Accrued management fee	9,633
Accrued Trustees' fees	955
Other accrued expenses and payables	96,241
Total liabilities	7,943,716
Net assets, at value	**$ 47,475,304**

Net Assets Consist of	
Undistributed net investment income	731,677
Net unrealized appreciation (depreciation) on:	
Investments	(853,869)
Futures	(20,333)
Foreign currency	(10,695)
Forward foreign currency contracts	25,164
Accumulated net realized gain (loss)	(2,649,542)
Paid-in capital	50,252,902
Net assets, at value	**$ 47,475,304**

Net Asset Value	
Net asset value, offering and redemption price per share ($47,475,304 ÷ 8,955,702 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 5.30**

* Represents collateral on securities loaned.

Statement of Operations

For the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income:	
Interest	$ 917,790
Income distributions — DWS Central Cash Management Government Fund	14,698
Securities lending income, net of borrower rebates	4,880
Total income	937,368
Expenses:	
Management fee	94,988
Administration fee	24,356
Services to shareholders	613
Custodian fee	9,530
Professional fees	48,386
Reports to shareholders	11,552
Trustees' fees and expenses	2,776
Pricing service fee	12,762
Other	3,541
Total expenses before expense reductions	208,504
Expense reductions	(42,120)
Total expenses after expense reductions	166,384
Net investment income	**770,984**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from:	
Investments	(687,569)
Swap contracts	(123,648)
Futures	(71,534)
Forward foreign currency contracts	6,106
Foreign currency	22,092
	(854,553)
Change in net unrealized appreciation (depreciation) on:	
Investments	(1,250,235)
Swap contracts	10,504
Futures	(29,643)
Forward foreign currency contracts	19,991
Foreign currency	(22,250)
	(1,271,633)
Net gain (loss)	**(2,126,186)**
Net increase (decrease) in net assets resulting from operations	**$ (1,355,202)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income	$ 770,984	$ 2,126,076
Net realized gain (loss)	(854,553)	1,507,922
Change in net unrealized appreciation (depreciation)	(1,271,633)	581,196
Net increase (decrease) in net assets resulting from operations	(1,355,202)	4,215,194
Distributions to shareholders from:		
Net investment income:		
Class A	(2,159,140)	(1,811,823)
Fund share transactions:		
Class A		
Proceeds from shares sold	1,142,853	5,538,840
Reinvestment of distributions	2,159,140	1,811,823
Payments for shares redeemed	(3,807,288)	(35,229,871)
Net increase (decrease) in net assets from Class A share transactions	(505,295)	(27,879,208)
Increase (decrease) in net assets	(4,019,637)	(25,475,837)
Net assets at beginning of period	51,494,941	76,970,778
Net assets at end of period (including undistributed net investment income of $731,677 and $2,119,833, respectively)	**$ 47,475,304**	**$ 51,494,941**
Other Information		
Class A		
Shares outstanding at beginning of period	9,030,036	13,944,103
Shares sold	207,803	986,189
Shares issued to shareholders in reinvestment of distributions	407,385	328,229
Shares redeemed	(689,522)	(6,228,485)
Net increase (decrease) in Class A shares	(74,334)	(4,914,067)
Shares outstanding at end of period	**8,955,702**	**9,030,036**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	Years Ended December 31, 2017	2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 5.70**	**$5.52**	**$5.49**	**$5.67**	**$5.51**	**$5.89**
Income (loss) from investment operations:						
Net investment income[a]	.09	.17	.15	.14	.17	.16
Net realized and unrealized gain (loss)	(.24)	.15	.17	(.15)	.19	(.33)
Total from investment operations	(.15)	.32	.32	(.01)	.36	(.17)
Less distributions from:						
Net investment income	(.25)	(.14)	(.29)	(.17)	(.20)	(.21)
Net asset value, end of period	**$ 5.30**	**$5.70**	**$5.52**	**$5.49**	**$5.67**	**$5.51**
Total Return (%)[b]	(2.65)**	5.83	5.93	(.29)	6.63	(3.03)
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	47	51	77	80	101	105
Ratio of expenses before expense reductions (%)[c]	.86*	.74	.78	.69	.69	.65
Ratio of expenses after expense reductions (%)[c]	.68*	.65	.64	.64	.61	.56
Ratio of net investment income (%)	3.17*	2.99	2.68	2.54	2.99	2.88
Portfolio turnover rate (%)	109**	205	236	197	273	418

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

Deutsche DWS Variable Series I (formerly Deutsche Variable Series I) (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end, registered management investment company organized as a Massachusetts business trust. The Trust consists of five diversified funds: DWS Bond VIP (formerly Deutsche Bond VIP), DWS Capital Growth VIP (formerly Deutsche Capital Growth VIP), DWS Core Equity VIP (formerly Deutsche Core Equity VIP), DWS CROCI® International VIP (formerly Deutsche CROCI® International VIP) and DWS Global Small Cap VIP (formerly Deutsche Global Small Cap VIP) (individually or collectively hereinafter referred to as a "Fund" or the "Funds"). These financial statements report on DWS Bond VIP. The Trust is intended to be the underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Debt securities are valued at prices supplied by independent pricing services approved by the Trustees of the Series. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, prepayment speeds and other data, as well as broker quotes. If the pricing services are unable to provide valuations, debt securities are valued at the average of the most recent reliable bid quotations or evaluated prices, as applicable, obtained from broker-dealers. These securities are generally categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Futures contracts are generally valued at the settlement prices established each day on the exchange on which they are traded and are categorized as Level 1.

Swap contracts are valued daily based upon prices supplied by a Board approved pricing vendor, if available, and otherwise are valued at the price provided by the broker-dealer. Swap contracts are generally categorized as Level 2.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and are categorized as Level 2.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trustees and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had securities on loan, which were classified as corporate bonds in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements was overnight and continuous.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

When-Issued/Delayed Delivery Securities. The Fund may purchase or sell securities with delivery or payment to occur at a later date beyond the normal settlement period. At the time the Fund enters into a commitment to purchase or sell a security, the transaction is recorded and the value of the transaction is reflected in the net asset value. The price of such security and the date when the security will be delivered and paid for are fixed at the time the transaction is negotiated. The value of the security may vary with market fluctuations. At the time the Fund enters into a purchase transaction it is required to segregate cash or other liquid assets at least equal to the amount of the commitment. Additionally, the Fund may be required to post securities and/or cash collateral in accordance with the terms of the commitment.

Certain risks may arise upon entering into when-issued or delayed delivery transactions from the potential inability of counterparties to meet the terms of their contracts or if the issuer does not issue the securities due to political, economic, or other factors. Additionally, losses may arise due to changes in the value of the underlying securities.

Taxes. The Fund is treated as a separate taxpayer as provided for in the Internal Revenue Code, as amended. It is the Fund's policy to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to the separate accounts of the Participating Insurance Companies which hold its shares.

Additionally, the Fund may be subject to taxes imposed by the governments of countries in which it invests and are generally based on income and/or capital gains earned or repatriated. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized gain/loss on investments. Tax liabilities realized as a result of security sales are reflected as a component of net realized gain/loss on investments.

At December 31, 2017, the Fund had net tax basis capital loss carryforwards of approximately $1,791,000 of long-term losses, which may be applied against realized net taxable capital gains indefinitely.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $57,278,314. The net unrealized appreciation for all investments based on tax cost was $390,796. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $1,071,463 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $680,667.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax provisions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed, and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in foreign denominated investments, investments in forward foreign currency exchange contracts, futures contracts, swap contracts, expiration of capital loss carryforward and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific Fund are allocated to that Fund. Other Trust expenses which cannot be directly attributed to a Fund are apportioned among the Funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments. All discounts and premiums are accreted/ amortized for both tax and financial reporting purposes.

B. Derivative Instruments

Futures Contracts. A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). For the six months ended June 30, 2018, the Fund invested in interest rate futures to gain exposure to different parts of the yield curve while managing the overall duration. The Fund also entered into interest rate futures contracts for non-hedging purposes to seek to enhance potential gains.

Upon entering into a futures contract, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the face value indicated in the futures contract. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value and are recorded for financial reporting purposes as unrealized gains or losses by the Fund. Gains or losses are realized when the contract expires or is closed. Since all futures contracts are exchange traded, counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid market will limit the Fund's ability to close out a futures contract prior to the settlement date and the risk that the futures contract is not well correlated with the security, index or currency to which it relates. Risk of loss may exceed amounts disclosed in the Statement of Assets and Liabilities.

A summary of the open futures contracts as of June 30, 2018, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $4,135,000 to $5,824,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $5,994,000 to $6,899,000.

Swaps. A swap is a contract between two parties to exchange future cash flows at periodic intervals based on the notional amount of the swap. A bilateral swap is a transaction between the fund and a counterparty where cash flows are exchanged between the two parties. A centrally cleared swap is a transaction executed between the fund and a counterparty, then cleared by a clearing member through a central clearinghouse. The central clearinghouse serves as the counterparty, with whom the fund exchanges cash flows.

The value of a swap is adjusted daily, and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Statement of Assets and Liabilities. Gains or losses are realized when the swap expires or is closed. Certain risks may arise when entering into swap transactions including counterparty default; liquidity; or unfavorable changes in interest rates or the value of the underlying reference security, commodity or index. In connection with bilateral swaps, securities and/or cash may be identified as collateral in accordance with the terms of the swap agreement to provide assets of value and recourse in the event of default. The maximum counterparty credit risk is the net present value of the cash flows to be received from or paid to the counterparty over the term of the swap, to the extent that this amount is beneficial to the Fund, in addition to any related collateral posted to the counterparty by the Fund. This risk may be partially reduced by a master netting arrangement between the Fund and the counterparty. Upon entering into a centrally cleared swap, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the notional amount of the swap. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value of the swap. In a cleared swap transaction, counterparty risk is minimized as the central clearinghouse acts as the counterparty.

An upfront payment, if any, made by the Fund is recorded as an asset in the Statement of Assets and Liabilities. An upfront payment, if any, received by the Fund is recorded as a liability in the Statement of Assets and Liabilities. Payments received or made at the end of the measurement period are recorded as realized gain or loss in the Statement of Operations.

Interest rate swaps are agreements in which the Fund agrees to pay to the counterparty a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a variable rate payment, or the Fund agrees to receive from the counterparty a fixed rate payment in exchange for the counterparty agreeing to receive from the Fund a variable rate payment. The payment obligations are based on the notional amount of the swap. For the six months ended June 30, 2018, the Fund entered into interest rate swap agreements to gain exposure to different parts of the yield curve while managing overall duration and for non-hedging purposes to seek to enhance potential gains.

As of June 30, 2018 the fund did not hold open interest rate swap contracts. For the six months ended June 30, 2018, the investment in interest rate swap contracts had a total USD equivalent notional amount generally indicative of a range from $0 to approximately $2,997,000.

Forward Foreign Currency Contracts. A forward foreign currency contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. The Fund is subject to foreign exchange rate risk in its securities denominated in foreign currencies. Changes in exchange rates between foreign currencies and the U.S. dollar may affect the U.S. dollar value of foreign securities or the income or gains received on these securities. To reduce the effect of currency fluctuations, the Fund may enter into forward currency contracts. For the six months ended June 30, 2018, the Fund invested in forward currency contracts to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated securities. In addition, the Fund also engaged in forward currency contracts for non-hedging purposes to seek to enhance potential gains.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and unrealized gain (loss) is recorded daily. On the settlement date of the forward currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was closed. Certain risks may arise upon entering into forward currency contracts from the potential inability of counterparties to meet the terms of their contracts. The maximum counterparty credit risk to the Fund is measured by the unrealized gain on appreciated contracts. Additionally, when utilizing forward currency contracts to hedge, the Fund gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

A summary of the open forward currency contracts as of June 30, 2018, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in forward currency contracts U.S. dollars purchased had a total contract value generally indicative of a range from approximately $2,584,000 to $3,314,000 and the investment in forward currency contracts U.S. dollars sold had a total contract value generally indicative of a range from approximately $1,281,000 to $3,624,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Asset Derivatives	**Forward Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (a)	$ —	$ 30,273	$ 30,273
Foreign Exchange Contracts (b)	105,415	—	105,415
	$ 105,415	**$ 30,273**	**$ 135,688**

Each of the above derivatives is located in the following Statement of Assets and Liabilities accounts:

(a) Includes cumulative appreciation of futures contracts as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the Statement of Assets and Liabilities.

(b) Unrealized appreciation on forward foreign currency contracts

Liability Derivatives	**Forward Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (c)	$ —	$ (50,606)	$ (50,606)
Foreign Exchange Contracts (d)	(80,251)	—	(80,251)
	$ (80,251)	**$ (50,606)**	**$ (130,857)**

Each of the above derivatives is located in the following Statement of Assets and Liabilities accounts:

(c) Includes cumulative depreciation of futures contracts as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the Statement of Assets and Liabilities.

(d) Unrealized depreciation on forward foreign currency contracts

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the six months ended June 30, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contract (e)	$ —	$ (123,648)	$ (71,534)	$ (195,182)
Foreign Exchange Contracts (f)	6,106	—	—	6,106
	$ 6,106	**$ (123,648)**	**$ (71,534)**	**$ (189,076)**

Each of the above derivatives is located in the following Statement of Operations accounts:

(e) Net realized gain (loss) from swap contracts and futures, respectively

(f) Net realized gain (loss) from forward foreign currency contracts

Change in Net Unrealized Appreciation (Depreciation)	Forward Contracts	Swap Contracts	Futures Contracts	Total
Interest Rate Contracts (g)	$ —	$ 10,504	$ (29,643)	$ (19,139)
Foreign Exchange Contracts (h)	19,991	—	—	19,991
	$ 19,991	**$ 10,504**	**$ (29,643)**	**$ 852**

Each of the above derivatives is located in the following Statement of Operations accounts:

(g) Change in net unrealized appreciation (depreciation) on swap contracts and futures, respectively

(h) Change in net unrealized appreciation (depreciation) on forward foreign currency contracts

As of June 30, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following tables:

Counterparty	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments and Derivatives Available for Offset	Collateral Received	Net Amount of Derivative Assets
Canadian Imperial Bank of Commerce	$ 14,277	$ (700)	$ —	$ 13,577
Credit Agricole CIB	10,811	—	—	10,811
Danske Bank AS	40,699	(40,699)	—	—
HSBC Holdings PLC	39,628	—	—	39,628
	$ 105,415	**$ (41,399)**	**$ —**	**$ 64,016**

Counterparty	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Financial Instruments and Derivatives Available for Offset	Collateral Pledged	Net Amount of Derivative Liabilities
Barclays Bank PLC	$ 22,930	$ —	$ —	$ 22,930
Canadian Imperial Bank of Commerce	700	(700)	—	—
Danske Bank AS	42,325	(40,699)	—	1,626
Toronto-Dominion Bank	14,296	—	—	14,296
	$ 80,251	**$ (41,399)**	**$ —**	**$ 38,852**

C. Purchases and Sales of Securities

During the year ended June 30, 2018, purchases and sales of investment securities, excluding short-term investments, were as follows:

	Purchases	Sales
Non-U.S. Treasury Obligations	$ 61,140,910	$ 69,861,809
U.S. Treasury Obligations	$ 10,298,084	$ 5,984,831

D. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million of average daily net assets	.390%
Next $750 million of average daily net assets	.365%
Over $1 billion of average daily net assets	.340%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.39% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2018, the Advisor had contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of Class A at 0.66%.

Effective May 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of Class A at 0.73%.

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed were $42,120.

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays the Advisor an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $24,356, of which $3,917 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC aggregated $281, of which $92 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,973, of which $5,942 is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Securities Lending Agent Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $367.

E. Ownership of the Fund

At June 30, 2018, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 42%, 25% and 15%, respectively.

F. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

G. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series I was renamed Deutsche DWS Variable Series I and Deutsche Bond VIP was renamed DWS Bond VIP.

Information About Your Fund's Expenses (Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 973.50
Expenses Paid per $1,000*	$ 3.33

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 1,021.42
Expenses Paid per $1,000*	$ 3.41

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratio	**Class A**
Deutsche DWS Variable Series I — DWS Bond VIP	.68

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Bond VIP's (now known as DWS Bond VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

- During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").
- The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.
- The Board also received extensive information throughout the year regarding performance of the Fund.
- The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.
- In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 1st quartile of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has outperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were higher than the median (4th quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be higher than the median (3rd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board noted that the expense limitation agreed to by DIMA was expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund and any fees received by an affiliate of DIMA for transfer agency services provided to the Fund. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS1bond-3 (R-028373-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS Capital Growth VIP

(formerly Deutsche Capital Growth VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. The Fund may lend securities to approved institutions. See the prospectus for details.

Performance Summary

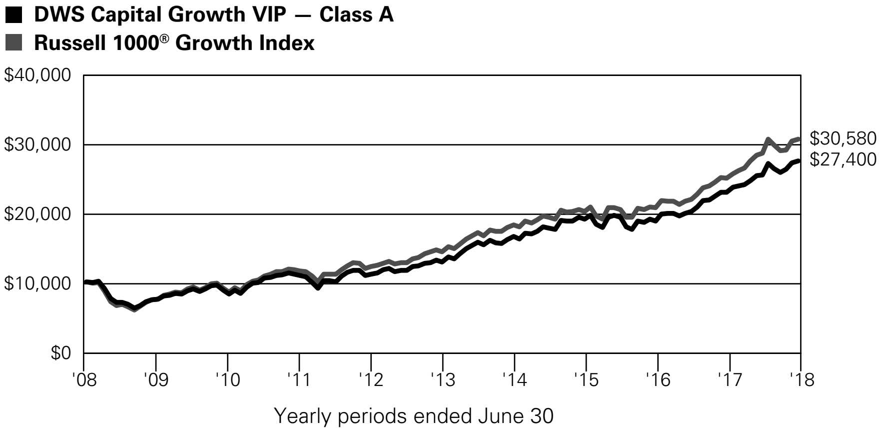
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.50% and 0.75% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment



The Russell 1000® Growth Index is an unmanaged index that consists of those stocks in the Russell 1000® Index that have higher price to book ratios and higher forecasted growth values.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Capital Growth VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$10,771	$11,927	$14,391	$21,236	$27,400
	Average annual total return	7.71%	19.27%	12.90%	16.26%	10.60%
Russell 1000 Growth Index	Growth of $10,000	$10,725	$12,251	$15,199	$21,328	$30,580
	Average annual total return	7.25%	22.51%	14.98%	16.36%	11.83%
DWS Capital Growth VIP		**6-Month‡**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$10,756	$11,893	$14,278	$20,943	$26,589
	Average annual total return	7.56%	18.93%	12.61%	15.93%	10.27%
Russell 1000 Growth Index	Growth of $10,000	$10,725	$12,251	$15,199	$21,328	$30,580
	Average annual total return	7.25%	22.51%	14.98%	16.36%	11.83%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	98%	98%
Cash Equivalents	2%	2%
Convertible Preferred Stocks	0%	0%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Information Technology	43%	36%
Consumer Discretionary	17%	16%
Health Care	13%	17%
Industrials	11%	11%
Financials	6%	6%
Consumer Staples	4%	5%
Telecommunication Services	2%	3%
Real Estate	2%	2%
Materials	1%	3%
Energy	1%	1%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Manager

Sebastian P. Werner, PhD, Director
Portfolio Manager

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 98.2%		
Consumer Discretionary 16.9%		
Hotels, Restaurants & Leisure 2.4%		
Las Vegas Sands Corp.	74,365	5,678,512
McDonald's Corp.	90,048	14,109,621
		19,788,133
Internet & Direct Marketing Retail 6.0%		
Amazon.com, Inc.*	23,208	39,448,959
Booking Holdings, Inc.*	4,626	9,377,318
		48,826,277
Media 3.0%		
Comcast Corp. "A"	189,976	6,233,113
Live Nation Entertainment, Inc.*	85,736	4,164,197
Walt Disney Co.	131,267	13,758,094
		24,155,404
Multiline Retail 1.0%		
Dollar General Corp.	79,443	**7,833,080**
Specialty Retail 3.8%		
Burlington Stores, Inc.*	58,773	8,847,100
Home Depot, Inc.	113,064	22,058,786
		30,905,886
Textiles, Apparel & Luxury Goods 0.7%		
Carter's, Inc.	50,924	**5,519,652**
Consumer Staples 3.7%		
Food & Staples Retailing 1.0%		
Costco Wholesale Corp.	40,435	**8,450,106**
Food Products 1.8%		
Mondelez International, Inc. "A"	124,882	5,120,162
Pinnacle Foods, Inc.	143,481	9,334,874
		14,455,036
Personal Products 0.9%		
Estee Lauder Companies, Inc. "A"	49,551	**7,070,432**
Energy 0.7%		
Oil, Gas & Consumable Fuels		
Concho Resources, Inc.*	41,969	**5,806,411**
Financials 6.1%		
Banks 1.5%		
SVB Financial Group*	42,611	**12,304,352**
Capital Markets 2.3%		
Intercontinental Exchange, Inc.	136,545	10,042,885
The Charles Schwab Corp.	171,155	8,746,020
		18,788,905
Insurance 2.3%		
Progressive Corp.	316,677	**18,731,445**
Health Care 12.5%		
Biotechnology 3.9%		
Alexion Pharmaceuticals, Inc.*	72,119	8,953,574
Biogen, Inc.*	19,983	5,799,866
BioMarin Pharmaceutical, Inc.*	47,653	4,488,913
Celgene Corp.*	83,981	6,669,771
Shire PLC (ADR)	34,869	5,885,887
		31,798,011

	Shares	Value ($)
Health Care Equipment & Supplies 4.5%		
Becton, Dickinson & Co.	96,740	23,175,035
Danaher Corp.	101,296	9,995,889
The Cooper Companies, Inc.	15,783	3,716,107
		36,887,031
Life Sciences Tools & Services 2.3%		
Thermo Fisher Scientific, Inc.	89,446	**18,527,844**
Pharmaceuticals 1.8%		
Bristol-Myers Squibb Co.	60,658	3,356,814
Zoetis, Inc.	130,772	11,140,466
		14,497,280
Industrials 10.6%		
Aerospace & Defense 3.3%		
Boeing Co.	56,395	18,921,086
TransDigm Group, Inc.	23,263	8,028,992
		26,950,078
Electrical Equipment 1.5%		
AMETEK, Inc.	165,443	**11,938,367**
Industrial Conglomerates 1.3%		
Roper Technologies, Inc.	38,541	**10,633,847**
Machinery 0.9%		
Parker-Hannifin Corp.	48,303	**7,528,023**
Professional Services 2.4%		
TransUnion	118,345	8,478,236
Verisk Analytics, Inc.*	99,809	10,743,441
		19,221,677
Road & Rail 1.2%		
Norfolk Southern Corp.	64,461	**9,725,231**
Information Technology 42.3%		
Internet Software & Services 8.7%		
2U, Inc.*	32,161	2,687,373
Alphabet, Inc. "A"*	17,959	20,279,123
Alphabet, Inc. "C"*	16,506	18,414,919
Facebook, Inc. "A"*	96,952	18,839,713
Spotify Technology SA*	61,357	10,322,702
		70,543,830
IT Services 8.3%		
Cognizant Technology Solutions Corp. "A"	150,227	11,866,430
Fidelity National Information Services, Inc.	93,696	9,934,587
FleetCor Technologies, Inc.*	29,226	6,156,457
Global Payments, Inc.	89,747	10,005,893
Visa, Inc. "A"	223,631	29,619,926
		67,583,293
Semiconductors & Semiconductor Equipment 4.8%		
Analog Devices, Inc.	85,293	8,181,305
Broadcom, Inc.	59,977	14,552,819
NVIDIA Corp.	66,499	15,753,613
		38,487,737
Software 14.4%		
Activision Blizzard, Inc.	218,575	16,681,644
Adobe Systems, Inc.*	65,393	15,943,467
Intuit, Inc.	48,264	9,860,577

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Microsoft Corp.	483,363	47,664,425
Oracle Corp.	178,624	7,870,173
salesforce.com, Inc.*	107,537	14,668,047
ServiceNow, Inc.*	25,850	4,458,350
		117,146,683
Technology Hardware, Storage & Peripherals 6.1%		
Apple, Inc.	242,758	44,936,934
Pure Storage, Inc. "A"*	180,873	4,319,247
		49,256,181

Materials 1.6%

Chemicals 0.8%		
Albemarle Corp.	67,847	**6,400,008**
Construction Materials 0.8%		
Vulcan Materials Co.	47,537	**6,135,125**

Real Estate 1.8%

Equity Real Estate Investment Trusts (REITs)		
Digital Realty Trust, Inc.	76,800	8,569,344
Prologis, Inc.	95,608	6,280,490
		14,849,834

Telecommunication Services 2.0%

Diversified Telecommunication Services 1.1%		
Zayo Group Holdings, Inc.*	232,950	**8,498,016**
Wireless Telecommunication Services 0.9%		
T-Mobile U.S., Inc.*	123,963	**7,406,789**
Total Common Stocks (Cost $413,862,067)		**796,650,004**

Convertible Preferred Stock 0.0%

Industrials

Stericycle, Inc. Series A, 5.25% (Cost $270,100)	2,701	**132,781**

Cash Equivalents 1.9%

DWS Central Cash Management Government Fund, 1.85% (a) (Cost $15,317,784)	15,317,784	**15,317,784**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $429,449,951)	100.1	**812,100,569**
Other Assets and Liabilities, Net	(0.1)	**(673,209)**
Net Assets	100.0	**811,427,360**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 0.00%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (a) (b)								
4,867,950	—	4,867,950	—	—	346	—	—	—
Cash Equivalents 1.9%								
DWS Central Cash Management Government Fund, 1.85% (a)								
11,650,299	82,806,724	79,139,239	—	—	61,983	—	15,317,784	15,317,784
16,518,249	**82,806,724**	**84,007,189**	**—**	**—**	**62,329**	**—**	**15,317,784**	**15,317,784**

* Non-income producing security.

(a) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

ADR: American Depositary Receipt

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (c)	$796,650,004	$ —	$ —	$796,650,004
Convertible Preferred Stock	132,781	—	—	132,781
Short-Term Investments	15,317,784	—	—	15,317,784
Total	**$812,100,569**	**$ —**	**$ —**	**$812,100,569**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(c) See Investment Portfolio for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $414,132,167)	$796,782,785
Investment in DWS Central Cash Management Government Fund (cost $15,317,784)	15,317,784
Cash	10,000
Receivable for Fund shares sold	17,186
Dividends receivable	128,247
Interest receivable	18,422
Other assets	4,665
Total assets	812,279,089

Liabilities	
Payable for Fund shares redeemed	439,760
Accrued management fee	251,832
Accrued Trustees' fees	538
Other accrued expenses and payables	159,599
Total liabilities	851,729
Net assets, at value	**$811,427,360**

Net Assets Consist of	
Undistributed net investment income	2,116,989
Net unrealized appreciation (depreciation) on: Investments	382,650,618
Accumulated net realized gain (loss)	58,702,499
Paid-in capital	367,957,254
Net assets, at value	**$811,427,360**

Net Asset Value		
Class A **Net Asset Value**, offering and redemption price per share ($805,352,856 ÷ 26,981,159 outstanding shares of beneficial interest, $.01par value, unlimited number of shares authorized)	**$**	**29.85**
Class B **Net Asset Value**, offering and redemption price per share ($6,074,504 ÷ 204,033 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$**	**29.77**

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends	$ 4,133,152
Income distributions — DWS Central Cash Management Government Fund	61,983
Securities lending income, net of borrower rebates	346
Total income	4,195,481
Expenses: Management fee	1,481,667
Administration fee	397,445
Services to Shareholders	1,185
Record keeping fee (Class B)	38
Distribution service fee (Class B)	7,507
Custodian fee	5,255
Professional fees	43,280
Reports to shareholders	23,754
Trustees' fees and expenses	20,176
Other	21,754
Total expenses	2,002,061
Net investment income	**2,193,420**

Realized and Unrealized gain (loss)	
Net realized gain (loss) from investments	59,426,639
Change in net unrealized appreciation (depreciation) on investments	(2,482,622)
Net gain (loss)	**56,944,017**
Net increase (decrease) in net assets resulting from operations	**$59,137,437**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income (loss)	2,193,420	$ 5,732,351
Net realized gain (loss)	59,426,639	73,188,413
Change in net unrealized appreciation (depreciation)	(2,482,622)	111,635,895
Net increase (decrease) in net assets resulting from operations	59,137,437	190,556,659
Distributions to shareholders from:		
Net investment income:		
Class A	(5,710,019)	(6,004,257)
Class B	(28,879)	(28,374)
Net realized gains:		
Class A	(72,582,745)	(63,517,984)
Class B	(554,684)	(466,086)
Total distributions	(78,876,327)	(70,016,701)
Fund share transactions:		
Class A		
Proceeds from shares sold	22,984,839	60,007,049
Reinvestment of distributions	78,292,764	69,522,241
Payments of shares redeemed	(52,539,666)	(217,855,027)
Net increase (decrease) in net assets from Class A share transactions	48,737,937	(88,325,737)
Class B		
Proceeds from shares sold	168,313	1,092,096
Reinvestment of distributions	583,563	494,460
Payments of shares redeemed	(433,251)	(1,795,865)
Net increase (decrease) in net assets from Class B share transactions	318,625	(209,309)
Increase (decrease) in net assets	29,317,672	32,004,912
Net assets at beginning of period	782,109,688	750,104,776
Net assets at end of year (including undistributed net investment income of $2,116,989 and $5,662,467, respectively)	**811,427,360**	**$ 782,109,688**

Other Information		
Class A		
Shares outstanding at beginning of period	25,154,197	27,895,381
Shares sold	738,424	2,126,577
Shares issued to shareholders in reinvestment of distributions	2,776,339	2,573,944
Shares redeemed	(1,687,801)	(7,441,705)
Net increase (decrease) in Class A shares	1,826,962	(2,741,184)
Shares outstanding at end of period	**26,981,159**	**25,154,197**
Class B		
Shares outstanding at beginning of period	191,717	197,662
Shares sold	5,461	39,266
Shares issued to shareholders in reinvestment of distributions	20,738	18,341
Shares redeemed	(13,883)	(63,552)
Net increase (decrease) in Class B shares	12,316	(5,945)
Shares outstanding at end of period	**204,033**	**191,717**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 30.86**	**$26.70**	**$28.22**	**$29.95**	**$28.41**	**$21.38**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.09	.20	.21	.20	.21	.21
Net realized and unrealized gain (loss)	2.10	6.47	.83	2.34	3.18	7.12
Total from investment operations	2.19	6.67	1.04	2.54	3.39	7.33
Less distributions from:						
Net investment income	(.23)	(.22)	(.22)	(.22)	(.18)	(.30)
Net realized gains	(2.97)	(2.29)	(2.34)	(4.05)	(1.67)	—
Total distributions	(3.20)	(2.51)	(2.56)	(4.27)	(1.85)	(.30)
Net asset value, end of period	**$ 29.85**	**$30.86**	**$26.70**	**$28.22**	**$29.95**	**$28.41**
Total Return (%)	7.71**	26.30	4.25	8.62	12.97	34.65
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	805	776	745	849	890	837
Ratio of expenses (%)[b]	.50*	.50	.50	.49	.50	.50
Ratio of net investment income (loss) (%)	.55*	.70	.82	.70	.76	.85
Portfolio turnover rate (%)	17**	15	35	35	47	37

a Based on average shares outstanding during the period.

b Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 30.75**	**$26.61**	**$28.12**	**$29.84**	**$28.29**	**$21.29**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.05	.13	.15	.13	.09	.13
Net realized and unrealized gain (loss)	2.09	6.44	.83	2.32	3.22	7.10
Total from investment operations	2.14	6.57	.98	2.45	3.31	7.23
Less distributions from:						
Net investment income	(.15)	(.14)	(.15)	(.12)	(.09)	(.23)
Net realized gains	(2.97)	(2.29)	(2.34)	(4.05)	(1.67)	—
Total distributions	(3.12)	(2.43)	(2.49)	(4.17)	(1.76)	(.23)
Net asset value, end of period	**$ 29.77**	**$30.75**	**$26.61**	**$28.12**	**$29.84**	**$28.29**
Total Return (%)	7.56**	25.96	4.00	8.33	12.67	34.19
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	6	6	5	4	3	14
Ratio of expenses (%)[b]	.76*	.75	.76	.76	.80	.83
Ratio of net investment income (loss) (%)	.30*	.45	.58	.44	.33	.52
Portfolio turnover rate (%)	17**	15	35	35	47	37

a Based on average shares outstanding during the period.

b Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

Deutsche DWS Variable Series I (formerly Deutsche Variable Series I) (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust. The Trust consists of five diversified funds: DWS Bond VIP (formerly Deutsche Bond VIP), DWS Capital Growth VIP (formerly Deutsche Capital Growth VIP), DWS Core Equity VIP (formerly Deutsche Core Equity VIP), DWS CROCI® International VIP (formerly Deutsche CROCI® International VIP) and DWS Global Small Cap VIP (formerly Deutsche Global Small Cap VIP) (individually or collectively hereinafter referred to as a "Fund" or the "Funds"). These financial statements report on DWS Capital Growth VIP. The Trust is intended to be the underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Class B shares are subject to Rule 12b-1 distribution fees under the 1940 Act and record keeping fees equal to an annual rate of 0.25% and up to 0.15%, respectively, of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable 12b-1 distribution fees and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trustees and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds including DWS Government & Agency Securities Portfolio managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had no securities on loan.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Federal Income Taxes. The Fund is treated as a separate taxpayer as provided for in the Internal Revenue Code, as amended. It is the Fund's policy to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to the separate accounts of the Participating Insurance Companies which hold its shares.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $402,632,939. The net unrealized appreciation for all investments based on tax cost was $384,640,938. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $395,623,726 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $10,982,788.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed, and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific Fund are allocated to that Fund. Other Trust expenses which cannot be directly attributed to a Fund are apportioned among the Funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Real Estate Investment Trusts. The Fund at its fiscal year end recharacterizes distributions received from a Real Estate Investment Trust ("REIT") investment based on information provided by the REIT into the following categories: ordinary income, long-term and short-term capital gains, and return of capital. If information is not available timely from a REIT, the recharacterization will be estimated for financial statement purposes and a recharacterization will be made within the accounting records in the following year when such information becomes available. Distributions received from REITs in excess of income are recorded as either a reduction of cost of investments or realized gains.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $133,221,678 and $164,133,864, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly at the following annual rates:

First $250 million of average daily net assets	.390%
Next $750 million of average daily net assets	.365%
Over $1 billion of average daily net assets	.340%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.37% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2018, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.82%
Class B	1.07%

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays the Advisor an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $397,445, of which $67,588 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 365	$ 105
Class B	96	96
	$ 461	**$ 201**

Distribution Service Agreement. DWS Distributors, Inc. ("DDI"), also an affiliate of the Advisor, is the Trust's Distributor. In accordance with the Master Distribution Plan, DDI receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. Pursuant to the Master Distribution Plan, DDI remits these fees to the Participating Insurance Companies for various costs incurred or paid by these companies in connection with marketing and distribution of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee aggregated $7,507, of which $1,273 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,536, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Securities Lending Agent Fees. Deutsche Bank AG serves as lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $25.

D. Ownership of the Fund

At June 30, 2018, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 56% and 30%, respectively. Two participating insurance companies were the owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 61% and 30%, respectively.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The

Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series I was renamed Deutsche DWS Variable Series I and Deutsche Capital Growth VIP was renamed DWS Capital Growth VIP.

Information About Your Fund's Expenses **(Unaudited)**

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,077.10	$ 1,075.60
Expenses Paid per $1,000*	$ 2.58	$ 3.91

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,022.32	$ 1,021.03
Expenses Paid per $1,000*	$ 2.51	$ 3.81

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series I — DWS Capital Growth VIP	.50%	.76%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Capital Growth VIP's (now known as DWS Capital Growth VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA

regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 2nd quartile, 1st quartile and 1st quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has outperformed its benchmark in the five-year period, has underperformed its benchmark in the one-year period and has performed equal to its benchmark in the three-year period ended December 31, 2016.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were lower than the median (1st quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (1st quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS1capgro-3 (R-028374-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS Core Equity VIP

(formerly Deutsche Core Equity VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. Fund management could be wrong in its analysis of industries, companies, economic trends and favor a security that underperforms the market. The Fund may lend securities to approved institutions. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Please read the prospectus for details.

Performance Summary

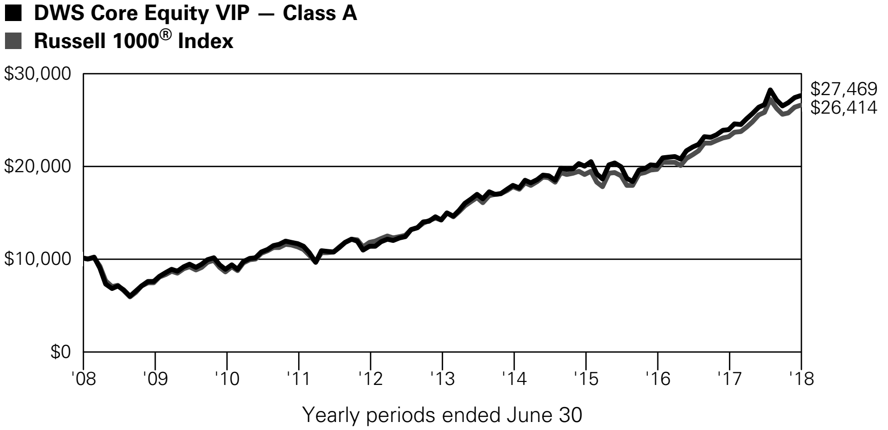
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.57% and 0.86% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment



The Russell 1000® Index is an unmanaged index that measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Core Equity VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$10,353	$11,543	$13,810	$19,542	$27,469
	Average annual total return	3.53%	15.43%	11.36%	14.34%	10.63%
Russell 1000® Index	Growth of $10,000	$10,285	$11,454	$13,916	$18,729	$26,414
	Average annual total return	2.85%	14.54%	11.64%	13.37%	10.20%
DWS Core Equity VIP		**6-Month‡**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$10,336	$11,509	$13,702	$19,285	$26,829
	Average annual total return	3.36%	15.09%	11.07%	14.04%	10.37%
Russell 1000® Index	Growth of $10,000	$10,285	$11,454	$13,916	$18,729	$26,414
	Average annual total return	2.85%	14.54%	11.64%	13.37%	10.20%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	99%	99%
Cash Equivalents	1%	1%
Exchange-Traded Fund	0%	0%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Exchange-Traded Fund, Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Information Technology	26%	23%
Health Care	15%	14%
Financials	14%	15%
Consumer Discretionary	12%	11%
Industrials	10%	10%
Energy	6%	6%
Consumer Staples	6%	8%
Real Estate	3%	4%
Materials	3%	4%
Utilities	3%	3%
Telecommunication Services	2%	2%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Pankaj Bhatnagar, PhD, Managing Director
Di Kumble, CFA, Managing Director
Arno V. Puskar, Director
Portfolio Managers

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 99.2%		
Consumer Discretionary 12.4%		
Hotels, Restaurants & Leisure 1.5%		
Hyatt Hotels Corp. "A"	10,295	794,259
Yum! Brands, Inc.	10,176	795,967
		1,590,226
Internet & Direct Marketing Retail 3.7%		
Amazon.com, Inc.*	2,345	**3,986,031**
Media 3.8%		
Comcast Corp. "A"	12,714	417,146
Live Nation Entertainment, Inc.*	25,831	1,254,611
Omnicom Group, Inc.	31,073	2,369,938
		4,041,695
Multiline Retail 0.7%		
Macy's, Inc.	20,611	**771,470**
Specialty Retail 1.4%		
Best Buy Co., Inc.	13,554	1,010,857
Ulta Salon, Cosmetics & Fragrance, Inc.*	2,045	477,426
		1,488,283
Textiles, Apparel & Luxury Goods 1.3%		
NIKE, Inc. "B"	17,038	**1,357,588**
Consumer Staples 6.0%		
Beverages 2.3%		
PepsiCo, Inc.	22,213	**2,418,329**
Food & Staples Retailing 1.7%		
Costco Wholesale Corp.	2,675	559,022
Sprouts Farmers Market, Inc.*	10,971	242,130
Sysco Corp.	15,287	1,043,949
		1,845,101
Food Products 1.7%		
Conagra Brands, Inc.	19,682	703,238
Pinnacle Foods, Inc.	5,219	339,548
The JM Smucker Co.	6,589	708,186
		1,750,972
Personal Products 0.3%		
Coty, Inc. "A"	23,218	**327,374**
Energy 6.2%		
Energy Equipment & Services 1.0%		
Transocean Ltd.*	23,405	314,563
Weatherford International PLC*	233,143	767,041
		1,081,604
Oil, Gas & Consumable Fuels 5.2%		
Concho Resources, Inc.*	6,009	831,345
Devon Energy Corp.	17,080	750,837
Laredo Petroleum, Inc.*	126,275	1,214,765
Newfield Exploration Co.*	60,484	1,829,641
ONEOK, Inc.	13,341	931,602
		5,558,190
Financials 13.5%		
Banks 5.5%		
Bank of the Ozarks, Inc.	10,412	468,956
Citigroup, Inc.	21,282	1,424,191
PacWest Bancorp.	10,410	514,462
Popular, Inc.	33,112	1,496,994
U.S. Bancorp.	38,491	1,925,320
		5,829,923
Capital Markets 5.6%		
Ameriprise Financial, Inc.	6,870	960,976
Ares Capital Corp.	66,200	1,088,990
BlackRock, Inc.	1,410	703,646
CME Group, Inc.	6,840	1,121,213
E*TRADE Financial Corp.*	7,478	457,354
Intercontinental Exchange, Inc.	7,430	546,477
LPL Financial Holdings, Inc.	8,155	534,479
S&P Global, Inc.	2,880	587,203
		6,000,338
Insurance 2.4%		
Chubb Ltd.	10,293	1,307,417
MetLife, Inc.	28,227	1,230,697
		2,538,114
Health Care 14.5%		
Biotechnology 5.5%		
AbbVie, Inc.	20,432	1,893,025
Amgen, Inc.	9,454	1,745,114
Celgene Corp.*	5,576	442,846
Gilead Sciences, Inc.	24,437	1,731,117
		5,812,102
Health Care Equipment & Supplies 2.8%		
Becton, Dickinson & Co.	6,261	1,499,885
Boston Scientific Corp.*	36,600	1,196,820
Hill-Rom Holdings, Inc.	3,385	295,646
		2,992,351
Health Care Providers & Services 3.0%		
Cardinal Health, Inc.	2,879	140,582
Cigna Corp.	7,912	1,344,644
CVS Health Corp.	6,061	390,025
McKesson Corp.	10,042	1,339,603
		3,214,854
Pharmaceuticals 3.2%		
Eli Lilly & Co.	6,286	536,384
Endo International PLC*	22,559	212,731
Merck & Co., Inc.	21,702	1,317,312
Pfizer, Inc.	37,418	1,357,525
		3,423,952
Industrials 9.9%		
Aerospace & Defense 2.3%		
Boeing Co.	7,237	**2,428,086**
Electrical Equipment 1.5%		
AMETEK, Inc.	18,953	1,367,648
Regal Beloit Corp.	2,866	234,439
		1,602,087
Industrial Conglomerates 2.4%		
Honeywell International, Inc.	7,627	1,098,670
Roper Technologies, Inc.	5,510	1,520,264
		2,618,934

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Machinery 1.6%		
Ingersoll-Rand PLC	8,723	782,715
Parker-Hannifin Corp.	5,764	898,319
		1,681,034
Road & Rail 1.7%		
Norfolk Southern Corp.	12,013	**1,812,401**
Trading Companies & Distributors 0.4%		
WESCO International, Inc.*	7,043	**402,155**
Information Technology 25.5%		
Internet Software & Services 4.0%		
Alphabet, Inc. "A"*	1,619	1,828,159
Alphabet, Inc. "C"*	1,674	1,867,598
Facebook, Inc. "A"*	2,836	551,091
		4,246,848
IT Services 6.1%		
Conduent, Inc.*	75,848	1,378,158
Gartner, Inc.*	8,803	1,169,919
Leidos Holdings, Inc.	9,733	574,247
PayPal Holdings, Inc.*	2,339	194,769
Visa, Inc. "A"	24,250	3,211,912
		6,529,005
Semiconductors & Semiconductor Equipment 5.1%		
Applied Materials, Inc.	7,184	331,829
Intel Corp.	49,234	2,447,422
NVIDIA Corp.	7,179	1,700,705
Teradyne, Inc.	25,312	963,628
		5,443,584
Software 5.0%		
Microsoft Corp.	53,620	**5,287,468**
Technology Hardware, Storage & Peripherals 5.3%		
Apple, Inc.	25,548	4,729,190
Hewlett Packard Enterprise Co.	59,404	867,893
		5,597,083
Materials 3.1%		
Chemicals 1.2%		
Albemarle Corp.	13,465	**1,270,153**
Containers & Packaging 0.3%		
Graphic Packaging Holding Co.	18,463	**267,898**
Metals & Mining 1.6%		
Freeport-McMoRan, Inc.	99,225	**1,712,624**
Real Estate 3.4%		
Equity Real Estate Investment Trusts (REITs)		
AvalonBay Communities, Inc.	6,199	1,065,546
Digital Realty Trust, Inc.	14,145	1,578,299
Prologis, Inc.	15,618	1,025,947
		3,669,792
Telecommunication Services 1.7%		
Diversified Telecommunication Services 0.3%		
Zayo Group Holdings, Inc.*	7,265	**265,027**
Wireless Telecommunication Services 1.4%		
T-Mobile U.S., Inc.*	25,386	**1,516,814**
Utilities 3.0%		
Electric Utilities 1.4%		
NextEra Energy, Inc.	9,078	**1,516,298**
Multi-Utilities 0.7%		
CenterPoint Energy, Inc.	24,847	**688,511**
Water Utilities 0.9%		
American Water Works Co., Inc.	11,681	**997,324**
Total Common Stocks (Cost $75,131,292)		**105,581,623**

Exchange-Traded Fund 0.2%

	Shares	Value ($)
Vanguard S&P 500 ETF (Cost $249,422)	1,077	**268,722**

Cash Equivalents 0.6%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 1.85% (a) (Cost $594,498)	594,498	**594,498**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $75,975,212)	100.0	**106,444,843**
Other Assets and Liabilities, Net	(0.0)	**(31,170)**
Net Assets	100.0	**106,413,673**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/(Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 0.00%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (a) (b)								
151,800	—	151,800	—	—	17	—	—	—
Cash Equivalents 0.6%								
DWS Central Cash Management Government Fund, 1.85% (a)								
1,008,753	5,594,980	6,009,235	—	—	4,287	—	594,498	594,498
1,160,553	**5,594,980**	**6,161,035**	**—**	**—**	**4,304**	**—**	**594,498**	**594,498**

* Non-income producing security.

(a) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

S&P: Standard & Poor's

The accompanying notes are an integral part of the financial statements.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (c)	$105,581,623	$ —	$ —	$105,581,623
Exchange-Traded Fund	268,722	—	—	268,722
Short-Term Investments	594,498	—	—	594,498
Total	**$106,444,843**	**$ —**	**$ —**	**$106,444,843**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(c) See Investment Portfolio for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $75,380,714)	$ 105,850,345
Investment in DWS Central Cash Management Government Fund (cost $594,498)	594,498
Cash	10,000
Receivable for Fund shares sold	12,263
Dividends receivable	103,125
Interest receivable	671
Other assets	1,406
Total assets	106,572,308
Liabilities	
Payable for Fund shares redeemed	48,326
Accrued management fee	34,440
Accrued Trustees' fees	1,941
Other accrued expenses and payables	73,928
Total liabilities	158,635
Net assets, at value	**$ 106,413,673**
Net Assets Consist of	
Undistributed net investment income	618,177
Net unrealized appreciation (depreciation) on investments	30,469,631
Accumulated net realized gain (loss)	5,957,018
Paid-in capital	69,368,847
Net assets, at value	**$ 106,413,673**
Net Asset Value	
Class A	
Net Asset Value, offering and redemption price per share ($103,212,307 ÷ 9,561,776 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 10.79**
Class B	
Net Asset Value, offering and redemption price per share ($3,201,366 ÷ 296,640 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 10.79**

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends (net of foreign taxes withheld of $1,354)	$ 941,714
Income distributions — DWS Central Cash Management Government Fund	4,287
Securities lending income, net of borrower rebates	17
Total income	946,018
Expenses: Management fee	208,677
Administration fee	53,507
Services to Shareholders	748
Record keeping fee (Class B)	1,081
Distribution service fee (Class B)	4,050
Custodian fee	5,543
Professional fees	37,650
Reports to shareholders	11,008
Trustees' fees and expenses	4,738
Other	5,221
Total expenses	332,223
Net investment income	**613,795**
Realized and Unrealized gain (loss)	
Net realized gain (loss) from investments	6,236,511
Change in net unrealized appreciation (depreciation) on investments	(3,090,233)
Net gain (loss)	**3,146,278**
Net increase (decrease) in net assets resulting from operations	**$ 3,760,073**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income	$ 613,795	$ 1,926,984
Net realized gain (loss)	6,236,511	28,444,398
Change in net unrealized appreciation (depreciation)	(3,090,233)	(233,266)
Net increase (decrease) in net assets resulting from operations	3,760,073	30,138,116
Distributions to shareholders from:		
Net investment income:		
Class A	(1,850,167)	(2,009,714)
Class B	(48,764)	(19,752)
Net realized gains:		
Class A	(27,611,898)	(11,463,123)
Class B	(867,827)	(148,543)
Total distributions	(30,378,656)	(13,641,132)
Fund share transactions:		
Class A		
Proceeds from shares sold	1,952,291	5,272,674
Reinvestment of distributions	29,462,065	13,472,837
Payments for shares redeemed	(7,381,439)	(92,783,533)
Net increase (decrease) in net assets from Class A share transactions	24,032,917	(74,038,022)
Class B		
Proceeds from shares sold	241,391	902,144
Reinvestment of distributions	916,591	168,295
Payments for shares redeemed	(291,827)	(259,704)
Net increase (decrease) in net assets from Class B share transactions	866,155	810,735
Increase (decrease) in net assets	(1,719,511)	(56,730,303)
Net assets at beginning of period	108,133,184	164,863,487
Net assets at end of period (including undistributed net investment income of $618,177 and $1,903,313, respectively)	**$ 106,413,673**	**$ 108,133,184**

Other Information		
Class A		
Shares outstanding at beginning of period	7,169,708	12,373,665
Shares sold	152,512	384,902
Shares issued to shareholders in reinvestment of distributions	2,816,641	1,047,654
Shares redeemed	(577,085)	(6,636,513)
Net increase (decrease) in Class A shares	2,392,068	(5,203,957)
Shares outstanding at end of period	**9,561,776**	**7,169,708**
Class B		
Shares outstanding at beginning of period	215,292	155,615
Shares sold	16,953	65,736
Shares issued to shareholders in reinvestment of distributions	87,628	13,087
Shares redeemed	(23,233)	(19,146)
Net increase (decrease) in Class B shares	81,348	59,677
Shares outstanding at end of period	**296,640**	**215,292**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 14.64**	**$13.16**	**$13.29**	**$12.76**	**$11.54**	**$ 8.53**
Income (loss) from investment operations:						
Net investment income[a]	.08	.17	.17	.15	.10	.12
Net realized and unrealized gain (loss)	.31	2.44	1.09	.52	1.25	3.03
Total from investment operations	.39	2.61	1.26	.67	1.35	3.15
Less distributions from:						
Net investment income	(.27)	(.17)	(.19)	(.11)	(.13)	(.14)
Net realized gains	(3.97)	(.96)	(1.20)	(.03)	—	—
Total distributions	(4.24)	(1.13)	(1.39)	(.14)	(.13)	(.14)
Net asset value, end of period	**$ 10.79**	**$14.64**	**$13.16**	**$13.29**	**$12.76**	**$11.54**
Total Return (%)	3.53**	21.02	10.48	5.25	11.82	37.33
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	103	105	163	176	220	223
Ratio of expenses (%)[b]	.61*	.57	.57	.56	.57	.56
Ratio of net investment income (%)	1.16*	1.22	1.34	1.11	.86	1.20
Portfolio turnover rate (%)	19**	39	43	27	48	238

a Based on average shares outstanding during the period.
b Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.
* Annualized
** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 14.62**	**$13.14**	**$13.26**	**$12.74**	**$11.53**	**$ 8.51**
Income (loss) from investment operations:						
Net investment income[a]	.05	.13	.13	.11	.07	.10
Net realized and unrealized gain (loss)	.31	2.44	1.10	.52	1.24	3.03
Total from investment operations	.36	2.57	1.23	.63	1.31	3.13
Less distributions from:						
Net investment income	(.22)	(.13)	(.15)	(.08)	(.10)	(.11)
Net realized gains	(3.97)	(.96)	(1.20)	(.03)	—	—
Total distributions	(4.19)	(1.09)	(1.35)	(.11)	(.10)	(.11)
Net asset value, end of period	**$ 10.79**	**$14.62**	**$13.14**	**$13.26**	**$12.74**	**$11.53**
Total Return (%)	3.36**	20.68	10.25	4.91	11.52	37.10
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	3	3	2	2	2	2
Ratio of expenses (%)[b]	.93*	.86	.86	.83	.82	.76
Ratio of net investment income (%)	.84*	.94	1.06	.84	.60	1.00
Portfolio turnover rate (%)	19**	39	43	27	48	238

a Based on average shares outstanding during the period.
b Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.
* Annualized
** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

Deutsche DWS Variable Series I (formerly Deutsche Variable Series I) (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end, management investment company organized as a Massachusetts business trust. The Trust consists of five diversified funds: DWS Bond VIP (formerly Deutsche Bond VIP), DWS Capital Growth VIP (formerly Deutsche Capital Growth VIP), DWS Core Equity VIP (formerly Deutsche Core Equity VIP), DWS CROCI® International VIP (formerly Deutsche CROCI® International VIP) and DWS Global Small Cap VIP (formerly Deutsche Global Small Cap VIP) (individually or collectively hereinafter referred to as a "Fund" or the "Funds"). These financial statements report on DWS Core Equity VIP. The Trust is intended to be the underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Class B shares are subject to Rule 12b-1 distribution fees under the 1940 Act and recordkeeping fees equal to an annual rate of 0.25% and up to 0.15%, respectively, of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable 12b-1 distribution fees and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities and exchange-traded funds ("ETF's") are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities and ETF's are generally categorized as Level 1.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trustees and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors used in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds including DWS Government & Agency Securities Portfolio, managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had no securities on loan.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Federal Income Taxes. The Fund is treated as a separate taxpayer as provided for in the Internal Revenue Code, as amended. It is the Fund's policy to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to the separate accounts of the Participating Insurance Companies which hold its shares.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $75,051,100. The net unrealized appreciation for all investments based on tax cost was $33,364,632. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $34,391,168 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $1,026,536.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed, and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the

United States of America. These differences primarily relate to certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific Fund are allocated to that Fund. Other Trust expenses which cannot be directly attributed to a Fund are apportioned among the Funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $20,186,362 and $24,688,517, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million of average daily net assets	.390%
Next $750 million of average daily net assets	.365%
Over $1 billion of average daily net assets	.340%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.39% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2018, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each class as follows:

Class A	.80%
Class B	1.08%

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays the Advisor an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $53,507, of which $8,831 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 326	$ 118
Class B	60	19
	$ 386	**$ 137**

Distribution Service Agreement. DWS Distributors, Inc. ("DDI"), also an affiliate of the Advisor, is the Trust's Distributor. In accordance with the Master Distribution Plan, DDI receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. Pursuant to the Master Distribution Plan, DDI remits these fees to the Participating Insurance Companies for various costs incurred or paid by these companies in connection with marketing and distribution of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee aggregated $4,050, of which $668 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,310, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Security Lending Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred lending agent fees to Deutsche Bank AG for the amount of $1.

D. Ownership of the Fund

At June 30, 2018, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 49% and 17%, respectively. Two participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 45% and 35%, respectively.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series I was renamed Deutsche DWS Variable Series I and Deutsche Core Equity VIP was renamed DWS Core Equity VIP.

Information About Your Fund's Expenses (Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	Class A	Class B
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,035.30	$ 1,033.60
Expenses Paid per $1,000*	$ 3.08	$ 4.69

Hypothetical 5% Fund Return	Class A	Class B
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,021.77	$ 1,020.18
Expenses Paid per $1,000*	$ 3.06	$ 4.66

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	Class A	Class B
Deutsche DWS Variable Series I — DWS Core Equity VIP	.61%	.93%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Core Equity VIP's (now known as DWS Core Equity VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

- During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").
- The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.
- The Board also received extensive information throughout the year regarding performance of the Fund.
- The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.
- In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 3rd quartile, 1st quartile and 1st quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has outperformed its benchmark in the three- and five-year periods and has underperformed its benchmark in the one-year period ended December 31, 2016.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were lower than the median (1st quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (1st quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to a comparable Deutsche U.S. registered fund ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Fund. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS1coreq-3 (R-028376-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS CROCI® International VIP

(formerly Deutsche CROCI® International VIP)

DWS

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Stocks may decline in value. The Fund will be managed on the premise that stocks with lower CROCI® Economic P/E Ratios may outperform stocks with higher CROCI® Economic P/E Ratios over time. This premise may not always be correct and prospective investors should evaluate this assumption prior to investing in the Fund. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read the prospectus for details.

In June 2016, citizens of the United Kingdom approved a referendum to leave the European Union (EU) and in March 2017, the United Kingdom initiated its withdrawal from the EU, which is expected to take place by March 2019. Significant uncertainty exists regarding the United Kingdom's anticipated withdrawal from the EU and any adverse economic and political effects such withdrawal may have on the United Kingdom, other EU countries and the global economy.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

DWS Distributors, Inc., 222 South Riverside Plaza, Chicago, IL 60606, (800) 621-1148

Performance Summary

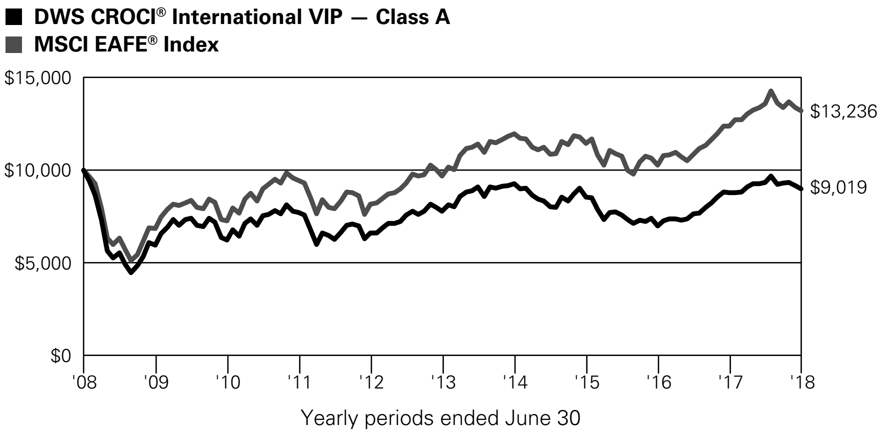
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 1.10% and 1.38% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment



MSCI EAFE Index is an equity index which captures large and mid cap representation across developed markets countries around the world, excluding the US and Canada.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS CROCI® International VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,648	$10,263	$10,541	$11,557	$9,019
	Average annual total return	–3.52%	2.63%	1.77%	2.94%	–1.03%
MSCI EAFE® Index	Growth of $10,000	$9,725	$10,684	$11,544	$13,662	$13,236
	Average annual total return	–2.75%	6.84%	4.90%	6.44%	2.84%

DWS CROCI® International VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$9,625	$10,237	$10,448	$11,408	$8,798
	Average annual total return	–3.75%	2.37%	1.47%	2.67%	–1.27%
MSCI EAFE® Index	Growth of $10,000	$9,725	$10,684	$11,544	$13,662	$13,236
	Average annual total return	–2.75%	6.84%	4.90%	6.44%	2.84%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio)	**6/30/18**	**12/31/17**
Common Stocks	97%	97%
Preferred Stocks	2%	2%
Cash Equivalents	1%	1%
Total	100%	100%

Geographical Diversification (As a % of Investment Portfolio excluding Cash Equivalents)	**6/30/18**	**12/31/17**
Japan	24%	24%
United Kingdom	21%	14%
Germany	15%	18%
Switzerland	12%	16%
France	8%	10%
Hong Kong	6%	6%
Singapore	4%	4%
Netherlands	4%	2%
Australia	2%	2%
Finland	2%	—
Belgium	2%	2%
Spain	—	2%
Total	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents)	**6/30/18**	**12/31/17**
Consumer Discretionary	31%	22%
Industrials	22%	24%
Consumer Staples	17%	16%
Health Care	12%	16%
Utilities	10%	14%
Materials	6%	6%
Telecommunication Services	2%	2%
Total	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Di Kumble, CFA, Managing Director
John Moody, Vice President
Portfolio Managers

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 96.7%		
Australia 2.3%		
Wesfarmers Ltd. (Cost $1,716,118)	53,519	**1,955,698**
Belgium 1.9%		
Solvay SA (Cost $1,842,478)	12,526	**1,578,232**
Finland 2.0%		
Nokian Renkaat Oyj (Cost $2,138,569)	43,516	**1,716,480**
France 7.7%		
Cie Generale des Etablissements Michelin	12,444	1,512,305
Danone SA	21,705	1,589,652
Pernod Ricard SA	10,529	1,717,611
Sanofi	21,764	1,740,034
(Cost $6,096,383)		**6,559,602**
Germany 12.9%		
BASF SE	17,131	1,636,030
Bayer AG (Registered)	14,836	1,632,982
Beiersdorf AG	15,535	1,763,175
Continental AG	6,525	1,488,582
Daimler AG (Registered)	22,310	1,433,119
Deutsche Post AG (Registered)	40,184	1,309,258
Merck KGaA	17,890	1,745,410
(Cost $11,857,553)		**11,008,556**
Hong Kong 6.3%		
CLP Holdings Ltd.	168,149	1,811,032
HK Electric Investments & HK Electric Investments Ltd. "SS", 144A, (Units)	1,875,000	1,793,357
Hong Kong & China Gas Co., Ltd.	929,095	1,775,507
(Cost $4,232,487)		**5,379,896**
Japan 23.3%		
Bridgestone Corp.	41,308	1,617,502
Central Japan Railway Co.	9,100	1,887,852
Honda Motor Co., Ltd.	50,400	1,480,406
ITOCHU Corp.	87,200	1,583,825
Japan Tobacco, Inc.	65,900	1,848,074
Mazda Motor Corp.	126,300	1,550,649
Nissan Motor Co., Ltd.	165,300	1,610,603
Sekisui House Ltd.	96,700	1,711,701
Subaru Corp.	52,700	1,534,430
Sumitomo Electric Industries Ltd.	112,900	1,682,792
Toppan Printing Co., Ltd.	211,000	1,654,688
Toyota Industries Corp.	29,200	1,639,718
(Cost $20,215,830)		**19,802,240**
Netherlands 3.9%		
Koninklijke DSM NV	16,791	1,684,529
Randstad NV	27,525	1,615,515
(Cost $2,790,061)		**3,300,044**
Singapore 3.8%		
Singapore Airlines Ltd.	215,741	1,691,786
Singapore Telecommunications Ltd.	682,000	1,541,430
(Cost $3,669,195)		**3,233,216**
Switzerland 12.2%		
Adecco Group AG (Registered)	26,667	1,573,654
Ferguson PLC	21,449	1,735,057
Nestle SA (Registered)	22,891	1,776,401
Novartis AG (Registered)	22,989	1,740,536
Roche Holding AG (Genusschein)	7,935	1,761,931
Schindler Holding AG	8,524	1,834,003
(Cost $10,463,581)		**10,421,582**
United Kingdom 20.4%		
Barratt Developments PLC	227,559	1,544,296
Bunzl PLC	60,653	1,833,845
GlaxoSmithKline PLC	89,348	1,803,038
Imperial Brands PLC	50,976	1,895,672
International Consolidated Airlines Group SA	201,949	1,763,712
ITV PLC	867,975	1,992,338
National Grid PLC	155,338	1,719,447
Persimmon PLC	46,752	1,561,837
SSE PLC	93,784	1,675,153
Taylor Wimpey PLC	651,828	1,540,982
(Cost $17,491,949)		**17,330,320**
Total Common Stocks (Cost $82,514,204)		**82,285,866**
Preferred Stock 2.1%		
Germany		
Henkel AG & Co. KGaA (Cost $1,715,122)	13,973	**1,786,424**
Cash Equivalents 0.5%		
DWS Central Cash Management Government Fund, 1.85% (a) (Cost $436,042)	436,042	**436,042**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $84,665,368)	99.3	**84,508,332**
Other Assets and Liabilities, Net	0.7	**574,092**
Net Assets	100.0	**85,082,424**

The accompanying notes are an integral part of the financial statements.

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 0.0%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (a) (b)								
—	—	—	—	—	11,530	—	—	—
Cash Equivalents 0.5%								
DWS Central Cash Management Government Fund, 1.85% (a)								
729,063	4,824,037	5,117,058	—	—	3,926	—	436,042	436,042
729,063	**4,824,037**	**5,117,058**	**—**	**—**	**15,456**	**—**	**436,042**	**436,042**

(a) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Purchases and sales not shown for securities lending collateral.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks				
Australia	$ —	$ 1,955,698	$ —	$ 1,955,698
Belgium	—	1,578,232	—	1,578,232
Finland	—	1,716,480	—	1,716,480
France	—	6,559,602	—	6,559,602
Germany	—	11,008,556	—	11,008,556
Hong Kong	—	5,379,896	—	5,379,896
Japan	—	19,802,240	—	19,802,240
Netherlands	—	3,300,044	—	3,300,044
Singapore	—	3,233,216	—	3,233,216
Switzerland	—	10,421,582	—	10,421,582
United Kingdom	—	17,330,320	—	17,330,320
Preferred Stock	—	1,786,424	—	1,786,424
Short-Term Investments	436,042	—	—	436,042
Total	**$436,042**	**$84,072,290**	**$ —**	**$84,508,332**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

As of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $84,229,326)	$ 84,072,290
Investment in DWS Central Cash Management Government Fund (cost $436,042)	436,042
Foreign currency, at value (cost $114,481)	114,791
Receivable for Fund shares sold	28,495
Dividends receivable	369,255
Interest receivable	762
Foreign taxes recoverable	209,454
Other assets	1,008
Total assets	85,232,097

Liabilities	
Payable for Fund shares redeemed	28,405
Accrued management fee	37,128
Accrued Trustees' fees	769
Other accrued expenses and payables	83,371
Total liabilities	149,673
Net assets, at value	**$ 85,082,424**

Net Assets Consist of	
Undistributed net investment income	1,756,713
Net unrealized appreciation (depreciation) on: Investments	(157,036)
Foreign currency	(4,981)
Accumulated net realized gain (loss)	(26,780,082)
Paid-in capital	110,267,810
Net assets, at value	**$ 85,082,424**

Net Asset Value	
Class A	
Net Asset Value, offering and redemption price per share ($84,766,136 ÷ 12,090,892 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 7.01**
Class B	
Net Asset Value, offering and redemption price per share ($316,288 ÷ 44,972 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 7.03**

Statement of Operations

For the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends (net of foreign taxes withheld of $182,357)	$ 2,086,034
Income distributions — DWS Central Cash Management Government Fund	3,926
Securities lending income, net of borrower rebates	11,530
Other income	88,220
Total income	2,189,710
Expenses: Management fee	352,444
Administration fee	44,613
Services to shareholders	1,316
Distribution service fee (Class B)	407
Custodian fee	30,587
Professional fees	37,738
Reports to shareholders	18,388
Trustees' fees and expenses	3,259
Other	9,843
Total expenses before expense reductions	498,595
Expense reductions	(114,594)
Total expenses after expense reductions	384,001
Net investment income (loss)	**1,805,709**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	4,328,871
Foreign currency	(26,035)
	4,302,836
Change in net unrealized appreciation (depreciation) on: Investments	(9,222,227)
Foreign currency	(9,770)
	(9,231,997)
Net gain (loss)	**(4,929,161)**
Net increase (decrease) in net assets resulting from operations	**$(3,123,452)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations: Net investment income (loss)	$ 1,805,709	$ 2,228,428
Net realized gain (loss)	4,302,836	2,603,883
Change in net unrealized appreciation (depreciation)	(9,231,997)	14,930,893
Net increase (decrease) in net assets resulting from operations	(3,123,452)	19,763,204
Distributions to shareholders from: Net investment income: Class A	(895,216)	(7,067,244)
Class B	(2,479)	(20,366)
Total distributions	(897,695)	(7,087,610)
Fund share transactions: **Class A** Proceeds from shares sold	2,174,649	6,185,861
Reinvestment of distributions	895,216	7,067,244
Payments for shares redeemed	(6,107,626)	(27,986,345)
Net increase (decrease) in net assets from Class A share transactions	(3,037,761)	(14,733,240)
Class B Proceeds from shares sold	7,971	8,966
Reinvestment of distributions	2,479	20,366
Payments for shares redeemed	(5,928)	(15,497)
Net increase (decrease) in net assets from Class B share transactions	4,522	13,835
Increase (decrease) in net assets	(7,054,386)	(2,043,811)
Net assets at beginning of period	92,136,810	94,180,621
Net assets at end of period (including undistributed net investment income of $1,756,713 and $848,699, respectively)	**85,082,424**	**92,136,810**
Other Information		
Class A Shares outstanding at beginning of period	12,504,196	14,512,126
Shares sold	297,001	886,888
Shares issued to shareholders in reinvestment of distributions	123,649	1,054,813
Shares redeemed	(833,954)	(3,949,631)
Net increase (decrease) in Class A shares	(413,304)	(2,007,930)
Shares outstanding at end of period	**12,090,892**	**12,504,196**
Class B Shares outstanding at beginning of period	44,351	42,251
Shares sold	1,090	1,287
Shares issued to shareholders in reinvestment of distributions	341	3,026
Shares redeemed	(810)	(2,213)
Net increase (decrease) in Class B shares	621	2,100
Shares outstanding at end of period	**44,972**	**44,351**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$7.34**	**$ 6.47**	**$7.15**	**$ 7.86**	**$ 9.06**	**$ 7.96**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.15	.16	.16	.21	.31[b]	.14
Net realized and unrealized gain (loss)	(.41)	1.21	(.13)	(.59)	(1.36)	1.41
Total from investment operations	(.26)	1.37	.03	(.38)	(1.05)	1.55
Less distributions from:						
Net investment income	(.07)	(.50)	(.71)	(.33)	(.15)	(.45)
Net asset value, end of period	**$7.01**	**$ 7.34**	**$6.47**	**$ 7.15**	**$ 7.86**	**$ 9.06**
Total Return (%)[c]	(3.52)**	21.96	.74	(5.48)	(11.76)	20.23
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	85	92	94	105	126	151
Ratio of expenses before expense reductions (%)[d]	1.12*	1.10	1.12	1.05	1.04	1.02
Ratio of expenses after expense reductions (%)[d]	.86*	.84	.84	.98	.98	1.01
Ratio of net investment income (loss) (%)	4.05*	2.24	2.46	2.74	3.55[b]	1.64
Portfolio turnover rate (%)	27**	73	67	99	135	97

[a] Based on average shares outstanding during the period.

[b] Net investment income per share and the ratio of net investment income include non-recurring dividend income amounting to $.08 per share and .95% of average daily net assets, for the year ended December 31, 2014.

[c] Total return would have been lower had certain expenses not been reduced.

[d] Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$7.36**	**$ 6.48**	**$7.16**	**$ 7.87**	**$ 9.07**	**$ 7.96**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.14	.13	.14	.19	.28[b]	.13
Net realized and unrealized gain (loss)	(.41)	1.23	(.13)	(.59)	(1.35)	1.41
Total from investment operations	(.27)	1.36	.01	(.40)	(1.07)	1.54
Less distributions from:						
Net investment income	(.06)	(.48)	(.69)	(.31)	(.13)	(.43)
Net asset value, end of period	**$7.03**	**$ 7.36**	**$6.48**	**$ 7.16**	**$ 7.87**	**$ 9.07**
Total Return (%)[c]	(3.75)**	21.76	.48	(5.71)	(11.98)	20.01
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	.32	.33	.27	.27	.26	.31
Ratio of expenses before expense reductions (%)[d]	1.39*	1.38	1.40	1.33	1.31	1.30
Ratio of expenses after expense reductions (%)[d]	1.11*	1.09	1.10	1.23	1.23	1.27
Ratio of net investment income (loss) (%)	3.83*	1.86	2.18	2.47	3.26[b]	1.62
Portfolio turnover rate (%)	27**	73	67	99	135	97

[a] Based on average shares outstanding during the period.

[b] Net investment income per share and the ratio of net investment income include non-recurring dividend income amounting to $.08 per share and .95% of average daily net assets, for the year ended December 31, 2014.

[c] Total return would have been lower had certain expenses not been reduced.

[d] Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

Deutsche DWS Variable Series I (formerly Deutsche Variable Series I) (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust. The Trust consists of five diversified funds: DWS Bond VIP (formerly Deutsche Bond VIP), DWS Capital Growth VIP (formerly Deutsche Capital Growth VIP), DWS Core Equity VIP (formerly Deutsche Core Equity VIP), DWS CROCI® International VIP (formerly Deutsche CROCI® International VIP) and DWS Global Small Cap VIP (formerly Deutsche Global Small Cap VIP) (individually or collectively hereinafter referred to as a "Fund" or the "Funds"). These financial statements report on DWS CROCI® International VIP. The Trust is intended to be the underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Class B shares are subject to Rule 12b-1 distribution fees under the 1940 Act and recordkeeping fees equal to an annual rate of 0.25% and up to 0.15%, respectively, of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable 12b-1 distribution fees and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1 securities. For certain international equity securities, in order to adjust for events which may occur between the close of the foreign exchanges and the close of the New York Stock Exchange, a fair valuation model may be used. This fair valuation model takes into account comparisons to the valuation of American Depository Receipts (ADRs), exchange-traded funds, futures contracts and certain indices and these securities are categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trustees and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds including DWS Government & Agency Securities Portfolio managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had no securities on loan.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Taxes. The Fund is treated as a separate taxpayer as provided for in the Internal Revenue Code, as amended. It is the Fund's policy to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to the separate accounts of the Participating Insurance Companies which hold its shares.

Additionally, the Fund may be subject to taxes imposed by the governments of countries in which it invests and are generally based on income and/or capital gains earned or repatriated, a portion of which may be recoverable. Based upon the current interpretation of the tax rules and regulations, estimated tax liabilities and recoveries on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized gain/loss on investments. Tax liabilities realized as a result of security sales are reflected as a component of net realized gain/loss on investments.

At December 31, 2017, the Fund had a net tax basis capital loss carryforward of approximately $30,489,000 which may be applied against realized net taxable capital gains indefinitely, including short-term losses ($6,944,000) and long-term losses ($23,545,000).

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $83,321,016. The net unrealized appreciation for all investments based on tax cost was $8,471,654. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $10,689,557 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $2,217,903.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no positions for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in foreign denominated investments, forward currency contracts, passive foreign investment companies, expiration of capital loss carryforwards and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific Fund are allocated to that Fund. Other Trust expenses which cannot be directly attributed to a Fund are apportioned among the Funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis net of foreign withholding taxes. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Certain dividends from foreign securities may be recorded subsequent to the ex-dividend date as soon as the Fund is informed of such dividends. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $24,051,723 and $26,132,486, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $500 million of average daily net assets	.790%
Over $500 million of average daily net assets	.640%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.79% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2018, the Advisor had contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each class as follows:

Class A	.84%
Class B	1.09%

Effective May 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each class as follows:

Class A	.90%
Class B	1.15%

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 114,138
Class B	456
	$ 114,594

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays the Advisor an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $44,613, of which $7,150 is unpaid.

Service Provider Fees. DWS AM Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 311	$ 102
Class B	40	13
	$ 351	**$ 115**

Distribution Service Agreement. DWS AM Distributors, Inc. ("DDI"), also an affiliate of the Advisor, is the Trusts' Distributor. In accordance with the Master Distribution Plan, DDI receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. Pursuant to the Master Distribution Plan, DDI remits these fees to the Participating Insurance Companies for various costs incurred or paid by these companies in connection with marketing and distribution of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee aggregated $407, of which $67 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,610, of which $4,936 is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with

Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Securities Lending Agent Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $868.

D. Ownership of the Fund

At June 30, 2018, five participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 22%, 18%, 14%, 12% and 11%, respectively. Two participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 84% and 10%, respectively.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series I was renamed Deutsche DWS Variable Series I and Deutsche CROCI® International VIP was renamed DWS CROCI® International VIP.

Information About Your Fund's Expenses (Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 964.80	$ 962.50
Expenses Paid per $1,000*	$ 4.19	$ 5.40
Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,020.53	$ 1,019.29
Expenses Paid per $1,000*	$ 4.31	$ 5.56

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series I — DWS CROCI® International VIP	.86%	1.11%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trusts' policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trusts' policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche CROCI® International VIP's (now known as DWS CROCI® International VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 2nd quartile, 4th quartile and 4th quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three-, and five-year periods ended December 31, 2016. The Board noted the disappointing investment performance of the Fund in some past periods and continued to discuss with senior management of DIMA the factors contributing to such underperformance and actions being taken to improve performance. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the Deutsche fund complex.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were higher than the median (4th quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board noted that DIMA pays a licensing fee to an affiliate related to the Fund's use of the CROCI® strategy. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS1cint-3 (R-028378-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS CROCI® U.S. VIP

(formerly Deutsche CROCI® U.S. VIP)

DWS

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

The Fund will be managed using the CROCI® Investment Process which is based on portfolio management's belief that, over time, stocks which display more favorable financial metrics (for example, the CROCI® Economic P/E Ratio) as generated by this process may outperform stocks which display less favorable metrics. This premise may not prove to be correct and prospective investors should evaluate this assumption prior to investing in the Fund. Stocks may decline in value. The Fund may lend securities to approved institutions. Please read the prospectus for details.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

DWS Distributors, Inc., 222 South Riverside Plaza, Chicago, IL 60606, (800) 621-1148

NOT FDIC/NCUA INSURED   NO BANK GUARANTEE   MAY LOSE VALUE   NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Performance Summary

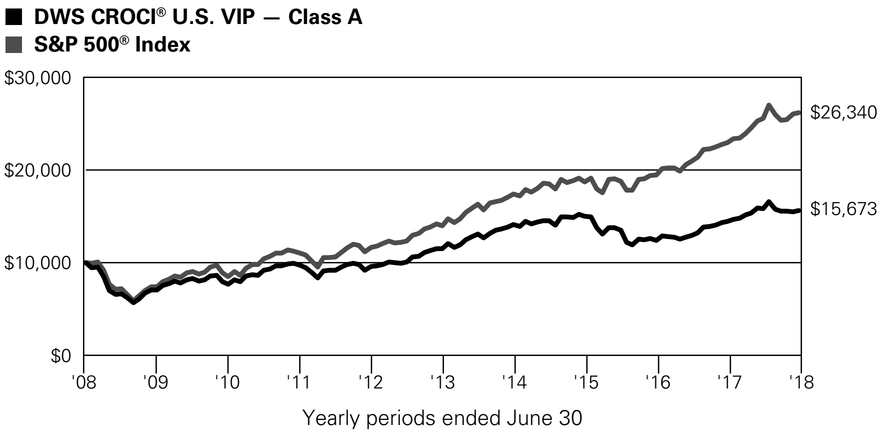
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.82% and 1.15% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS CROCI® U.S. VIP



The Standard & Poor's 500 Index (S&P 500) is an unmanaged, capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Prior to October 3, 2016, the Fund had a team that operated with a different investment strategy. Performance would have been different if the Fund's current strategy had been in effect.

Comparative Results

DWS CROCI® U.S. VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,855	$10,817	$10,438	$13,647	$15,673
	Average annual total return	–1.45%	8.17%	1.44%	6.42%	4.60%
S&P 500® Index	Growth of $10,000	$10,265	$11,437	$14,023	$18,770	$26,340
	Average annual total return	2.65%	14.37%	11.93%	13.42%	10.17%
DWS CROCI® U.S. VIP		**6-Month‡**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$9,842	$10,780	$10,352	$13,450	$15,207
	Average annual total return	–1.58%	7.80%	1.16%	6.11%	4.28%
S&P 500® Index	Growth of $10,000	$10,265	$11,437	$14,023	$18,770	$26,340
	Average annual total return	2.65%	14.37%	11.93%	13.42%	10.17%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	99%	99%
Cash Equivalent	1%	1%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Utilities	25%	14%
Financials	17%	18%
Health Care	16%	15%
Consumer Staples	11%	10%
Consumer Discretionary	10%	15%
Industrials	10%	15%
Information Technology	8%	8%
Materials	2%	5%
Telecommunication Services	1%	—
Total	**100%**	**100%**

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Di Kumble, CFA, Managing Director
John Moody, Vice President
Portfolio Managers

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 98.5%		
Consumer Discretionary 10.3%		
Automobiles 2.6%		
General Motors Co.	98,183	**3,868,410**
Household Durables 7.7%		
D.R. Horton, Inc.	90,128	3,695,248
Garmin Ltd.	62,600	3,818,600
Mohawk Industries, Inc.*	17,594	3,769,867
		11,283,715
Consumer Staples 10.7%		
Beverages 5.4%		
Coca-Cola Co.	88,385	3,876,566
PepsiCo, Inc.	38,149	4,153,282
		8,029,848
Food Products 2.6%		
Tyson Foods, Inc. "A"	55,327	**3,809,264**
Household Products 2.7%		
Procter & Gamble Co.	50,917	**3,974,581**
Financials 16.8%		
Banks 7.2%		
Citigroup, Inc.	52,645	3,523,003
JPMorgan Chase & Co.	33,242	3,463,816
U.S. Bancorp.	73,143	3,658,613
		10,645,432
Consumer Finance 9.6%		
American Express Co.	36,847	3,611,006
Capital One Financial Corp.	38,548	3,542,561
Discover Financial Services	48,009	3,380,314
Synchrony Financial	105,347	3,516,483
		14,050,364
Health Care 15.6%		
Biotechnology 7.9%		
Amgen, Inc.	21,199	3,913,123
Biogen, Inc.*	13,225	3,838,424
Gilead Sciences, Inc.	55,017	3,897,404
		11,648,951
Pharmaceuticals 7.7%		
Johnson & Johnson	30,081	3,650,029
Merck & Co., Inc.	63,050	3,827,135
Pfizer, Inc.	104,697	3,798,407
		11,275,571
Industrials 9.5%		
Airlines 2.4%		
Southwest Airlines Co.	70,980	**3,611,463**
Industrial Conglomerates 2.5%		
Honeywell International, Inc.	25,240	**3,635,822**
Machinery 2.3%		
Cummins, Inc.	24,995	**3,324,335**
Professional Services 2.3%		
ManpowerGroup, Inc.	39,354	**3,386,805**
Information Technology 7.6%		
IT Services		
Amdocs Ltd.	56,804	3,759,857
Cognizant Technology Solutions Corp. "A"	48,859	3,859,372
International Business Machines Corp.	25,782	3,601,745
		11,220,974
Materials 2.4%		
Chemicals		
LyondellBasell Industries NV "A"	31,974	**3,512,344**
Telecommunication Services 1.3%		
Diversified Telecommunication Services		
AT&T, Inc.	57,561	**1,848,284**
Utilities 24.3%		
Electric Utilities 13.4%		
American Electric Power Co., Inc.	56,979	3,945,796
Exelon Corp.	94,185	4,012,281
NextEra Energy, Inc.	23,767	3,969,802
PPL Corp.	138,653	3,958,543
Xcel Energy, Inc.	84,676	3,868,000
		19,754,422
Multi-Utilities 10.9%		
CMS Energy Corp.	84,103	3,976,390
Consolidated Edison, Inc.	50,094	3,906,330
DTE Energy Co.	37,210	3,856,072
Sempra Energy	36,481	4,235,809
		15,974,601
Total Common Stocks (Cost $144,300,767)		**144,855,186**
Cash Equivalent 1.4%		
DWS Central Cash Management Government Fund, 1.85% (a) (Cost $1,989,206)	1,989,206	**1,989,206**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $146,289,973)	99.9	**146,844,392**
Other Assets and Liabilities, Net	0.1	**163,908**
Net Assets	100.0	**147,008,300**

The accompanying notes are an integral part of the financial statements.

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 0.0%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (a) (b)								
4,968,641	—	4,968,641	—	—	1,913	—	—	—
Cash Equivalents 1.4%								
DWS Central Cash Management Government Fund, 1.85% (a)								
1,372,351	11,550,583	10,933,728	—	—	10,522	—	1,989,206	1,989,206
6,340,992	**11,550,583**	**15,902,369**	**—**	**—**	**12,435**	**—**	**1,989,206**	**1,989,206**

* Non-income producing security.

(a) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (c)	$144,855,186	$—	$—	$144,855,186
Short-Term Investment	1,989,206	—	—	1,989,206
Total	**$146,844,392**	**$—**	**$—**	**$146,844,392**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(c) See Investment Portfolio for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $144,300,767)	$144,855,186
Investment in DWS Central Cash Management Government Fund (cost $1,989,206)	1,989,206
Cash	64
Receivable for Fund shares sold	88,765
Dividends receivable	249,302
Interest receivable	5,857
Other assets	1,473
Total assets	147,189,853

Liabilities	
Payable for Fund shares redeemed	38,096
Accrued management fee	65,787
Accrued Trustees' fees	2,930
Other accrued expenses and payables	74,740
Total liabilities	181,553
Net assets, at value	**$147,008,300**

Net Assets Consist of	
Undistributed net investment income	1,333,362
Net unrealized appreciation (depreciation) on Investments	554,419
Accumulated net realized gain (loss)	6,844,430
Paid-in capital	138,276,089
Net assets, at value	**$147,008,300**

Net Asset Value		
Class A **Net Asset Value,** and redemption price per share ($143,570,874 ÷ 9,688,084 shares of capital stock outstanding, no par value, unlimited shares authorized)	**$**	**14.82**
Class B **Net Asset Value,** offering and redemption price per share ($3,437,426 ÷ 231,017 shares of capital stock outstanding, no par value, unlimited shares authorized)	**$**	**14.88**

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends	$ 1,907,959
Income distributions — DWS Central Cash Management Government Fund	10,522
Securities lending income, net of borrower rebates	1,913
Total income	1,920,394
Expenses: Management fee	490,303
Administration fee	75,431
Services to Shareholders	1,918
Record keeping fee (Class B)	1,066
Distribution service fees (Class B)	4,315
Custodian fee	4,637
Professional fees	37,621
Reports to shareholders	13,036
Trustees' fees and expenses	6,510
Other	7,245
Total expenses before expense reductions	642,082
Expense reductions	(91,050)
Total expenses after expense reductions	551,032
Net investment income	**1,369,362**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from investments	7,932,118
Change in net unrealized appreciation (depreciation) on investments	(11,508,898)
Net gain (loss)	**(3,576,780)**
Net increase (decrease) in net assets resulting from operations	**$ (2,207,418)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations: Net investment income	$ 1,369,362	$ 3,581,174
Net realized gain (loss)	7,932,118	32,463,285
Change in net unrealized appreciation (depreciation)	(11,508,898)	10,347,153
Net increase (decrease) in net assets resulting from operations	(2,207,418)	46,391,612
Distributions to shareholders from: Net investment income: Class A	(3,644,129)	(3,625,439)
Class B	(74,552)	(42,548)
Net realized gains: Class A	(10,433,793)	—
Class B	(243,480)	—
Total distributions	(14,395,954)	(3,667,987)
Fund share transactions: **Class A** Proceeds from shares sold	1,418,345	3,856,097
Reinvestment of distributions	14,077,922	3,625,439
Payments for shares redeemed	(8,472,524)	(124,081,648)
Net increase (decrease) in net assets from Class A share transactions	7,023,743	(116,600,112)
Class B Proceeds from shares sold	52,006	97,651
Reinvestment of distributions	318,032	42,548
Payments for shares redeemed	(67,393)	(815,252)
Net increase (decrease) in net assets from Class B share transactions	302,645	(675,053)
Increase (decrease) in net assets	(9,276,984)	(74,551,540)
Net assets at beginning of period	156,285,284	230,836,824
Net assets at end of period (including undistributed net investment income of $1,333,362 and $3,682,681, respectively)	**$ 147,008,300**	**$ 156,285,284**
Other Information		
Class A Shares outstanding at beginning of period	9,181,648	16,529,732
Shares sold	89,467	255,906
Shares issued to shareholders in reinvestment of distributions	953,143	245,460
Shares redeemed	(536,174)	(7,849,450)
Net increase (decrease) in Class A shares	506,436	(7,348,084)
Shares outstanding at end of period	**9,688,084**	**9,181,648**
Class B Shares outstanding at beginning of period	210,410	254,820
Shares sold	3,286	6,516
Shares issued to shareholders in reinvestment of distributions	21,431	2,869
Shares redeemed	(4,110)	(53,795)
Net increase (decrease) in Class B shares	20,607	(44,410)
Shares outstanding at end of period	**231,017**	**210,410**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 16.64**	**$13.75**	**$15.29**	**$17.38**	**$15.97**	**$12.45**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.14	.24	.23	.11	.24	.26
Net realized and unrealized gain (loss)	(.38)	2.88	(.93)	(1.20)	1.45	3.54
Total from investment operations	(.24)	3.12	(.70)	(1.09)	1.69	3.80
Less distributions from:						
Net investment income	(.41)	(.23)	(.14)	(.25)	(.28)	(.28)
Net realized gains on investment transactions	(1.17)	—	(.70)	(.75)	—	—
Total distributions	(1.58)	(.23)	(.84)	(1.00)	(.28)	(.28)
Net asset value, end of period	**$ 14.82**	**$16.64**	**$13.75**	**$15.29**	**$17.38**	**$15.97**
Total Return (%)[b]	(1.45)**	22.88[c]	(4.39)	(6.87)	10.72	30.89
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	144	153	227	293	430	432
Ratio of expenses before expense reductions (%)[d]	.84*	.82	.81	.78	.78	.78
Ratio of expenses after expense reductions (%)[d]	.72*	.72	.74	.73	.73	.74
Ratio of net investment income (loss) (%)	1.83*	1.59	1.66	.65	1.43	1.82
Portfolio turnover rate (%)	45**	97	293	121	133	54

a Based on average shares outstanding during the period.
b Total return would have been lower had certain expenses not been reduced.
c The Fund's total return includes a reimbursement by the Adviser for commission costs incurred in connection with purchases and sales of portfolio assets due to the change in investment strategy, which otherwise would have reduced total return by 0.03%.
d Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.
* Annualized
** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 16.67**	**$13.78**	**$15.31**	**$17.40**	**$15.99**	**$12.46**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.12	.20	.19	.06	.18	.22
Net realized and unrealized gain (loss)	(.38)	2.87	(.92)	(1.21)	1.46	3.55
Total from investment operations	(.26)	3.07	(.73)	(1.15)	1.64	3.77
Less distributions from:						
Net investment income	(.36)	(.18)	(.10)	(.19)	(.23)	(.24)
Net realized gains on investment transactions	(1.17)	—	(.70)	(.75)	—	—
Total distributions	(1.53)	(.18)	(.80)	(.94)	(.23)	(.24)
Net asset value, end of period	**$ 14.88**	**$16.67**	**$13.78**	**$15.31**	**$17.40**	**$15.99**
Total Return (%)[b]	(1.58)**	22.45[c]	(4.62)	(7.16)	10.36	30.54
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	3	4	4	4	5	5
Ratio of expenses before expense reductions (%)[d]	1.16*	1.15	1.13	1.10	1.09	1.09
Ratio of expenses after expense reductions (%)[d]	1.04*	1.03	1.05	1.04	1.04	1.05
Ratio of net investment income (loss) (%)	1.51*	1.31	1.37	.35	1.10	1.52
Portfolio turnover rate (%)	45**	97	293	121	133	54

a Based on average shares outstanding during the period.
b Total return would have been lower had certain expenses not been reduced.
c The Fund's total return includes a reimbursement by the Adviser for commission costs incurred in connection with purchases and sales of portfolio assets due to the change in investment strategy, which otherwise would have reduced total return by 0.03%.
d Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.
* Annualized
** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

(Unaudited)

A. Organization and Significant Accounting Policies

DWS CROCI® U.S. VIP (formerly Deutsche CROCI® U.S. VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Sales of Class B shares are subject to recordkeeping fees up to 0.15% and Rule 12b-1 fees under the 1940 Act equal to an annual rate of 0.25% of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares except that each class bears certain expenses unique to that class (including the applicable Rule 12b-1 fee and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into

U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds including DWS Government and Agency Securities Portfolio, managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had no securities on loan.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $150,299,681. The net unrealized appreciation for all investments based on tax cost was $11,084,333. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $14,811,764 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $3,727,431.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, is declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $68,412,595 and $72,839,513, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Under the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million	.650%
Next $750 million	.625%
Next $1.5 billion	.600%
Next $2.5 billion	.575%
Next $2.5 billion	.550%
Next $2.5 billion	.525%
Next $2.5 billion	.500%
Over $12.5 billion	.475%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.65% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2018, the Advisor had contractually agreed to waive all or a portion of its fee and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.72%
Class B	1.03%

For the period from May 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fee and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.73%
Class B	1.06%

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 88,946
Class B	2,104
	$ 91,050

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $75,431, of which $12,121 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 195	$ 68
Class B	110	36
	$ 305	**$ 104**

Distribution Service Agreement. Under the Fund's Class B 12b-1 plan, DWS Distributors, Inc. ("DDI") received a fee ("Distribution Service Fee") of 0.25% of average daily net assets of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee aggregated $4,315, of which $706 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,233, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Securities Lending Agent Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $144.

D. Ownership of the Fund

At June 30, 2018, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 62% and 28%. Two participating insurance companies was the owner of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 61% and 16%.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche CROCI U.S. VIP was renamed DWS CROCI U.S. VIP.

Information About Your Fund's Expenses **(Unaudited)**

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 985.50	$ 984.20
Expenses Paid per $1,000*	$ 3.54	$ 5.12

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,021.22	$ 1,019.64
Expenses Paid per $1,000*	$ 3.61	$ 5.21

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS CROCI® U.S. VIP	0.72%	1.04%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche CROCI® U.S. VIP's (now known as DWS CROCI® U.S. VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA

regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 4th quartile of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016. The Board noted the disappointing investment performance of the Fund in recent periods and continued to discuss with senior management of DIMA the factors contributing to such underperformance and actions being taken to improve performance. The Board considered that, effective October 3, 2016, the Fund changed its investment strategy and portfolio managers and noted that the Fund further changed its investment strategy, effective May 1, 2017. The Board observed that the Fund had experienced improved relative performance during the first eight months of 2017. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the Deutsche fund complex.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were equal to the median of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board noted that DIMA pays a licensing fee to an affiliate related to the Fund's use of the CROCI® strategy. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

DWS

VS2CUS-3 (R-028386-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Investments VIT Funds

(formerly Deutsche Investments VIT Funds)

DWS Equity 500 Index VIP

(formerly Deutsche Equity 500 Index VIP)

DWS

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. Various factors, including costs, cash flows and security selection, may cause the Fund's performance to differ from that of the index. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read the prospectus for details.

Performance Summary

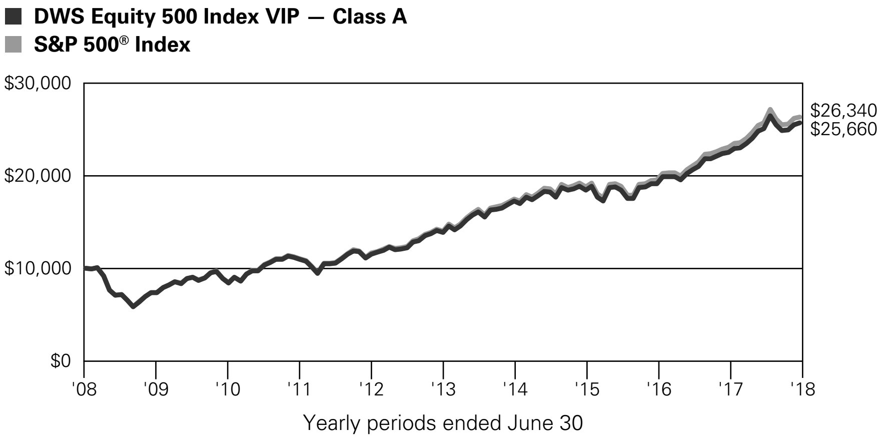
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance figures for Classes A, B and B2 differ because each class maintains a distinct expense structure. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.34%, 0.71% and 0.74% for Class A, Class B and Class B2 shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment



The Standard & Poor's 500® (S&P 500) Index is an unmanaged, capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results (as of June 30, 2018)

DWS Equity 500 Index VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$10,246	$11,402	$13,906	$18,509	$25,660
	Average annual total return	2.46%	14.02%	11.62%	13.10%	9.88%
S&P 500 Index	Growth of $10,000	$10,265	$11,437	$14,023	$18,770	$26,340
	Average annual total return	2.65%	14.37%	11.93%	13.42%	10.17%

DWS Equity 500 Index VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$10,236	$11,369	$13,788	$18,254	$25,000
	Average annual total return	2.36%	13.69%	11.30%	12.79%	9.60%
S&P 500 Index	Growth of $10,000	$10,265	$11,437	$14,023	$18,770	$26,340
	Average annual total return	2.65%	14.37%	11.93%	13.42%	10.17%

DWS Equity 500 Index VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class B2	Growth of $10,000	$10,229	$11,361	$13,748	$18,165	$24,693
	Average annual total return	2.29%	13.61%	11.19%	12.68%	9.46%
S&P 500 Index	Growth of $10,000	$10,265	$11,437	$14,023	$18,770	$26,340
	Average annual total return	2.65%	14.37%	11.93%	13.42%	10.17%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	98%	99%
Cash Equivalents	2%	1%
Government & Agency Obligations	0%	0%
	100%	100%

Sector Diversification (As a % of Common Stocks)	**6/30/18**	**12/31/17**
Information Technology	26%	24%
Health Care	14%	14%
Financials	14%	15%
Consumer Discretionary	13%	12%
Industrials	10%	10%
Consumer Staples	7%	8%
Energy	6%	6%
Utilities	3%	3%
Real Estate	3%	3%
Materials	2%	3%
Telecommunication Services	2%	2%
	100%	100%

Ten Largest Equity Holdings (22.0% of Net Assets)	
1. Apple, Inc. Designs, manufactures and markets personal computers and related computing and mobile communication devices	**3.9%**
2. Microsoft Corp. Develops, manufactures, licenses, sells and supports software products	**3.2%**
3. Amazon.com, Inc. Online retailer that offers a wide range of products, including books, music, videotapes, computers, electronics, home and garden, and numerous products	**2.9%**
4. Alphabet, Inc. Holding company with subsidiaries that provide web-based search, advertisements, maps, software applications, mobile operating systems and a variety of other products	**2.9%**
5. Facebook, Inc. Operates a social networking Web site	**2.0%**
6. Berkshire Hathaway, Inc. Holding company of insurance business and a variety of other businesses	**1.5%**
7. JPMorgan Chase & Co. Provider of global financial services	**1.5%**
8. Exxon Mobil Corp. Explorer and producer of oil and gas	**1.5%**
9. Johnson & Johnson Provider of health care products	**1.4%**
10. Bank of America Corp. Provider of commercial banking services	**1.2%**

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Manager

Brent Reeder

Senior Vice President, Northern Trust Investments, Inc., Subadvisor to the Fund
Portfolio Manager

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 98.2%		
Consumer Discretionary 12.7%		
Auto Components 0.2%		
Aptiv PLC	6,511	596,603
BorgWarner, Inc.	4,909	211,872
Goodyear Tire & Rubber Co.	5,713	133,056
		941,531
Automobiles 0.4%		
Ford Motor Co.	95,959	1,062,266
General Motors Co.	30,949	1,219,390
Harley-Davidson, Inc.	3,996	168,152
		2,449,808
Distributors 0.1%		
Genuine Parts Co.	3,571	327,782
LKQ Corp.*	7,455	237,815
		565,597
Diversified Consumer Services 0.0%		
H&R Block, Inc.	5,178	**117,955**
Hotels, Restaurants & Leisure 1.6%		
Carnival Corp.	9,858	564,962
Chipotle Mexican Grill, Inc.*	595	256,665
Darden Restaurants, Inc.	3,060	327,604
Hilton Worldwide Holdings, Inc.	6,831	540,742
Marriott International, Inc. "A"	7,253	918,230
McDonald's Corp.	19,179	3,005,157
MGM Resorts International	12,253	355,704
Norwegian Cruise Line Holdings Ltd.*	5,062	239,179
Royal Caribbean Cruises Ltd.	4,098	424,553
Starbucks Corp.	33,708	1,646,636
Wynn Resorts Ltd.	2,085	348,904
Yum! Brands, Inc.	7,895	617,547
		9,245,883
Household Durables 0.4%		
D.R. Horton, Inc.	8,458	346,778
Garmin Ltd.	2,762	168,482
Leggett & Platt, Inc.	3,259	145,482
Lennar Corp. "A"	6,610	347,025
Mohawk Industries, Inc.*	1,538	329,547
Newell Brands, Inc.	11,814	304,683
PulteGroup, Inc.	6,298	181,068
Whirlpool Corp.	1,588	232,213
		2,055,278
Internet & Direct Marketing Retail 4.1%		
Amazon.com, Inc.*	9,838	16,722,632
Booking Holdings, Inc.*	1,177	2,385,885
Expedia Group, Inc.	2,976	357,686
Netflix, Inc.*	10,619	4,156,595
TripAdvisor, Inc.*	2,553	142,228
		23,765,026
Leisure Products 0.1%		
Hasbro, Inc.	2,735	252,468
Mattel, Inc. (a)	8,557	140,506
		392,974

	Shares	Value ($)
Media 2.2%		
CBS Corp. "B"	8,342	468,987
Charter Communications, Inc. "A"*	4,524	1,326,482
Comcast Corp. "A"	112,164	3,680,101
Discovery, Inc. "C"*	8,382	213,741
Discovery, Inc. "A"* (a)	3,841	105,628
DISH Network Corp. "A"*	5,672	190,636
Interpublic Group of Companies, Inc.	9,561	224,110
News Corp. "A"	9,421	146,026
News Corp. "B"	3,121	49,468
Omnicom Group, Inc.	5,596	426,807
Twenty-First Century Fox, Inc. "A"	25,707	1,277,381
Twenty-First Century Fox, Inc. "B"	10,650	524,725
Viacom, Inc. "B"	8,489	256,028
Walt Disney Co.	36,308	3,805,441
		12,695,561
Multiline Retail 0.5%		
Dollar General Corp.	6,212	612,503
Dollar Tree, Inc.*	5,803	493,255
Kohl's Corp.	4,092	298,307
Macy's, Inc.	7,535	282,035
Nordstrom, Inc.	2,913	150,835
Target Corp.	13,026	991,539
		2,828,474
Specialty Retail 2.3%		
Advance Auto Parts, Inc.	1,788	242,632
AutoZone, Inc.*	652	437,446
Best Buy Co., Inc.	5,999	447,405
CarMax, Inc.*	4,366	318,150
Foot Locker, Inc.	2,849	150,000
Home Depot, Inc.	28,181	5,498,113
L Brands, Inc.	5,880	216,854
Lowe's Companies, Inc.	20,086	1,919,619
O'Reilly Automotive, Inc.*	2,003	547,961
Ross Stores, Inc.	9,221	781,480
The Gap, Inc.	5,227	169,303
Tiffany & Co.	2,483	326,763
TJX Companies, Inc.	15,327	1,458,824
Tractor Supply Co.	2,992	228,858
Ulta Salon, Cosmetics & Fragrance, Inc.*	1,394	325,443
		13,068,851
Textiles, Apparel & Luxury Goods 0.8%		
Hanesbrands, Inc.	8,625	189,922
Michael Kors Holdings Ltd.*	3,662	243,889
NIKE, Inc. "B"	31,326	2,496,056
PVH Corp.	1,907	285,516
Ralph Lauren Corp.	1,364	171,482
Tapestry, Inc.	7,064	329,959
Under Armour, Inc. "A"* (a)	4,604	103,498
Under Armour, Inc. "C"*	4,609	97,158
VF Corp.	7,992	651,508
		4,568,988

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Consumer Staples 6.7%		
Beverages 1.7%		
Brown-Forman Corp. "B"	6,467	316,948
Coca-Cola Co.	93,516	4,101,612
Constellation Brands, Inc. "A"	4,105	898,461
Molson Coors Brewing Co. "B"	4,460	303,458
Monster Beverage Corp.*	10,084	577,813
PepsiCo, Inc.	34,626	3,769,733
		9,968,025
Food & Staples Retailing 1.4%		
Costco Wholesale Corp.	10,711	2,238,385
Kroger Co.	19,815	563,737
Sysco Corp.	11,753	802,612
Walgreens Boots Alliance, Inc.	20,835	1,250,413
Walmart, Inc.	35,333	3,026,271
		7,881,418
Food Products 1.1%		
Archer-Daniels-Midland Co.	13,668	626,404
Campbell Soup Co.	4,797	194,470
Conagra Brands, Inc.	9,631	344,116
General Mills, Inc.	14,496	641,593
Hormel Foods Corp.	6,655	247,633
Kellogg Co.	6,071	424,181
Kraft Heinz Co.	14,568	915,162
McCormick & Co., Inc.	2,968	344,555
Mondelez International, Inc. "A"	36,046	1,477,886
The Hershey Co.	3,416	317,893
The JM Smucker Co.	2,753	295,892
Tyson Foods, Inc. "A"	7,266	500,264
		6,330,049
Household Products 1.4%		
Church & Dwight Co., Inc.	5,960	316,834
Clorox Co.	3,145	425,361
Colgate-Palmolive Co.	21,314	1,381,360
Kimberly-Clark Corp.	8,537	899,288
Procter & Gamble Co.	61,427	4,794,992
		7,817,835
Personal Products 0.1%		
Coty, Inc. "A"	11,799	166,366
Estee Lauder Companies, Inc. "A"	5,441	776,376
		942,742
Tobacco 1.0%		
Altria Group, Inc.	46,229	2,625,345
Philip Morris International, Inc.	37,968	3,065,536
		5,690,881
Energy 6.2%		
Energy Equipment & Services 0.8%		
Baker Hughes a GE Co.	10,251	338,591
Halliburton Co.	21,435	965,861
Helmerich & Payne, Inc.	2,671	170,303
National Oilwell Varco, Inc.	9,278	402,665
Schlumberger Ltd.	33,814	2,266,552
TechnipFMC PLC	10,592	336,190
		4,480,162

	Shares	Value ($)
Oil, Gas & Consumable Fuels 5.4%		
Anadarko Petroleum Corp.	12,580	921,485
Andeavor	3,397	445,618
Apache Corp.	9,294	434,495
Cabot Oil & Gas Corp.	11,053	263,061
Chevron Corp.	46,676	5,901,247
Cimarex Energy Co.	2,377	241,836
Concho Resources, Inc.*	3,626	501,657
ConocoPhillips	28,583	1,989,948
Devon Energy Corp.	12,761	560,974
EOG Resources, Inc.	14,140	1,759,440
EQT Corp.	6,091	336,101
Exxon Mobil Corp.	103,416	8,555,606
Hess Corp.	6,355	425,086
HollyFrontier Corp.	4,313	295,139
Kinder Morgan, Inc.	46,482	821,337
Marathon Oil Corp.	20,775	433,367
Marathon Petroleum Corp.	11,284	791,685
Newfield Exploration Co.*	4,910	148,528
Noble Energy, Inc.	11,843	417,821
Occidental Petroleum Corp.	18,702	1,564,983
ONEOK, Inc.	10,029	700,325
Phillips 66	10,251	1,151,290
Pioneer Natural Resources Co.	4,177	790,455
Valero Energy Corp.	10,526	1,166,597
Williams Companies, Inc.	20,212	547,947
		31,166,028
Financials 13.6%		
Banks 6.0%		
Bank of America Corp.	230,341	6,493,313
BB&T Corp.	19,038	960,277
Citigroup, Inc.	62,286	4,168,179
Citizens Financial Group, Inc.	11,808	459,331
Comerica, Inc.	4,219	383,591
Fifth Third Bancorp.	16,773	481,385
Huntington Bancshares, Inc.	27,142	400,616
JPMorgan Chase & Co.	83,166	8,665,897
KeyCorp	25,834	504,796
M&T Bank Corp.	3,552	604,373
People's United Financial, Inc.	8,585	155,303
PNC Financial Services Group, Inc.	11,471	1,549,732
Regions Financial Corp.	27,209	483,776
SunTrust Banks, Inc.	11,371	750,713
SVB Financial Group*	1,297	374,522
U.S. Bancorp.	38,128	1,907,163
Wells Fargo & Co.	107,127	5,939,121
Zions Bancorp.	4,762	250,910
		34,532,998
Capital Markets 3.0%		
Affiliated Managers Group, Inc.	1,321	196,393
Ameriprise Financial, Inc.	3,537	494,756
Bank of New York Mellon Corp.	24,690	1,331,532
BlackRock, Inc.	3,013	1,503,607
Cboe Global Markets, Inc.	2,725	283,591
Charles Schwab Corp.	29,338	1,499,172
CME Group, Inc.	8,311	1,362,339
E*TRADE Financial Corp.*	6,397	391,241
Franklin Resources, Inc.	7,847	251,496
Intercontinental Exchange, Inc.	14,152	1,040,880
Invesco Ltd.	10,139	269,292
Moody's Corp.	4,074	694,861
Morgan Stanley	33,304	1,578,610

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
MSCI, Inc.	2,165	358,156
Nasdaq, Inc.	2,898	264,500
Northern Trust Corp.	5,171	532,044
Raymond James Financial, Inc.	3,202	286,099
S&P Global, Inc.	6,135	1,250,865
State Street Corp.	8,920	830,363
T. Rowe Price Group, Inc.	5,916	686,788
The Goldman Sachs Group, Inc.	8,583	1,893,152
		16,999,737
Consumer Finance 0.7%		
American Express Co.	17,452	1,710,296
Capital One Financial Corp.	11,837	1,087,820
Discover Financial Services	8,549	601,935
Synchrony Financial	17,358	579,410
		3,979,461
Diversified Financial Services 1.6%		
Berkshire Hathaway, Inc. "B"*	47,010	8,774,417
Jefferies Financial Group, Inc.	7,433	169,026
		8,943,443
Insurance 2.3%		
Aflac, Inc.	18,885	812,433
Allstate Corp.	8,587	783,735
American International Group, Inc.	21,928	1,162,623
Aon PLC	5,972	819,179
Arthur J. Gallagher & Co.	4,506	294,152
Assurant, Inc.	1,251	129,466
Brighthouse Financial, Inc.*	2,925	117,205
Chubb Ltd.	11,350	1,441,677
Cincinnati Financial Corp.	3,696	247,115
Everest Re Group Ltd.	985	227,023
Hartford Financial Services Group, Inc.	8,710	445,342
Lincoln National Corp.	5,314	330,796
Loews Corp.	6,397	308,847
Marsh & McLennan Companies, Inc.	12,389	1,015,526
MetLife, Inc.	24,831	1,082,632
Principal Financial Group, Inc.	6,517	345,075
Progressive Corp.	14,288	845,135
Prudential Financial, Inc.	10,263	959,693
The Travelers Companies, Inc.	6,603	807,811
Torchmark Corp.	2,575	209,631
Unum Group	5,384	199,154
Willis Towers Watson PLC	3,231	489,820
XL Group Ltd.	6,382	357,073
		13,431,143

Health Care 13.8%

	Shares	Value ($)
Biotechnology 2.5%		
AbbVie, Inc.	37,017	3,429,625
Alexion Pharmaceuticals, Inc.*	5,467	678,728
Amgen, Inc.	16,268	3,002,910
Biogen, Inc.*	5,154	1,495,897
Celgene Corp.*	17,268	1,371,425
Gilead Sciences, Inc.	31,761	2,249,949
Incyte Corp.*	4,241	284,147
Regeneron Pharmaceuticals, Inc.*	1,889	651,686
Vertex Pharmaceuticals, Inc.*	6,225	1,058,001
		14,222,368
Health Care Equipment & Supplies 3.0%		
Abbott Laboratories	42,813	2,611,165
ABIOMED, Inc.*	1,036	423,776
Align Technology, Inc.*	1,762	602,851
Baxter International, Inc.	12,036	888,738
Becton, Dickinson & Co.	6,527	1,563,608
Boston Scientific Corp.*	33,732	1,103,036
Danaher Corp.	15,012	1,481,384
DENTSPLY SIRONA, Inc.	5,525	241,829
Edwards Lifesciences Corp.*	5,130	746,774
Hologic, Inc.*	6,641	263,980
IDEXX Laboratories, Inc.*	2,125	463,123
Intuitive Surgical, Inc.*	2,774	1,327,304
Medtronic PLC	33,078	2,831,808
ResMed, Inc.	3,452	357,558
Stryker Corp.	7,850	1,325,551
The Cooper Companies, Inc.	1,216	286,307
Varian Medical Systems, Inc.*	2,213	251,662
Zimmer Biomet Holdings, Inc.	4,967	553,522
		17,323,976
Health Care Providers & Services 3.1%		
Aetna, Inc.	7,991	1,466,348
AmerisourceBergen Corp.	4,016	342,444
Anthem, Inc.	6,234	1,483,879
Cardinal Health, Inc.	7,513	366,860
Centene Corp.*	5,013	617,652
Cigna Corp.	5,937	1,008,993
CVS Health Corp.	24,793	1,595,429
DaVita, Inc.*	3,416	237,207
Envision Healthcare Corp.*	3,013	132,602
Express Scripts Holding Co.*	13,723	1,059,553
HCA Healthcare, Inc.	6,836	701,374
Henry Schein, Inc.*	3,732	271,092
Humana, Inc.	3,363	1,000,930
Laboratory Corp. of America Holdings*	2,493	447,568
McKesson Corp.	4,937	658,596
Quest Diagnostics, Inc.	3,289	361,593
UnitedHealth Group, Inc.	23,473	5,758,866
Universal Health Services, Inc. "B"	2,165	241,268
		17,752,254
Health Care Technology 0.1%		
Cerner Corp.*	7,710	**460,981**
Life Sciences Tools & Services 0.8%		
Agilent Technologies, Inc.	7,823	483,774
Illumina, Inc.*	3,591	1,002,930
IQVIA Holdings, Inc.*	3,953	394,589
Mettler-Toledo International, Inc.*	620	358,751
PerkinElmer, Inc.	2,664	195,085
Thermo Fisher Scientific, Inc.	9,828	2,035,772
Waters Corp.*	1,926	372,854
		4,843,755
Pharmaceuticals 4.3%		
Allergan PLC	8,282	1,380,775
Bristol-Myers Squibb Co.	39,922	2,209,283
Eli Lilly & Co.	23,323	1,990,152
Johnson & Johnson	65,507	7,948,619
Merck & Co., Inc.	65,707	3,988,415
Mylan NV*	12,691	458,653
Nektar Therapeutics*	3,963	193,513

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Perrigo Co. PLC	3,159	230,323
Pfizer, Inc.	142,856	5,182,816
Zoetis, Inc.	11,813	1,006,349
		24,588,898
Industrials 9.4%		
Aerospace & Defense 2.6%		
Arconic, Inc.	10,161	172,839
Boeing Co.	13,377	4,488,117
General Dynamics Corp.	6,737	1,255,844
Harris Corp.	2,898	418,877
Huntington Ingalls Industries, Inc.	1,092	236,735
L3 Technologies, Inc.	1,906	366,562
Lockheed Martin Corp.	6,071	1,793,556
Northrop Grumman Corp.	4,261	1,311,110
Raytheon Co.	7,025	1,357,089
Rockwell Collins, Inc.	4,002	538,989
Textron, Inc.	6,239	411,212
TransDigm Group, Inc.	1,201	414,513
United Technologies Corp.	18,185	2,273,671
		15,039,114
Air Freight & Logistics 0.6%		
C.H. Robinson Worldwide, Inc.	3,394	283,942
Expeditors International of Washington, Inc.	4,254	310,967
FedEx Corp.	6,010	1,364,631
United Parcel Service, Inc. "B"	16,846	1,789,550
		3,749,090
Airlines 0.4%		
Alaska Air Group, Inc.	3,070	185,397
American Airlines Group, Inc.	10,159	385,636
Delta Air Lines, Inc.	15,748	780,156
Southwest Airlines Co.	13,018	662,356
United Continental Holdings, Inc.*	5,755	401,296
		2,414,841
Building Products 0.3%		
A.O. Smith Corp.	3,504	207,262
Allegion PLC	2,268	175,452
Fortune Brands Home & Security, Inc.	3,627	194,734
Johnson Controls International PLC	22,719	759,951
Masco Corp.	7,625	285,327
		1,622,726
Commercial Services & Supplies 0.3%		
Cintas Corp.	2,098	388,277
Copart, Inc.*	4,936	279,180
Republic Services, Inc.	5,493	375,501
Stericycle, Inc.*	2,030	132,539
Waste Management, Inc.	9,714	790,137
		1,965,634
Construction & Engineering 0.1%		
Fluor Corp.	3,501	170,779
Jacobs Engineering Group, Inc.	2,918	185,264
Quanta Services, Inc.*	3,766	125,784
		481,827

	Shares	Value ($)
Electrical Equipment 0.5%		
AMETEK, Inc.	5,641	407,055
Eaton Corp. PLC	10,687	798,746
Emerson Electric Co.	15,394	1,064,341
Rockwell Automation, Inc.	3,072	510,659
		2,780,801
Industrial Conglomerates 1.6%		
3M Co.	14,506	2,853,620
General Electric Co.	212,181	2,887,784
Honeywell International, Inc.	18,257	2,629,921
Roper Technologies, Inc.	2,510	692,534
		9,063,859
Machinery 1.5%		
Caterpillar, Inc.	14,610	1,982,139
Cummins, Inc.	3,820	508,060
Deere & Co.	7,926	1,108,055
Dover Corp.	3,752	274,646
Flowserve Corp.	3,187	128,755
Fortive Corp.	7,466	575,703
Illinois Tool Works, Inc.	7,458	1,033,231
Ingersoll-Rand PLC	6,036	541,610
PACCAR, Inc.	8,601	532,918
Parker-Hannifin Corp.	3,258	507,759
Pentair PLC	3,920	164,954
Snap-on, Inc.	1,367	219,704
Stanley Black & Decker, Inc.	3,750	498,038
Xylem, Inc.	4,355	293,440
		8,369,012
Professional Services 0.3%		
Equifax, Inc.	2,968	371,326
IHS Markit Ltd.*	8,638	445,634
Nielsen Holdings PLC	8,061	249,327
Robert Half International, Inc.	3,016	196,342
Verisk Analytics, Inc.*	3,778	406,664
		1,669,293
Road & Rail 1.0%		
CSX Corp.	21,397	1,364,701
J.B. Hunt Transport Services, Inc.	2,067	251,244
Kansas City Southern	2,478	262,569
Norfolk Southern Corp.	6,914	1,043,115
Union Pacific Corp.	18,955	2,685,544
		5,607,173
Trading Companies & Distributors 0.2%		
Fastenal Co.	6,991	336,477
United Rentals, Inc.*	2,047	302,178
W.W. Grainger, Inc.	1,249	385,191
		1,023,846
Information Technology 25.5%		
Communications Equipment 1.0%		
Cisco Systems, Inc.	114,894	4,943,889
F5 Networks, Inc.*	1,497	258,158
Juniper Networks, Inc.	8,387	229,971
Motorola Solutions, Inc.	3,962	461,058
		5,893,076

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Electronic Equipment, Instruments & Components 0.4%		
Amphenol Corp. “A”	7,359	641,337
Corning, Inc.	20,292	558,233
FLIR Systems, Inc.	3,286	170,773
IPG Photonics Corp.*	922	203,421
TE Connectivity Ltd.	8,551	770,103
		2,343,867
Internet Software & Services 5.2%		
Akamai Technologies, Inc.*	4,213	308,518
Alphabet, Inc. “A”*	7,295	8,237,441
Alphabet, Inc. “C”*	7,415	8,272,545
eBay, Inc.*	22,582	818,823
Facebook, Inc. “A”*	58,589	11,385,015
Twitter, Inc.*	15,926	695,488
VeriSign, Inc.*	2,366	325,136
		30,042,966
IT Services 4.5%		
Accenture PLC “A”	15,704	2,569,017
Alliance Data Systems Corp.	1,159	270,279
Automatic Data Processing, Inc.	10,762	1,443,615
Broadridge Financial Solutions, Inc.	2,882	331,718
Cognizant Technology Solutions Corp. “A”	14,314	1,130,663
DXC Technology Co.	6,997	564,028
Fidelity National Information Services, Inc.	8,087	857,465
Fiserv, Inc.*	10,000	740,900
FleetCor Technologies, Inc.*	2,189	461,113
Gartner, Inc.*	2,261	300,487
Global Payments, Inc.	3,939	439,159
International Business Machines Corp.	20,853	2,913,164
Mastercard, Inc. “A”	22,391	4,400,279
Paychex, Inc.	7,815	534,155
PayPal Holdings, Inc.*	27,265	2,270,357
Total System Services, Inc.	4,012	339,094
Visa, Inc. “A”	43,624	5,777,999
Western Union Co.	11,055	224,748
		25,568,240
Semiconductors & Semiconductor Equipment 4.0%		
Advanced Micro Devices, Inc.*	20,131	301,764
Analog Devices, Inc.	9,050	868,076
Applied Materials, Inc.	24,618	1,137,105
Broadcom, Inc.	9,811	2,380,541
Intel Corp.	113,814	5,657,694
KLA-Tencor Corp.	3,803	389,922
Lam Research Corp.	4,026	695,894
Microchip Technology, Inc.	5,718	520,052
Micron Technology, Inc.*	28,327	1,485,468
NVIDIA Corp.	14,825	3,512,042
Qorvo, Inc.*	3,062	245,481
QUALCOMM, Inc.	36,209	2,032,049
Skyworks Solutions, Inc.	4,492	434,152
Texas Instruments, Inc.	23,897	2,634,644
Xilinx, Inc.	6,247	407,679
		22,702,563
Software 6.0%		
Activision Blizzard, Inc.	18,602	1,419,705
Adobe Systems, Inc.*	12,031	2,933,278
ANSYS, Inc.*	2,045	356,198

	Shares	Value ($)
Autodesk, Inc.*	5,358	702,380
CA, Inc.	7,547	269,051
Cadence Design Systems, Inc.*	6,842	296,327
Citrix Systems, Inc.*	3,181	333,496
Electronic Arts, Inc.*	7,499	1,057,509
Intuit, Inc.	5,936	1,212,754
Microsoft Corp.	187,675	18,506,632
Oracle Corp.	72,804	3,207,744
Red Hat, Inc.*	4,331	581,956
salesforce.com, Inc.*	17,233	2,350,581
Symantec Corp.	15,050	310,783
Synopsys, Inc.*	3,628	310,448
Take-Two Interactive Software, Inc.*	2,815	333,183
		34,182,025
Technology Hardware, Storage & Peripherals 4.4%		
Apple, Inc.	120,056	22,223,566
Hewlett Packard Enterprise Co.	37,295	544,880
HP, Inc.	40,066	909,098
NetApp, Inc.	6,506	510,916
Seagate Technology PLC	6,992	394,838
Western Digital Corp.	7,341	568,267
Xerox Corp.	5,356	128,544
		25,280,109
Materials 2.6%		
Chemicals 1.9%		
Air Products & Chemicals, Inc.	5,358	834,401
Albemarle Corp.	2,666	251,484
CF Industries Holdings, Inc.	5,614	249,262
DowDuPont, Inc.	56,693	3,737,203
Eastman Chemical Co.	3,467	346,561
Ecolab, Inc.	6,376	894,744
FMC Corp.	3,250	289,932
International Flavors & Fragrances, Inc.	1,959	242,838
LyondellBasell Industries NV “A”	7,853	862,652
PPG Industries, Inc.	6,097	632,442
Praxair, Inc.	7,021	1,110,371
The Mosaic Co.	8,710	244,315
The Sherwin-Williams Co.	2,012	820,031
		10,516,236
Construction Materials 0.1%		
Martin Marietta Materials, Inc.	1,528	341,248
Vulcan Materials Co.	3,218	415,315
		756,563
Containers & Packaging 0.3%		
Avery Dennison Corp.	2,126	217,064
Ball Corp.	8,500	302,175
International Paper Co.	10,098	525,904
Packaging Corp. of America	2,330	260,471
Sealed Air Corp.	3,922	166,489
WestRock Co.	6,337	361,336
		1,833,439
Metals & Mining 0.3%		
Freeport-McMoRan, Inc.	32,921	568,217
Newmont Mining Corp.	13,052	492,191
Nucor Corp.	7,788	486,750
		1,547,158

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Real Estate 2.8%		
Equity Real Estate Investment Trusts (REITs) 2.7%		
Alexandria Real Estate Equities, Inc.	2,521	318,075
American Tower Corp.	10,785	1,554,873
Apartment Investment & Management Co. "A"	3,882	164,209
AvalonBay Communities, Inc.	3,369	579,097
Boston Properties, Inc.	3,765	472,206
Crown Castle International Corp.	10,130	1,092,217
Digital Realty Trust, Inc.	5,024	560,578
Duke Realty Corp.	8,587	249,281
Equinix, Inc.	1,934	831,407
Equity Residential	8,988	572,446
Essex Property Trust, Inc.	1,607	384,185
Extra Space Storage, Inc.	3,052	304,620
Federal Realty Investment Trust	1,800	227,790
GGP, Inc.	15,545	317,584
HCP, Inc.	11,367	293,496
Host Hotels & Resorts, Inc.	18,256	384,654
Iron Mountain, Inc.	6,974	244,160
Kimco Realty Corp.	10,166	172,720
Mid-America Apartment Communities, Inc.	2,744	276,238
Prologis, Inc.	13,072	858,700
Public Storage	3,671	832,803
Realty Income Corp.	7,024	377,821
Regency Centers Corp.	3,535	219,453
SBA Communications Corp. *	2,809	463,822
Simon Property Group, Inc.	7,560	1,286,636
SL Green Realty Corp.	2,195	220,663
The Macerich Co.	2,726	154,919
UDR, Inc.	6,447	242,020
Ventas, Inc.	8,647	492,447
Vornado Realty Trust	4,290	317,117
Welltower, Inc.	9,152	573,739
Weyerhaeuser Co.	18,484	673,927
		15,713,903
Real Estate Management & Development 0.1%		
CBRE Group, Inc. "A"*	7,348	**350,794**
Telecommunication Services 2.0%		
Diversified Telecommunication Services		
AT&T, Inc.	177,709	5,706,236
CenturyLink, Inc.	23,729	442,309
Verizon Communications, Inc.	100,946	5,078,593
		11,227,138
Utilities 2.9%		
Electric Utilities 1.8%		
Alliant Energy Corp.	5,573	235,849
American Electric Power Co., Inc.	12,066	835,570
Duke Energy Corp.	17,172	1,357,962
Edison International	7,926	501,478
Entergy Corp.	4,379	353,779
Evergy, Inc.	6,684	375,307
Eversource Energy	7,716	452,235
Exelon Corp.	23,595	1,005,147
FirstEnergy Corp.	11,079	397,847
NextEra Energy, Inc.	11,498	1,920,511
PG&E Corp.	12,537	533,575
Pinnacle West Capital Corp.	2,785	224,360
PPL Corp.	17,167	490,118
Southern Co.	24,669	1,142,421
Xcel Energy, Inc.	12,395	566,203
		10,392,362
Independent Power & Renewable Electricity Producers 0.1%		
AES Corp.	16,425	220,259
NRG Energy, Inc.	7,183	220,518
		440,777
Multi-Utilities 0.9%		
Ameren Corp.	5,896	358,772
CenterPoint Energy, Inc.	10,451	289,597
CMS Energy Corp.	6,860	324,341
Consolidated Edison, Inc.	7,613	593,662
Dominion Energy, Inc	15,931	1,086,176
DTE Energy Co.	4,456	461,775
NiSource, Inc.	8,389	220,463
Public Service Enterprise Group, Inc.	12,380	670,253
SCANA Corp.	3,533	136,091
Sempra Energy	6,447	748,561
WEC Energy Group, Inc.	7,674	496,124
		5,385,815
Water Utilities 0.1%		
American Water Works Co., Inc.	4,326	**369,354**
Total Common Stocks (Cost $275,600,632)		**562,385,681**

	Principal Amount ($)	Value ($)
Government & Agency Obligation 0.1%		
U.S. Treasury Obligation		
U.S. Treasury Bill, 1.57%**, 7/19/2018 (b) (Cost $584,541)	585,000	**584,520**

	Shares	Value ($)
Securities Lending Collateral 0.1%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares," 1.80% (c) (d) (Cost $320,563)	320,563	**320,563**
Cash Equivalents 1.6%		
DWS Central Cash Management Government Fund, 1.85% (c) (Cost $9,101,573)	9,101,573	**9,101,573**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $285,607,309)	100.0	**572,392,337**
Other Assets and Liabilities, Net	0.0	**265,880**
Net Assets	100.0	**572,658,217**

The accompanying notes are an integral part of the financial statements.

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/(Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 0.1%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares," 1.80% (c) (d)								
870,253	—	549,690	—	—	1,741	—	320,563	320,563
Cash Equivalents 1.6%								
DWS Central Cash Management Government Fund, 1.85% (c)								
5,621,694	32,705,178	29,225,299	—	—	50,205	—	9,101,573	9,101,573
6,491,947	**32,705,178**	**29,774,989**	**—**	**—**	**51,946**	**—**	**9,422,136**	**9,422,136**

* Non-income producing security.

** Annualized yield at time of purchase; not a coupon rate.

(a) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $306,748, which is 0.1% of net assets.

(b) At June 30, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(c) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(d) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

S&P: Standard & Poor's

At June 30, 2018, open futures contracts purchased were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Depreciation ($)
S&P 500 E-Mini Index	USD	9/21/2018	77	10,706,813	10,478,160	(228,653)

Currency Abbreviation

USD United States Dollar

For information on the Fund's policy and additional disclosures regarding futures contracts, please refer to the Derivatives section of Note B in the accompanying Notes to Financial Statements.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (e)	$ 562,385,681	$ —	$ —	$ 562,385,681
Government & Agency Obligation	—	584,520	—	584,520
Short-Term Investments (e)	9,422,136	—	—	9,422,136
Total	**$ 571,807,817**	**$ 584,520**	**$ —**	**$ 572,392,337**

Liabilities	Level 1	Level 2	Level 3	Total
Derivatives (f)				
Futures Contracts	$ (228,653)	$ —	$ —	$ (228,653)
Total	**$ (228,653)**	**$ —**	**$ —**	**$ (228,653)**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(e) See Investment Portfolio for additional detailed categorizations.

(f) Derivatives include unrealized appreciation (depreciation) on open futures contracts.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $276,185,173) — including $306,748 of securities loaned	$562,970,201
Investment in DWS Government & Agency Securities Portfolio (cost $320,563)*	320,563
Investment in DWS Central Cash Management Government Fund (cost $9,101,573)	9,101,573
Cash	10,459
Receivable for investments sold	590,427
Receivable for Fund shares sold	120,699
Dividends receivable	468,369
Interest receivable	9,083
Receivable for variation margin on futures contracts	8,861
Other assets	4,394
Total assets	573,604,629

Liabilities	
Payable upon return of securities loaned	320,563
Payable for investments purchased	279,165
Payable for Fund shares redeemed	99,815
Accrued management fee	79,019
Accrued Trustees' fees	2,318
Other accrued expenses and payables	165,532
Total liabilities	946,412
Net assets, at value	**$572,658,217**

Net Assets Consist of	
Undistributed net investment income	4,636,316
Net unrealized appreciation (depreciation) on: Investments	286,785,028
Futures	(228,653)
Accumulated net realized gain (loss)	3,692,168
Paid-in capital	277,773,358
Net assets, at value	**$572,658,217**
Net Asset Value	
Class A	
Net Asset Value, offering and redemption price per share ($529,373,051 ÷ 26,060,852 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized)	**$ 20.31**
Class B	
Net Asset Value, offering and redemption price per share ($26,389,318 ÷ 1,297,643 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized)	**$ 20.34**
Class B2	
Net Asset Value, offering and redemption price per share ($16,895,848 ÷ 830,341 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized)	**$ 20.35**

* Represents collateral on securities loaned.

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends	$ 5,672,361
Interest	4,180
Income distributions — DWS Central Cash Management Government Fund	50,205
Securities lending income, net of borrower rebates	1,741
Total income	5,728,487
Expenses: Management fee	574,946
Administration fee	287,473
Services to shareholders	1,677
Record keeping fee (Class B and Class B-2)	27,992
Distribution service fees (Class B and Class B-2)	53,027
Custodian fee	13,613
Professional fees	41,571
Reports to shareholders	18,475
Trustees' fees and expenses	17,038
Other	20,497
Total expenses before expense reductions	1,056,309
Expense reductions	(88,088)
Total expenses after expense reductions	968,221
Net investment income (loss)	**4,760,266**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	12,759,065
Futures	362,189
	13,121,254
Change in net unrealized appreciation (depreciation) on: Investments	(3,108,812)
Futures	(308,970)
	(3,417,782)
Net gain (loss)	**9,703,472**
Net increase (decrease) in net assets resulting from operations	**$14,463,738**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income (loss)	$ 4,760,266	$ 9,504,006
Net realized gain (loss)	13,121,254	51,290,381
Change in net unrealized appreciation (depreciation)	(3,417,782)	51,086,988
Net increase (decrease) in net assets resulting from operations	14,463,738	111,881,375
Distributions to shareholders from:		
Net investment income:		
Class A	(9,009,237)	(9,614,078)
Class B	(354,619)	(291,291)
Class B2	(223,517)	(232,694)
Net realized gains:		
Class A	(46,560,343)	(27,007,783)
Class B	(2,250,530)	(972,179)
Class B2	(1,492,642)	(832,427)
Total distributions	(59,890,888)	(38,950,452)
Fund share transactions:		
Class A		
Proceeds from shares sold	7,832,664	14,878,880
Reinvestment of distributions	55,569,580	36,621,861
Cost of shares redeemed	(32,524,732)	(98,129,716)
Net increase (decrease) in net assets from Class A share transactions	30,877,512	(46,628,975)
Class B		
Proceeds from shares sold	2,978,043	7,279,737
Reinvestment of distributions	2,605,149	1,263,470
Cost of shares redeemed	(2,453,249)	(4,494,346)
Net increase (decrease) in net assets from Class B share transactions	3,129,943	4,048,861
Class B2		
Proceeds from shares sold	403,168	375,574
Reinvestment of distributions	1,716,159	1,065,121
Cost of shares redeemed	(1,123,823)	(2,854,784)
Net increase (decrease) in net assets from Class B2 share transaction	995,504	(1,414,089)
Increase (decrease) in net assets	(10,424,191)	28,936,720
Net assets at beginning of period	583,082,408	554,145,688
Net assets at end of period (including undistributed net investment income of $4,636,316 and $9,463,423, respectively)	**$ 572,658,217**	**$ 583,082,408**

Other Information	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Class A		
Shares outstanding at beginning of period	24,366,996	26,513,791
Shares sold	356,905	724,657
Shares issued to shareholders in reinvestment of distributions	2,826,530	1,870,371
Shares redeemed	(1,489,579)	(4,741,823)
Net increase (decrease) in Class A shares	1,693,856	(2,146,795)
Shares outstanding at end of period	**26,060,852**	**24,366,996**
Class B		
Shares outstanding at beginning of period	1,138,481	940,533
Shares sold	137,794	355,052
Shares issued to shareholders in reinvestment of distributions	132,308	64,397
Shares redeemed	(110,940)	(221,501)
Net increase (decrease) in Class B shares	159,162	197,948
Shares outstanding at end of period	**1,297,643**	**1,138,481**
Class B2		
Shares outstanding at beginning of period	776,819	843,125
Shares sold	18,017	18,378
Shares issued to shareholders in reinvestment of distributions	87,115	54,260
Shares redeemed	(51,610)	(138,944)
Net increase (decrease) in Class B2 shares	53,522	(66,306)
Shares outstanding at end of period	**830,341**	**776,819**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$22.19**	**$19.58**	**$19.40**	**$20.41**	**$19.01**	**$15.01**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.18	.34	.35	.35	.33	.30
Net realized and unrealized gain (loss)	.29	3.69	1.74	(.10)	2.10	4.37
Total from investment operations	.47	4.03	2.09	.25	2.43	4.67
Less distributions from:						
Net investment income	(.38)	(.37)	(.40)	(.33)	(.37)	(.31)
Net realized gains	(1.97)	(1.05)	(1.51)	(.93)	(.66)	(.36)
Total distributions	(2.35)	(1.42)	(1.91)	(1.26)	(1.03)	(.67)
Net asset value, end of period	**$20.31**	**$22.19**	**$19.58**	**$19.40**	**$20.41**	**$19.01**
Total Return (%)[b]	2.46**	21.53	11.61	1.13	13.39	31.93
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	529	541	519	530	610	600
Ratio of expenses before expense reductions (%)[d]	.34*	.34	.34	.34	.34	.34
Ratio of expenses after expense reductions (%)[d]	.31*	.33	.33	.33	.33	.34
Ratio of net investment income (%)	1.68*	1.67	1.88	1.77	1.70	1.76
Portfolio turnover rate (%)	1**	3	4	3	3	4[c]

a Based on average shares outstanding during the period.
b Total return would have been lower had certain expenses not been reduced.
c Excludes portfolio securities delivered as a result of processing redemption in-kind transactions.
d Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.
* Annualized
** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$22.17**	**$19.58**	**$19.40**	**$20.40**	**$19.01**	**$15.00**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.14	.28	.30	.30	.28	.34
Net realized and unrealized gain (loss)	.31	3.67	1.74	(.09)	2.09	4.29
Total from investment operations	.45	3.95	2.04	.21	2.37	4.63
Less distributions from:						
Net investment income	(.31)	(.31)	(.35)	(.28)	(.32)	(.26)
Net realized gains	(1.97)	(1.05)	(1.51)	(.93)	(.66)	(.36)
Total distributions	(2.28)	(1.36)	(1.86)	(1.21)	(.98)	(.62)
Net asset value, end of period	**$20.34**	**$22.17**	**$19.58**	**$19.40**	**$20.40**	**$19.01**
Total Return (%)[b]	2.36**	21.07	11.32	.92	13.05	31.68
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	26	25	18	12	7	5
Ratio of expenses before expense reductions (%)[d]	.71*	.71	.69	.67	.62	.59
Ratio of expenses after expense reductions (%)[d]	.65*	.65	.61	.58	.58	.58
Ratio of net investment income (%)	1.34*	1.35	1.61	1.53	1.45	2.11
Portfolio turnover rate (%)	1**	3	4	3	3	4[c]

a Based on average shares outstanding during the period.
b Total return would have been lower had certain expenses not been reduced.
c Excludes portfolio securities delivered as a result of processing redemption in-kind transactions.
d Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.
* Annualized
** Not annualized

The accompanying notes are an integral part of the financial statements.

Class B2	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$22.18**	**$19.57**	**$19.39**	**$20.40**	**$18.99**	**$14.99**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.14	.26	.28	.28	.27	.23
Net realized and unrealized gain (loss)	.29	3.69	1.74	(.10)	2.09	4.37
Total from investment operations	.43	3.95	2.02	.18	2.36	4.60
Less distributions from:						
Net investment income	(.29)	(.29)	(.33)	(.26)	(.29)	(.24)
Net realized gains	(1.97)	(1.05)	(1.51)	(.93)	(.66)	(.36)
Total distributions	(2.26)	(1.34)	(1.84)	(1.19)	(.95)	(.60)
Net asset value, end of period	**$20.35**	**$22.18**	**$19.57**	**$19.39**	**$20.40**	**$18.99**
Total Return (%)[b]	2.29**	21.06	11.20	.76	13.00	31.44
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	17	17	17	17	19	20
Ratio of expenses before expense reductions (%)[d]	.74*	.74	.74	.74	.74	.74
Ratio of expenses after expense reductions (%)[d]	.71*	.72	.71	.68	.68	.72
Ratio of net investment income (%)	1.28*	1.27	1.50	1.42	1.35	1.39
Portfolio turnover rate (%)	1**	3	4	3	3	4[c]

a Based on average shares outstanding during the period.
b Total return would have been lower had certain expenses not been reduced.
c Excludes portfolio securities delivered as a result of processing redemption in-kind transactions.
d Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.
* Annualized
** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

Deutsche DWS Investments VIT Funds (formerly Deutsche Investments VIT Funds) (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Trust is organized as a Massachusetts business trust. DWS Equity 500 Index VIP (formerly Deutsche Equity 500 Index VIP) (the "Fund") is a diversified series of the Trust offered to investors. The Fund is an underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

Multiple Classes of Shares of Beneficial Interest. The Fund offers three classes of shares to investors: Class A shares, Class B shares and Class B2 shares. Class B and Class B2 shares are subject to Rule 12b-1 distribution fees under the 1940 Act equal to an annual rate of 0.25% of Class B and Class B2 shares average daily net assets. In addition, Class B and Class B2 shares are subject to record keeping fees equal to an annual rate up to 0.15% of average daily net assets. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable 12b-1 distribution fees and record keeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1.

Debt securities are valued at prices supplied by independent pricing services approved by the Fund's Board. If the pricing services are unable to provide valuations, securities are valued at the most recent bid quotation or evaluated price, as applicable, obtained from one or more broker-dealers. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. These securities are generally categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Futures contracts are generally valued at the settlement prices established each day on the exchange on which they are traded and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the security lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had securities on loan, which were classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to its shareholders.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $294,499,895. The net unrealized appreciation for all investments based on tax cost was $280,834,182. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $300,179,590 and aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $19,345,408.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Net investment income of the Fund, if any, is declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed, and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations, which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in futures contracts and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Real Estate Investment Trusts. The Fund at its fiscal year end recharacterizes distributions received from a Real Estate Investment Trust ("REIT") investment based on information provided by the REIT into the following categories: ordinary income, long-term and short-term capital gains, and return of capital. If information is not available timely from a REIT, the recharacterization will be estimated for financial statement purposes and a recharacterization will be made within the accounting records in the following year when such information becomes available. Distributions received from REITs in excess of income are recorded as either a reduction of cost of investments or realized gains.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset valuation calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Derivative Instruments

A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). For the six months ended June 30, 2018, the Fund invested in futures to keep cash on hand to meet shareholder redemptions or other needs while maintaining exposure to the stock market.

Upon entering into a futures contract, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the face value indicated in the futures contract. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value and are recorded for financial reporting purposes as unrealized gains or losses by the Fund. Gains or losses are realized when the contract expires or is closed. Since all futures contracts are exchange traded, counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default. Upon a futures contract close out or expiration, realized gain or loss is recognized.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid market will limit the Fund's ability to close out a futures contract prior to the settlement date and the risk that the futures contract is not well correlated with the security, index or currency to which it relates. Risk of loss may exceed amounts disclosed in the Statement of Assets and Liabilities.

A summary of the open futures contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from $6,690,000 to approximately $10,478,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Liability Derivative	Futures Contracts
Equity Contracts (a)	$ (228,653)

The above derivative is located in the following Statement of Assets and Liabilities account:

(a) Includes cumulative depreciation of futures contracts as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the Statement of Assets and Liabilities.

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the six months ended June 30, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Futures Contracts**
Equity Contracts (b)	$ 362,189

The above derivative is located in the following Statement of Operations account:
(b) Net realized gain (loss) from futures

Change in Net Unrealized Appreciation (Depreciation)	**Futures Contracts**
Equity Contracts (c)	$ (308,970)

The above derivative is located in the following Statement of Operations account:
(c) Change in net unrealized appreciation (depreciation) on futures

C. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $7,149,716 and $21,357,975, respectively.

D. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold, or entered into by the Fund or delegates such responsibility to the Fund's subadvisor. Northern Trust Investments, Inc. ("NTI") serves as subadvisor. As a subadvisor to the Fund, NTI makes investment decisions and buys and sells securities for the Fund. NTI is paid by the Advisor for the services NTI provides to the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays the Advisor an annual fee based on its average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $1 billion of the Fund's average daily net assets	.200%
Next $1 billion of such net assets	.175%
Over $2 billion of such net assets	.150%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.20% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each classes as follows:

Class A	.31%
Class B	.65%
Class B2	.75%

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 77,808
Class B	7,793
Class B2	2,487
	$ 88,088

Administration Fee. Pursuant to the Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $287,473, of which $47,776 is unpaid.

Distribution Service Agreement. DWS Distributors, Inc. ("DDI"), an affiliate of the Advisor, is the Fund's distributor. In accordance with the Distribution Plan, DDI receives 12b-1 fees of 0.25% of average daily net assets of Class B and B2 shares. For the six months ended June 30, 2018, the Distribution Service Fees were as follows:

Distribution Service Fees	Total Aggregated	Unpaid at June 30, 2018
Class B	$ 31,691	$ 5,417
Class B2	21,336	3,544
	$ 53,027	**$ 8,961**

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent of the Fund. Pursuant to a sub-transfer agency agreement among DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee they receive from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 221	$ 72
Class B	40	12
Class B2	31	9
	$ 292	**$ 93**

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $8,568, of which $8,367 is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Securities Lending Agent Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $131.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Ownership of the Fund

At June 30, 2018, two participating insurance companies were beneficial owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 53% and 13%, respectively. At June 30, 2018, one participating insurance company was beneficial owner of record of 10% or more of the total outstanding Class B shares of the Fund, owning 83%. At June 30, 2018, one participating insurance company was a beneficial owner of record of 91% of the total outstanding Class B2 shares of the Fund.

G. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" become known as the "DWS Funds." As a result, Deutsche Investments VIT Funds was renamed Deutsche DWS Investments VIT Funds and Deutsche Equity 500 Index VIP was renamed DWS Equity 500 Index VIP.

Information About Your Fund's Expenses **(Unaudited)**

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**	**Class B2**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,024.60	$ 1,023.60	$ 1,022.90
Expenses Paid per $1,000*	$ 1.56	$ 3.26	$ 3.56

Hypothetical 5% Fund Return	**Class A**	**Class B**	**Class B2**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,023.26	$ 1,021.57	$ 1,021.27
Expenses Paid per $1,000*	$ 1.56	$ 3.26	$ 3.56

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**	**Class B2**
DWS Equity 500 Index VIP	.31%	.65%	.71%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Fund's policies and procedures for voting proxies for portfolio securities and information about how the Fund voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Fund's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Equity 500 Index VIP's (now known as DWS Equity 500 Index VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") and sub-advisory agreement (the "Sub-Advisory Agreement" and together with the Agreement, the "Agreements") between DIMA and Northern Trust Investments, Inc. ("NTI") in September 2017.

In terms of the process that the Board followed prior to approving the Agreements, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreements, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's and NTI's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreements, including the scope of advisory services provided under the Agreements. The Board noted that, under the Agreements, DIMA and NTI provide portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. Throughout the course of the year, the Board also received information regarding DIMA's oversight of fund sub-advisers, including NTI. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by

Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 2nd quartile, 1st quartile and 2nd quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers).

Fees and Expenses. The Board considered the Fund's investment management fee schedule, sub-advisory fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were higher than the median (3rd quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). With respect to the sub-advisory fee paid to NTI, the Board noted that the fee is paid by DIMA out of its fee and not directly by the Fund. The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be higher than the median (3rd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA and NTI.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available. The Board did not consider the profitability of NTI with respect to the Fund. The Board noted that DIMA pays NTI's fee out of its management fee, and its understanding that the Fund's sub-advisory fee schedule was the product of an arm's length negotiation with DIMA.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and NTI and Their Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and NTI and their affiliates, including any fees received by

DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA and NTI related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA and NTI related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters. The Board also considered the attention and resources dedicated by DIMA to the oversight of the investment sub-advisor's compliance program and compliance with the applicable fund policies and procedures.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreements is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreements.

VIT-EQU500-3 (R-028371-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Global Equity VIP

(formerly Deutsche Global Equity VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read the prospectus for details.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

DWS Distributors, Inc., 222 South Riverside Plaza, Chicago, IL 60606, (800) 621-1148

NOT FDIC/NCUA INSURED NO BANK GUARANTEE MAY LOSE VALUE NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Performance Summary

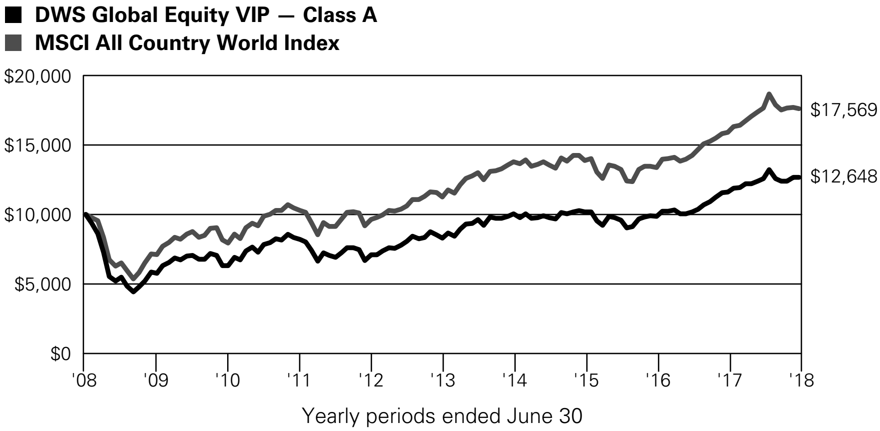
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns.

The gross expense ratio of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 is 1.06% for Class A shares and may differ from the expense ratio disclosed in the Financial Highlights table in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS Global Equity VIP



The MSCI All Country World Index captures large and mid cap representation across 23 Developed Markets and 23 Emerging Markets countries.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Global Equity VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$10,051	$10,929	$12,468	$15,309	$12,648
	Average annual total return	0.51%	9.29%	7.63%	8.89%	2.38%
MSCI All Country World Index	Growth of $10,000	$9,957	$11,073	$12,662	$15,679	$17,569
	Average annual total return	–0.43%	10.73%	8.19%	9.41%	5.80%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	99%	98%
Cash Equivalents	1%	2%
Preferred Stock	—	0%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Information Technology	29%	26%
Financials	19%	19%
Health Care	15%	19%
Industrials	11%	11%
Consumer Discretionary	9%	7%
Materials	6%	6%
Consumer Staples	5%	6%
Energy	4%	3%
Telecommunication Services	1%	2%
Personal Products	1%	—
Real Estate	—	1%
	100%	100%

Geographical Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
United States	48%	51%
Germany	10%	7%
China	8%	6%
Canada	7%	9%
United Kingdom	7%	7%
Switzerland	5%	7%
France	3%	3%
Japan	3%	1%
Luxembourg	2%	1%
Sweden	2%	1%
Ireland	2%	2%
Finland	1%	2%
Others	2%	3%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Sebastian P. Werner, PhD, Director
Mark Schumann, CFA, Director
Portfolio Managers

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 98.5%		
Canada 7.0%		
Agnico Eagle Mines Ltd.	6,800	311,644
Alimentation Couche-Tard, Inc. "B"	6,300	273,680
Brookfield Asset Management, Inc. "A"	18,200	738,300
Canada Goose Holdings, Inc.*	6,100	358,766
Toronto-Dominion Bank	6,600	381,998
(Cost $1,240,112)		**2,064,388**
China 8.3%		
Alibaba Group Holding Ltd. (ADR)*	3,000	556,590
China Life Insurance Co., Ltd. "H"	131,000	338,843
China Literature Ltd. 144A*	14	132
Momo, Inc. (ADR)*	5,500	239,250
New Oriental Education & Technology Group, Inc. (ADR)	2,455	232,390
Ping An Insurance (Group) Co. of China Ltd. "H"	41,500	382,676
Tencent Holdings Ltd.	13,500	680,676
(Cost $2,061,716)		**2,430,557**
Finland 0.9%		
Sampo Oyj "A" (Cost $249,467)	5,500	**268,379**
France 3.2%		
Air Liquide SA	1,500	188,139
TOTAL SA	5,300	322,480
VINCI SA	4,400	422,517
(Cost $940,990)		**933,136**
Germany 9.6%		
adidas AG	985	215,085
Allianz SE (Registered)	2,900	599,203
BASF SE	3,200	305,604
Deutsche Boerse AG	3,200	426,377
Evonik Industries AG	8,175	279,592
Fresenius Medical Care AG & Co. KGaA	6,107	615,427
Siemens AG (Registered)	2,800	369,171
(Cost $2,441,967)		**2,810,459**
Ireland 1.5%		
Kerry Group PLC "A" (a)	3,721	389,238
Kerry Group PLC "A" (a)	379	39,621
(Cost $278,106)		**428,859**
Japan 3.0%		
Komatsu Ltd.	7,400	211,965
Mitsubishi UFJ Financial Group, Inc.	44,200	253,115
Omron Corp.	3,600	168,264
SMC Corp.	700	257,842
(Cost $1,059,433)		**891,186**
Luxembourg 2.4%		
Eurofins Scientific	700	388,981
Globant SA* (b)	5,433	308,540
(Cost $433,497)		**697,521**

	Shares	Value ($)
Malaysia 0.7%		
IHH Healthcare Bhd. (Cost $177,866)	136,600	**206,580**
Netherlands 1.0%		
Heineken NV (Cost $305,281)	2,900	**290,849**
Norway 0.5%		
Marine Harvest ASA (Cost $82,231)	7,200	**143,257**
Sweden 2.2%		
Alfa Laval AB	7,000	165,977
Assa Abloy AB "B"	10,800	229,963
Spotify Technology SA* (b)	1,400	235,536
(Cost $586,895)		**631,476**
Switzerland 4.4%		
Comet Holding AG (Registered)*	1,400	151,215
Lonza Group AG (Registered)*	2,700	715,657
Nestle SA (Registered)	5,509	427,513
(Cost $759,219)		**1,294,385**
United Kingdom 6.5%		
Aon PLC (b)	2,070	283,942
Compass Group PLC	22,300	475,834
Experian PLC	16,400	404,586
Halma PLC	23,900	431,568
Spirax-Sarco Engineering PLC	3,650	313,307
(Cost $1,357,350)		**1,909,237**
United States 47.3%		
A.O. Smith Corp.	3,500	207,025
Activision Blizzard, Inc.	6,800	518,976
Alphabet, Inc. "A"*	580	654,930
American Express Co.	3,200	313,600
AMETEK, Inc.	6,300	454,608
Amphenol Corp. "A"	7,000	610,050
Apple, Inc.	1,779	329,311
Applied Materials, Inc.	6,300	290,997
Becton, Dickinson & Co.	2,705	648,010
Bristol-Myers Squibb Co.	3,250	179,855
CBRE Group, Inc. "A"*	4,700	224,378
Danaher Corp.	6,300	621,684
Ecolab, Inc.	2,460	345,212
EOG Resources, Inc.	3,300	410,619
EPAM Systems, Inc.*	2,550	317,041
Evolent Health, Inc. "A"*	13,400	282,070
Facebook, Inc. "A"*	2,330	452,765
Fidelity National Information Services, Inc.	3,000	318,090
Hilton Worldwide Holdings, Inc.	2,700	213,732
Intuit, Inc.	1,600	326,888
JPMorgan Chase & Co.	6,664	694,389
Las Vegas Sands Corp.	2,850	217,626
LKQ Corp.*	7,250	231,275
MasterCard, Inc. "A"	3,700	727,124
McDonald's Corp.	1,840	288,310
Microsoft Corp.	5,000	493,050
NVIDIA Corp.	1,300	307,970
Progressive Corp.	15,200	899,080
Schlumberger Ltd.	4,500	301,635
Scotts Miracle-Gro Co.	1,800	149,688

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
ServiceNow, Inc.*	1,000	172,470
T-Mobile U.S., Inc.*	6,500	388,375
TJX Companies, Inc.	3,500	333,130
Union Pacific Corp.	1,900	269,192
Zoetis, Inc.	7,800	664,482
(Cost $9,134,574)		**13,857,637**
Total Common Stocks (Cost $21,108,704)		**28,857,906**

Cash Equivalents 1.2%

DWS Central Cash Management Government Fund, 1.85% (c) (Cost $346,473)	346,473	**346,473**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $21,455,177)	99.7	**29,204,379**
Other Assets and Liabilities, Net	0.3	**94,082**
Net Assets	100.0	**29,298,461**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral —%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares," 1.80% (c) (d)								
395,119	—	395,119	—	—	2,137	—	—	—
Cash Equivalents 1.2%								
DWS Central Cash Management Government Fund, 1.85% (c)								
480,743	5,413,987	5,548,257	—	—	2,449	—	346,473	346,473
875,862	**5,413,987**	**5,943,376**	**—**	**—**	**4,586**	**—**	**346,473**	**346,473**

* Non-income producing security.

(a) Securities with the same description are the same corporate entity but trade on different stock exchanges.

(b) Listed on the New York Stock Exchange.

(c) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(d) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

ADR: American Depositary Receipt

The accompanying notes are an integral part of the financial statements.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks				
Canada	$ 2,064,388	$ —	$ —	$ 2,064,388
China	1,028,230	1,402,327	—	2,430,557
Finland	—	268,379	—	268,379
France	—	933,136	—	933,136
Germany	—	2,810,459	—	2,810,459
Ireland	—	428,859	—	428,859
Japan	—	891,186	—	891,186
Luxembourg	308,540	388,981	—	697,521
Malaysia	—	206,580	—	206,580
Netherlands	—	290,849	—	290,849
Norway	—	143,257	—	143,257
Sweden	235,536	395,940	—	631,476
Switzerland	—	1,294,385	—	1,294,385
United Kingdom	283,942	1,625,295	—	1,909,237
United States	13,857,637	—	—	13,857,637
Short-Term Investment	346,473	—	—	346,473
Total	**$ 18,124,746**	**$ 11,079,633**	**$ —**	**$ 29,204,379**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $21,108,704)	$ 28,857,906
Investment in DWS Central Cash Management Government Fund (cost $346,473)	346,473
Cash	49
Foreign currency, at value (cost $204,608)	202,358
Receivable for Fund shares sold	5,331
Dividends receivable	33,195
Interest receivable	1,014
Foreign taxes recoverable	32,442
Other assets	280
Total assets	29,479,048
Liabilities	
Payable for Fund shares redeemed	119,377
Accrued management fee	7,791
Accrued Trustees' fees	597
Other accrued expenses and payables	52,822
Total liabilities	180,587
Net assets, at value	**$ 29,298,461**
Net Assets Consist of	
Undistributed net investment income	147,341
Net unrealized appreciation (depreciation) on: Investments	7,749,202
Foreign currency	(3,425)
Accumulated net realized gain (loss)	1,360,359
Paid-in capital	20,044,984
Net assets, at value	**$ 29,298,461**
Net Asset Value	
Net asset value, offering and redemption price per share ($29,298,461 ÷ 2,509,808 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 11.67**

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends (net of foreign taxes withheld of $29,220)	$ 289,921
Income distributions — DWS Central Cash Management Government Fund	2,449
Securities lending income, net of borrower rebates	2,137
Other income	1,300
Total income	295,807
Expenses: Management fee	96,684
Administration fee	14,875
Services to Shareholders	206
Custodian fee	12,782
Professional fees	36,213
Reports to shareholders	7,262
Trustees' fees and expenses	2,124
Other	6,876
Total expenses before expense reductions	177,022
Expense reductions	(38,665)
Total expenses after expense reductions	138,357
Net investment income	**157,450**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	1,453,016
Foreign currency	(1,019)
	1,451,997
Change in net unrealized appreciation (depreciation) on: Investments	(1,424,454)
Foreign currency	(4,175)
	(1,428,629)
Net gain (loss)	**23,368**
Net increase (decrease) in net assets resulting from operations	**$ 180,818**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income	$ 157,450	$ 215,910
Net realized gain	1,451,997	5,321,643
Change in net unrealized appreciation (depreciation)	(1,428,629)	3,917,327
Net increase (decrease) in net assets resulting from operations	180,818	9,454,880
Distributions to shareholders from:		
Net investment income		
Class A	(219,217)	(233,988)
Fund share transactions:		
Class A		
Proceeds from shares sold	479,757	1,174,131
Reinvestment of distributions	219,217	233,988
Cost of shares redeemed	(1,970,509)	(23,512,478)
Net increase (decrease) in net assets from Class A share transactions	(1,271,535)	(22,104,359)
Increase (decrease) in net assets	(1,309,934)	(12,883,467)
Net assets at beginning of period	30,608,395	43,491,862
Net assets at end of period (including undistributed net investment income of $147,341 and $209,108, respectively)	**$ 29,298,461**	**$ 30,608,395**

Other Information		
Class A		
Shares outstanding at beginning of period	2,616,821	4,587,493
Shares sold	40,530	110,161
Shares issued to shareholders in reinvestment of distributions	19,280	22,499
Shares redeemed	(166,823)	(2,103,332)
Net increase (decrease) in Class A shares	(107,013)	(1,970,672)
Shares outstanding at end of period	**2,509,808**	**2,616,821**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 11.70**	**$ 9.48**	**$9.00**	**$ 9.21**	**$9.27**	**$ 7.96**
Income (loss) from investment operations:						
Net investment income[a]	.06	.05	.04	.05	.06	.14
Net realized and unrealized gain (loss)	.00***	2.22	.51	(.21)	.04	1.37
Total from investment operations	.06	2.27	.55	(.16)	.10	1.51
Less distributions from: Net investment income	(.09)	(.05)	(.07)	(.05)	(.16)	(.20)
Net asset value, end of period	**$ 11.67**	**$11.70**	**$9.48**	**$ 9.00**	**$9.21**	**$ 9.27**
Total Return (%)	.51[b]**	24.04[b]	6.11[b,c]	(1.75)[b]	1.14	19.31[b]
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	29	31	43	49	68	73
Ratio of expenses before expense reductions (%)[d]	1.19*	1.06	1.03	1.00	.95	1.06
Ratio of expenses after expense reductions (%)[d]	.93*	.95	.95	.91	.95	.99
Ratio of net investment income (%)	1.06*	.49	.49	.58	.59	1.69
Portfolio turnover rate (%)	29**	19	46	79	78	139

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reimbursed.

c Includes a reimbursement by the Advisor for a realized loss on a trade executed incorrectly, which otherwise would have reduced total return by .31%.

d Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

*** Amount is less than $.005.

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Global Equity VIP (formerly Deutsche Global Equity VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1. For certain international equity securities, in order to adjust for events which may occur between the close of the foreign exchanges and the close of the New York Stock Exchange, a fair valuation model may be used. This fair valuation model takes into account comparisons to the valuation of American Depository Receipts (ADRs), futures contracts and certain indices and these securities are categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended

June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had no securities on loan.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to its shareholders.

Additionally, the Fund may be subject to taxes imposed by the governments of countries in which it invests and are generally based on income and/or capital gains earned or repatriated, a portion of which may be recoverable. Based upon the current interpretation of the tax rules and regulations, estimated tax liabilities and recoveries on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized gain/loss on investments. Tax liabilities realized as a result of security sales are reflected as a component of net realized gain/loss on investments.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $21,924,044. The net unrealized appreciation for all investments based on tax cost was $9,082,018. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $9,650,964 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $568,946.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in foreign denominated investments, expiration of capital loss carryforward and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Certain dividends from foreign securities may be recorded subsequent to the ex-dividend date as soon as the Fund is informed of such dividends. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $8,562,940 and $9,862,754, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $1.5 billion	.650%
Next $1.75 billion	.635%
Next $1.75 billion	.620%
Over $5 billion	.605%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.65% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fee and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of Class A shares at 0.93%.

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed were $38,665.

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $14,875, of which $2,452 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC aggregated $40, of which $13 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,815, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Securities Lending Fees. Deutsche Bank AG serves as lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred lending agent fees to Deutsche Bank AG in the amount of $149.

D. Ownership of the Fund

At June 30, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 100%.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche Global Equity VIP was renamed DWS Global Equity VIP.

Information About Your Fund's Expenses (Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 1,005.10
Expenses Paid per $1,000*	$ 4.62

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 1,020.18
Expenses Paid per $1,000*	$ 4.66

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratio	**Class A**
Deutsche DWS Variable Series II — DWS Global Equity VIP	.93%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Global Equity VIP's (now known as DWS Global Equity VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 2nd quartile, 3rd quartile and 4th quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were equal to the median of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be higher than the median (3rd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board noted that the expense limitation agreed to by DIMA was expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund and any fees received by an affiliate of DIMA for transfer agency services provided to the Fund. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

DWS

VS2GE-3 (R-028380-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Global Income Builder VIP

(formerly Deutsche Global Income Builder VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Although allocation among different asset categories generally limits risk, fund management may favor an asset category that underperforms other assets or markets as a whole. Stocks may decline in value. Smaller company stocks tend to be more volatile than medium-sized or large company stocks. Dividends are not guaranteed. If the dividend-paying stocks held by the Fund reduce or stop paying dividends, the Fund's ability to generate income may be adversely affected. Preferred stocks, a type of dividend-paying stock, present certain additional risks. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. Because Exchange Traded Funds (ETFs) trade on a securities exchange, their shares may trade at a premium or discount to their net asset value. ETFs also incur fees and expenses so they may not fully match the performance of the indexes they are designed to track. The Fund may lend securities to approved institutions. Any fund that focuses in a particular segment of the market or region of the world will generally be more volatile than a fund that invests more broadly. See the prospectus for details.

Performance Summary

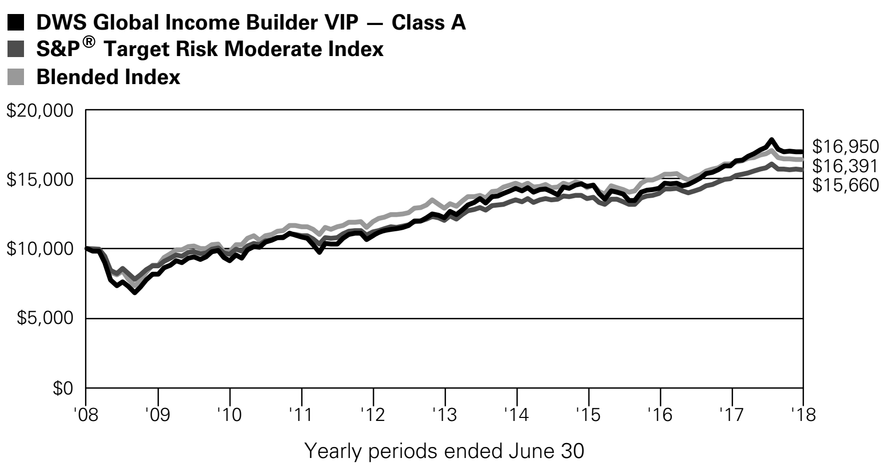
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns.

The gross expense ratio of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 is 0.67% for Class A shares, and may differ from the expense ratio disclosed in the Financial Highlights table in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS Global Income Builder VIP



The S&P® Target Risk Moderate Index is designed to measure the performance of S&P's proprietary moderate target risk allocation model. The S&P® Target Risk Moderate Index seeks to provide significant exposure to fixed income, while also allocating a smaller portion of exposure to equities in order to seek current income, some capital preservation, and an opportunity for moderate to low capital appreciation.

The Blended Index consists of an equally weighted blend (50%/50%) of the MSCI World High Dividend Yield Index and Bloomberg Barclays U.S. Universal Index.

MSCI World High Dividend Yield Index includes securities that offer a meaningfully higher-than-average dividend yield relative to the MSCI World Index and pass dividend sustainability and persistence screens. The index offers broad market coverage, and is free-float market capitalization-weighted to ensure that its performance can be replicated in institutional and retail portfolios. The index is calculated using closing local market prices and translates into US dollars using the London close foreign exchange rates.

Bloomberg Barclays U.S. Universal Index represents the union of the U.S. Aggregate Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index and the non-ERISA portion of the CMBS Index.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Global Income Builder VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,809	$10,639	$11,730	$13,901	$16,950
	Average annual total return	–1.91%	6.39%	5.46%	6.81%	5.42%
S&P® Target Risk Moderate Index	Growth of $10,000	$9,914	$10,430	$11,516	$13,061	$15,660
	Average annual total return	–0.86%	4.30%	4.82%	5.49%	4.59%
Blended Index	Growth of $10,000	$9,753	$10,214	$11,412	$12,736	$16,391
	Average annual total return	–2.47%	2.14%	4.50%	4.96%	5.07%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Equity	**62%**	**62%**
Common Stocks	56%	56%
Preferred Stocks	6%	6%
Fixed Income	**34%**	**37%**
Government & Agency Obligations	5%	6%
Convertible Bonds	0%	0%
Corporate Bonds	12%	13%
Exchange-Traded Funds	3%	10%
Collateralized Mortgage Obligations	1%	1%
Commercial Mortgage-Backed Securities	1%	1%
Asset-Backed	4%	1%
Municipal Bonds and Notes	—	0%
Mortgage-Backed Securities Pass-Throughs	1%	1%
Short-Term U.S. Treasury Obligations	7%	4%
Cash Equivalents	**4%**	**1%**
	100%	100%

Sector Diversification (As a % of Equities, Corporate Bonds, Preferred Securities and Convertible Bonds)	**6/30/18**	**12/31/17**
Financials	16%	17%
Information Technology	15%	14%
Consumer Discretionary	14%	14%
Energy	12%	11%
Industrials	9%	10%
Telecommunication Services	7%	7%
Real Estate	7%	7%
Health Care	7%	6%
Consumer Staples	6%	6%
Materials	4%	4%
Utilities	3%	4%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

John D. Ryan, Managing Director
Darwei Kung, Managing Director
Di Kumble, CFA, Managing Director
Kevin Bliss, Director
Portfolio Managers

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 52.4%		
Consumer Discretionary 6.8%		
Auto Components 0.2%		
Bridgestone Corp.	4,205	164,656
Nokian Renkaat Oyj	3,836	151,310
		315,966
Automobiles 1.2%		
Daimler AG (Registered)	2,835	182,111
Ford Motor Co.	27,415	303,484
General Motors Co.	3,673	144,716
Honda Motor Co., Ltd.	4,850	142,460
Nissan Motor Co., Ltd.	31,085	302,877
Subaru Corp.	6,100	177,609
Toyota Motor Corp.	5,800	376,133
		1,629,390
Diversified Consumer Services 0.2%		
New Oriental Education & Technology Group, Inc. (ADR)	2,328	**220,369**
Hotels, Restaurants & Leisure 1.0%		
Carnival Corp.	2,999	171,873
Darden Restaurants, Inc.	1,643	175,900
Las Vegas Sands Corp.	3,409	260,311
McDonald's Corp.	1,800	282,042
Sands China Ltd.	26,800	143,459
Starbucks Corp.	3,497	170,828
TUI AG	7,906	173,220
		1,377,633
Household Durables 0.5%		
Berkeley Group Holdings PLC	2,592	129,265
Garmin Ltd.	3,110	189,710
Leggett & Platt, Inc.	3,718	165,971
Sekisui House Ltd.	11,654	206,289
		691,235
Internet & Direct Marketing Retail 1.0%		
Amazon.com, Inc.*	652	1,108,270
Ctrip.com International Ltd. (ADR)*	3,167	150,844
JD.com, Inc. (ADR)*	3,818	148,711
		1,407,825
Leisure Products 0.3%		
Bandai Namco Holdings, Inc.	3,400	140,534
Hasbro, Inc.	1,676	154,712
Sega Sammy Holdings, Inc.	8,200	140,521
		435,767
Media 1.1%		
Comcast Corp. "A"	8,266	271,207
Interpublic Group of Companies, Inc.	8,005	187,637
Omnicom Group, Inc.	2,430	185,336
SES SA "A" (ADR)	12,090	222,080
Shaw Communications, Inc. "B"	11,723	238,803
Walt Disney Co.	2,515	263,597
WPP PLC	12,851	201,628
		1,570,288
Multiline Retail 0.3%		
Marks & Spencer Group PLC	51,480	199,886
Target Corp.	2,185	166,322
		366,208
Specialty Retail 0.4%		
Home Depot, Inc.	1,634	318,793
L Brands, Inc.	4,843	178,610
		497,403
Textiles, Apparel & Luxury Goods 0.6%		
Cie Financiere Richemont SA (Registered)	1,582	133,790
LVMH Moet Hennessy Louis Vuitton SE	408	135,482
NIKE, Inc. "B"	2,142	170,675
Tapestry, Inc.	3,343	156,152
VF Corp.	2,151	175,349
		771,448
Consumer Staples 3.7%		
Beverages 0.7%		
Ambev SA (ADR)	26,731	123,765
Anheuser-Busch InBev SA	1,738	175,858
Coca-Cola Co.	9,125	400,223
PepsiCo, Inc.	3,021	328,896
		1,028,742
Food & Staples Retailing 0.5%		
Lawson, Inc.	2,500	156,189
Sysco Corp.	2,339	159,730
Walmart, Inc.	2,516	215,496
Wesfarmers Ltd.	4,233	154,683
		686,098
Food Products 1.1%		
Archer-Daniels-Midland Co.	3,446	157,930
General Mills, Inc.	3,343	147,961
Kellogg Co.	2,286	159,723
Kraft Heinz Co.	2,462	154,663
Marine Harvest ASA	13,359	265,801
Nestle SA (Registered)	5,390	418,278
The Hershey Co.	1,629	151,595
		1,455,951
Household Products 0.6%		
Colgate-Palmolive Co.	2,370	153,600
Kimberly-Clark Corp.	1,477	155,587
Procter & Gamble Co.	5,759	449,547
		758,734
Tobacco 0.8%		
Altria Group, Inc.	5,192	294,854
British American Tobacco PLC	1,112	56,193
British American Tobacco PLC (ADR)	1,736	87,581
Imperial Brands PLC	5,841	217,212
Japan Tobacco, Inc.	6,077	170,421
Philip Morris International, Inc.	4,036	325,867
		1,152,128

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Energy 4.9%		
Oil, Gas & Consumable Fuels		
BP PLC	52,858	401,785
Chevron Corp.	3,969	501,801
Enagas SA	5,731	167,477
Enbridge, Inc.	7,259	259,491
Eni SpA	10,997	203,928
Exxon Mobil Corp.	8,699	719,668
Gazprom PJSC (ADR)	71,058	313,366
Inter Pipeline Ltd.	11,921	223,431
Kinder Morgan, Inc.	10,058	177,725
LUKOIL PJSC (ADR)	6,871	473,618
Occidental Petroleum Corp.	2,669	223,342
ONEOK, Inc.	3,236	225,970
Pembina Pipeline Corp.	4,135	143,206
Phillips 66	1,260	141,511
Plains GP Holdings LP "A"*	6,612	158,093
Repsol SA	7,464	145,708
Royal Dutch Shell PLC "A"	12,562	435,177
Royal Dutch Shell PLC "B"	10,601	378,879
Snam SpA	35,986	150,262
Targa Resources Corp.	7,916	391,763
TOTAL SA	5,177	314,996
TransCanada Corp. (a)	3,548	153,509
Valero Energy Corp.	1,271	140,865
Williams Companies, Inc.	6,892	186,842
		6,632,413
Financials 7.3%		
Banks 4.7%		
Aozora Bank Ltd.	4,300	163,957
Australia & New Zealand Banking Group Ltd.	9,691	202,743
Banco Bradesco SA (ADR) (Preferred)	17,788	122,026
Bank of America Corp.	13,225	372,813
Bank of Montreal	1,911	147,717
Bank of Nova Scotia	3,293	186,461
BB&T Corp.	2,810	141,736
BNP Paribas SA	2,576	159,560
Canadian Imperial Bank of Commerce	2,026	176,240
Citigroup, Inc.	2,887	193,198
Commonwealth Bank of Australia	4,153	224,130
Danske Bank AS	4,244	132,666
Hang Seng Bank Ltd.	6,000	150,002
HSBC Holdings PLC	49,435	462,387
Itau Unibanco Holding SA (ADR) (Preferred)	26,228	272,247
Japan Post Bank Co., Ltd.	11,500	134,126
JPMorgan Chase & Co.	5,029	524,022
Lloyds Banking Group PLC	217,577	180,534
Mizuho Financial Group, Inc.	93,373	157,670
National Australia Bank Ltd.	12,569	255,256
People's United Financial, Inc.	8,192	148,193
Royal Bank of Canada	3,105	233,799
Sberbank of Russia PJSC (ADR)	19,216	275,846
Skandinaviska Enskilda Banken AB "A"	21,107	200,361
Swedbank AB "A"	8,904	190,350
Toronto-Dominion Bank	3,105	179,713
U.S. Bancorp.	2,862	143,157
Wells Fargo & Co.	6,769	375,273
Westpac Banking Corp.	11,420	248,121
		6,354,304
Capital Markets 0.2%		
CME Group, Inc.	1,320	**216,374**
Diversified Financial Services 0.2%		
AMP Ltd.	49,491	130,388
Berkshire Hathaway, Inc. "B"*	1,118	208,675
		339,063
Insurance 2.1%		
Ageas	2,952	148,682
Allianz SE (Registered)	728	150,421
American Financial Group, Inc.	1,397	149,940
Assicurazioni Generali SpA	10,678	178,804
Aviva PLC	24,427	162,464
AXA SA	6,893	168,869
Baloise Holding AG (Registered)	971	141,012
Chubb Ltd.	1,118	142,008
Japan Post Holdings Co., Ltd.	13,200	144,598
Legal & General Group PLC	41,348	144,785
MetLife, Inc.	3,123	136,163
Muenchener Rueckversicherungs-Gesellschaft AG (Registered)	692	146,309
Poste Italiane SpA 144A	22,461	187,701
Power Financial Corp.	6,100	142,681
Sampo Oyj "A"	5,407	263,841
Swiss Re AG	2,647	228,532
Zurich Insurance Group AG*	859	254,304
		2,891,114
Thrifts & Mortgage Finance 0.1%		
New York Community Bancorp., Inc.	14,432	**159,329**
Health Care 4.7%		
Biotechnology 0.7%		
AbbVie, Inc.	3,977	368,469
Amgen, Inc.	1,797	331,708
Gilead Sciences, Inc.	3,642	257,999
		958,176
Health Care Equipment & Supplies 0.3%		
Abbott Laboratories	2,421	147,657
Medtronic PLC	2,239	191,681
		339,338
Health Care Providers & Services 0.4%		
CVS Health Corp.	2,245	144,466
UnitedHealth Group, Inc.	1,583	388,373
		532,839
Pharmaceuticals 3.3%		
Astellas Pharma, Inc.	11,800	180,418
AstraZeneca PLC	3,558	246,769
Bayer AG (Registered)	1,238	136,265
Bristol-Myers Squibb Co.	3,841	212,561
Daiichi Sankyo Co., Ltd.	4,300	164,632
Eli Lilly & Co.	2,565	218,872
GlaxoSmithKline PLC	18,666	376,679
Johnson & Johnson	5,592	678,533
Merck & Co., Inc.	6,436	390,665
Mitsubishi Tanabe Pharma Corp.	8,200	141,739
Novartis AG (Registered)	4,746	359,328
Novo Nordisk AS ''B"	3,150	146,379
Pfizer, Inc.	14,662	531,937
Roche Holding AG (Genusschein)	1,848	410,340

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Sanofi	2,113	168,935
Takeda Pharmaceutical Co., Ltd.	4,000	169,301
		4,533,353
Industrials 5.7%		
Aerospace & Defense 1.0%		
BAE Systems PLC	19,072	162,589
Boeing Co.	939	315,044
Harris Corp.	973	140,637
Lockheed Martin Corp.	797	235,458
Northrop Grumman Corp.	466	143,388
Raytheon Co.	981	189,510
United Technologies Corp.	1,717	214,677
		1,401,303
Air Freight & Logistics 0.2%		
Royal Mail PLC	25,356	168,814
United Parcel Service, Inc. "B"	1,280	135,974
		304,788
Airlines 0.1%		
Japan Airlines Co., Ltd.	3,700	**131,245**
Building Products 0.1%		
Johnson Controls International PLC	4,415	**147,682**
Commercial Services & Supplies 0.4%		
Park24 Co., Ltd.	5,700	155,148
Quad Graphics, Inc.	2	42
Republic Services, Inc.	3,023	206,652
Waste Management, Inc.	2,624	213,436
		575,278
Construction & Engineering 0.5%		
Kajima Corp.	18,000	139,370
Obayashi Corp.	13,800	143,694
Skanska AB "B"	9,003	163,430
Taisei Corp.	2,600	143,257
		589,751
Electrical Equipment 0.4%		
ABB Ltd. (Registered)	7,155	156,223
Eaton Corp. PLC	2,559	191,260
Emerson Electric Co.	2,685	185,641
		533,124
Industrial Conglomerates 0.7%		
3M Co.	1,317	259,080
General Electric Co.	11,452	155,862
Honeywell International, Inc.	1,874	269,949
Siemens AG (Registered)	1,524	200,935
		885,826
Machinery 0.9%		
Caterpillar, Inc.	1,058	143,539
Cummins, Inc.	1,015	134,995
Deere & Co.	959	134,068
Illinois Tool Works, Inc.	978	135,492
Ingersoll-Rand PLC	1,648	147,875
Kone Oyj "B"	4,354	221,928
PACCAR, Inc.	2,328	144,243
Stanley Black & Decker, Inc.	995	132,146
		1,194,286

	Shares	Value ($)
Marine 0.1%		
Kuehne + Nagel International AG (Registered)	956	**143,626**
Professional Services 0.4%		
Adecco Group AG (Registered)	3,051	180,044
Nielsen Holdings PLC	5,039	155,856
SGS SA (Registered)	74	196,952
		532,852
Road & Rail 0.1%		
Union Pacific Corp.	1,051	**148,906**
Trading Companies & Distributors 0.8%		
Fastenal Co.	2,890	139,096
ITOCHU Corp.	11,439	207,768
Marubeni Corp.	24,649	188,258
Mitsubishi Corp.	6,300	175,489
Mitsui & Co., Ltd.	10,751	179,445
Sumitomo Corp.	12,566	206,961
		1,097,017
Information Technology 10.4%		
Communications Equipment 0.6%		
Cisco Systems, Inc.	11,699	503,408
Motorola Solutions, Inc.	1,628	189,451
Nokia Oyj	29,770	171,339
		864,198
Electronic Equipment, Instruments & Components 0.2%		
Corning, Inc.	5,293	145,610
TE Connectivity Ltd.	1,567	141,124
		286,734
Internet Software & Services 2.0%		
Alibaba Group Holding Ltd. (ADR)*	1,154	214,102
Alphabet, Inc. "A"*	373	421,188
Alphabet, Inc. "C"*	405	451,838
Baidu, Inc. (ADR)*	685	166,455
Facebook, Inc. "A"*	3,444	669,238
NetEase, Inc. (ADR)	1,166	294,613
Tencent Holdings Ltd. (ADR)	5,768	289,842
Yahoo Japan Corp. (a)	40,000	132,848
		2,640,124
IT Services 2.2%		
Accenture PLC "A"	1,602	262,071
Automatic Data Processing, Inc.	1,681	225,489
Broadridge Financial Solutions, Inc.	1,251	143,990
Cognizant Technology Solutions Corp. "A"	2,142	169,197
Fidelity National Information Services, Inc.	1,421	150,669
Infosys Ltd. (ADR)	10,431	202,674
International Business Machines Corp.	3,097	432,651
Leidos Holdings, Inc.	2,515	148,385
MasterCard, Inc. "A"	1,797	353,146
Otsuka Corp.	3,600	141,299
Paychex, Inc.	3,447	235,602
Visa, Inc. "A"	2,564	339,602
Western Union Co.	10,970	223,020
		3,027,795

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Semiconductors & Semiconductor Equipment 1.8%		
Analog Devices, Inc.	1,499	143,784
Broadcom, Inc.	931	225,898
Intel Corp.	8,786	436,752
KLA-Tencor Corp.	1,190	122,011
Maxim Integrated Products, Inc.	2,634	154,510
NVIDIA Corp.	559	132,427
QUALCOMM, Inc.	5,105	286,493
Taiwan Semiconductor Manufacturing Co., Ltd. (ADR)	11,642	425,632
Texas Instruments, Inc.	2,138	235,714
Tokyo Electron Ltd.	700	120,668
Xilinx, Inc.	2,139	139,591
		2,423,480
Software 1.8%		
Adobe Systems, Inc.*	652	158,964
CA, Inc.	5,107	182,065
Intuit, Inc.	723	147,713
Micro Focus International PLC	8,096	140,938
Microsoft Corp.	13,238	1,305,399
Oracle Corp.	5,708	251,494
SAP SE	1,539	177,881
		2,364,454
Technology Hardware, Storage & Peripherals 1.8%		
Apple, Inc.	8,931	1,653,217
Canon, Inc.	6,874	225,495
HP, Inc.	6,590	149,527
Samsung Electronics Co., Ltd. (GDR)	162	169,290
Seagate Technology PLC	2,608	147,274
Xerox Corp.	5,344	128,256
		2,473,059
Materials 0.6%		
Chemicals 0.3%		
Air Products & Chemicals, Inc.	879	136,887
DowDuPont, Inc.	2,332	153,725
GEO Specialty Chemicals, Inc.* (b)	91,118	19,135
LyondellBasell Industries NV "A"	1,252	137,532
		447,279
Metals & Mining 0.2%		
MMC Norilsk Nickel PJSC (ADR) (a)	13,520	**243,766**
Paper & Forest Products 0.1%		
UPM-Kymmene Oyj	3,850	**137,726**
Real Estate 3.2%		
Equity Real Estate Investment Trusts (REITs)		
AvalonBay Communities, Inc.	848	145,763
Brixmor Property Group, Inc.	14,249	248,360
Camden Property Trust	1,583	144,259
Colony Capital, Inc.	24,215	151,102
Crown Castle International Corp.	1,396	150,517
H&R Real Estate Investment Trust (Units)	9,686	148,239
HCP, Inc.	9,270	239,351
Iron Mountain, Inc.	8,575	300,211
Japan Real Estate Investment Corp.	29	153,475
Japan Retail Fund Investment Corp.	96	173,199
Kimco Realty Corp.	15,553	264,246
Liberty Property Trust	3,167	140,393

	Shares	Value ($)
Mid-America Apartment Communities, Inc.	1,490	149,998
National Retail Properties, Inc.	4,372	192,193
Prologis, Inc.	2,249	147,737
Public Storage	727	164,927
Realty Income Corp.	3,220	173,204
RioCan Real Estate Investment Trust	8,642	158,753
Simon Property Group, Inc.	1,211	206,100
Stockland	47,750	140,458
The Macerich Co.	3,353	190,551
Ventas, Inc.	3,702	210,829
Vicinity Centres	72,715	139,618
Welltower, Inc.	3,841	240,792
		4,374,275
Telecommunication Services 3.2%		
Diversified Telecommunication Services 2.5%		
AT&T, Inc.	22,909	735,608
BCE, Inc.	5,373	217,593
Deutsche Telekom AG (Registered)*	12,611	195,315
Nippon Telegraph & Telephone Corp.	3,800	172,665
Orange SA	9,243	154,497
Proximus SA	5,847	131,773
Singapore Telecommunications Ltd.	75,445	170,518
Swisscom AG (Registered)	493	220,265
Telefonica Deutschland Holding AG	35,214	138,642
Telefonica SA	16,157	137,087
Telenor ASA	7,154	146,884
Telia Co. AB	39,841	181,797
TELUS Corp.	6,229	221,271
Verizon Communications, Inc.	11,766	591,947
		3,415,862
Wireless Telecommunication Services 0.7%		
KDDI Corp.	6,700	183,559
NTT DoCoMo, Inc.	10,169	259,301
Tele2 AB "B"	11,484	134,780
Vodafone Group PLC	129,953	315,057
		892,697
Utilities 1.9%		
Electric Utilities 1.2%		
American Electric Power Co., Inc.	2,127	147,295
Duke Energy Corp.	2,441	193,034
EDP — Energias de Portugal SA	36,589	145,117
Entergy Corp.	2,002	161,742
Exelon Corp.	3,659	155,873
Fortum Oyj	6,994	166,889
NextEra Energy, Inc.	918	153,334
PPL Corp.	5,577	159,223
Southern Co.	4,084	189,130
SSE PLC	9,569	170,920
		1,642,557
Multi-Utilities 0.7%		
CenterPoint Energy, Inc.	5,672	157,171
Consolidated Edison, Inc.	1,923	149,955
Dominion Energy, Inc	2,327	158,655
Engie SA	9,085	139,255
National Grid PLC	13,492	149,344

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
WEC Energy Group, Inc.	2,334	150,893
		905,273
Total Common Stocks (Cost $62,177,664)		**71,146,451**

Preferred Stocks 5.4%

Financials 2.4%

Bank of America Corp. Series Y, 6.5%	15,000	394,950
BB&T Corp. 5.625%	10,000	263,700
Capital One Financial Corp. Series G, 5.2%	10,000	244,600
Citigroup, Inc. Series S, 6.3%	15,000	393,900
Fifth Third Bancorp. Series I, 6.625%	10,000	271,100
JPMorgan Chase & Co. Series AA, 6.1%	15,000	395,400
KeyCorp Series E, 6.125%	10,000	266,800
Morgan Stanley Series K, 5.85%	10,000	256,900
The Goldman Sachs Group, Inc. Series J, 5.5%	17,000	439,960
Wells Fargo & Co. Series Y, 5.625%	15,000	377,550
		3,304,860

Real Estate 1.6%

AGNC Investment Corp. Series C, 7.0% (REIT)	14,427	375,102
AGNC Investment Corp. Series B, 7.75% (REIT)	18,000	462,060
Kimco Realty Corp. Series L, 5.125% (REIT)	15,000	343,650
Prologis, Inc. Series Q, 8.54% (REIT)	164	10,777
Simon Property Group, Inc. Series J, 8.375% (REIT)	8,000	563,320
VEREIT, Inc. Series F, 6.7% (REIT)	15,000	376,800
		2,131,709

Telecommunication Services 0.6%

Verizon Communications, Inc. 5.9%	30,000	**776,400**

Utilities 0.8%

Dominion Energy, Inc. Series A, 5.25%	30,000	742,200
Southern Co. 5.25%	15,000	369,000
		1,111,200
Total Preferred Stocks (Cost $7,613,224)		**7,324,169**

Warrant 0.0%

Materials

Hercules Trust II, Expiration Date 3/31/2029* (b) (Cost $30,283)	170	**7,126**

Corporate Bonds 11.8%

Consumer Discretionary 2.6%

	Principal Amount ($)(c)	Value ($)
1011778 B.C. Unlimited Liability Co., 144A, 5.0%, 10/15/2025	200,000	189,240
Altice Financing SA, 144A, 7.5%, 5/15/2026	400,000	386,880
Altice France SA, 144A, 7.375%, 5/1/2026	300,000	293,310
American Axle & Manufacturing, Inc., 6.25%, 4/1/2025 (a)	350,000	347,375
Asbury Automotive Group, Inc., 6.0%, 12/15/2024	300,000	297,282
Cablevision Systems Corp., 5.875%, 9/15/2022	300,000	297,750
CCO Holdings LLC, 144A, 5.875%, 5/1/2027	500,000	488,125
Charter Communications Operating LLC, 3.75%, 2/15/2028	160,000	144,906
CSC Holdings LLC:		
144A, 5.5%, 4/15/2027	400,000	382,000
144A, 10.125%, 1/15/2023	200,000	220,500
Expedia Group, Inc., 3.8%, 2/15/2028	180,000	164,834
General Motors Co., 6.6%, 4/1/2036	30,000	32,470
Virgin Media Secured Finance PLC, 144A, 5.25%, 1/15/2026	350,000	323,750
		3,568,422

Consumer Staples 0.2%

Albertsons Cos, Inc., 144A, 3-month USD-LIBOR + 3.750%, 6.085%**, 1/15/2024	155,000	155,388
B&G Foods, Inc., 5.25%, 4/1/2025 (a)	100,000	94,250
		249,638

Energy 3.8%

Cheniere Corpus Christi Holdings LLC, 5.875%, 3/31/2025	200,000	208,000
Chesapeake Energy Corp., 8.0%, 1/15/2025 (a)	65,000	66,199
Crestwood Midstream Partners LP, 6.25%, 4/1/2023	700,000	712,250
CrownRock LP, 144A, 5.625%, 10/15/2025	100,000	96,500
Enbridge, Inc., 5.5%, 7/15/2077	200,000	182,250
Energy Transfer Equity LP, 5.5%, 6/1/2027	100,000	100,000
EnLink Midstream Partners LP, 4.85%, 7/15/2026	500,000	473,780
Hilcorp Energy I LP, 144A, 5.75%, 10/1/2025	200,000	199,500
KazMunayGas National Co. JSC, 144A, 4.75%, 4/19/2027	1,000,000	975,124
Laredo Petroleum, Inc., 6.25%, 3/15/2023	200,000	200,250
MEG Energy Corp., 144A, 6.5%, 1/15/2025	200,000	199,500
Oasis Petroleum, Inc., 6.875%, 3/15/2022 (a)	96,000	97,652
Plains All American Pipeline LP, 2.85%, 1/31/2023	55,000	51,779
Range Resources Corp., 5.0%, 8/15/2022	200,000	198,000
Resolute Energy Corp., 8.5%, 5/1/2020	100,000	99,750

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(c)	Value ($)
Southwestern Energy Co., 7.75%, 10/1/2027	100,000	103,750
Sunoco Logistics Partners Operations LP, 5.3%, 4/1/2044	20,000	18,129
Targa Resources Partners LP, 5.375%, 2/1/2027	200,000	194,000
Weatherford International Ltd., 9.875%, 2/15/2024	200,000	201,936
WildHorse Resource Development Corp., 6.875%, 2/1/2025	500,000	509,375
WPX Energy, Inc.:		
5.25%, 9/15/2024	200,000	196,750
6.0%, 1/15/2022	40,000	41,600
		5,126,074
Financials 1.7%		
BPCE SA, 144A, 4.875%, 4/1/2026	700,000	694,320
FS Investment Corp., 4.75%, 5/15/2022	70,000	69,763
Royal Bank of Scotland Group PLC, 7.5%, 8/10/2020	800,000	815,600
TC Ziraat Bankasi AS:		
144A, 5.125%, 5/3/2022	200,000	185,042
144A, 5.125%, 9/29/2023	350,000	310,902
Westpac Banking Corp., 5.0%, 9/21/2027	300,000	258,950
		2,334,577
Health Care 0.4%		
HCA, Inc., 5.25%, 6/15/2026	500,000	**496,600**
Industrials 0.3%		
Bombardier, Inc., 144A, 6.0%, 10/15/2022	300,000	298,785
Park Aerospace Holdings Ltd., 144A, 5.25%, 8/15/2022	175,000	173,252
		472,037
Information Technology 0.1%		
Dell International LLC, 144A, 8.1%, 7/15/2036	30,000	35,225
Netflix, Inc., 4.375%, 11/15/2026 (a)	100,000	93,480
		128,705
Materials 1.2%		
AK Steel Corp., 7.0%, 3/15/2027 (a)	200,000	190,000
Ardagh Packaging Finance PLC, 144A, 7.25%, 5/15/2024	200,000	208,000
CF Industries, Inc., 144A, 4.5%, 12/1/2026	20,000	19,858
Constellium NV, 144A, 6.625%, 3/1/2025	250,000	251,875
Evraz Group SA, 144A, 5.375%, 3/20/2023	300,000	294,450
Glencore Funding LLC, 144A, 4.625%, 4/29/2024	20,000	20,109
United States Steel Corp., 6.875%, 8/15/2025	200,000	201,190
Vedanta Resources PLC, 144A, 7.125%, 5/31/2023	400,000	377,000
		1,562,482

	Principal Amount ($)(c)	Value ($)
Real Estate 0.4%		
CBL & Associates LP:		
(REIT), 5.25%, 12/1/2023	45,000	39,150
(REIT), 5.95%, 12/15/2026	110,000	92,640
Government Properties Income Trust, (REIT), 4.0%, 7/15/2022	105,000	103,758
Hospitality Properties Trust, (REIT), 3.95%, 1/15/2028	100,000	91,365
Omega Healthcare Investors, Inc., (REIT), 4.75%, 1/15/2028 (a)	110,000	106,053
Select Income REIT:		
(REIT), 4.15%, 2/1/2022	60,000	59,582
(REIT), 4.25%, 5/15/2024	45,000	43,033
		535,581
Telecommunication Services 1.0%		
AT&T, Inc., 4.5%, 5/15/2035	105,000	97,119
CenturyLink, Inc., Series Y, 7.5%, 4/1/2024 (a)	300,000	308,250
Intelsat Jackson Holdings SA, 7.25%, 10/15/2020	600,000	597,000
Sprint Corp., 7.625%, 2/15/2025	300,000	306,003
		1,308,372
Utilities 0.1%		
AmeriGas Partners LP, 5.75%, 5/20/2027	200,000	**190,000**
Total Corporate Bonds (Cost $16,652,962)		**15,972,488**

Asset-Backed 3.4%

	Principal Amount ($)(c)	Value ($)
Miscellaneous		
Apidos CLO XXIX, "A2", Series 2018-29A, 144A, 3-month USD-LIBOR + 1.55% 3.942%**, 7/25/2030	1,500,000	1,499,969
Dell Equipment Finance Trust, "D", Series 2017-1, 144A, 3.44%, 4/24/2023	280,000	278,417
Domino's Pizza Master Issuer LLC, "A23", Series 2017-1A, 144A, 4.118%, 7/25/2047	337,450	336,607
Dryden 55 CLO Ltd., "B", Series 2018-55A, 144A, 3-month USD-LIBOR + 1.55% 3.591%**, 4/15/2031	1,500,000	1,499,955
Hilton Grand Vacations Trust, "B", Series 2014-AA, 144A, 2.07%, 11/25/2026	129,168	127,010
Neuberger Berman Loan Advisers CLO Ltd., "B", Series 2018-28A, 144A, 3-month USD-LIBOR + 1.6% 3.655%**, 4/20/2030	750,000	749,975
Wendy's Funding LLC, "A2I", Series 2018-1A, 144A, 3.573%, 3/15/2048	159,200	154,825
Total Asset-Backed (Cost $4,655,770)		**4,646,758**

Mortgage-Backed Securities Pass-Throughs 1.1%

	Principal Amount ($)(c)	Value ($)
Federal Home Loan Mortgage Corp.:		
3.5%, 5/1/2046	1,413,821	1,411,332
6.0%, 3/1/2038	4,012	4,402

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(c)	Value ($)
Federal National Mortgage Association:		
4.5%, 9/1/2035	7,086	7,384
6.0%, 1/1/2024	10,927	11,941
Total Mortgage-Backed Securities Pass-Throughs (Cost $1,482,632)		**1,435,059**

Commercial Mortgage-Backed Securities 0.6%

CSAIL Commercial Mortgage Trust, "A4", Series 2015-C4, 3.808%, 11/15/2048	300,000	302,411
FHLMC Multifamily Structured Pass-Through Certificates, "X1", Series K043, Interest Only, 0.672%**, 12/25/2024	4,939,682	149,189
GMAC Commercial Mortgage Securities, Inc., "G", Series 2004-C1, 144A, 5.455%, 3/10/2038	457,641	424,302
Total Commercial Mortgage-Backed Securities (Cost $923,236)		**875,902**

Collateralized Mortgage Obligations 1.4%

Federal Home Loan Mortgage Corp.:		
"H", Series 4865, 4.0%, 8/15/2044	808,343	829,845
"PI", Series 3843, Interest Only, 4.5%, 5/15/2038	182,673	12,544
"C31", Series 303, Interest Only, 4.5%, 12/15/2042	1,122,230	256,273
"H", Series 2278, 6.5%, 1/15/2031	117	119
Federal National Mortgage Association:		
"WO", Series 2013-27, Principal Only, Zero Coupon, 12/25/2042	220,000	130,517
"4", Series 406, Interest Only, 4.0%, 9/25/2040	100,307	21,130
"I", Series 2003-84, Interest Only, 6.0%, 9/25/2033	116,620	18,682
Government National Mortgage Association:		
"QI", Series 2011-112, Interest Only, 4.0%, 5/16/2026	168,268	13,413
"PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044	235,726	31,520
"BI", Series 2010-30, Interest Only, 4.5%, 7/20/2039	32,734	3,791
"PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039	62,627	10,007
"IP", Series 2014-11, Interest Only, 4.5%, 1/20/2043	164,233	24,070
"IQ", Series 2011-18, Interest Only, 5.5%, 1/16/2039	63,789	5,399
"IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039	189,364	35,512
"IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039	184,367	36,325
"IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039	127,635	24,504
RESIMAC, "A2", Series 2017-2, Australian Bank Bill Short Term Rates 1 Month Mid + 1.200%, 3.115%**, 1/15/2049	AUD 570,312	421,002
Total Collateralized Mortgage Obligations (Cost $1,662,873)		**1,874,653**

Government & Agency Obligations 5.3%

Other Government Related (d) 1.0%

Gazprom OAO, 144A, 4.95%, 7/19/2022 (a)	400,000	402,800
Sberbank of Russia, 144A, 5.125%, 10/29/2022	200,000	198,540
Southern Gas Corridor CJSC, 144A, 6.875%, 3/24/2026	700,000	754,684
		1,356,024

Sovereign Bonds 4.3%

Export Credit Bank of Turkey, 144A, 5.375%, 10/24/2023	350,000	317,538
Government of Indonesia, Series FR56, 8.375%, 9/15/2026	IDR 10,340,000,000	734,191
Mexican Udibonos Inflation-Linked Bond, Series S, 2.0%, 6/9/2022	MXN 9,042,339	425,640
Republic of Angola, 144A, 9.5%, 11/12/2025	650,000	708,871
Republic of Argentina, Series NY, Step-up Coupon, 2.5% to 3/31/2019, 3.75% to 3/31/2029, 5.25% to 12/31/2038	1,500,000	850,500
Republic of Hungary, Series 19/A, 6.5%, 6/24/2019	HUF 16,900,000	63,332
Republic of Namibia, 144A, 5.25%, 10/29/2025	550,000	506,702
Republic of Nigeria, 144A, 6.5%, 11/28/2027	400,000	371,709
Republic of Senegal, 144A, 6.25%, 7/30/2024	800,000	783,059
Republic of Zambia, 144A, 5.375%, 9/20/2022	500,000	415,676
United Mexican States, Series M, 5.75%, 3/5/2026	MXN 13,525,200	608,088
		5,785,306

U.S. Treasury Obligation 0.0%

U.S. Treasury Bond, 3.0%, 2/15/2048	20,000	**20,067**
Total Government & Agency Obligations (Cost $7,585,074)		**7,161,397**

Convertible Bond 0.2%

Materials

GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.006% PIK, 10/18/2025** (b) (Cost $247,932)	249,283	**297,270**

The accompanying notes are an integral part of the financial statements.

Short-Term U.S. Treasury Obligations 6.8%

	Principal Amount ($)(c)	Value ($)
U.S. Treasury Bills:		
1.18%***, 8/16/2018 (e)	4,223,000	4,213,366
1.368%***, 10/11/2018	556,000	552,992
1.381%***, 10/11/2018	2,500,000	2,486,472
1.949%***, 10/11/2018 (f) (g)	2,000,000	1,989,178
Total Short-Term U.S. Treasury Obligations (Cost $9,248,947)		**9,242,008**

Exchange-Traded Funds 3.3%

	Shares	Value ($)
SPDR Bloomberg Barclays High Yield Bond ETF (a)	80,000	2,838,400
VanEck Vectors JPMorgan EM Local Currency Bond ETF	100,000	1,702,000
Total Exchange-Traded Funds (Cost $4,595,900)		**4,540,400**

Securities Lending Collateral 3.6%

	Shares	Value ($)
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (h) (i) (Cost $4,814,781)	4,814,781	**4,814,781**

Cash Equivalents 3.5%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 1.85% (h) (Cost $4,769,625)	4,769,625	**4,769,625**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $126,460,903)	98.8	**134,108,087**
Other Assets and Liabilities, Net	1.2	**1,684,705**
Net Assets	100.0	**135,792,792**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 3.6%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (h) (i)								
3,253,298	1,561,483	—	—	—	35,779	—	4,814,781	4,814,781
Cash Equivalents 3.5%								
DWS Central Cash Management Government Fund, 1.85% (h)								
1,616,434	51,658,350	48,505,159	—	—	36,015	—	4,769,625	4,769,625
4,869,732	**53,219,833**	**48,505,159**	**—**	**—**	**71,794**	**—**	**9,584,406**	**9,584,406**

* Non-income producing security.

** Variable or floating rate security. These securities are shown at their current rate as of June 30, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

*** Annualized yield at time of purchase; not a coupon rate.

(a) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $4,664,614, which is 3.4% of net assets.

(b) Investment was valued using significant unobservable inputs.

(c) Principal amount stated in U.S. dollars unless otherwise noted.

(d) Government-backed debt issued by financial companies or government sponsored enterprises.

(e) At June 30, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(f) At June 30, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open centrally cleared swap contracts.

(g) At June 30, 2018, this security has been pledged, in whole or in part, as collateral for open over-the-counter derivatives.

(h) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(i) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

ADR: American Depositary Receipt

ASX: Australian Securities Exchange

CDOR: Canadian Dollar Offered Rate

CJSC: Closed Joint Stock Company

CLO: Collateralized Loan Obligation

EM: Emerging Markets

GDR: Global Depositary Receipt

Interest Only: Interest Only (IO) bonds represent the "interest only" portion of payments on a pool of underlying mortgages or mortgage-backed securities. IO securities are subject to prepayment risk of the pool of underlying mortgages.

JSC: Joint Stock Company

The accompanying notes are an integral part of the financial statements.

LIBOR: London Interbank Offered Rate
MSCI: Morgan Stanley Capital International
PIK: Denotes that all or a portion of the income is paid in-kind in the form of additional principal.
PJSC: Public Joint Stock Company
Principal Only: Principal Only (PO) bonds represent the "principal only" portion of payments on a pool of underlying mortgages or mortgage-backed securities.
REIT: Real Estate Investment Trust
SPDR: Standard & Poor's Depositary Receipt

At June 30, 2018, open futures contracts purchased were as follows:

Futures	**Currency**	**Expiration Date**	**Contracts**	**Notional Amount ($)**	**Notional Value ($)**	**Unrealized Appreciation (Depreciation) ($)**
10 Year U.S. Treasury Note	USD	9/19/2018	37	4,451,352	4,446,938	(4,414)
MSCI Mini Emerging Market Index	USD	9/21/2018	53	2,996,648	2,818,854	(177,794)
NASDAQ 100 E-Mini Index	USD	9/21/2018	29	4,202,039	4,098,715	(103,324)
U.S. Treasury Long Bond	USD	9/19/2018	13	1,876,497	1,885,000	8,503
Ultra 10 Year U.S. Treasury Note	USD	9/19/2018	57	7,348,668	7,309,359	(39,309)
Ultra Long U.S. Treasury Bond	USD	9/19/2018	13	2,079,724	2,074,313	(5,411)
Total net unrealized depreciation						**(321,749)**

At June 30, 2018, open futures contracts sold were as follows:

Futures	**Currency**	**Expiration Date**	**Contracts**	**Notional Amount ($)**	**Notional Value ($)**	**Unrealized Appreciation (Depreciation) ($)**
2 Year U.S. Treasury Note	USD	9/28/2018	45	9,525,152	9,532,265	(7,113)
3 Month Euro Euribor Interest Rate	EUR	6/17/2019	2	585,064	585,447	(383)
3 Month Euro Swiss Franc (Euroswiss) Interest Rate	CHF	6/17/2019	2	508,176	508,230	(54)
3 Month Euroyen	JPY	6/17/2019	2	451,085	451,136	(51)
3 Month Sterling (Short Sterling) Interest Rate	GBP	6/19/2019	3	490,151	489,957	194
5 Year U.S. Treasury Note	USD	9/28/2018	59	6,721,280	6,703,414	17,866
90 Day Eurodollar	USD	6/17/2019	2	486,020	485,725	295
ASX 90 Day Bank Accepted Bills	AUD	6/13/2019	3	2,208,707	2,208,930	(223)
Euro Stoxx 50 Index	EUR	9/21/2018	102	4,134,805	4,039,210	95,595
Euro-Schatz	EUR	9/6/2018	114	14,903,550	14,921,787	(18,237)
Total net unrealized appreciation						**87,889**

At June 30, 2018, open written option contracts were as follows:

Options on Interest Rate Swap Contracts

Counterparty	**Swap Effective/ Expiration Date**	**Contract Amount**	**Notional Amount ($)**	**Option Expiration Date**	**Premiums Received ($)**	**Value ($)**	**Unrealized Appreciation ($)**
Put Options							
Pay Fixed — 3.25% — Receive Floating — 3 Month LIBOR							
Citigroup, Inc.	3/5/2019 3/5/2049	17,600,000	17,600,000	3/1/2019	530,544	(268,018)	**262,526**

The accompanying notes are an integral part of the financial statements.

At June 30, 2018, open credit default swap contracts sold were as follows:

Centrally Cleared Swaps

Underline Reference Obligation	Fixed Cash Flows Received/ Frequency	Expiration Date	Notional Amount (j)	Currency	Value ($)	Upfront Payments Paid ($)	Unrealized Depreciation ($)
Markit CDX North America High Yield Index	5.0%/ Quarterly	6/20/2023	4,800,000	USD	289,533	317,455	**(27,922)**

(j) The maximum potential amount of future undiscounted payments that the Fund could be required to make under a credit default swap contract would be the notional amount of the contract. These potential amounts would be partially offset by any recovery values of the referenced debt obligation or net amounts received from the settlement of buy protection credit default swap contracts entered into by the Fund for the same referenced debt obligation, if any.

At June 30, 2018, open interest rate swap contracts were as follows:

Centrally Cleared Swaps

Cash Flows Paid by the Fund/ Frequency	Cash Flows Received by the Fund/ Frequency	Effective/ Expiration Date	Notional Amount	Currency	Value ($)	Upfront Payments Paid/ (Received) ($)	Unrealized Appreciation/ (Depreciation) ($)
Fixed — 2.5% Semi-Annually	Floating — 3-Month LIBOR Quarterly	6/20/2018 6/20/2048	2,260,000	USD	225,144	76,293	148,851
Fixed — 2.16% Semi-Annually	Floating — 3-Month CDOR Semi-Annually	6/27/2018 6/26/2020	6,200,000	CAD	8,486	—	8,486
Fixed — 1.75% Semi-Annually	Floating — 3-Month LIBOR Quarterly	6/20/2018 6/20/2020	734,000	USD	14,656	6,299	8,357
Fixed — 3.18% Semi-Annually	Floating — 3-Month LIBOR Quarterly	3/5/2019 3/5/2049	3,110,000	USD	(142,410)	—	(142,410)
Fixed — 2.165% Semi-Annually	Floating — 3-Month CDOR Semi-Annually	6/26/2018 6/26/2020	5,000,000	CAD	6,463	—	6,463
Fixed — 2.25% Semi-Annually	Floating — 3-Month LIBOR Quarterly	6/20/2018 6/20/2028	12,500,000	USD	778,492	304,094	474,398
Floating — 3-Month LIBOR Quarterly	Fixed — 2.0% Semi-Annually	6/20/2018 6/20/2023	11,400,000	USD	(475,066)	(197,319)	(277,747)
Total net unrealized appreciation							**226,398**

CDOR: Canadian Dollar Offered Rate: 3-month CDOR rate at June 30, 2018 is 1.774%
LIBOR: London Interbank Offered Rate: 3-month LIBOR rate at June 30, 2018 is 2.336%

As of June 30, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation ($)	Counterparty
GBP	2,400,075	USD	3,413,939	7/12/2018	245,187	BNP Paribas
MXN	12,800,000	USD	697,445	7/20/2018	54,662	HSBC Holdings PLC
NOK	10,000,000	USD	1,280,382	7/24/2018	51,511	Danske Bank AS
JPY	558,000,000	USD	5,142,952	7/31/2018	93,626	Credit Agricole
CAD	772,499	USD	598,754	8/1/2018	10,848	Morgan Stanley
AUD	606,000	USD	456,904	8/15/2018	8,369	Toronto-Dominion Bank
GBP	4,000,000	USD	5,350,456	8/31/2018	57,715	Canadian Imperial Bank of Commerce
USD	6,484,280	EUR	5,560,000	8/31/2018	36,873	Canadian Imperial Bank of Commerce
EUR	8,340,000	USD	9,827,058	8/31/2018	45,328	Canadian Imperial Bank of Commerce
CNY	3,965,658	USD	600,000	9/28/2018	2,535	Credit Agricole
Total unrealized appreciation					**606,654**	

The accompanying notes are an integral part of the financial statements.

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Depreciation ($)	Counterparty
USD	3,195,642	GBP	2,400,075	7/12/2018	(26,891)	BNP Paribas
USD	1,242,310	NOK	9,999,332	7/24/2018	(13,521)	Danske Bank AS
USD	2,546,345	JPY	279,000,000	7/31/2018	(21,682)	Credit Agricole
USD	2,558,199	JPY	279,000,000	7/31/2018	(33,535)	JPMorgan Chase Securities, Inc.
USD	600,000	CAD	772,511	8/1/2018	(12,084)	Morgan Stanley
USD	3,281,846	EUR	2,780,000	8/31/2018	(21,269)	Canadian Imperial Bank of Commerce
USD	2,656,170	GBP	2,000,000	8/31/2018	(9,800)	Canadian Imperial Bank of Commerce
EUR	2,630,000	USD	3,066,401	9/27/2018	(24,797)	Credit Agricole
CNY	7,980,894	USD	1,200,000	10/9/2018	(2,114)	Credit Agricole
Total unrealized depreciation					**(165,693)**	

Currency Abbreviations

AUD	Australian Dollar	EUR	Euro	JPY	Japanese Yen
CAD	Canadian Dollar	GBP	British Pound	MXN	Mexican Peso
CHF	Swiss Franc	HUF	Hungarian Forint	NOK	Norwegian Krone
CNY	Yuan Renminbi	IDR	Indonesian Rupiah	USD	United States Dollar

For information on the Fund's policy and additional disclosures regarding futures contracts, written options contracts, credit default swap contracts, interest rate swap contracts and forward foreign currency contracts, please refer to the Derivatives section of Note B in the accompanying Notes to Financial Statements.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (k)				
Consumer Discretionary	$ 5,960,222	$ 3,323,310	$ —	$ 9,283,532
Consumer Staples	3,467,018	1,614,635	—	5,081,653
Energy	4,434,201	2,198,212	—	6,632,413
Financials	4,647,611	5,312,573	—	9,960,184
Health Care	3,862,921	2,500,785	—	6,363,706
Industrials	4,420,508	3,265,176	—	7,685,684
Information Technology	12,969,376	1,110,468	—	14,079,844
Materials	671,910	137,726	19,135	828,771
Real Estate	3,767,525	606,750	—	4,374,275
Telecommunication Services	1,766,419	2,542,140	—	4,308,559
Utilities	1,776,305	771,525	—	2,547,830
Preferred Stocks (k)	7,324,169	—	—	7,324,169
Warrant	—	—	7,126	7,126
Fixed Income Investments (k)				
Corporate Bonds	—	15,972,488	—	15,972,488
Asset-Backed	—	4,646,758	—	4,646,758
Mortgage-Backed Securities Pass-Throughs	—	1,435,059	—	1,435,059
Commercial Mortgage-Backed Securities	—	875,902	—	875,902
Collateralized Mortgage Obligations	—	1,874,653	—	1,874,653
Government & Agency Obligations	—	7,161,397	—	7,161,397
Convertible Bond	—	—	297,270	297,270
Short-Term U.S. Treasury Obligations	—	9,242,008	—	9,242,008
Exchange-Traded Funds	4,540,400	—	—	4,540,400
Short-Term Investments (k)	9,584,406	—	—	9,584,406

The accompanying notes are an integral part of the financial statements.

Assets	Level 1	Level 2	Level 3	Total
Derivatives (l)				
Futures Contracts	122,453	—	—	122,453
Interest Rate Swap Contracts	—	646,555	—	646,555
Forward Foreign Currency Contracts	—	606,654	—	606,654
Total	**$ 69,315,444**	**$ 65,844,774**	**$ 323,531**	**$ 135,483,749**

Liabilities	Level 1	Level 2	Level 3	Total
Derivatives (l)				
Futures Contracts	$ (356,313)	$ —	$ —	$ (356,313)
Written Options	—	(268,018)	—	(268,018)
Credit Default Swap Contracts	—	(27,922)	—	(27,922)
Interest Rate Swap Contracts	—	(420,157)	—	(420,157)
Forward Foreign Currency Contracts	—	(165,693)	—	(165,693)
Total	**$ (356,313)**	**$ (881,790)**	**$ —**	**$ (1,238,103)**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(k) See Investment Portfolio for additional detailed categorizations.

(l) Derivatives include unrealized appreciation (depreciation) on open futures contracts, credit default swap contracts, interest rate swap contracts, forward foreign currency contracts, and written options, at value.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $116,876,497) — including $4,664,614 of securities loaned	$124,523,681
Investment in DWS Government & Agency Securities Portfolio (cost $4,814,781)*	4,814,781
Investment in DWS Central Cash Management Government Fund (cost $4,769,625)	4,769,625
Cash	193,009
Foreign currency, at value (cost $228,178)	220,517
Receivable for investments sold	5,231,489
Receivable for Fund shares sold	2,458
Dividends receivable	246,541
Interest receivable	421,243
Receivable for variation margin on futures	50,101
Receivable for variation margin on centrally cleared swaps	53,590
Unrealized appreciation on forward foreign currency contracts	606,654
Foreign taxes recoverable	103,470
Other assets	1,233
Total assets	141,238,392
Liabilities	
Payable upon return of securities loaned	4,814,781
Payable for Fund shares redeemed	39,576
Options written, at value (premium received $530,544)	268,018
Unrealized depreciation on forward foreign currency contracts	165,693
Accrued management fee	41,706
Accrued Trustees' fees	1,586
Other accrued expenses and payables	114,240
Total liabilities	5,445,600
Net assets, at value	**$135,792,792**
Net Assets Consist of	
Undistributed net investment income	1,525,272
Net unrealized appreciation (depreciation) on: Investments	7,647,184
Swap contracts	198,476
Futures	(233,860)
Foreign currency	(8,430)
Forward foreign currency contracts	440,961
Written options	262,526
Accumulated net realized gain (loss)	2,733,986
Paid-in capital	123,226,677
Net assets, at value	**$135,792,792**
Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($135,782,791 ÷ 5,992,681 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 22.66**
Class B **Net Asset Value,** offering and redemption price per share ($10,001 ÷ 441.5 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 22.65**

* Represents collateral on securities loaned.

The accompanying notes are an integral part of the financial statements.

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends (net of foreign taxes withheld of $105,621)	$ 1,979,945
Interest (net of foreign taxes withheld of $6,291)	800,410
Income distributions — DWS Central Cash Management Government Fund	36,015
Securities lending income, net of borrower rebates	35,779
Total income	2,852,149
Expenses: Management fee	259,948
Administration fee	70,256
Services to Shareholders	574
Distribution service fee (Class B)	4
Custodian fee	29,682
Professional fees	51,221
Reports to shareholders	14,136
Trustees' fees and expenses	5,403
Other	25,054
Total expenses before expense reductions	456,278
Expense reductions	(1)
Total expenses after expense reductions	456,277
Net investment income	**2,395,872**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	2,840,691
Swap contracts	1,291,603
Futures	(544,408)
Written options	301,085
Forward foreign currency contracts	(320,329)
Foreign currency	2,213
	3,570,855
Change in net unrealized appreciation (depreciation) on: Investments	(7,724,652)
Swap contracts	(977,768)
Futures	(888,172)
Written options	262,526
Forward foreign currency contracts	671,773
Foreign currency	(7,300)
	(8,663,593)
Net gain (loss)	**(5,092,738)**
Net increase (decrease) in net assets resulting from operations	**$(2,696,866)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations: Net investment income	$ 2,395,872	$ 5,099,423
Net realized gain (loss)	3,570,855	18,938,450
Change in net unrealized appreciation (depreciation)	(8,663,593)	3,377,582
Net increase (decrease) in net assets resulting from operations	(2,696,866)	27,415,455
Distributions to shareholders from: Net investment income: Class A	(5,234,584)	(5,628,068)
Net realized gains: Class A	(12,675,023)	—
Total distributions	(17,909,607)	(5,628,068)
Fund share transactions: **Class A** Proceeds from shares sold	1,342,427	3,259,753
Reinvestment of distributions	17,909,607	5,628,068
Cost of shares redeemed	(9,382,012)	(69,176,010)
Net increase (decrease) in net assets from Class A share transactions	9,870,022	(60,288,189)
Class B Proceeds from shares sold	10,000*	—
Net increase (decrease) in net assets from Class B share transactions	10,000*	—
Increase (decrease) in net assets	(10,726,451)	(38,500,802)
Net assets at beginning of period	146,519,243	185,020,045
Net assets at end of period (including undistributed net investment income of $1,525,272 and $4,363,984, respectively)	**$ 135,792,792**	**$ 146,519,243**

Other Information		
Class A Shares outstanding at beginning of period	5,517,134	7,873,905
Shares sold	52,986	130,993
Shares issued to shareholders in reinvestment of distributions	796,691	233,530
Shares redeemed	(374,130)	(2,721,294)
Net increase (decrease) in Class A shares	475,547	(2,356,771)
Shares outstanding at end of period	**5,992,681**	**5,517,134**
Class B Shares outstanding at beginning of period	—	—
Shares sold	441.5*	—
Net increase (decrease) in Class B shares	441.5*	—
Shares outstanding at end of period	**441.5**	**—**

* For the period from May 1, 2018 (commencement of operations of Class B) to June 30, 2018.

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$26.56**	**$23.50**	**$22.93**	**$24.62**	**$27.30**	**$23.90**
Income (loss) from investment operations:						
Net investment income[a]	.42	.71	.61	.68	.72	.78
Net realized and unrealized gain (loss)	(.96)	3.10	.91	(.97)	.25	3.14
Total from investment operations	(.54)	3.81	1.52	(.29)	.97	3.92
Less distributions from:						
Net investment income	(.98)	(.75)	(.95)	(.76)	(.85)	(.52)
Net realized gains	(2.38)	—	—	(.64)	(2.80)	—
Total distributions	(3.36)	(.75)	(.95)	(1.40)	(3.65)	(.52)
Net asset value, end of period	**$22.66**	**$26.56**	**$23.50**	**$22.93**	**$24.62**	**$27.30**
Total Return (%)	(1.91)**	16.54	6.81	(1.44)[b]	3.83	16.63
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	136	147	185	202	247	269
Ratio of expenses before expense reductions (%)[c]	.65*	.63	.62	.60	.62	.60
Ratio of expenses after expense reductions (%)[c]	.65*	.63	.62	.58	.62	.60
Ratio of net investment income (loss) (%)	3.41*	2.85	2.66	2.85	2.83	3.07
Portfolio turnover rate (%)	35**	122	135	92	88	182

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

Class B	Period Ended 6/30/18[a] (Unaudited)
Selected Per Share Data	
Net asset value, beginning of period	**$22.65**
Income (loss) from investment operations:	
Net investment income[b]	.13
Net realized and unrealized gain (loss)	(.13)
Total from investment operations	.00***
Net asset value, end of period	**$22.65**
Total Return (%)[c]	.00**
Ratios to Average Net Assets and Supplemental Data	
Net assets, end of period ($ thousands)	10
Ratio of expenses before expense reductions (%)[d]	.92*
Ratio of expenses after expense reductions (%)[d]	.86*
Ratio of net investment income (loss) (%)	3.41*
Portfolio turnover rate (%)	35[e]

a For the period from May 1, 2018 (commencement of operations) to June 30, 2018.

b Based on average shares outstanding during the period.

c Total return would have been lower had certain expenses not been reduced.

d Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

e Represents the Fund's portfolio turnover rate for the period ended June 30, 2018.

* Annualized

** Not annualized

*** Amount is less than $.005.

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Global Income Builder VIP (formerly Deutsche Global Income Builder VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Class B shares commenced operations on May 1, 2018. Sales of Class B shares are subject to recordkeeping fees up to 0.15% and Rule 12b-1 fees under the 1940 Act equal to an annual rate of 0.25% of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable Rule 12b-1 distribution fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities and Exchange-Traded Funds ("ETFs") are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Equity securities or ETFs for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities and ETFs are generally categorized as Level 1. For certain international equity securities, in order to adjust for events which may occur between the close of the foreign exchanges and the close of the New York Stock Exchange, a fair valuation model may be used. This fair valuation model takes into account comparisons to the valuation of American Depository Receipts (ADRs), exchange-traded funds, futures contracts and certain indices and these securities are categorized as Level 2.

Debt securities are valued at prices supplied by independent pricing services approved by the Fund's Board. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, prepayment speeds and other data, as well as broker quotes. If the pricing services are unable to provide valuations, debt securities are valued at the average of the most recent reliable bid quotations or evaluated prices, as applicable, obtained from broker-dealers. These securities are generally categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Futures contracts are generally valued at the settlement prices established each day on the exchange on which they are traded and are categorized as Level 1.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and are categorized as Level 2.

Swap contracts are valued daily based upon prices supplied by a Board approved pricing vendor, if available, and otherwise are valued at the price provided by the broker-dealer. Swap contracts are generally categorized as Level 2.

Exchange-traded options are valued at the last sale price or, in the absence of a sale, the mean between the closing bid and asked prices or at the most recent asked price (bid for purchased options) if no bid or asked price are available. Exchange-traded options are categorized as Level 1. Over-the-counter written or purchased options are valued at prices supplied by a Board approved pricing vendor, if available, and otherwise are valued at the price provided by the broker-dealer with which the option was traded. Over-the-counter written or purchased options are generally categorized as Level 2.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had securities on loan, which were classified as common stocks, corporate bonds, government and agency obligations and exchange-traded funds in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end.

Remaining Contractual Maturity of the Agreements as of June 30, 2018

	Overnight and Continuous	<30 days	Between 30 & 90 days	>90 days	Total
Securities Lending Transactions					
Common Stocks	$ 449,108	$ —	$ —	$ —	$ 449,108
Corporate Bonds	1,340,050	—	—	—	1,340,050
Government & Agency Obligation	109,200	—	—	—	109,200
Exchange-Traded Fund	2,916,423	—	—	—	2,916,423
Total Borrowings	**$4,814,781**	**$ —**	**$ —**	**$ —**	**$4,814,781**
Gross amount of recognized liabilities for securities lending transactions:					$4,814,781

When-Issued/Delayed Delivery Securities. The Fund may purchase or sell securities with delivery or payment to occur at a later date beyond the normal settlement period. At the time the Fund enters into a commitment to purchase or sell a security, the transaction is recorded and the value of the transaction is reflected in the net asset value. The price of such security and the date when the security will be delivered and paid for are fixed at the time the transaction is negotiated. The value of the security may vary with market fluctuations. At the time the Fund enters into a purchase transaction it is required to segregate cash or other liquid assets at least equal to the amount of the commitment. Additionally, the Fund may be required to post securities and/or cash collateral in accordance with the terms of the commitment.

Certain risks may arise upon entering into when-issued or delayed delivery transactions from the potential inability of counterparties to meet the terms of their contracts or if the issuer does not issue the securities due to political, economic or other factors. Additionally, losses may arise due to changes in the value of the underlying securities.

Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

Additionally, the Fund may be subject to taxes imposed by the governments of countries in which it invests and are generally based on income and/or capital gains earned or repatriated, a portion of which may be recoverable based upon the current interpretation of the tax rules and regulations. Estimated tax liabilities and recoveries on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized gain/loss on investments. Tax liabilities realized as a result of security sales are reflected as a component of net realized gain/loss on investments.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $133,213,485. The net unrealized appreciation for all investments based on tax cost was $15,203,530. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $17,066,142 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $1,862,612.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in foreign denominated investments, forward currency contracts, futures contracts, swap contracts and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Certain dividends from foreign securities may be recorded subsequent to the ex-dividend date as soon as the Fund is informed of such dividends. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments. All discounts and premiums are accreted/amortized for both tax and financial reporting purposes, with the exception of securities in default of principal.

B. Derivative Instruments

Swaps. A swap is a contract between two parties to exchange future cash flows at periodic intervals based on the notional amount of the swap. A bilateral swap is a transaction between the fund and a counterparty where cash flows are exchanged between the two parties. A centrally cleared swap is a transaction executed between the fund and a counterparty, then cleared by a clearing member through a central clearinghouse. The central clearinghouse serves as the counterparty, with whom the fund exchanges cash flows.

The value of a swap is adjusted daily, and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Statement of Assets and Liabilities. Gains or losses are realized when the swap expires or is closed. Certain risks may arise when entering into swap transactions including counterparty default; liquidity; or unfavorable changes in interest rates or the value of the underlying reference security, commodity or index. In connection with bilateral swaps, securities and/or cash may be identified as collateral in accordance with the terms of the swap agreement to provide assets of value and recourse in the event of default. The maximum counterparty credit risk is the net present value of the cash flows to be received from or paid to the counterparty over the term of the swap, to the extent that this amount is beneficial to the Fund, in addition to any related collateral posted to the counterparty by the Fund. This risk may be partially reduced by a master netting arrangement between the Fund and the counterparty. Upon entering into a centrally cleared swap, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the notional amount of the swap. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value of the swap. In a cleared swap transaction, counterparty risk is minimized as the central clearinghouse acts as the counterparty.

An upfront payment, if any, made by the Fund is recorded as an asset in the Statement of Assets and Liabilities. An upfront payment, if any, received by the Fund is recorded as a liability in the Statement of Assets and Liabilities. Payments received or made at the end of the measurement period are recorded as realized gain or loss in the Statement of Operations.

Interest Rate Swaps. Interest rate swaps are agreements in which the Fund agrees to pay to the counterparty a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a variable rate payment, or the Fund agrees to receive from the counterparty a fixed rate payment in exchange for the counterparty agreeing to receive from the Fund a variable rate payment. The payment obligations are based on the notional amount of the swap. For the six months ended June 30, 2018, the Fund entered into interest rate swap agreements to gain exposure to different parts of the yield curve while managing overall duration.

A summary of the open interest rate swap contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in interest rate swap contracts had a total notional amount generally indicative of a range from $26,894,000 to approximately $38,398,000.

Credit Default Swaps. Credit default swaps are agreements between a buyer and a seller of protection against predefined credit events for the reference entity. The Fund may enter into credit default swaps to gain exposure to an underlying issuer's credit quality characteristics without directly investing in that issuer or to hedge against the risk of a credit event on debt securities. As a seller of a credit default swap, the Fund is required to pay the par (or other agreed-upon) value of the referenced entity to the counterparty with the occurrence of a credit event by a third party, such as a U.S. or foreign corporate issuer, on the reference entity, which would likely result in a loss to the Fund. In return, the Fund receives from the counterparty a periodic stream of payments over the term of the swap provided that no credit event has occurred. If no credit event occurs, the Fund keeps the stream of payments with no payment obligations. The Fund may also buy credit default swaps, in which case the Fund functions as the counterparty referenced above. This involves the risk that the swap may expire worthless. It also involves counterparty risk that the seller may fail to satisfy its payment obligations to the Fund with the occurrence of a credit event. When the Fund sells a credit default swap, it will cover its commitment. This may be achieved by, among other methods, maintaining cash or liquid assets equal to the aggregate notional value of the reference entities for all outstanding credit default swaps sold by the Fund. For the six months ended June 30, 2018, the Fund entered into credit default swap agreements to gain exposure to the underlying issuer's credit quality characteristics and to hedge the risk of default or other specified credit events on portfolio assets.

Under the terms of a credit default swap, the Fund receives or makes periodic payments based on a specified interest rate on a fixed notional amount. These payments are recorded as a realized gain or loss in the Statement of Operations. Payments received or made as a result of a credit event or termination of the swap are recognized, net of a proportional amount of the upfront payment, as realized gains or losses in the Statement of Operations.

A summary of the open credit default swap contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment on the credit default swap contracts sold had a total notional value of generally indicative of a range from approximately $4,800,000 to $5,376,000.

Total Return Swap Contracts. Total return swaps involve commitments to pay interest in exchange for a market-linked return based on a notional amount. One counterparty pays out the total return of the reference security or index underlying the total return swap, and in return receives a fixed or variable rate. As a receiver, the Fund would receive payments based on any positive total return and would owe payments in the event of a negative total return. As the payer, the Fund would owe payments on any net positive total return, and would receive payments in the event of a negative total return. For the six months ended June 30, 2018, the Fund entered into total return swap transactions as a means of gaining exposure to a particular asset class without investing directly in such asset class.

A summary of the open total return swap contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in total return swap contracts had a total notional amount generally indicative of a range from $0 to approximately $15,727,000.

Futures Contracts. A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). For the six months ended June 30, 2018, the Fund entered into interest rate futures to gain exposure to different parts of the yield curve while managing overall duration. The Fund also entered into interest rate futures contracts for non-hedging purposes to seek to enhance potential gains. In addition, the Fund entered into equity index futures as a means of gaining exposure to the equity asset class without investing directly into such asset class and to manage the risk of stock market volatility.

Upon entering into a futures contract, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the face value indicated in the futures contract. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value and are recorded for financial reporting purposes as unrealized gains or losses by the Fund. Gains or losses are realized when the contract expires or is closed. Since all futures contracts are exchange-traded, counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid market will limit the Fund's ability to close out a futures contract prior to the settlement date and the risk that the futures contract is not well correlated with the security, index or currency to which it relates. Risk of loss may exceed amounts disclosed in the Statement of Assets and Liabilities.

A summary of the open futures contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $22,632,000 to $36,672,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $37,202,000 to $39,926,000.

Options. An option contract is a contract in which the writer (seller) of the option grants the buyer of the option, upon payment of a premium, the right to purchase from (call option), or sell to (put option), the writer a designated instrument at a specified price within a specified period of time. The Fund may write or purchase interest rate swaption agreements which are options to enter into a pre-defined swap agreement. The interest rate swaption agreement will specify whether the buyer of the swaption will be a fixed-rate receiver or a fixed-rate payer upon exercise. Certain options, including options on indices and interest rate options, will require cash settlement by the Fund if exercised. For the six months ended June 30, 2018, the Fund entered into options on interest rate swaps in order to hedge against potential adverse interest rate movements of portfolio assets.

If the Fund writes a covered call option, the Fund foregoes, in exchange for the premium, the opportunity to profit during the option period from an increase in the market value of the underlying security above the exercise price. If the Fund writes a put option it accepts the risk of a decline in the value of the underlying security below the exercise price. Over-the-counter options have the risk of the potential inability of counterparties to meet the terms of their contracts. For exchange traded contracts, the counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default. The Fund's maximum exposure to purchased options is limited to the premium initially paid. In addition, certain risks may arise upon entering into option contracts including the risk that an illiquid secondary market will limit the Fund's ability to close out an option contract prior to the expiration date and that a change in the value of the option contract may not correlate exactly with changes in the value of the securities or currencies hedged.

A summary of open written option contracts is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in written option contracts had a total value generally indicative of a range from $0 to approximately $844,000.

Forward Foreign Currency Contracts. A forward foreign currency contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. For the six months ended June 30, 2018, the Fund entered into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated portfolio holdings, to facilitate transactions in foreign currency denominated securities and for non-hedging purposes to seek to enhance potential gains.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and unrealized gain (loss) is recorded daily. On the settlement date of the forward currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was closed. Certain risks may arise upon entering into forward currency contracts from the potential inability of counterparties to meet the terms of their contracts. The maximum counterparty credit risk to the Fund is measured by the unrealized gain on appreciated contracts. Additionally, when utilizing forward currency contracts to hedge, the Fund gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

A summary of the open forward currency contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $14,346,000 to $31,634,000, and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from approximately $3,388,000 to $22,565,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Asset Derivatives	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Equity Contracts (a)	$ —	$ —	$ 95,595	$ 95,595
Interest Rate Contracts (a)	—	646,555	26,858	673,413
Foreign Exchange Contracts (b)	606,654	—	—	606,654
	$ 606,654	**$ 646,555**	**$ 122,453**	**$ 1,375,662**

Each of the above derivatives is located in the following Statement of Assets and Liabilities accounts:

(a) Includes cumulative appreciation of futures and centrally cleared swap contracts as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the Statement of Assets and Liabilities.

(b) Unrealized appreciation on forward foreign currency contracts

Liability Derivatives	Written Options	Forward Contracts	Swap Contracts	Futures Contracts	Total
Equity Contracts (c)	$ —	$ —	$ —	$ (281,118)	$ (281,118)
Interest Rate Contracts (c)(d)	(268,018)	—	(420,157)	(75,195)	(763,370)
Credit Contracts (c)	—	—	(27,922)	—	(27,922)
Foreign Exchange Contracts (d)	—	(165,693)	—	—	(165,693)
	$ (268,018)	**$ (165,693)**	**$ (448,079)**	**$ (356,313)**	**$ (1,238,103)**

Each of the above derivatives is located in the following Statement of Assets and Liabilities accounts:

(c) Includes cumulative depreciation of futures and centrally cleared swap contracts as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the Statement of Assets and Liabilities.

(d) Options written, at value and unrealized depreciation on forward foreign currency contracts

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the six months ended June 30, 2018, and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	Written Options	Forward Contracts	Swap Contracts	Futures Contracts	Total
Equity Contracts (e)	$ —	$ —	$ 1,114,681	$ (132,914)	$ 981,767
Interest Rate Contracts (e)	301,085	—	35,776	(411,494)	(74,633)
Credit Contracts (e)	—	—	141,146	—	141,146
Foreign Exchange Contracts (f)	—	(320,329)	—	—	(320,329)
	$ 301,085	**$ (320,329)**	**$ 1,291,603**	**$ (544,408)**	**$ 727,951**

Each of the above derivatives is located in the following Statement of Operations accounts:

(e) Net realized gain (loss) from written options, swap contracts and futures, respectively

(f) Net realized gain (loss) from forward foreign currency contracts

Change in Net Unrealized Appreciation (Depreciation)	Written Options	Forward Contracts	Swap Contracts	Futures Contracts	Total
Equity Contracts (g)	$ —	$ —	$ (917,067)	$ (831,943)	$ (1,749,010)
Interest Rate Contracts (g)	262,526	—	112,071	(56,229)	318,368
Credit Contracts (g)	—	—	(172,772)	—	(172,772)
Foreign Exchange Contracts (h)	—	671,773	—	—	671,773
	$ 262,526	**$ 671,773**	**$ (977,768)**	**$ (888,172)**	**$ (931,641)**

Each of the above derivatives is located in the following Statement of Operations accounts:

(g) Change in net unrealized appreciation (depreciation) on written options, swap contracts and futures, respectively

(h) Change in net unrealized appreciation (depreciation) on forward foreign currency contracts

As of June 30, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following tables:

Counterparty	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments and Derivatives Available for Offset	Non-Cash Collateral Received	Cash Collateral Received	Net Amount of Derivative Assets
BNP Paribas	$ 245,187	$ (26,891)	$ —	$ —	$ 218,296
Canadian Imperial Bank of Commerce	139,916	(31,069)	—	—	108,847
Credit Agricole	96,161	(48,593)	—	—	47,568
Danske Bank AS	51,511	(13,521)	—	—	37,990
HSBC Holdings PLC	54,662	—	—	—	54,662
Morgan Stanley	10,848	(10,848)	—	—	—
Toronto-Dominion Bank	8,369	—	—	—	8,369
	$ 606,654	**$ (130,922)**	**$ —**	**$ —**	**$ 475,732**

Counterparty	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Financial Instruments and Derivatives Available for Offset	Non-Cash Collateral Pledged(i)	Cash Collateral Pledged	Net Amount of Derivative Liabilities
BNP Paribas	$ 26,891	$ (26,891)	$ —	$ —	$ —
Canadian Imperial Bank of Commerce	31,069	(31,069)	—	—	—
Citigroup, Inc.	268,018	—	(268,018)	—	—
Credit Agricole	48,593	(48,593)	—	—	—
Danske Bank AS	13,521	(13,521)	—	—	—
JPMorgan Chase Securities, Inc.	33,535	—	—	—	33,535
Morgan Stanley	12,084	(10,848)	—	—	1,236
	$ 433,711	**$ (130,922)**	**$ (268,018)**	**$ —**	**$ 34,771**

(i) The actual collateral received and/or pledged may be more than the amounts shown.

C. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment transactions, excluding short-term investments, were as follows:

	Purchases	Sales
Non-U.S. Treasury Obligations	$ 45,516,153	$ 61,271,279
U.S. Treasury Obligations	$ 19,991	$ 1,000,000

D. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund or delegates such responsibility to the Fund's subadvisor.

Effective March 1, 2017, Deutsche Alternative Asset Management (Global) Limited (DAAM Global), also an indirect, wholly owned subsidiary of DWS Group, serves as subadvisor for the Fund and, as such, provides portfolio manager services to the Fund. Pursuant to a sub-advisory agreement between DIMA and DAAM Global, DIMA, not the Fund, compensates DAAM Global for the services it provides to the Fund.

Under the Investment Management Agreement, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million	.370%
Next $750 million	.345%
Over $1 billion	.310%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waiver/reimbursements) of 0.37% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2018, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of Class A shares at 0.69%.

Effective May 1, 2018 (commencement of operations) through April 30, 2019, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of Class B shares at 0.86%.

For the period from May 1, 2018 (commencement of operations) through June 30, 2018, fees waived and/or expenses reimbursed for class B are $1.

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays

DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $70,256, of which $11,272 is unpaid.

Distribution Service Agreement. DWS Distributors, Inc. ("DDI"), an affiliate of the Advisor, is the Fund's distributor. In accordance with the Distribution Plan, DDI receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. For the period from May 1, 2018 (commencement of operations) through June 30, 2018, the Distribution Service Fee was as follows:

Distribution Fee	Total Aggregated	Unpaid at June 30, 2018
Class B	$ 4	$ 2

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018 and for the period from May 1, 2018 (commencement of operations) through June 30, 2018 for Class B shares, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 210	$ 68
Class B	2	2
	$ 212	**$ 70**

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $6,889, of which $5,585 unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Securities Lending Agent Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $2,693.

E. Ownership of the Fund

At June 30, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 71%.

F. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

G. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche Global Income Builder VIP was renamed DWS Global Income Builder VIP.

Information About Your Fund's Expenses (Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. For the period from May 1, 2018 (commencement of operations) through June 30, 2018, Class B limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B***
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 980.90	$ 1,000.00
Expenses Paid per $1,000**	$ 3.19	$ 1.44

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,021.57	$ 1,020.53
Expenses Paid per $1,000**	$ 3.26	$ 4.31

* For the period from May 1, 2018 (commencement of operations of Class B) to June 30, 2018.

** Expenses (hypothetical expenses if Class B had been in existence from January 1, 2018) are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratio	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS Global Income Builder VIP	.65%	.86%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Global Income Builder VIP's (now known as DWS Global Income Builder VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017. DIMA has also entered into a sub-advisory agreement with Deutsche Alternative Asset Management (Global) Limited ("DAAM Global"), an affiliate of DIMA, that has an initial term through September 30, 2018.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA and DAAM Global are part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's and DAAM Global's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that DIMA and DAAM Global provide portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. Throughout the course of the year, the Board also received information regarding DIMA's oversight of fund sub-advisers, including DAAM Global. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 2nd quartile, 2nd quartile and 1st quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has outperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were lower than the median (1st quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that DIMA pays a sub-advisory fee to DAAM Global out of its fee. The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board noted that the expense limitation agreed to by DIMA was expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to a comparable Deutsche U.S. registered fund ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Fund. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA and DAAM Global.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund and any fees received by an affiliate of DIMA for transfer agency services provided to the Fund. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS2GIB-3 (R-028382-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS Global Small Cap VIP

(formerly Deutsche Global Small Cap VIP)

DWS

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. Smaller company stocks tend to be more volatile than medium-sized or large company stocks. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The Fund may lend securities to approved institutions. Please read the prospectus for details.

Performance Summary

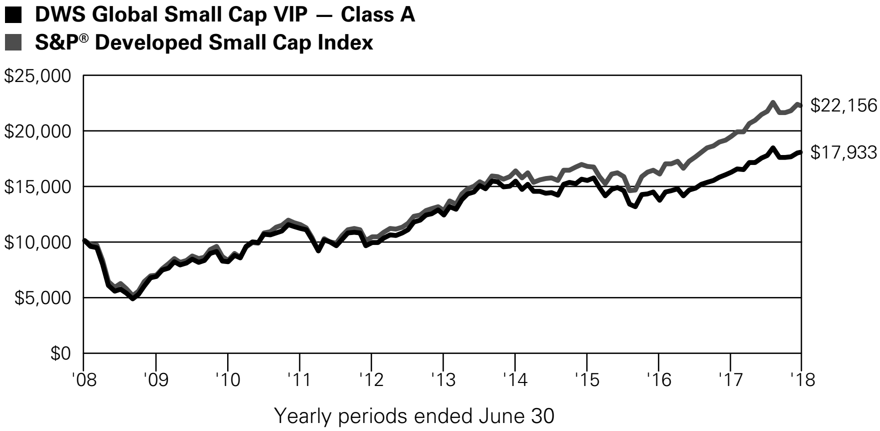
June 30, 2018

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018, as revised, are 1.08% and 1.37% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment



The S&P® Developed SmallCap Index comprises the stocks representing the lowest 15% of float-adjusted market cap in each developed country. It Is a subset of the S&P® Global BMI, a comprehensive, rules-based index measuring global stock market performance.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Global Small Cap VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$10,153	$11,081	$11,644	$14,572	$17,933
	Average annual total return	1.53%	10.81%	5.20%	7.82%	6.01%
S&P Developed Small Cap Index	Growth of $10,000	$10,235	$11,441	$13,286	$17,414	$22,156
	Average annual total return	2.35%	14.41%	9.93%	11.73%	8.28%

DWS Global Small Cap VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$10,145	$11,059	$11,558	$14,382	$17,449
	Average annual total return	1.45%	10.59%	4.95%	7.54%	5.72%
S&P Developed Small Cap Index	Growth of $10,000	$10,235	$11,441	$13,286	$17,414	$22,156
	Average annual total return	2.35%	14.41%	9.93%	11.73%	8.28%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	95%	98%
Cash Equivalents	5%	2%
Preferred Stock	0%	—%
Convertible Preferred Stock	0%	0%
Warrant	0%	0%
	100%	100%

Geographical Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
United States	57%	55%
Japan	10%	10%
United Kingdom	5%	6%
Italy	4%	4%
France	4%	4%
Germany	3%	4%
Canada	3%	3%
Spain	2%	1%
Ireland	2%	2%
Austria	2%	1%
Switzerland	2%	1%
Other	6%	9%
	100%	100.0%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Information Technology	18%	19%
Industrials	18%	22%
Consumer Discretionary	17%	19%
Health Care	14%	12%
Financials	11%	10%
Energy	8%	7%
Materials	7%	6%
Consumer Staples	5%	3%
Real Estate	2%	2%
Total	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Manager

Peter Barsa, Director
Portfolio Manager

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 94.0%		
Argentina 0.2%		
Grupo Supervielle SA (ADR) (Cost $448,323)	14,245	**150,712**
Austria 1.5%		
Lenzing AG	5,395	652,360
Wienerberger AG	24,946	622,238
(Cost $1,498,986)		**1,274,598**
Bermuda 0.9%		
Lazard Ltd. "A" (a) (Cost $370,795)	16,265	**795,521**
Brazil 0.5%		
Construtora Tenda SA* (Cost $450,691)	64,472	**395,740**
Canada 2.8%		
First Quantum Minerals Ltd.	30,320	446,734
Linamar Corp.	10,135	445,673
Quebecor, Inc. "B"	43,506	890,870
SunOpta, Inc.*	77,771	653,276
(Cost $1,981,806)		**2,436,553**
France 3.5%		
Altran Technologies SA	66,543	963,635
Biom'Up SACA*	24,600	280,097
SMCP SA 144A*	27,607	791,856
SPIE SA	33,790	684,907
Synergie SA (b)	6,511	320,951
(Cost $3,171,827)		**3,041,446**
Germany 3.0%		
Deutz AG	100,599	775,432
PATRIZIA Immobilien AG	44,504	856,520
United Internet AG (Registered)	16,617	951,901
(Cost $1,310,228)		**2,583,853**
Hong Kong 1.3%		
Techtronic Industries Co., Ltd. (Cost $237,536)	193,041	**1,082,853**
India 1.0%		
WNS Holdings Ltd. (ADR)* (Cost $482,259)	17,279	**901,618**
Ireland 1.6%		
Avadel Pharmaceuticals PLC (ADR)* (b)	52,808	323,713
Dalata Hotel Group PLC*	82,826	674,213
Ryanair Holdings PLC*	21,445	396,424
(Cost $1,027,163)		**1,394,350**
Italy 4.0%		
Buzzi Unicem SpA	33,186	813,328
Cerved Group SpA	63,000	675,642
Moncler SpA	24,133	1,096,640
Prysmian SpA	32,326	802,874
(Cost $2,524,689)		**3,388,484**
Japan 9.6%		
Ai Holdings Corp.	31,017	672,934
Anicom Holdings, Inc.	22,900	862,155
BML, Inc.	16,500	425,857
Coca-Cola Bottlers Japan Holdings, Inc.	22,800	910,945
Daikyonishikawa Corp.	53,400	783,374
Kura Corp.	4,300	285,840
Kusuri No Aoki Holdings Co., Ltd.	11,258	749,218
Optex Group Co., Ltd.	16,800	471,239
Syuppin Co., Ltd. (b)	47,300	726,708
Topcon Corp.	24,100	413,503
UT Group Co., Ltd.*	26,624	1,000,221
Zenkoku Hosho Co., Ltd.	20,300	922,859
(Cost $4,641,763)		**8,224,853**
Korea 0.9%		
i-SENS, Inc.	17,084	344,899
Vieworks Co., Ltd.	14,330	392,162
(Cost $1,321,658)		**737,061**
Luxembourg 1.0%		
B&M European Value Retail SA (Cost $764,904)	164,952	**879,061**
Panama 0.1%		
Banco Latinoamericano de Comercio Exterior SA "E" (Cost $104,440)	4,533	**111,557**
Spain 1.7%		
Talgo SA 144A	155,251	931,224
Telepizza Group SA 144A*	73,497	496,072
(Cost $1,318,375)		**1,427,296**
Sweden 1.1%		
Nobina AB 144A (Cost $511,811)	122,252	**935,915**
Switzerland 1.5%		
Transocean Ltd.* (c) (Cost $1,018,461)	93,674	**1,258,979**
United Kingdom 4.5%		
accesso Technology Group PLC*	21,061	701,116
Arrow Global Group PLC	86,848	275,907
Clinigen Healthcare Ltd.*	29,896	361,749
Domino's Pizza Group PLC	96,786	442,633
Electrocomponents PLC	119,715	1,196,944
Scapa Group PLC	148,645	850,070
(Cost $2,165,504)		**3,828,419**
United States 53.3%		
Advanced Disposal Services, Inc.*	28,244	699,886
Affiliated Managers Group, Inc.	5,328	792,114
Alta Mesa Resources, Inc.* (b)	62,836	427,913
Ambarella, Inc.* (b)	8,384	323,706
Amicus Therapeutics, Inc.*	18,646	291,251
Anixter International, Inc.*	8,374	530,074
Arena Pharmaceuticals, Inc.*	8,596	374,786
athenahealth, Inc.*	3,381	538,052
Belden, Inc.	11,422	698,113
BioScrip, Inc.*	118,049	345,884
Blucora, Inc.*	12,163	450,031
Cardiovascular Systems, Inc.*	32,056	1,036,691
Casey's General Stores, Inc.	7,661	805,018
Contango Oil & Gas Co.*	121,886	692,312

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Cypress Semiconductor Corp.	52,591	819,368
Del Taco Restaurants, Inc.*	40,513	574,474
Dolby Laboratories, Inc. "A"	9,970	615,049
Dril-Quip, Inc.*	19,440	999,216
Ducommun, Inc.*	28,526	943,925
Eagle Bancorp., Inc.*	9,200	563,960
Envestnet, Inc.*	7,700	423,115
FCB Financial Holdings, Inc. "A"*	18,970	1,115,436
Five9, Inc.*	21,001	726,005
Fox Factory Holding Corp.*	16,286	758,113
H&E Equipment Services, Inc.	13,547	509,503
Hain Celestial Group, Inc.*	17,361	517,358
Heron Therapeutics, Inc.*	28,428	1,104,428
Hillenbrand, Inc.	9,300	438,495
Hyster-Yale Materials Handling, Inc.	10,838	696,342
Inphi Corp.* (b)	13,565	442,355
ITT, Inc.	12,457	651,127
Jack in the Box, Inc.	4,906	417,599
Jefferies Financial Group, Inc.	25,633	582,894
Kennametal, Inc.	20,722	743,920
KMG Chemicals, Inc.	17,196	1,268,721
Lumentum Holdings, Inc.*	10,194	590,233
Matador Resources Co.*	9,120	274,056
Molina Healthcare, Inc.*	10,499	1,028,272
National Storage Affiliates Trust (REIT)	35,104	1,081,905
Neurocrine Biosciences, Inc.*	10,230	1,004,995
Oil States International, Inc.*	35,603	1,142,856
Pacira Pharmaceuticals, Inc.*	11,608	372,036
Providence Service Corp.*	14,314	1,124,365
QAD, Inc. "A"	13,869	695,530
Retrophin, Inc.*	48,274	1,315,949
Rush Enterprises, Inc. "A"*	37,581	1,630,264
Samsonite International SA* (d)	162,600	582,700
SEACOR Marine Holdings, Inc.*	36,767	848,950
Shutterfly, Inc.*	9,063	815,942
Sinclair Broadcast Group, Inc. "A"	13,482	433,446
South State Corp.	9,575	825,844
Super Micro Computer, Inc.*	19,719	466,354
Tailored Brands, Inc.	16,100	410,872
Tenneco, Inc.	7,869	345,921
Thermon Group Holdings, Inc.*	36,596	836,951
Titan Machinery, Inc.*	49,205	765,138
TiVo Corp.	12,956	174,258
TopBuild Corp.*	5,261	412,147
Trinseo SA	9,996	709,216
TriState Capital Holdings, Inc.*	24,568	641,225
UniFirst Corp.	4,473	791,274
Varonis Systems, Inc.*	11,265	839,243
WEX, Inc.*	5,149	980,782
Whiting Petroleum Corp.*	15,559	820,270
Zions Bancorp.	14,441	760,896
(Cost $35,339,617)		**45,639,124**
Total Common Stocks (Cost $60,690,836)		**80,487,993**

Convertible Preferred Stock 0.5%

	Shares	Value ($)
United States		
Providence Service Corp. (e) (Cost $196,900)	1,969	**387,826**

Preferred Stocks 0.5%

	Shares	Value ($)
Brazil		
Randon SA Implementos e Participacoes (Cost $694,203)	261,457	**416,226**

Warrants 0.0%

	Shares	Value ($)
France		
Parrot SA, Expiration Date 12/15/2022* (e)	13,230	1,056
Parrot SA, Expiration Date 12/22/2022* (e)	13,230	1,137
Total Warrants (Cost $0)		**2,193**

Securities Lending Collateral 1.5%

	Shares	Value ($)
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (f) (g) (Cost $1,312,378)	1,312,378	**1,312,378**

Cash Equivalents 5.0%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 1.85% (f) (Cost $4,277,342)	4,277,342	**4,277,342**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $67,171,659)	101.5	**86,883,958**
Other Assets and Liabilities, Net	(1.5)	**(1,244,181)**
Net Assets	100.0	**85,639,777**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/(Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 1.5%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (f) (g)								
2,980,179	—	1,667,801	—	—	16,322	—	1,312,378	1,312,378
Cash Equivalents 5.0%								
DWS Central Cash Management Government Fund, 1.85% (f)								
1,563,917	12,027,260	9,313,835	—	—	18,290	—	4,277,342	4,277,342
4,544,096	**12,027,260**	**10,981,636**	**—**	**—**	**34,612**	**—**	**5,589,720**	**5,589,720**

The accompanying notes are an integral part of the financial statements.

* Non-income producing security.

(a) Listed on the NASDAQ Exchange.

(b) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $1,276,389, which is 1.5% of net assets.

(c) Listed on the New York Stock Exchange.

(d) Listed on the Stock Exchange of Hong Kong.

(e) Investment was valued using significant unobservable inputs.

(f) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(g) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

ADR: American Depositary Receipt

REIT: Real Estate Investment Trust

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks				
Argentina	$ 150,712	$ —	$ —	$ 150,712
Austria	—	1,274,598	—	1,274,598
Bermuda	795,521	—	—	795,521
Brazil	395,740	—	—	395,740
Canada	2,436,553	—	—	2,436,553
France	280,097	2,761,349	—	3,041,446
Germany	—	2,583,853	—	2,583,853
Hong Kong	—	1,082,853	—	1,082,853
India	901,618	—	—	901,618
Ireland	323,713	1,070,637	—	1,394,350
Italy	—	3,388,484	—	3,388,484
Japan	—	8,224,853	—	8,224,853
Korea	737,061	—	—	737,061
Luxembourg	—	879,061	—	879,061
Panama	111,557	—	—	111,557
Spain	—	1,427,296	—	1,427,296
Sweden	—	935,915	—	935,915
Switzerland	1,258,979	—	—	1,258,979
United Kingdom	—	3,828,419	—	3,828,419
United States	45,056,424	582,700	—	45,639,124
Convertible Preferred Stock	—	—	387,826	387,826
Preferred Stocks	416,226	—	—	416,226
Warrants	—	—	2,193	2,193
Short-Term Investments (h)	5,589,720	—	—	5,589,720
Total	**$58,453,921**	**$28,040,018**	**$390,019**	**$86,883,958**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(h) See Investment Portfolio for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $61,581,939) — including $1,276,389 of securities loaned	$81,294,238
Investment in DWS Government & Agency Securities Portfolio (cost $1,312,378)*	1,312,378
Investment in DWS Central Cash Management Government Fund (cost $4,277,342)	4,277,342
Foreign currency, at value (cost $132,627)	131,769
Receivable for investments sold	385,906
Receivable for Fund shares sold	37,764
Dividends receivable	71,267
Interest receivable	8,418
Foreign taxes recoverable	13,919
Other assets	848
Total assets	87,533,849

Liabilities	
Payable upon return of securities loaned	1,312,378
Payable for investments purchased	423,234
Payable for Fund shares redeemed	23,815
Accrued management fee	36,042
Accrued Trustees' fees	3,211
Other accrued expenses and payables	95,392
Total liabilities	1,894,072
Net assets, at value	**$85,639,777**

Net Assets Consist of	
Distributions in excess of net investment income	(245,783)
Net unrealized appreciation (depreciation) on: Investments	19,712,299
Foreign currency	(1,659)
Accumulated net realized gain (loss)	5,350,406
Paid-in capital	60,824,514
Net assets, at value	**$85,639,777**

Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($82,921,574 ÷ 7,285,494 outstanding shares of beneficial interest, $.01 par value, unlimited numbers of shares authorized)	**$ 11.38**
Class B **Net Asset Value,** offering and redemption price per share ($2,718,203 ÷ 247,851 outstanding shares of beneficial interest, $.01 par value, unlimited numbers of shares authorized)	**$ 10.97**

* Represents collateral on securities loaned.

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends (net of foreign taxes withheld of $42,421)	$ 486,025
Income distributions — DWS Central Cash Management Government Fund	18,290
Securities lending income, net of borrower rebates	16,322
Other income	2,097
Total income	522,734
Expenses: Management fee	345,047
Administration fee	43,131
Services to shareholders	1,120
Record keeping fee (Class B)	481
Distribution service fees (Class B)	3,507
Custodian fee	26,417
Professional fees	42,778
Reports to shareholders	18,715
Trustees' fees and expenses	5,604
Other	13,246
Total expenses before expense reductions	500,046
Expense reductions	(159,697)
Total expenses after expense reductions	340,349
Net investment income	**182,385**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	5,732,322
Foreign currency	(19,839)
	5,712,483
Change in net unrealized appreciation (depreciation) on: Investments	(4,537,768)
Foreign currency	(6,334)
	(4,544,102)
Net gain (loss)	**1,168,381**
Net increase (decrease) in net assets resulting from operations	**$ 1,350,766**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income (loss)	$ 182,385	$ 20,032
Net realized gain (loss)	5,712,483	11,409,672
Change in net unrealized appreciation (depreciation)	(4,544,102)	5,252,419
Net increase (decrease) in net assets resulting from operations	1,350,766	16,682,123
Distributions to shareholders from:		
Net investment income:		
Class A	(223,437)	—
Net realized gains:		
Class A	(10,527,719)	(8,009,441)
Class B	(359,200)	(245,528)
Total distributions	(11,110,356)	(8,254,969)
Fund share transactions:		
Class A		
Proceeds from shares sold	1,859,940	3,744,539
Reinvestment of distributions	10,751,156	8,009,441
Payments for shares redeemed	(5,593,566)	(23,622,010)
Net increase (decrease) in net assets from Class A share transactions	7,017,530	(11,868,030)
Class B		
Proceeds from shares sold	59,602	289,787
Reinvestment of distributions	359,200	245,528
Payments for shares redeemed	(280,789)	(451,769)
Net increase (decrease) in net assets from Class B share transactions	138,013	83,546
Increase (decrease) in net assets	(2,604,047)	(3,357,330)
Net assets at beginning of period	88,243,824	91,601,154
Net assets at end of period (including distributions in excess of net investment income of $245,783 and $204,731, respectively)	**$ 85,639,777**	**$ 88,243,824**

Other Information		
Class A		
Shares outstanding at beginning of period	6,616,392	7,559,752
Shares sold	152,737	308,643
Shares issued to shareholders in reinvestment of distributions	963,365	695,868
Shares redeemed	(447,000)	(1,947,871)
Net increase (decrease) in Class A shares	669,102	(943,360)
Shares outstanding at end of period	**7,285,494**	**6,616,392**
Class B		
Shares outstanding at beginning of period	232,496	224,620
Shares sold	4,883	24,779
Shares issued to shareholders in reinvestment of distributions	33,383	22,020
Shares redeemed	(22,911)	(38,923)
Net increase (decrease) in Class B shares	15,355	7,876
Shares outstanding at end of period	**247,851**	**232,496**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 12.90**	**$11.78**	**$13.17**	**$14.61**	**$17.31**	**$13.78**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.03	.00***	.03	.06	.04	.04
Net realized and unrealized gain (loss)	.14	2.21	.15	.21	(.69)	4.66
Total from investment operations	.17	2.21	.18	.27	(.65)	4.70
Less distributions from:						
Net investment income	(.04)	—	(.05)	(.14)	(.15)	(.10)
Net realized gains	(1.65)	(1.09)	(1.52)	(1.57)	(1.90)	(1.07)
Total distributions	(1.69)	(1.09)	(1.57)	(1.71)	(2.05)	(1.17)
Net asset value, end of period	**$ 11.38**	**$12.90**	**$11.78**	**$13.17**	**$14.61**	**$17.31**
Total Return (%)[b]	1.53**	20.02	1.57	1.16	(4.13)	35.94
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	83	85	89	104	135	154
Ratio of expenses before expense reductions (%)[c]	1.15*	1.15	1.17	1.12	1.13	1.14
Ratio of expenses after expense reductions (%)[c]	.78*	.94	1.02	.99	.97	.94
Ratio of net investment income (loss) (%)	.43*	.03	.22	.41	.27	.28
Portfolio turnover rate (%)	21**	42	41	27	33	39

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized ** Not annualized *** Amount is less than $.005.

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 12.47**	**$11.45**	**$12.85**	**$14.29**	**$16.97**	**$13.52**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.01	(.03)	(.03)	.02	.00***	.01
Net realized and unrealized gain (loss)	.14	2.14	.17	.21	(.67)	4.57
Total from investment operations	.15	2.11	.14	.23	(.67)	4.58
Less distributions from:						
Net investment income	—	—	(.02)	(.10)	(.11)	(.06)
Net realized gains	(1.65)	(1.09)	(1.52)	(1.57)	(1.90)	(1.07)
Total distributions	(1.65)	(1.09)	(1.54)	(1.67)	(2.01)	(1.13)
Net asset value, end of period	**$ 10.97**	**$12.47**	**$11.45**	**$12.85**	**$14.29**	**$16.97**
Total Return (%)[b]	1.45**	19.60	1.34	.86	(4.33)	35.67
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	3	3	3	3	3	3
Ratio of expenses before expense reductions (%)[c]	1.44*	1.44	1.47	1.41	1.41	1.34
Ratio of expenses after expense reductions (%)[c]	1.06*	1.22	1.30	1.24	1.25	1.15
Ratio of net investment income (loss) (%)	.14*	(.26)	(.23)	.15	.02	.07
Portfolio turnover rate (%)	21**	42	41	27	33	39

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized ** Not annualized *** Amount is less than $.005.

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

Deutsche DWS Variable Series I (formerly Deutsche Variable Series I) (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust. The Trust consists of five diversified funds: DWS Bond VIP (formerly Deutsche Bond VIP), DWS Capital Growth VIP (formerly Deutsche Capital Growth VIP), DWS Core Equity VIP (formerly Deutsche Core Equity VIP), DWS CROCI® International VIP (formerly Deutsche CROCI® International VIP) and DWS Global Small Cap VIP (formerly Deutsche Global Small Cap VIP) (individually or collectively hereinafter referred to as a "Fund" or the "Funds"). These financial statements report on DWS Global Small Cap VIP. The Trust is intended to be the underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Class B shares are subject to Rule 12b-1 distribution fees under the 1940 Act and recordkeeping fees equal to an annual rate of 0.25% and up to 0.15%, respectively, of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable 12b-1 distribution fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1 securities. For certain international equity securities, in order to adjust for events which may occur between the close of the foreign exchanges and the close of the New York Stock Exchange, a fair valuation model may be used. This fair valuation model takes into account comparisons to the valuation of American Depository Receipts (ADRs), exchange-traded funds, futures contracts and certain indices and these securities are categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trustees and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Securities Lending. Brown Brothers Harriman & Co., as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had securities on loan, which were classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Taxes. The Fund is treated as a separate taxpayer as provided for in the Internal Revenue Code, as amended. It is the Fund's policy to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to the separate accounts of the Participating Insurance Companies which hold its shares.

Additionally, the Fund may be subject to taxes imposed by the governments of countries in which it invests and are generally based on income and/or capital gains earned or repatriated, a portion of which may be recoverable. Based upon the current interpretation of the tax rules and regulations, estimated tax liabilities and recoveries on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized gain/loss on investments. Tax liabilities realized as a result of security sales are reflected as a component of net realized gain/loss on investments.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $67,561,435. The net unrealized appreciation for all investments based on tax cost was $23,566,319. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $26,727,511 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $3,161,192.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed, and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to income received from passive foreign investment companies and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific Fund are allocated to that Fund. Other Trust expenses which cannot be directly attributed to a Fund are apportioned among the Funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis net of foreign withholding taxes. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Certain dividends from foreign securities may be recorded subsequent to the ex-dividend date as soon as the Fund is informed of such dividends. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $17,400,414 and $23,870,384, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays the Advisor an annual fee based on its average daily net assets, computed and accrued daily and payable monthly at the annual rate (exclusive of any applicable waivers/reimbursements) of 0.80%.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of certain classes as follows:

Class A	.78%
Class B	1.06%

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 154,361
Class B	5,336
	$ 159,697

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays the Advisor an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $43,131, of which $7,144 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 251	$ 63
Class B	91	33
	$ 342	**$ 96**

Distribution Service Agreement. DWS Distributors, Inc. ("DDI"), also an affiliate of the Advisor, is the Trust's Distributor. In accordance with the Master Distribution Plan, DDI receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. Pursuant to the Master Distribution Plan, DDI remits these fees to the Participating Insurance Companies for various costs incurred or paid by these companies in connection with marketing and distribution of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee aggregated $3,507, of which $566 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,703, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

D. Ownership of the Fund

At June 30, 2018, four participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 35%, 21%, 17% and 10%, respectively. Two participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 74% and 16%, respectively.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series I was renamed Deutsche DWS Variable Series I and Deutsche Global Small Cap VIP was renamed DWS Global Small Cap VIP.

Information About Your Fund's Expenses **(Unaudited)**

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,015.30	$ 1,014.50
Expenses Paid per $1,000*	$ 3.90	$ 5.29

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,020.93	$ 1,019.54
Expenses Paid per $1,000*	$ 3.91	$ 5.31

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series I — DWS Global Small Cap VIP	.78%	1.06%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Global Small Cap VIP's (now known as DWS Global Small Cap VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 4th quartile of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three-, and five-year periods ended December 31, 2016. The Board observed that there were limitations to the usefulness of the comparative data provided by Morningstar, noting that the applicable Morningstar universe for the Fund included funds that pursue substantially different investment programs as compared to that pursued by the Fund. The Board noted the disappointing investment performance of the Fund in recent periods and continued to discuss with senior management of DIMA the factors contributing to such underperformance and actions being taken to improve performance. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the Deutsche fund complex.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were higher than the median (4th quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that, effective October 1, 2017, in connection with the 2017 contract renewal process, DIMA agreed to reduce the Fund's contractual management fee rate to an annual rate of 0.80%. The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board also observed that the Broadridge expense universe for the Fund included funds that pursue substantially different investment programs as compared to that pursued by the Fund. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to a comparable Deutsche U.S. registered fund ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Fund. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM manages an institutional account comparable to the Fund, but that Deutsche AM does not manage any comparable Deutsche Europe funds. The Board took note of the differences in services provided to Deutsche Funds as compared to institutional accounts and that such differences made comparison difficult.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. In this regard, the Board observed that while the Fund's current investment management fee schedule does not include breakpoints, the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS1glosc-3 (R-028377-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Government & Agency Securities VIP

(formerly Deutsche Government & Agency Securities VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. The "full faith and credit" guarantee of the US government applies to the timely repayment of interest, and does not eliminate market risk. Because of the rising US government debt burden, it is possible that the US government may not be able to meet its financial obligations or that securities issued by the US government may experience credit downgrades. The Fund may lend securities to approved institutions. See the prospectus for details.

Performance Summary

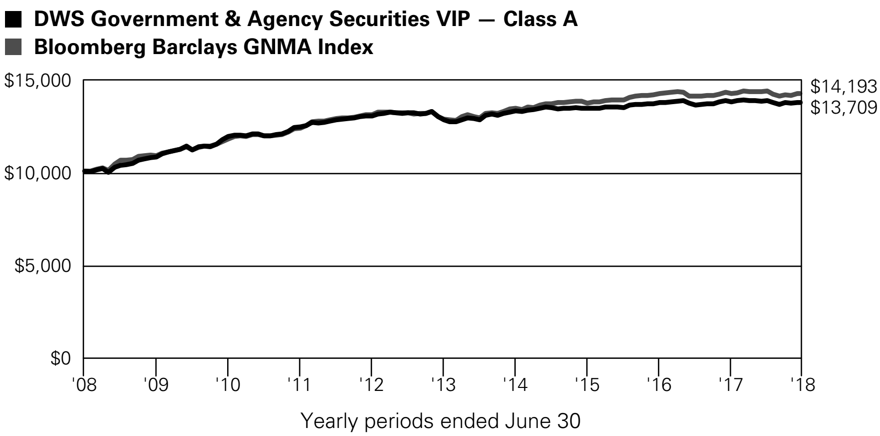
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.87% and 1.21% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS Government & Agency Securities VIP



The Bloomberg Barclays GNMA Index is an unmanaged, market-value-weighted measure of all fixed-rate securities backed by mortgage pools of the Government National Mortgage Association.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Government & Agency Securities VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,926	$9,970	$10,243	$10,727	$13,709
	Average annual total return	–0.74%	–0.30%	0.80%	1.41%	3.21%
Bloomberg Barclays GNMA Index	Growth of $10,000	$9,914	$10,010	$10,387	$11,084	$14,193
	Average annual total return	–0.86%	0.10%	1.27%	2.08%	3.56%

DWS Government & Agency Securities VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$9,909	$9,936	$10,144	$10,543	$13,257
	Average annual total return	–0.91%	–0.64%	0.48%	1.06%	2.86%
Bloomberg Barclays GNMA Index	Growth of $10,000	$9,914	$10,010	$10,387	$11,084	$14,193
	Average annual total return	–0.86%	0.10%	1.27%	2.08%	3.56%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Net Assets)	**6/30/18**	**12/31/17**
Mortgage-Backed Securities Pass-Throughs	86%	80%
Collateralized Mortgage Obligations	16%	22%
Government & Agency Obligations	6%	16%
Asset-Backed	5%	5%
Commercial Mortgage-Backed Securities	4%	3%
Commercial Paper	3%	—
Corporate Bonds	—	1%
Cash Equivalents and Other Assets and Liabilities, net	–20%	–27%
	100%	100%

Coupons*	**6/30/18**	**12/31/17**
Less than 3.5%	24%	35%
3.5%–4.49%	51%	42%
4.5%–5.49%	17%	15%
5.5%–6.49%	5%	5%
6.5%–7.49%	3%	3%
7.5% and Greater	0%	0%
	100%	100%

Interest Rate Sensitivity	**6/30/18**	**12/31/17**
Effective Maturity	9.8 years	9.9 years
Effective Duration	5.6 years	4.0 years

* Excludes Cash Equivalents and U.S. Treasury Bills.

Effective maturity is the weighted average of the maturity date of bonds held by the Fund taking into consideration any available maturity shortening features.

Effective duration is an approximate measure of the Fund's sensitivity to interest rate changes taking into consideration any maturity shortening features.

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Gregory M. Staples, CFA, Managing Director
Scott Agi, CFA, Director
Portfolio Managers

	Principal Amount ($)(a)	Value ($)
Mortgage-Backed Securities Pass-Throughs 86.3%		
Federal Home Loan Mortgage Corp.:		
3.0%, with various maturities from 9/1/2047 until 7/12/2048 (b)	2,734,482	2,647,576
3.5%, 7/12/2048 (b)	1,500,000	1,492,126
4.0%, with various maturities from 1/1/2045 until 12/1/2045	611,451	628,682
Federal National Mortgage Association:		
3.0%, with various maturities from 3/1/2047 until 10/1/2047	1,346,750	1,306,605
3.5%, with various maturities from 8/1/2047 until 7/12/2048 (b)	4,269,917	4,251,675
Government National Mortgage Association:		
3.0%, with various maturities from 4/20/2046 until 9/20/2047	1,841,668	1,803,727
3.5%, with various maturities from 4/15/2042 until 7/19/2048 (b)	9,386,584	9,442,654
4.0%, with various maturities from 9/20/2040 until 7/19/2048 (b)	5,377,112	5,527,791
4.5%, with various maturities from 4/20/2035 until 7/19/2048 (b)	2,795,710	2,926,473
4.55%, 1/15/2041	138,626	146,714
4.625%, 5/15/2041	98,655	102,698
5.0%, with various maturities from 12/15/2032 until 5/20/2048	922,171	970,359
5.5%, with various maturities from 1/15/2034 until 6/15/2042	1,298,329	1,419,664
6.0%, with various maturities from 5/20/2034 until 12/20/2038	353,308	388,983
6.5%, with various maturities from 9/15/2036 until 2/15/2039	294,859	329,211
7.0%, with various maturities from 2/20/2027 until 2/15/2038	69,912	70,943
7.5%, 10/20/2031	3,219	3,633
Total Mortgage-Backed Securities Pass-Throughs (Cost $33,942,091)		**33,459,514**
Asset-Backed 5.2%		
Automobile Receivables 0.5%		
AmeriCredit Automobile Receivables Trust, "A3", Series 2017-1, 1.87%, 8/18/2021	170,000	**168,735**
Miscellaneous 4.7%		
Atrium XIII, "A1", Series 13A, 144A, 3-month USD-LIBOR + 1.180%, 3.542%*, 11/21/2030	310,000	310,472
Carbone CLO Ltd., "A1", Series 2017-1A, 144A, 3-month USD-LIBOR + 1.140%, 2.809%*, 1/20/2031	380,000	379,786
Domino's Pizza Master Issuer LLC, "A23", Series 2017-1A, 144A, 4.118%, 7/25/2047	446,625	445,509
Goldentree Loan Management U.S. CLO Ltd., "A", Series 2017-2A, 144A, 3-month USD-LIBOR + 1.150%, 3.509%*, 11/28/2030	450,000	450,892
NRZ Excess Spread-Collateralized Notes, "B", Series 2018-PLS1, 144A, 3.588%, 1/25/2023	248,412	246,350
		1,833,009
Total Asset-Backed (Cost $2,005,031)		**2,001,744**
Collateralized Mortgage Obligations 15.6%		
BX Trust, A" Series 2018-GW, 144A, 1-month USD-LIBOR + 0.800%, 2.7%*, 5/15/2035	200,000	200,075
Federal Home Loan Mortgage Corp.:		
"OA", Series 3179, Principal Only, Zero Coupon, 7/15/2036	72,843	62,986
"CZ", Series 4113, 3.0%, 9/15/2042	319,391	283,999
CD', Series 4793, 3.0%, 6/15/2048	497,755	483,221
"PI", Series 3940, Interest Only, 4.0%, 2/15/2041	266,428	42,922
"C1", Series 329, Interest Only, 4.0%, 12/15/2041	788,056	159,395
"UA", Series 4298, 4.0%, 2/15/2054	58,174	58,435
"C32", Series 303, Interest Only, 4.5%, 12/15/2042	805,053	186,412
"C28", Series 303, Interest Only, 4.5%, 1/15/2043	957,934	214,239
"MI", Series 3871, Interest Only, 6.0%, 4/15/2040	35,552	2,421
"IJ", Series 4472, Interest Only, 6.0%, 11/15/2043	319,827	77,474
"A", Series 172, Interest Only, 6.5%, 1/1/2024	6,492	819
"C22", Series 324, Interest Only, 6.5%, 4/15/2039	447,139	114,494
Federal National Mortgage Association:		
"Z", Series 2013-44, 3.0%, 5/25/2043	97,897	89,378
''IO", Series 2012-146, Interest Only, 3.5%, 1/25/2043	1,039,067	207,864
"4", Series 406, Interest Only, 4.0%, 9/25/2040	200,614	42,261
"IO", Series 2016-26, Interest Only, 5.0%, 5/25/2046	868,167	173,388
"UI", Series 2010-126, Interest Only, 5.5%, 10/25/2040	340,730	71,162
"IO", Series 2014-70, Interest Only, 5.5%, 10/25/2044	461,162	102,165
"BI", Series 2015-97, Interest Only, 5.5%, 1/25/2046	382,628	88,477
"WI", Series 2011-59, Interest Only, 6.0%, 5/25/2040	49,810	1,943

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
"YT", Series 2013-35, 6.5%, 9/25/2032	498,371	561,826
Government National Mortgage Association:		
"JI", Series 2013-10, Interest Only, 3.5%, 1/20/2043	492,173	106,715
"ID", Series 2013-70, Interest Only, 3.5%, 5/20/2043	226,949	45,341
"BI", Series 2014-22, Interest Only, 4.0%, 2/20/2029	377,023	34,216
"IP", Series 2015-50, Interest Only, 4.0%, 9/20/2040	793,193	73,091
"PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044	235,726	31,520
"LI", Series 2009-104, Interest Only, 4.5%, 12/16/2018	2,815	1
"CI", Series 2010-87, Interest Only, 4.5%, 11/20/2038	1,119,002	48,368
"PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039	193,593	30,934
"MI", Series 2010-169, Interest Only, 4.5%, 8/20/2040	229,745	27,267
"IP", Series 2014-115, Interest Only, 4.5%, 2/20/2044	132,733	28,462
"GZ", Series 2005-24, 5.0%, 3/20/2035	648,884	726,296
"MZ", Series 2009-98, 5.0%, 10/16/2039	1,309,852	1,516,113
"AI", Series 2008-46, Interest Only, 5.5%, 5/16/2023	6,027	77
"GI", Series 2003-19, Interest Only, 5.5%, 3/16/2033	302,314	58,182
"IB", Series 2010-130, Interest Only, 5.5%, 2/20/2038	75,128	13,428
"IA", Series 2012-64, Interest Only, 5.5%, 5/16/2042	184,998	42,375
"DI", Series 2009-10, Interest Only, 6.0%, 4/16/2038	110,204	15,222
"IP", Series 2009-118, Interest Only, 6.5%, 12/16/2039	32,859	8,535
"IC", Series 1997-4, Interest Only, 7.5%, 3/16/2027	262,153	1,935
Total Collateralized Mortgage Obligations (Cost $5,479,463)		**6,033,434**

Commercial Mortgage-Backed Securities 3.8%

	Principal Amount ($)(a)	Value ($)
Atrium Hotel Portfolio Trust, A' Series 2018-ATRM, 144A, 1-month USD-LIBOR + 0.950%, 2.932%*, 6/15/2035	427,500	427,230
CHT Mortgage Trust, "A", Series 2017-CSMO,144A, 1-month USD-LIBOR + 0.880%, 3.003%*, 11/15/2036	400,000	400,126
DBGS Mortgage Trust, A' Series 2018-5BP,144A, 1-month USD-LIBOR + 0.645% 2.545%*, 6/15/2033	450,000	450,013
FHLMC Multifamily Structured Pass-Through Securities, "X1", Series K055, Interest Only, 1.501%*, 3/25/2026	2,476,436	213,922
Total Commercial Mortgage-Backed Securities (Cost $1,490,368)		**1,491,291**

Government & Agency Obligation 2.1%

Sovereign Bonds

	Principal Amount ($)(a)	Value ($)
Kingdom of Norway, Series 480, 144A, REG S, 2.0%, 4/26/2028 (Cost $833,641)	NOK 6,500,000	**814,630**

Short-Term U.S. Treasury Obligations 3.6%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bills:		
1.18%**, 8/16/2018 (c)	880,000	877,993
1.91%**, 10/11/2018 (d)	500,000	497,294
Total Short-Term U.S. Treasury Obligations (Cost $1,376,722)		**1,375,287**

Commercial Paper 2.8%

	Principal Amount ($)(a)	Value ($)
Bank New York Mellon Corp., 2.285%**, 7/5/2018	600,000	599,807
Macquarie Bank Ltd., 2.304%**, 7/5/2018	500,000	499,833
Total Commercial Paper (Cost $1,099,725)		**1,099,640**

Cash Equivalents 20.4%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 1.85% (e)	2,386,133	2,386,133
DWS Variable NAV Money Fund "Capital Shares", 2.20% (e)	5,520,746	5,521,298
Total Cash Equivalents (Cost $7,906,528)		**7,907,431**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $54,133,569)	139.8	**54,182,971**
Other Assets and Liabilities, Net	(39.8)	**(15,413,470)**
Net Assets	100.0	**38,769,501**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral —%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (e) (f)								
—	—	—	—	—	383	—	—	—
Cash Equivalents 20.4%								
DWS Central Cash Management Government Fund, 1.85% (e)								
10,252	26,141,383	23,765,502	—	—	28,569	—	2,386,133	2,386,133
DWS Variable NAV Money Fund "Capital Shares", 2.20% (e)								
—	6,520,496	1,000,000	(100)	902	29,971	—	5,520,746	5,521,298
10,252	**32,661,879**	**24,765,502**	**(100)**	**902**	**58,923**	**—**	**7,906,879**	**7,907,431**

* Variable or floating rate security. These securities are shown at their current rate as of June 30, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

** Annualized yield at time of purchase; not a coupon rate.

(a) Principal amount stated in U.S. dollars unless otherwise noted.

(b) When-issued, delayed delivery or forward commitment securities included.

(c) At June 30, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(d) At June 30, 2018, this security has been pledged, in whole or in part, as collateral for open centrally cleared swap contracts.

(e) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(f) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Purchases and sales not shown for securities lending collateral.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

CLO: Collateralized Loan Obligation

Interest Only: Interest Only (IO) bonds represent the "interest only" portion of payments on a pool of underlying mortgages or mortgage-backed securities. IO securities are subject to prepayment risk of the pool of underlying mortgages.

LIBOR: London Interbank Offered Rate

REG S: Securities sold under Regulation S may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

Included in the portfolio are investments in mortgage or asset-backed securities which are interests in separate pools of mortgages or assets. Effective maturities of these investments may be shorter than stated maturities due to prepayments. Some separate investments in the Federal Home Loan Mortgage Corp., Federal National Mortgage Association and Government National Mortgage Association issues which have similar coupon rates have been aggregated for presentation purposes in this investment portfolio.

At June 30, 2018, open futures contracts purchased were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Appreciation ($)
10 Year U.S. Treasury Note	USD	9/19/2018	21	2,518,076	2,523,938	5,862
Ultra Long U.S. Treasury Bond	USD	9/19/2018	6	947,651	957,375	9,724
Total unrealized appreciation						**15,586**

At June 30, 2018, open futures contracts sold were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized (Depreciation) ($)
Euro-Bund Futures	EUR	9/6/2018	5	939,604	949,129	**(9,525)**

The accompanying notes are an integral part of the financial statements.

At June 30, 2018, open interest rate swap contracts were as follows:

Centrally Cleared Swaps

Cash Flows Paid by the Fund/Frequency	Cash Flows Received by the Fund/ Frequency	Effective/ Expiration Date	Notional Amount	Currency	Upfront Payments Paid/ (Received) ($)	Value ($)	Unrealized Appreciation/ (Depreciation) ($)
Fixed — 2.239% Semi-Annually	Floating — 3-Month LIBOR Quarterly	3/21/2018 3/21/2023	900,000	USD	—	20,956	20,956
Fixed — 2.45% Semi-Annually	Floating — 3-Month LIBOR Quarterly	12/20/2017 12/20/2032	500,000	USD	—	33,188	33,188
Fixed — 2.589% Semi-Annually	Floating — 3-Month LIBOR Quarterly	3/21/2018 3/21/2038	900,000	USD	3,019	51,991	48,972
Floating — 3-Month LIBOR Quarterly	Fixed — 2.25% Semi-Annually	3/21/2018 3/21/2028	400,000	USD	(17,933)	(21,990)	(4,057)
Total net unrealized appreciation							**99,059**

LIBOR: London Interbank Offered Rate; 3-Month LIBOR rate at June 30, 2018 is 2.336%.

At June 30, 2018, open total return swap contracts were as follows:

Bilateral Swaps

Pay/Receive Return of the Reference Index	Fixed Cash Flows Received Frequency	Counterparty/ Expiration Date	Notional Amount	Currency	Upfront Payments Paid ($)	Value ($)	Unrealized Depreciation ($)
Long Position							
Markit IOS INDEX FN30.400.10	4.0%/Monthly	Goldman Sachs & Co. 1/12/2041	372,761	USD	—	(1,074)	**(1,074)**

Counterparties:
Goldman Sachs & Co.

As of June 30, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation ($)	Counterparty
USD	399,247	EUR	341,688	7/18/2018	306	HSBC Holdings PLC
EUR	341,688	USD	425,492	7/18/2018	25,940	HSBC Holdings PLC
NOK	6,500,000	USD	832,249	7/24/2018	33,364	Danske Bank AS
SEK	3,528,837	USD	395,753	8/15/2018	388	Danske Bank AS
EUR	351,000	USD	423,387	8/16/2018	12,046	Canadian Imperial Bank of Commerce
Total unrealized appreciation					**72,044**	

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Depreciation ($)	Counterparty
USD	608,237	JPY	66,256,579	7/19/2018	(9,022)	Toronto-Dominion Bank
USD	410,831	CAD	527,000	8/7/2018	(9,698)	Barclays Bank PLC
USD	413,221	SEK	3,528,837	8/15/2018	(17,856)	Danske Bank AS
USD	411,932	EUR	351,000	8/16/2018	(591)	Canadian Imperial Bank of Commerce
Total unrealized depreciation					**(37,167)**	

Currency Abbreviations

CAD	Canadian Dollar	NOK	Norwegian Krone
EUR	Euro	SEK	Swedish Krona
JPY	Japanese Yen	USD	United States Dollar

For information on the Fund's policy and additional disclosures regarding futures contracts, interest rate swap contracts, total return swap contracts and forward foreign currency contracts, please refer to the Derivatives section of Note B in the accompanying Notes to Financial Statements.

The accompanying notes are an integral part of the financial statements.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed Income Investments (g)				
Mortgage-Backed Securities Pass-Throughs	$ —	$ 33,459,514	$ —	$ 33,459,514
Asset-Backed	—	2,001,744	—	2,001,744
Collateralized Mortgage Obligations	—	6,033,434	—	6,033,434
Commercial Mortgage-Backed Securities	—	1,491,291	—	1,491,291
Government & Agency Obligation	—	814,630	—	814,630
Short-Term U.S. Treasury Obligations	—	1,375,287	—	1,375,287
Commercial Paper	—	1,099,640	—	1,099,640
Short-Term Investments	7,907,431	—	—	7,907,431
Derivatives (h)				
Futures Contracts	15,586	—	—	15,586
Interest Rate Swap Contracts	—	103,116	—	103,116
Forward Foreign Currency Contracts	—	72,044	—	72,044
Total	**$ 7,923,017**	**$ 46,450,700**	**$ —**	**$ 54,373,717**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (h)				
Futures Contracts	$ (9,525)	$ —	$ —	$ (9,525)
Interest Rate Swap Contracts	—	(4,057)	—	(4,057)
Total Return Swap Contracts	—	(1,074)	—	(1,074)
Forward Foreign Currency Contracts	—	(37,167)	—	(37,167)
Total	**$ (9,525)**	**$ (42,298)**	**$ —**	**$ (51,823)**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(g) See Investment Portfolio for additional detailed categorizations.

(h) Derivatives include unrealized appreciation (depreciation) on open futures contracts, interest rate swap contracts, total return swap contracts and forward foreign currency contracts.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $46,227,041)	$ 46,275,540
Investment in affiliated Underlying Funds, at value (cost $7,906,528)	7,907,431
Foreign currency, at value (cost $66,333)	64,602
Receivable for variation margin on centrally cleared swaps	1,320
Receivable for investments sold — forward commitments	1,114,799
Receivable for Fund shares sold	2,027
Interest receivable	175,785
Unrealized appreciation on forward foreign currency contracts	72,044
Other assets	432
Total assets	55,613,980
Liabilities	
Payable for investments purchased — forward commitments	16,296,654
Payable for investments purchased	382,332
Payable for variation margin on futures contracts	1,909
Payable for Fund shares redeemed	35,832
Unrealized depreciation on bilateral swap contracts	1,074
Unrealized depreciation on forward foreign currency contracts	37,167
Accrued management fee	2,456
Accrued Trustees' fees	763
Other accrued expenses and payables	86,292
Total liabilities	16,844,479
Net assets, at value	**$ 38,769,501**
Net Assets Consist of	
Undistributed net investment income	447,971
Net unrealized appreciation (depreciation) on: Investments	49,402
Swap contracts	97,985
Futures	6,061
Foreign currency	(1,641)
Forward foreign currency contracts	34,877
Accumulated net realized gain (loss)	(704,793)
Paid-in capital	38,839,639
Net assets, at value	**$ 38,769,501**
Net Asset Value	
Class A	
Net Asset Value, offering and redemption price per share ($37,094,821 ÷ 3,443,224 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 10.77**
Class B	
Net Asset Value, offering and redemption price per share ($1,674,680 ÷ 155,368 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 10.78**

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Interest	$ 540,179
Income distributions from affiliated Underlying Funds	58,540
Securities lending income, net of borrower rebates	383
Total income	599,102
Expenses: Management fee	91,242
Administration fee	20,276
Services to shareholders	483
Record keeping fees (Class B)	816
Distribution service fees (Class B)	2,159
Custodian fee	12,974
Professional fees	41,388
Reports to shareholders	12,005
Trustees' fees and expenses	2,173
Other	9,904
Total expenses before expense reductions	193,420
Expense reductions	(76,542)
Total expenses after expense reductions	116,878
Net investment income	**482,224**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Sale of Non-affiliated Underlying Funds	(847,068)
Sale of Affiliated Underlying Funds	(100)
Swap contracts	190,624
Futures	(29,071)
Forward foreign currency contracts	25,026
Foreign currency	21,036
	(639,553)
Change in net unrealized appreciation (depreciation) on: Non-affiliated investments	(205,590)
Affiliated investments	902
Swap contracts	55,202
Futures	(27,975)
Forward foreign currency contracts	11,154
Foreign currency	(1,872)
	(168,179)
Net gain (loss)	**(807,732)**
Net increase (decrease) in net assets resulting from operations	**$ (325,508)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income	$ 482,224	$ 988,088
Net realized gain (loss)	(639,553)	851,798
Change in net unrealized appreciation (depreciation)	(168,179)	(979,021)
Net increase (decrease) in net assets resulting from operations	(325,508)	860,865
Distributions to shareholders from:		
Net investment income:		
Class A	(1,045,563)	(1,241,081)
Class B	(40,012)	(46,826)
Total distributions	(1,085,575)	(1,287,907)
Fund share transactions:		
Class A		
Proceeds from shares sold	1,562,246	3,259,096
Reinvestment of distributions	1,045,563	1,241,081
Payments of shares redeemed	(4,532,367)	(15,457,312)
Net increase (decrease) in net assets from Class A share transactions	(1,924,558)	(10,957,135)
Class B		
Proceeds from shares sold	48,184	67,053
Reinvestment of distributions	40,012	46,826
Payments of shares redeemed	(205,308)	(642,815)
Net increase (decrease) in net assets from Class B share transactions	(117,112)	(528,936)
Increase (decrease) in net assets	(3,452,753)	(11,913,113)
Net assets at beginning of period	42,222,254	54,135,367
Net assets at end of period (including undistributed net investment income of $447,971 and $1,051,322, respectively)	**$ 38,769,501**	**$ 42,222,254**
Other Information		
Class A		
Shares outstanding at beginning of period	3,619,812	4,598,638
Shares sold	142,394	291,446
Shares issued to shareholders in reinvestment of distributions	97,716	112,315
Shares redeemed	(416,698)	(1,382,587)
Net increase (decrease) in Class A shares	(176,588)	(978,826)
Shares outstanding at end of period	**3,443,224**	**3,619,812**
Class B		
Shares outstanding at beginning of period	165,975	213,112
Shares sold	4,453	6,013
Shares issued to shareholders in reinvestment of distributions	3,736	4,234
Shares redeemed	(18,796)	(57,384)
Net increase (decrease) in Class B shares	(10,607)	(47,137)
Shares outstanding at end of period	**155,368**	**165,975**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 11.15**	**$11.25**	**$11.48**	**$11.80**	**$11.47**	**$12.69**
Income (loss) from investment operations:						
Net investment income[a]	.13	.23	.25	.27	.29	.24
Net realized and unrealized gain (loss)	(.21)	(.04)	(.13)	(.26)	.31	(.59)
Total from investment operations	(.08)	.19	.12	.01	.60	(.35)
Less distributions from: Net investment income	(.30)	(.29)	(.35)	(.33)	(.27)	(.37)
Net realized gains	—	—	—	—	—	(.50)
Total distributions	(.30)	(.29)	(.35)	(.33)	(.27)	(.87)
Net asset value, end of period	**$ 10.77**	**$11.15**	**$11.25**	**$11.48**	**$11.80**	**$11.47**
Total Return (%)[b]	(.74)**	1.67	1.06	.06	5.29	(3.04)
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	37	40	52	66	87	96
Ratio of expenses before expense reductions (%)[c]	.94*	.87	.86	.74	.72	.71
Ratio of expenses after expense reductions (%)[c]	.56*	.61	.58	.68	.70	.67
Ratio of net investment income (%)	2.39*	2.03	2.22	2.33	2.49	2.05
Portfolio turnover rate (%)	243**	588	521	376	393	794

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 11.14**	**$11.24**	**$11.46**	**$11.79**	**$11.46**	**$12.67**
Income (loss) from investment operations:						
Net investment income[a]	.11	.19	.21	.23	.25	.20
Net realized and unrealized gain (loss)	(.21)	(.04)	(.12)	(.27)	.31	(.59)
Total from investment operations	(.10)	.15	.09	(.04)	.56	(.39)
Less distributions from: Net investment income	(.26)	(.25)	(.31)	(.29)	(.23)	(.32)
Net realized gains	—	—	—	—	—	(.50)
Total distributions	(.26)	(.25)	(.31)	(.29)	(.23)	(.82)
Net asset value, end of period	**$ 10.78**	**$11.14**	**$11.24**	**$11.46**	**$11.79**	**$11.46**
Total Return (%)[b]	(.91)**	1.31	.79	(.36)	4.95	(3.25)
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	2	2	2	3	3	4
Ratio of expenses before expense reductions (%)[c]	1.29*	1.21	1.21	1.09	1.06	1.06
Ratio of expenses after expense reductions (%)[c]	.91*	.95	.93	1.03	1.03	.99
Ratio of net investment income (%)	2.05*	1.69	1.88	1.99	2.16	1.71
Portfolio turnover rate (%)	243**	588	521	376	393	794

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Government & Agency Securities VIP (formerly Deutsche Government & Agency Securities VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Sales of Class B shares are subject to recordkeeping fees up to 0.15% and Rule 12b-1 fees under the 1940 Act equal to an annual rate of 0.25% of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares except that each class bears certain expenses unique to that class (including the applicable Rule 12b-1 fee and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Debt securities are valued at prices supplied by independent pricing services approved by the Fund's Board. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, prepayment speeds and other data, as well as broker quotes. If the pricing services are unable to provide valuations, debt securities are valued at the average of the most recent reliable bid quotations or evaluated prices, as applicable, obtained from broker-dealers. These securities are generally categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Futures contracts are generally valued at the settlement prices established each day on the exchange on which they are traded and are categorized as Level 1.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and are categorized as Level 2.

Swap contracts are valued daily based upon prices supplied by a Board approved pricing vendor, if available, and otherwise are valued at the price provided by the broker-dealer. Swap contracts are generally categorized as Level 2.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds, including DWS Government & Agency Securities Portfolio, managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had no securities on loan.

Forward Commitments. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis with delivery or payment to occur at a later date beyond the normal settlement period. At the time the Fund enters into a commitment to purchase or sell a security, the transaction is recorded and the value of the transaction is reflected in the net asset value. The price of such security and the date when the security will be delivered and paid for are fixed at the time the transaction is negotiated. The Fund may sell the forward commitment security before the settlement date or enter into a new commitment to extend the delivery date into the future. The value of the security may vary with market fluctuations. At the time the Fund enters into a purchase transaction it is required to segregate cash or other liquid assets at least equal to the amount of the commitment. Additionally, the Fund or the counterparty may be required to post securities and/or cash collateral in accordance with the terms of the commitment.

Certain risks may arise upon entering into when-issued, delayed delivery or forward commitment transactions from the potential inability of counterparties to meet the terms of their contracts or if the issuer does not issue the securities due to political, economic or other factors. Such transactions may also have the effect of leverage on the Fund and may cause the Fund to be more volatile. Additionally, losses may arise due to changes in the value of the underlying securities.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

At December 31, 2017, the Fund had net tax basis capital loss carryforwards of approximately $29,000 of short-term losses, which may be applied against realized net taxable capital gains indefinitely.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $53,267,143. The net unrealized appreciation for all investments based on tax cost was $299,145. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $973,045 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $673,900.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in futures contracts, investments in swap contracts, forward currency contracts and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Realized gains and losses from investment transactions are recorded on an identified cost basis. All discounts and premiums are accreted/amortized for both tax and financial reporting purposes for the Fund.

B. Derivative Instruments

Swaps. A swap is a contract between two parties to exchange future cash flows at periodic intervals based on the notional amount of the swap. A bilateral swap is a transaction between the Fund and a counterparty where cash flows are exchanged between the two parties. A centrally cleared swap is a transaction executed between the Fund and a counterparty, then cleared by a clearing member through a central clearinghouse. The central clearinghouse serves as the counterparty, with whom the Fund exchanges cash flows.

The value of a swap is adjusted daily, and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Statement of Assets and Liabilities. Gains or losses are realized when the swap expires or is closed. Certain risks may arise when entering into swap transactions including counterparty default; liquidity; or unfavorable changes in interest rates or the value of the underlying reference security, commodity or index. In connection with bilateral swaps, securities and/or cash may be identified as collateral in accordance with the terms of the swap agreement to provide assets of value and recourse in the event of default. The maximum counterparty credit risk is the net present value of the cash flows to be received from or paid to the counterparty over the term of the swap, to the extent that this amount is beneficial to the Fund, in addition to any related collateral posted to the counterparty by the Fund. This risk may be partially reduced by a master netting arrangement between the Fund and the counterparty. Upon entering into a centrally cleared swap, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the notional amount of the swap. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value of the swap. In a cleared swap transaction, counterparty risk is minimized as the central clearinghouse acts as the counterparty.

An upfront payment, if any, made by the Fund is recorded as an asset in the Statement of Assets and Liabilities. An upfront payment, if any, received by the Fund is recorded as a liability in the Statement of Assets and Liabilities. Payments received or made at the end of the measurement period are recorded as realized gain or loss in the Statement of Operations.

Total Return Swap Contracts. Total return swaps involve commitments to pay interest in exchange for a market-linked return based on a notional amount. One counterparty pays out the total return of the reference security or index underlying the total return swap, and in return receives a fixed or variable rate. As a receiver, the Fund would receive payments based on any positive total return and would owe payments in the event of a negative total return. As the payer, the Fund would owe payments on any net positive total return, and would receive payments in the event of a negative total return. For the six months ended June 30, 2018, the Fund entered into total return swap transactions as a means of gaining exposure to a particular asset class without investing directly in such asset class.

A summary of the open total return swap contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in total return swap contracts had a total notional amount generally indicative of a range from $373,000 to $402,000.

Interest Rate Swaps. Interest rate swaps are agreements in which the Fund agrees to pay to the counterparty a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a variable rate payment, or the Fund agrees to receive from the counterparty a fixed rate payment in exchange for the counterparty agreeing to receive from the Fund a variable rate payment. The payment obligations are based on the notional amount of the swap. For the six months ended June 30, 2018, the Fund entered into interest rate swap agreements to gain exposure to different parts of the yield curve while managing overall duration and for non-hedging purposes to seek to enhance potential gains.

A summary of the open interest rate swap contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in interest rate swap contracts had a total USD equivalent notional amount generally indicative of a range from $2,700,000 to $12,898,000.

Futures Contracts. A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). For the six months ended June 30, 2018, the Fund entered into interest rate futures to gain exposure to different parts of the yield curve while managing overall duration and for non-hedging purposes to seek to enhance potential gains.

Upon entering into a futures contract, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the face value indicated in the futures contract. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value and are recorded for financial reporting purposes as unrealized gains or losses by the Fund. Gains or losses are realized when the contract expires or is closed. Since all futures contracts are exchange-traded, counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid market will limit the Fund's ability to close out a futures contract prior to the settlement date and the risk that the futures contract is not well correlated with the security, index or currency to which it relates. Risk of loss may exceed amounts disclosed in the Statement of Assets and Liabilities.

A summary of the open futures contracts as of June 30, 2018, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $2,509,000 to $3,481,000 and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $949,000 to $3,993,000.

Forward Foreign Currency Contracts. A forward foreign currency contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. For the six months ended June 30, 2018, the Fund entered into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated portfolio holdings and for non-hedging purposes to seek to enhance potential gains.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and unrealized gain (loss) is recorded daily. On the settlement date of the forward currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was closed. Certain risks may arise upon entering into forward currency contracts from the potential inability of counterparties to meet the terms of their contracts. The maximum counterparty credit risk to the Fund is measured by the unrealized gain on appreciated contracts. Additionally, when utilizing forward currency contracts to hedge, the Fund gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

A summary of the open forward currency contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $945,000 to $2,905,000 and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from approximately $0 to $2,243,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Asset Derivatives	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (a) (b)	$ —	$ 103,116	$ 15,586	$ 118,702
Foreign Exchange Contracts (c)	72,044	—	—	72,044
	$ 72,044	**$ 103,116**	**$ 15,586**	**$ 190,746**

Each of the above derivatives is located in the following Statement of Assets and Liabilities accounts:

(a) Includes cumulative appreciation of swap contracts and futures as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the Statement of Assets and Liabilities.

(b) Unrealized appreciation on bilateral swap contracts

(c) Unrealized appreciation on forward foreign currency contracts

Liability Derivatives	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (d)	$ —	$ (5,131)	$ (9,525)	$ (14,656)
Foreign Exchange Contracts (e)	(37,167)	—	—	(37,167)
	$ (37,167)	**$ (5,131)**	**$ (9,525)**	**$ (51,823)**

Each of the above derivatives is located in the following Statement of Assets and Liabilities accounts:

(d) Includes cumulative depreciation of swap contracts and futures as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the Statement of Assets and Liabilities.

(e) Unrealized depreciation on forward foreign currency contracts

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the six months ended June 30, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (f)	$ —	$ 190,624	$ (29,071)	$ 161,553
Foreign Exchange Contracts (g)	25,026	—	—	25,026
	$ 25,026	**$ 190,624**	**$ (29,071)**	**$ 186,579**

Each of the above derivatives is located in the following Statement of Operations accounts:

(f) Net realized gain (loss) on swap contracts and futures, respectively

(g) Net realized gain (loss) from forward foreign currency contracts

Change in Net Unrealized Appreciation (Depreciation)	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (h)	$ —	$ 55,202	$ (27,975)	$ 27,227
Foreign Exchange Contracts (i)	11,154	—	—	11,154
	$ 11,154	**$ 55,202**	**$ (27,975)**	**$ 38,381**

Each of the above derivatives is located in the following Statement of Operations accounts:

(h) Change in net unrealized appreciation (depreciation) from swap contracts and futures, respectively

(i) Change in net unrealized appreciation (depreciation) on forward foreign currency contracts

As of June 30, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following tables:

Counterparty	**Gross Amounts of Assets Presented in the Statement of Assets and Liabilities**	**Financial Instruments and Derivatives Available for Offset**	**Collateral Received**	**Net Amount of Derivative Assets**
Canadian Imperial Bank of Commerce	$ 12,046	$ (591)	$ —	$ 11,455
Danske Bank AS	33,752	(17,856)	—	15,896
HSBC Holdings PLC	26,246	—	—	26,246
	$ 72,044	**$ (18,447)**	**$ —**	**$ 53,597**

Counterparty	**Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities**	**Financial Instruments and Derivatives Available for Offset**	**Collateral Pledged**	**Net Amount of Derivative Liabilities**
Barclays Bank PLC	$ 9,698	$ —	$ —	$ 9,698
Canadian Imperial Bank of Commerce	591	(591)	—	—
Danske Bank AS	17,856	(17,856)	—	—
Goldman Sachs & Co.	1,074	—	—	1,074
Toronto-Dominion Bank	9,022	—	—	9,022
	$ 38,241	**$ (18,447)**	**$ —**	**$ 19,794**

C. Purchases and Sales of Securities

During the year ended June 30, 2018, purchases and sales of investment securities, excluding short-term investments, were as follows:

	Purchases	**Sales**
Non-U.S. Treasury Obligations	$ 121,350,983	$ 124,415,822
U.S. Treasury Obligations	$ 0	$ 1,457,089

D. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) (“DIMA” or the “Advisor”), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA (“DWS Group”), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million	.450%
Next $750 million	.430%
Next $1.5 billion	.410%
Next $2.5 billion	.400%
Next $2.5 billion	.380%
Next $2.5 billion	.360%
Next $2.5 billion	.340%
Over $12.5 billion	.320%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.45% of the Fund's average daily net assets.

Effective January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each class as follows:

Class A	.56%
Class B	.91%

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 73,291
Class B	3,251
	$ 76,542

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $20,276, of which $3,214 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 125	$ 41
Class B	26	8
	$ 151	**$ 49**

Distribution Service Agreement. Under the Fund's Class B 12b-1 plan, DWS Distributors, Inc. ("DDI") received a fee ("Distribution Service Fee") of 0.25% of average daily net assets of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee aggregated $2,159, of which $344 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $6,066, all which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Security Lending Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the year ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $29.

E. Ownership of the Fund

At June 30, 2018, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 49% and 35%. One participating insurance company was the owner of record of 10% or more of the total outstanding Class B shares of the Fund, owning 93%.

F. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The fund had no outstanding loans at June 30, 2018.

G. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche Government & Agency Securities VIP was renamed DWS Government & Agency Securities VIP.

Information About Your Fund's Expenses (Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 992.60	$ 990.90
Expenses Paid per $1,000*	$ 2.77	$ 4.49

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,022.02	$ 1,020.28
Expenses Paid per $1,000*	$ 2.81	$ 4.56

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS Government & Agency Securities VIP	.56%	.91%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Government & Agency Securities VIP's (now known as DWS Government & Agency Securities VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 3rd quartile of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were higher than the median (4th quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be higher than the median (3rd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to a comparable Deutsche U.S. registered fund ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Fund. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS2GAS-3 (R-028384-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Government Money Market VIP

(formerly Deutsche Government Money Market VIP)

DWS

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time. You should not rely on or expect the Advisor to enter into support agreements or take other actions to maintain the Fund's $1.00 share price. The credit quality of the Fund's holdings can change rapidly in certain markets, and the default of a single holding could have an adverse impact on the Fund's share price. The Fund's share price can also be negatively affected during periods of high redemption pressures and/or illiquid markets. The actions of a few large investors in the Fund may have a significant adverse effect on the share price of the Fund. Please read the prospectus for specific details regarding the Fund's risk profile.

Performance Summary

June 30, 2018 (Unaudited)

All performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. The yield quotation more closely reflects the current earnings of the Fund than the total return quotation.

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

	7-Day Current Yield
June 30, 2018	1.44%*
December 31, 2017	.83%

* The investment advisor has agreed to waive fees/reimburse expenses. Without such fee waivers/expense reimbursements, the 7-day current yield would have been lower.

Yields are historical, will fluctuate and do not guarantee future performance. The 7-day current yield refers to the income paid by the Fund over a 7-day period expressed as an annual percentage rate of the Fund's shares outstanding.

Portfolio Summary

June 30, 2018 (Unaudited)

Asset Allocation (As a % of Investment Portfolio)	**6/30/18**	**12/31/17**
Government & Agency Obligations	75%	76%
Repurchase Agreement	25%	24%
	100%	100%

Weighted Average Maturity	**6/30/18**	**12/31/17**
Deutsche DWS Variable Series II — DWS Government Money Market VIP	27 days	26 days
Government & Agency Retail Money Fund Average*	27 days	30 days

* The Fund is compared to its respective iMoneyNet Category: Government & Agency Retail Money Fund Average — Category includes the most broadly based of the government retail funds. These funds may invest in U.S. Treasury securities, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities.

Weighted average maturity, also known as effective maturity, is the weighted average of the maturity date of bonds held by the Fund taking into consideration any available maturity shortening features.

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. In addition, each month, information about the Fund and its portfolio holdings is filed with the SEC on Form N-MFP. The SEC delays the public availability of the information filed on Form N-MFP for 60 days after the end of the reporting period included in the filing. These forms will be available on the SEC's Web site at sec.gov, and they may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

A group of investment professionals is responsible for the day-to-day management of the Fund. These investment professionals have a broad range of experience managing money market funds.

	Principal Amount ($)	Value ($)
Government & Agency Obligations 80.1%		
U.S. Government Sponsored Agencies 52.3%		
Federal Farm Credit Bank:		
1-month LIBOR minus 0.165%, 1.836%*, 11/2/2018	500,000	499,995
1-month LIBOR minus 0.165%, 1.881%*, 10/9/2018	250,000	249,996
1-month LIBOR minus 0.135%, 1.911%*, 4/11/2019	500,000	500,000
1-month LIBOR minus 0.110%, 1.936%*, 3/12/2019	750,000	749,972
1-month LIBOR minus 0.145%, 1.949%*, 3/29/2019	1,000,000	1,000,000
1-month LIBOR minus 0.145%, 1.953%*, 2/26/2019	750,000	749,980
1-month LIBOR minus 0.130%, 1.964%*, 4/29/2019	3,500,000	3,500,000
1-month LIBOR minus 0.115%, 1.976%*, 7/23/2018	1,500,000	1,499,996
1-month LIBOR minus 0.095%, 1.996%*, 7/25/2019	1,000,000	999,986
1-month LIBOR minus 0.065%, 2.019%*, 7/20/2018	1,200,000	1,200,000
1-month LIBOR plus 0.040%, 2.086%*, 1/10/2019	500,000	500,187
3-month LIBOR minus 0.180%, 2.178%*, 11/1/2019	500,000	500,000
3-month Treasury Money Market Yield plus 0.280%, 2.189%*, 11/13/2018	1,500,000	1,500,000
Federal Home Loan Bank:		
1.825%**, 7/3/2018	750,000	749,925
1-month LIBOR minus 0.160%, 1.841%*, 8/3/2018	1,000,000	1,000,000
1-month LIBOR minus 0.155%, 1.85%*, 7/5/2018	1,500,000	1,500,000
1.87%**, 8/24/2018	500,000	498,617
1.88%**, 7/13/2018	3,500,000	3,497,837
1.881%**, 7/23/2018	1,750,000	1,748,016
1-month LIBOR minus 0.080%, 1.921%*, 2/4/2019	800,000	800,000
1-month LIBOR minus 0.160%, 1.925%*, 7/19/2018	1,500,000	1,500,000
1-month LIBOR minus 0.130%, 1.927%*, 3/22/2019	1,000,000	1,000,000
1-month LIBOR minus 0.145%, 1.928%*, 8/15/2018	600,000	600,000
1-month LIBOR minus 0.150%, 1.935%*, 7/16/2018	2,000,000	2,000,000
1-month LIBOR minus 0.110%, 1.936%*, 10/11/2018	3,500,000	3,500,378
1-month LIBOR minus 0.135%, 1.95%*, 11/16/2018	1,000,000	1,000,000
1.951%**, 8/22/2018	2,500,000	2,493,052
1.957%**, 9/7/2018	2,750,000	2,739,975
1-month LIBOR minus 0.125%, 1.959%*, 8/20/2018	2,000,000	2,000,000
1.962%**, 10/9/2018	3,500,000	3,481,188
1-month LIBOR minus 0.125%, 1.963%*, 6/21/2019	1,000,000	1,000,000
1-month LIBOR minus 0.110%, 1.974%*, 2/22/2019	1,500,000	1,500,000
3-month LIBOR minus 0.330%, 2.005%*, 12/21/2018	750,000	750,000
3-month LIBOR minus 0.250%, 2.058%*, 8/3/2018	500,000	500,000
3-month LIBOR minus 0.250%, 2.109%*, 7/30/2018	500,000	500,000
Federal Home Loan Mortgage Corp.:		
1.774%**, 7/18/2018	1,000,000	999,174
1.779%**, 7/16/2018	1,000,000	999,269
1.784%**, 8/9/2018	1,200,000	1,197,712
1.916%**, 8/20/2018	1,000,000	997,375
3-month LIBOR minus 0.280%, 2.073%*, 8/10/2018	500,000	500,000
3-month LIBOR minus 0.250%, 2.088%*, 10/10/2018	1,000,000	1,000,000
		53,502,630
U.S. Treasury Obligations 27.8%		
U.S. Treasury Bills:		
1.832%**, 8/23/2018	2,000,000	1,994,680
1.855%**, 7/26/2018	2,500,000	2,496,823
1.872%**, 9/20/2018	750,000	746,923
1.906%**, 9/27/2018	2,000,000	1,990,730
1.916%**, 9/20/2018	1,500,000	1,493,700
1.921%**, 9/27/2018	1,500,000	1,493,131
1.977%**, 9/20/2018	2,000,000	1,991,108
2.009%**, 10/18/2018	1,500,000	1,491,003
2.059%**, 11/23/2018	1,500,000	1,487,732
U.S. Treasury Floating Rate Notes:		
3-month Treasury Money Market Yield plus 0.070%, 1.979%*, 4/30/2019	1,000,000	1,000,156
3-month Treasury Money Market Yield plus 0.140%, 2.049%*, 1/31/2019	1,000,000	1,001,207
3-month Treasury Money Market Yield plus 0.170%, 2.079%*, 10/31/2018	7,550,000	7,556,290
3-month Treasury Money Market Yield plus 0.174%, 2.083%*, 7/31/2018	3,750,000	3,750,800
		28,494,283
Total Government & Agency Obligations (Cost $81,996,913)		**81,996,913**
Repurchase Agreement 26.9%		
Wells Fargo Bank, 2.12%, dated 6/29/2018, to be repurchased at $27,555,867 on 7/2/2018 (a) (Cost $27,551,000)	27,551,000	**27,551,000**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $109,547,913)	107.0	**109,547,913**
Other Assets and Liabilities, Net	(7.0)	**(7,195,702)**
Net Assets	100.0	**102,352,211**

The accompanying notes are an integral part of the financial statements.

* Floating rate security. These securities are shown at their current rate as of June 30, 2018.
** Annualized yield at time of purchase; not a coupon rate.
(a) Collateralized by:

Principal Amount ($)	Security	Rate (%)	Maturity Date	Collateral Value ($)
8,762,935	FREMF Mortgage Trust	0.1–3.703	11/25/2023–1/25/2046	81,533
29,241	Federal Agricultural Mortgage Corp	2.835	11/30/2021	29,402
80,449	Federal Home Loan Bank	1.2–2.75	12/20/2018–6/10/2022	78,582
6,392,975	Federal Home Loan Mortgage Corp.	2–6.5	11/1/2025–7/1/2048	6,406,211
19,048,225	Federal National Mortgage Association	1.15–6.625	7/11/2018–8/1/2056	19,424,610
18	Federal National Mortgage Association STRIPS	0	1/15/2028	13
4,563,575	Federal National Mortgage Association- Interest Only	3–8	3/15/2029–8/25/2047	754,064
3,613,415	Freddie Mac Multifamily Structured Pass-Through Certificates	0.815–2.896	3/25/2019–12/25/2041	212,765
842,719	Government National Mortgage Association	2.5–10	2/20/2019–5/20/2048	826,308
340,420	Tennessee Valley Authority	0–2.875	10/15/2018–9/15/2025	288,532
Total Collateral Value				**28,102,020**

LIBOR: London Interbank Offered Rate
STRIPS: Separate Trading of Registered Interest and Principal Securities

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Securities held by the Fund are reflected as Level 2 because the securities are valued at amortized cost (which approximates fair value) and, accordingly, the inputs used to determine value are not quoted prices in an active market.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Investments in Securities (b)	$ —	$ 81,996,913	$ —	$ 81,996,913
Repurchase Agreement	—	27,551,000	—	27,551,000
Total	**$ —**	**$ 109,547,913**	**$ —**	**$ 109,547,913**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.
(b) See Investment Portfolio for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

As of June 30, 2018 (Unaudited)

Assets	
Investments in securities, valued at amortized cost	$ 81,996,913
Repurchased agreement, valued at amortized cost	27,551,000
Cash	7,504
Receivable for Fund shares sold	61,659
Interest receivable	87,642
Other assets	853
Total assets	109,705,571
Liabilities	
Payable for Fund shares redeemed	7,180,717
Distributions payable	53,768
Accrued management fee	21,027
Accrued Trustees' fees	1,042
Other accrued expenses and payables	96,806
Total liabilities	7,353,360
Net assets, at value	**$102,352,211**
Net Assets Consist of	
Undistributed net investment income	14,915
Accumulated net realized gain (loss)	53
Paid-in capital	102,337,243
Net assets, at value	**$102,352,211**
Class A	
Net Asset Value	
Net asset value, offering and redemption price per share ($102,352,211 ÷ 102,420,959 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 1.00**

Statement of Operations

For the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Interest	$889,086
Expenses: Management fee	127,457
Administration fee	54,237
Services to Shareholders	1,327
Custodian fee	5,455
Professional fees	27,615
Reports to shareholders	46,218
Trustees' fees and expenses	3,835
Other	4,972
Total expenses before expense reductions	271,116
Expense reductions	(111)
Total expenses after expense reductions	271,005
Net investment income	**618,081**
Net increase (decrease) in net assets resulting from operations	**$618,081**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations: Net investment income (loss)	$ 618,081	$ 547,826
Net realized gain (loss)	—	53
Net increase (decrease) in net assets resulting from operations	618,081	547,879
Distributions to shareholders from: Net investment income Class A	(618,078)	(547,829)
Fund share transactions: **Class A** Proceeds from shares sold	71,208,629	111,220,770
Reinvestment of distributions	599,377	514,778
Cost of shares redeemed	(80,675,760)	(122,921,320)
Net increase (decrease) in net assets from Class A share transactions	(8,867,754)	(11,185,772)
Increase (decrease) in net assets	(8,867,751)	(11,185,722)
Net assets at beginning of period	111,219,962	122,405,684
Net assets at end of period (including undistributed net investment income of $14,915 and $14,912, respectively)	**$ 102,352,211**	**$ 111,219,962**

Other Information		
Class A Shares outstanding at beginning of period	111,288,713	122,474,485
Shares sold	71,208,629	111,220,770
Shares issued to shareholders in reinvestment of distributions	599,377	514,778
Shares redeemed	(80,675,760)	(122,921,320)
Net increase (decrease) in Class A shares	(8,867,754)	(11,185,772)
Shares outstanding at end of period	**102,420,959**	**111,288,713**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**
Income from investment operations:						
Net investment income	.006	.005	.001[b]	.000***	.000***	.000***
Net realized gain (loss)	—	.000***	.000***	(.000)***	.000***	.000***
Total from investment operations	.006	.005	.001	.000***	.000***	.000***
Less distributions from:						
Net investment income	(.006)	(.005)	(.001)	(.000)***	(.000)***	(.000)***
Net asset value, end of period	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**
Total Return (%)	.56[a]**	.45	.05[a,b]	.01[a]	.01[a]	.01[a]
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	102	111	122	134	177	174
Ratio of expenses before expense reductions (%)[c]	.50*	.48	.51	.49	.49	.49
Ratio of expenses after expense reductions (%)[c]	.50*	.48	.44	.25	.18	.20
Ratio of net investment income (%)	1.14*	.45	.05[b]	.01	.01	.01

[a] Total return would have been lower had certain expenses not been reduced.

[b] Includes a non-recurring payment for overbilling of prior years' custodian out-of-pocket fees. Excluding this payment, net investment income per share, total return, and ratio of net investment income to average net assets would have been reduced by $0.0004, 0.04%, and 0.04%, respectively.

[c] Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

*** Amount is less than $.0005.

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Government Money Market VIP (formerly Deutsche Government Money Market VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The Fund values all securities utilizing the amortized cost method permitted in accordance with Rule 2a-7 under the 1940 Act and certain conditions therein. Under this method, which does not take into account unrealized capital gains or losses on securities, an instrument is initially valued at its cost and thereafter assumes a constant accretion/amortization rate to maturity of any discount or premium. Securities held by the Fund are reflected as Level 2 because the securities are valued at amortized cost (which approximates fair value) and, accordingly, the inputs used to determine value are not quoted prices in an active market.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Repurchase Agreements. The Fund may enter into repurchase agreements, under the terms of a Master Repurchase Agreement, with certain banks and broker/dealers whereby the Fund, through its custodian or a sub-custodian bank, receives delivery of the underlying securities, the amount of which at the time of purchase and each subsequent business day is required to be maintained at such a level that the value is equal to at least the principal amount of the repurchase price plus accrued interest. The custodian bank or another designated sub-custodian holds the collateral in a separate account until the agreement matures. If the value of the securities falls below the principal amount of the repurchase agreement plus accrued interest, the financial institution deposits additional collateral by the following business day. If the financial institution either fails to deposit the required additional collateral or fails to repurchase the securities as agreed, the Fund has the right to sell the securities and recover any resulting loss from the financial institution. If the financial institution enters into bankruptcy, the Fund's claim on the collateral may be subject to legal proceedings.

As of June 30, 2018 the Fund held repurchase agreements with a gross value of $27,551,000. The value of the related collateral exceeded the value of the repurchase agreements at period end. The detail of the related collateral is included in the footnotes following the Fund's Investment Portfolio.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

From November 1, 2017 through December 31, 2017, the Fund elects to defer qualified late year losses of $53 of net short-term realized capital losses and treat them as arising in the fiscal year ending December 31, 2018.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $111,207,273.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Net investment income of the Fund is declared as a daily dividend and is distributed to shareholders monthly. The Fund may take into account capital gains and losses in its daily dividend declarations. The Fund may also make additional distributions for tax purposes if necessary.

Permanent book and tax differences relating to shareholder distributions will result in reclassifications to paid-in capital. Temporary book and tax differences will reverse in a subsequent period. There were no significant book to tax differences for the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date. Interest income is recorded on the accrual basis. Realized gains and losses from investment transactions are recorded on an identified cost basis. All discounts and premiums are accreted/amortized for both tax and financial reporting purposes.

B. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas, Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays the Advisor a monthly management fee based on its average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $500 million	.235%
Next $500 million	.220%
Next $1.0 billion	.205%
Over $2.0 billion	.190%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.235% of the Fund's average daily net assets.

For the period from January 1, 2017 through September 30, 2018, the Advisor has contractually agreed to waive its fee and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) at 0.51%.

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed amounted to $111.

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018 the Administration Fee was $54,237, of which $8,948 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC aggregated $1,148, of which $588 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,447, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

C. Ownership of the Fund

At June 30, 2018, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 54%, 17% and 16%.

D. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate, plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

E. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche Government Money Market VIP was renamed DWS Government Money Market VIP.

Information About Your Fund's Expenses (Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months June 30, 2018

Actual Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 1,005.64
Expenses Paid per $1,000*	$ 2.49

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 1,022.32
Expenses Paid per $1,000*	$ 2.51

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratio	**Class A**
Deutsche DWS Variable Series II — DWS Government Money Market VIP	.50%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Government Money Market VIP's (now known as DWS Government Money Market VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including a peer universe compiled using information supplied by iMoneyNet, an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one- and three-year periods ended December 31, 2016, the Fund's gross performance (Class A shares) was in the 1st quartile of the applicable iMoneyNet universe (the 1st quartile being the best performers and the 4th quartile being the worst performers).

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were lower than the median (2nd quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board considered that the Fund's management fee was reduced by 0.05% at all breakpoint levels in connection with the restructuring of the Fund into a government money market fund in 2016. The Board noted that the Fund's Class A shares total (net) operating expenses were higher than the median (4th quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board noted the expense limitation agreed to by DIMA. The Board also noted the voluntary fee waivers implemented by DIMA to ensure the Fund maintained a positive yield. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund and any fees received by an affiliate of DIMA for transfer agency services provided to the Fund. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS2GMM-3 (R-028387-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS High Income VIP

(formerly Deutsche High Income VIP)

DWS

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. Investments in lower-quality ("junk bonds") and non-rated securities present greater risk of loss than investments in higher-quality securities. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read the prospectus for details.

Performance Summary

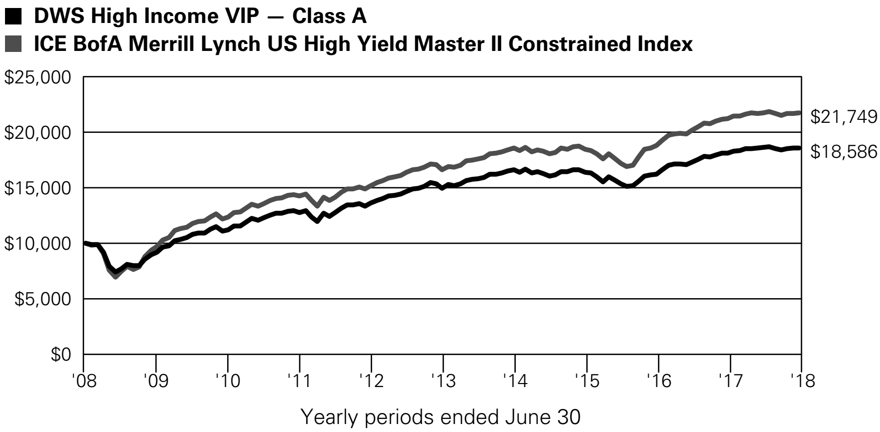
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.78% and 1.15% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS High Income VIP



ICE BofA Merrill Lynch US High Yield Master II Constrained Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS High Income VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,970	$10,261	$11,351	$12,428	$18,586
	Average annual total return	–0.30%	2.61%	4.32%	4.44%	6.39%
ICE BofA Merrill Lynch US High Yield Master II Constrained Index	Growth of $10,000	$10,008	$10,254	$11,761	$13,077	$21,749
	Average annual total return	0.08%	2.54%	5.56%	5.51%	8.08%

DWS High Income VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$9,962	$10,251	$11,256	$12,225	$18,086
	Average annual total return	–0.38%	2.51%	4.02%	4.10%	6.10%
ICE BofA Merrill Lynch US High Yield Master II Constrained Index	Growth of $10,000	$10,008	$10,254	$11,761	$13,077	$21,749
	Average annual total return	0.08%	2.54%	5.56%	5.51%	8.08%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Corporate Bonds	89%	93%
Cash Equivalents	6%	4%
Convertible Bonds	3%	3%
Government & Agency Obligation	1%	—
Loan Participations and Assignments	1%	—
Common Stocks	0%	0%
Warrants	0%	0%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Energy	25%	23%
Consumer Discretionary	22%	23%
Materials	16%	18%
Telecommunication Services	9%	10%
Health Care	8%	7%
Industrials	6%	7%
Information Technology	4%	3%
Utilities	4%	4%
Consumer Staples	3%	2%
Real Estate	2%	2%
Financials	1%	1%
	100%	100%

Quality (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
BBB	7%	5%
BB	54%	54%
B	31%	34%
CCC	4%	3%
Not Rated	4%	4%
	100%	100%

The quality ratings represent the higher of Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings, Inc. ("Fitch") or Standard & Poor's Corporation ("S&P") credit ratings. The ratings of Moody's, Fitch and S&P represent their opinions as to the quality of the securities they rate. Credit quality measures a bond issuer's ability to repay interest and principal in a timely manner. Ratings are relative and subjective and are not absolute standards of quality. Credit quality does not remove market risk and is subject to change.

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Gary Russell, CFA, Managing Director
Thomas R. Bouchard, Director
Lonnie Fox, Director (added to the team as of August 9, 2018)
Portfolio Managers

	Principal Amount ($)(a)	Value ($)
Corporate Bonds 86.2%		
Consumer Discretionary 18.7%		
Adient Global Holdings Ltd.:		
REG S, 3.5%, 8/15/2024	EUR 185,000	200,007
144A, 4.875%, 8/15/2026	340,000	305,150
Ally Financial, Inc., 5.75%, 11/20/2025	110,000	112,063
Altice France SA, 144A, 7.375%, 5/1/2026	910,000	889,707
Altice Luxembourg SA, 144A, 7.75%, 5/15/2022	243,000	235,102
Altice U.S. Finance I Corp., 144A, 5.5%, 5/15/2026	175,000	168,875
American Axle & Manufacturing, Inc.:		
6.25%, 4/1/2025 (b)	110,000	109,175
6.25%, 3/15/2026	65,000	63,375
Asbury Automotive Group, Inc., 6.0%, 12/15/2024	239,000	236,835
Ashton Woods U.S.A. LLC, 144A, 6.75%, 8/1/2025	165,000	156,750
Boyd Gaming Corp.:		
144A, 6.0%, 8/15/2026	160,000	158,400
6.875%, 5/15/2023	100,000	104,750
Carlson Travel, Inc., 144A, 9.5%, 12/15/2024	200,000	181,000
CCO Holdings LLC:		
144A, 5.0%, 2/1/2028	150,000	137,250
144A, 5.125%, 5/1/2027	125,000	116,953
5.25%, 9/30/2022	680,000	682,125
144A, 5.5%, 5/1/2026	210,000	203,637
144A, 5.875%, 4/1/2024	170,000	170,425
144A, 5.875%, 5/1/2027	350,000	341,687
Cequel Communications Holdings I LLC:		
144A, 5.125%, 12/15/2021	437,000	434,269
144A, 7.5%, 4/1/2028	200,000	202,440
Clear Channel Worldwide Holdings, Inc., Series A, 6.5%, 11/15/2022	180,000	182,700
CSC Holdings LLC:		
144A, 5.5%, 4/15/2027	345,000	329,475
144A, 10.125%, 1/15/2023	200,000	220,500
144A, 10.875%, 10/15/2025	230,000	265,144
Cumberland Farms, Inc., 144A, 6.75%, 5/1/2025	48,000	48,600
Dana Financing Luxembourg Sarl:		
144A, 5.75%, 4/15/2025	315,000	310,275
144A, 6.5%, 6/1/2026	280,000	284,200
DISH DBS Corp.:		
5.875%, 7/15/2022 (b)	260,000	244,400
5.875%, 11/15/2024	75,000	63,469
Fiat Chrysler Automobiles NV, 5.25%, 4/15/2023	245,000	246,298
GLP Capital LP:		
5.25%, 6/1/2025	100,000	100,000
5.75%, 6/1/2028	55,000	55,413
Group 1 Automotive, Inc., 5.0%, 6/1/2022	330,000	327,525
HD Supply, Inc., 144A, 5.75%, 4/15/2024	85,000	89,144
Lennar Corp., 5.0%, 6/15/2027	50,000	47,875
Merlin Entertainments PLC, 144A, 5.75%, 6/15/2026	200,000	203,020
MGM Resorts International, 5.75%, 6/15/2025	190,000	189,706
NCL Corp., Ltd., 144A, 4.75%, 12/15/2021	93,000	92,768
Penn National Gaming, Inc., 144A, 5.625%, 1/15/2027	80,000	75,400
Penske Automotive Group, Inc., 5.5%, 5/15/2026	165,000	161,700
Rivers Pittsburgh Borrower LP, 144A, 6.125%, 8/15/2021	50,000	49,500
Seminole Hard Rock Entertainment, Inc., 144A, 5.875%, 5/15/2021	90,000	90,450
Sirius XM Radio, Inc., 144A, 3.875%, 8/1/2022	300,000	289,500
Sonic Automotive, Inc., 6.125%, 3/15/2027	55,000	51,975
Stars Group Holdings, 144A, 7.0%, 7/15/2026 (c)	200,000	202,000
Suburban Propane Partners LP, 5.75%, 3/1/2025	105,000	100,734
Toll Brothers Finance Corp., 4.35%, 2/15/2028	247,000	220,756
TRI Pointe Group, Inc., 5.25%, 6/1/2027	135,000	123,863
UPCB Finance IV Ltd., 144A, 5.375%, 1/15/2025	355,000	337,285
Viking Cruises Ltd., 144A, 5.875%, 9/15/2027	205,000	193,725
Virgin Media Secured Finance PLC:		
144A, 5.25%, 1/15/2026	200,000	185,000
144A, 5.5%, 8/15/2026	215,000	201,261
WMG Acquisition Corp., 144A, 5.0%, 8/1/2023	75,000	74,625
		10,868,261
Consumer Staples 2.4%		
Chobani LLC, 144A, 7.5%, 4/15/2025	35,000	33,600
Cott Holdings, Inc., 144A, 5.5%, 4/1/2025	225,000	218,813
FAGE International SA, 144A, 5.625%, 8/15/2026	220,000	202,400
JBS U.S.A. LUX SA:		
144A, 5.75%, 6/15/2025	210,000	195,300
144A, 6.75%, 2/15/2028	235,000	222,004
Pilgrim's Pride Corp.:		
144A, 5.75%, 3/15/2025	50,000	48,000
144A, 5.875%, 9/30/2027	150,000	139,125
Post Holdings, Inc.:		
144A, 5.625%, 1/15/2028	40,000	37,500
144A, 5.75%, 3/1/2027	215,000	208,550
Simmons Foods, Inc., 144A, 5.75%, 11/1/2024	100,000	86,750
		1,392,042
Energy 22.7%		
Antero Midstream Partners LP, 5.375%, 9/15/2024	125,000	125,937
Antero Resources Corp.:		
5.375%, 11/1/2021	420,000	425,250
5.625%, 6/1/2023	45,000	45,563

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
Blue Racer Midstream LLC, 144A, 6.125%, 11/15/2022	295,000	297,950
Carrizo Oil & Gas, Inc.:		
6.25%, 4/15/2023 (b)	85,000	86,063
8.25%, 7/15/2025	100,000	106,000
Cheniere Corpus Christi Holdings LLC:		
5.125%, 6/30/2027	230,000	227,987
5.875%, 3/31/2025	165,000	171,600
7.0%, 6/30/2024	470,000	512,300
Chesapeake Energy Corp.:		
144A, 8.0%, 12/15/2022	174,000	182,648
8.0%, 1/15/2025 (b)	165,000	168,044
8.0%, 6/15/2027 (b)	315,000	320,512
CNX Midstream Partners LP, 144A, 6.5%, 3/15/2026	107,000	104,058
Continental Resources, Inc., 5.0%, 9/15/2022	413,000	418,457
Crestwood Midstream Partners LP:		
5.75%, 4/1/2025	125,000	124,844
6.25%, 4/1/2023	290,000	295,075
DCP Midstream Operating LP, 3.875%, 3/15/2023	100,000	96,625
Diamondback Energy, Inc., 4.75%, 11/1/2024	125,000	121,875
Endeavor Energy Resources LP:		
144A, 5.5%, 1/30/2026	35,000	33,950
144A, 5.75%, 1/30/2028	35,000	34,125
Energy Transfer Equity LP, 5.5%, 6/1/2027	450,000	450,000
Extraction Oil & Gas, Inc.:		
144A, 5.625%, 2/1/2026	135,000	129,271
144A, 7.375%, 5/15/2024	70,000	73,325
Genesis Energy LP:		
6.25%, 5/15/2026	215,000	202,637
6.5%, 10/1/2025	305,000	292,800
Gulfport Energy Corp.:		
6.0%, 10/15/2024	60,000	57,750
6.375%, 5/15/2025	100,000	97,250
6.375%, 1/15/2026	150,000	144,000
Halcon Resources Corp., 6.75%, 2/15/2025	250,000	233,750
Hess Infrastructure Partners LP, 144A, 5.625%, 2/15/2026	130,000	129,675
Hilcorp Energy I LP:		
144A, 5.0%, 12/1/2024	105,000	101,850
144A, 5.75%, 10/1/2025	245,000	244,387
Holly Energy Partners LP, 144A, 6.0%, 8/1/2024	225,000	227,250
Jagged Peak Energy LLC, 144A, 5.875%, 5/1/2026	99,000	97,020
Laredo Petroleum, Inc.:		
5.625%, 1/15/2022	70,000	69,038
6.25%, 3/15/2023	215,000	215,269
MEG Energy Corp.:		
144A, 6.375%, 1/30/2023	215,000	199,950
144A, 6.5%, 1/15/2025	234,000	233,415
Murphy Oil Corp., 5.75%, 8/15/2025	110,000	109,692
Murphy Oil U.S.A., Inc., 5.625%, 5/1/2027	65,000	63,538
Nabors Industries, Inc.:		
5.5%, 1/15/2023 (b)	70,000	67,375
144A, 5.75%, 2/1/2025	80,000	75,600

	Principal Amount ($)(a)	Value ($)
Newfield Exploration Co.:		
5.375%, 1/1/2026	245,000	250,512
5.75%, 1/30/2022	140,000	145,775
Noble Holding International Ltd., 144A, 7.875%, 2/1/2026	120,000	123,600
NuStar Logistics LP, 5.625%, 4/28/2027	236,000	228,330
Oasis Petroleum, Inc.:		
6.875%, 3/15/2022 (b)	138,000	140,375
6.875%, 1/15/2023	60,000	61,050
Parsley Energy LLC:		
144A, 5.25%, 8/15/2025	55,000	54,038
144A, 5.375%, 1/15/2025	85,000	84,363
144A, 5.625%, 10/15/2027	120,000	119,100
PDC Energy, Inc., 6.125%, 9/15/2024	150,000	153,000
Peabody Energy Corp.:		
144A, 6.0%, 3/31/2022	120,000	121,752
144A, 6.375%, 3/31/2025 (b)	175,000	180,687
Precision Drilling Corp., 144A, 7.125%, 1/15/2026	110,000	112,970
QEP Resources, Inc., 5.625%, 3/1/2026	130,000	124,475
Range Resources Corp.:		
4.875%, 5/15/2025 (b)	125,000	117,187
5.0%, 8/15/2022	305,000	301,950
5.0%, 3/15/2023	125,000	120,937
5.875%, 7/1/2022	140,000	141,750
Resolute Energy Corp., 8.5%, 5/1/2020	31,000	30,923
Shelf Drilling Holdings Ltd., 144A, 8.25%, 2/15/2025	180,000	181,350
Southwestern Energy Co.:		
4.1%, 3/15/2022	190,000	181,450
6.7%, 1/23/2025	90,000	88,088
7.75%, 10/1/2027	330,000	342,375
Sunoco LP:		
144A, 5.5%, 2/15/2026	130,000	123,175
144A, 5.875%, 3/15/2028	35,000	32,999
Targa Resources Partners LP:		
144A, 5.0%, 1/15/2028	235,000	218,550
5.375%, 2/1/2027	260,000	252,200
144A, 5.875%, 4/15/2026	113,000	113,848
Transocean Guardian Ltd., 144A, 5.875%, GTY: Multiple, 1/15/2024 (c)	45,000	44,831
Transocean, Inc., 144A, 9.0%, 7/15/2023	110,000	118,387
Trinidad Drilling Ltd., 144A, 6.625%, 2/15/2025	50,000	48,125
U.S.A. Compression Partners LP, 144A, 6.875%, 4/1/2026	182,000	188,370
Weatherford International Ltd.:		
4.5%, 4/15/2022 (b)	190,000	174,397
8.25%, 6/15/2023	70,000	69,446
Whiting Petroleum Corp., 5.75%, 3/15/2021	385,000	393,458
WildHorse Resource Development Corp.:		
6.875%, 2/1/2025	50,000	50,938
144A, 6.875%, 2/1/2025	85,000	86,594
WPX Energy, Inc.:		
5.25%, 9/15/2024	145,000	142,644
6.0%, 1/15/2022	43,000	44,720
8.25%, 8/1/2023	215,000	243,487
		13,165,911

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
Financials 0.8%		
CIT Group, Inc., 4.125%, 3/9/2021	15,000	14,906
Lincoln Finance Ltd., 144A, 7.375%, 4/15/2021	105,000	108,399
Seminole Tribe of Florida, Inc., 144A, 7.804%, 10/1/2020	170,000	170,000
Tempo Acquisition LLC, 144A, 6.75%, 6/1/2025	75,000	72,000
Travelport Corporate Finance PLC, 144A, 6.0%, 3/15/2026	101,000	101,758
		467,063
Health Care 7.5%		
Avantor, Inc., 144A, 6.0%, 10/1/2024	70,000	69,244
Centene Escrow I Corp., 144A, 5.375%, 6/1/2026	95,000	96,247
Charles River Laboratories International, Inc., 144A, 5.5%, 4/1/2026	20,000	20,044
DaVita, Inc.:		
5.0%, 5/1/2025	110,000	103,537
5.125%, 7/15/2024	110,000	106,700
Endo Dac, 144A, 6.0%, 7/15/2023	195,000	160,387
HCA, Inc.:		
4.75%, 5/1/2023	360,000	359,100
5.25%, 6/15/2026	280,000	278,096
5.875%, 2/15/2026	190,000	191,662
LifePoint Health, Inc., 5.5%, 12/1/2021	90,000	89,888
Mallinckrodt International Finance SA, 144A, 5.625%, 10/15/2023 (b)	100,000	83,350
Tenet Healthcare Corp.:		
4.5%, 4/1/2021	90,000	89,100
144A, 5.125%, 5/1/2025	100,000	95,062
6.75%, 6/15/2023	45,000	44,775
144A, 7.0%, 8/1/2025	25,000	24,813
Teva Pharmaceutical Finance Netherlands III BV:		
2.2%, 7/21/2021	335,000	310,725
6.0%, 4/15/2024	250,000	247,582
6.75%, 3/1/2028 (b)	200,000	203,846
Valeant Pharmaceuticals International, 144A, 8.5%, 1/31/2027	175,000	177,187
Valeant Pharmaceuticals International, Inc.:		
144A, 5.375%, 3/15/2020	140,000	141,882
144A, 5.625%, 12/1/2021	125,000	122,969
144A, 5.875%, 5/15/2023	170,000	159,694
144A, 6.125%, 4/15/2025	150,000	138,187
144A, 6.5%, 3/15/2022	105,000	108,675
144A, 7.0%, 3/15/2024	255,000	267,355
144A, 7.5%, 7/15/2021	545,000	553,516
144A, 9.25%, 4/1/2026	85,000	88,294
		4,331,917
Industrials 6.0%		
Bombardier, Inc.:		
144A, 5.75%, 3/15/2022	230,000	230,862
144A, 6.0%, 10/15/2022	190,000	189,230
144A, 7.5%, 12/1/2024	85,000	89,462
BWX Technologies, Inc., 144A, 5.375%, 7/15/2026	30,000	30,375
Covanta Holding Corp.:		
5.875%, 3/1/2024	160,000	157,600
5.875%, 7/1/2025	85,000	82,025
DAE Funding LLC:		
144A, 4.5%, 8/1/2022	8,000	7,760
144A, 5.0%, 8/1/2024	25,000	24,013
Energizer Gamma Acquisition, Inc., 144A, 6.375%, 7/15/2026 (c)	120,000	122,025
GFL Environmental, Inc., 144A, 5.625%, 5/1/2022	85,000	81,813
Hulk Finance Corp., 144A, 7.0%, 6/1/2026	150,000	143,625
IHO Verwaltungs GmbH, 144A, 4.125%, PIK, 9/15/2021	200,000	197,000
Moog, Inc., 144A, 5.25%, 12/1/2022	120,000	122,400
Mueller Water Products, Inc., 144A, 5.5%, 6/15/2026	115,000	115,862
Novelis Corp.:		
144A, 5.875%, 9/30/2026	230,000	220,225
144A, 6.25%, 8/15/2024	290,000	290,000
Oshkosh Corp., 5.375%, 3/1/2025	20,000	20,500
Park Aerospace Holdings Ltd.:		
144A, 4.5%, 3/15/2023	310,000	294,438
144A, 5.25%, 8/15/2022	180,000	178,202
144A, 5.5%, 2/15/2024	245,000	241,886
Prime Security Services Borrower LLC, 144A, 9.25%, 5/15/2023	4,000	4,259
Summit Materials LLC:		
144A, 5.125%, 6/1/2025	30,000	28,200
6.125%, 7/15/2023	200,000	203,000
8.5%, 4/15/2022	70,000	74,995
Tennant Co., 5.625%, 5/1/2025	30,000	29,775
TransDigm, Inc., 5.5%, 10/15/2020	150,000	150,000
WESCO Distribution, Inc., 5.375%, 6/15/2024	140,000	137,550
		3,467,082
Information Technology 3.7%		
Cardtronics, Inc., 144A, 5.5%, 5/1/2025	95,000	85,975
Change Healthcare Holdings LLC, 144A, 5.75%, 3/1/2025	210,000	198,681
Dell International LLC:		
144A, 5.875%, 6/15/2021	110,000	111,498
144A, 6.02%, 6/15/2026	225,000	236,338
Fair Isaac Corp., 144A, 5.25%, 5/15/2026	130,000	130,488
First Data Corp.:		
144A, 5.375%, 8/15/2023	175,000	176,619
144A, 7.0%, 12/1/2023	380,000	395,800
Netflix, Inc.:		
4.375%, 11/15/2026 (b)	180,000	168,264
5.875%, 2/15/2025	120,000	123,095
144A, 5.875%, 11/15/2028	71,000	71,689
Riverbed Technology, Inc., 144A, 8.875%, 3/1/2023 (b)	110,000	104,280
TTM Technologies, Inc., 144A, 5.625%, 10/1/2025	155,000	151,125
Western Digital Corp., 4.75%, 2/15/2026	215,000	209,087
		2,162,939

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
Materials 11.4%		
AK Steel Corp.:		
6.375%, 10/15/2025	195,000	181,350
7.0%, 3/15/2027 (b)	115,000	109,250
7.5%, 7/15/2023	145,000	151,162
Ardagh Packaging Finance PLC:		
144A, 6.0%, 2/15/2025	220,000	214,225
144A, 7.25%, 5/15/2024	290,000	301,600
Axalta Coating Systems LLC, 144A, 4.875%, 8/15/2024	175,000	173,687
Berry Global, Inc., 5.5%, 5/15/2022	315,000	317,803
BWAY Holding Co., 144A, 5.5%, 4/15/2024	175,000	170,625
Cascades, Inc., 144A, 5.5%, 7/15/2022	26,000	25,773
Chemours Co.:		
5.375%, 5/15/2027	115,000	111,263
6.625%, 5/15/2023	99,000	103,826
7.0%, 5/15/2025	60,000	64,350
Clearwater Paper Corp., 144A, 5.375%, 2/1/2025	110,000	99,688
Constellium NV:		
144A, 4.625%, 5/15/2021	EUR 150,000	176,180
144A, 5.75%, 5/15/2024	250,000	241,875
144A, 6.625%, 3/1/2025	250,000	251,875
First Quantum Minerals Ltd., 144A, 6.5%, 3/1/2024	200,000	193,000
Flex Acquisition Co., Inc, 144A, 7.875%, 7/15/2026	165,000	164,356
Freeport-McMoRan, Inc.:		
3.55%, 3/1/2022	120,000	114,000
3.875%, 3/15/2023	115,000	108,675
4.0%, 11/14/2021	180,000	175,500
5.4%, 11/14/2034	125,000	113,437
5.45%, 3/15/2043	35,000	30,702
Hexion, Inc.:		
6.625%, 4/15/2020	165,000	154,506
144A, 10.375%, 2/1/2022	40,000	39,200
Hudbay Minerals, Inc.:		
144A, 7.25%, 1/15/2023	175,000	180,250
144A, 7.625%, 1/15/2025	150,000	157,125
Kaiser Aluminum Corp., 5.875%, 5/15/2024	145,000	147,900
Mercer International, Inc., 6.5%, 2/1/2024	110,000	111,375
NOVA Chemicals Corp.:		
144A, 4.875%, 6/1/2024	185,000	175,750
144A, 5.25%, 6/1/2027	140,000	130,462
Nufarm Australia Ltd., 144A, 5.75%, 4/30/2026	70,000	67,900
OCI NV, 144A, 6.625%, 4/15/2023	200,000	203,140
Plastipak Holdings, Inc., 144A, 6.25%, 10/15/2025	160,000	147,200
Platform Specialty Products Corp.:		
144A, 5.875%, 12/1/2025	85,000	83,088
144A, 6.5%, 2/1/2022	290,000	295,075
Reynolds Group Issuer, Inc.:		
144A, 5.125%, 7/15/2023	290,000	286,375
144A, 7.0%, 7/15/2024	35,000	35,744
Teck Resources Ltd.:		
6.125%, 10/1/2035	105,000	105,788
6.25%, 7/15/2041	165,000	164,175
Tronox, Inc., 144A, 6.5%, 4/15/2026	122,000	121,237
United States Steel Corp.:		
6.25%, 3/15/2026	64,000	63,121
6.875%, 8/15/2025	295,000	296,755
WR Grace & Co-Conn, 144A, 5.125%, 10/1/2021	65,000	66,281
		6,626,649
Real Estate 1.4%		
CyrusOne LP, (REIT), 5.375%, 3/15/2027	165,000	163,762
Iron Mountain, Inc., 144A, (REIT), 5.25%, 3/15/2028	115,000	106,421
MPT Operating Partnership LP:		
(REIT), 5.0%, 10/15/2027	145,000	138,475
(REIT), 5.25%, 8/1/2026	35,000	34,300
(REIT), 6.375%, 3/1/2024	170,000	178,075
SBA Communications Corp., 144A, (REIT), 4.0%, 10/1/2022	180,000	172,125
		793,158
Telecommunication Services 8.0%		
CenturyLink, Inc.:		
Series V, 5.625%, 4/1/2020	180,000	182,025
Series W, 6.75%, 12/1/2023 (b)	180,000	180,900
Series Y, 7.5%, 4/1/2024 (b)	270,000	277,425
Frontier Communications Corp.:		
7.125%, 1/15/2023 (b)	440,000	324,225
10.5%, 9/15/2022	50,000	45,375
11.0%, 9/15/2025	80,000	63,976
Intelsat Jackson Holdings SA:		
7.25%, 10/15/2020	215,000	213,925
144A, 8.0%, 2/15/2024	327,000	343,350
144A, 9.75%, 7/15/2025	340,000	358,700
Sprint Capital Corp.:		
6.875%, 11/15/2028	85,000	81,387
8.75%, 3/15/2032	115,000	123,050
Sprint Corp.:		
7.125%, 6/15/2024	805,000	812,720
7.625%, 3/1/2026	135,000	137,700
T-Mobile U.S.A., Inc.:		
4.75%, 2/1/2028	65,000	60,206
6.0%, 4/15/2024	164,000	169,740
6.375%, 3/1/2025	362,000	374,742
6.5%, 1/15/2026	10,000	10,313
Telesat Canada, 144A, 8.875%, 11/15/2024	130,000	139,100
ViaSat, Inc., 144A, 5.625%, 9/15/2025	55,000	51,563
Zayo Group LLC:		
144A, 5.75%, 1/15/2027	240,000	235,800
6.0%, 4/1/2023	185,000	188,237
6.375%, 5/15/2025	281,000	286,269
		4,660,728
Utilities 3.6%		
AmeriGas Partners LP:		
5.5%, 5/20/2025	120,000	116,250
5.75%, 5/20/2027	110,000	104,500
Calpine Corp.:		
144A, 5.25%, 6/1/2026	90,000	84,769
5.75%, 1/15/2025	45,000	41,147

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
NGL Energy Partners LP, 5.125%, 7/15/2019	140,000	140,175
NRG Energy, Inc.:		
144A, 5.75%, 1/15/2028	200,000	197,000
6.25%, 7/15/2022	725,000	746,061
Vistra Energy Corp.:		
5.875%, 6/1/2023	70,000	72,013
7.375%, 11/1/2022	195,000	203,775
7.625%, 11/1/2024	270,000	287,887
144A, 8.125%, 1/30/2026	80,000	86,900
		2,080,477
Total Corporate Bonds (Cost $50,686,671)		**50,016,227**

Loan Participations and Assignments 0.9%

Senior Loans**

CenturyLink, Inc., Term Loan B, 1-month USD LIBOR + 2.750%, 4.844%, 1/31/2025	298,500	292,841
CSC Holdings LLC, First Lien Term Loan, 1-month USD LIBOR + 2.250%, 4.323%, 7/17/2025	239,396	238,173
Total Loan Participations and Assignments (Cost $532,563)		**531,014**

Convertible Bonds 3.3%

Consumer Discretionary 0.1%

DISH Network Corp., 2.375%, 3/15/2024	35,000	**30,822**

Materials 3.2%

GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.006%, PIK, 10/18/2025** (d)	1,545,871	**1,843,451**
Total Convertible Bonds (Cost $1,572,571)		**1,874,273**

	Shares	Value ($)

Common Stocks 0.2%

Industrials 0.0%

Quad Graphics, Inc.	287	**5,978**

Materials 0.2%

	Shares	Value ($)
GEO Specialty Chemicals, Inc.* (d)	589,240	123,741
GEO Specialty Chemicals, Inc. 144A* (d)	2,206	463
		124,204
Total Common Stocks (Cost $412,009)		**130,182**

Warrant 0.1%

Materials

Hercules Trust II, Expiration Date 3/31/2029* (d) (Cost $244,285)	1,100	**46,107**

	Principal Amount ($)(a)	Value ($)

Government & Agency Obligation 1.0%

U.S. Treasury Obligation

U.S. Treasury Bills, 1.805%***, 10/11/2018 (Cost $596,932)	600,000	**596,753**

	Shares	Value ($)

Securities Lending Collateral 5.3%

DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (e) (f) (Cost $3,051,135)	3,051,135	**3,051,135**

Cash Equivalents 5.4%

DWS Central Cash Management Government Fund, 1.85% (e) (Cost $3,134,330)	3,134,330	**3,134,330**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $60,230,496)	102.4	**59,380,021**
Other Assets and Liabilities, Net	(2.4)	**(1,408,670)**
Net Assets	100.0	**57,971,351**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 5.3%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (e) (f)								
1,697,463	1,353,672	—	—	—	20,061	—	3,051,135	**3,051,135**
Cash Equivalents 5.4%								
DWS Central Cash Management Government Fund, 1.85% (e)								
2,240,926	13,751,853	12,858,449	—	—	35,526	—	3,134,330	**3,134,330**
3,938,389	**15,105,525**	**12,858,449**	**—**	**—**	**55,587**	**—**	**6,185,465**	**6,185,465**

* Non-income producing security.

The accompanying notes are an integral part of the financial statements.

** Variable or floating rate security. These securities are shown at their current rate as of June 30, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

*** Annualized yield at time of purchase; not a coupon rate.

(a) Principal amount stated in U.S. dollars unless otherwise noted.

(b) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $2,931,451, which is 5.1% of net assets.

(c) When-issued security.

(d) Investment was valued using significant unobservable inputs.

(e) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(f) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

LIBOR: London Interbank Offered Rate

PIK: Denotes that all or a portion of the income is paid in-kind in the form of additional principal.

REG S: Securities sold under Regulation S may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

REIT: Real Estate Investment Trust

As of June 30, 2018, the Fund had the following open forward foreign currency contract:

Contracts to Deliver		**In Exchange For**		**Settlement Date**	**Unrealized Depreciation ($)**	**Counterparty**
EUR	341,214	USD	399,003	7/31/2018	(361)	Bank of America

Currency Abbreviations

EUR Euro

USD United States Dollar

For information on the Fund's policy and additional disclosures regarding forward foreign currency contracts, please refer to the Derivatives section of Note B in the accompanying Notes to Financial Statements.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed Income Investments (g)				
Corporate Bonds	$ —	$50,016,227	$ —	$50,016,227
Convertible Bond	—	30,822	1,843,451	1,874,273
Government & Agency Obligation	—	596,753	—	596,753
Loan Participations and Assignments	—	531,014	—	531,014
Common Stocks (g)	5,978	—	124,204	130,182
Warrant	—	—	46,107	46,107
Short-Term Investments (g)	6,185,465	—	—	6,185,465
Total	**$6,191,443**	**$51,174,816**	**$2,013,762**	**$59,380,021**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (h)				
Forward Foreign Currency Exchange Contracts	$ —	$ (361)	$ —	$ (361)
Total	**$ —**	**$ (361)**	**$ —**	**$ (361)**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(g) See Investment Portfolio for additional detailed categorizations.

(h) Derivatives include unrealized appreciation (depreciation) on open forward foreign currency contract.

The accompanying notes are an integral part of the financial statements.

Level 3 Reconciliation

The following is a reconciliation of the Fund's Level 3 investments for which significant unobservable inputs were used in determining value:

	Convertible Bonds	Common Stocks	Warrant	Total
Balance as of December 31, 2017	**$ 1,950,703**	**$ 49,368**	**$29,732**	**$2,029,803**
Realized gains (loss)	—	—	—	**—**
Change in unrealized appreciation (depreciation)	(110,564)	(45,023)	16,375	**(139,212)**
Amortization of premium/accretion of discount	108	—	—	**108**
Purchases/PIK	3,204	119,859	—	**123,063**
(Sales)	—	—	—	**—**
Transfer into Level 3	—	—	—	**—**
Transfer (out) of Level 3	—	—	—	**—**
Balance as of June 30, 2018	**$ 1,843,451**	**$124,204**	**$46,107**	**$2,013,762**
Net change in unrealized appreciation (depreciation) from investments still held as of June 30, 2018	**$ (110,564)**	**$ (45,023)**	**$16,375**	**$ (139,212)**

Quantitative Disclosure About Significant Unobservable Inputs

Asset Class	Fair Value at 6/30/18	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Common Stocks				
Materials	$124,204	Market Approach	EV/EBITDA Multiple	5.75
			Discount to public comparables	30%
			Discount for lack of marketability	20%
Warrant				
Materials	$46,107	Black Scholes Option Pricing Model	Implied Volatility of Option	22.85%
			Illiquidity Discount	20%
Convertible Bond				
Materials	$1,843,451	Market Approach	Implied Volatility of Option	45%
			Discount Rate	17.16%
			EV/EBITDA Multiple	5.75
			Discount to public comparables	30%
			Discount for lack of marketability	20%

Qualitative Disclosure About Unobservable Inputs

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's common stock and convertible bond investments include enterprise value (EV) to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio with a discount for lack of marketability. A significant change in the EV to EBITDA ratio may result in a significant change in the fair value measurement, while a significant change in the discount for lack of marketability is unlikely to result in a materially higher or lower fair value measurement.

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's warrants include volatility and discount for lack of marketability. A change in the volatility of the underlying asset as an input to the Black-Scholes model may have a significant change in the fair value measurement. A significant change in the discount for lack of marketability is unlikely to have a material impact to the fair value measurement.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $54,045,031) — including $2,931,451 of securities loaned	$53,194,556
Investment in DWS Government & Agency Securities Portfolio (cost $3,051,135)*	3,051,135
Investment in DWS Central Cash Management Government Fund (cost $3,134,330)	3,134,330
Cash	1,733
Foreign currency, at value (cost $13,820)	13,821
Receivable for investments sold	1,207,146
Receivable for Fund shares sold	36,217
Interest receivable	889,797
Other assets	146
Total assets	61,528,881

Liabilities	
Payable upon return of securities loaned	3,051,135
Payable for investments purchased — when-issued/delayed delivery securities	366,750
Payable for Fund shares redeemed	30,541
Unrealized depreciation on forward foreign currency contracts	361
Accrued management fee	14,379
Accrued Trustees' fees	1,068
Other accrued expenses and payables	93,296
Total liabilities	3,557,530
Net assets, at value	**$57,971,351**

Net Assets Consist of	
Undistributed net investment income	1,553,803
Net unrealized appreciation (depreciation) on: Investments	(850,475)
Foreign currency	(97)
Forward foreign currency contracts	(361)
Accumulated net realized gain (loss)	(6,435,708)
Paid-in capital	63,704,189
Net assets, at value	**$57,971,351**

Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($57,780,167 ÷ 9,888,196 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 5.84**
Class B **Net Asset Value,** offering and redemption price per share ($191,184 ÷ 32,558 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 5.87**

* Represents collateral on securities loaned.

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Interest	$ 1,726,742
Income distributions — DWS Central Cash Management Government Fund	35,526
Securities lending income, net of borrower rebates	20,061
Other income	5,830
Total income	1,788,159
Expenses: Management fee	147,926
Administration fee	29,585
Services to Shareholders	526
Record keeping fee (Class B)	85
Distribution service fees (Class B)	203
Custodian fee	4,698
Professional fees	45,523
Reports to shareholders	16,378
Trustees' fees and expenses	2,735
Pricing service fee	15,277
Other	2,996
Total expenses before expense reductions	265,932
Expense reductions	(61,567)
Total expenses after expense reductions	204,365
Net investment income	**1,583,794**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from:	
Investments	(110,038)
Swap contracts	(144)
Forward foreign currency contracts	11,261
Foreign currency	106
	(98,815)
Change in net unrealized appreciation (depreciation) on: Investments	(1,632,491)
Forward foreign currency contracts	6,555
Foreign currency	(158)
	(1,626,094)
Net gain (loss)	**(1,724,909)**
Net increase (decrease) in net assets resulting from operations	**$ (141,115)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income (loss)	$ 1,583,794	$ 4,649,907
Net realized gain (loss)	(98,815)	3,495,016
Change in net unrealized appreciation (depreciation)	(1,626,094)	(975,421)
Net increase (decrease) in net assets resulting from operations	(141,115)	7,169,502
Distributions to shareholders from:		
Net investment income:		
Class A	(4,670,013)	(5,780,980)
Class B	(14,079)	(94,574)
Total distributions	(4,684,092)	(5,875,554)
Fund share transactions:		
Class A		
Proceeds from shares sold	3,549,162	12,759,797
Reinvestment of distributions	4,670,013	5,780,980
Cost of shares redeemed	(6,187,968)	(58,823,711)
Net increase (decrease) in net assets from Class A share transactions	2,031,207	(40,282,934)
Class B		
Proceeds from shares sold	62,021	120,675
Reinvestment of distributions	14,079	94,574
Cost of shares redeemed	(8,878)	(1,640,132)
Net increase (decrease) in net assets from Class B share transactions	67,222	(1,424,883)
Increase (decrease) in net assets	(2,726,778)	(40,413,869)
Net assets at beginning of year	60,698,129	101,111,998
Net assets at end of year (including undistributed net investment income of $1,553,803 and $4,654,101, respectively)	**$ 57,971,351**	**$ 60,698,129**
Other Information		
Class A		
Shares outstanding at beginning of period	9,527,083	15,845,238
Shares sold	564,773	2,017,781
Shares issued to shareholders in reinvestment of distributions	803,789	946,151
Shares redeemed	(1,007,449)	(9,282,087)
Net increase (decrease) in Class A shares	361,113	(6,318,155)
Shares outstanding at end of period	**9,888,196**	**9,527,083**
Class B		
Shares outstanding at beginning of period	21,761	254,095
Shares sold	9,786	18,818
Shares issued to shareholders in reinvestment of distributions	2,411	15,403
Shares redeemed	(1,400)	(266,555)
Net increase (decrease) in Class B shares	10,797	(232,334)
Shares outstanding at end of period	**32,558**	**21,761**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$6.36**	**$6.28**	**$ 5.93**	**$ 6.60**	**$6.96**	**$6.93**
Income (loss) from investment operations:						
Net investment income[a]	.16	.31	.32	.32	.36	.39
Net realized and unrealized gain (loss)	(.18)	.15	.41	(.58)	(.25)	.14
Total from investment operations	(.02)	.46	.73	(.26)	.11	.53
Less distributions from: Net investment income	(.50)	(.38)	(.38)	(.41)	(.47)	(.50)
Net asset value, end of period	**$5.84**	**$6.36**	**$ 6.28**	**$ 5.93**	**$6.60**	**$6.96**
Total Return (%)[b]	(.30)**	7.51	12.87	(4.44)	1.47	7.91
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	58	61	100	101	135	165
Ratio of expenses before expense reductions (%)[c]	.90*	.78	.80	.75	.75	.73
Ratio of expenses after expense reductions (%)[c]	.69*	.72	.72	.72	.73	.72
Ratio of net investment income (%)	5.35*	4.98	5.38	5.09	5.21	5.69
Portfolio turnover rate (%)	35**	71	77	47	52	58

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$6.38**	**$6.30**	**$ 5.94**	**$ 6.63**	**$6.99**	**$6.97**
Income (loss) from investment operations:						
Net investment income[a]	.15	.31	.31	.32	.35	.36
Net realized and unrealized gain (loss)	(.18)	.13	.41	(.61)	(.26)	.15
Total from investment operations	(.03)	.44	.72	(.29)	.09	.51
Less distributions from: Net investment income	(.48)	(.36)	(.36)	(.40)	(.45)	(.49)
Net asset value, end of period	**$5.87**	**$6.38**	**$ 6.30**	**$ 5.94**	**$6.63**	**$6.99**
Total Return (%)[b]	(.38)**	7.21	12.67	(4.95)	1.22	7.44
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	.2	.1	2	3	.03	.32
Ratio of expenses before expense reductions (%)[c]	1.28*	1.15	1.21	1.14	1.13	1.10
Ratio of expenses after expense reductions (%)[c]	.97*	.98	.98	1.02	.97	.97
Ratio of net investment income (%)	5.08*	4.88	5.15	4.86	5.09	5.29
Portfolio turnover rate (%)	35**	71	77	47	52	58

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS High Income VIP (formerly Deutsche High Income VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Sales of Class B shares are subject to recordkeeping fees up to 0.15% and Rule 12b-1 fees under the 1940 Act equal to an annual rate of 0.25% of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares except that each class bears certain expenses unique to that class (including the applicable Rule 12b-1 fee and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Debt securities and loan participations and assignments are valued at prices supplied by independent pricing services approved by the Fund's Board. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, prepayment speeds and other data, as well as broker quotes. If the pricing services are unable to provide valuations, debt securities are valued at the average of the most recent reliable bid quotations or evaluated prices, as applicable, obtained from broker-dealers and loan participations and assignments are valued at the mean of the most recent bid and ask quotations or evaluated prices, as applicable, obtained from broker-dealers. Certain securities may be valued on the basis of a price provided by a single source or broker-dealer. No active trading market may exist for some senior loans and they may be subject to restrictions on resale. The inability to dispose of senior loans in a timely fashion could result in losses. These securities are generally categorized as Level 2.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1 securities.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and are categorized as Level 2.

Swap contracts are valued daily based upon prices supplied by a Board approved pricing vendor, if available, and otherwise are valued at the price provided by the broker-dealer. Swap contracts are generally categorized as Level 2.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had securities on loan, which were classified as corporate bonds in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

When-Issued/Delayed Delivery Securities. The Fund may purchase or sell securities with delivery or payment to occur at a later date beyond the normal settlement period. At the time the Fund enters into a commitment to purchase or sell a security, the transaction is recorded and the value of the transaction is reflected in the net asset value. The price of such security and the date when the security will be delivered and paid for are fixed at the time the transaction is negotiated. The value of the security may vary with market fluctuations. At the time the Fund enters into a purchase transaction it is required to segregate cash or other liquid assets at least equal to the amount of the commitment. Additionally, the Fund or the counterparty may be required to post securities and/or cash collateral in accordance with the terms of the commitment.

Certain risks may arise upon entering into when-issued or delayed delivery transaction from the potential inability of counterparties to meet the terms of their contracts or if the issuer does not issue the securities due to political, economic, or other factors. Additionally, losses may arise due to changes in the value of the underlying securities.

Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

At December 31, 2017, the Fund had a net tax basis capital loss carryforward of approximately $6,337,000, which may be applied against realized net taxable capital gains indefinitely, including short-term losses ($500,000) and long-term losses ($5,837,000).

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $60,868,528.The net unrealized appreciation for all investments based on tax cost was $782,016. This consisted ofaggregate gross unrealized appreciation for all investments in which there was an excess of value over taxcost of $2,074,675 and aggregate gross unrealized depreciation for all investments in which there was anexcess of tax cost over value of $1,292,659.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in swap contracts, expiration of capital loss carryforward and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on ex-dividend date. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments. All discounts and premiums are accreted/amortized for both tax and financial reporting purposes for the Fund, with the exception of securities in default of principal.

B. Derivative Instruments

Swaps. A swap is a contract between two parties to exchange future cash flows at periodic intervals based on the notional amount of the swap. A bilateral swap is a transaction between the fund and a counterparty where cash flows are exchanged between the two parties. A centrally cleared swap is a transaction executed between the fund and a counterparty, then cleared by a clearing member through a central clearinghouse. The central clearinghouse serves as the counterparty, with whom the fund exchanges cash flows.

The value of a swap is adjusted daily, and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Statement of Assets and Liabilities. Gains or losses are realized when the swap expires or is closed. Certain risks may arise when entering into swap transactions including counterparty default; liquidity; or unfavorable changes in interest rates or the value of the underlying reference security, commodity or index. In connection with bilateral swaps, securities and/or cash may be identified as collateral in accordance with the terms of the swap agreement to provide assets of value and recourse in the event of default. The maximum counterparty credit risk is the net present value of the cash flows to be received from or paid to the counterparty over the term of the swap, to the extent that this amount is beneficial to the Fund, in addition to any related collateral posted to the counterparty by the Fund. This risk may be partially reduced by a master netting arrangement between the Fund and the counterparty. Upon entering into a centrally cleared swap, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the notional amount of the swap. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value of the swap. In a cleared swap transaction, counterparty risk is minimized as the central clearinghouse acts as the counterparty.

An upfront payment, if any, made by the Fund is recorded as an asset in the Statement of Assets and Liabilities. An upfront payment, if any, received by the Fund is recorded as a liability in the Statement of Assets and Liabilities. Payments received or made at the end of the measurement period are recorded as realized gain or loss in the Statement of Operations.

Credit default swaps are agreements between a buyer and a seller of protection against predefined credit events for the reference entity. The Fund may enter into credit default swaps to gain exposure to an underlying issuer's credit quality characteristics without directly investing in that issuer or to hedge against the risk of a credit event on debt securities. As a seller of a credit default swap, the Fund is required to pay the par (or other agreed-upon) value of the referenced entity to the counterparty with the occurrence of a credit event by a third party, such as a U.S. or foreign corporate issuer, on the reference entity, which would likely result in a loss to the Fund. In return, the Fund receives from the counterparty a periodic stream of payments over the term of the swap provided that no credit event has occurred. If no credit event occurs, the Fund keeps the stream of payments with no payment obligations. The Fund may also buy credit default swaps, in which case the Fund functions as the counterparty referenced above. This involves the risk that the swap may expire worthless. It also involves counterparty risk that the seller may fail to satisfy its payment obligations to the Fund with the occurrence of a credit event. When the Fund sells a credit default swap, it will cover its commitment. This may be achieved by, among other methods, maintaining cash or liquid assets equal to the aggregate notional value of the reference entities for all outstanding credit default swaps sold by the Fund. For the six months ended June 30, 2018, the Fund entered into credit default swap agreements to gain exposure to the underlying issuer's credit quality characteristics.

Under the terms of a credit default swap, the Fund receives or makes periodic payments based on a specified interest rate on a fixed notional amount. These payments are recorded as a realized gain or loss in the Statement of Operations. Payments received or made as a result of a credit event or termination of the swap are recognized, net of a proportional amount of the upfront payment, as realized gains or losses in the Statement of Operations.

There were no open credit default swap contracts as of June 30, 2018. For the six months ended June 30, 2018, the Fund's investment in credit default swap contracts sold had a total notional value generally indicative of a range from $0 to $600,000.

Forward Foreign Currency Exchange Contracts. A forward foreign currency exchange contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. For the six months ended June 30, 2018, the Fund entered into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated portfolio holdings and to facilitate transactions in foreign currency denominated securities.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and unrealized gain (loss) is recorded daily. On the settlement date of the forward currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was closed. Certain risks may arise upon entering into forward currency contracts from the potential inability of counterparties to meet the terms of their contracts. The maximum counterparty credit risk to the Fund is measured by the unrealized gain on appreciated contracts. Additionally, when utilizing forward currency contracts to hedge, the Fund gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

A summary of the open forward currency contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $399,000 to $571,000.

The following table summarizes the value of the Fund's derivative instruments held as of June 30, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Liability Derivative	**Forward Contract**
Foreign Exchange Contract (a)	**$ (361)**

The above derivative is located in the following Statement of Assets and Liabilities account:
(a) Unrealized depreciation on forward foreign currency contract.

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the six months ended June 30, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Forward Contracts**	**Swap Contracts**	**Total**
Credit Contracts (b)	$ —	$ (144)	$ (144)
Foreign Exchange Contracts (c)	11,261	—	11,261
	$ 11,261	**$ (144)**	**$ 11,117**

Each of the above derivatives is located in the following Statement of Operations accounts:
(b) Net realized gain (loss) from swap contracts
(c) Net realized gain (loss) from forward foreign currency contracts

Change in Net Unrealized Appreciation (Depreciation)	**Forward Contract**
Foreign Exchange Contract (d)	**$ 6,555**

Each of the above derivatives is located in the following Statement of Operations accounts:
(d) Change in net unrealized appreciation (depreciation) on forward foreign currency contract

As of June 30, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following table:

Counterparty	**Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities**	**Financial Instruments and Derivatives Available for Offset**	**Collateral Pledged**	**Net Amount of Derivative Liabilities**
Bank of America	$ 361	$ —	$ —	$ 361

C. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment transactions (excluding short-term investments and U.S. Treasury securities) aggregated $18,812,703 and $22,166,956, respectively.

D. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million	.500%
Next $750 million	.470%
Next $1.5 billion	.450%
Next $2.5 billion	.430%
Next $2.5 billion	.400%
Next $2.5 billion	.380%
Next $2.5 billion	.360%
Over $12.5 billion	.340%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.50% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.69%
Class B	.97%

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 61,313
Class B	254
	$ 61,567

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $29,585, of which $4,796 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 139	$ 49
Class B	25	8
	$ 164	**$ 57**

Distribution Service Agreement. Under the Fund's Class B 12b-1 plan, DWS Distributors, Inc. ("DDI") received a fee ("Distribution Service Fee") of 0.25% of average daily net assets of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee was $203, of which $39 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $7,116, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Security Lending Fees. Deutsche Bank AG serves as lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred lending agent fees to Deutsche Bank AG for the amount of $1,510.

E. Investing in High-Yield Debt Securities

High-yield debt securities or junk bonds are generally regarded as speculative with respect to the issuer's continuing ability to meet principal and interest payments. The Fund's performance could be hurt if an issuer of a debt security suffers an adverse change in financial condition that results in the issuer not making timely payments of interest or principal, a security downgrade or an inability to meet a financial obligation. High-yield debt securities' total return and yield may generally be expected to fluctuate more than the total return and yield of investment-grade debt securities. A real or perceived economic downturn or an increase in market interest rates could cause a decline in the value of high-yield debt securities, result in increased redemptions and/or result in increased portfolio turnover, which could result in a decline in net asset value of the fund, reduce liquidity for certain investments and/or increase costs. High-yield debt securities are often thinly traded and can be more difficult to sell and value accurately than investment-grade debt securities as there may be no established secondary market. Investments in high yield debt securities could increase liquidity risk for the fund. In addition, the market for high-yield debt securities can experience sudden and sharp volatility which is generally associated more with investments in stocks.

F. Ownership of the Fund

At June 30, 2018, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 74% and 18%. Two participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 66% and 29%.

G. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

H. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche High Income VIP was renamed DWS High Income VIP.

Information About Your Fund's Expenses **(Unaudited)**

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 997.00	$ 996.20
Expenses Paid per $1,000*	$ 3.42	$ 4.80

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,021.37	$ 1,019.98
Expenses Paid per $1,000*	$ 3.46	$ 4.86

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS High Income VIP	.69%	.97%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche High Income VIP's (now known as DWS High Income VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 3rd quartile, 4th quartile and 4th quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016. The Board noted the disappointing investment performance of the Fund in recent periods and continued to discuss with senior management of DIMA the factors contributing to such underperformance and actions being taken to improve performance. The Board observed that the Fund had experienced improved relative performance during the first eight months of 2017. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the Deutsche fund complex.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were lower than the median (1st quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS2HI-3 (R-028385-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS International Growth VIP

(formerly Deutsche International Growth VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. Smaller company stocks tend to be more volatile than medium-sized or large company stocks. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read prospectus for details.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

DWS Distributors, Inc., 222 South Riverside Plaza, Chicago, IL 60606, (800) 621-1148

NOT FDIC/NCUA INSURED NO BANK GUARANTEE MAY LOSE VALUE NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Performance Summary

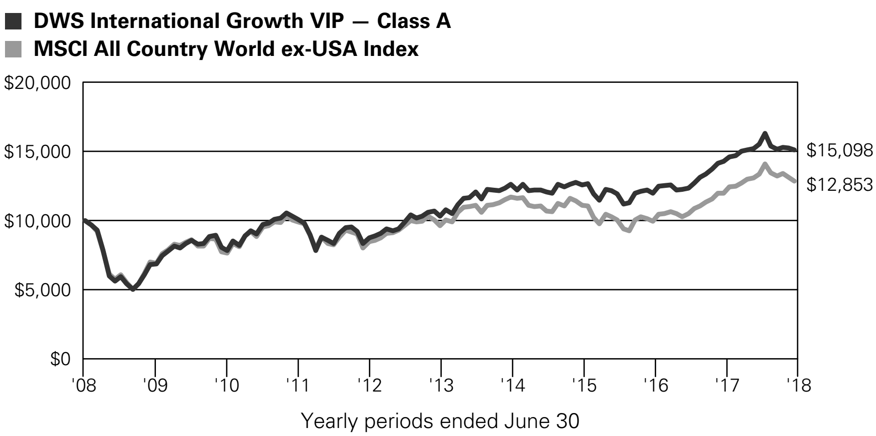
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 1.33% and 1.67% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS Global Growth VIP



The MSCI All Country World ex-USA Index is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI All Country World ex-USA Index includes both developed and emerging markets.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

The growth of $10,000 is cumulative.

Comparative Results

DWS International Growth VIP		**6-Month‡**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class A	Growth of $10,000	$9,748	$10,577	$12,039	$14,634	$15,098
	Average annual total return	-2.52%	5.77%	6.38%	7.91%	4.21%
MSCI All Country World ex-USA Index	Growth of $10,000	$9,623	$10,728	$11,598	$13,379	$12,853
	Average annual total return	-3.77%	7.28%	5.07%	5.99%	2.54%
DWS International Growth VIP		**6-Month‡**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$9,740	$10,550	$11,950	$14,419	$14,619
	Average annual total return	-2.60%	5.50%	6.12%	7.59%	3.87%
MSCI All Country World ex-USA Index	Growth of $10,000	$9,623	$10,728	$11,598	$13,379	$12,853
	Average annual total return	-3.77%	7.28%	5.07%	5.99%	2.54%

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	99%	96%
Cash Equivalents	1%	4%
Preferred Stocks	0%	0%
Warrants	0%	0%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Financials	21%	22%
Information Technology	21%	17%
Industrials	15%	17%
Consumer Discretionary	14%	14%
Health Care	14%	14%
Materials	8%	6%
Consumer Staples	4%	6%
Energy	3%	3%
Telecommunication Services	—	1%
	100%	100%

Geographical Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Germany	15%	11%
France	13%	12%
Canada	10%	12%
China	9%	7%
United States	8%	12%
Switzerland	8%	7%
Japan	8%	6%
United Kingdom	7%	10%
Netherlands	5%	3%
Luxembourg	3%	1%
Sweden	2%	2%
Singapore	2%	2%
Korea	2%	1%
Other	8%	14%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Sebastian P. Werner, PhD, Director
Mark Schumann, CFA, Director
Portfolio Managers

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 97.8%		
Argentina 0.2%		
Grupo Supervielle SA (ADR) (Cost $60,543)	3,900	**41,262**
Australia 0.5%		
Australia & New Zealand Banking Group Ltd. (Cost $98,030)	4,400	**92,052**
Brazil 0.4%		
Pagseguro Digital Ltd. "A"* (a) (Cost $72,851)	2,674	**74,204**
Canada 9.6%		
Agnico Eagle Mines Ltd.	5,200	238,393
Alimentation Couche-Tard, Inc. "B"	3,700	160,733
Brookfield Asset Management, Inc. "A"	9,600	389,433
Canada Goose Holdings, Inc.*	3,820	224,670
Canadian National Railway Co.	2,973	243,172
Gildan Activewear, Inc.	4,987	140,470
Toronto-Dominion Bank	4,770	276,081
(Cost $1,185,240)		**1,672,952**
China 9.0%		
Alibaba Group Holding Ltd. (ADR)* (b)	2,000	371,060
China Life Insurance Co., Ltd. "H"	74,000	191,407
Minth Group Ltd.	26,870	113,851
Momo, Inc. (ADR)*	3,200	139,200
New Oriental Education & Technology Group, Inc. (ADR)	1,467	138,866
Ping An Healthcare and Technology Co., Ltd. 144A*	2,100	13,370
Ping An Insurance (Group) Co. of China Ltd. "H"	29,000	267,412
Tencent Holdings Ltd.	6,300	317,649
(Cost $1,233,557)		**1,552,815**
Denmark 0.6%		
Chr Hansen Holding AS (Cost $102,932)	1,174	**108,412**
Finland 1.1%		
Sampo Oyj "A" (Cost $188,274)	3,850	**187,866**
France 12.9%		
Air Liquide SA	1,800	225,766
Capgemini SE	2,800	375,900
LVMH Moet Hennessy Louis Vuitton SE	900	298,857
Schneider Electric SE	2,680	223,341
SMCP SA 144A*	6,200	177,836
Teleperformance	1,200	211,920
TOTAL SA (b)	4,823	293,457
VINCI SA	2,689	258,216
Vivendi SA	7,235	176,727
(Cost $2,032,208)		**2,242,020**
Germany 14.2%		
adidas AG	600	131,016
Allianz SE (Registered)	1,500	309,933
BASF SE	2,275	217,265
Continental AG	600	136,881
DWS Boerse AG	2,365	315,119
DWS Post AG (Registered)	3,430	111,755
Evonik Industries AG	6,800	232,566
Fresenius Medical Care AG & Co. KGaA	3,930	396,042
Infineon Technologies AG	4,500	114,617
LANXESS AG	2,300	178,934
SAP SE	830	95,933
Siemens AG (Registered)	1,730	228,095
(Cost $2,385,870)		**2,468,156**
Hong Kong 0.7%		
Techtronic Industries Co., Ltd. (Cost $52,263)	22,097	**123,952**
Indonesia 0.4%		
PT Bank Rakyat Indonesia Persero Tbk (Cost $59,958)	321,100	**63,764**
Ireland 1.2%		
Kerry Group PLC "A" (Cost $134,923)	1,998	**209,002**
Italy 1.0%		
Luxottica Group SpA (Cost $164,181)	2,700	**173,983**
Japan 7.3%		
Daikin Industries Ltd.	1,200	144,028
FANUC Corp.	800	159,060
Hoya Corp.	3,500	199,263
Keyence Corp.	300	169,965
Komatsu Ltd.	4,500	128,897
MISUMI Group, Inc.	5,011	146,281
Mitsubishi UFJ Financial Group, Inc.	37,400	214,174
Omron Corp.	2,400	112,176
(Cost $1,240,111)		**1,273,844**
Korea 1.5%		
Samsung Electronics Co., Ltd. (Cost $260,570)	6,000	**251,619**
Luxembourg 2.8%		
Eurofins Scientific	470	261,173
Globant SA* (a)	4,036	229,205
(Cost $351,431)		**490,378**
Macau 1.0%		
Sands China Ltd. (Cost $168,294)	31,600	**169,153**
Malaysia 1.0%		
IHH Healthcare Bhd. (Cost $158,818)	114,000	**172,402**
Netherlands 4.8%		
Adyen NV 144A*	11	6,060
ASML Holding NV	1,272	251,794
Core Laboratories NV (a)	772	97,434
ING Groep NV	19,900	285,217
Koninklijke Philips NV	4,300	182,759
(Cost $786,896)		**823,264**
Norway 0.5%		
Marine Harvest ASA (Cost $47,889)	4,156	**82,691**
Singapore 1.9%		
DBS Group Holdings Ltd. (Cost $264,978)	17,000	**331,870**

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
South Africa 0.7%		
Naspers Ltd. "N" (Cost $108,052)	475	**120,964**
Sweden 2.1%		
Assa Abloy AB "B"	8,900	189,506
Nobina AB 144A	22,500	172,252
(Cost $255,185)		**361,758**
Switzerland 7.5%		
Julius Baer Group Ltd.*	3,615	211,608
Lonza Group AG (Registered)*	1,675	443,972
Nestle SA (Registered)	3,425	265,789
Novartis AG (Registered)	2,550	193,065
Roche Holding AG (Genusschein)	801	177,859
(Cost $1,110,485)		**1,292,293**
Taiwan 0.9%		
Taiwan Semiconductor Manufacturing Co., Ltd. (Cost $127,110)	21,000	**149,810**
United Kingdom 6.5%		
Clinigen Healthcare Ltd.	5,959	72,105
Compass Group PLC	14,800	315,800
Experian PLC	16,000	394,719
Halma PLC	6,268	113,183
Prudential PLC	9,884	225,836
(Cost $958,465)		**1,121,643**
United States 7.5%		
Activision Blizzard, Inc.	2,058	157,067
Amphenol Corp. "A"	1,160	101,094
Celgene Corp.*	705	55,991
Ecolab, Inc.	704	98,792
EPAM Systems, Inc.*	1,215	151,061
Marsh & McLennan Companies, Inc.	2,176	178,367
MasterCard, Inc. "A"	992	194,948
NVIDIA Corp.	689	163,224
Schlumberger Ltd.	1,736	116,364
Thermo Fisher Scientific, Inc.	438	90,727
(Cost $803,878)		**1,307,635**
Total Common Stocks (Cost $14,412,992)		**16,959,764**

	Shares	Value ($)
Warrants 0.0%		
France		
Parrot SA Expiration Date (c) 12/15/2022*	924	74
Parrot SA Expiration Date (c) 12/22/2022*	924	79
Total Warrants (Cost $0)		**153**
Preferred Stocks 0.1%		
United States		
Providence Service Corp. (c) (Cost $13,600)	136	**26,787**
Securities Lending Collateral 1.1%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (d) (e) (Cost $193,000)	193,000	**193,000**
Cash Equivalents 1.4%		
DWS Central Cash Management Government Fund, 1.85% (d) (Cost $239,177)	239,177	**239,177**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $14,858,769)	100.4	**17,418,881**
Other Assets and Liabilities, Net	(0.4)	**(73,190)**
Net Assets	100.0	**17,345,691**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 1.1%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (d) (e)								
88,780	104,220	—	—	—	2,292	—	193,000	193,000
Cash Equivalents 1.4%								
DWS Central Cash Management Government Fund, 1.85% (d)								
687,282	3,505,549	3,953,654	—	—	2,868	—	239,177	239,177
776,062	**3,609,769**	**3,953,654**	**—**	**—**	**5,160**	**—**	**432,177**	**432,177**

* Non-income producing security.

(a) Listed on the New York Stock Exchange.

(b) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $185,530, which is 1.1% of net assets.

(c) Investment was valued using significant unobservable inputs.

(d) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

(e) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

The accompanying notes are an integral part of the financial statements.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

ADR: American Depositary Receipt

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks				
Argentina	$ 41,262	$ —	$ —	$ 41,262
Australia	—	92,052	—	92,052
Brazil	74,204	—	—	74,204
Canada	1,672,952	—	—	1,672,952
China	649,126	903,689	—	1,552,815
Denmark	—	108,412	—	108,412
Finland	—	187,866	—	187,866
France	—	2,242,020	—	2,242,020
Germany	—	2,468,156	—	2,468,156
Hong Kong	—	123,952	—	123,952
Indonesia	—	63,764	—	63,764
Ireland	—	209,002	—	209,002
Italy	—	173,983	—	173,983
Japan	—	1,273,844	—	1,273,844
Korea	—	251,619	—	251,619
Luxembourg	229,205	261,173	—	490,378
Macau	—	169,153	—	169,153
Malaysia	—	172,402	—	172,402
Netherlands	97,434	725,830	—	823,264
Norway	—	82,691	—	82,691
Singapore	—	331,870	—	331,870
South Africa	—	120,964	—	120,964
Sweden	—	361,758	—	361,758
Switzerland	—	1,292,293	—	1,292,293
Taiwan	—	149,810	—	149,810
United Kingdom	—	1,121,643	—	1,121,643
United States	1,307,635	—	—	1,307,635
Warrants	—	—	153	153
Preferred Stocks	—	—	26,787	26,787
Short-Term Investments (f)	432,177	—	—	432,177
Total	**$ 4,503,995**	**$ 12,887,946**	**$ 26,940**	**$ 17,418,881**

As a result of the fair valuation model utilized by the Fund, certain international securities transferred from Level 1 to Level 2. During the period ended June 30, 2018, the amount of the transfers between Level 1 and Level 2 was $197,711.
Transfers between price levels are recognized at the beginning of the reporting period.

(f) See Investment Portfolio for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $14,426,592) — including $185,530 of securities loaned	$ 16,986,704
Investment in DWS Government & Agency Securities Portfolio (cost $193,000)*	193,000
Investment in DWS Central Cash Management Government Fund (cost $239,177)	239,177
Foreign currency, at value (cost $79,469)	75,494
Receivable for investments sold	122,254
Receivable for Fund shares sold	1,300
Dividends receivable	27,692
Interest receivable	817
Foreign taxes recoverable	25,931
Due from advisor	5,334
Other assets	617
Total assets	17,678,320

Liabilities	
Payable upon return of securities loaned	193,000
Payable for investments purchased	86,020
Payable for Fund shares redeemed	181
Accrued Trustees' fees	275
Other accrued expenses and payables	53,153
Total liabilities	332,629
Net assets, at value	**$ 17,345,691**

Net Assets Consist of	
Undistributed net investment income	203,576
Net unrealized appreciation (depreciation) on: Investments	2,560,112
Foreign currency	(4,350)
Accumulated net realized gain (loss)	288,766
Paid-in capital	14,297,587
Net assets, at value	**$ 17,345,691**

Net Asset Value	
Class A	
Net Asset Value, offering and redemption price per share ($17,096,834 ÷ 1,273,585 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 13.42**
Class B	
Net Asset Value, offering and redemption price per share ($248,857 ÷ 18,478 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 13.47**

* Represents collateral on securities loaned.

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends (net of foreign taxes withheld of $33,913)	$ 277,796
Income distributions — DWS Central Cash Management Government Fund	2,868
Securities lending income, net of borrower rebates	2,292
Total income	282,956
Expenses: Management fee	56,483
Administration fee	9,110
Services to Shareholders	470
Record keeping fee (Class B)	90
Distribution and service fees (Class B)	275
Custodian fee	19,173
Professional fees	38,325
Reports to shareholders	9,727
Trustees' fees and expenses	1,581
Other	12,258
Total expenses before expense reductions	147,492
Expense reductions	(73,424)
Total expenses after expense reductions	74,068
Net investment income (loss)	**208,888**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	319,256
Foreign currency	1,453
	320,709
Change in net unrealized appreciation (depreciation) on: Investments	(952,178)
Foreign currency	(6,859)
	(959,037)
Net gain (loss)	**(638,328)**
Net increase (decrease) in net assets resulting from operations	**$ (429,440)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income (loss)	$ 208,888	$ 164,259
Net realized gain (loss)	320,709	4,651,131
Change in net unrealized appreciation (depreciation)	(959,037)	1,414,699
Net increase (decrease) in net assets resulting from operations	(429,440)	6,230,089
Distributions to shareholders from:		
Net investment income:		
Class A	(169,762)	(106,825)
Class B	(1,806)	(65)
Total distributions	(171,568)	(106,890)
Fund share transactions:		
Class A		
Proceeds from shares sold	916,656	2,240,215
Reinvestment of distributions	169,762	106,825
Cost of shares redeemed	(2,031,672)	(16,678,132)
Net increase (decrease) in net assets from Class A share transactions	(945,254)	(14,331,092)
Class B		
Proceeds from shares sold	67,918	117,051
Reinvestment of distributions	1,806	65
Cost of shares redeemed	(20,288)	(6,431)
Net increase (decrease) in net assets from Class B share transactions	49,436	110,685
Increase (decrease) in net assets	(1,496,826)	(8,097,208)
Net assets at beginning of period	18,842,517	26,939,725
Net assets at end of period (including undistributed net investment income of $203,576 and $166,256, respectively)	**$17,345,691**	**$18,842,517**
Other Information		
Class A		
Shares outstanding at beginning of period	1,340,522	2,417,159
Shares sold	66,468	171,566
Shares issued to shareholders in reinvestment of distributions	12,631	8,713
Shares redeemed	(146,036)	(1,256,916)
Net increase (decrease) in Class A shares	(66,937)	(1,076,637)
Shares outstanding at end of period	**1,273,585**	**1,340,522**
Class B		
Shares outstanding at beginning of period	14,862	6,272
Shares sold	4,934	9,077
Shares issued to shareholders in reinvestment of distributions	134	5
Shares redeemed	(1,452)	(492)
Net increase (decrease) in Class B shares	3,616	8,590
Shares outstanding at end of period	**18,478**	**14,862**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 13.90**	**$11.12**	**$10.81**	**$11.04**	**$11.13**	**$ 9.24**
Income (loss) from investment operations:						
Net investment income[a]	.16	.08	.06	.07	.08	.10
Net realized and unrealized gain (loss)	(.51)	2.75	.34	(.21)	(.06)	1.92
Total from investment operations	(.35)	2.83	.40	(.14)	.02	2.02
Less distributions from:						
Net investment income	(.13)	(.05)	(.09)	(.09)	(.11)	(.13)
Net asset value, end of period	**$ 13.42**	**$13.90**	**$11.12**	**$10.81**	**$11.04**	**$11.13**
Total Return (%)[b]	(2.52)**	25.47	3.72	(1.32)	.21	22.08
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	17	19	27	34	47	51
Ratio of expenses before expense reductions (%)[c]	1.61*	1.56	1.66	1.44	1.41	1.45
Ratio of expenses after expense reductions (%)[c]	.81*	.92	.95	.90	.82	.88
Ratio of net investment income (%)	2.29*	.61	.51	.65	.71	1.00
Portfolio turnover rate (%)	24**	62	70	64	63	171

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 13.93**	**$11.13**	**$10.82**	**$11.05**	**$11.14**	**$ 9.25**
Income (loss) from investment operations:						
Net investment income[a]	.15	.02	.02	.05	.02	.07
Net realized and unrealized gain (loss)	(.51)	2.79	.35	(.23)	(.04)	1.92
Total from investment operations	(.36)	2.81	.37	(.18)	(.02)	1.99
Less distributions from:						
Net investment income	(.10)	(.01)	(.06)	(.05)	(.07)	(.10)
Net asset value, end of period	**$ 13.47**	**$13.93**	**$11.13**	**$10.82**	**$11.05**	**$11.14**
Total Return (%)[b]	(2.60)**	25.26	3.38	(1.64)	(.15)	21.62
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	.2	.2	.07	.1	.1	3
Ratio of expenses before expense reductions (%)[c]	1.97*	1.90	1.98	1.76	1.76	1.81
Ratio of expenses after expense reductions (%)[c]	1.06*	1.15	1.24	1.22	1.15	1.23
Ratio of net investment income (%)	2.20*	.12	.17	.40	.14	.66
Portfolio turnover rate (%)	24**	62	70	64	63	171

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS International Growth VIP (formerly Deutsche International Growth VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Sales of Class B shares are subject to recordkeeping fees up to 0.15% and Rule 12b-1 fees under the 1940 Act equal to an annual rate of 0.25% of the average daily net assets for Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares except that each class bears certain expenses unique to that class (including the applicable Rule 12b-1 fee and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1. For certain international equity securities, in order to adjust for events which may occur between the close of the foreign exchanges and the close of the New York Stock Exchange, a fair valuation model may be used. This fair valuation model takes into account comparisons to the valuation of American Depository Receipts (ADRs), exchange-traded funds, futures contracts and certain indices and these securities are categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Securities Lending. Brown Brothers Harriman & Co., as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had a security on loan, which was classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

Additionally, the Fund may be subject to taxes imposed by the governments of countries in which it invests and are generally based on income and/or capital gains earned or repatriated, a portion of which may be recoverable. Based upon the current interpretation of the tax rules and regulations, estimated tax liabilities and recoveries on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized gain/loss on investments. Tax liabilities realized as a result of security sales are reflected as a component of net realized gain/loss on investments.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $15,201,460. The net unrealized appreciation for all investments based on tax cost was $3,480,347. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $3,677,854 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $197,507.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in foreign denominated investments, income received from passive foreign investment companies, expiration of capital loss carryforwards and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $4,328,756 and $4,614,810, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays the Advisor an annual fee based on its average daily net assets, computed and accrued daily and payable monthly at the annual rate (exclusive of any applicable waivers/reimbursements) of 0.62%.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.81%
Class B	1.06%

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 72,423
Class B	1,001
	$ 73,424

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $9,110, of which $1,472 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at June 30, 2018
Class A	$ 120	$ 39
Class B	25	8
	$ 145	$ 47

Distribution Service Agreement. Under the Fund's Class B 12b-1 plan, DWS Distributors, Inc. ("DDI") received a fee ("Distribution Service Fee") of 0.25% of average daily net assets of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee aggregated $275, of which $52 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,653, of which $3,631 is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

D. Ownership of the Fund

At June 30, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 87%. Three participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, owning 46%, 29%, and 25%.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus

1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche International Growth VIP was renamed DWS International Growth VIP.

Information About Your Fund's Expenses **(Unaudited)**

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 974.80	$ 974.00
Expenses Paid per $1,000*	$ 3.97	$ 5.19
Hypothetical 5% Fund Return		
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,020.78	$ 1,019.54
Expenses Paid per $1,000*	$ 4.06	$ 5.31

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS International Growth VIP	.81%	1.06%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche International Growth VIP's (now known as DWS International Growth VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA

regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 3rd quartile, 4th quartile and 4th quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016. The Board noted the disappointing investment performance of the Fund in recent periods and continued to discuss with senior management of DIMA the factors contributing to such underperformance and actions being taken to improve performance. The Board considered that, effective October 3, 2016, the Fund's investment strategy and certain members of the portfolio management team were changed, and that, effective October 1, 2017, the Fund would further change its investment strategy. The Board observed that the Fund had experienced improved relative performance during the first eight months of 2017. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the Deutsche fund complex.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were higher than the median (4th quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that, effective October 1, 2017, DIMA agreed to reduce the Fund's contractual management fee rate to an annual rate of 0.62% in connection with changes to the Fund's investment strategy. The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM managed an institutional account comparable to the Fund's investment strategy as of July 31, 2017, but that Deutsche AM does not manage any comparable Deutsche Europe funds. The Board took note of the differences in services provided to Deutsche Funds as compared to institutional accounts and that such differences made comparison difficult.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. In this regard, the Board observed that while the Fund's reduced investment management fee schedule would not include breakpoints, the Fund's fee schedule would represent an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

Advisory Agreement Amendment

At a meeting held in July 2017, the Board of Trustees, all members of which are Independent Trustees, approved an amendment to the Fund's Agreement to adopt a revised management fee schedule reducing DIMA's management fee under the Agreement. The revised management fee schedule took effect on October 1, 2017.

In connection with its review of the amendment in July 2017, the Board noted that it most recently approved the renewal of the Agreement pursuant to a process that concluded in September 2016. The Board considered that the amendment was part of DIMA's proposal to transition to a new international growth investment strategy for the Fund. The Board also received a report from a fee consultant retained by the Board regarding the revised management fee schedule. In addition, the Board also considered:

— With the exception of the revised management fee schedule, the terms of the Agreement remained the same.

— DIMA's statement that there would be no reduction in services to the Fund as a result of the revised management fee schedule.

Based on all of the information considered, the Board concluded that the revised management fee schedule was reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA. The Board unanimously determined that approval of the revised management fee schedule was in the best interests of the Fund.

VS2IG-3 (R-028383-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Multisector Income VIP

(formerly Deutsche Multisector Income VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. Investments in lower-quality ("junk bonds") and non-rated securities present greater risk of loss than investments in higher-quality securities. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. See the prospectus for details.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

DWS Distributors, Inc., 222 South Riverside Plaza, Chicago, IL 60606, (800) 621-1148

Performance Summary

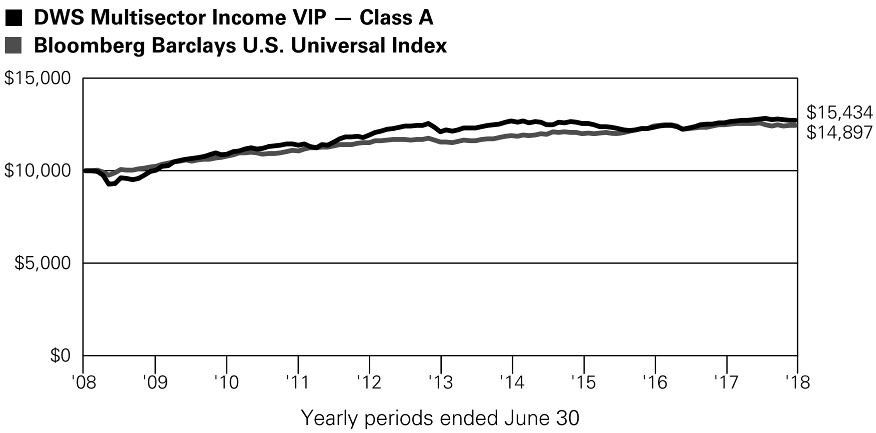
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns.

The gross expense ratio of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 is 1.41% for Class A shares and may differ from the expense ratio disclosed in the Financial Highlights table in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS Multisector Income VIP



The unmanaged Bloomberg Barclays U.S. Universal Index represents the union of the U.S. Aggregate Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index and the non-ERISA portion of the CMBS Index.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Multisector Income VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,898	$10,166	$10,192	$10,841	$15,434
	Average annual total return	–1.02%	1.66%	0.64%	1.63%	4.44%
Bloomberg Barclays U.S. Universal Index	Growth of $10,000	$9,833	$9,972	$10,649	$11,384	$14,897
	Average annual total return	–1.67%	–0.28%	2.12%	2.63%	4.07%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Government & Agency Obligations	30%	29%
Corporate Bonds	16%	24%
Short-Term U.S. Treasury Obligations	13%	12%
Cash Equivalents	13%	6%
Collateralized Mortgage Obligations	13%	13%
Loan Participations and Assignments	6%	7%
Commercial Mortgage-Backed Security	5%	5%
Asset-Backed	2%	2%
Convertible Bond	2%	2%
Common Stocks	0%	0%
Warrant	0%	0%
	100%	100%

Quality (Excludes Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
AAA	17%	25%
AA	1%	1%
A	9%	8%
BBB	22%	24%
BB	27%	23%
B	9%	9%
CCC or Below	5%	3%
Non Rated	10%	7%
	100%	100%

Interest Rate Sensitivity	**6/30/18**	**12/31/17**
Effective Maturity	3.9 years	5.4 years
Effective Duration	3.3 years	3.6 years

The quality ratings represent the higher of Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings, Inc. ("Fitch") or Standard & Poor's Corporation ("S&P") credit ratings. The ratings of Moody's, Fitch and S&P represent their opinions as to the quality of the securities they rate. Credit quality measures a bond issuer's ability to repay interest and principal in a timely manner. Ratings are relative and subjective and are not absolute standards of quality. Credit quality does not remove market risk and is subject to change.

Effective maturity is the weighted average of the maturity date of bonds held by the Fund taking into consideration any available maturity shortening features.

Effective duration is an approximate measure of the Fund's sensitivity to interest rate changes taking into consideration any maturity shortening features.

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

John D. Ryan, Managing Director
Kevin Bliss, Director
Portfolio Managers

Investment Portfolio

June 30, 2018 (Unaudited)

	Principal Amount ($)(a)	Value ($)
Corporate Bonds 15.7%		
Consumer Discretionary 1.9%		
American Axle & Manufacturing, Inc., 6.25%, 4/1/2025 (b)	60,000	59,550
Charter Communications Operating LLC, 3.75%, 2/15/2028	60,000	54,340
Expedia Group, Inc., 3.8%, 2/15/2028	55,000	50,366
		164,256
Consumer Staples 0.3%		
Albertsons Companies, Inc., 144A, 3-month USD-LIBOR + 3.750%, 6.085%**, 1/15/2024	25,000	**25,062**
Energy 4.9%		
Chesapeake Energy Corp., 8.0%, 1/15/2025 (b)	65,000	66,199
KazMunayGas National Co. JSC, 144A, 4.75%, 4/19/2027	200,000	195,025
Oasis Petroleum, Inc., 6.875%, 3/15/2022	48,000	48,826
Sunoco Logistics Partners Operations LP, 5.3%, 4/1/2044	10,000	9,065
Weatherford International Ltd., 9.875%, 2/15/2024	100,000	100,968
		420,083
Financials 2.6%		
FS Investment Corp., 4.75%, 5/15/2022	40,000	39,865
TC Ziraat Bankasi AS, 144A, 5.125%, 5/3/2022	200,000	185,041
		224,906
Industrials 0.7%		
Park Aerospace Holdings Ltd., 144A, 5.25%, 8/15/2022	60,000	**59,401**
Information Technology 1.0%		
Dell International LLC, 144A, 8.1%, 7/15/2036	20,000	23,483
DXC Technology Co., 4.75%, 4/15/2027	60,000	60,620
		84,103
Materials 1.3%		
AK Steel Corp., 7.0%, 3/15/2027 (b)	100,000	95,000
CF Industries, Inc., 144A, 4.5%, 12/1/2026	5,000	4,965
Glencore Funding LLC, 144A, 4.625%, 4/29/2024	10,000	10,054
		110,019
Real Estate 1.9%		
CBL & Associates LP:		
(REIT), 5.25%, 12/1/2023	25,000	21,750
(REIT), 5.95%, 12/15/2026	35,000	29,476
Crown Castle International Corp., (REIT), 5.25%, 1/15/2023	15,000	15,718
Government Properties Income Trust, (REIT), 4.0%, 7/15/2022	25,000	24,704
Omega Healthcare Investors, Inc., (REIT), 4.75%, 1/15/2028 (b)	35,000	33,744
Select Income REIT:		
(REIT), 4.15%, 2/1/2022	30,000	29,791
(REIT), 4.25%, 5/15/2024	10,000	9,563
		164,746
Telecommunication Services 1.1%		
Intelsat Jackson Holdings SA, 7.25%, 10/15/2020	100,000	**99,500**
Total Corporate Bonds (Cost $1,401,916)		**1,352,076**
Asset-Backed 2.3%		
Home Equity Loans 0.2%		
CIT Group Home Equity Loan Trust, “AF6”, Series 2002-1, 6.2%, 2/25/2030	15,993	**16,289**
Miscellaneous 2.1%		
Domino’s Pizza Master Issuer LLC, “A23”, Series 2017-1A, 144A, 4.118%, 7/25/2047	109,175	108,902
Hilton Grand Vacations Trust, “B”, Series 2014-AA, 144A, 2.07%, 11/25/2026	77,501	76,206
		185,108
Total Asset-Backed (Cost $202,283)		**201,397**
Commercial Mortgage-Backed Security 4.9%		
GMAC Commercial Mortgage Securities, Inc., “G”, Series 2004-C1, 144A, 5.455%, 3/10/2038 (Cost $460,502)	457,641	**424,302**
Collateralized Mortgage Obligations 12.4%		
Banc of America Mortgage Securities, “2A2”, Series 2004-A, 3.859%**, 2/25/2034	32,909	32,887
Bear Stearns Adjustable Rate Mortgage Trust, “2A1”, Series 2005-11, 4.394%**, 12/25/2035	40,997	41,784
Countrywide Home Loans, “2A5”, Series 2004-13, 5.75%, 8/25/2034	31,617	31,557
Fannie Mae Connecticut Avenue Securities, “1M1”, Series 2016-C02, 1-month USD-LIBOR + 2.150%, 4.241%**, 9/25/2028	45,464	45,729
Federal Home Loan Mortgage Corp.:		
“PI”, Series 3843, Interest Only, 4.5%, 5/15/2038	115,775	7,950

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
"C31", Series 303, Interest Only, 4.5%, 12/15/2042	425,673	97,207
Federal National Mortgage Association, "4", Series 406, Interest Only, 4.0%, 9/25/2040	100,307	21,130
Government National Mortgage Association:		
"GI", Series 2014-146, Interest Only, 3.5%, 9/20/2029	932,879	106,660
"PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044	117,863	15,760
"HI", Series 2015-77, Interest Only, 4.0%, 5/20/2045	243,049	45,267
"IP", Series 2014-115, Interest Only, 4.5%, 2/20/2044	37,924	8,132
"IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039	126,243	23,675
"IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039	122,911	24,217
"IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039	106,894	20,522
JPMorgan Mortgage Trust, "2A1", Series 2006-A2, 3.611%**, 4/25/2036	140,445	133,789
Merrill Lynch Mortgage Investors Trust, "2A", Series 2003-A6, 3.784%**, 10/25/2033	27,964	28,197
RESIMAC, "A2", Series 2017-2, Australian Bank Bill Short Term Rates 1 Month Mid + 1.200%, 3.115%**, 1/15/2049	AUD 475,260	350,835
Wells Fargo Mortgage-Backed Securities Trust, "2A3", Series 2004-EE, 4.149%**, 12/25/2034	33,910	33,954
Total Collateralized Mortgage Obligations (Cost $835,249)		**1,069,252**

Government & Agency Obligations 29.8%

Other Government Related (c) 6.0%

	Principal Amount ($)(a)	Value ($)
Sberbank of Russia, 144A, 5.125%, 10/29/2022	200,000	198,540
Southern Gas Corridor CJSC, 144A, 6.875%, 3/24/2026	290,000	312,655
		511,195

Sovereign Bonds 19.6%

	Principal Amount ($)(a)	Value ($)
Export Credit Bank of Turkey, 144A, 5.375%, 10/24/2023	200,000	181,450
Government of Indonesia, Series FR56, 8.375%, 9/15/2026	IDR 1,340,000,000	95,146
Ivory Coast Government International Bond, 144A, 5.375%, 7/23/2024	200,000	187,191
Mexican Udibonos Inflation-Linked Bond, Series S, 2.0%, 6/9/2022	MXN 2,901,870	136,597
Republic of Angola, 144A, 9.5%, 11/12/2025	200,000	218,114
Republic of Argentina-Inflation Linked Bond, 5.83%, 12/31/2033	ARS 375	91
Republic of Hungary, Series 19/A, 6.5%, 6/24/2019	HUF 11,600,000	43,471
Republic of Namibia, 144A, 5.25%, 10/29/2025	200,000	184,255
Republic of Senegal, 144A, 6.25%, 7/30/2024	200,000	195,765
Republic of Slovenia, 144A, 5.5%, 10/26/2022	100,000	108,075
Republic of Zambia, 144A, 5.375%, 9/20/2022	200,000	166,270
United Mexican States, Series M, 5.75%, 3/5/2026	MXN 3,845,600	172,897
		1,689,322

U.S. Treasury Obligations 4.2%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bonds:		
3.0%, 5/15/2047	20,000	20,059
3.0%, 2/15/2048	5,000	5,017
U.S. Treasury Notes:		
1.5%, 5/31/2019	232,600	230,846
1.625%, 12/31/2019	109,000	107,646
		363,568
Total Government & Agency Obligations (Cost $2,671,002)		**2,564,085**

Short-Term U.S. Treasury Obligations 12.9%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bills:		
1.18%***, 8/16/2018 (d)	380,000	379,133
1.381%***, 10/11/2018 (e)	730,000	726,050
Total Short-Term U.S. Treasury Obligations (Cost $1,106,572)		**1,105,183**

Loan Participations and Assignments 5.4%

Senior Loans**

	Principal Amount ($)(a)	Value ($)
DaVita, Inc., Term Loan B, 1-month USD LIBOR + 2.750%, 4.844%, 6/24/2021	67,200	67,458
Level 3 Financing, Inc., Term Loan B, 1-month USD LIBOR + 2.250%, 4.334%, 2/22/2024	60,000	59,892
MacDermid, Inc., Term Loan B6, 1-month USD LIBOR + 3.000%, 5.094%, 6/7/2023	57,187	57,336
MEG Energy Corp., Term Loan B, 3-month USD LIBOR + 3.500%, 5.834%, 12/31/2023	5,550	5,563
NRG Energy, Inc., Term Loan B, 3-month USD LIBOR + 1.750%, 4.084%, 6/30/2023	113,424	112,878
Quebecor Media, Inc., Term Loan B1, 3-month USD LIBOR + 2.250%, 4.593%, 8/17/2020	85,725	85,903
Valeant Pharmaceuticals International, Inc., 2018 Term Loan B, 1-month USD LIBOR + 3.000%, 4.983%, 6/1/2025	75,505	75,348
Total Loan Participations and Assignments (Cost $464,572)		**464,378**

The accompanying notes are an integral part of the financial statements.

	Principal Amount ($)(a)	Value ($)
Convertible Bond 2.0%		
Materials		
GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.006% PIK , 10/18/2025** (f) (Cost $142,271)	143,140	**170,694**

	Shares	Value ($)
Common Stocks 0.1%		
Industrials 0.0%		
Quad Graphics, Inc.	4	**83**
Materials 0.1%		
GEO Specialty Chemicals, Inc.* (f)	54,421	**11,429**
Total Common Stocks (Cost $31,032)		**11,512**
Warrant 0.1%		
Materials		
Hercules Trust II, Expiration Date 3/31/2029* (f) (Cost $17,431)	85	**3,563**
Securities Lending Collateral 2.4%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (g) (h) (Cost $201,660)	201,660	**201,660**
Cash Equivalents 12.5%		
DWS Central Cash Management Government Fund, 1.85% (g) (Cost $1,077,810)	1,077,810	**1,077,810**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $8,612,300)	100.5	**8,645,912**
Other Assets and Liabilities, Net	(0.5)	**(43,074)**
Net Assets	100.0	**8,602,838**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 2.4%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (g) (h)								
154,990	46,670	—	—	—	2,519	—	201,660	**201,660**
Cash Equivalents 12.5%								
DWS Central Cash Management Government Fund, 1.85% (g)								
539,169	2,422,577	1,883,936	—	—	5,626	—	1,077,810	**1,077,810**
694,159	**2,469,247**	**1,883,936**	**—**	**—**	**8,145**	**—**	**1,279,470**	**1,279,470**

* Non-income producing security.

** Variable or floating rate security. These securities are shown at their current rate as of June 30, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

*** Annualized yield at time of purchase; not a coupon rate.

(a) Principal amount stated in U.S. dollars unless otherwise noted.

(b) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $192,493, which is 2.2% of net assets.

(c) Government-backed debt issued by financial companies or government sponsored enterprises.

(d) At June 30, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(e) At June 30, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open centrally cleared swap contracts.

(f) Investment was valued using significant unobservable inputs.

(g) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(h) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

CJSC: Closed Joint Stock Company

Interest Only: Interest Only (IO) bonds represent the "interest only" portion of payments on a pool of underlying mortgages or mortgage-backed securities. IO securities are subject to prepayment risk of the pool of underlying mortgages.

JSC: Joint Stock Company

LIBOR: London Interbank Offered Rate

PIK: Denotes that all or a portion of the income is paid in-kind in the form of additional principal.

REIT: Real Estate Investment Trust

The accompanying notes are an integral part of the financial statements.

Included in the portfolio are investments in mortgage or asset-backed securities which are interests in separate pools of mortgages or assets. Effective maturities of these investments may be shorter than stated maturities due to prepayments.

At June 30, 2018, open futures contracts purchased were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Appreciation (Depreciation) ($)
U.S. Treasury Long Bond	USD	9/19/2018	2	288,692	290,000	1,308
Ultra 10 Year U.S. Treasury Note	USD	9/19/2018	8	1,031,392	1,025,915	(5,477)
Ultra Long U.S. Treasury Bond	USD	9/19/2018	1	159,979	159,563	(416)
Total net unrealized depreciation						**(4,585)**

At June 30, 2018, open futures contracts sold were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized (Depreciation) ($)
Euro-Schatz	EUR	9/6/2018	11	1,438,629	1,439,822	**(1,193)**

At June 30, 2018, open interest rate swap contracts were as follows:

Centrally Cleared Swaps

Cash Flows Paid by the Fund/Frequency	Cash Flows Received by the Fund/Frequency	Effective/ Expiration Date	Notional Amount ($)	Currency	Value ($)	Upfront Payments Paid/ (Received) ($)	Unrealized Appreciation ($)
Fixed — 2.16% Semi-Annually	Floating — 3-Month CDOR Semi-Annually	6/27/2018 6/26/2020	700,000	CAD	973	—	973
Fixed — 2.165% Semi-Annually	Floating — 3-Month CDOR Semi-Annually	6/26/2018 6/26/2020	1,000,000	CAD	1,278	—	1,278
Total unrealized appreciation							**2,251**

CDOR: Canadian Dollar Offered Rate: 3-month CDOR rate at June 30, 2018 is 1.774%

As of June 30, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation ($)	Counterparty
MXN	3,546,000	USD	193,214	7/20/2018	15,143	HSBC Holdings PLC
NOK	3,000,000	USD	384,115	7/24/2018	15,454	Danske Bank AS
CAD	128,750	USD	99,792	8/1/2018	1,808	Morgan Stanley
AUD	505,000	USD	380,753	8/15/2018	6,974	Toronto-Dominion Bank
CNY	594,849	USD	90,000	9/28/2018	380	Credit Agricole
Total unrealized appreciation					**39,759**	

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Depreciation ($)	Counterparty
USD	372,693	NOK	2,999,799	7/24/2018	(4,057)	Danske Bank AS
USD	100,000	CAD	128,752	8/1/2018	(2,014)	Morgan Stanley
USD	88,835	EUR	74,991	8/31/2018	(880)	Canadian Imperial Bank of Commerce
EUR	75,000	USD	87,509	8/31/2018	(456)	Canadian Imperial Bank of Commerce
CNY	1,330,149	USD	200,000	10/9/2018	(353)	Credit Agricole
Total unrealized depreciation					**(7,760)**	

Currency Abbreviations

ARS	Argentine Peso	HUF	Hungarian Forint
AUD	Australian Dollar	IDR	Indonesian Rupiah
CAD	Canadian Dollar	MXN	Mexican Peso
CNY	Yuan Renminbi	NOK	Norwegian Krone
EUR	Euro	USD	United States Dollar

For information on the Fund's policy and additional disclosures regarding futures contracts, interest rate swap contracts and forward foreign currency contracts, please refer to the Derivatives section of Note A in the accompanying Notes to Financial Statements.

The accompanying notes are an integral part of the financial statements.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed Income Investments (i)				
Corporate Bonds	$ —	$ 1,352,076	$ —	$ 1,352,076
Asset-Backed	—	201,397	—	201,397
Commercial Mortgage-Backed Security	—	424,302	—	424,302
Collateralized Mortgage Obligations	—	1,069,252	—	1,069,252
Government & Agency Obligations	—	2,564,085	—	2,564,085
Short-Term U.S. Treasury Obligations	—	1,105,183	—	1,105,183
Loan Participations and Assignments	—	464,378	—	464,378
Convertible Bond	—	—	170,694	170,694
Common Stocks (i)	83	—	11,429	11,512
Warrant	—	—	3,563	3,563
Short-Term Investments (i)	1,279,470	—	—	1,279,470
Derivatives (j)				
Futures Contracts	1,308	—	—	1,308
Interest Rate Swap Contracts	—	2,251	—	2,251
Forward Foreign Currency Contracts	—	39,759	—	39,759
Total	**$ 1,280,861**	**$ 7,222,683**	**$ 185,686**	**$ 8,689,230**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (j)				
Futures Contracts	$ (7,086)	$ —	$ —	$ (7,086)
Forward Foreign Currency Contracts	—	(7,760)	—	(7,760)
Total	**$ (7,086)**	**$ (7,760)**	**$ —**	**$ (14,846)**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(i) See Investment Portfolio for additional detailed categorizations.

(j) Derivatives include unrealized appreciation (depreciation) on open futures contracts, interest rate swap contracts and forward foreign currency contracts.

Level 3 Reconciliation

The following is a reconciliation of the Fund's Level 3 investments for which significant unobservable inputs were used in determining value:

	Convertible Bonds	**Common Stock**	**Warrants**	**Total**
Balance as of December 31, 2017	**$180,626**	**$ 4,455**	**$2,298**	**$187,379**
Realized gains (loss)	—	—	—	—
Change in unrealized appreciation (depreciation)	(10,237)	(4,125)	1,265	(13,097)
Amortization premium/discount	9	—	—	9
Purchases/PIK	296	11,099	—	11,395
(Sales)	—	—	—	—
Transfers into Level 3	—	—	—	—
Transfers (out) of Level 3	—	—	—	—
Balance as of June 30, 2018	**$170,694**	**$11,429**	**$3,563**	**$185,686**
Net change in unrealized appreciation (depreciation) from investments still held as of June 30, 2018	**$ (10,237)**	**$ (4,125)**	**$1,265**	**$ (13,097)**

The accompanying notes are an integral part of the financial statements.

Quantitative Disclosure About Significant Unobservable Inputs

Asset Class	Fair Value at 6/30/18	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Convertible Bond:				
Materials	$170,694	Market Approach	Implied Volatility of Option	45%
			Discount Rate	17.16%
			EV/EBITDA Multiple	5.75
			Discount to public comparables	30%
			Discount for lack of marketability	20%
Common Stock:				
Materials	$11,429	Market Approach	EV/EBITDA Multiple	5.75
			Discount to public comparables	30%
			Discount for lack of marketability	20%
Warrants:				
Materials	$3,563	Black Scholes Option Pricing Model	Implied Volatility of Option	22.85%
			Illiquidity Discount	20%

Qualitative Disclosure About Unobservable Inputs

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's common stock and convertible bond include enterprise value (EV) to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio with a discount for lack of marketability. A significant change in the EV to EBITDA ratio may result in a significant change in the fair value measurement, while a significant change in the discount for lack of marketability is unlikely to result in a materially higher or lower fair value measurement.

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's warrants include volatility and discount for lack of marketability. A change in the volatility of the underlying asset as an input to the Black Scholes Model may have a significant change in the fair value measurement. A significant change in the discount for lack of marketability is unlikely to have a material impact to the fair value measurement

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $7,332,830) — including $192,493 of securities loaned	$ 7,366,442
Investment in DWS Government & Agency Securities Portfolio (cost $201,660)*	201,660
Investment in DWS Central Cash Management Government Fund (cost $1,077,810)	1,077,810
Cash	8,349
Foreign currency, at value (cost $118,974)	114,538
Receivable for variation margin on futures contracts	210
Interest receivable	77,424
Receivable for variation margin on centrally cleared swaps	3,070
Unrealized appreciation on forward foreign currency contracts	39,759
Foreign taxes recoverable	625
Due from Advisor	7,255
Other assets	471
Total assets	8,897,613

Liabilities	
Payable upon return of securities loaned	201,660
Payable for Fund shares redeemed	2,587
Unrealized depreciation on forward foreign currency contracts	7,760
Accrued Trustees' fees	689
Other accrued expenses and payables	82,079
Total liabilities	294,775
Net assets, at value	**$ 8,602,838**

Net Assets Consist of	
Undistributed net investment income	150,305
Net unrealized appreciation (depreciation) on: Investments	33,612
Swap contracts	2,251
Futures	(5,778)
Foreign currency	(4,977)
Forward foreign currency contracts	31,999
Accumulated net realized gain (loss)	(4,559,826)
Paid-in capital	12,955,252
Net assets, at value	**$ 8,602,838**

Net Asset Value	
Class A	
Net asset value, offering and redemption price per share ($8,602,838 ÷ 915,802 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 9.39**

* Represents collateral on securities loaned.

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Interest (net of foreign taxes withheld of $1,068)	$ 176,819
Income distributions — Deutsche Central Cash Management Government Fund	5,626
Securities lending income, net of borrower rebates	2,519
Total income	184,964
Expenses: Management fee	25,072
Administration fee	4,559
Services to Shareholders	161
Custodian fee	12,069
Professional fees	42,926
Reports to shareholders	9,471
Trustees' fees and expenses	1,449
Pricing service fee	9,114
Other	1,379
Total expenses before expense reductions	106,200
Expense reductions	(76,569)
Total expenses after expense reductions	29,631
Net investment income	**155,333**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	19,071
Futures	(25,774)
Forward foreign currency contracts	(7,571)
Foreign currency	9,400
	(4,874)
Change in net unrealized appreciation (depreciation) on: Investments	(268,508)
Swap contracts	2,251
Futures	(2,215)
Forward foreign currency contracts	30,530
Foreign currency	1,705
	(236,237)
Net gain (loss)	**(241,111)**
Net increase (decrease) in net assets resulting from operations	**$ (85,778)**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income	$ 155,333	$ 612,061
Net realized gain (loss)	(4,874)	498,625
Change in net unrealized appreciation (depreciation)	(236,237)	372,805
Net increase (decrease) in net assets resulting from operations	(85,778)	1,483,491
Distributions to shareholders from:		
Net investment income:		
Class A	(641,992)	(201,605)
Total distributions	(641,992)	(201,605)
Fund share transactions:		
Class A		
Proceeds from shares sold	161,330	710,821
Reinvestment of distributions	641,992	201,605
Payments for shares redeemed	(1,190,173)	(17,200,328)
Net increase (decrease) in net assets from Class A share transactions	(386,851)	(16,287,902)
Increase (decrease) in net assets	(1,114,621)	(15,006,016)
Net assets at beginning of period	9,717,459	24,723,475
Net assets at end of period (including undistributed net investment income of $150,305 and $636,964, respectively)	**$ 8,602,838**	**$ 9,717,459**

Other Information		
Class A		
Shares outstanding at beginning of period	951,249	2,560,974
Shares sold	16,422	71,456
Shares issued to shareholders in reinvestment of distributions	68,080	20,405
Shares redeemed	(119,949)	(1,701,586)
Net increase (decrease) in Class A shares	(35,447)	(1,609,725)
Shares outstanding at end of period	**915,802**	**951,249**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 10.22**	**$ 9.65**	**$10.43**	**$11.20**	**$11.53**	**$12.60**
Income (loss) from investment operations:						
Net investment income[a]	.17	.28	.22	.40	.49	.49
Net realized and unrealized gain (loss)	(.27)	.37	(.17)	(.72)	(.23)	(.59)
Total from investment operations	(.10)	.65	.05	(.32)	.26	(.10)
Less distributions from:						
Net investment income	(.73)	(.08)	(.83)	(.45)	(.59)	(.62)
Net realized gains	—	—	—	—	—	(.35)
Total distributions	(.73)	(.08)	(.83)	(.45)	(.59)	(.97)
Net asset value, end of period	**$ 9.39**	**$10.22**	**$ 9.65**	**$10.43**	**$11.20**	**$11.53**
Total Return (%)[b]	(1.02)**	6.78	.50	(3.02)	2.23	(1.04)
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	9	10	25	33	54	61
Ratio of expenses before expense reductions (%)[c]	2.33*	1.37	1.31	1.15	1.08	1.02
Ratio of expenses after expense reductions (%)[c]	.65*	.67	.68	.70	.77	.74
Ratio of net investment income (%)	3.41*	2.81	2.19	3.67	4.23	4.16
Portfolio turnover rate (%)	4**	96	159	185	185	183

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Multisector Income VIP (formerly Deutsche Multisector Income VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Debt securities and loan participations and assignments are valued at prices supplied by independent pricing services approved by the Fund's Board. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, prepayment speeds and other data, as well as broker quotes. If the pricing services are unable to provide valuations, debt securities are valued at the average of the most recent reliable bid quotations or evaluated prices, as applicable, obtained from broker-dealers and loan participations and assignments are valued at the mean of the most recent bid and ask quotations or evaluated prices, as applicable, obtained from one or more broker-dealers. Certain securities may be valued on the basis of a price provided by a single source or broker-dealer. No active trading market may exist for some senior loans and they may be subject to restrictions on resale. The inability to dispose of senior loans in a timely fashion could result in losses. These securities are generally categorized as Level 2.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Futures contracts are generally valued at the settlement prices established each day on the exchange on which they are traded and are categorized as Level 1.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and are categorized as Level 2.

Swap contracts are valued daily based upon prices supplied by a Board approved pricing vendor, if available, and otherwise are valued at the price provided by the broker-dealer. Swap contracts are generally categorized as Level 2.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had securities on loan, which were classified as corporate bonds in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Loan Participations and Assignments. Loan Participations and Assignments are portions of loans originated by banks and sold in pieces to investors. These floating-rate loans ("Loans") in which the Fund invests are arranged between the borrower and one or more financial institutions ("Lenders"). These Loans may take the form of Senior Loans, which are corporate obligations often issued in connection with recapitalizations, acquisitions, leveraged buy outs and refinancing. The Fund invests in such Loans in the form of participations in Loans ("Participations") or assignments of all or a portion of Loans from third parties ("Assignments"). Participations typically result in the Fund having a contractual relationship with only the Lender, not with the borrower. The Fund has the right to receive payments of principal, interest and any fees to which it is entitled from the Lender selling the Participation and only upon receipt by the Lender of the payments from the borrower. In connection with purchasing Participations, the Fund generally has no right to enforce compliance by the borrower with the terms of the loan agreement relating to the Loan, or any rights of set off against the borrower, and the Fund will not benefit directly from any collateral supporting the Loan in which it has purchased the Participation. As a result, the Fund assumes the credit risk of both the borrower and the Lender that is selling the Participation. Assignments typically result in the Fund having a direct contractual relationship with the borrower, and the Fund may enforce compliance by the borrower with the terms of the loan agreement. Loans held by the Fund are generally in the form of Assignments, but the Fund may also invest in Participations. If affiliates of the Advisor participate in the primary and secondary market for senior loans, legal limitations may restrict the Fund's ability to participate in restructuring or acquiring some senior loans. All Loans involve interest rate risk, liquidity risk and credit risk, including the potential default or insolvency of the borrower.

When-Issued/Delayed Delivery Securities. The Fund may purchase or sell securities with delivery or payment to occur at a later date beyond the normal settlement period. At the time the Fund enters into a commitment to purchase or sell a security, the transaction is recorded and the value of the transaction is reflected in the net asset value. The price of such security and the date when the security will be delivered and paid for are fixed at the time the transaction is negotiated. The value of the security may vary with market fluctuations. At the time the Fund enters into this type of transaction, it is required to segregate cash or other liquid assets at least equal to the amount of the commitment. Additionally, the Fund may be required to post securities and/or cash collateral in accordance with the terms of the commitment.

Certain risks may arise upon entering into when-issued or delayed delivery transactions from the potential inability of counterparties to meet the terms of their contracts or if the issuer does not issue the securities due to political, economic, or other factors. Additionally, losses may arise due to changes in the value of the underlying securities.

Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

Additionally, the Fund may be subject to taxes imposed by the governments of countries in which it invests and are generally based on income and/or capital gains earned or repatriated, a portion of which may be recoverable. Based upon the current interpretation of the tax rules and regulations, estimated tax liabilities and recoveries on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized gain/loss on investments. Tax liabilities realized as a result of security sales are reflected as a component of net realized gain/loss on investments.

At December 31, 2017, the Fund had net tax basis capital loss carryforwards of approximately $4,557,000, which may be applied against realized net taxable capital gains indefinitely, including short-term losses ($1,958,000) and long-term losses ($2,599,000).

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $9,118,257. The net unrealized appreciation for all investments based on tax cost was $301,386. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $431,028 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $129,642.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax provisions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in foreign denominated investments, futures contracts, swap contracts and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments. All discounts and premiums are accreted/amortized for both tax and financial reporting purposes for the Fund, with the exception of securities in default of principal.

B. Derivative Instruments

Swaps. A swap is a contract between two parties to exchange future cash flows at periodic intervals based on the notional amount of the swap. A bilateral swap is a transaction between the fund and a counterparty where cash flows are exchanged between the two parties. A centrally cleared swap is a transaction executed between the fund and a counterparty, then cleared by a clearing member through a central clearinghouse. The central clearinghouse serves as the counterparty, with whom the fund exchanges cash flows.

The value of a swap is adjusted daily, and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Statement of Assets and Liabilities. Gains or losses are realized when the swap expires or is closed. Certain risks may arise when entering into swap transactions including counterparty default; liquidity; or unfavorable changes in interest rates or the value of the underlying reference security, commodity or index. In connection with bilateral swaps, securities and/or cash may be identified as collateral in accordance with the terms of the swap agreement to provide assets of value and recourse in the event of default. The maximum counterparty credit risk is the net present value of the cash flows to be received from or paid to the counterparty over the term of the swap, to the extent that this amount is beneficial to the Fund, in addition to any related collateral posted to the counterparty by the Fund. This risk may be partially reduced by a master netting arrangement between the Fund and the counterparty. Upon entering into a centrally cleared swap, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the notional amount of the swap. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value of the swap. In a cleared swap transaction, counterparty risk is minimized as the central clearinghouse acts as the counterparty.

An upfront payment, if any, made by the Fund is recorded as an asset in the Statement of Assets and Liabilities. An upfront payment, if any, received by the Fund is recorded as a liability in the Statement of Assets and Liabilities. Payments received or made at the end of the measurement period are recorded as realized gain or loss in the Statement of Operations.

Interest rate swaps are agreements in which the Fund agrees to pay to the counterparty a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a variable rate payment, or the Fund agrees to receive from the counterparty a fixed rate payment in exchange for the counterparty agreeing to receive from the Fund a variable rate payment. The payment obligations are based on the notional amount of the swap. For the six months ended June 30, 2018, the Fund entered into interest rate swap agreements to gain exposure to different parts of the yield curve while managing overall duration.

There were no open interest rate swap contracts as of June 30, 2018. For the six months ended June 30, 2018 the investment in interest rate swap contracts had a total notional amount generally indicative of a range from $0 to $1,700,000.

Futures Contracts. A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). For the six months ended June 30, 2018, the Fund entered into interest rate futures to gain exposure to different parts of the yield curve while managing overall duration and for non-hedging purposes to seek to enhance potential gains.

Upon entering into a futures contract, the Fund is required to deposit with a financial intermediary cash or securities ("initial margin") in an amount equal to a certain percentage of the face value indicated in the futures contract. Subsequent payments ("variation margin") are made or received by the Fund dependent upon the daily fluctuations in the value and are recorded for financial reporting purposes as unrealized gains or losses by the Fund. Gains or losses are realized when the contract expires or is closed. Since all futures contracts are exchange-traded, counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default.

Certain risks may arise upon entering into futures contracts, including the risk that an illiquid market will limit the Fund's ability to close out a futures contract prior to the settlement date and the risk that the futures contract is not well correlated with the security, index or currency to which it relates. Risk of loss may exceed amounts disclosed in the Statement of Assets and Liabilities.

A summary of the open futures contracts as of June 30, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $801,000 to $1,475,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $0 to approximately $1,440,000.

Forward Foreign Currency Contracts. A forward foreign currency contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. For the six months ended June 30, 2018, the Fund entered into forward currency contracts in order to hedge against anticipated currency market changes and for non-hedging purposes to seek to enhance potential gains.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies and unrealized gain (loss) is recorded daily. On the settlement date of the forward currency contract, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was closed. Certain risks may arise upon entering into forward currency contracts from the potential inability of counterparties to meet the terms of their contracts. The maximum counterparty credit risk to the Fund is measured by the unrealized gain on appreciated contracts. Additionally, when utilizing forward currency contracts to hedge, the Fund gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

A summary of the open forward currency contracts as of June 30, 2018, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2018, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $582,000 to $1,435,000, and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from approximately $0 to $562,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Asset Derivatives	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (a)	$ —	$ 2,251	$ 1,308	$ 3,559
Foreign Exchange Contracts (b)	39,759	—	—	39,759
	$ 39,759	**$ 2,251**	**$ 1,308**	**$ 43,318**

Each of the above derivatives is located in the following Statement of Assets and Liabilities accounts:

(a) Includes cumulative appreciation of futures and centrally cleared swap contracts as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the statement of Assets and Liabilities.

(b) Unrealized appreciation on forward foreign currency contracts

Liability Derivatives	**Forward Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (c)	$ —	$ (7,086)	$ (7,086)
Foreign Exchange Contracts (d)	(7,760)	—	(7,760)
	$ (7,760)	**$ (7,086)**	**$ (14,846)**

Each of the above derivatives is located in the following Statement of Assets and Liabilities accounts:

(c) Includes cumulative depreciation of futures contracts as disclosed in the Investment Portfolio. Unsettled variation margin is disclosed separately within the Statement of Assets and Liabilities.

(d) Unrealized depreciation on forward foreign currency contracts

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the six months ended June 30, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	Forward Contracts	Futures Contracts	Total
Interest Rate Contracts (e)	$ —	$ (25,774)	$ (25,774)
Foreign Exchange Contracts (f)	(7,571)	—	(7,571)
	$ (7,571)	**$ (25,774)**	**$ (33,345)**

Each of the above derivatives is located in the following Statement of Operations accounts:

(e) Net realized gain (loss) from futures

(f) Net realized gain (loss) from forward foreign currency contracts

Change in Net Unrealized Appreciation (Depreciation)	Forward Contracts	Swap Contracts	Futures Contracts	Total
Interest Rate Contracts (g)	$ —	$ 2,251	$ (2,215)	$ 36
Foreign Exchange Contracts (h)	30,530	—	—	30,530
	$ 30,530	**$ 2,251**	**$ (2,215)**	**$ 30,566**

Each of the above derivatives is located in the following Statement of Operations accounts:

(g) Change in net unrealized appreciation (depreciation) on swap contracts and futures, respectively

(h) Change in net unrealized appreciation (depreciation) on forward foreign currency contracts

As of June 30, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following tables:

Counterparty	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments and Derivatives Available for Offset	Collateral Received	Net Amount of Derivative Assets
Credit Agricole	$ 380	$ (353)	$ —	$ 27
Danske Bank AS	15,454	(4,057)	—	11,397
HSBC Holdings PLC	15,143	—	—	15,143
Morgan Stanley	1,808	(1,808)	—	—
Toronto-Dominion Bank	6,974	—	—	6,974
	$ 39,759	**$ (6,218)**	**$ —**	**$ 33,541**

Counterparty	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Financial Instruments and Derivatives Available for Offset	Collateral Pledged	Net Amount of Derivative Liabilities
Canadian Imperial Bank of Commerce	$ 1,336	$ —	$ —	$ 1,336
Credit Agricole	353	(353)	—	—
Danske Bank AS	4,057	(4,057)	—	—
Morgan Stanley	2,014	(1,808)	—	206
	$ 7,760	**$ (6,218)**	**$ —**	**$ 1,542**

C. Purchases and Sales of Securities

During the year ended June 30, 2018, purchases and sales of investment securities, excluding short-term investments, were as follows:

	Purchases	Sales
Non-U.S. Treasury Obligations	$ 258,780	$ 1,322,885
U.S. Treasury Obligations	$ 4,998	$ 0

D. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund or delegates such responsibility to the Fund's subadvisor.

Deutsche Alternative Asset Management (Global) Limited (DAAM Global), also an indirect, wholly owned subsidiary of Deutsche Bank AG, serves as subadvisor for the Fund and, as such, provides portfolio manager services to the Fund. Pursuant to a sub-advisory agreement between DIMA and DAAM Global, DIMA, not the Fund, compensates DAAM Global for the services it provides to the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million	.550%
Next $750 million	.520%
Next $1.5 billion	.500%
Next $2.5 billion	.480%
Next $2.5 billion	.450%
Next $2.5 billion	.430%
Next $2.5 billion	.410%
Over $12.5 billion	.390%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.55% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fee and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) at 0.65%.

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed amounted to $76,569.

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $4,559, of which $718 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC aggregated $65, of which $23 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing typesetting and certain regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $6,730, of which all is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Security Lending Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $190.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Investing in High-Yield Securities

High-yield debt securities or junk bonds are generally regarded as speculative with respect to the issuer's continuing ability to meet principal and interest payments. The Fund's performance could be hurt if an issuer of a debt security suffers an adverse change in financial condition that results in the issuer not making timely payments of interest or principal, a security downgrade or an inability to meet a financial obligation. High-yield debt securities' total return and yield may generally be expected to fluctuate more than the total return and yield of investment-grade debt securities. A real or perceived economic downturn or an increase in market interest rates could cause a decline in the value of high-yield debt securities, result in increased redemptions and/or result in increased portfolio turnover, which could result in a decline in net asset value of the Fund, reduce liquidity for certain investments and/or increase costs. High-yield debt securities are often thinly traded and can be more difficult to sell and value accurately than investment-grade debt securities as there may be no established secondary market. Investments in high yield debt securities could increase liquidity risk for the Fund. In addition, the market for high-yield debt securities can experience sudden and sharp volatility which is generally associated more with investments in stocks.

G. Investing in Emerging Markets

Investing in emerging markets may involve special risks and considerations not typically associated with investing in developed markets. These risks include revaluation of currencies, high rates of inflation or deflation, repatriation restrictions on income and capital, and future adverse political, social and economic developments. Moreover, securities issued in these markets may be less liquid, subject to government ownership controls or delayed settlements, and may have prices that are more volatile or less easily assessed than those of comparable securities of issuers in developed markets.

H. Ownership of the Fund

At June 30, 2018, one participating insurance company was owners of record of 10% or more of the total outstanding Class A shares of the Fund, owning 93%.

I. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche Multisector Income VIP was renamed DWS Multisector Income VIP.

Information About Your Fund's Expenses **(Unaudited)**

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 989.80
Expenses Paid per $1,000*	$ 3.21

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 1,021.57
Expenses Paid per $1,000*	$ 3.26

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratio	**Class A**
Deutsche DWS Variable Series II — DWS Multisector Income VIP	.65%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Multisector Income VIP's (now known as DWS Multisector Income VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017. DIMA has also entered into a sub-advisory agreement with Deutsche Alternative Asset Management (Global) Limited ("DAAM Global"), an affiliate of DIMA, that has an initial term through September 30, 2018.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA and DAAM Global are part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's and DAAM Global's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that DIMA and DAAM Global provide portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. Throughout the course of the year, the Board also received information regarding DIMA's oversight of fund sub-advisers, including DAAM Global. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 4th quartile of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016. The Board noted the disappointing investment performance of the Fund in recent periods and continued to discuss with senior management of DIMA and DAAM Global the factors contributing to such underperformance and actions being taken to improve performance. The Board noted certain changes in the Fund's portfolio management team that were made effective August 1, 2017. The Board observed that the Fund had experienced improved relative performance during the first eight months of 2017. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the Deutsche fund complex.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were higher than the median (3rd quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that DIMA pays a sub-advisory fee to DAAM Global out of its fee. The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board noted that the expense limitation agreed to by DIMA was expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to comparable Deutsche U.S. registered funds ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Funds. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA and DAAM Global.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund and any fees received by an affiliate of DIMA for transfer agency services provided to the Fund. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS2MSI-3 (R-028389-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Small Mid Cap Growth VIP

(formerly Deutsche Small Mid Cap Growth VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. Smaller and medium company stocks tend to be more volatile than large company stocks. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read the prospectus for details.

Performance Summary

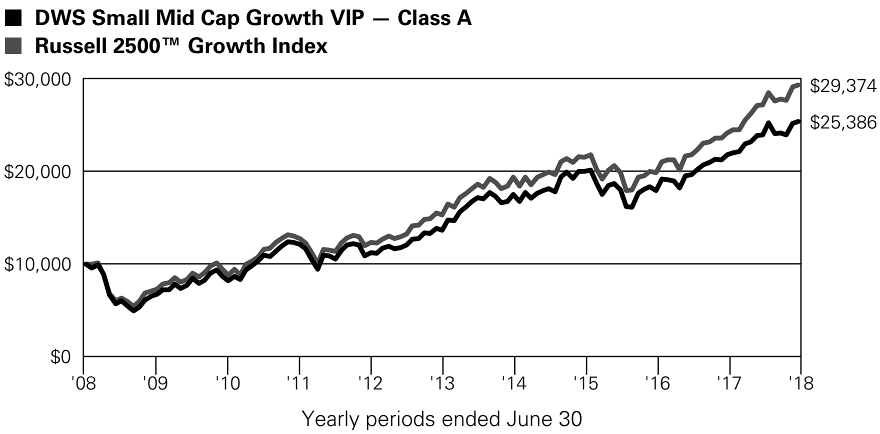
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns.

The gross expense ratio of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 is 0.75% for Class A shares and may differ from the expense ratio disclosed in the Financial Highlights table in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS Small Mid Cap Growth VIP



The Russell 2500™ Growth Index is an unmanaged index that measures the performance of the small- to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Small Mid Cap Growth VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$10,583	$11,627	$12,689	$18,547	$25,386
	Average annual total return	5.83%	16.27%	8.26%	13.15%	9.76%
Russell 2500 Growth Index	Growth of $10,000	$10,804	$12,153	$13,624	$19,145	$29,374
	Average annual total return	8.04%	21.53%	10.86%	13.87%	11.38%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	96%	97%
Cash Equivalents	3%	2%
Convertible Preferred Stock	1%	1%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Information Technology	22%	23%
Health Care	22%	21%
Industrials	19%	19%
Consumer Discretionary	15%	15%
Financials	7%	6%
Materials	6%	7%
Energy	3%	2%
Consumer Staples	3%	4%
Real Estate	3%	3%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Management Team

Peter Barsa, Director
Michael A. Sesser, CFA, Director
Portfolio Managers

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 96.9%		
Consumer Discretionary 14.6%		
Auto Components 1.2%		
Gentherm, Inc.*	7,798	306,462
Tenneco, Inc.	14,844	652,542
		959,004
Diversified Consumer Services 2.3%		
Bright Horizons Family Solutions, Inc.*	10,132	1,038,732
ServiceMaster Global Holdings, Inc.*	13,978	831,272
		1,870,004
Hotels, Restaurants & Leisure 1.6%		
Hilton Grand Vacations, Inc.*	15,442	535,837
Jack in the Box, Inc.	8,357	711,348
		1,247,185
Household Durables 2.8%		
Helen of Troy Ltd.*	7,668	754,914
iRobot Corp.* (a)	13,414	1,016,379
TopBuild Corp.*	6,423	503,178
		2,274,471
Internet & Direct Marketing Retail 1.0%		
Shutterfly, Inc.*	8,407	**756,882**
Media 0.6%		
Cinemark Holdings, Inc.	13,014	**456,531**
Specialty Retail 4.2%		
Burlington Stores, Inc.*	9,310	1,401,434
Camping World Holdings, Inc. “A” (a)	26,055	650,854
Tailored Brands, Inc.	16,900	431,288
The Children’s Place, Inc.	7,548	911,799
		3,395,375
Textiles, Apparel & Luxury Goods 0.9%		
Carter’s, Inc.	6,302	**683,074**
Consumer Staples 2.6%		
Food & Staples Retailing 0.8%		
Casey’s General Stores, Inc.	6,150	**646,242**
Food Products 1.1%		
Hain Celestial Group, Inc.*	16,391	488,452
SunOpta, Inc.*	44,516	373,934
		862,386
Household Products 0.7%		
Spectrum Brands Holdings, Inc.	7,393	**603,417**
Energy 3.2%		
Energy Equipment & Services 2.0%		
Dril-Quip, Inc.*	16,509	848,562
Oil States International, Inc.*	23,188	744,335
		1,592,897
Oil, Gas & Consumable Fuels 1.2%		
Alta Mesa Resources, Inc.*	25,224	171,776
Whiting Petroleum Corp.*	14,450	761,804
		933,580

	Shares	Value ($)
Financials 6.7%		
Banks 4.7%		
Eagle Bancorp., Inc.*	7,800	478,140
FCB Financial Holdings, Inc. “A”*	17,761	1,044,347
Pinnacle Financial Partners, Inc.	7,734	474,481
South State Corp.	8,497	732,866
SVB Financial Group*	3,490	1,007,773
		3,737,607
Capital Markets 2.0%		
Lazard Ltd. “A”	14,525	710,418
Moelis & Co. “A”	15,610	915,526
		1,625,944
Health Care 20.8%		
Biotechnology 9.8%		
Acceleron Pharma, Inc.*	4,129	200,339
Alkermes PLC*	12,591	518,246
Amicus Therapeutics, Inc.*	24,864	388,376
Arena Pharmaceuticals, Inc.*	7,580	330,488
Bluebird Bio, Inc.*	2,454	385,155
Clovis Oncology, Inc.*	4,722	214,709
Emergent BioSolutions, Inc.*	14,518	733,014
Heron Therapeutics, Inc.*	26,667	1,036,013
Ligand Pharmaceuticals, Inc.*	7,429	1,539,066
Neurocrine Biosciences, Inc.*	10,796	1,060,599
Retrophin, Inc.*	51,813	1,412,422
		7,818,427
Health Care Equipment & Supplies 1.6%		
Cardiovascular Systems, Inc.*	22,867	739,519
Masimo Corp.*	5,350	522,427
		1,261,946
Health Care Providers & Services 7.1%		
AMN Healthcare Services, Inc.*	12,458	730,039
BioScrip, Inc.*	338,372	991,430
Molina Healthcare, Inc.*	14,007	1,371,846
Providence Service Corp.*	16,969	1,332,915
RadNet, Inc.*	58,745	881,175
Tivity Health, Inc.*	11,432	402,406
		5,709,811
Health Care Technology 1.2%		
athenahealth, Inc.*	3,075	489,356
HMS Holdings Corp.*	22,512	486,709
		976,065
Pharmaceuticals 1.1%		
Avadel Pharmaceuticals PLC (ADR)* (a)	47,686	292,315
Nektar Therapeutics*	3,000	146,490
Pacira Pharmaceuticals, Inc.*	12,502	400,689
		839,494
Industrials 18.3%		
Aerospace & Defense 1.0%		
HEICO Corp.	10,732	**782,721**
Building Products 3.1%		
A.O. Smith Corp.	16,215	959,117
Allegion PLC	11,168	863,956

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Fortune Brands Home & Security, Inc.	12,443	668,065
		2,491,138
Commercial Services & Supplies 4.1%		
Advanced Disposal Services, Inc.*	39,685	983,394
MSA Safety, Inc.	3,811	367,152
The Brink's Co.	13,160	1,049,510
UniFirst Corp.	5,289	935,624
		3,335,680
Construction & Engineering 0.7%		
MasTec, Inc.*	10,594	**537,646**
Electrical Equipment 1.2%		
Thermon Group Holdings, Inc.*	41,624	**951,941**
Machinery 3.4%		
Hillenbrand, Inc.	11,100	523,365
IDEX Corp.	3,029	413,398
ITT, Inc.	13,896	726,344
Kennametal, Inc.	22,978	824,910
Welbilt, Inc.*	9,637	215,002
		2,703,019
Professional Services 1.0%		
Kforce, Inc.	23,789	**815,963**
Trading Companies & Distributors 3.8%		
H&E Equipment Services, Inc.	22,623	850,851
Rush Enterprises, Inc. "A"*	35,301	1,531,357
Titan Machinery, Inc.*	41,558	646,227
		3,028,435
Information Technology 22.1%		
Communications Equipment 0.7%		
Lumentum Holdings, Inc.* (a)	9,082	**525,848**
Electronic Equipment, Instruments & Components 2.5%		
Anixter International, Inc.*	7,752	490,702
Belden, Inc.	11,502	703,002
Cognex Corp.	8,337	371,914
IPG Photonics Corp.*	1,994	439,936
		2,005,554
Internet Software & Services 2.5%		
2U, Inc.*	4,424	369,669
Envestnet, Inc.*	8,500	467,075
Five9, Inc.*	20,949	724,207
GrubHub, Inc.*	3,879	406,946
		1,967,897
IT Services 4.6%		
Broadridge Financial Solutions, Inc.	12,730	1,465,223
MAXIMUS, Inc.	9,060	562,717
WEX, Inc.*	4,517	860,398
WNS Holdings Ltd. (ADR)*	15,577	812,808
		3,701,146
Semiconductors & Semiconductor Equipment 4.0%		
Advanced Energy Industries, Inc.*	19,780	1,149,020
Advanced Micro Devices, Inc.*	22,933	343,765
Ambarella, Inc.* (a)	11,831	456,795
Cypress Semiconductor Corp.	50,093	780,449
Entegris, Inc.	14,392	487,889
		3,217,918
Software 7.2%		
Aspen Technology, Inc.*	12,688	1,176,685
Proofpoint, Inc.*	8,009	923,518
QAD, Inc. "A"	12,718	637,807
Take-Two Interactive Software, Inc.*	2,302	272,465
Tyler Technologies, Inc.*	6,582	1,461,862
Varonis Systems, Inc.*	17,800	1,326,100
		5,798,437
Technology Hardware, Storage & Peripherals 0.6%		
Super Micro Computer, Inc.*	20,606	**487,332**
Materials 6.0%		
Chemicals 3.0%		
KMG Chemicals, Inc.	16,579	1,223,199
Minerals Technologies, Inc.	3,793	285,802
Trinseo SA	12,784	907,025
		2,416,026
Construction Materials 1.3%		
Eagle Materials, Inc.	10,034	**1,053,269**
Containers & Packaging 0.5%		
Berry Global Group, Inc.*	8,183	**375,927**
Metals & Mining 1.2%		
Cleveland-Cliffs, Inc.*	71,240	600,553
First Quantum Minerals Ltd.	26,713	393,588
		994,141
Real Estate 2.6%		
Equity Real Estate Investment Trusts (REITs)		
National Storage Affiliates Trust	36,400	1,121,848
SBA Communications Corp. *	2,141	353,522
Urban Edge Properties	27,384	626,272
		2,101,642
Total Common Stocks (Cost $53,947,488)		**77,542,022**

Convertible Preferred Stock 0.7%

	Shares	Value ($)
Health Care		
Providence Service Corp., 5.5% (b) (Cost $283,300)	2,833	**558,004**

Securities Lending Collateral 3.6%

	Shares	Value ($)
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares," 1.80% (c) (d) (Cost $2,910,400)	2,910,400	**2,910,400**

Cash Equivalents 2.8%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 1.85% (c) (Cost $2,231,737)	2,231,737	**2,231,737**

The accompanying notes are an integral part of the financial statements.

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $59,372,925)	104.0	**83,242,163**
Other Assets and Liabilities, Net	(4.0)	**(3,223,893)**
Net Assets	100.0	**80,018,270**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 3.6%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares," 1.80% (c) (d)								
3,961,099	—	1,050,699	—	—	7,917	—	2,910,400	2,910,400
Cash Equivalents 2.8%								
DWS Central Cash Management Government Fund, 1.85% (c)								
1,762,858	8,939,992	8,471,113	—	—	19,187	—	2,231,737	2,231,737
5,723,957	**8,939,992**	**9,521,812**	**—**	**—**	**27,104**	**—**	**5,142,137**	**5,142,137**

* Non-income producing security.

(a) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $2,867,864, which is 3.6% of net assets.

(b) Investment was valued using significant unobservable inputs.

(c) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(d) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

ADR: American Depositary Receipt

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (e)	$ 77,542,022	$ —	$ —	$ 77,542,022
Convertible Preferred Stock	—	—	558,004	558,004
Short-Term Investments (e)	5,142,137	—	—	5,142,137
Total	**$ 82,684,159**	**$ —**	**$ 558,004**	**$ 83,242,163**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(e) See Investment Portfolio for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $54,230,788) — including $2,867,864 of securities loaned	$78,100,026
Investment in DWS Government & Agency Securities Portfolio (cost $2,910,400)*	2,910,400
Investment in DWS Central Cash Management Government Fund (cost $2,231,737)	2,231,737
Cash	128,428
Foreign currency, at value (cost $88)	86
Receivable for investments sold	343,250
Dividends receivable	14,894
Interest receivable	6,282
Other assets	735
Total assets	83,735,838
Liabilities	
Payable upon return of securities loaned	2,910,400
Payable for investments purchased	570,347
Payable for Fund shares redeemed	140,118
Accrued management fee	36,694
Accrued Trustees' fees	1,473
Other accrued expenses and payables	58,536
Total liabilities	3,717,568
Net assets, at value	**$80,018,270**
Net Assets Consist of	
Net investment loss	(44,048)
Net unrealized appreciation (depreciation) on: Investments	23,869,238
Foreign currency	(2)
Accumulated net realized gain (loss)	7,950,557
Paid-in capital	48,242,525
Net assets, at value	**$80,018,270**
Net Asset Value	
Net Asset Value, offering and redemption price per share ($80,018,270 ÷ 5,154,223 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 15.52**

* Represents collateral on securities loaned.

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends (net of foreign taxes withheld of $16)	$ 242,859
Income distributions — DWS Central Cash Management Government Fund	19,187
Securities lending income, net of borrower rebates	7,917
Total income	269,963
Expenses: Management fee	215,204
Administration fee	39,128
Services to Shareholders	545
Custodian fee	2,625
Professional fees	37,978
Reports to shareholders	10,493
Trustees' fees and expenses	3,774
Other	4,264
Total expenses	314,011
Net investment income (loss)	**(44,048)**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	8,500,819
Foreign currency	1,291
Payments by affiliates (see Note F)	67
	8,502,177
Change in net unrealized appreciation (depreciation) on: Investments	(4,002,025)
Foreign currency	(2)
	(4,002,027)
Net gain (loss)	**4,500,150**
Net increase (decrease) in net assets resulting from operations	**$ 4,456,102**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations: Net investment income (loss)	$ (44,048)	$ (87,390)
Net realized gain (loss)	8,502,177	25,564,282
Change in net unrealized appreciation (depreciation)	(4,002,027)	(2,783,953)
Net increase (decrease) in net assets resulting from operations	4,456,102	22,692,939
Distributions to shareholders from: Net investment income Class A	—	(124,128)
Net realized gains Class A	(25,334,744)	(6,452,819)
Total distributions	(25,334,744)	(6,576,947)
Fund share transactions: **Class A** Proceeds from shares sold	3,004,895	3,919,157
Reinvestment of distributions	25,334,744	6,576,947
Payments for shares redeemed	(4,786,253)	(67,645,663)
Net increase (decrease) in net assets from Class A share transactions	23,553,386	(57,149,559)
Increase (decrease) in net assets	2,674,744	(41,033,567)
Net assets at beginning of period	77,343,526	118,377,093
Net assets at end of period (including Net investment loss of $44,048 and $0, respectively)	**$ 80,018,270**	**$ 77,343,526**

Other Information		
Class A Shares outstanding at beginning of period	3,525,232	6,244,931
Shares sold	155,884	194,850
Shares issued to shareholders in reinvestment of distributions	1,711,807	336,589
Shares redeemed	(238,700)	(3,251,138)
Net increase (decrease) in Class A shares	1,628,991	(2,719,699)
Shares outstanding at end of period	**5,154,223**	**3,525,232**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$ 21.94**	**$18.96**	**$20.90**	**$22.83**	**$21.59**	**$15.14**
Income (loss) from investment operations:						
Net investment income (loss)[a]	(.01)	(.02)	.02	(.04)	(.02)	(.04)
Net realized and unrealized gain (loss)	.92	4.08	1.64	(.00)	1.26	6.51
Total from investment operations	.91	4.06	1.66	(.04)	1.24	6.47
Less distributions from:						
Net investment income	—	(.02)	—	—	—	(.02)
Net realized gains	(7.33)	(1.06)	(3.60)	(1.89)	—	—
Total distributions	(7.33)	(1.08)	(3.60)	(1.89)	—	(.02)
Net asset value, end of period	**$ 15.52**	**$21.94**	**$18.96**	**$20.90**	**$22.83**	**$21.59**
Total Return (%)	5.83**	22.12	9.08	(.90)	5.74	42.78
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	80	77	118	135	172	187
Ratio of expenses (%)[b]	.80*	.75	.75	.72	.73	.72
Ratio of net investment income (loss) (%)	(.11)*	(.08)	.11	(.19)	(.11)	(.22)
Portfolio turnover rate (%)	21**	32	28	42	44	56

a Based on average shares outstanding during the period.

b Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Small Mid Cap Growth VIP (formerly Deutsche Small Mid Cap Growth VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities and exchange-trade funds ("ETFs") are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities and ETFs are generally categorized as Level 1.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had securities on loan, which were classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to its shareholders.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $54,036,183. The net unrealized appreciation for all investments based on tax cost was $27,357,702. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $29,109,327 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $1,751,625.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $16,304,899 and $18,359,323, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million	.550%
Next $750 million	.525%
Over $1 billion	.500%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.55% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2018, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of Class A at 0.84%.

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $39,128, of which $6,672 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC aggregated $183, of which $53 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,962, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with

Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

Securities Lending Agent Fees. Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $596.

D. Ownership of the Fund

At June 30, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 92%.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Payments by Affiliates

During the six months ended June 30, 2018, the Advisor agreed to reimburse the Fund $67 for losses incurred on trades executed incorrectly. The amount reimbursed was less than 0.01% of the Fund's average net assets, thus having no impact on the Fund's total return.

G. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche Small Mid Cap Growth VIP was renamed DWS Small Mid Cap Growth VIP.

Information About Your Fund's Expenses **(Unaudited)**

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 1,058.30
Expenses Paid per $1,000*	$ 4.08

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 1/1/18	$ 1,000.00
Ending Account Value 6/30/18	$ 1,020.83
Expenses Paid per $1,000*	$ 4.01

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratio	**Class A**
Deutsche DWS Variable Series II — DWS Small Mid Cap Growth VIP	.80%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Small Mid Cap Growth VIP's (now known as DWS Small Mid Cap Growth VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 3rd quartile, 2nd quartile and 2nd quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were lower than the median (1st quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board noted that the expense limitation agreed to by DIMA was expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to a comparable Deutsche U.S. registered fund ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Fund. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund and any fees received by an affiliate of DIMA for transfer agency services provided to the Fund. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS2SMCG-3 (R-028388-7 8/18)

June 30, 2018

Semiannual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Small Mid Cap Value VIP

(formerly Deutsche Small Mid Cap Value VIP)

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. Smaller and medium company stocks tend to be more volatile than large company stocks. Any fund that focuses in a particular segment of the market or region of the world will generally be more volatile than a fund that invests more broadly. The Fund may lend securities to approved institutions. Please read the prospectus for details.

Performance Summary

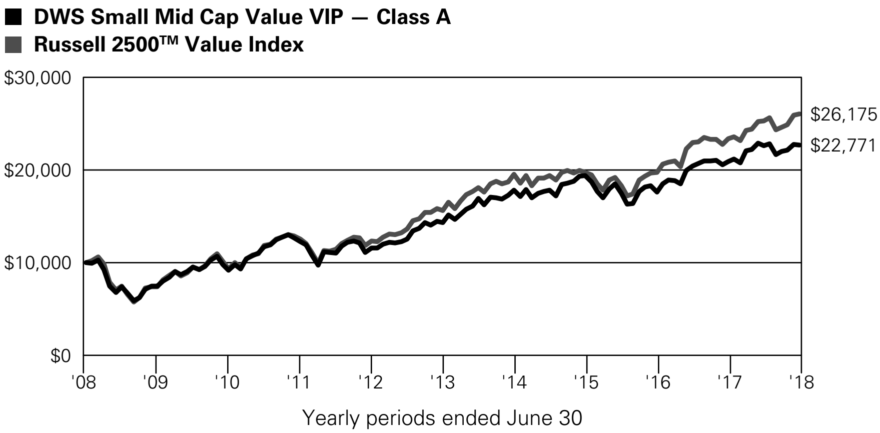
June 30, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.83% and 1.19% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only, and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights.

Growth of an Assumed $10,000 Investment in DWS Small Mid Cap Value VIP



The Russell 2500™ Value Index is an unmanaged Index of those securities in the Russell 3000® Index with lower price-to-book ratios and lower forecasted growth values.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Small Mid Cap Value VIP		**6-Month‡**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class A	Growth of $10,000	$10,036	$10,862	$11,698	$15,851	$22,771
	Average annual total return	0.36%	8.62%	5.37%	9.65%	8.58%
Russell 2500 Value Index	Growth of $10,000	$10,300	$11,149	$13,224	$16,687	$26,175
	Average annual total return	3.00%	11.49%	9.76%	10.78%	10.10%
DWS Small Mid Cap Value VIP		**6-Month‡**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$10,020	$10,827	$11,576	$15,572	$21,995
	Average annual total return	0.20%	8.27%	5.00%	9.26%	8.20%
Russell 2500 Value Index	Growth of $10,000	$10,300	$11,149	$13,224	$16,687	$26,175
	Average annual total return	3.00%	11.49%	9.76%	10.78%	10.10%

The growth of $10,000 is cumulative.

‡ Total returns shown for periods less than one year are not annualized.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/18**	**12/31/17**
Common Stocks	97%	96%
Cash Equivalents	3%	4%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**6/30/18**	**12/31/17**
Financials	21%	20%
Industrials	19%	19%
Consumer Discretionary	13%	9%
Real Estate	10%	13%
Information Technology	9%	11%
Energy	7%	7%
Materials	6%	5%
Health Care	6%	4%
Consumer Staples	5%	7%
Utilities	4%	5%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 5.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Portfolio Manager

Richard Hanlon, CFA, Director

Portfolio Manager

Investment Portfolio

June 30, 2018 (Unaudited)

	Shares	Value ($)
Common Stocks 97.4%		
Consumer Discretionary 12.7%		
Auto Components 1.9%		
Visteon Corp.*	15,437	**1,995,078**
Automobiles 1.8%		
Winnebago Industries, Inc.	45,771	**1,858,302**
Diversified Consumer Services 1.2%		
Regis Corp.*	76,668	**1,268,089**
Hotels, Restaurants & Leisure 1.0%		
Denny's Corp.*	66,296	**1,056,095**
Household Durables 2.6%		
Helen of Troy Ltd.*	18,022	1,774,266
PulteGroup, Inc.	35,789	1,028,934
		2,803,200
Media 1.0%		
Interpublic Group of Companies, Inc.	46,100	**1,080,584**
Textiles, Apparel & Luxury Goods 3.2%		
Carter's, Inc.	17,456	1,892,056
Columbia Sportswear Co.	16,835	1,539,897
		3,431,953
Consumer Staples 5.3%		
Food & Staples Retailing 1.9%		
U.S. Foods Holding Corp.*	52,640	**1,990,845**
Food Products 2.1%		
Lamb Weston Holdings, Inc.	17,581	1,204,474
Pinnacle Foods, Inc.	16,561	1,077,459
		2,281,933
Household Products 1.3%		
Central Garden & Pet Co.*	30,572	**1,329,270**
Energy 6.5%		
Energy Equipment & Services 0.9%		
Patterson-UTI Energy, Inc.	54,233	**976,194**
Oil, Gas & Consumable Fuels 5.6%		
Golar LNG Ltd. (a)	46,778	1,378,080
HollyFrontier Corp.	12,900	882,747
Matador Resources Co.*	51,120	1,536,156
Murphy Oil Corp.	21,300	719,301
Parsley Energy, Inc. "A"*	21,785	659,650
SRC Energy, Inc.*	66,900	737,238
		5,913,172
Financials 20.7%		
Banks 13.8%		
Eagle Bancorp., Inc.*	27,664	1,695,803
East West Bancorp., Inc.	20,900	1,362,680
Great Western Bancorp., Inc.	58,734	2,466,241
Hancock Whitney Corp.	44,916	2,095,331
Pacific Premier Bancorp., Inc.*	38,200	1,457,330
Sterling Bancorp.	106,155	2,494,619
TCF Financial Corp.	69,000	1,698,780
UMB Financial Corp.	17,900	1,364,517
		14,635,301
Capital Markets 1.9%		
E*TRADE Financial Corp.*	32,143	**1,965,866**
Insurance 3.5%		
Brown & Brown, Inc.	46,922	1,301,147
CNO Financial Group, Inc.	90,204	1,717,484
ProAssurance Corp.	19,800	701,910
		3,720,541
Thrifts & Mortgage Finance 1.5%		
Walker & Dunlop, Inc.	28,930	**1,609,955**
Health Care 5.6%		
Health Care Providers & Services 4.0%		
Encompass Health Corp.	44,137	2,988,958
Premier, Inc. "A"*	33,100	1,204,178
		4,193,136
Life Sciences Tools & Services 1.6%		
Bruker Corp.	27,200	789,888
PerkinElmer, Inc.	12,605	923,064
		1,712,952
Industrials 18.0%		
Building Products 1.2%		
Simpson Manufacturing Co., Inc.	20,457	**1,272,221**
Commercial Services & Supplies 4.0%		
Interface, Inc.	82,775	1,899,686
The Brink's Co.	29,134	2,323,437
		4,223,123
Electrical Equipment 1.8%		
EnerSys	25,278	**1,886,750**
Machinery 7.5%		
Douglas Dynamics, Inc.	26,907	1,291,536
Federal Signal Corp.	84,800	1,974,992
Global Brass & Copper Holdings, Inc.	54,600	1,711,710
Hillenbrand, Inc.	39,003	1,838,991
Stanley Black & Decker, Inc.	8,513	1,130,612
		7,947,841
Professional Services 2.5%		
ICF International, Inc.	19,061	1,354,284
ManpowerGroup, Inc.	14,834	1,276,614
		2,630,898
Trading Companies & Distributors 1.0%		
AerCap Holdings NV*	20,894	**1,131,410**
Information Technology 9.1%		
Electronic Equipment, Instruments & Components 4.9%		
Dolby Laboratories, Inc. "A"	18,358	1,132,505
Insight Enterprises, Inc.*	54,900	2,686,257
Rogers Corp.*	12,240	1,364,271
		5,183,033
Internet Software & Services 1.2%		
LogMeIn, Inc.	12,202	**1,259,857**
IT Services 1.4%		
Travelport Worldwide Ltd.	81,169	**1,504,873**
Software 1.6%		
Verint Systems, Inc.*	37,964	**1,683,703**
Materials 6.2%		
Chemicals 2.9%		
GCP Applied Technologies, Inc.*	36,538	1,057,775
Minerals Technologies, Inc.	20,900	1,574,815
Tronox Ltd. "A"	24,518	482,514
		3,115,104

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Containers & Packaging 1.5%		
Owens-Illinois, Inc.*	93,100	**1,565,011**
Metals & Mining 1.8%		
Commercial Metals Co.	28,909	610,269
Steel Dynamics, Inc.	27,223	1,250,897
		1,861,166

Real Estate 9.5%

	Shares	Value ($)
Equity Real Estate Investment Trusts (REITs)		
Agree Realty Corp.	31,931	1,684,999
Community Healthcare Trust, Inc.	58,569	1,749,456
Easterly Government Properties, Inc.	69,591	1,375,118
Gaming and Leisure Properties, Inc.	15,400	551,320
Highwoods Properties, Inc.	28,006	1,420,744
Pebblebrook Hotel Trust (a)	46,968	1,822,359
STAG Industrial, Inc.	54,900	1,494,927
		10,098,923

Utilities 3.8%

	Shares	Value ($)
Electric Utilities 2.7%		
Alliant Energy Corp.	27,312	1,155,844
IDACORP, Inc.	17,781	1,640,119
		2,795,963
Gas Utilities 1.1%		
ONE Gas, Inc.	16,076	**1,201,519**
Total Common Stocks (Cost $86,653,401)		**103,183,861**

Securities Lending Collateral 2.2%

	Shares	Value ($)
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 1.80% (b) (c) (Cost $2,299,160)	2,299,160	**2,299,160**

Cash Equivalents 2.8%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 1.85% (b) (Cost $2,975,066)	2,975,066	**2,975,066**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $91,927,627)	102.4	**108,458,087**
Other Assets and Liabilities, Net	(2.4)	**(2,581,366)**
Net Assets	100.0	**105,876,721**

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 6/30/2018	Value ($) at 6/30/2018
Securities Lending Collateral 2.2%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares," 1.80% (b) (c)								
—	2,299,160	—	—	—	979	—	2,299,160	2,299,160
Cash Equivalents 2.8%								
DWS Central Cash Management Government Fund, 1.85% (b)								
4,418,900	25,171,412	26,615,246	—	—	29,730	—	2,975,066	2,975,066
4,418,900	**27,470,572**	**26,615,246**	**—**	**—**	**30,709**	**—**	**5,274,226**	**5,274,226**

* Non-income producing security.

(a) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at June 30, 2018 amounted to $2,262,843, which is 2.1% of net assets.

(b) Affiliated fund managed by Deutsche Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(c) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2018.

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (d)	$103,183,861	$ —	$ —	$103,183,861
Short-Term Investments (d)	5,274,226	—	—	5,274,226
Total	**$108,458,087**	**$ —**	**$ —**	**$108,458,087**

There have been no transfers between fair value measurement levels during the period ended June 30, 2018.

(d) See Investment Portfolio for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2018 (Unaudited)

Assets	
Investments in non-affiliated securities, at value (cost $86,653,401) — including $2,262,843 of securities loaned	$ 103,183,861
Investment in DWS Government & Agency Securities Portfolio (cost $2,299,160)*	2,299,160
Investment in DWS Central Cash Management Government Fund (cost $2,975,066)	2,975,066
Receivable for Fund shares sold	121,406
Dividends receivable	88,836
Interest receivable	4,275
Other assets	984
Total assets	108,673,588

Liabilities	
Payable upon return of securities loaned	2,299,160
Payable for Fund shares redeemed	370,089
Accrued management fee	53,293
Accrued Trustees' fees	1,746
Other accrued expenses and payables	72,579
Total liabilities	2,796,867
Net assets, at value	**$ 105,876,721**

Net Assets Consist of	
Undistributed net investment income	394,977
Net unrealized appreciation (depreciation) on investments	16,530,460
Accumulated net realized gain (loss)	5,362,593
Paid-in capital	83,588,691
Net assets, at value	**$ 105,876,721**

Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($86,684,326 ÷ 5,939,875 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 14.59**
Class B **Net Asset Value,** offering and redemption price per share ($19,192,395 ÷ 1,313,911 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 14.61**

* Represents collateral on securities loaned.

Statement of Operations

for the six months ended June 30, 2018 (Unaudited)

Investment Income	
Income: Dividends	$ 813,208
Income distributions — DWS Cash Management Government Fund	29,730
Securities lending income, net of borrower rebates	979
Total income	843,917
Expenses: Management fee	356,602
Administration fee	54,862
Services to Shareholders	1,311
Record keeping fee (Class B)	11,268
Distribution service fees (Class B)	22,949
Custodian fee	2,781
Professional fees	35,068
Reports to shareholders	12,526
Trustees' fees and expenses	4,723
Other	4,780
Total expenses before expense reductions	506,870
Expense reductions	(30,361)
Total expenses after expense reductions	476,509
Net investment income	**367,408**

Realized and Unrealized gain (loss)	
Net realized gain (loss) from investments	5,388,693
Change in net unrealized appreciation (depreciation) on investments	(5,353,790)
Net gain (loss)	**34,903**
Net increase (decrease) in net assets resulting from operations	**$ 402,311**

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Operations:		
Net investment income (loss)	$ 367,408	$ 1,467,106
Net realized gain (loss)	5,388,693	18,971,820
Change in net unrealized appreciation (depreciation)	(5,353,790)	(5,654,443)
Net increase (decrease) in net assets resulting from operations	402,311	14,784,483
Distributions to shareholders from:		
Net investment income:		
Class A	(1,224,311)	(1,100,828)
Class B	(180,146)	(59,126)
Net realized gains:		
Class A	(15,813,624)	(3,269,636)
Class B	(3,183,578)	(353,505)
Total distributions	(20,401,659)	(4,783,095)
Fund share transactions:		
Class A		
Proceeds from shares sold	2,257,125	6,806,078
Reinvestment of distributions	17,037,935	4,370,464
Cost of shares redeemed	(12,065,125)	(77,117,368)
Net increase (decrease) in net assets from Class A share transactions	7,229,935	(65,940,826)
Class B		
Proceeds from shares sold	1,961,821	4,800,663
Reinvestment of distributions	3,363,724	412,631
Cost of shares redeemed	(1,338,281)	(3,308,695)
Net increase (decrease) in net assets from Class B share transactions	3,987,264	1,904,599
Increase (decrease) in net assets	(8,782,149)	(54,034,839)
Net assets at beginning of period	114,658,870	168,693,709
Net assets at end of period (including undistributed net investment income of $394,977 and $1,432,026, respectively)	**$ 105,876,721**	**$ 114,658,870**

Other Information		
Class A		
Shares outstanding at beginning of period	5,375,574	9,208,579
Shares sold	139,207	399,609
Shares issued to shareholders in reinvestment of distributions	1,188,970	259,221
Shares redeemed	(763,876)	(4,491,835)
Net increase (decrease) in Class A shares	564,301	(3,833,005)
Shares outstanding at end of period	**5,939,875**	**5,375,574**
Class B		
Shares outstanding at beginning of period	1,037,183	923,852
Shares sold	122,608	283,457
Shares issued to shareholders in reinvestment of distributions	234,243	24,445
Shares redeemed	(80,123)	(194,571)
Net increase (decrease) in Class B shares	276,728	113,331
Shares outstanding at end of period	**1,313,911**	**1,037,183**

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$17.88**	**$16.65**	**$15.97**	**$17.79**	**$17.08**	**$12.78**
Income (loss) from investment operations:						
Net investment income[a]	.06	.17	.15	.09	.05	.12
Net realized and unrealized gain (loss)	(.05)	1.55	2.34	(.31)	.88	4.35
Total from investment operations	.01	1.72	2.49	(.22)	.93	4.47
Less distributions from:						
Net investment income	(.24)	(.12)	(.10)	(.05)	(.14)	(.17)
Net realized gains	(3.06)	(.37)	(1.71)	(1.55)	(.08)	—
Total distributions	(3.30)	(.49)	(1.81)	(1.60)	(.22)	(.17)
Net asset value, end of period	**$14.59**	**$17.88**	**$16.65**	**$15.97**	**$17.79**	**$17.08**
Total Return (%)	.36[b]**	10.52[b]	16.89[b]	(1.91)	5.53	35.24
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	87	96	153	161	205	240
Ratio of expenses before expense reductions (%)[c]	.86*	.83	.83	.80	.82	.82
Ratio of expenses after expense reductions (%)[c]	.81*	.83	.82	.80	.82	.82
Ratio of net investment income (%)	.73[d]*	.98	.99	.51	.32	.81
Portfolio turnover rate (%)	43**	35	53	25	34	115

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

d Due to the timing of the subscriptions and redemptions, the amount shown does not correspond to the total return during the period.

* Annualized

** Not annualized

Class B	Six Months Ended 6/30/18 (Unaudited)	2017	Years Ended December 31, 2016	2015	2014	2013
Selected Per Share Data						
Net asset value, beginning of period	**$17.86**	**$16.63**	**$15.95**	**$17.77**	**$17.07**	**$12.78**
Income (loss) from investment operations:						
Net investment income[a]	.03	.11	.09	.02	(.01)	.07
Net realized and unrealized gain (loss)	(.05)	1.55	2.34	(.29)	.87	4.34
Total from investment operations	(.02)	1.66	2.43	(.27)	.86	4.41
Less distributions from:						
Net investment income	(.17)	(.06)	(.04)	—	(.08)	(.12)
Net realized gains	(3.06)	(.37)	(1.71)	(1.55)	(.08)	—
Total distributions	(3.23)	(.43)	(1.75)	(1.55)	(.16)	(.12)
Net asset value, end of period	**$14.61**	**$17.86**	**$16.63**	**$15.95**	**$17.77**	**$17.07**
Total Return (%)	.20[b]**	10.13[b]	16.47[b]	(2.21)	5.09	34.70
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	19	19	15	14	17	20
Ratio of expenses before expense reductions (%)[c]	1.24*	1.19	1.19	1.16	1.17	1.17
Ratio of expenses after expense reductions (%)[c]	1.16*	1.19	1.18	1.16	1.17	1.17
Ratio of net investment income (loss) (%)	.39[d]*	.65	.57	.14	(.04)	.45
Portfolio turnover rate (%)	43**	35	53	25	34	115

a Based on average shares outstanding during the period.

b Total return would have been lower had certain expenses not been reduced.

c Expense ratio does not reflect charges and fees associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

d Due to the timing of the subscriptions and redemptions, the amount shown does not correspond to the total return during the period.

* Annualized

** Not annualized

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Small Mid Cap Value VIP (formerly Deutsche Small Mid Cap Value VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Sales of Class B shares are subject to recordkeeping fees up to 0.15% and Rule 12b-1 fees under the 1940 Act equal to an annual rate of 0.25% of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares except that each class bears certain expenses unique to that class (including the applicable Rule 12b-1 fee and recordkeeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the use of management estimates. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The policies described below are followed consistently by the Fund in the preparation of its financial statements.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1.

Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into

U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Securities Lending. Brown Brothers Harriman & Co., as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the six months ended June 30, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of June 30, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas Inc. receives a management/administration fee (0.14% annualized effective rate as of June 30, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of June 30, 2018, the Fund had securities on loan, which were classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

At December 31, 2017, the aggregate cost of investments for federal income tax purposes was $92,833,398. The net unrealized appreciation for all investments based on tax cost was $21,901,608. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $24,836,354 aggregate gross unrealized depreciation for all investments in which was an excess of ax cost over value of $2,934,746.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2017 and has determined that no provision for income tax and/or uncertain tax positions is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. Distributions from net investment income of the Fund, if any, are declared and distributed to shareholders annually. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed and, therefore, will be distributed to shareholders at least annually. The Fund may also make additional distributions for tax purposes if necessary.

The timing and characterization of certain income and capital gain distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to income received from Real Estate Investment

Trusts and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Trust arising in connection with a specific fund are allocated to that fund. Other Trust expenses which cannot be directly attributed to a fund are apportioned among the funds in the Trust based upon the relative net assets or other appropriate measures.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Real Estate Investment Trusts. The Fund at its fiscal year end recharacterizes distributions received from a Real Estate Investment Trust ("REIT") investment based on information provided by the REIT into the following categories: ordinary income, long-term and short-term capital gains, and return of capital. If information is not available timely from a REIT, the recharacterization will be estimated for financial reporting purposes and a recharacterization will be made to the accounting records in the following year when such information becomes available. Distributions received from REITs in excess of income are recorded as either a reduction of cost of investments or realized gains.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) from investments.

B. Purchases and Sales of Securities

During the six months ended June 30, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $45,927,778 and $53,087,275, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly, at the following annual rates:

First $250 million	.650%
Next $750 million	.620%
Next $1.5 billion	.600%
Next $2.5 billion	.580%
Next $2.5 billion	.550%
Next $2.5 billion	.540%
Next $2.5 billion	.530%
Over $12.5 billion	.520%

Accordingly, for the six months ended June 30, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annualized rate (exclusive of any applicable waivers/reimbursements) of 0.65% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.81%
Class B	1.16%

For the six months ended June 30, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 23,410
Class B	6,951
	$ 30,361

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Fund. For all services provided under the Administrative Services Agreement, the Fund pays DIMA an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2018, the Administration Fee was $54,862, of which $8,926 is unpaid.

Service Provider Fees. DWS Service Company ("DSC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. ("DST"), DSC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DSC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2018, the amounts charged to the Fund by DSC were as follows:

Service to Shareholders	**Total Aggregated**	**Unpaid at June 30, 2018**
Class A	$ 311	$ 102
Class B	230	74
	$ 541	**$ 176**

Distribution Service Agreement. Under the Fund's Class B 12b-1 plan, DWS Distributors, Inc. ("DDI") received a fee ("Distribution Service Fee") of 0.25% of average daily net assets of Class B shares. For the six months ended June 30, 2018, the Distribution Service Fee aggregated $22,949, of which $3,956 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,907, all of which is unpaid.

Trustees' Fees and Expenses. The Fund paid retainer fees to each Trustee not affiliated with the Advisor, plus specified amounts to the Board Chairperson and Vice Chairperson and to each committee Chairperson.

Affiliated Cash Management Vehicles. The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS Variable NAV Money Fund, affiliated money market funds which are managed by the Advisor. Each affiliated money market fund is managed in accordance with Rule 2a-7 under the 1940 Act, which governs the quality, maturity, diversity and liquidity of instruments in which a money market fund may invest. DWS Central Cash Management Government Fund seeks to maintain a stable net asset value, and DWS Variable NAV Money Fund maintains a floating net asset value. The Fund indirectly bears its proportionate share of the expenses of each affiliated money market fund in which it invests. DWS Central Cash Management Government Fund does not pay the Advisor an investment management fee. To the extent that DWS Variable NAV Money Fund pays an investment management fee to the Advisor, the Advisor will waive an amount of the investment management fee payable to the Advisor by the Fund equal to the amount of the investment management fee payable on the Fund's assets invested in DWS Variable NAV Money Fund.

D. Ownership of the Fund

At June 30, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 71%. Four participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 31%, 20%, 17% and 12%.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2018.

F. Name Changes

In connection with adoption of the DWS brand, effective July 2, 2018, Deutsche Investment Management Americas Inc., the Advisor, was renamed to DWS Investment Management Americas, Inc. In addition, the "Deutsche Funds" became known as the "DWS Funds." As a result, Deutsche Variable Series II was renamed Deutsche DWS Variable Series II and Deutsche Small Mid Cap Value VIP was renamed DWS Small Mid Cap Value VIP.

Information About Your Fund's Expenses (Unaudited)

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. In the most recent six-month period, the Fund limited these expenses; had it not done so, expenses would have been higher. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2018 to June 30, 2018).

The tables illustrate your Fund's expenses in two ways:

— **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.

— **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,003.60	$ 1,002.00
Expenses Paid per $1,000*	$ 4.02	$ 5.76

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 6/30/18	$ 1,020.78	$ 1,019.04
Expenses Paid per $1,000*	$ 4.06	$ 5.81

* Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by 181 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS Small Mid Cap Value VIP	.81%	1.16%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

For an analysis of the fees associated with an investment in the Fund or similar funds, please refer to the current and hypothetical expense calculators for Variable Insurance Products which can be found at dws.com/calculators.

Proxy Voting

The Trust's policies and procedures for voting proxies for portfolio securities and information about how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 are available on our Web site — dws.com/en-us/resources/proxy-voting — or on the SEC's Web site — sec.gov. To obtain a written copy of the Trust's policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Advisory Agreement Board Considerations and Fee Evaluation

The Board of Trustees (hereinafter referred to as the "Board" or "Trustees") approved the renewal of Deutsche Small Mid Cap Value VIP's (now known as DWS Small Mid Cap Value VIP) (the "Fund") investment management agreement (the "Agreement") with Deutsche Investment Management Americas Inc. (now known as DWS Investment Management Americas, Inc.) ("DIMA") in September 2017.

In terms of the process that the Board followed prior to approving the Agreement, shareholders should know that:

— During the entire process, all of the Fund's Trustees were independent of DIMA and its affiliates (the "Independent Trustees").

— The Board met frequently during the past year to discuss fund matters and dedicated a substantial amount of time to contract review matters. Over the course of several months, the Board's Contract Committee reviewed extensive materials received from DIMA, independent third parties and independent counsel. These materials included an analysis of the Fund's performance, fees and expenses, and profitability from a fee consultant retained by the Fund's Independent Trustees (the "Fee Consultant"). Based on its evaluation of the information provided, the Contract Committee presented its findings and recommendations to the Board. The Board then reviewed the Contract Committee's findings and recommendations.

— The Board also received extensive information throughout the year regarding performance of the Fund.

— The Independent Trustees regularly met privately with counsel to discuss contract review and other matters. In addition, the Independent Trustees were advised by the Fee Consultant in the course of their review of the Fund's contractual arrangements and considered a comprehensive report prepared by the Fee Consultant in connection with their deliberations.

— In connection with reviewing the Agreement, the Board also reviewed the terms of the Fund's Rule 12b-1 plan, distribution agreement, administrative services agreement, transfer agency agreement and other material service agreements.

In connection with the contract review process, the Contract Committee and the Board considered the factors discussed below, among others. The Board also considered that DIMA and its predecessors have managed the Fund since its inception, and the Board believes that a long-term relationship with a capable, conscientious advisor is in the best interests of the Fund. The Board considered, generally, that shareholders chose to invest or remain invested in the Fund knowing that DIMA managed the Fund, and that the Agreement was approved by the Fund's shareholders. DIMA is part of Deutsche Bank AG's ("Deutsche Bank") Asset Management ("Deutsche AM") division. Deutsche AM is a global asset management business that offers a wide range of investing expertise and resources, including research capabilities in many countries throughout the world.

As part of the contract review process, the Board carefully considered the fees and expenses of each Deutsche fund overseen by the Board in light of the fund's performance. In many cases, this led to the negotiation and implementation of expense caps. As part of these negotiations, the Board indicated that it would consider relaxing these caps in future years following sustained improvements in performance, among other considerations.

While shareholders may focus primarily on fund performance and fees, the Fund's Board considers these and many other factors, including the quality and integrity of DIMA's personnel and administrative support services provided by DIMA, such as back-office operations, fund valuations, and compliance policies and procedures.

Nature, Quality and Extent of Services. The Board considered the terms of the Agreement, including the scope of advisory services provided under the Agreement. The Board noted that, under the Agreement, DIMA provides portfolio management services to the Fund and that, pursuant to a separate administrative services agreement, DIMA provides administrative services to the Fund. The Board considered the experience and skills of senior management and investment personnel and the resources made available to such personnel. The Board reviewed the Fund's performance over short-term and long-term periods and compared those returns to various agreed-upon performance measures, including market index(es) and a peer universe compiled using information supplied by Morningstar Direct ("Morningstar"), an independent fund data service. The Board also noted that it has put into place a process of identifying "Funds in Review" (e.g., funds performing poorly relative to a peer universe), and receives additional reporting from DIMA regarding such funds and, where appropriate, DIMA's plans to address underperformance. The Board

believes this process is an effective manner of identifying and addressing underperforming funds. Based on the information provided, the Board noted that, for the one-, three- and five-year periods ended December 31, 2016, the Fund's performance (Class A shares) was in the 3rd quartile, 4th quartile and 4th quartile, respectively, of the applicable Morningstar universe (the 1st quartile being the best performers and the 4th quartile being the worst performers). The Board also observed that the Fund has underperformed its benchmark in the one-, three- and five-year periods ended December 31, 2016. The Board noted the disappointing investment performance of the Fund in some past periods and continued to discuss with senior management of DIMA the factors contributing to such underperformance and actions being taken to improve performance. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the Deutsche fund complex.

Fees and Expenses. The Board considered the Fund's investment management fee schedule, operating expenses and total expense ratios, and comparative information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and the Fee Consultant regarding investment management fee rates paid to other investment advisors by similar funds (1st quartile being the most favorable and 4th quartile being the least favorable). With respect to management fees paid to other investment advisors by similar funds, the Board noted that the contractual fee rates paid by the Fund, which include a 0.10% fee paid to DIMA under the Fund's administrative services agreement, were equal to the median of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2016). The Board noted that the Fund's Class A shares total (net) operating expenses were expected to be lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2016, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees) ("Broadridge Universe Expenses"). The Board also reviewed data comparing each share class's total (net) operating expenses to the applicable Broadridge Universe Expenses. The Board noted that the expense limitations agreed to by DIMA were expected to help the Fund's total (net) operating expenses remain competitive. The Board considered the Fund's management fee rate as compared to fees charged by DIMA to a comparable Deutsche U.S. registered fund ("Deutsche Funds") and considered differences between the Fund and the comparable Deutsche Fund. The information requested by the Board as part of its review of fees and expenses also included information about institutional accounts (including any sub-advised funds and accounts) and funds offered primarily to European investors ("Deutsche Europe funds") managed by Deutsche AM. The Board noted that DIMA indicated that Deutsche AM does not manage any institutional accounts or Deutsche Europe funds comparable to the Fund.

On the basis of the information provided, the Board concluded that management fees were reasonable and appropriate in light of the nature, quality and extent of services provided by DIMA.

Profitability. The Board reviewed detailed information regarding revenues received by DIMA under the Agreement. The Board considered the estimated costs to DIMA, and pre-tax profits realized by DIMA, from advising the Deutsche Funds, as well as estimates of the pre-tax profits attributable to managing the Fund in particular. The Board also received information regarding the estimated enterprise-wide profitability of DIMA and its affiliates with respect to all fund services in totality and by fund. The Board and the Fee Consultant reviewed DIMA's methodology in allocating its costs to the management of the Fund. Based on the information provided, the Board concluded that the pre-tax profits realized by DIMA in connection with the management of the Fund were not unreasonable. The Board also reviewed certain publicly available information regarding the profitability of certain similar investment management firms. The Board noted that, while information regarding the profitability of such firms is limited (and in some cases is not necessarily prepared on a comparable basis), DIMA and its affiliates' overall profitability with respect to the Deutsche Funds (after taking into account distribution and other services provided to the funds by DIMA and its affiliates) was lower than the overall profitability levels of most comparable firms for which such data was available.

Economies of Scale. The Board considered whether there are economies of scale with respect to the management of the Fund and whether the Fund benefits from any economies of scale. The Board noted that the Fund's investment management fee schedule includes fee breakpoints. The Board concluded that the Fund's fee schedule represents an appropriate sharing between the Fund and DIMA of such economies of scale as may exist in the management of the Fund at current asset levels.

Other Benefits to DIMA and Its Affiliates. The Board also considered the character and amount of other incidental benefits received by DIMA and its affiliates, including any fees received by DIMA for administrative services provided to the Fund, any fees received by an affiliate of DIMA for transfer agency services provided to the Fund and any fees received by an affiliate of DIMA for distribution services. The Board also considered benefits to DIMA related to brokerage and soft-dollar allocations, including allocating brokerage to pay for research generated by parties other than the executing broker dealers, which pertain primarily to funds investing in equity securities. In addition, the Board considered the incidental public relations benefits to DIMA related to Deutsche Funds advertising and cross-selling opportunities among DIMA products and services. The Board considered these benefits in reaching its conclusion that the Fund's management fees were reasonable.

Compliance. The Board considered the significant attention and resources dedicated by DIMA to documenting and enhancing its compliance processes in recent years. The Board noted in particular (i) the experience, seniority and time commitment of the individuals serving as DIMA's and the Fund's chief compliance officers; (ii) the large number of DIMA compliance personnel; and (iii) the substantial commitment of resources by DIMA and its affiliates to compliance matters.

Based on all of the information considered and the conclusions reached, the Board unanimously determined that the continuation of the Agreement is in the best interests of the Fund. In making this determination, the Board did not give particular weight to any single factor identified above. The Board considered these factors over the course of numerous meetings, certain of which were in executive session with only the Independent Trustees and counsel present. It is possible that individual Independent Trustees may have weighed these factors differently in reaching their individual decisions to approve the continuation of the Agreement.

VS2SMCV-3 (R-028381-7 8/18)

Semiannual Report to Shareholders June 30, 2018

Invesco V.I. Managed Volatility Fund

The Fund provides a complete list of its holdings four times in each fiscal year, at the quarter ends. For the second and fourth quarters, the lists appear in the Fund's semi-annual and annual reports to shareholders. For the first and third quarters, the Fund files the lists with the Securities and Exchange Commission (SEC) on Form N-Q (or any successor Form). The Fund's Form N-Q (or any successor Form) filings are available on the SEC website, sec.gov. Copies of the Fund's Forms N-Q (or any successor Form) may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 551 8090 or 800 732 0330, or by electronic request at the following email address: publicinfo@sec.gov. The SEC file numbers for the Fund are 811-07452 and 033-57340. The Fund's most recent portfolio holdings, as filed on Form N-Q (or any successor Form), have also been made available to insurance companies issuing variable annuity contracts and variable life insurance policies ("variable products") that invest in the Fund.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 959 4246 or at invesco.com/proxyguidelines. The information is also available on the SEC website, sec.gov.

Information regarding how the Fund voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 is available at invesco.com/proxysearch. The information is also available on the SEC website, sec.gov.

Invesco Advisers, Inc. is an investment adviser; it provides investment advisory services to individual and institutional clients and does not sell securities. Invesco Distributors, Inc. is the US distributor for Invesco Ltd.'s retail mutual funds, exchange-traded funds and institutional money market funds. Both are wholly owned, indirect subsidiaries of Invesco Ltd.

This report must be accompanied or preceded by a currently effective Fund prospectus and variable product prospectus, which contain more complete information, including sales charges and expenses. Investors should read each carefully before investing.

Fund Performance

Performance summary

Fund vs. Indexes

Cumulative total returns, 12/31/17 to 6/30/18, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	-1.99%
Series II Shares	-2.09
Russell 1000 Value Index▼ (Broad Market Index)	-1.69
Bloomberg Barclays U.S. Government/Credit Index▼ (Style-Specific Index)	-1.90
Lipper VUF Mixed-Asset Target Allocation Growth Funds Index■ (Peer Group Index)	0.26

Source(s): ▼FactSet Research Systems Inc.; ■Lipper Inc.

The **Russell 1000® Value Index** is an unmanaged index considered representative of large-cap value stocks. The Russell 1000 Value Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

The **Bloomberg Barclays U.S. Government/Credit Index** is a broad-based benchmark that includes investment grade, US dollar-denominated, fixed rate Treasuries and government-related and corporate securities.

The **Lipper VUF Mixed-Asset Target Allocation Growth Funds Index** is an unmanaged index considered representative of mixed-asset target allocation growth variable insurance underlying funds tracked by Lipper.

The Fund is not managed to track the performance of any particular index, including the index(es) described here, and consequently, the performance of the Fund may deviate significantly from the performance of the index(es).

A direct investment cannot be made in an index. Unless otherwise indicated, index results include reinvested dividends, and they do not reflect sales charges. Performance of the peer group, if applicable, reflects fund expenses; performance of a market index does not.

The performance of the Fund's Series I and Series II share classes will differ primarily due to different class expenses.

The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or higher. Please contact your variable product issuer or financial adviser for the most recent month-end variable product performance. Performance figures reflect Fund expenses, reinvested distributions and changes in net asset value. Investment return and principal value will fluctuate so that you may have a gain or loss when you sell shares.

The total annual Fund operating expense ratio set forth in the most recent Fund prospectus as of the date of this report for Series I and Series II shares was 1.14% and 1.39%, respectively. The expense ratios presented above may vary from the expense ratios presented in other sections of this report that are based on expenses incurred during the period covered by this report.

Invesco V.I. Managed Volatility Fund, a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds), is currently offered through insurance companies issuing variable products. You cannot purchase shares of the Fund directly. Performance figures given represent the Fund and are not intended to reflect actual variable product values. They do not reflect sales charges, expenses and fees assessed in connection with a variable product. Sales charges, expenses and fees, which are determined by the variable product issuers, will vary and will lower the total return.

The most recent month-end performance at the Fund level, excluding variable product charges, is available at 800 451 4246. As mentioned above, for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information.

Average Annual Total Returns

As of 6/30/18

Series I Shares	
Inception (12/30/94)	7.23%
10 Years	4.88
5 Years	7.67
1 Year	4.18
Series II Shares	
Inception (4/30/04)	8.78%
10 Years	4.61
5 Years	7.42
1 Year	3.98

Schedule of Investments[a]

June 30, 2018
(Unaudited)

	Shares	Value
Common Stocks–61.83%		
Aerospace & Defense–1.23%		
General Dynamics Corp.	2,772	$ 516,729
Asset Management & Custody Banks–1.54%		
Northern Trust Corp.	2,780	286,034
State Street Corp.	3,889	362,027
		648,061
Automobile Manufacturers–1.62%		
General Motors Co.	17,251	679,689
Biotechnology–1.13%		
Amgen Inc.	1,483	273,747
Celgene Corp.[b]	2,542	201,886
		475,633
Building Products–0.52%		
Johnson Controls International PLC	6,549	219,064
Cable & Satellite–1.28%		
Charter Communications, Inc.–Class A[b]	1,096	321,358
Comcast Corp.–Class A	6,600	216,546
		537,904
Communications Equipment–1.64%		
Cisco Systems, Inc.	11,295	486,024
Juniper Networks, Inc.	7,419	203,429
		689,453
Diversified Banks–8.80%		
Bank of America Corp.	38,917	1,097,070
Citigroup Inc.	18,689	1,250,668
JPMorgan Chase & Co.	8,961	933,736
Wells Fargo & Co.	7,428	411,809
		3,693,283
Diversified Metals & Mining–0.52%		
BHP Billiton Ltd. (Australia)	8,675	217,418
Drug Retail–0.74%		
Walgreens Boots Alliance, Inc.	5,179	310,818
Electric Utilities–0.30%		
FirstEnergy Corp.	3,507	125,936
Fertilizers & Agricultural Chemicals–1.04%		
Mosaic Co. (The)	8,101	227,233
Nutrien Ltd. (Canada)	3,812	207,297
		434,530
Health Care Distributors–0.98%		
McKesson Corp.	3,084	411,406
Health Care Equipment–2.12%		
Baxter International Inc.	2,962	$ 218,714
Medtronic PLC	4,175	357,422
Zimmer Biomet Holdings, Inc.	2,818	314,038
		890,174
Health Care Services–1.35%		
CVS Health Corp.	8,790	565,637
Home Improvement Retail–0.90%		
Kingfisher PLC (United Kingdom)	96,083	376,627
Hotels, Resorts & Cruise Lines–1.01%		
Carnival Corp.	7,400	424,094
Industrial Machinery–0.71%		
Ingersoll-Rand PLC	3,336	299,339
Insurance Brokers–1.65%		
Aon PLC	2,153	295,327
Marsh & McLennan Cos., Inc.	2,003	164,186
Willis Towers Watson PLC	1,537	233,009
		692,522
Integrated Oil & Gas–4.04%		
BP PLC (United Kingdom)	65,684	500,151
Occidental Petroleum Corp.	7,062	590,948
Royal Dutch Shell PLC–Class A (United Kingdom)	17,448	604,675
		1,695,774
Integrated Telecommunication Services–0.58%		
Verizon Communications Inc.	4,865	244,758
Internet Software & Services–0.86%		
eBay Inc.[b]	9,913	359,445
Investment Banking & Brokerage–2.37%		
Charles Schwab Corp. (The)	500	25,550
Goldman Sachs Group, Inc. (The)	1,258	277,477
Morgan Stanley	14,543	689,338
		992,365
IT Consulting & Other Services–0.90%		
Cognizant Technology Solutions Corp.–Class A	4,763	376,229
Managed Health Care–0.62%		
Anthem, Inc.	1,089	259,215
Multi-Line Insurance–1.38%		
American International Group, Inc.	10,913	578,607
Oil & Gas Equipment & Services–1.53%		
Baker Hughes, a GE Co.	5,227	172,648
TechnipFMC PLC (United Kingdom)	14,837	470,926
		643,574

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Shares	Value
Oil & Gas Exploration & Production–5.08%		
Anadarko Petroleum Corp.	8,330	$ 610,172
Apache Corp.	8,934	417,665
Canadian Natural Resources Ltd. (Canada)	11,527	416,031
Devon Energy Corp.	15,662	688,502
		2,132,370
Other Diversified Financial Services–1.10%		
AXA Equitable Holdings, Inc.[(b)]	9,156	188,705
Voya Financial, Inc.	5,772	271,284
		459,989
Packaged Foods & Meats–1.00%		
Mondelez International, Inc.-Class A	10,203	418,323
Pharmaceuticals–3.74%		
Bristol-Myers Squibb Co.	4,738	262,201
Merck & Co., Inc.	6,432	390,423
Novartis AG (Switzerland)	4,614	349,485
Pfizer Inc.	9,092	329,858
Sanofi (France)	2,947	235,953
		1,567,920
Railroads–0.95%		
CSX Corp.	6,238	397,860
Regional Banks–3.57%		
Citizens Financial Group, Inc.	15,312	595,637
Fifth Third Bancorp	11,510	330,337
First Horizon National Corp.	10,197	181,914
PNC Financial Services Group, Inc. (The)	2,897	391,385
		1,499,273
Semiconductors–1.84%		
Intel Corp.	6,806	338,326
QUALCOMM Inc.	7,750	434,930
		773,256
Systems Software–1.75%		
Oracle Corp.	14,291	629,661
Symantec Corp.	5,012	103,498
		733,159
Tobacco–1.44%		
Philip Morris International Inc.	7,458	602,159
Total Common Stocks (Cost $21,099,412)		25,942,593

	Principal Amount	Value
Bonds & Notes–23.87%		
Air Freight & Logistics–0.01%		
United Parcel Service, Inc., Sr. Unsec. Notes, 3.40%, 11/15/2046	$ 4,000	3,531
Airlines–0.17%		
American Airlines Pass Through Trust, Series 2014-1, Class A, Sr. Sec. First Lien Pass Through Ctfs., 3.70%, 04/01/2028	$ 20,100	$ 19,673
United Airlines Pass Through Trust, Series 2014-2, Class A, Sr. Sec. First Lien Pass Through Ctfs., 3.75%, 09/03/2026	25,719	25,600
Series 2018-1, Class AA, Sr. Sec. First Lien Pass Through Ctfs., 3.50%, 09/01/2031	17,000	16,535
Virgin Australia Pass Through Trust (Australia), Series 2013-1, Class A, Sec. Gtd. Pass Through Ctfs., 5.00%, 04/23/2025[(c)]	7,608	7,744
		69,552
Application Software–1.06%		
Citrix Systems, Inc., Sr. Unsec. Conv. Notes, 0.50%, 04/15/2019	117,000	170,176
Nuance Communications, Inc., Sr. Unsec. Conv. Bonds, 1.00%, 12/15/2022[(d)]	127,000	114,300
Sr. Unsec. Conv. Global Bonds, 1.25%, 04/01/2025	49,000	46,310
RealPage, Inc., Sr. Unsec. Conv. Bonds, 1.50%, 11/15/2022	24,000	34,127
Workday, Inc., Sr. Unsec. Conv. Notes, 0.25%, 10/01/2022[(c)]	75,000	78,921
		443,834
Asset Management & Custody Banks–0.77%		
Apollo Management Holdings L.P., Sr. Unsec. Gtd. Notes, 4.00%, 05/30/2024[(c)]	40,000	39,766
Blackstone Holdings Finance Co. LLC, Sr. Unsec. Gtd. Notes, 5.00%, 06/15/2044[(c)]	150,000	158,494
Brookfield Asset Management Inc. (Canada), Sr. Unsec. Notes, 4.00%, 01/15/2025	25,000	24,743
Carlyle Holdings Finance LLC, Sr. Unsec. Gtd. Notes, 3.88%, 02/01/2023[(c)]	15,000	14,981
KKR Group Finance Co. III LLC, Sr. Unsec. Gtd. Bonds, 5.13%, 06/01/2044[(c)]	85,000	84,129
		322,113
Automobile Manufacturers–0.56%		
Ford Motor Credit Co. LLC, Sr. Unsec. Global Notes, 4.13%, 08/04/2025	200,000	195,274
General Motors Co., Sr. Unsec. Global Notes, 6.60%, 04/01/2036	16,000	17,353
General Motors Financial Co., Inc., Sr. Unsec. Gtd. Global Notes, 5.25%, 03/01/2026	21,000	21,794
		234,421
Biotechnology–0.92%		
AbbVie Inc., Sr. Unsec. Global Notes, 4.50%, 05/14/2035	38,000	37,348

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Biotechnology-(continued)		
BioMarin Pharmaceutical Inc., Sr. Unsec. Sub. Conv. Notes, 1.50%, 10/15/2020	$ 117,000	$ 139,186
Celgene Corp., Sr. Unsec. Global Notes, 4.63%, 05/15/2044	100,000	93,091
Gilead Sciences, Inc., Sr. Unsec. Global Notes, 4.40%, 12/01/2021	25,000	25,858
Neurocrine Biosciences, Inc., Sr. Unsec. Conv. Notes, 2.25%, 05/15/2024	62,000	89,636
		385,119
Brewers-0.50%		
Anheuser-Busch InBev Finance, Inc. (Belgium), Sr. Unsec. Gtd. Global Notes, 2.65%, 02/01/2021	30,000	29,598
3.30%, 02/01/2023	25,000	24,809
4.70%, 02/01/2036	45,000	45,713
4.90%, 02/01/2046	47,000	48,506
Heineken NV (Netherlands), Sr. Unsec. Notes, 3.50%, 01/29/2028[c]	35,000	33,736
Molson Coors Brewing Co., Sr. Unsec. Gtd. Global Notes, 1.45%, 07/15/2019	13,000	12,798
4.20%, 07/15/2046	16,000	14,410
		209,570
Broadcasting-1.01%		
Liberty Media Corp., Sr. Unsec. Conv. Deb., 2.25%, 10/05/2021[d]	55,000	29,025
Sr. Unsec. Conv. Notes, 1.38%, 10/15/2023	299,000	372,694
Liberty Formula One, Sr. Unsec. Conv. Bonds, 1.00%, 01/30/2023	20,000	23,441
		425,160
Cable & Satellite-0.72%		
Charter Communications Operating, LLC/ Charter Communications Operating Capital Corp., Sr. Sec. Gtd. First Lien Global Notes, 4.46%, 07/23/2022	60,000	60,722
Comcast Corp., Sr. Unsec. Gtd. Global Notes, 3.90%, 03/01/2038	10,000	9,122
DISH Network Corp., Sr. Unsec. Conv. Bonds, 3.38%, 08/15/2026	147,000	142,751
GCI Liberty, Inc., Sr. Unsec. Conv. Deb., 1.75%, 10/05/2023[c][d]	85,000	87,885
		300,480
Communications Equipment-0.91%		
Ciena Corp., Sr. Unsec. Conv. Bonds, 4.00%, 12/15/2020	75,000	106,002
Finisar Corp., Sr. Unsec. Conv. Bonds, 0.50%, 12/15/2021[d]	39,000	35,496

	Principal Amount	Value
Communications Equipment-(continued)		
Viavi Solutions Inc., Sr. Unsec. Conv. Deb., 0.63%, 08/15/2018[d]	$ 98,000	$ 98,951
Sr. Unsec. Conv. Notes, 1.75%, 06/01/2023[c]	71,000	73,221
1.00%, 03/01/2024	68,000	68,799
		382,469
Consumer Finance-0.10%		
American Express Co., Unsec. Sub. Global Notes, 3.63%, 12/05/2024	18,000	17,746
Capital One Financial Corp., Sr. Unsec. Global Notes, 3.20%, 01/30/2023	15,000	14,577
Synchrony Financial, Sr. Unsec. Global Notes, 3.95%, 12/01/2027	10,000	9,239
		41,562
Data Processing & Outsourced Services-0.07%		
Visa Inc., Sr. Unsec. Global Notes, 4.15%, 12/14/2035	30,000	31,123
Diversified Banks-1.88%		
Bank of America Corp., Sr. Unsec. Medium-Term Global Notes, 3.50%, 04/19/2026	25,000	24,198
Sr. Unsec. Medium-Term Notes, 3.25%, 10/21/2027	10,000	9,327
Bank of Nova Scotia (The) (Canada), Sr. Unsec. Global Notes, 2.05%, 10/30/2018	15,000	14,975
Citigroup Inc., Sr. Unsec. Global Notes, 3.67%, 07/24/2028	15,000	14,277
Unsec. Sub. Notes, 4.00%, 08/05/2024	60,000	59,045
4.75%, 05/18/2046	15,000	14,306
Commonwealth Bank of Australia (Australia), Sr. Unsec. Notes, 2.25%, 03/10/2020[c]	40,000	39,436
Coöperatieve Rabobank U.A. (Netherlands), Jr. Unsec. Sub. Notes, 11.00%[c][e]	75,000	80,625
JPMorgan Chase & Co., Sr. Unsec. Global Notes, 3.20%, 06/15/2026	15,000	14,194
3.51%, 01/23/2029	15,000	14,242
4.26%, 02/22/2048	10,000	9,428
3.90%, 01/23/2049	15,000	13,490
Series V, Jr. Unsec. Sub. Global Notes, 5.00%[e]	150,000	150,937
Royal Bank of Canada (Canada), Sr. Unsec. Global Notes, 2.00%, 12/10/2018	105,000	104,769
U.S. Bancorp, Series W, Unsec. Sub. Medium-Term Notes, 3.10%, 04/27/2026	10,000	9,438
Wells Fargo & Co., Sr. Unsec. Medium-Term Notes, 3.55%, 09/29/2025	30,000	29,099
Unsec. Sub. Medium-Term Notes, 4.10%, 06/03/2026	95,000	93,153
4.65%, 11/04/2044	100,000	95,402
		790,341

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Diversified Capital Markets-0.62%		
Credit Suisse AG (Switzerland), Sr. Unsec. Conv. Medium-Term Notes, 0.50%, 06/24/2024[(c)]	$ 260,000	$ 259,818
Diversified Chemicals-0.10%		
Eastman Chemical Co., Sr. Unsec. Global Notes, 2.70%, 01/15/2020	43,000	42,757
Drug Retail-0.13%		
Walgreens Boots Alliance Inc., Sr. Unsec. Global Notes, 3.30%, 11/18/2021	32,000	31,825
4.50%, 11/18/2034	24,000	22,730
		54,555
Electric Utilities-0.13%		
NextEra Energy Capital Holdings Inc., Sr. Unsec. Gtd. Deb., 3.55%, 05/01/2027	11,000	10,589
Southern Electric Generating Co., Sr. Unsec. Gtd. Notes, 2.20%, 12/01/2018[(c)]	45,000	44,896
		55,485
Environmental & Facilities Services-0.06%		
Waste Management, Inc., Sr. Unsec. Gtd. Global Notes, 3.90%, 03/01/2035	25,000	24,373
Fertilizers & Agricultural Chemicals-0.04%		
Monsanto Co., Sr. Unsec. Global Notes, 2.13%, 07/15/2019	15,000	14,868
Food Retail-0.00%		
Alimentation Couche-Tard Inc. (Canada), Sr. Unsec. Gtd. Notes, 4.50%, 07/26/2047[(c)]	2,000	1,893
General Merchandise Stores-0.05%		
Dollar General Corp., Sr. Unsec. Global Notes, 3.25%, 04/15/2023	20,000	19,668
Health Care Equipment-1.50%		
Becton, Dickinson and Co., Sr. Unsec. Global Notes, 4.88%, 05/15/2044	170,000	167,339
Sr. Unsec. Notes, 2.68%, 12/15/2019	15,000	14,892
DexCom, Inc., Sr. Unsec. Conv. Notes, 0.75%, 05/15/2022[(c)]	88,000	102,262
Insulet Corp., Sr. Unsec. Conv. Notes, 1.38%, 11/15/2024[(c)]	13,000	14,635
Medtronic, Inc., Sr. Unsec. Gtd. Global Notes, 3.15%, 03/15/2022	58,000	57,550
4.38%, 03/15/2035	20,000	20,708
NuVasive, Inc., Sr. Unsec. Conv. Notes, 2.25%, 03/15/2021	80,000	86,887
Wright Medical Group N.V., Sr. Unsec. Conv. Bonds, 2.25%, 11/15/2021	39,000	52,106
Health Care Equipment-(continued)		
Wright Medical Group, Inc., Sr. Unsec. Gtd. Conv. Notes, 1.63%, 06/15/2023[(c)]	$ 113,000	$ 112,661
		629,040
Health Care REITs-0.06%		
HCP, Inc., Sr. Unsec. Global Notes, 3.88%, 08/15/2024	25,000	24,472
Health Care Services-0.68%		
Convertible Trust – Healthcare, Series 2018-1, Sr. Unsec. Medium-Term Notes, 0.25%, 02/05/2024	168,000	166,842
CVS Health Corp., Sr. Unsec. Global Bonds, 3.38%, 08/12/2024	20,000	19,325
Sr. Unsec. Global Notes, 4.10%, 03/25/2025	16,000	15,935
Express Scripts Holding Co., Sr. Unsec. Gtd. Global Notes, 2.25%, 06/15/2019	30,000	29,790
Laboratory Corp. of America Holdings, Sr. Unsec. Notes, 3.20%, 02/01/2022	33,000	32,664
4.70%, 02/01/2045	22,000	21,588
		286,144
Home Improvement Retail-0.06%		
Home Depot, Inc. (The), Sr. Unsec. Global Notes, 2.00%, 04/01/2021	27,000	26,344
Hotel & Resort REITs-0.02%		
Hospitality Properties Trust, Sr. Unsec. Notes, 4.50%, 06/15/2023	10,000	10,054
Insurance Brokers-0.01%		
Willis North America, Inc., Sr. Unsec. Gtd. Global Notes, 3.60%, 05/15/2024	5,000	4,836
Integrated Oil & Gas-0.08%		
Occidental Petroleum Corp., Sr. Unsec. Global Notes, 3.40%, 04/15/2026	15,000	14,653
Suncor Energy Inc. (Canada), Sr. Unsec. Notes, 3.60%, 12/01/2024	18,000	17,797
		32,450
Integrated Telecommunication Services-1.41%		
AT&T Inc., Sr. Unsec. Global Notes, 3.00%, 06/30/2022	28,000	27,168
3.40%, 05/15/2025	15,000	14,128
4.50%, 05/15/2035	25,000	23,176
5.15%, 03/15/2042	150,000	142,458
4.80%, 06/15/2044	40,000	36,397
Orange S.A. (France), Sr. Unsec. Global Notes, 1.63%, 11/03/2019	55,000	53,995
Telefónica Emisiones, S.A.U. (Spain), Sr. Unsec. Gtd. Global Notes, 7.05%, 06/20/2036	150,000	180,696

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Integrated Telecommunication Services–(continued)		
Verizon Communications Inc., Sr. Unsec. Global Notes, 4.40%, 11/01/2034	$ 120,000	$ 112,168
		590,186
Internet & Direct Marketing Retail–0.54%		
Amazon.com, Inc., Sr. Unsec. Global Notes, 4.80%, 12/05/2034	9,000	9,890
Ctrip.com International, Ltd. (China), Sr. Unsec. Conv. Bonds, 1.25%, 09/15/2019[(d)]	113,000	116,251
Liberty Expedia Holdings, Inc., Sr. Unsec. Conv. Deb., 1.00%, 07/05/2022[(c)(d)]	53,000	52,472
QVC, Inc., Sr. Sec. Gtd. First Lien Global Notes, 5.45%, 08/15/2034	50,000	46,279
		224,892
Investment Banking & Brokerage–1.02%		
Goldman Sachs Group, Inc. (The), Sr. Unsec. Global Notes, 4.02%, 10/31/2038	10,000	9,123
Unsec. Sub. Notes, 4.25%, 10/21/2025	27,000	26,620
GS Finance Corp., Series 0001, Sr. Unsec. Conv. Medium-Term Notes, 0.25%, 07/08/2024	198,000	183,465
Morgan Stanley, Sr. Unsec. Medium-Term Global Notes, 2.38%, 07/23/2019	175,000	174,026
4.00%, 07/23/2025	35,000	34,915
		428,149
Life & Health Insurance–0.75%		
Athene Global Funding, Sec. Notes, 2.88%, 10/23/2018[(c)]	31,000	30,996
4.00%, 01/25/2022[(c)]	45,000	45,333
Jackson National Life Global Funding, Sr. Sec. Notes, 2.10%, 10/25/2021[(c)]	10,000	9,582
3.25%, 01/30/2024[(c)]	15,000	14,711
Nationwide Financial Services Inc., Sr. Unsec. Notes, 5.30%, 11/18/2044[(c)]	50,000	53,548
Reliance Standard Life Global Funding II, Sr. Sec. First Lien Notes, 2.15%, 10/15/2018[(c)]	125,000	124,819
3.05%, 01/20/2021[(c)]	20,000	19,774
Teachers Insurance and Annuity Association of America, Unsec. Sub. Notes, 4.27%, 05/15/2047[(c)]	17,000	16,284
		315,047
Movies & Entertainment–0.15%		
Live Nation Entertainment, Inc., Sr. Unsec. Conv. Notes, 2.50%, 03/15/2023[(c)]	62,000	64,351
Multi-Line Insurance–0.18%		
American Financial Group, Inc., Sr. Unsec. Notes, 4.50%, 06/15/2047	20,000	18,963

	Principal Amount	Value
Multi-Line Insurance–(continued)		
American International Group, Inc., Sr. Unsec. Global Notes, 2.30%, 07/16/2019	$ 20,000	$ 19,884
4.38%, 01/15/2055	40,000	34,685
		73,532
Multi-Utilities–0.04%		
NiSource Inc., Sr. Unsec. Global Notes, 4.38%, 05/15/2047	9,000	8,769
Sempra Energy, Sr. Unsec. Global Notes, 3.80%, 02/01/2038	8,000	7,283
		16,052
Office REITs–0.41%		
Government Properties Income Trust, Sr. Unsec. Global Notes, 4.00%, 07/15/2022	25,000	24,720
Highwoods Realty L.P., Sr. Unsec. Notes, 3.20%, 06/15/2021	150,000	147,968
		172,688
Oil & Gas Equipment & Services–0.72%		
Ensco Jersey Finance Ltd., Sr. Unsec. Gtd. Conv. Bonds, 3.00%, 01/31/2024	73,000	67,973
Helix Energy Solutions Group, Inc., Sr. Unsec. Conv. Notes, 4.25%, 05/01/2022	40,000	41,855
Nabors Industries Inc., Sr. Unsec. Gtd. Conv. Bonds, 0.75%, 01/15/2024	40,000	31,571
Oil States International, Inc., Sr. Unsec. Conv. Notes, 1.50%, 02/15/2023[(c)]	46,000	48,085
Weatherford International Ltd., Sr. Unsec. Gtd. Conv. Notes, 5.88%, 07/01/2021	114,000	112,476
		301,960
Oil & Gas Exploration & Production–0.17%		
Anadarko Petroleum Corp., Sr. Unsec. Notes, 6.60%, 03/15/2046	18,000	21,693
Chesapeake Energy Corp., Sr. Unsec. Gtd. Conv. Bonds, 5.50%, 09/15/2026	37,000	37,695
ConocoPhillips Co., Sr. Unsec. Gtd. Global Notes, 4.15%, 11/15/2034	13,000	13,023
		72,411
Oil & Gas Storage & Transportation–0.89%		
Enable Midstream Partners, LP, Sr. Unsec. Global Notes, 2.40%, 05/15/2019	200,000	198,781
Energy Transfer Partners, L.P., Sr. Unsec. Gtd. Notes, 4.20%, 09/15/2023	2,000	1,999
4.90%, 03/15/2035	19,000	17,419
Enterprise Products Operating LLC, Sr. Unsec. Gtd. Global Notes, 4.25%, 02/15/2048	10,000	9,334
Sr. Unsec. Gtd. Notes, 2.55%, 10/15/2019	20,000	19,871
Kinder Morgan Inc., Sr. Unsec. Gtd. Notes, 5.30%, 12/01/2034	23,000	22,709

	Principal Amount	Value
Oil & Gas Storage & Transportation-(continued)		
MPLX LP, Sr. Unsec. Global Bonds, 4.50%, 07/15/2023	$ 65,000	$ 66,424
Sr. Unsec. Global Notes, 5.50%, 02/15/2023	25,000	25,504
4.50%, 04/15/2038	11,000	10,186
		372,227
Other Diversified Financial Services-0.12%		
ERAC USA Finance LLC, Sr. Unsec. Gtd. Notes, 2.35%, 10/15/2019[(c)]	50,000	49,453
Packaged Foods & Meats-0.11%		
General Mills, Inc., Sr. Unsec. Global Notes, 2.20%, 10/21/2019	45,000	44,486
Mead Johnson Nutrition Co. (United Kingdom), Sr. Unsec. Gtd. Global Notes, 4.13%, 11/15/2025	3,000	3,058
		47,544
Pharmaceuticals-1.26%		
Allergan Funding SCS, Sr. Unsec. Gtd. Global Notes, 4.85%, 06/15/2044	150,000	145,065
Bayer US Finance LLC (Germany), Sr. Unsec. Gtd. Notes, 3.00%, 10/08/2021[(c)]	200,000	196,882
Jazz Investments I Ltd., Sr. Unsec. Gtd. Conv. Bonds, 1.88%, 08/15/2021	76,000	82,904
Medicines Co. (The), Sr. Unsec. Conv. Bonds, 2.75%, 07/15/2023	37,000	37,388
Mylan N.V., Sr. Unsec. Gtd. Global Notes, 3.15%, 06/15/2021	17,000	16,819
Pacira Pharmaceuticals, Inc., Sr. Unsec. Conv. Notes, 2.38%, 04/01/2022	26,000	24,228
Supernus Pharmaceuticals, Inc., Sr. Unsec. Conv. Notes, 0.63%, 04/01/2023[(c)]	22,000	26,921
		530,207
Property & Casualty Insurance-0.30%		
Allstate Corp. (The), Sr. Unsec. Bonds, 3.28%, 12/15/2026	10,000	9,621
Liberty Mutual Group Inc., Sr. Unsec. Gtd. Bonds, 4.85%, 08/01/2044[(c)]	115,000	115,633
		125,254
Railroads-0.06%		
Union Pacific Corp., Sr. Unsec. Notes, 4.15%, 01/15/2045	25,000	24,123
Regional Banks-0.03%		
Citizens Financial Group, Inc., Sr. Unsec. Global Notes, 2.38%, 07/28/2021	15,000	14,513
Renewable Electricity-0.36%		
Oglethorpe Power Corp., Sr. Sec. First Mortgage Bonds, 4.55%, 06/01/2044	150,000	149,873
Semiconductors-1.05%		
Broadcom Corp./Broadcom Cayman Finance Ltd., Sr. Unsec. Gtd. Global Notes, 3.63%, 01/15/2024	50,000	48,442
Microchip Technology Inc., Sr. Unsec. Sub. Conv. Notes, 1.63%, 02/15/2027	74,000	86,368

	Principal Amount	Value
Semiconductors-(continued)		
Micron Technology, Inc., Series G, Sr. Unsec. Conv. Global Bonds, 3.00%, 11/15/2028[(d)]	$ 98,000	$ 176,729
ON Semiconductor Corp., Sr. Unsec. Gtd. Conv. Bonds, 1.00%, 12/01/2020	76,000	100,174
Silicon Laboratories Inc., Sr. Unsec. Conv. Bonds, 1.38%, 03/01/2022	21,000	25,711
Texas Instruments Inc., Sr. Unsec. Notes, 2.63%, 05/15/2024	5,000	4,789
		442,213
Specialized Finance-0.43%		
Air Lease Corp., Sr. Unsec. Global Notes, 2.63%, 09/04/2018	45,000	44,984
3.00%, 09/15/2023	24,000	22,746
4.25%, 09/15/2024	35,000	34,782
Aviation Capital Group LLC, Sr. Unsec. Notes, 2.88%, 09/17/2018[(c)]	35,000	35,008
4.88%, 10/01/2025[(c)]	40,000	41,605
		179,125
Specialized REITs-0.47%		
Crown Castle International Corp., Sr. Unsec. Global Bonds, 3.80%, 02/15/2028	15,000	14,057
Crown Castle Towers LLC, Sr. Sec. Gtd. First Lien Notes, 4.88%, 08/15/2020[(c)]	178,000	182,649
		196,706
Specialty Chemicals-0.01%		
Sherwin-Williams Co. (The), Sr. Unsec. Global Notes, 4.50%, 06/01/2047	3,000	2,872
Systems Software-0.43%		
FireEye, Inc., Series A, Sr. Unsec. Conv. Bonds, 1.00%, 06/01/2020[(d)]	76,000	72,770
Series B, Sr. Unsec. Conv. Bonds, 1.63%, 06/01/2022[(d)]	77,000	70,717
Microsoft Corp., Sr. Unsec. Global Notes, 3.50%, 02/12/2035	37,000	35,897
		179,384
Technology Distributors-0.07%		
Avnet, Inc., Sr. Unsec. Global Notes, 4.63%, 04/15/2026	30,000	29,600
Technology Hardware, Storage & Peripherals-0.64%		
Apple Inc., Sr. Unsec. Global Notes, 2.15%, 02/09/2022	39,000	37,799
3.35%, 02/09/2027	10,000	9,772
Dell International LLC/ EMC Corp., Sr. Sec. Gtd. First Lien Notes, 5.45%, 06/15/2023[(c)]	26,000	27,220
SanDisk Corp., Sr. Unsec. Gtd. Conv. Bonds, 0.50%, 10/15/2020	140,000	132,719

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Technology Hardware, Storage & Peripherals-(continued)		
Western Digital Corp., Sr. Unsec. Gtd. Conv. Notes, 1.50%, 02/01/2024[c]	$ 61,000	$ 61,825
		269,335
Wireless Telecommunication Services-0.03%		
Rogers Communications Inc. (Canada), Sr. Unsec. Gtd. Global Notes, 4.30%, 02/15/2048	15,000	14,359
Total Bonds & Notes (Cost $9,819,829)		10,012,088
U.S. Treasury Securities-8.67%		
U.S. Treasury Notes-7.82%		
1.25%, 01/31/2019	710,000	706,103
2.50%, 05/31/2020	2,128,000	2,127,127
2.63%, 06/15/2021	290,000	290,040
2.75%, 05/31/2023	24,200	24,224
2.88%, 05/31/2025	39,300	39,448
2.88%, 05/15/2028	94,100	94,260
		3,281,202
U.S. Treasury Bonds-0.85%		
4.50%, 02/15/2036	75,000	91,666
3.00%, 02/15/2048	265,200	265,873
		357,539
Total U.S. Treasury Securities (Cost $3,641,188)		3,638,741

	Shares	Value
Preferred Stocks-0.24%		
Asset Management & Custody Banks-0.24%		
AMG Capital Trust II, $2.58 Conv. Pfd. (Cost $106,269)	1,700	$ 101,628
Money Market Funds-5.35%		
Invesco Government & Agency Portfolio-Institutional Class, 1.80%[f]	785,972	785,972
Invesco Liquid Assets Portfolio-Institutional Class, 2.02%[f]	561,295	561,463
Invesco Treasury Portfolio-Institutional Class, 1.76%[f]	898,253	898,253
Total Money Market Funds (Cost $2,245,517)		2,245,688
TOTAL INVESTMENTS IN SECURITIES-99.96% (Cost $36,912,215)		41,940,738
OTHER ASSETS LESS LIABILITIES-0.04%		16,961
NET ASSETS-100.00%		$41,957,699

Investment Abbreviations:

Conv. - Convertible
Ctfs. - Certificates
Deb. - Debentures
Gtd. - Guaranteed
Jr. - Junior
Pfd. - Preferred
REIT - Real Estate Investment Trust
Sec. - Secured
Sr. - Senior
Sub. - Subordinated
Unsec - Unsecured

Notes to Schedule of Investments:

[a] Industry and/or sector classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.
[b] Non-income producing security.
[c] Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at June 30, 2018 was $2,452,254, which represented 5.84% of the Fund's Net Assets.
[d] Security has an irrevocable call by the issuer or mandatory put by the holder. Maturity date reflects such call or put.
[e] Perpetual bond with no specified maturity date.
[f] The money market fund and the Fund are affiliated by having the same investment adviser. The rate shown is the 7-day SEC standardized yield as of June 30, 2018.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Portfolio Composition

By sector, based on Net Assets
as of June 30, 2018

Financials	26.5%
Health Care	14.3
Energy	12.5
Information Technology	11.2
U.S. Treasury Securities	8.7
Consumer Discretionary	7.9
Industrials	4.1
Consumer Staples	3.9
Telecommunication Services	2.0
Materials	1.7
Real Estate	1.0
Utilities	0.8
Money Market Funds Plus Other Assets Less Liabilities	5.4

Open Forward Foreign Currency Contracts

Settlement Date	Counterparty	Contract to Deliver	Contract to Receive	Unrealized Appreciation (Depreciation)
07/13/2018	Bank of New York Mellon (The)	AUD 108,361	USD 82,472	$ 2,257
07/13/2018	Bank of New York Mellon (The)	CAD 192,660	USD 148,327	1,744
07/13/2018	Bank of New York Mellon (The)	CHF 126,701	USD 128,905	809
07/13/2018	Bank of New York Mellon (The)	EUR 74,650	USD 87,495	234
07/13/2018	Bank of New York Mellon (The)	GBP 476,246	USD 637,525	8,575
07/13/2018	State Street Bank and Trust Co.	AUD 108,361	USD 82,570	2,354
07/13/2018	State Street Bank and Trust Co.	CAD 192,660	USD 148,383	1,800
07/13/2018	State Street Bank and Trust Co.	CHF 126,701	USD 129,107	1,011
07/13/2018	State Street Bank and Trust Co.	EUR 74,650	USD 87,698	438
07/13/2018	State Street Bank and Trust Co.	GBP 476,246	USD 638,403	9,452
Subtotal – Appreciation				28,674
07/13/2018	State Street Bank and Trust Co.	AUD 2,661	USD 1,964	(6)
07/13/2018	State Street Bank and Trust Co.	CAD 4,793	USD 3,613	(34)
07/13/2018	State Street Bank and Trust Co.	CHF 12,078	USD 12,133	(78)
07/13/2018	State Street Bank and Trust Co.	EUR 1,828	USD 2,131	(6)
07/13/2018	State Street Bank and Trust Co.	GBP 10,224	USD 13,448	(54)
07/13/2018	State Street Bank and Trust Co.	USD 4,970	AUD 6,495	(162)
07/13/2018	State Street Bank and Trust Co.	USD 8,533	CAD 11,042	(132)
07/13/2018	State Street Bank and Trust Co.	USD 7,330	CHF 7,209	(41)
07/13/2018	State Street Bank and Trust Co.	USD 4,986	EUR 4,226	(46)
07/13/2018	State Street Bank and Trust Co.	USD 33,288	GBP 24,795	(542)
Subtotal – Depreciation				(1,101)
Total Forward Foreign Currency Contracts – Currency Risk				$27,573

Abbreviations:

AUD – Australian Dollar
CAD – Canadian Dollar
CHF – Swiss Franc
EUR – Euro
GBP – British Pound Sterling
USD – U.S. Dollar

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Assets and Liabilities

June 30, 2018
(Unaudited)

Assets:	
Investments in securities, at value (Cost $34,666,698)	$39,695,050
Investments in affiliated money market funds, at value (Cost $2,245,517)	2,245,688
Other investments:	
Unrealized appreciation on forward foreign currency contracts outstanding	28,674
Foreign currencies, at value (Cost $54,343)	54,084
Receivable for:	
Investments sold	230,150
Fund shares sold	48,284
Dividends and interest	140,025
Investment for trustee deferred compensation and retirement plans	69,879
Other assets	6,682
Total assets	42,518,516
Liabilities:	
Other investments:	
Unrealized depreciation on forward foreign currency contracts outstanding	1,101
Payable for:	
Investments purchased	379,710
Fund shares reacquired	44,880
Accrued fees to affiliates	18,802
Accrued trustees' and officers' fees and benefits	4,194
Accrued other operating expenses	37,834
Trustee deferred compensation and retirement plans	74,296
Total liabilities	560,817
Net assets applicable to shares outstanding	$41,957,699
Net assets consist of:	
Shares of beneficial interest	$34,187,681
Undistributed net investment income	841,038
Undistributed net realized gain	1,873,652
Net unrealized appreciation	5,055,328
	$41,957,699
Net Assets:	
Series I	$40,613,271
Series II	$ 1,344,428
Shares outstanding, no par value, with an unlimited number of shares authorized:	
Series I	3,172,929
Series II	106,334
Series I:	
Net asset value per share	$ 12.80
Series II:	
Net asset value per share	$ 12.64

Statement of Operations

For the six months ended June 30, 2018
(Unaudited)

Investment income:	
Dividends (net of foreign withholding taxes of $6,198)	$ 334,146
Dividends from affiliated money market funds	17,536
Interest	183,245
Total investment income	534,927
Expenses:	
Advisory fees	131,900
Administrative services fees	57,759
Custodian fees	16,498
Distribution fees — Series II	1,762
Transfer agent fees	10,479
Trustees' and officers' fees and benefits	11,221
Reports to shareholders	5,938
Professional services fees	32,035
Other	7,509
Total expenses	275,101
Less: Fees waived	(1,295)
Net expenses	273,806
Net investment income	261,121
Realized and unrealized gain (loss) from:	
Net realized gain (loss) from:	
Investment securities (includes net gains from securities sold to affiliates of $4,650)	960,426
Foreign currencies	(707)
Forward foreign currency contracts	6,587
Futures contracts	(227,898)
	738,408
Change in net unrealized appreciation (depreciation) of:	
Investment securities	(1,924,661)
Foreign currencies	(1,348)
Forward foreign currency contracts	66,805
	(1,859,204)
Net realized and unrealized gain (loss)	(1,120,796)
Net increase (decrease) in net assets resulting from operations	$ (859,675)

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Changes in Net Assets

For the six months ended June 30, 2018 and the year ended December 31, 2017
(Unaudited)

	June 30, 2018	December 31, 2017
Operations:		
Net investment income	$ 261,121	$ 702,760
Net realized gain	738,408	2,639,827
Change in net unrealized appreciation (depreciation)	(1,859,204)	1,552,948
Net increase (decrease) in net assets resulting from operations	(859,675)	4,895,535
Distributions to shareholders from net investment income:		
Series I	–	(610,486)
Series II	–	(16,351)
Total distributions from net investment income	–	(626,837)
Share transactions–net:		
Series I	(2,660,355)	(10,218,192)
Series II	(72,429)	(145,427)
Net increase (decrease) in net assets resulting from share transactions	(2,732,784)	(10,363,619)
Net increase (decrease) in net assets	(3,592,459)	(6,094,921)
Net assets:		
Beginning of period	45,550,158	51,645,079
End of period (includes undistributed net investment income of $841,038 and $579,917, respectively)	$41,957,699	$ 45,550,158

Notes to Financial Statements

June 30, 2018
(Unaudited)

NOTE 1—Significant Accounting Policies

Invesco V.I. Managed Volatility Fund (the "Fund") is a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) (the "Trust"). The Trust is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end series management investment company. Information presented in these financial statements pertains only to the Fund. Matters affecting the Fund or each class will be voted on exclusively by the shareholders of the Fund or each class. Current Securities and Exchange Commission ("SEC") guidance, however, requires participating insurance companies offering separate accounts to vote shares proportionally in accordance with the instructions of the contract owners whose investments are funded by shares of each Fund or class.

The Fund's investment objective is both capital appreciation and current income while managing portfolio volatility.

The Fund currently offers two classes of shares, Series I and Series II, both of which are offered to insurance company separate accounts funding variable annuity contracts and variable life insurance policies ("variable products").

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 946, *Financial Services – Investment Companies*.

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements.

A. Security Valuations – Securities, including restricted securities, are valued according to the following policy.

A security listed or traded on an exchange (except convertible securities) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and asked prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and asked prices. For purposes of determining net asset value ("NAV") per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange ("NYSE").

Investments in open-end and closed-end registered investment companies that do not trade on an exchange are valued at the end-of-day net asset value per share. Investments in open-end and closed-end registered investment companies that trade on an exchange are valued at the last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded.

Debt obligations (including convertible securities) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Pricing services generally value debt obligations assuming orderly transactions of institutional round lot size, but a fund may hold or transact in the same securities in smaller, odd lot sizes. Odd lots often trade at lower prices than institutional round lots. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

Foreign securities' (including foreign exchange contracts) prices are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the NYSE. If market quotations are available and reliable for foreign exchange-traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that the investment adviser determines are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities' prices meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources. The last bid price may be used to value equity securities. The mean between the last bid and asked prices is used to value debt obligations, including corporate loans.

Securities for which market quotations are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/asked quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

The Fund may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain Fund investments.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

B. Securities Transactions and Investment Income – Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income (net of withholding tax, if any) is recorded on the accrual basis from settlement date. Bond premiums and discounts are amortized and/or accreted over the lives of the respective securities. Pay-in-kind interest income and non-cash dividend income received in the form of securities in-lieu of cash are recorded at the fair value of the securities received. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date.

The Fund may periodically participate in litigation related to Fund investments. As such, the Fund may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Fund's net asset value and, accordingly, they reduce the Fund's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and the Statement of Changes in Net Assets, or the net investment income per share and the ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Fund and the investment adviser.

The Fund allocates income and realized and unrealized capital gains and losses to a class based on the relative net assets of each class.

C. Country Determination – For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

D. Distributions – Distributions from net investment income and net realized capital gain, if any, are generally declared and paid to separate accounts of participating insurance companies annually and recorded on the ex-dividend date.

E. Federal Income Taxes – The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), necessary to qualify as a regulated investment company and to distribute substantially all of the Fund's taxable earnings to shareholders. As such, the Fund will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Fund's uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

The Fund files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally, the Fund is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

F. Expenses – Fees provided for under the Rule 12b-1 plan of a particular class of the Fund and which are directly attributable to that class are charged to the operations of such class. All other expenses are allocated among the classes based on relative net assets.

G. Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Fund monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

H. Indemnifications – Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts, including the Fund's servicing agreements, that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

I. Foreign Currency Translations – Foreign currency is valued at the close of the NYSE based on quotations posted by banks and major currency dealers. Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at date of valuation. Purchases and sales of portfolio securities (net of foreign taxes withheld on disposition) and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not separately account for the portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. The combined results of changes in foreign exchange rates and the fluctuation of market prices on investments (net of estimated foreign tax withholding) are included with the net realized and unrealized gain or loss from investments in the Statement of Operations. Reported net realized foreign currency gains or losses arise from (1) sales of foreign currencies, (2) currency gains or losses realized between the trade and settlement dates on securities transactions, and (3) the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

The Fund may invest in foreign securities, which may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests and are shown in the Statement of Operations.

J. Forward Foreign Currency Contracts – The Fund may engage in foreign currency transactions either on a spot (i.e. for prompt delivery and settlement) basis, or through forward foreign currency contracts, to manage or minimize currency or exchange rate risk.

The Fund may also enter into forward foreign currency contracts for the purchase or sale of a security denominated in a foreign currency in order to "lock in" the U.S. dollar price of that security, or the Fund may also enter into forward foreign currency contracts that do not provide for physical settlement of the two currencies, but instead are settled by a single cash payment calculated as the difference between the agreed upon exchange rate and the spot rate at settlement based upon an agreed upon notional amount (non-deliverable forwards). The Fund will set aside liquid assets in an amount equal to the daily mark-to-market obligation for forward foreign currency contracts.

A forward foreign currency contract is an obligation between two parties ("Counterparties") to purchase or sell a specific currency for an agreed-upon price at a future date. The use of forward foreign currency contracts does not eliminate fluctuations in the price of the underlying securities the Fund owns or intends to acquire but establishes a rate of exchange in advance. Fluctuations in the value of these contracts are measured by the difference in the contract date and reporting date exchange rates and are recorded as unrealized appreciation (depreciation) until the contracts are closed. When the contracts are closed, realized gains (losses) are recorded. Realized and unrealized gains (losses) on the contracts are included in the Statement of Operations. The primary risks associated with forward foreign currency contracts include failure of the Counterparty to meet the terms of the contract and the value of the foreign currency changing unfavorably. These risks may be in excess of the amounts reflected in the Statement of Assets and Liabilities.

K. Futures Contracts – The Fund may enter into futures contracts to manage exposure to interest rate, equity and market price movements and/or currency risks. A futures contract is an agreement between Counterparties to purchase or sell a specified underlying security, currency or commodity (or delivery of a cash settlement price, in the case of an index future) for a fixed price at a future date. The Fund currently invests only in exchange-traded futures and they are standardized as to maturity date and underlying financial instrument. Initial margin deposits required upon entering into futures contracts are satisfied by the segregation of specific securities or cash as collateral at the futures commission merchant (broker). During the period the futures contracts are open, changes in the value of the contracts are recognized as unrealized gains or losses by recalculating the value of the contracts on a daily basis. Subsequent or variation margin payments are received or made depending upon whether unrealized gains or losses are incurred. These amounts are reflected as receivables or payables on the Statement of Assets and Liabilities. When the contracts are closed or expire, the Fund recognizes a realized gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the Fund's basis in the contract. The net realized gain (loss) and the change in unrealized gain (loss) on futures contracts held during the period is included on the Statement of Operations. The primary risks associated with futures contracts are market risk and the absence of a liquid secondary market. If the Fund were unable to liquidate a futures contract and/or enter into an offsetting closing transaction, the Fund would continue to be subject to market risk with respect to the value of the contracts and continue to be required to maintain the margin deposits on the futures contracts. Futures contracts have minimal Counterparty risk since the exchange's clearinghouse, as Counterparty to all exchange-traded futures, guarantees the futures against default. Risks may exceed amounts recognized in the Statement of Assets and Liabilities.

NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the "Adviser" or "Invesco"). Under the terms of the investment advisory agreement, the Fund accrues daily and pays monthly an advisory fee to the Adviser based on the annual rate of 0.60% of the Fund's average daily net assets.

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. and separate sub-advisory agreements with Invesco Capital Management LLC, formerly Invesco PowerShares Capital Management LLC, and Invesco Asset Management (India) Private Limited (collectively, the "Affiliated Sub-Advisers") the Adviser, not the Fund, will pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide(s) discretionary investment management services to the Fund based on the percentage of assets allocated to such Affiliated Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2019, to waive advisory fees and/or reimburse expenses to the extent necessary to limit total annual fund operating expenses after fee waiver and/or expense reimbursement (excluding certain items discussed below) of Series I shares to 2.00% and Series II shares to 2.25% of average daily net assets (the "expense limits"). In determining the Adviser's obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the total annual fund operating expenses after fee waiver and/or expense reimbursement to exceed the numbers reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items, including litigation expenses; and (5) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. Unless Invesco continues the fee waiver agreement, it will terminate on June 30, 2019. During its term, the fee waiver agreement cannot be terminated or amended to increase expense limits or reduce the advisory fee waiver without approval of the Board of Trustees. The Adviser did not waive fees and/or reimburse expenses during the period under these expense limits

Further, the Adviser has contractually agreed, through at least June 30, 2020, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Fund of uninvested cash in such affiliated money market funds.

For the six months ended June 30, 2018, the Adviser waived advisory fees of $1,295.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Fund has agreed to pay Invesco a fee for costs incurred in providing accounting services and fund administrative services to the Fund and to reimburse Invesco for fees paid to insurance companies that have agreed to provide certain administrative services to the Fund. These administrative services provided by the insurance companies may include, among other things: maintenance of master accounts with the Fund; tracking, recording and transmitting net purchase and redemption orders for Fund shares; maintaining and preserving records related to the purchase, redemption and other account activity of variable product owners; distributing copies of Fund documents such as prospectuses, proxy materials and periodic reports, to variable product owners, and responding to inquiries from variable product owners about the Fund. Pursuant to such agreement, for the six months ended June 30, 2018, Invesco was paid $24,794 for accounting and fund administrative services and was reimbursed $32,965 fees paid to insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Investment Services, Inc. ("IIS") pursuant to which the Fund has agreed to pay IIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IIS for certain expenses incurred by IIS in the course of providing such services. For the six months ended June 30, 2018, expenses incurred under the agreement are shown in the Statement of Operations as *Transfer agent fees*.

The Trust has entered into a master distribution agreement with Invesco Distributors, Inc. ("IDI") to serve as the distributor for the Fund. The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund's Series II shares (the "Plan"). The Fund, pursuant to the Plan, pays IDI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. The fees are accrued daily and paid monthly. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the six months ended June 30, 2018, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

For the six months ended June 30, 2018, the Fund incurred $209 in brokerage commissions with Invesco Capital Markets, Inc., an affiliate of the Adviser and IDI, for portfolio transactions executed on behalf of the Fund.

Certain officers and trustees of the Trust are officers and directors of the Adviser, IIS and/or IDI.

NOTE 3—Additional Valuation Information

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 – Prices are determined using quoted prices in an active market for identical assets.

Level 2 – Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 – Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of June 30, 2018. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

The Fund's policy is to recognize transfers in and out of the valuation levels as of the end of the reporting period. During the six months ended June 30, 2018, there were no material transfers between valuation levels.

	Level 1	Level 2	Level 3	Total
Investments in Securities				
Common Stocks & Other Equity Interests	$24,034,910	$ 1,907,683	$–	$25,942,593
Bonds & Notes	–	10,012,088	–	10,012,088
U.S. Treasury Securities	–	3,638,741	–	3,638,741
Preferred Stocks	101,628	–	–	101,628
Money Market Funds	2,245,688	–	–	2,245,688
Total Investments in Securities	26,382,226	15,558,512	–	41,940,738
Other Investments — Assets*				
Forward Foreign Currency Contracts	–	28,674	–	28,674
Other Investments — Liabilities*				
Forward Foreign Currency Contracts	–	(1,101)	–	(1,101)
Total Other Investments	–	27,573	–	27,573
Total Investments	$26,382,226	$15,586,085	$–	$41,968,311

* Unrealized appreciation (depreciation).

NOTE 4—Derivative Investments

The Fund may enter into an International Swaps and Derivatives Association Master Agreement ("ISDA Master Agreement") under which a fund may trade OTC derivatives. An OTC transaction entered into under an ISDA Master Agreement typically involves a collateral posting arrangement, payment netting provisions and close-out netting provisions. These netting provisions allow for reduction of credit risk through netting of contractual obligations. The enforceability of the netting provisions of the ISDA Master Agreement depends on the governing law of the ISDA Master Agreement, among other factors.

For financial reporting purposes, the Fund does not offset OTC derivative assets or liabilities that are subject to ISDA Master Agreements in the Statement of Assets and Liabilities.

Value of Derivative Investments at Period-End

The table below summarizes the value of the Fund's derivative investments, detailed by primary risk exposure, held as of June 30, 2018:

Derivative Assets	**Value** **Currency Risk**
Unrealized appreciation on forward foreign currency contracts outstanding	$28,674
Derivatives not subject to master netting agreements	–
Total Derivative Assets subject to master netting agreements	$28,674

Derivative Liabilities	**Value** **Currency Risk**
Unrealized depreciation on forward foreign currency contracts outstanding	$(1,101)
Derivatives not subject to master netting agreements	–
Total Derivative Liabilities subject to master netting agreements	$(1,101)

Offsetting Assets and Liabilities

The table below reflects the Fund's exposure to Counterparties subject to either an ISDA Master Agreement or other agreement for OTC derivative transactions as of June 30, 2018.

	Financial Derivative Assets	Financial Derivative Liabilities		Collateral (Received)/Pledged		
Counterparty	Forward Foreign Currency Contracts	Forward Foreign Currency Contracts	Net Value of Derivatives	Non-Cash	Cash	Net Amount
Bank of New York Mellon (The)	$13,619	$ –	$13,619	$–	$–	$13,619
State Street Bank and Trust Co.	15,055	(1,101)	13,954	–	–	13,954
Total	$28,674	$(1,101)	$27,573	$–	$–	$27,573

Effect of Derivative Investments for the six months ended June 30, 2018

The table below summarizes the gains (losses) on derivative investments, detailed by primary risk exposure, recognized in earnings during the period:

	Location of Gain (Loss) on Statement of Operations		
	Currency Risk	Equity Risk	Total
Realized Gain (Loss):			
Forward foreign currency contracts	$ 6,587	$ –	$ 6,587
Futures contracts	–	(227,898)	(227,898)
Change in Net Unrealized Appreciation (Depreciation):			
Forward foreign currency contracts	66,805	–	66,805
Total	$73,392	$(227,898)	$(154,506)

The table below summarizes the average notional value of forward foreign currency contracts and the 25 day average notional value of futures contracts outstanding during the period.

	Forward Foreign Currency Contracts	Futures Contracts
Average notional value	$3,123,662	$7,215,858

NOTE 5—Security Transactions with Affiliated Funds

The Fund is permitted to purchase or sell securities from or to certain other Invesco Funds under specified conditions outlined in procedures adopted by the Board of Trustees of the Trust. The procedures have been designed to ensure that any purchase or sale of securities by the Fund from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. Pursuant to these procedures, for the six months ended June 30, 2018, the Fund engaged in securities sales of $7,346, which resulted in net realized gains of $4,650.

NOTE 6—Trustees' and Officers' Fees and Benefits

Trustees' and Officers' Fees and Benefits include amounts accrued by the Fund to pay remuneration to certain Trustees and Officers of the Fund. Trustees have the option to defer compensation payable by the Fund, and *Trustees' and Officers' Fees and Benefits* also include amounts accrued by the Fund to fund such deferred compensation amounts. Those Trustees who defer compensation have the option to select various Invesco Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees were eligible to participate in a retirement plan that provided for benefits to be paid upon retirement to Trustees over a period of time based on the number of years of service. The Fund may have certain former Trustees who also participate in a retirement plan and receive benefits under such plan. *Trustees' and Officers' Fees and Benefits* include amounts accrued by the Fund to fund such retirement benefits. Obligations under the deferred compensation and retirement plans represent unsecured claims against the general assets of the Fund.

NOTE 7—Cash Balances

The Fund is permitted to temporarily carry a negative or overdrawn balance in its account with State Street Bank and Trust Company, the custodian bank. Such balances, if any at period-end, are shown in the Statement of Assets and Liabilities under the payable caption *Amount due custodian*. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.

NOTE 8—Tax Information

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from GAAP. Reclassifications are made to the Fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryforward) under income tax regulations. The tax character of distributions paid during the year and the tax components of net assets will be reported at the Fund's fiscal year-end.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. Capital losses generated in years beginning after December 22, 2010 can be carried forward for an unlimited period, whereas previous losses expire in eight tax years. Capital losses with an expiration period may not be used to offset capital gains until all net capital losses without an expiration date have been utilized. Capital loss carryforwards with no expiration date will retain their character as either short-term or long-term capital losses instead of as short-term capital losses as under prior law. The ability to utilize capital loss carryforwards in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Fund did not have a capital loss carryforward as of December 31, 2017.

NOTE 9—Investment Transactions

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the six months ended June 30, 2018 was $6,439,900 and $8,673,775, respectively. During the same period, purchases and sales of U.S. Treasury obligations were $15,470,943 and $15,145,195, respectively. Cost of investments, including any derivatives, on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed federal income tax reporting period-end.

Unrealized Appreciation (Depreciation) of Investments on a Tax Basis

Aggregate unrealized appreciation of investments	$ 5,848,639
Aggregate unrealized (depreciation) of investments	(1,036,485)
Net unrealized appreciation of investments	$ 4,812,154

Cost of investments for tax purposes is $37,156,157.

NOTE 10—Share Information

Summary of Share Activity

	Six months ended June 30, 2018[a]		Year ended December 31, 2017	
	Shares	Amount	Shares	Amount
Sold:				
Series I	76,987	$ 999,809	283,126	$ 3,509,281
Series II	2,891	36,956	13,842	167,061
Issued as reinvestment of dividends:				
Series I	–	–	48,606	610,486
Series II	–	–	1,316	16,351
Reacquired:				
Series I	(280,720)	(3,660,164)	(1,147,686)	(14,337,959)
Series II	(8,498)	(109,385)	(26,720)	(328,839)
Net increase (decrease) in share activity	(209,340)	$(2,732,784)	(827,516)	$(10,363,619)

(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 59% of the outstanding shares of the Fund. The Fund and the Fund's principal underwriter or adviser, are parties to participation agreements with these entities whereby these entities sell units of interest in separate accounts funding variable products that are invested in the Fund. The Fund, Invesco and/or Invesco affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, Invesco and/or Invesco affiliates including but not limited to services such as, securities brokerage, third party record keeping and account servicing and administrative services. The Fund has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 11—Financial Highlights

The following schedule presents financial highlights for a share of the Fund outstanding throughout the periods indicated.

	Net asset value, beginning of period	Net investment income[a]	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends from net investment income	Distributions from net realized gains	Total distributions	Net asset value, end of period	Total return[b]	Net assets, end of period (000's omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover[c]
Series I														
Six months ended 06/30/18	$13.06	$0.08	$(0.34)	$(0.26)	$ –	$ –	$ –	$12.80	(1.99)%	$40,613	1.23%[d]	1.24%[d]	1.20%[d]	52%
Year ended 12/31/17	11.97	0.18[e]	1.08	1.26	(0.17)	–	(0.17)	13.06	10.56	44,104	1.13	1.13	1.42[e]	91
Year ended 12/31/16	11.38	0.14	1.03	1.17	(0.22)	(0.36)	(0.58)	11.97	10.61	50,183	1.15	1.16	1.26	92
Year ended 12/31/15	19.02	0.18	(0.74)	(0.56)	(0.27)	(6.81)	(7.08)	11.38	(2.15)	52,360	1.08	1.10	1.07	117
Year ended 12/31/14	17.03	0.24	3.23	3.47	(0.56)	(0.92)	(1.48)	19.02	20.57	70,717	1.03	1.10	1.26	201
Year ended 12/31/13	16.20	0.47	1.25	1.72	(0.52)	(0.37)	(0.89)	17.03	10.76	61,806	1.07	1.08	2.73	15
Series II														
Six months ended 06/30/18	12.92	0.06	(0.34)	(0.28)	–	–	–	12.64	(2.17)	1,344	1.48[d]	1.49[d]	0.95[d]	52
Year ended 12/31/17	11.84	0.15[e]	1.07	1.22	(0.14)	–	(0.14)	12.92	10.33	1,446	1.38	1.38	1.17[e]	91
Year ended 12/31/16	11.26	0.11	1.02	1.13	(0.19)	(0.36)	(0.55)	11.84	10.31	1,462	1.40	1.41	1.01	92
Year ended 12/31/15	18.88	0.13	(0.72)	(0.59)	(0.22)	(6.81)	(7.03)	11.26	(2.37)	1,500	1.33	1.35	0.82	117
Year ended 12/31/14	16.91	0.19	3.21	3.40	(0.51)	(0.92)	(1.43)	18.88	20.30	1,794	1.28	1.35	1.01	201
Year ended 12/31/13	16.09	0.43	1.23	1.66	(0.47)	(0.37)	(0.84)	16.91	10.45	1,664	1.32	1.33	2.48	15

(a) Calculated using average shares outstanding.
(b) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Total returns are not annualized for periods less than one year, if applicable, and do not reflect charges assessed in connection with a variable product, which if included would reduce total returns.
(c) Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year, if applicable.
(d) Ratios are annualized and based on average daily net assets (000's omitted) of $42,910 and $1,421 for Series I and Series II shares, respectively.
(e) Net investment income per share and the ratio of net investment income to average net assets includes significant dividends received during the year ended December 31, 2017. Net investment income per share and the ratio of net investment income to average net assets excluding the significant dividends are $0.14 and 1.11% and $0.11 and 0.86% for Series I and Series II shares, respectively.

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and/or service fees (12b-1); and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period January 1, 2018 through June 30, 2018.

The actual and hypothetical expenses in the examples below do not represent the effect of any fees or other expenses assessed in connection with a variable product; if they did, the expenses shown would be higher while the ending account values shown would be lower.

Actual expenses

The table below provides information about actual account values and actual expenses. You may use the information in this table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the table under the heading entitled "Actual Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical example for comparison purposes

The table below also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return.

The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs. Therefore, the hypothetical information is useful in comparing ongoing costs, and will not help you determine the relative total costs of owning different funds.

		ACTUAL		HYPOTHETICAL (5% annual return before expenses)		
Class	**Beginning Account Value (01/01/18)**	**Ending Account Value (06/30/18)**[1]	**Expenses Paid During Period**[2]	**Ending Account Value (06/30/18)**	**Expenses Paid During Period**[2]	**Annualized Expense Ratio**
Series I	$1,000.00	$980.10	$6.04	$1,018.70	$6.16	1.23%
Series II	1,000.00	979.10	7.26	1,017.46	7.40	1.48

1 The actual ending account value is based on the actual total return of the Fund for the period January 1, 2018 through June 30, 2018, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

2 Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 181/365 to reflect the most recent fiscal half year.

Approval of Investment Advisory and Sub-Advisory Contracts

At meetings held on June 5-6, 2018, the Board of Trustees (the Board or the Trustees) of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) as a whole, and the independent Trustees, who comprise over 75% of the Board, voting separately, approved the continuance of the Invesco V.I. Managed Volatility Fund's (the Fund) Master Investment Advisory Agreement with Invesco Advisers, Inc. (Invesco Advisers and the investment advisory agreement) and the Master Intergroup Sub-Advisory Contract for Mutual Funds with Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. and separate Sub-Advisory Contracts with Invesco Capital Management LLC and Invesco Asset Management (India) Private Limited (collectively, the Affiliated Sub-Advisers and the sub-advisory contracts) for another year, effective July 1, 2018. After evaluating the factors discussed below, among others, the Board approved the renewal of the Fund's investment advisory agreement and the sub-advisory contracts and determined that the compensation payable by the Fund to Invesco Advisers and by Invesco Advisers to the Affiliated Sub-Advisers is fair and reasonable.

The Board's Evaluation Process

The Board's Investments Committee has established three Sub-Committees, which meet throughout the year to review the performance of funds advised by Invesco Advisers (the Invesco Funds). Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review detailed information about investment performance and portfolio attributes of these funds. The Board took into account evaluations and reports that it received from the Investments Committee and Sub-Committees, as well as the information provided to such committees and the Board throughout the year, in considering whether to approve each Invesco Fund's investment advisory agreement and sub-advisory contracts.

As part of the contract renewal process, the Board reviews and considers information provided in response to detailed requests for information submitted to management by the independent Trustees with assistance from legal counsel to the independent Trustees. The Board receives comparative investment performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Broadridge Financial Solutions, Inc. (Broadridge), an independent mutual fund data provider. The Board also receives an independent written evaluation from the Senior Officer, an officer of the Invesco Funds who reports directly to the independent Trustees. The Senior Officer's evaluation is prepared as part of his responsibility to manage the process by which the Invesco Funds' proposed management fees are negotiated during the annual contract renewal process to ensure they are negotiated in a manner that is at arms' length and reasonable. In addition to meetings with Invesco Advisers and fund counsel throughout the year, the independent Trustees also discuss the continuance of the investment advisory agreement and sub-advisory contracts in separate sessions with the Senior Officer and with independent legal counsel.

The discussion below is a summary of the Senior Officer's independent written evaluation with respect to the Fund's investment advisory agreement, as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's investment advisory agreement and sub-advisory contracts. The Trustees' review and conclusions are based on the comprehensive consideration of all information presented to them during the course of the year and in prior years and are not the result of any single determinative factor. Moreover, one Trustee may have weighed a particular piece of information or factor differently than another Trustee. This information is current as of June 6, 2018.

Factors and Conclusions and Summary of Independent Written Fee Evaluation

A. Nature, Extent and Quality of Services Provided by Invesco Advisers and the Affiliated Sub-Advisers

The Board reviewed the nature, extent and quality of the advisory services provided to the Fund by Invesco Advisers under the Fund's investment advisory agreement, and the credentials and experience of the officers and employees of Invesco Advisers who provide these services, including the Fund's portfolio manager(s). The Board's review included consideration of Invesco Advisers' investment process oversight and structure, credit analysis and investment risk management. The Board also considered non-advisory services that Invesco Advisers and its affiliates provide to the Invesco Funds such as various back office support functions, third party oversight, internal audit, valuation, portfolio trading and legal and compliance. The Board also reviewed and considered the benefits to shareholders of investing in a fund that is part of the Invesco family of funds under the umbrella of Invesco Ltd., Invesco Advisers' parent company, and noted Invesco Ltd.'s depth and experience in conducting an investment management business, as well as its commitment of financial and other resources to such business. The Board concluded that the nature, extent and quality of the services provided to the Fund by Invesco Advisers are appropriate and satisfactory.

The Board reviewed the services that may be provided by the Affiliated Sub-Advisers under the sub-advisory contracts and the credentials and experience of the officers and employees of the Affiliated Sub-Advisers who provide these services. The Board noted the Affiliated Sub-Advisers' expertise with respect to certain asset classes and that the Affiliated Sub-Advisers have offices and personnel that are located in financial centers around the world. As a result, the Board noted that the Affiliated Sub-Advisers can provide research and investment analysis on the markets and economies of various countries in which the Fund may invest, make recommendations regarding securities and assist with security trades. The Board concluded that the sub-advisory contracts may benefit the Fund and its shareholders by permitting Invesco Advisers to use the resources and talents of the Affiliated Sub-Advisers in managing the Fund. The Board concluded that the nature, extent and quality of the services that may be provided by the Affiliated Sub-Advisers are appropriate and satisfactory.

B. Fund Investment Performance

The Board considered Fund investment performance as a relevant factor in considering whether to approve the investment advisory agreement. The Board did not view Fund investment performance as a relevant factor in considering whether to approve the sub-advisory contracts for the Fund, as no Affiliated Sub-Adviser currently manages assets of the Fund.

The Board compared the Fund's investment performance over multiple time periods ending December 31, 2017 to the performance of funds in the Broadridge performance universe and against the Lipper Variable Underlying Funds Mixed-Asset Target Allocation Growth Funds Index. The Board noted that performance of Series I shares of the Fund was in the fifth quintile of its performance universe for the one year period, the fourth quintile for the three year period and the second quintile for the five year period (the first quintile being the best performing funds and the fifth quintile being the worst performing funds). The Board noted that performance of Series I shares of the Fund was below the performance of the Index for the one and three year periods and reasonably comparable to the performance of the Index for the five year period. The Board noted that the Fund had changed its investment strategy in 2014 and that performance prior to that date was not reflective of the Fund's current strategy. Additionally, the Board noted that the Fund's style of equity investing compared to its peers impacted relative performance. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions.

C. Advisory and Sub-Advisory Fees and Fund Expenses

The Board compared the Fund's contractual management fee rate to the contractual management fee rates of funds in the Fund's Broadridge expense group. The Board noted that the contractual management fee rate for Series I shares of the Fund was below the median contractual management fee rate of funds in its expense group. The Board noted that the term "contractual management fee" for funds in the expense group may include both advisory and certain non-portfolio management administrative services fees, but that Broadridge does not provide information on a fund by fund basis as to what is included. The Board also reviewed the methodology used by Broadridge in providing expense group information, which includes using each fund's contractual management fee schedule (including any applicable breakpoints) as reported in the most recent prospectus or statement of additional information for each fund in the expense group. The Board also considered comparative information regarding the Fund's total expense ratio and its various components. The Board noted that there were only four funds (including the Fund) in the expense group.

The Board noted that Invesco Advisers has contractually agreed to waive fees and/or limit expenses of the Fund in an amount necessary to limit total annual operating expenses to a specified percentage of average daily net assets for each class of the Fund.

The Board also considered the fees charged by Invesco Advisers and the Affiliated Sub-Advisers to other similarly managed client accounts. The Board noted that Invesco Advisers or the Affiliated Sub-Advisers may charge lower fees to large institutional clients. Invesco Advisers reviewed with the Board differences in the scope of services it provides to the Invesco Funds relative to certain other types of client accounts, including management of cash flows as a result of redemptions and purchases, necessary infrastructure such as officers, office space, technology, legal and distribution, oversight of service providers, costs and business risks associated with launching new funds and sponsoring and maintaining the product line, preparation of annual registration statement updates and financial information and compliance with federal and state laws and regulations.

The Board also compared the Fund's effective advisory fee rate (the advisory fee rate after advisory fee waivers and before other expense limitations/waivers) to the effective advisory fee rates of other similarly managed third-party mutual funds advised or sub-advised by Invesco Advisers and its affiliates, based on asset balances as of December 31, 2017.

The Board also considered the services that may be provided by the Affiliated Sub-Advisers pursuant to the sub-advisory contracts, as well as the fees payable by Invesco Advisers to the Affiliated Sub-Advisers pursuant to the sub-advisory contracts.

D. Economies of Scale and Breakpoints

The Board considered the extent to which there may be economies of scale in the provision of advisory services to the Fund. The Board noted that the Fund does not benefit from economies of scale through contractual breakpoints, but does share directly in economies of scale through lower fees charged by third party service providers based on the combined size of the Invesco Funds. The Board noted that the Fund may also benefit from economies of scale through initial fee setting, fee waivers and expense reimbursements.

E. Profitability and Financial Resources

The Board reviewed information from Invesco Advisers concerning the costs of the advisory and other services that Invesco Advisers and its affiliates provide to the Fund and the Invesco Funds and the profitability of Invesco Advisers and its affiliates in providing these services. The Board considered the methodology used for calculating profitability and noted the periodic review of such methodology by an independent consultant. The Board noted that Invesco Advisers continues to operate at a net profit from services Invesco Advisers and its affiliates provide to the Invesco Funds and the Fund. The Board did not deem the level of profits realized by Invesco Advisers and its affiliates from providing services to the Fund to be excessive given the nature, extent and quality of the services provided. The Board received information from Invesco Advisers demonstrating that Invesco Advisers and the Affiliated Sub-Advisers are financially sound and have the resources necessary to perform their obligations under the investment advisory agreement and sub-advisory contracts.

F. Collateral Benefits to Invesco Advisers and its Affiliates

The Board considered various other benefits received by Invesco Advisers and its affiliates from the relationship with the Fund, including the fees received for providing administrative, transfer agency and distribution services to the Fund. The Board considered comparative information regarding fees charged for these services, including information provided by Broadridge and other independent sources. The Board considered the performance of Invesco Advisers and its affiliates in providing these services and the organizational structure employed to provide these services. The Board also considered that these services are provided to the Fund pursuant to written contracts that are reviewed and approved on an annual basis by the Board; and that the services are required for the operation of the Fund.

The Board considered the benefits realized by Invesco Advisers and the Affiliated Sub-Advisers as a result of portfolio brokerage transactions executed through "soft dollar" arrangements. The Board noted that soft dollar arrangements may result in the Fund bearing costs to purchase research that may be used by Invesco Advisers or the Affiliated Sub-Advisers with other clients and may reduce Invesco Advisers' or the Affiliated Sub-Advisers' expenses. The Board also considered that it receives periodic reports from Invesco representing that these arrangements are consistent with regulatory requirements. The Board did not deem the soft dollar arrangements to be inappropriate.

The Board considered that the Fund's uninvested cash and cash collateral from any securities lending arrangements may be invested in money market funds advised by Invesco Advisers pursuant to procedures approved by the Board. The Board noted that Invesco Advisers receives advisory fees from these affiliated money market funds attributable to such investments, although Invesco Advisers has contractually agreed to waive through varying periods the advisory fees payable by the Invesco Funds with respect to certain investments in the affiliated money market funds. The waiver is in an amount equal to 100% of the net advisory fee Invesco Advisers receives from the affiliated money market funds with respect to the Fund's investment in the affiliated money market funds of uninvested cash, but not cash collateral. The Board concluded that the amount of advisory fees received by Invesco Advisers from the Fund's investment of cash collateral from any securities lending arrangements in the affiliated money market funds is fair and reasonable.

The Board also considered that an affiliated broker receives commissions for executing certain trades for the Fund. Invesco Advisers and the Affiliated Sub-Advisers use the affiliated broker to, among other things, control order routing and minimize information leakage, and the Board was advised that such trades are executed in compliance with rules under the federal securities laws and consistent with best execution obligations.

SEMIANNUAL REPORT
June 30, 2018

Janus Henderson VIT Forty Portfolio

Janus Aspen Series

HIGHLIGHTS

- Portfolio management perspective
- Investment strategy behind your portfolio
- Portfolio performance, characteristics and holdings

Janus Henderson
INVESTORS

Table of Contents

Janus Henderson VIT Forty Portfolio (unaudited)

PORTFOLIO SNAPSHOT
We believe that constructing a concentrated Portfolio of quality growth companies will allow us to outperform our benchmark over time. We define quality as companies that enjoy sustainable "moats" around their businesses, potentially allowing them to grow faster, with higher returns, than their competitors. We believe the market often underestimates these companies' sustainable competitive advantage periods.


Doug Rao
co-portfolio manager


Nick Schommer
co-portfolio manager

PERFORMANCE OVERVIEW

For the six-month period ended June 30, 2018, the Portfolio's Institutional Shares and Service Shares returned 11.31% and 11.20%, respectively, versus a return of 7.25% for the Portfolio's primary benchmark, the Russell 1000® Growth Index. The Portfolio's secondary benchmark, the S&P 500® Index, returned 2.65% for the period.

INVESTMENT ENVIRONMENT

Volatility returned to the U.S. equities market. Weighing on investor confidence were concerns that the Federal Reserve (Fed) may increase interest rates at a faster pace than currently projected. Global trade tensions were also a source of volatility. Despite these worries, U.S. stocks delivered gains during the period as a result of solid corporate earnings and increased merger-and-acquisition activity.

PERFORMANCE DISCUSSION

The Portfolio outperformed its primary benchmark, the Russell 1000 Growth Index, and its secondary benchmark, the S&P 500 Index, during the period. As part of our investment strategy, we seek companies that have built clear, sustainable competitive moats around their businesses, which should help them grow market share within their respective industries over time. Important competitive advantages could include a strong brand, network effects from a product or service that would be hard for a competitor to replicate, a lower cost structure than competitors in the industry, a distribution advantage or patent protection over valuable intellectual property. We think emphasizing these sustainable competitive advantages can be a meaningful driver of outperformance over longer time horizons because the market often underestimates the duration of growth for these companies and the long-term potential return to shareholders. This period we saw a number of companies in our Portfolio put up impressive results, further validating our view that they are well positioned to grow in excess of the market.

Amazon was our largest contributor. Acceleration of its cloud business and continued margin improvement for its core retail business helped drive the stock. Potential for Amazon to leverage its platform to expand into new industries has also driven the stock higher in recent months. Amazon is a longtime holding in our Portfolio and our views on the company remain the same: The company's scale and distribution advantage have entrenched it as the dominant e-commerce platform, which should allow it to continue gaining consumer wallet share as shopping gravitates to online and mobile purchases. Meanwhile, Amazon Web Services is revolutionizing the way companies utilize IT services, using its scale to offer a disruptive pricing model to businesses seeking IT functions in the cloud.

Mastercard also contributed meaningfully to performance. The company has strung together several quarters of strong revenue and earnings growth. Mastercard is a longtime holding in the Portfolio, and similar to some of our other top contributors, the secular tailwinds and competitive advantages underpinning our investment thesis remain unchanged. Our long-term view is that there are network effects buttressing established payments businesses such as Mastercard, and that the company is poised to benefit as consumers and businesses switch from cash and check to plastic and electronic payments. Mastercard is particularly well positioned to benefit from this shift because a majority of its revenues are generated outside the U.S., where many markets have a lower penetration of card and electronic payments and are experiencing significantly faster electronic purchase volume growth.

Salesforce was another contributor. Strong revenue growth and continued appreciation for its business model drove the stock higher. We continue to like Salesforce's position as a leader in cloud-based enterprise software, and believe it will benefit as marketing and sales departments move more functions from on-premises software to the cloud, and as the company moves into new adjacencies beyond sales and marketing verticals.

While pleased with the results of most companies in our Portfolio, we still held stocks that detracted. Celgene was our largest detractor. Concerns about its product pipeline and patent risk for one of its largest drugs have been an overhang for the stock. An announcement that the company's business development chief was leaving also weighed on the stock.

Starbucks also detracted. The stock was down after the coffee company revised down its fiscal year 2018 guidance, due in large part to slowing growth in China. While the company will likely begin returning more cash to shareholders, its future growth has been called into question and we are reviewing the stock.

Citigroup was another detractor. Concerns about how tariffs or a potential trade war might impact the global business weighed on the stock. We are less concerned about a trade war, however, and believe the market is overlooking several positive tailwinds for the company including deregulation, rising interest rates and an increasing ability to return more cash to shareholders.

OUTLOOK

We are encouraged by the strength of the U.S. economy. While the expansion period has been long, the recovery has been muted and annual growth over the past decade has been near historical lows, leading us to believe we are still in the middle innings of expansion. While a trade war would be a headwind for growth, we still think that outcome is far from certain. Further, we believe other tailwinds such as deregulation and tax cuts could still buttress economic growth.

Valuations, however, look more full, and against that backdrop, companies will need to demonstrate earnings growth to drive further stock price appreciation. We believe our Portfolio is well positioned for this environment. Many of our holdings underpin some of the most powerful secular growth themes in today's economy: the shift from traditional brick and mortar shopping to online spending, the switch of enterprise software from on-premises to the cloud, a proliferation of connected devices in the home and business, the shift in autos from the combustible engine to electronic vehicles and a growing global middle class, to name a few. While these themes may be well known, they are still nascent in their development. We remain confident in our companies' ability to grow earnings as these themes progress, and welcome an environment where earnings growth is a key determinant of stock performance.

Thank you for your investment in Janus Henderson VIT Forty Portfolio.

Janus Henderson VIT Forty Portfolio (unaudited)
Portfolio At A Glance
June 30, 2018

5 Top Performers - Holdings

	Contribution
Amazon.com Inc	1.98%
Mastercard Inc	1.63%
salesforce.com Inc	1.52%
Netflix Inc	0.85%
Adobe Systems Inc	0.84%

5 Bottom Performers - Holdings

	Contribution
Celgene Corp	-0.65%
Starbucks Corp	-0.40%
Shire PLC Sponsored ADR	-0.35%
Citigroup Inc	-0.31%
Nektar Therapeutics	-0.28%

5 Top Performers - Sectors*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Information Technology	2.09%	43.78%	39.09%
Industrials	1.70%	4.79%	12.48%
Consumer Discretionary	1.22%	16.03%	18.66%
Consumer Staples	0.80%	0.00%	6.17%
Telecom Services	0.12%	0.00%	0.87%

5 Bottom Performers - Sectors*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Financials	-1.28%	10.67%	3.45%
Other**	-0.16%	3.12%	0.00%
Health Care	-0.12%	14.91%	12.69%
Materials	-0.02%	4.78%	3.43%
Utilities	0.00%	0.00%	0.01%

Security contribution to performance is measured by using an algorithm that multiplies the daily performance of each security with the previous day's ending weight in the portfolio and is gross of advisory fees. Fixed income securities and certain equity securities, such as private placements and some share classes of equity securities, are excluded.

* Based on sector classification according to the Global Industry Classification Standard ("GICS") codes, which are the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.

** Not a GICS classified sector.

Janus Henderson VIT Forty Portfolio (unaudited)
Portfolio At A Glance
June 30, 2018

5 Largest Equity Holdings - (% of Net Assets)

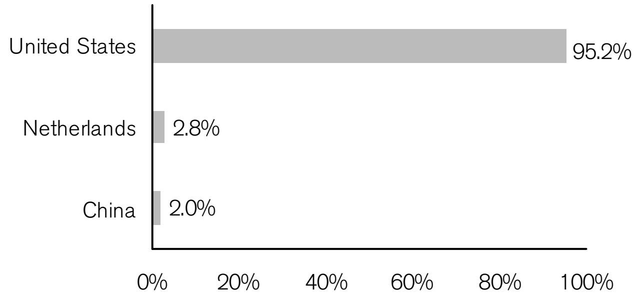
Amazon.com Inc	
Internet & Direct Marketing Retail	6.3%
Mastercard Inc	
Information Technology Services	6.0%
Alphabet Inc	
Internet Software & Services	5.9%
Microsoft Corp	
Software	5.7%
salesforce.com Inc	
Software	5.1%
	29.0%

Asset Allocation - (% of Net Assets)

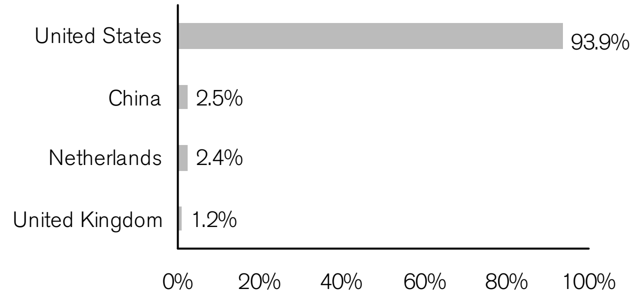
Common Stocks	97.2%
Investment Companies	3.0%
Other	(0.2)%
	100.0%

Top Country Allocations - Long Positions - (% of Investment Securities)

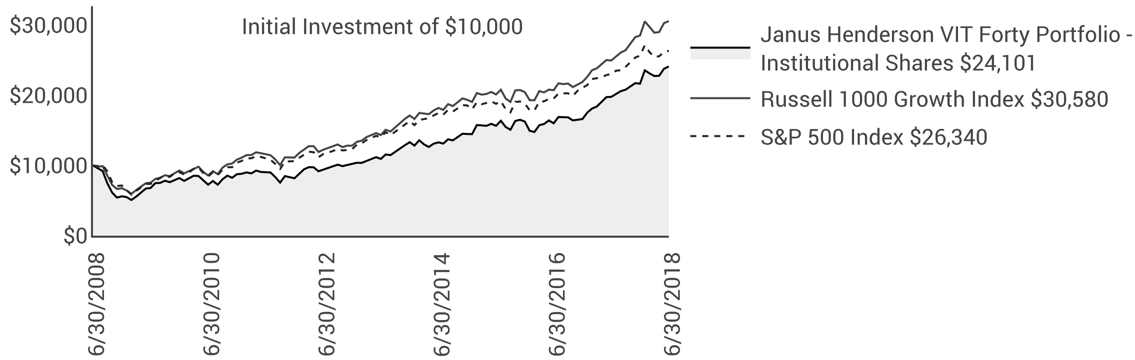
As of June 30, 2018



As of December 31, 2017



Janus Henderson VIT Forty Portfolio (unaudited)
Performance



Average Annual Total Return - for the periods ended June 30, 2018 | **Expense Ratios - per the April 30, 2018 prospectuses**

	Fiscal Year-to-Date	One Year	Five Year	Ten Year	Since Inception*	Total Annual Fund Operating Expenses
Institutional Shares	11.31%	21.86%	17.11%	9.20%	11.72%	0.82%
Service Shares	11.20%	21.58%	16.82%	8.92%	11.41%	1.06%
Russell 1000 Growth Index	7.25%	22.51%	16.36%	11.83%	7.84%	
S&P 500 Index	2.65%	14.37%	13.42%	10.17%	7.97%	
Morningstar Quartile - Institutional Shares	-	2nd	1st	3rd	1st	
Morningstar Ranking - based on total returns for Large Growth Funds	-	488/1,497	157/1,382	880/1,194	11/636	

Returns quoted are past performance and do not guarantee future results; current performance may be lower or higher. Investment returns and principal value will vary; there may be a gain or loss when shares are sold. For the most recent month-end performance call 800.668.0434 or visit janushenderson.com/VITperformance.

This Portfolio has a performance-based management fee that may adjust up or down based on the Portfolio's performance.

Performance may be affected by risks that include those associated with non-diversification, portfolio turnover, short sales, potential conflicts of interest, foreign and emerging markets, initial public offerings (IPOs), high-yield and high-risk securities, undervalued, overlooked and smaller capitalization companies, real estate related securities including Real Estate Investment Trusts (REITs), derivatives, and commodity-linked investments. Each product has different risks. Please see the prospectus for more information about risks, holdings and other details.

These returns do not reflect the fees, charges, or expenses of any particular insurance product or qualified plan. Returns shown would have been lower had they included such fees, charges, or expenses.

Returns include reinvestment of all dividends and distributions and do not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares. The returns do not include adjustments in accordance with generally accepted accounting principles required at the period end for financial reporting purposes.

See Financial Highlights for actual expense ratios during the reporting period.

Performance for Service Shares prior to December 31, 1999 reflects the performance of Institutional Shares, adjusted to reflect the expenses of Service Shares.

Ranking is for the share class shown only; other classes may have different performance characteristics.

There is no assurance that the investment process will consistently lead to successful investing.

See important disclosures on the next page.

Janus Henderson VIT Forty Portfolio (unaudited)
Performance

See Notes to Schedule of Investments and Other Information for index definitions.

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

See "Useful Information About Your Portfolio Report."

*The Portfolio's inception date – May 1 ,1997

Janus Henderson VIT Forty Portfolio (unaudited)
Expense Examples

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees; 12b-1 distribution and shareholder servicing fees (applicable to Service Shares only); transfer agent fees and expenses payable pursuant to the Transfer Agency Agreement; and other Portfolio expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. The example is based upon an investment of $1,000 invested at the beginning of the period and held for the six-months indicated, unless noted otherwise in the table and footnotes below.

Actual Expenses

The information in the table under the heading "Actual" provides information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the appropriate column for your share class under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes

The information in the table under the heading "Hypothetical (5% return before expenses)" provides information about hypothetical account values and hypothetical expenses based upon the Portfolio's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Additionally, for an analysis of the fees associated with an investment in either share class or other similar funds, please visit www.finra.org/fundanalyzer.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as any charges at the separate account level or contract level. These fees are fully described in the Portfolio's prospectuses. Therefore, the hypothetical examples are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transaction costs were included, your costs would have been higher.

	Actual			Hypothetical (5% return before expenses)			
	Beginning Account Value (1/1/18)	Ending Account Value (6/30/18)	Expenses Paid During Period (1/1/18 - 6/30/18)†	Beginning Account Value (1/1/18)	Ending Account Value (6/30/18)	Expenses Paid During Period (1/1/18 - 6/30/18)†	Net Annualized Expense Ratio (1/1/18 - 6/30/18)
Institutional Shares	$1,000.00	$1,113.10	$3.82	$1,000.00	$1,021.17	$3.66	0.73%
Service Shares	$1,000.00	$1,112.00	$5.08	$1,000.00	$1,019.98	$4.86	0.97%

† Expenses Paid During Period are equal to the Net Annualized Expense Ratio multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period). Expenses in the examples include the effect of applicable fee waivers and/or expense reimbursements, if any. Had such waivers and/or reimbursements not been in effect, your expenses would have been higher. Please refer to the Notes to Financial Statements or the Portfolio's prospectuses for more information regarding waivers and/or reimbursements.

Janus Henderson VIT Forty Portfolio
Schedule of Investments (unaudited)
June 30, 2018

	Shares	Value
Common Stocks – 97.2%		
Aerospace & Defense – 2.2%		
Boeing Co	55,135	$18,498,344
Auto Components – 1.8%		
Aptiv PLC	160,484	14,705,149
Banks – 4.2%		
Bank of America Corp	547,203	15,425,653
Citigroup Inc	294,511	19,708,676
		35,134,329
Biotechnology – 3.6%		
Celgene Corp*	156,694	12,444,637
Regeneron Pharmaceuticals Inc*	49,261	16,994,552
		29,439,189
Capital Markets – 5.7%		
Charles Schwab Corp	361,578	18,476,636
Goldman Sachs Group Inc	18,620	4,107,013
Intercontinental Exchange Inc	330,248	24,289,740
		46,873,389
Chemicals – 3.9%		
Air Products & Chemicals Inc	88,213	13,737,411
Sherwin-Williams Co	45,567	18,571,742
		32,309,153
Construction Materials – 1.0%		
Vulcan Materials Co	61,911	7,990,234
Electronic Equipment, Instruments & Components – 1.7%		
TE Connectivity Ltd	151,800	13,671,108
Equity Real Estate Investment Trusts (REITs) – 2.0%		
American Tower Corp	112,448	16,211,628
Health Care Equipment & Supplies – 5.2%		
Boston Scientific Corp*	702,799	22,981,527
Intuitive Surgical Inc*	41,356	19,788,019
		42,769,546
Health Care Providers & Services – 1.9%		
Humana Inc	54,017	16,077,080
Hotels, Restaurants & Leisure – 2.0%		
Starbucks Corp	337,145	16,469,533
Information Technology Services – 7.3%		
Mastercard Inc	251,687	49,461,529
PayPal Holdings Inc*	134,579	11,206,393
		60,667,922
Internet & Direct Marketing Retail – 9.1%		
Amazon.com Inc*	30,660	52,115,869
Booking Holdings Inc*	5,320	10,784,119
Netflix Inc*	32,596	12,759,052
		75,659,040
Internet Software & Services – 11.6%		
Alibaba Group Holding Ltd (ADR)*	88,136	16,351,872
Alphabet Inc*	43,499	48,529,659
Facebook Inc*	161,114	31,307,672
		96,189,203
Media – 0.9%		
Live Nation Entertainment Inc*	151,779	7,371,906
Pharmaceuticals – 4.2%		
Allergan PLC	91,562	15,265,217
Nektar Therapeutics*	63,224	3,087,228
Zoetis Inc	195,015	16,613,328
		34,965,773
Professional Services – 1.3%		
CoStar Group Inc*	25,550	10,542,697

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Schedule of Investments (unaudited)
June 30, 2018

	Shares	Value
Common Stocks – (continued)		
Road & Rail – 2.3%		
Union Pacific Corp	136,535	$19,344,279
Semiconductor & Semiconductor Equipment – 7.8%		
ASML Holding NV	117,016	23,165,658
NVIDIA Corp	58,357	13,824,773
Texas Instruments Inc	246,365	27,161,741
		64,152,172
Software – 15.1%		
Activision Blizzard Inc	259,408	19,798,019
Adobe Systems Inc*	64,366	15,693,074
Microsoft Corp	480,336	47,365,933
salesforce.com Inc*	310,784	42,390,938
		125,247,964
Textiles, Apparel & Luxury Goods – 2.4%		
NIKE Inc	252,646	20,130,833
Total Common Stocks (cost $526,595,709)		804,420,471
Investment Companies – 3.0%		
Money Markets – 3.0%		
Janus Henderson Cash Liquidity Fund LLC, 1.8501%[∞,£] (cost $24,648,254)	24,648,254	24,648,254
Total Investments (total cost $551,243,963) – 100.2%		829,068,725
Liabilities, net of Cash, Receivables and Other Assets – (0.2)%		(1,942,301)
Net Assets – 100%		$827,126,424

Summary of Investments by Country - (Long Positions) (unaudited)

Country	*Value*	*% of Investment Securities*
United States	$789,551,195	95.2 %
Netherlands	23,165,658	2.8
China	16,351,872	2.0
Total	$829,068,725	100.0 %

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Schedule of Investments (unaudited)
June 30, 2018

Schedules of Affiliated Investments – (% of Net Assets)

	Dividend Income	Realized Gain/(Loss)	Change in Unrealized Appreciation/ Depreciation	Value at 6/30/18
Investment Companies - 3.0%				
Money Markets - 3.0%				
Janus Henderson Cash Liquidity Fund LLC,1.8501%[∞]	$ 194,195	$ -	$ -	$ 24,648,254

	Share Balance at 12/31/17	Purchases	Sales	Share Balance at 6/30/18
Investment Companies - 3.0%				
Money Markets - 3.0%				
Janus Henderson Cash Liquidity Fund LLC,1.8501%[∞]	38,903,503	75,177,751	(89,433,000)	24,648,254

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Notes to Schedule of Investments and Other Information (unaudited)

Russell 1000® Growth Index	Russell 1000® Growth Index reflects the performance of U.S. large-cap equities with higher price-to-book ratios and higher forecasted growth values.
S&P 500® Index	S&P 500® Index reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.
ADR	American Depositary Receipt
LLC	Limited Liability Company
PLC	Public Limited Company

*	Non-income producing security.
ºº	Rate shown is the 7-day yield as of June 30, 2018.
£	The Portfolio may invest in certain securities that are considered affiliated companies. As defined by the Investment Company Act of 1940, as amended, an affiliated company is one in which the Portfolio owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control.

The following is a summary of the inputs that were used to value the Portfolio's investments in securities and other financial instruments as of June 30, 2018. See Notes to Financial Statements for more information.

Valuation Inputs Summary

	Level 1 - Quotes Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs
Assets			
Investments in Securities:			
Common Stocks	$ 804,420,471	$ -	$ -
Investment Companies	-	24,648,254	-
Total Assets	$ 804,420,471	$ 24,648,254	$ -

Janus Henderson VIT Forty Portfolio
Statement of Assets and Liabilities (unaudited)
June 30, 2018

Assets:		
Unaffiliated investments, at value[1]	$	804,420,471
Affiliated investments, at value[2]		24,648,254
Non-interested Trustees' deferred compensation		17,324
Receivables:		
Investments sold		3,925,347
Dividends		261,157
Portfolio shares sold		94,399
Dividends from affiliates		32,089
Other assets		1,546
Total Assets		833,400,587
Liabilities:		
Due to custodian		10,414
Payables:		
Investments purchased		5,092,003
Advisory fees		457,333
Portfolio shares repurchased		453,782
12b-1 Distribution and shareholder servicing fees		106,917
Transfer agent fees and expenses		38,365
Non-interested Trustees' deferred compensation fees		17,324
Non-affiliated portfolio administration fees payable		15,072
Professional fees		13,792
Non-interested Trustees' fees and expenses		7,178
Affiliated portfolio administration fees payable		1,786
Custodian fees		198
Accrued expenses and other payables		59,999
Total Liabilities		6,274,163
Net Assets	$	827,126,424
Net Assets Consist of:		
Capital (par value and paid-in surplus)	$	518,527,820
Undistributed net investment income/(loss)		(107,304)
Undistributed net realized gain/(loss) from investments		30,878,428
Unrealized net appreciation/(depreciation) of investments and non-interested Trustees' deferred compensation		277,827,480
Total Net Assets	$	827,126,424
Net Assets - Institutional Shares	$	333,147,432
Shares Outstanding, $0.01 Par Value (unlimited shares authorized)		8,670,494
Net Asset Value Per Share	$	38.42
Net Assets - Service Shares	$	493,978,992
Shares Outstanding, $0.01 Par Value (unlimited shares authorized)		13,632,824
Net Asset Value Per Share	$	36.23

(1) Includes cost of $526,595,709.
(2) Includes cost of $24,648,254.

See Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Statement of Operations (unaudited)
For the period ended June 30, 2018

Investment Income:		
Dividends	$	3,288,073
Dividends from affiliates		194,195
Foreign tax withheld		(29,706)
Total Investment Income		3,452,562
Expenses:		
Advisory fees		2,622,113
12b-1 Distribution and shareholder servicing fees:		
Service Shares		608,374
Transfer agent administrative fees and expenses:		
Institutional Shares		80,981
Service Shares		121,675
Other transfer agent fees and expenses:		
Institutional Shares		5,627
Service Shares		4,636
Professional fees		20,817
Affiliated portfolio administration fees		18,516
Non-affiliated portfolio administration fees		15,073
Non-interested Trustees' fees and expenses		13,376
Registration fees		9,124
Custodian fees		6,198
Other expenses		18,435
Total Expenses		3,544,945
Net Investment Income/(Loss)		(92,383)
Net Realized Gain/(Loss) on Investments:		
Investments		31,148,853
Total Net Realized Gain/(Loss) on Investments		31,148,853
Change in Unrealized Net Appreciation/Depreciation:		
Investments and non-interested Trustees' deferred compensation		54,645,810
Total Change in Unrealized Net Appreciation/Depreciation		54,645,810
Net Increase/(Decrease) in Net Assets Resulting from Operations	$	85,702,280

See Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Statements of Changes in Net Assets

		Period ended June 30, 2018 (unaudited)		Year ended December 31, 2017
Operations:				
Net investment income/(loss)	$	(92,383)	$	(731,720)
Net realized gain/(loss) on investments		31,148,853		115,587,643
Change in unrealized net appreciation/depreciation		54,645,810		79,778,500
Net Increase/(Decrease) in Net Assets Resulting from Operations		85,702,280		194,634,423
Dividends and Distributions to Shareholders:				
Distributions from Net Realized Gain from Investment Transactions				
Institutional Shares		(44,744,555)		(15,738,032)
Service Shares		(70,046,355)		(24,926,390)
Net Decrease from Dividends and Distributions to Shareholders		(114,790,910)		(40,664,422)
Capital Share Transactions:				
Institutional Shares		34,253,151		(8,524,718)
Service Shares		45,735,071		(56,736,961)
Net Increase/(Decrease) from Capital Share Transactions		79,988,222		(65,261,679)
Net Increase/(Decrease) in Net Assets		50,899,592		88,708,322
Net Assets:				
Beginning of period		776,226,832		687,518,510
End of period	$	827,126,424	$	776,226,832
Undistributed Net Investment Income/(Loss)	$	(107,304)	$	(14,921)

See Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Financial Highlights

Institutional Shares

For a share outstanding during the period ended June 30, 2018 (unaudited) and each year ended December 31	2018	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	$39.76	$32.19	$36.37	$40.27	$53.34	$40.95
Income/(Loss) from Investment Operations:						
Net investment income/(loss)	0.03(1)	0.02(1)	0.05(1)	0.03(1)	0.03(1)	0.38
Net realized and unrealized gain/(loss)	4.57	9.58	0.58	4.77	3.08	12.34
Total from Investment Operations	4.60	9.60	0.63	4.80	3.11	12.72
Less Dividends and Distributions:						
Dividends (from net investment income)	—	—	—	—	(0.09)	(0.33)
Distributions (from capital gains)	(5.94)	(2.03)	(4.81)	(8.70)	(16.09)	—
Total Dividends and Distributions	(5.94)	(2.03)	(4.81)	(8.70)	(16.18)	(0.33)
Net Asset Value, End of Period	$38.42	$39.76	$32.19	$36.37	$40.27	$53.34
Total Return*	11.31%	30.31%	2.20%	12.22%	8.73%	31.23%
Net Assets, End of Period (in thousands)	$333,147	$309,258	$257,009	$295,725	$299,546	$355,429
Average Net Assets for the Period (in thousands)	$326,517	$297,125	$273,374	$298,904	$307,359	$491,231
Ratios to Average Net Assets**:						
Ratio of Gross Expenses	0.73%	0.82%	0.72%	0.69%	0.57%	0.55%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.73%	0.82%	0.72%	0.69%	0.57%	0.55%
Ratio of Net Investment Income/(Loss)	0.13%	0.05%	0.15%	0.08%	0.07%	0.31%
Portfolio Turnover Rate	19%	39%	53%	55%	46%	61%

Service Shares

For a share outstanding during the period ended June 30, 2018 (unaudited) and each year ended December 31	2018	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	$37.84	$30.79	$35.08	$39.21	$52.40	$40.28
Income/(Loss) from Investment Operations:						
Net investment income/(loss)	(0.02)(1)	(0.07)(1)	(0.03)(1)	(0.06)(1)	(0.07)(1)	—(2)
Net realized and unrealized gain/(loss)	4.35	9.15	0.55	4.63	2.99	12.38
Total from Investment Operations	4.33	9.08	0.52	4.57	2.92	12.38
Less Dividends and Distributions:						
Dividends (from net investment income)	—	—	—	—	(0.02)	(0.26)
Distributions (from capital gains)	(5.94)	(2.03)	(4.81)	(8.70)	(16.09)	—
Total Dividends and Distributions	(5.94)	(2.03)	(4.81)	(8.70)	(16.11)	(0.26)
Net Asset Value, End of Period	$36.23	$37.84	$30.79	$35.08	$39.21	$52.40
Total Return*	11.20%	29.99%	1.94%	11.94%	8.47%	30.89%
Net Assets, End of Period (in thousands)	$493,979	$466,969	$430,510	$501,003	$492,253	$526,971
Average Net Assets for the Period (in thousands)	$490,608	$457,168	$464,943	$501,868	$493,575	$486,845
Ratios to Average Net Assets**:						
Ratio of Gross Expenses	0.97%	1.06%	0.97%	0.94%	0.82%	0.81%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.97%	1.06%	0.97%	0.94%	0.82%	0.81%
Ratio of Net Investment Income/(Loss)	(0.12)%	(0.19)%	(0.09)%	(0.17)%	(0.17)%	0.04%
Portfolio Turnover Rate	19%	39%	53%	55%	46%	61%

* Total return not annualized for periods of less than one full year and does not include fees, charges, or expenses imposed by the variable annuity and life insurance contracts for which Janus Aspen Series serves as an underlying investment vehicle.

** Annualized for periods of less than one full year.

(1) Per share amounts are calculated based on average shares outstanding during the year or period.

(2) Less than $0.005 on a per share basis.

See Notes to Financial Statements.

1. Organization and Significant Accounting Policies

Janus Henderson VIT Forty Portfolio (the "Portfolio") is a series of Janus Aspen Series (the "Trust"), which is organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company, and therefore has applied the specialized accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946. The Trust offers 11 portfolios, each of which offers multiple share classes, with differing investment objectives and policies. The Portfolio seeks long-term growth of capital. The Portfolio is classified as nondiversified, as defined in the 1940 Act.

The Portfolio currently offers two classes of shares: Institutional Shares and Service Shares. Each class represents an interest in the same portfolio of investments. Institutional Shares are offered only in connection with investment in and payments under variable insurance contracts as well as certain qualified retirement plans. Service Shares are offered only in connection with investment in and payments under variable insurance contracts as well as certain qualified retirement plans that require a fee from Portfolio assets to procure distribution and administrative services to contract owners and plan participants.

Shareholders, including other portfolios, participating insurance companies, as well as accounts, may from time to time own (beneficially or of record) a significant percentage of the Portfolio's Shares and can be considered to "control" the Portfolio when that ownership exceeds 25% of the Portfolio's assets (and which may differ from control as determined in accordance with accounting principles generally accepted in the United States of America).

The following accounting policies have been followed by the Portfolio and are in conformity with accounting principles generally accepted in the United States of America.

Investment Valuation

Securities held by the Portfolio are valued in accordance with policies and procedures established by and under the supervision of the Trustees (the "Valuation Procedures"). Equity securities traded on a domestic securities exchange are generally valued at the closing prices on the primary market or exchange on which they trade. If such price is lacking for the trading period immediately preceding the time of determination, such securities are valued at their current bid price. Equity securities that are traded on a foreign exchange are generally valued at the closing prices on such markets. In the event that there is no current trading volume on a particular security in such foreign exchange, the bid price from the primary exchange is generally used to value the security. Securities that are traded on the over-the-counter ("OTC") markets are generally valued at their closing or latest bid prices as available. Foreign securities and currencies are converted to U.S. dollars using the applicable exchange rate in effect at the close of the New York Stock Exchange ("NYSE"). The Portfolio will determine the market value of individual securities held by it by using prices provided by one or more approved professional pricing services or, as needed, by obtaining market quotations from independent broker-dealers. Most debt securities are valued in accordance with the evaluated bid price supplied by the pricing service that is intended to reflect market value. The evaluated bid price supplied by the pricing service is an evaluation that may consider factors such as security prices, yields, maturities and ratings. Certain short-term securities maturing within 60 days or less may be evaluated and valued on an amortized cost basis provided that the amortized cost determined approximates market value. Securities for which market quotations or evaluated prices are not readily available or deemed unreliable are valued at fair value determined in good faith under the Valuation Procedures. Circumstances in which fair value pricing may be utilized include, but are not limited to: (i) a significant event that may affect the securities of a single issuer, such as a merger, bankruptcy, or significant issuer-specific development; (ii) an event that may affect an entire market, such as a natural disaster or significant governmental action; (iii) a nonsignificant event such as a market closing early or not opening, or a security trading halt; and (iv) pricing of a nonvalued security and a restricted or nonpublic security. Special valuation considerations may apply with respect to "odd-lot" fixed-income transactions which, due to their small size, may receive evaluated prices by pricing services which reflect a large block trade and not what actually could be obtained for the odd-lot position. The Portfolio uses systematic fair valuation models provided by independent third parties to value international equity securities in order to adjust for stale pricing, which may occur between the close of certain foreign exchanges and the close of the NYSE.

Valuation Inputs Summary

FASB ASC 820, Fair Value Measurements and Disclosures ("ASC 820"), defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements regarding fair value measurements. This standard emphasizes that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability and establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. These inputs are summarized into three broad levels:

Level 1 – Unadjusted quoted prices in active markets the Portfolio has the ability to access for identical assets or liabilities.

Level 2 – Observable inputs other than unadjusted quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Assets or liabilities categorized as Level 2 in the hierarchy generally include: debt securities fair valued in accordance with the evaluated bid or ask prices supplied by a pricing service; securities traded on OTC markets and listed securities for which no sales are reported that are fair valued at the latest bid price (or yield equivalent thereof) obtained from one or more dealers transacting in a market for such securities or by a pricing service approved by the Portfolio's Trustees; certain short-term debt securities with maturities of 60 days or less that are fair valued at amortized cost; and equity securities of foreign issuers whose fair value is determined by using systematic fair valuation models provided by independent third parties in order to adjust for stale pricing which may occur between the close of certain foreign exchanges and the close of the NYSE. Other securities that may be categorized as Level 2 in the hierarchy include, but are not limited to, preferred stocks, bank loans, swaps, investments in unregistered investment companies, options, and forward contracts.

Level 3 – Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Portfolio's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

There have been no significant changes in valuation techniques used in valuing any such positions held by the Portfolio since the beginning of the fiscal year.

The inputs or methodology used for fair valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of inputs used as of June 30, 2018 to fair value the Portfolio's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" in the Notes to Schedule of Investments and Other Information.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the period. The Portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Investment Transactions and Investment Income
Investment transactions are accounted for as of the date purchased or sold (trade date). Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Portfolio is informed of the dividend, if such information is obtained subsequent to the ex-dividend date. Dividends from foreign securities may be subject to withholding taxes in foreign jurisdictions. Interest income is recorded on the accrual basis and includes amortization of premiums and accretion of discounts. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes. Income, as well as gains and losses, both realized and unrealized, are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets.

Expenses
The Portfolio bears expenses incurred specifically on its behalf. Each class of shares bears a portion of general expenses, which are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets. Expenses directly attributable to a specific class of shares are charged against the operations of such class.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Indemnifications
In the normal course of business, the Portfolio may enter into contracts that contain provisions for indemnification of other parties against certain potential liabilities. The Portfolio's maximum exposure under these arrangements is unknown, and would involve future claims that may be made against the Portfolio that have not yet occurred. Currently, the risk of material loss from such claims is considered remote.

Dividends and Distributions
The Portfolio may make semiannual distributions of substantially all of its investment income and an annual distribution of its net realized capital gains (if any).

The Portfolio may make certain investments in real estate investment trusts ("REITs") which pay dividends to their shareholders based upon funds available from operations. It is quite common for these dividends to exceed the REITs' taxable earnings and profits, resulting in the excess portion of such dividends being designated as a return of capital. If the Portfolio distributes such amounts, such distributions could constitute a return of capital to shareholders for federal income tax purposes.

Federal Income Taxes
The Portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income in accordance with the requirements of Subchapter M of the Internal Revenue Code. Management has analyzed the Portfolio's tax positions taken for all open federal income tax years, generally a three-year period, and has concluded that no provision for federal income tax is required in the Portfolio's financial statements. The Portfolio is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. Currently, Management does not believe the bill will have a material impact on the Fund's intention to continue to qualify as a regulated investment company, which is generally not subject to U.S. federal income tax.

2. Other Investments and Strategies

Additional Investment Risk
The financial crisis in both the U.S. and global economies over the past several years has resulted, and may continue to result, in a significant decline in the value and liquidity of many securities of issuers worldwide in the equity and fixed-income/credit markets. In response to the crisis, the United States and certain foreign governments, along with the U.S. Federal Reserve and certain foreign central banks, took steps to support the financial markets. The withdrawal of this support, a failure of measures put in place to respond to the crisis, or investor perception that such efforts were not sufficient could each negatively affect financial markets generally, and the value and liquidity of specific securities. In addition, policy and legislative changes in the United States and in other countries continue to impact many aspects of financial regulation. The effect of these changes on the markets, and the practical implications for market participants, including the Portfolio, may not be fully known for some time. As a result, it may also be unusually difficult to identify both investment risks and opportunities, which could limit or preclude the Portfolio's ability to achieve its investment objective. Therefore, it is important to understand that the value of your investment may fall, sometimes sharply, and you could lose money.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") of 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, OTC derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. Many provisions of the Dodd-Frank Act remain pending and will be implemented through future rulemaking. Therefore, the ultimate impact of the Dodd-Frank Act and the regulations under the Dodd-Frank Act on the Portfolio and the investment management industry as a whole, is not yet certain.

A number of countries in the European Union ("EU") have experienced, and may continue to experience, severe economic and financial difficulties. In particular, many EU nations are susceptible to economic risks associated with high levels of debt, notably due to investments in sovereign debt of countries such as Greece, Italy, Spain, Portugal, and Ireland. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts. Many other issuers have faced difficulties obtaining credit or refinancing existing obligations. Financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit. As a result, financial markets in the EU experienced extreme volatility and declines in asset values and liquidity. Responses to these financial problems by European governments, central banks, and others, including austerity measures and reforms, may not work, may result in social unrest, and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets, and asset valuations around the world. Greece, Ireland, and Portugal have already received one or more "bailouts" from other Eurozone member states, and it is unclear how much additional funding they will require or if additional Eurozone member states will require bailouts in the future. The risk of investing in securities in the European markets may also be heightened due to the referendum in which the United Kingdom voted to exit the EU (known as "Brexit"). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will proceed, or how financial markets will react. In addition, one or more other countries may also abandon the euro and/or withdraw from the EU, placing its currency and banking system in jeopardy.

Certain areas of the world have historically been prone to and economically sensitive to environmental events such as, but not limited to, hurricanes, earthquakes, typhoons, flooding, tidal waves, tsunamis, erupting volcanoes, wildfires or droughts, tornadoes, mudslides, or other weather-related phenomena. Such disasters, and the resulting physical or economic damage, could have a severe and negative impact on the Portfolio's investment portfolio and, in the longer term, could impair the ability of issuers in which the Portfolio invests to conduct their businesses as they would under normal conditions. Adverse weather conditions may also have a particularly significant negative effect on issuers in the agricultural sector and on insurance companies that insure against the impact of natural disasters.

Real Estate Investing

The Portfolio may invest in equity and debt securities of real estate-related companies. Such companies may include those in the real estate industry or real estate-related industries. These securities may include common stocks, corporate bonds, preferred stocks, and other equity securities, including, but not limited to, mortgage-backed securities, real estate-backed securities, securities of REITs and similar REIT-like entities. A REIT is a trust that invests in real estate-related projects, such as properties, mortgage loans, and construction loans. REITs are generally categorized as equity, mortgage, or hybrid REITs. A REIT may be listed on an exchange or traded OTC.

3. Investment Advisory Agreements and Other Transactions with Affiliates

The Portfolio pays Janus Capital an investment advisory fee which is calculated daily and paid monthly. The Portfolio's "base" fee rate prior to any performance adjustment (expressed as an annual rate) is 0.64%.

The investment advisory fee rate is determined by calculating a base fee and applying a performance adjustment. The base fee rate is the same as the contractual investment advisory fee rate. The performance adjustment either increases or decreases the base fee depending on how well the Portfolio has performed relative to its benchmark index. The Portfolio's benchmark index used in the calculation is the Russell 1000® Growth Index.

The calculation of the performance adjustment applies as follows:

Investment Advisory Fee = Base Fee Rate +/- Performance Adjustment

The investment advisory fee rate paid to Janus Capital by the Portfolio consists of two components: (1) a base fee calculated by applying the contractual fixed rate of the advisory fee to the Portfolio's average daily net assets during the previous month ("Base Fee Rate"), plus or minus (2) a performance-fee adjustment ("Performance Adjustment") calculated by applying a variable rate of up to 0.15% (positive or negative) to the Portfolio's average daily net assets based on the Portfolio's relative performance compared to the cumulative investment record of its benchmark index over a 36-month performance measurement period or shorter time period, as applicable.

The Portfolio's prospectuses and statement(s) of additional information contain additional information about performance-based fees. The amount shown as advisory fees on the Statement of Operations reflects the Base Fee Rate plus/minus any Performance Adjustment. For the period ended June 30, 2018, the performance adjusted investment advisory fee rate before any waivers and/or reimbursements of expenses is 0.72%.

Janus Services LLC ("Janus Services"), a wholly-owned subsidiary of Janus Capital, is the Portfolio's transfer agent. Janus Services receives an administrative services fee at an annual rate of 0.05% of the average daily net assets of the Portfolio for arranging for the provision by participating insurance companies and qualified plan service providers of administrative services, including recordkeeping, subaccounting, order processing, or other shareholder services provided on behalf of contract holders or plan participants investing in the Portfolio. Other shareholder services may include the provision of order confirmations, periodic account statements, forwarding prospectuses, shareholder reports, and other materials to existing investors, and answering inquiries regarding accounts. Janus Services expects to use this entire fee to compensate insurance companies and qualified plan service providers for providing these services to their customers who invest in the Portfolio. Any unused portion will be reimbursed to the applicable share class at least annually.

In addition, Janus Services provides or arranges for the provision of certain other internal administrative, recordkeeping, and shareholder relations services for the Portfolio. Janus Services is not compensated for these internal services related to the shares, except for out-of-pocket costs. These amounts are disclosed as "Other transfer agent fees and expenses" on the Statement of Operations.

Under a distribution and shareholder servicing plan (the "Plan") adopted in accordance with Rule 12b-1 under the 1940 Act, the Service Shares may pay the Trust's distributor, Janus Distributors LLC ("Janus Distributors"), a wholly-owned subsidiary of Janus Capital, a fee for the sale and distribution and/or shareholder servicing of the Service Shares at an annual rate of up to 0.25% of the average daily net assets of the Service Shares. Under the terms of the Plan, the Trust is authorized to make payments to Janus Distributors for remittance to insurance companies and qualified plan service providers as compensation for distribution and/or shareholder services performed by such entities. These amounts are disclosed as "12b-1 Distribution and shareholder servicing fees" on the Statement of Operations. Payments under the Plan are not tied exclusively to actual 12b-1 distribution and servicing fees, and the payments may exceed 12b-1 distribution and servicing fees actually incurred. If any of the Portfolio's actual 12b-1 distribution and servicing fees incurred during a calendar year are less than the payments made during a calendar year, the Portfolio will be refunded the difference. Refunds, if any, are included in "12b-1 Distribution and shareholder servicing fees" in the Statement of Operations.

Janus Capital serves as administrator to the Portfolio pursuant to an administration agreement between Janus Capital and the Trust. Under the administration agreement, Janus Capital provides oversight and coordination of the Portfolio's service providers, recordkeeping, and other administrative services, and is reimbursed by the Portfolio for certain of its costs in providing these services (to the extent Janus Capital seeks reimbursement and such costs are not otherwise waived). In addition, employees of Janus Capital and/or its affiliates may serve as officers of the Trust. The Portfolio pays for some or all of the salaries, fees, and expenses of Janus Capital employees and Portfolio officers, with respect to certain specified administration functions they perform on behalf of the Portfolio. The Portfolio pays these costs based on out-of-pocket expenses incurred by Janus Capital, and these costs are separate and apart from advisory fees and other expenses paid in connection with the investment advisory services Janus Capital (or any subadvisor, as applicable) provides to the Portfolio. These amounts are disclosed as "Affiliated Portfolio administration fees" on the Statement of Operations. In addition, some expenses related to compensation payable to the Portfolio's Chief Compliance Officer and certain compliance staff, all of whom are employees of Janus Capital and/or its affiliates, are shared with the Portfolio. Total compensation of $20,480 was paid to the Chief Compliance Officer and certain compliance staff by the Trust during the period ended June 30, 2018. The Portfolio's portion is reported as part of "Other expenses" on the Statement of Operations.

Effective April 1, 2018, BNP Paribas Financial Services ("BPFS") provides certain administrative services to the Portfolio, including services related to Portfolio accounting, calculation of the Portfolio's daily NAV, and Portfolio audit, tax, and reporting obligations, pursuant to a sub-administration agreement with Janus Capital on behalf of the Portfolio. As compensation for such services, Janus Capital pays BPFS a fee based on a percentage of the Portfolio's assets, along with a flat fee, and is reimbursed by the Portfolio for amounts paid to BPFS (to the extent Janus Capital seeks reimbursement and such costs are not otherwise waived). These amounts are disclosed as "Non-affiliated portfolio administration fees" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of June 30, 2018 on the Statement of Assets and Liabilities in the asset, "Non-interested Trustees' deferred compensation," and liability, "Non-interested Trustees' deferred compensation fees." Additionally, the recorded unrealized appreciation/(depreciation) is included in "Unrealized net appreciation/(depreciation) of investments and non-interested Trustees' deferred compensation" on the Statement of Assets and Liabilities. Deferred compensation expenses for the period ended June 30, 2018 are included in "Non-interested Trustees' fees and expenses" on the Statement of Operations. Trustees are allowed to change their designation of mutual funds from time to time. Amounts will be deferred until distributed in accordance with the Deferred Plan. Deferred fees of $260,650 were paid by the Trust to the Trustees under the Deferred Plan during the period ended June 30, 2018.

Pursuant to the provisions of the 1940 Act and related rules, the Portfolio may participate in an affiliated or nonaffiliated cash sweep program. In the cash sweep program, uninvested cash balances of the Portfolio may be used to purchase shares of affiliated or nonaffiliated money market funds or cash management pooled investment vehicles. The Portfolio is eligible to participate in the cash sweep program (the "Investing Funds"). As adviser, Janus Capital has an inherent conflict of interest because of its fiduciary duties to the affiliated money market funds or cash management pooled investment vehicles and the Investing Funds. Janus Henderson Cash Liquidity Fund LLC is an affiliated unregistered cash management pooled investment vehicle that invests primarily in highly-rated short-term fixed-income securities. Janus Henderson Cash Liquidity Fund LLC currently maintains a NAV of $1.00 per share and distributes income daily in a manner consistent with a registered product compliant with Rule 2a-7 under the 1940 Act. There are no restrictions on the Portfolio's ability to withdraw investments from Janus Henderson Cash Liquidity Fund LLC at will, and there are no unfunded capital commitments due from the Portfolio to Janus Henderson Cash Liquidity Fund LLC. The units of Janus Henderson Cash Liquidity Fund LLC are not charged any management fee, sales charge or service fee.

Any purchases and sales, realized gains/losses and recorded dividends from affiliated investments during the period ended June 30, 2018 can be found in the "Schedules of Affiliated Investments" located in the Schedule of Investments.

The Portfolio is permitted to purchase or sell securities ("cross-trade") between itself and other funds or accounts managed by Janus Capital in accordance with Rule 17a-7 under the Investment Company Act of 1940 ("Rule 17a-7"), when the transaction is consistent with the investment objectives and policies of the Portfolio and in accordance with the Internal Cross Trade Procedures adopted by the Trust's Board of Trustees. These procedures have been designed to ensure that any cross-trade of securities by the Portfolio from or to another fund or account that is or could be considered an affiliate of the Portfolio under certain limited circumstances by virtue of having a common investment adviser, common Officer, or common Trustee complies with Rule 17a-7. Under these procedures, each cross-trade is effected at the current market price to save costs where allowed. During the period ended June 30, 2018, the Portfolio engaged in cross trades amounting to $612,075 in sales, resulting in a net realized gain of $232,052. The net realized gain is included within the "Net Realized Gain/(Loss) on Investments" section of the Portfolio's Statement of Operations.

4. Federal Income Tax

Income and capital gains distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. These differences are due to differing treatments for items such as net short-term gains, deferral of wash sale losses, foreign currency transactions, net investment losses, and capital loss carryovers.

The Portfolio has elected to treat gains and losses on forward foreign currency contracts as capital gains and losses, if applicable. Other foreign currency gains and losses on debt instruments are treated as ordinary income for federal income tax purposes pursuant to Section 988 of the Internal Revenue Code.

The aggregate cost of investments and the composition of unrealized appreciation and depreciation of investment securities for federal income tax purposes as of June 30, 2018 are noted below. The primary differences between book and tax appreciation or depreciation of investments are wash sale loss deferrals and investments in partnerships.

Federal Tax Cost	*Unrealized Appreciation*	*Unrealized (Depreciation)*	*Net Tax Appreciation/ (Depreciation)*
$ 551,513,709	$287,840,128	$(10,285,112)	$ 277,555,016

5. Capital Share Transactions

	Period ended June 30, 2018		Year ended December 31, 2017	
	Shares	*Amount*	*Shares*	*Amount*
Institutional Shares:				
Shares sold	409,895	$17,529,748	790,876	$ 28,902,402
Reinvested dividends and distributions	1,145,241	44,744,555	427,548	15,738,032
Shares repurchased	(663,036)	(28,021,152)	(1,424,785)	(53,165,152)
Net Increase/(Decrease)	892,100	$34,253,151	(206,361)	$ (8,524,718)
Service Shares:				
Shares sold	505,964	$20,409,119	1,169,490	$ 40,949,527
Reinvested dividends and distributions	1,900,851	70,046,355	710,558	24,926,390
Shares repurchased	(1,114,908)	(44,720,403)	(3,522,268)	(122,612,878)
Net Increase/(Decrease)	1,291,907	$45,735,071	(1,642,220)	$(56,736,961)

6. Purchases and Sales of Investment Securities

For the period ended June 30, 2018, the aggregate cost of purchases and proceeds from sales of investment securities (excluding any short-term securities, short-term options contracts, TBAs, and in-kind transactions, as applicable) was as follows:

Purchases of Securities	*Proceeds from Sales of Securities*	*Purchases of Long-Term U.S. Government Obligations*	*Proceeds from Sales of Long-Term U.S. Government Obligations*
$146,733,466	$ 173,220,523	$ -	$ -

7. Recent Accounting Pronouncements

The FASB issued Accounting Standards Update No. 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities* ("ASU 2017-08") to amend the amortization period for certain purchased callable debt securities held at a premium. The guidance requires certain premiums on callable debt securities to be amortized to the earliest call date. The amortization period for callable debt securities purchased at a discount will not be impacted. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period. Management is currently evaluating the impacts of ASU 2017-08 on the financial statements.

8. Subsequent Event

Management has evaluated whether any events or transactions occurred subsequent to June 30, 2018 and through the date of issuance of the Portfolio's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in the Portfolio's financial statements.

Janus Henderson VIT Forty Portfolio
Additional Information (unaudited)

Proxy Voting Policies and Voting Record
A description of the policies and procedures that the Portfolio uses to determine how to vote proxies relating to its portfolio securities is available without charge: (i) upon request, by calling 1-800-525-1093; (ii) on the Portfolio's website at janushenderson.com/proxyvoting; and (iii) on the SEC's website at http://www.sec.gov. Additionally, information regarding the Portfolio's proxy voting record for the most recent twelve-month period ended June 30 is also available, free of charge, through janushenderson.com/proxyvoting and from the SEC's website at http://www.sec.gov.

Full Holdings
The Portfolio is required to disclose its complete holdings on Form N-Q within 60 days of the end of the first and third fiscal quarters, and in the annual report and semiannual report to Portfolio shareholders. These reports (i) are available on the SEC's website at http://www.sec.gov; (ii) may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. (information on the Public Reference Room may be obtained by calling 1-800-SEC-0330); and (iii) are available without charge, upon request, by calling a Janus Henderson representative at 1-877-335-2687 (toll free) . Portfolio holdings consisting of at least the names of the holdings are generally available on a monthly basis with a 30-day lag. Holdings are generally posted approximately two business days thereafter under Full Holdings for the Portfolio at janushenderson.com/vit.

APPROVAL OF ADVISORY AGREEMENTS DURING THE PERIOD

December 2017

The Trustees of Janus Investment Fund and Janus Aspen Series, each of whom serves as an "independent" Trustee (the "Trustees"), oversee the management of each Fund of Janus Investment Fund and each Portfolio of Janus Aspen Series (each, a "Fund" and collectively, the "Funds"), and as required by law, determine annually whether to continue the investment advisory agreement for each Fund and the subadvisory agreements for the 14 Funds that utilize subadvisers.

In connection with their most recent consideration of those agreements for each Fund, the Trustees received and reviewed information provided by Janus Capital and the respective subadvisers in response to requests of the Trustees and their independent legal counsel. They also received and reviewed information and analysis provided by, and in response to requests of, their independent fee consultant. Throughout their consideration of the agreements, the Trustees were advised by their independent legal counsel. The Trustees met with management to consider the agreements, and also met separately in executive session with their independent legal counsel and their independent fee consultant.

Additionally, in connection with their consideration of whether to continue the investment advisory agreement and subadvisory agreement for each Fund, as applicable, the Trustees also received and reviewed information in connection with the transaction to combine the respective businesses of Henderson Group plc and Janus Capital Group, Inc., the parent company of Janus Capital (the "Transaction"), announced in October 2016, which closed in the second quarter of 2017. In this regard, the Trustees reviewed information regarding the impact of the Transaction on the services to be provided by Janus Capital and each subadviser, as applicable, to the Funds under such agreements prior to the close of the Transaction as well as the services provided after the Transaction closed.

At a meeting held on December 7, 2017, based on the Trustees' evaluation of the information provided by Janus Capital, the subadvisers, and the independent fee consultant, as well as other information, the Trustees determined that the overall arrangements between each Fund and Janus Capital and each subadviser, as applicable, were fair and reasonable in light of the nature, extent and quality of the services provided by Janus Capital, its affiliates and the subadvisers, the fees charged for those services, and other matters that the Trustees considered relevant in the exercise of their business judgment. At that meeting, the Trustees unanimously approved the continuation of the investment advisory agreement for each Fund, and the subadvisory agreement for each subadvised Fund, for the period from February 1, 2018 through February 1, 2019, subject to earlier termination as provided for in each agreement.

In considering the continuation of those agreements, the Trustees reviewed and analyzed various factors that they determined were relevant, including the factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Trustees' determination to approve the continuation of the agreements are discussed separately below. Also included is a summary of the independent fee consultant's conclusions and opinions that arose during, and were included as part of, the Trustees' consideration of the agreements. "Management fees," as used herein, reflect actual annual advisory fees and any administration fees (excluding out of pocket costs), net of any waivers.

Nature, Extent and Quality of Services

The Trustees reviewed the nature, extent and quality of the services provided by Janus Capital and the subadvisers to the Funds, taking into account the investment objective, strategies and policies of each Fund, and the knowledge the Trustees gained from their regular meetings with management on at least a quarterly basis and their ongoing review of information related to the Funds. In addition, the Trustees reviewed the resources and key personnel of Janus Capital and each subadviser, particularly noting those employees who provide investment and risk management services to the Funds. The Trustees also considered other services provided to the Funds by Janus Capital or the subadvisers, such as managing the execution of portfolio transactions and the selection of broker-dealers for those transactions. The Trustees considered Janus Capital's role as administrator to the Funds, noting that Janus Capital does not receive a fee for its services but is reimbursed for its out-of-pocket costs. The Trustees considered the role of Janus Capital in monitoring adherence to the Funds' investment restrictions, providing support services for the Trustees and Trustee committees, and overseeing communications with shareholders and the activities of other service providers, including monitoring compliance with various policies and procedures of the Funds and with applicable securities laws and regulations.

In this regard, the independent fee consultant noted that Janus Capital provides a number of different services for the Funds and Fund shareholders, ranging from investment management services to various other servicing functions, and that, in its opinion, Janus Capital is a capable provider of those services. The independent fee consultant also provided its belief that Janus Capital has developed a number of institutional competitive advantages that should enable it to provide superior investment and service performance over the long term.

The Trustees concluded that the nature, extent and quality of the services provided by Janus Capital or the subadviser to each Fund were appropriate and consistent with the terms of the respective advisory and subadvisory agreements, and that, taking into account steps taken to address those Funds whose performance lagged that of their peers for certain periods, the Funds were likely to benefit from the continued provision of those services. They also concluded that Janus Capital and each subadviser had sufficient personnel, with the appropriate education and experience, to serve the Funds effectively and had demonstrated its ability to attract well-qualified personnel.

Performance of the Funds

The Trustees considered the performance results of each Fund over various time periods. They noted that they considered Fund performance data throughout the year, including periodic meetings with each Fund's portfolio manager(s), and also reviewed information comparing each Fund's performance with the performance of comparable funds and peer groups identified by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent data provider, and with the Fund's benchmark index. In this regard, the independent fee consultant found that the overall Funds' performance has been strong: for the 36 months ended September 30, 2017, approximately 70% of the Funds were in the top two quartiles of performance, as reported by Morningstar, and for the 12 months ended September 30, 2017, approximately 46% of the Funds were in the top two quartiles of performance, as reported by Morningstar.

The Trustees considered the performance of each Fund, noting that performance may vary by share class, and noted the following:

<u>Alternative Funds</u>

- For Janus Henderson Diversified Alternatives Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson International Long/Short Equity Fund, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and the Fund's limited performance history.

<u>Asset Allocation Funds</u>

- For Janus Henderson Global Allocation Fund – Conservative, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.

- For Janus Henderson Global Allocation Fund – Growth, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Global Allocation Fund – Moderate, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

Fixed-Income Funds

- For Janus Henderson Flexible Bond Fund, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Bond Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Unconstrained Bond Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson High-Yield Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Multi-Sector Income Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Real Return Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Short-Term Bond Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Strategic Income Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.

Global and International Equity Funds

- For Janus Henderson Asia Equity Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Emerging Markets Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017.

- For Janus Henderson European Focus Fund, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Equity Income Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Global Life Sciences Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Global Real Estate Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Global Research Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, while also noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Global Select Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Global Technology Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Value Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, while also noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital and Perkins had taken or were taking to improve performance.
- For Janus Henderson International Opportunities Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson International Small Cap Fund, the Trustees noted that, due to limited performance for the Fund, performance history was not a material factor.
- For Janus Henderson International Value Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital and Perkins had taken or were taking to improve performance.
- For Janus Henderson Overseas Fund, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, while also noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.

Money Market Funds

- For Janus Henderson Government Money Market Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance.
- For Janus Henderson Money Market Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance.

Multi-Asset Funds

- For Janus Henderson Adaptive Global Allocation Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson All Asset Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Dividend & Income Builder Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Value Plus Income Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.

Multi-Asset U.S. Equity Funds

- For Janus Henderson Balanced Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Contrarian Fund, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, while also noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Enterprise Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Forty Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Growth and Income Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Research Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Triton Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson U.S. Growth Opportunities Fund, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for

the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and the Fund's limited performance history.

- For Janus Henderson Venture Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017.

Quantitative Equity Funds

- For Janus Henderson Emerging Markets Managed Volatility Fund, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital and Intech had taken or were taking to improve performance, and the Fund's limited performance history.
- For Janus Henderson Global Income Managed Volatility Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson International Managed Volatility Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital and Intech had taken or were taking to improve performance.
- For Janus Henderson U.S. Managed Volatility Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017.

U.S. Equity Funds

- For Janus Henderson Large Cap Value Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, while also noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital and Perkins had taken or were taking to improve performance.
- For Janus Henderson Mid Cap Value Fund, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Select Value Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Small Cap Value Fund, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.

Janus Aspen Series

- For Janus Henderson Balanced Portfolio, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Flexible Bond Portfolio, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

- For Janus Henderson Forty Portfolio, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Global Allocation Portfolio – Moderate, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Global Research Portfolio, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, while also noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Technology Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson Global Unconstrained Bond Portfolio, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and the Fund's limited performance history.
- For Janus Henderson Mid Cap Value Portfolio, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the second Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, while also noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, the steps Janus Capital and Perkins had taken or were taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Overseas Portfolio, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2017 and the first Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance, while also noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Research Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2017 and the third Broadridge quartile for the 12 months ended May 31, 2017.
- For Janus Henderson U.S. Low Volatility Portfolio, the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017.

In consideration of each Fund's performance, the Trustees concluded that, taking into account the factors relevant to performance, as well as other considerations, including steps taken to improve performance, the Fund's performance warranted continuation of the Fund's investment advisory and subadvisory agreement(s).

Costs of Services Provided

The Trustees examined information regarding the fees and expenses of each Fund in comparison to similar information for other comparable funds as provided by Broadridge, an independent data provider. They also reviewed an analysis of that information provided by their independent fee consultant and noted that the rate of management (investment advisory and any administration, but excluding out-of-pocket costs) fees for many of the Funds, after applicable waivers, was below the average management fee rate of the respective peer group of funds selected by an independent data provider. The Trustees also examined information regarding the subadvisory fees charged for subadvisory services, as applicable, noting that all such fees were paid by Janus Capital out of its management fees collected from such Fund.

The independent fee consultant provided its belief that the management fees charged by Janus Capital to each of the Funds under the current investment advisory and administration agreements are reasonable in relation to the services provided by Janus Capital. The independent fee consultant found: (1) the total expenses and management fees of the Funds to be reasonable relative to other mutual funds; (2) total expenses, on average, were 10% below the average total expenses of their respective Broadridge Expense Group peers and 18% below the average total expenses for their Broadridge Expense Universes; (3) management fees for the Funds, on average, were 8% below the average management fees for their Expense Groups and 9% below the average for their Expense Universes; and (4) Fund expenses at the functional level for each asset and share class category were reasonable. The Trustees also considered the total expenses for each share class of each Fund compared to the average total expenses for its Broadridge Expense Group peers and to average total expenses for its Broadridge Expense Universe.

The independent fee consultant concluded that, based on its strategic review of expenses at the complex, category and individual fund level, Fund expenses were found to be reasonable relative to both Expense Group and Expense Universe benchmarks. Further, for certain Funds, the independent fee consultant also performed a systematic "focus list" analysis of expenses in the context of the performance or service delivered to each set of investors in each share class in each selected Fund. Based on this analysis, the independent fee consultant found that the combination of service quality/performance and expenses on these individual Funds and share classes were reasonable in light of performance trends, performance histories, and existence of performance fees, breakpoints, and expense waivers on such Funds.

The Trustees considered the methodology used by Janus Capital and each subadviser in determining compensation payable to portfolio managers, the competitive environment for investment management talent, and the competitive market for mutual funds in different distribution channels.

The Trustees also reviewed management fees charged by Janus Capital and each subadviser to comparable separate account clients and to comparable non-affiliated funds subadvised by Janus Capital or by a subadviser (for which Janus Capital or the subadviser provides only or primarily portfolio management services). Although in most instances subadvisory and separate account fee rates for various investment strategies were lower than management fee rates for Funds having a similar strategy, the Trustees considered that Janus Capital noted that, under the terms of the management agreements with the Funds, Janus Capital performs significant additional services for the Funds that it does not provide to those other clients, including administration services, oversight of the Funds' other service providers, trustee support, regulatory compliance and numerous other services, and that, in serving the Funds, Janus Capital assumes many legal risks and other costs that it does not assume in servicing its other clients. Moreover, they noted that the independent fee consultant found that: (1) the management fees Janus Capital charges to the Funds are reasonable in relation to the management fees Janus Capital charges to its institutional clients and to the fees Janus Capital charges to funds subadvised by Janus Capital; (2) these institutional and subadvised accounts have different service and infrastructure needs; (3) Janus mutual fund investors enjoy reasonable fees relative to the fees charged to Janus institutional and subadvised fund investors; (4) in three of seven product categories, the Funds receive proportionally better pricing than the industry in relation to Janus institutional clients; and (5) in seven of eight strategies, Janus Capital has lower management fees than funds subadvised by Janus Capital's portfolio managers.

The Trustees considered the fees for each Fund for its fiscal year ended in 2016, and noted the following with regard to each Fund's total expenses, net of applicable fee waivers (the Fund's "total expenses"):

Alternative Funds

- For Janus Henderson Diversified Alternatives Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson International Long/Short Equity Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective June 5, 2017.

Asset Allocation Funds

- For Janus Henderson Global Allocation Fund – Conservative, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.

- For Janus Henderson Global Allocation Fund – Growth, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Global Allocation Fund – Moderate, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.

Fixed-Income Funds

- For Janus Henderson Flexible Bond Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Global Bond Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Global Unconstrained Bond Fund, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2017 and the bottom Broadridge quartile for the 12 months ended May 31, 2017. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson High-Yield Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Multi-Sector Income Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Real Return Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Short-Term Bond Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to waive 11 basis points of management fees effective February 1, 2018 and also has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Strategic Income Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective June 5, 2017.

Global and International Equity Funds

- For Janus Henderson Asia Equity Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Emerging Markets Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective June 5, 2017.
- For Janus Henderson European Focus Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The

Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective June 5, 2017.

- For Janus Henderson Global Equity Income Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Global Life Sciences Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Global Real Estate Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Global Research Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Global Select Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Global Technology Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Global Value Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson International Opportunities Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective June 5, 2017.
- For Janus Henderson International Small Cap Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective June 5, 2017.
- For Janus Henderson International Value Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Overseas Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.

Money Market Funds

- For Janus Henderson Government Money Market Fund, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes. In addition, the Trustees considered that Janus Capital voluntarily waives one-half of its advisory fee and other expenses in order to maintain a positive yield.
- For Janus Henderson Money Market Fund, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes. In addition, the Trustees considered that Janus Capital voluntarily waives one-half of its advisory fee and other expenses in order to maintain a positive yield.

Multi-Asset Funds

- For Janus Henderson Adaptive Global Allocation Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson All Asset Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees

also noted that Janus Capital has contractually agreed to limit the Fund's total expenses effective June 5, 2017.

- For Janus Henderson Dividend & Income Builder Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective June 5, 2017.
- For Janus Henderson Value Plus Income Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.

Multi-Asset U.S. Equity Funds

- For Janus Henderson Balanced Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Contrarian Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Enterprise Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Forty Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Growth and Income Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Research Fund, the Trustees noted that, although the Fund's total expenses were equal to or exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective February 1, 2017.
- For Janus Henderson Triton Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson U.S. Growth Opportunities Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses effective June 5, 2017.
- For Janus Henderson Venture Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.

Quantitative Equity Funds

- For Janus Henderson Emerging Markets Managed Volatility Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.

- For Janus Henderson Global Income Managed Volatility Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson International Managed Volatility Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson U.S. Managed Volatility Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.

U.S. Equity Funds

- For Janus Henderson Large Cap Value Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Mid Cap Value Fund, the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Select Value Fund, the Trustees noted that the Fund's total expenses were below the peer group averages for all share classes.
- For Janus Henderson Small Cap Value Fund, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.

Janus Aspen Series

- For Janus Henderson Balanced Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Enterprise Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Flexible Bond Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Forty Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable.
- For Janus Henderson Global Allocation Portfolio - Moderate, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Global Research Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Technology Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Unconstrained Bond Portfolio, the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Mid Cap Value Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Overseas Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.

- For Janus Henderson Research Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson U.S. Low Volatility Portfolio, the Trustees noted that the Fund's total expenses were below the peer group average for its sole share class.

The Trustees reviewed information on the overall profitability to Janus Capital and its affiliates of their relationship with the Funds, and considered profitability data of other fund managers. The Trustees also considered the financial information, estimated profitability and corporate structure of Janus Capital's parent company before and after the Transaction. The Trustees recognized that profitability comparisons among fund managers are difficult because of the variation in the type of comparative information that is publicly available, and the profitability of any fund manager is affected by numerous factors, including the organizational structure of the particular fund manager, the types of funds and other accounts it manages, possible other lines of business, the methodology for allocating expenses, and the fund manager's capital structure and cost of capital. The Trustees also noted that the Trustees' independent fee consultant reviewed the overall profitability of Janus Capital's parent company prior to the Transaction, and the independent fee consultant found that, while assessing the reasonableness of Fund expenses in light of such profits was dependent on comparisons with other publicly-traded mutual fund advisers, and that these comparisons were limited in accuracy by differences in complex size, business mix, institutional account orientation and other factors, after accepting these limitations, the level of profit earned by Janus Capital's parent company was reasonable. In this regard, the independent consultant concluded that the profitability of Janus Capital's parent company did not show excess nor did it show any insufficiency that could limit the ability to invest the resources needed to drive strong future investment performance on behalf of the Funds.

Additionally, the Trustees considered the estimated profitability to Janus Capital from the investment management services it provided to each Fund. The Trustees also considered such estimated profitability taking into account the impact of the Transaction on Janus Capital's expense structure on a pro forma basis. In their review, the Trustees considered whether Janus Capital and each subadviser receive adequate incentives and resources to manage the Funds effectively. In reviewing profitability, the Trustees noted that the estimated profitability for an individual Fund is necessarily a product of the allocation methodology utilized by Janus Capital to allocate its expenses as part of the estimated profitability calculation. In this regard, the Trustees noted that the independent fee consultant concluded that (1) the expense allocation methodology utilized by Janus Capital was reasonable and (2) the estimated profitability to Janus Capital from the investment management services it provided to each Fund was reasonable, including after taking into account the impact of the Transaction on Janus Capital's expense structure on a pro forma basis. The Trustees also considered that the estimated profitability for an individual Fund was influenced by a number of factors, including not only the allocation methodology selected, but also the presence of fee waivers and expense caps, and whether the Fund's investment management agreement contained breakpoints or a performance fee component. The Trustees determined, after taking into account these factors, among others, that Janus Capital's estimated profitability with respect to each Fund was not unreasonable in relation to the services provided, and that the variation in the range of such estimated profitability among the Funds was not a material factor in the Board's approval of the reasonableness of any Fund's investment management fees.

The Trustees concluded that the management fees payable by each Fund to Janus Capital and its affiliates, as well as the fees paid by Janus Capital to the subadvisers of subadvised Funds, were reasonable in relation to the nature, extent, and quality of the services provided, taking into account the fees charged by other advisers for managing comparable mutual funds with similar strategies, the fees Janus Capital and the subadvisers charge to other clients, and, as applicable, the impact of fund performance on management fees payable by the Funds. The Trustees also concluded that each Fund's total expenses were reasonable, taking into account the size of the Fund, the quality of services provided by Janus Capital and any subadviser, the investment performance of the Fund, and any expense limitations agreed to or provided by Janus Capital.

Economies of Scale

The Trustees considered information about the potential for Janus Capital to realize economies of scale as the assets of the Funds increase. They noted their independent fee consultant's analysis of economies of scale in prior years. They also noted that, although many Funds pay advisory fees at a base fixed rate as a percentage of net assets, without any breakpoints or performance fees, their independent fee consultant concluded that 86% of these Funds' share classes have contractual management fees (gross of waivers) below their Broadridge expense group averages. They also noted that for those Funds whose expenses are being reduced by the contractual expense limitations of Janus

Capital, Janus Capital is subsidizing certain of these Funds because they have not reached adequate scale. Moreover, as the assets of some of the Funds have declined in the past few years, certain Funds have benefited from having advisory fee rates that have remained constant rather than increasing as assets declined. In addition, performance fee structures have been implemented for various Funds that have caused the effective rate of advisory fees payable by such a Fund to vary depending on the investment performance of the Fund relative to its benchmark index over the measurement period; and a few Funds have fee schedules with breakpoints and reduced fee rates above certain asset levels. The Trustees also noted that the Funds share directly in economies of scale through the lower charges of third-party service providers that are based in part on the combined scale of all of the Funds. Based on all of the information they reviewed, including past research and analysis conducted by the Trustees' independent fee consultant, the Trustees concluded that the current fee structure of each Fund was reasonable and that the current rates of fees do reflect a sharing between Janus Capital and the Fund of any economies of scale that may be present at the current asset level of the Fund.

The independent fee consultant concluded that, given the limitations of various analytical approaches to economies of scale it had considered in prior years, and their conflicting results, it is difficult to analytically confirm or deny the existence of economies of scale in the Janus complex. The independent consultant concluded that (1) to the extent there were economies of scale at Janus Capital, Janus Capital's general strategy of setting fixed management fees below peers appeared to share any such economies with investors even on smaller Funds which have not yet achieved those economies and (2) by setting lower fixed fees from the start on these Funds, Janus Capital appeared to be investing to increase the likelihood that these Funds will grow to a level to achieve any scale economies that may exist. Further, the independent fee consultant provided its belief that Fund investors are well-served by the fee levels and performance fee structures in place on the Funds in light of any economies of scale that may be present at Janus Capital.

Other Benefits to Janus Capital

The Trustees also considered benefits that accrue to Janus Capital and its affiliates and subadvisers to the Funds from their relationships with the Funds. They recognized that two affiliates of Janus Capital separately serve the Funds as transfer agent and distributor, respectively, and the transfer agent receives compensation directly from the non-money market funds for services provided. The Trustees also considered Janus Capital's past and proposed use of commissions paid by the Funds on portfolio brokerage transactions to obtain proprietary and third-party research products and services benefiting the Fund and/or other clients of Janus Capital and/or Janus Capital, and/or a subadviser to a Fund. The Trustees concluded that Janus Capital's and the subadvisers' use of these types of client commission arrangements to obtain proprietary and third-party research products and services was consistent with regulatory requirements and guidelines and was likely to benefit each Fund. The Trustees also concluded that, other than the services provided by Janus Capital and its affiliates and subadvisers pursuant to the agreements and the fees to be paid by each Fund therefor, the Funds and Janus Capital and the subadvisers may potentially benefit from their relationship with each other in other ways. They concluded that Janus Capital and/or the subadvisers benefits from the receipt of research products and services acquired through commissions paid on portfolio transactions of the Funds and that the Funds benefit from Janus Capital's and/or the subadvisers' receipt of those products and services as well as research products and services acquired through commissions paid by other clients of Janus Capital and/or other clients of the subadvisers. They further concluded that the success of any Fund could attract other business to Janus Capital, the subadvisers or other Janus funds, and that the success of Janus Capital and the subadvisers could enhance Janus Capital's and the subadvisers' ability to serve the Funds.

January 2017

The Trustees of Janus Investment Fund and Janus Aspen Series, each of whom serves as an "independent" Trustee (the "Trustees"), oversee the management of each Fund of Janus Investment Fund and each Portfolio of Janus Aspen Series (each, a "Fund" and collectively, the "Funds"), and as required by law, determine annually whether to continue the investment advisory agreement for each Fund and the subadvisory agreements for the 16 Funds that utilize subadvisers.

In connection with their most recent consideration of those agreements for each Fund, the Trustees received and reviewed information provided by Janus Capital and the respective subadvisers in response to requests of the Trustees and their independent legal counsel. They also received and reviewed information and analysis provided by, and in response to requests of, their independent fee consultant. Throughout their consideration of the agreements, the Trustees were advised by their independent legal counsel. The Trustees met with management to consider the agreements, and also met separately in executive session with their independent legal counsel and their independent fee consultant.

Additionally, in connection with their consideration of whether to continue the investment advisory agreement and subadvisory agreement for each Fund, as applicable, the Trustees also received and reviewed information in connection with the proposed transaction to combine the respective businesses of Henderson Group plc and Janus Capital Group, Inc., the parent company of Janus Capital (the "Transaction"), announced in October 2016, which Janus Capital advised the Trustees was expected to close in the second quarter of 2017. In this regard, the Trustees reviewed information regarding the impact of the Transaction on the services to be provided by Janus Capital and each subadviser, as applicable, to the Funds under such agreements both prior to the close of the Transaction, and afterwards, if the Transaction were not to close. If the Transaction closes, all such agreements would be replaced by new investment advisory agreements and subadvisory agreements, as applicable, for each Fund, assuming requisite Fund shareholder approvals have been obtained.

At a meeting held on January 26, 2017, based on the Trustees' evaluation of the information provided by Janus Capital, the subadvisers, and the independent fee consultant, as well as other information, the Trustees determined that the overall arrangements between each Fund and Janus Capital and each subadviser, as applicable, were fair and reasonable in light of the nature, extent and quality of the services provided by Janus Capital, its affiliates and the subadvisers, the fees charged for those services, and other matters that the Trustees considered relevant in the exercise of their business judgment. At that meeting, the Trustees unanimously approved the continuation of the investment advisory agreement for each Fund, and the subadvisory agreement for each subadvised Fund, for the period from February 1, 2017 through February 1, 2018, subject to earlier termination as provided for in each agreement.

In considering the continuation of those agreements, the Trustees reviewed and analyzed various factors that they determined were relevant, including the factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Trustees' determination to approve the continuation of the agreements are discussed separately below. Also included is a summary of the independent fee consultant's conclusions and opinions that arose during, and were included as part of, the Trustees' consideration of the agreements. "Management fees," as used herein, reflect actual annual advisory fees and any administration fees (excluding out of pocket costs), net of any waivers.

Nature, Extent and Quality of Services

The Trustees reviewed the nature, extent and quality of the services provided by Janus Capital and the subadvisers to the Funds, taking into account the investment objective, strategies and policies of each Fund, and the knowledge the Trustees gained from their regular meetings with management on at least a quarterly basis and their ongoing review of information related to the Funds. In addition, the Trustees reviewed the resources and key personnel of Janus Capital and each subadviser, particularly noting those employees who provide investment and risk management services to the Funds. The Trustees also considered other services provided to the Funds by Janus Capital or the subadvisers, such as managing the execution of portfolio transactions and the selection of broker-dealers for those transactions. The Trustees considered Janus Capital's role as administrator to the Funds, noting that Janus Capital does not receive a fee for its services but is reimbursed for its out-of-pocket costs. The Trustees considered the role of Janus Capital in monitoring adherence to the Funds' investment restrictions, providing support services for the Trustees and Trustee committees, and overseeing communications with shareholders and the activities of other service providers, including monitoring compliance with various policies and procedures of the Funds and with applicable securities laws and regulations.

In this regard, the independent fee consultant noted that Janus Capital provides a number of different services for the Funds and Fund shareholders, ranging from investment management services to various other servicing functions, and that, in its opinion, Janus Capital is a capable provider of those services. The independent fee consultant also provided its belief that Janus Capital has developed a number of institutional competitive advantages that should enable it to provide superior investment and service performance over the long term.

The Trustees concluded that the nature, extent and quality of the services provided by Janus Capital or the subadviser to each Fund were appropriate and consistent with the terms of the respective advisory and subadvisory agreements, and that, taking into account steps taken to address those Funds whose performance lagged that of their peers for certain periods, the Funds were likely to benefit from the continued provision of those services. They also concluded that Janus Capital and each subadviser had sufficient personnel, with the appropriate education and experience, to serve the Funds effectively and had demonstrated its ability to attract well-qualified personnel.

Performance of the Funds

The Trustees considered the performance results of each Fund over various time periods. They noted that they considered Fund performance data throughout the year, including periodic meetings with each Fund's portfolio manager(s), and also reviewed information comparing each Fund's performance with the performance of comparable funds and peer groups identified by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent data provider, and with the Fund's benchmark index. In this regard, the independent fee consultant found that the overall Funds' performance has been strong: for the 36 months ended September 30, 2016, approximately 76% of the Funds were in the top two Broadridge quartiles of performance, and for the 12 months ended September 30, 2016, approximately 47% of the Funds were in the top two Broadridge quartiles of performance.

The Trustees considered the performance of each Fund, noting that performance may vary by share class, and noted the following:

Fixed-Income Funds and Money Market Funds

- For Janus Henderson Flexible Bond Fund (formerly, Janus Flexible Bond Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the third Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Global Bond Fund (formerly, Janus Global Bond Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the third Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Global Unconstrained Bond Fund (formerly, Janus Global Unconstrained Bond Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson High-Yield Fund (formerly, Janus High-Yield Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the second Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Multi-Sector Income Fund (formerly, Janus Multi-Sector Income Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Real Return Fund (formerly, Janus Real Return Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Short-Term Bond Fund (formerly, Janus Short-Term Bond Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the third Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Government Money Market Fund (formerly, Janus Government Money Market Fund), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the third Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance.
- For Janus Henderson Money Market Fund (formerly, Janus Money Market Fund), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance.

Asset Allocation Funds

- For Janus Henderson Global Allocation Fund – Conservative (formerly, Janus Global Allocation Fund – Conservative), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016.

- For Janus Henderson Global Allocation Fund – Growth (formerly, Janus Global Allocation Fund – Growth), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Allocation Fund – Moderate (formerly, Janus Global Allocation Fund – Moderate), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

Alternative Fund

- For Janus Henderson Diversified Alternatives Fund (formerly, Janus Diversified Alternatives Fund), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the third Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

Value Funds

- For Janus Henderson International Value Fund (formerly, Perkins International Value Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Global Value Fund (formerly, Perkins Global Value Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Large Cap Value Fund (formerly, Perkins Large Cap Value Fund), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, the steps Janus Capital and Perkins had taken or were taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Mid Cap Value Fund (formerly, Perkins Mid Cap Value Fund), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, the steps Janus Capital and Perkins had taken or were taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Select Value Fund (formerly, Perkins Select Value Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Small Cap Value Fund (formerly, Perkins Small Cap Value Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Value Plus Income Fund (formerly, Perkins Value Plus Income Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the second Broadridge quartile for the 12 months ended May 31, 2016.

Mathematical Funds

- For Janus Henderson Emerging Markets Managed Volatility Fund (formerly, INTECH Emerging Markets Managed Volatility Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 12 months ended May 31, 2016.

- For Janus Henderson Global Income Managed Volatility Fund (formerly, INTECH Global Income Managed Volatility Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson International Managed Volatility Fund (formerly, INTECH International Managed Volatility Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson U.S. Managed Volatility Fund (formerly, INTECH U.S. Managed Volatility Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.

Growth and Core Funds

- For Janus Henderson Balanced Fund (formerly, Janus Balanced Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the third Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Contrarian Fund (formerly, Janus Contrarian Fund), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Enterprise Fund (formerly, Janus Enterprise Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Forty Fund (formerly, Janus Forty Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Growth and Income Fund (formerly, Janus Growth and Income Fund), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and in the second Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Research Fund (formerly, Janus Research Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the second Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Triton Fund (formerly, Janus Triton Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Venture Fund (formerly, Janus Venture Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the second Broadridge quartile for the 12 months ended May 31, 2016.

Global and International Funds

- For Janus Henderson Adaptive Global Allocation Fund (formerly, Janus Adaptive Global Allocation Fund), the Trustees noted that, due to limited performance for the Fund, performance history was not a material factor.
- For Janus Henderson Asia Equity Fund (formerly, Janus Asia Equity Fund), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital had taken or was taking to improve performance.

- For Janus Henderson Global Life Sciences Fund (formerly, Janus Global Life Sciences Fund), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Global Real Estate Fund (formerly, Janus Global Real Estate Fund), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Research Fund (formerly, Janus Global Research Fund), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Select Fund (formerly, Janus Global Select Fund), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Technology Fund (formerly, Janus Global Technology Fund), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, the steps Janus Capital had taken or was taking to improve performance, and that the performance trend was improving.
- For Janus Henderson Overseas Fund (formerly, Janus Overseas Fund), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital had taken or was taking to improve performance.

Janus Aspen Series

- For Janus Henderson Balanced Portfolio (formerly, Janus Aspen Balanced Portfolio), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the third Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Enterprise Portfolio (formerly, Janus Aspen Enterprise Portfolio), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Flexible Bond Portfolio (formerly, Janus Aspen Flexible Bond Portfolio), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Forty Portfolio (formerly, Janus Aspen Forty Portfolio), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Global Allocation Portfolio – Moderate (formerly, Janus Aspen Global Allocation Portfolio – Moderate), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.

- For Janus Henderson Global Research Portfolio (formerly, Janus Aspen Global Research Portfolio), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital had taken or was taking to improve performance
- For Janus Henderson Global Technology Portfolio (formerly, Janus Aspen Global Technology Portfolio), the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2016 and the second Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Global Unconstrained Bond Portfolio (formerly, Janus Aspen Global Unconstrained Bond Portfolio), the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson U.S. Low Volatility Portfolio (formerly, Janus Aspen INTECH U.S. Low Volatility Portfolio), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Research Portfolio (formerly, Janus Aspen Janus Portfolio), the Trustees noted that the Fund's performance was in the first Broadridge quartile for the 36 months ended May 31, 2016 and the second Broadridge quartile for the 12 months ended May 31, 2016.
- For Janus Henderson Overseas Portfolio (formerly, Janus Aspen Overseas Portfolio), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the bottom Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, and the steps Janus Capital had taken or was taking to improve performance.
- For Janus Henderson Mid Cap Value Portfolio (formerly, Janus Aspen Perkins Mid Cap Value Portfolio), the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2016 and the first Broadridge quartile for the 12 months ended May 31, 2016. The Trustees noted the reasons for the Fund's underperformance, noting that the Fund has a performance fee structure that results in lower management fees during periods of underperformance, the steps Janus Capital and Perkins had taken or were taking to improve performance, and that the performance trend was improving.

In consideration of each Fund's performance, the Trustees concluded that, taking into account the factors relevant to performance, as well as other considerations, including steps taken to improve performance, the Fund's performance warranted continuation of the Fund's investment advisory and subadvisory agreement(s).

Costs of Services Provided

The Trustees examined information regarding the fees and expenses of each Fund in comparison to similar information for other comparable funds as provided by Broadridge, an independent data provider. They also reviewed an analysis of that information provided by their independent fee consultant and noted that the rate of management (investment advisory and any administration, but excluding out-of-pocket costs) fees for many of the Funds, after applicable waivers, was below the average management fee rate of the respective peer group of funds selected by an independent data provider. The Trustees also examined information regarding the subadvisory fees charged for subadvisory services, as applicable, noting that all such fees were paid by Janus Capital out of its management fees collected from such Fund.

The independent fee consultant provided its belief that the management fees charged by Janus Capital to each of the Funds under the current investment advisory and administration agreements are reasonable in relation to the services provided by Janus Capital. The independent fee consultant found: (1) the total expenses and management fees of the Funds to be reasonable relative to other mutual funds; (2) total expenses, on average, were 12% below the average total expenses of their respective Broadridge Expense Group peers and 20% below the average total expenses for their Broadridge Expense Universes; (3) management fees for the Funds, on average, were 11% below the average management fees for their Expense Groups and 13% below the average for their Expense Universes; and (4) Fund expenses at the functional level for each asset and share class category were reasonable. The Trustees also considered the total expenses for each share class of each Fund compared to the average total expenses for its Broadridge Expense Group peers and to average total expenses for its Broadridge Expense Universe.

The independent fee consultant concluded that, based on its strategic review of expenses at the complex, category and individual fund level, Fund expenses were found to be reasonable relative to both Expense Group and Expense Universe benchmarks. Further, for certain Funds, the independent fee consultant also performed a systematic "focus list" analysis of expenses in the context of the performance or service delivered to each set of investors in each share class in each selected Fund. Based on this analysis, the independent fee consultant found that the combination of service quality/performance and expenses on these individual Funds and share classes were reasonable in light of performance trends, performance histories, and existence of performance fees, breakpoints, and expense waivers on such Funds.

The Trustees considered the methodology used by Janus Capital and each subadviser in determining compensation payable to portfolio managers, the competitive environment for investment management talent, and the competitive market for mutual funds in different distribution channels.

The Trustees also reviewed management fees charged by Janus Capital and each subadviser to comparable separate account clients and to comparable non-affiliated funds subadvised by Janus Capital or by a subadviser (for which Janus Capital or the subadviser provides only or primarily portfolio management services). Although in most instances subadvisory and separate account fee rates for various investment strategies were lower than management fee rates for Funds having a similar strategy, the Trustees considered that Janus Capital noted that, under the terms of the management agreements with the Funds, Janus Capital performs significant additional services for the Funds that it does not provide to those other clients, including administration services, oversight of the Funds' other service providers, trustee support, regulatory compliance and numerous other services, and that, in serving the Funds, Janus Capital assumes many legal risks and other costs that it does not assume in servicing its other clients. Moreover, they noted that the independent fee consultant found that: (1) the management fees Janus Capital charges to the Funds are reasonable in relation to the management fees Janus Capital charges to its institutional and subadvised accounts; (2) these institutional and subadvised accounts have different service and infrastructure needs; (3) Janus mutual fund investors enjoy reasonable fees relative to the fees charged to Janus institutional and subadvised fund investors; and (4) in the majority of cases, the Funds receive proportionally better pricing than the industry in relation to Janus institutional and subadvised accounts.

The Trustees considered the fees for each Fund for its fiscal year ended in 2015, and noted the following with regard to each Fund's total expenses, net of applicable fee waivers (the Fund's "total expenses"):

<u>Fixed-Income Funds and Money Market Funds</u>

- For Janus Henderson Flexible Bond Fund (formerly, Janus Flexible Bond Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Global Bond Fund (formerly, Janus Global Bond Fund), the Trustees noted that although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Global Unconstrained Bond Fund (formerly, Janus Global Unconstrained Bond Fund), the Trustees noted that although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson High-Yield Fund (formerly, Janus High-Yield Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the

Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.

- For Janus Henderson Multi-Sector Income Fund (formerly, Janus Multi-Sector Income Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Real Return Fund (formerly, Janus Real Return Fund), the Trustees noted that, although the Fund's total expenses were equal to or exceeded the peer group average for all share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Short-Term Bond Fund (formerly, Janus Short-Term Bond Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Government Money Market Fund (formerly, Janus Government Money Market Fund), the Trustees noted that the Fund's total expenses exceeded the peer group average for both share classes. The Trustees considered that management fees for this Fund are higher than the peer group average due to the Fund's management fee including other costs, such as custody and transfer agent services, while many funds in the peer group pay these expenses separately from their management fee. In addition, the Trustees considered that Janus Capital voluntarily waives one-half of its advisory fee and other expenses in order to maintain a positive yield.
- For Janus Henderson Money Market Fund (formerly, Janus Money Market Fund), the Trustees noted that the Fund's total expenses were below the peer group average for both share classes. In addition, the Trustees considered that Janus Capital voluntarily waives one- half of its advisory fee and other expenses in order to maintain a positive yield.

Asset Allocation Funds

- For Janus Henderson Global Allocation Fund – Conservative (formerly, Janus Global Allocation Fund – Conservative), the Trustees noted that, although the Fund's total expenses exceeded the peer group median for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Global Allocation Fund – Growth (formerly, Janus Global Allocation Fund – Growth), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Global Allocation Fund – Moderate (formerly, Janus Global Allocation Fund – Moderate), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.

Alternative Fund

- For Janus Henderson Diversified Alternatives Fund (formerly, Janus Diversified Alternatives Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.

Value Funds

- For Janus Henderson International Value Fund (formerly, Perkins International Value Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.

- For Janus Henderson Global Value Fund (formerly, Perkins Global Value Fund), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Large Cap Value Fund (formerly, Perkins Large Cap Value Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Mid Cap Value Fund (formerly, Perkins Mid Cap Value Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Select Value Fund (formerly, Perkins Select Value Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Small Cap Value Fund (formerly, Perkins Small Cap Value Fund), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Value Plus Income Fund (formerly, Perkins Value Plus Income Fund), the Trustees noted that although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.

Mathematical Funds

- For Janus Henderson Emerging Markets Managed Volatility Fund (formerly, INTECH Emerging Markets Managed Volatility Fund), the Trustees noted that although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Global Income Managed Volatility Fund (formerly, INTECH Global Income Managed Volatility Fund), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson International Managed Volatility Fund (formerly, INTECH International Managed Volatility Fund), the Trustees noted that although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson U.S. Managed Volatility Fund (formerly, INTECH U.S. Managed Volatility Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.

Growth and Core Funds

- For Janus Henderson Balanced Fund (formerly, Janus Balanced Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Contrarian Fund (formerly, Janus Contrarian Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the

Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.

- For Janus Henderson Enterprise Fund (formerly, Janus Enterprise Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Forty Fund (formerly, Janus Forty Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Growth and Income Fund (formerly, Janus Growth and Income Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Research Fund (formerly, Janus Research Fund), the Trustees noted that although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable.
- For Janus Henderson Triton Fund (formerly, Janus Triton Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Venture Fund (formerly, Janus Venture Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.

Global and International Funds

- For Janus Henderson Adaptive Global Allocation Fund (formerly, Janus Adaptive Global Allocation Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group median for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Asia Equity Fund (formerly, Janus Asia Equity Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for one share class, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Global Life Sciences Fund (formerly, Janus Global Life Sciences Fund), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Global Real Estate Fund (formerly, Janus Global Real Estate Fund), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for certain share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses, although this limit did not apply because the Fund's total expenses were already below the applicable fee limit.
- For Janus Henderson Global Research Fund (formerly, Janus Global Research Fund), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.

- For Janus Henderson Global Select Fund (formerly, Janus Global Select Fund), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Global Technology Fund (formerly, Janus Global Technology Fund), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.
- For Janus Henderson Overseas Fund (formerly, Janus Overseas Fund), the Trustees noted that the Fund's total expenses were below the peer group average for all share classes.

Janus Aspen Series

- For Janus Henderson Balanced Portfolio (formerly, Janus Aspen Balanced Portfolio), the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Enterprise Portfolio (formerly, Janus Aspen Enterprise Portfolio), the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Flexible Bond Portfolio (formerly, Janus Aspen Flexible Bond Portfolio), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for both share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Forty Portfolio (formerly, Janus Aspen Forty Portfolio), the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Allocation Portfolio – Moderate (formerly, Janus Aspen Global Allocation Portfolio – Moderate), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for both share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson Global Research Portfolio (formerly, Janus Aspen Global Research Portfolio), the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Technology Portfolio (formerly, Janus Aspen Global Technology Portfolio), the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Global Unconstrained Bond Portfolio (formerly, Janus Aspen Global Unconstrained Bond Portfolio), the Trustees noted that, although the Fund's total expenses exceeded the peer group average for both share classes, overall the Fund's total expenses were reasonable. The Trustees also noted that Janus Capital has contractually agreed to limit the Fund's expenses.
- For Janus Henderson U.S. Low Volatility Portfolio (formerly, Janus Aspen INTECH U.S. Low Volatility Portfolio), the Trustees noted that the Fund's total expenses were below the peer group average for its sole share class.
- For Janus Henderson Research Portfolio (formerly, Janus Aspen Janus Portfolio), the Trustees noted that the Fund's total expenses were below the peer group mean for both share classes.
- For Janus Henderson Overseas Portfolio (formerly, Janus Aspen Overseas Portfolio), the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.
- For Janus Henderson Mid Cap Value Portfolio (formerly, Janus Aspen Perkins Mid Cap Value Portfolio), the Trustees noted that the Fund's total expenses were below the peer group average for both share classes.

The Trustees reviewed information on the profitability to Janus Capital and its affiliates of their relationships with each Fund, as well as an explanation of the methodology utilized by Janus Capital when allocating various expenses of Janus Capital and its affiliates with respect to contractual relationships with the Funds and other clients. The Trustees also reviewed the financial statements and corporate structure of Janus Capital's parent company. In their review, the Trustees considered whether Janus Capital and each subadviser receive adequate incentives and resources to manage the Funds effectively. The Trustees recognized that profitability comparisons among fund managers are difficult because very little comparative information is publicly available, and the profitability of any fund manager is affected by numerous factors, including the organizational structure of the particular fund manager, the types of funds and other accounts it manages, possible other lines of business, the methodology for allocating expenses, and the fund manager's capital structure and cost of capital. However, taking into account those factors and the analysis provided by the Trustees' independent fee consultant, and based on the information available, the Trustees concluded that Janus Capital's profitability with respect to each Fund in relation to the services rendered was reasonable.

The independent fee consultant found that, while assessing the reasonableness of expenses in light of Janus Capital's profits is dependent on comparisons with other publicly-traded mutual fund advisers, and that these comparisons are limited in accuracy by differences in complex size, business mix, institutional account orientation, and other factors, after accepting these limitations, the level of profit earned by Janus Capital from managing the Funds is reasonable.

The Trustees concluded that the management fees payable by each Fund to Janus Capital and its affiliates, as well as the fees paid by Janus Capital to the subadvisers of subadvised Funds, were reasonable in relation to the nature, extent, and quality of the services provided, taking into account the fees charged by other advisers for managing comparable mutual funds with similar strategies, the fees Janus Capital and the subadvisers charge to other clients, and, as applicable, the impact of fund performance on management fees payable by the Funds. The Trustees also concluded that each Fund's total expenses were reasonable, taking into account the size of the Fund, the quality of services provided by Janus Capital and any subadviser, the investment performance of the Fund, and any expense limitations agreed to or provided by Janus Capital.

Economies of Scale
The Trustees considered information about the potential for Janus Capital to realize economies of scale as the assets of the Funds increase. They noted their independent fee consultant's analysis of economies of scale in prior years. They also noted that, although many Funds pay advisory fees at a base fixed rate as a percentage of net assets, without any breakpoints, their independent fee consultant concluded that 91% of these Funds have contractual management fees (gross of waivers) below their Broadridge expense group averages and, overall, 83% of the Funds are below their respective expense group averages for contractual management fees. They also noted that for those Funds whose expenses are being reduced by the contractual expense limitations of Janus Capital, Janus Capital is subsidizing the Funds because they have not reached adequate scale. Moreover, as the assets of some of the Funds have declined in the past few years, certain Funds have benefited from having advisory fee rates that have remained constant rather than increasing as assets declined. In addition, performance fee structures have been implemented for various Funds that have caused the effective rate of advisory fees payable by such a Fund to vary depending on the investment performance of the Fund relative to its benchmark index over the measurement period; and a few Funds have fee schedules with breakpoints and reduced fee rates above certain asset levels. The Trustees also noted that the Funds share directly in economies of scale through the lower charges of third-party service providers that are based in part on the combined scale of all of the Funds. Based on all of the information they reviewed, including past research and analysis conducted by the Trustees' independent fee consultant, the Trustees concluded that the current fee structure of each Fund was reasonable and that the current rates of fees do reflect a sharing between Janus Capital and the Fund of any economies of scale that may be present at the current asset level of the Fund.

The independent fee consultant concluded that, given the limitations of various analytical approaches to economies of scale considered in prior years, and their conflicting results, its analyses could not confirm or deny the existence of economies of scale in the Janus complex. Further, the independent fee consultant provided its belief that Fund investors are well-served by the fee levels and performance fee structures in place on the Funds in light of any economies of scale that may be present at Janus Capital.

Other Benefits to Janus Capital
The Trustees also considered benefits that accrue to Janus Capital and its affiliates and subadvisers to the Funds from their relationships with the Funds. They recognized that two affiliates of Janus Capital separately serve the Funds as transfer agent and distributor, respectively, and the transfer agent receives compensation directly from the non-money market funds for services provided. The Trustees also considered Janus Capital's past and proposed use of commissions paid by the Funds on portfolio brokerage transactions to obtain proprietary and third-party research products and services benefiting the Fund and/or other clients of Janus Capital and/or Janus Capital, and/or a subadviser to a Fund. The Trustees concluded that Janus Capital's and the subadvisers' use of these types of client commission arrangements to obtain proprietary and third-party research products and services was consistent with regulatory requirements and guidelines and was likely to benefit each Fund. The Trustees also concluded that, other than the services provided by Janus Capital and its affiliates and subadvisers pursuant to the agreements and the fees to be paid by each Fund therefor, the Funds and Janus Capital and the subadvisers may potentially benefit from their relationship with each other in other ways. They concluded that Janus Capital and/or the subadvisers benefits from the

receipt of research products and services acquired through commissions paid on portfolio transactions of the Funds and that the Funds benefit from Janus Capital's and/or the subadvisers' receipt of those products and services as well as research products and services acquired through commissions paid by other clients of Janus Capital and/or other clients of the subadvisers. They further concluded that the success of any Fund could attract other business to Janus Capital, the subadvisers or other Janus funds, and that the success of Janus Capital and the subadvisers could enhance Janus Capital's and the subadvisers' ability to serve the Funds.

Useful Information About Your Portfolio Report (unaudited)

Management Commentary

The Management Commentary in this report includes valuable insight as well as statistical information to help you understand how your Portfolio's performance and characteristics stack up against those of comparable indices.

If the Portfolio invests in foreign securities, this report may include information about country exposure. Country exposure is based primarily on the country of risk. A company may be allocated to a country based on other factors such as location of the company's principal office, the location of the principal trading market for the company's securities, or the country where a majority of the company's revenues are derived.

Please keep in mind that the opinions expressed in the Management Commentary are just that: opinions. They are a reflection based on best judgment at the time this report was compiled, which was June 30, 2018. As the investing environment changes, so could opinions. These views are unique and are not necessarily shared by fellow employees or by Janus Henderson in general.

Performance Overviews

Performance overview graphs compare the performance of a hypothetical $10,000 investment in the Portfolio with one or more widely used market indices. When comparing the performance of the Portfolio with an index, keep in mind that market indices are not available for investment and do not reflect deduction of expenses.

Average annual total returns are quoted for a Portfolio with more than one year of performance history. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period. Average annual total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Cumulative total returns are quoted for a Portfolio with less than one year of performance history. Cumulative total return is the growth or decline in value of an investment over time, independent of the period of time involved. Cumulative total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Pursuant to federal securities rules, expense ratios shown in the performance chart reflect subsidized (if applicable) and unsubsidized ratios. The total annual fund operating expenses ratio is gross of any fee waivers, reflecting the Portfolio's unsubsidized expense ratio. The net annual fund operating expenses ratio (if applicable) includes contractual waivers of Janus Capital and reflects the Portfolio's subsidized expense ratio. Ratios may be higher or lower than those shown in the "Financial Highlights" in this report.

Schedule of Investments

Following the performance overview section is the Portfolio's Schedule of Investments. This schedule reports the types of securities held in the Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. Government obligations, etc.) and by industry classification (banking, communications, insurance, etc.). Holdings are subject to change without notice.

The value of each security is quoted as of the last day of the reporting period. The value of securities denominated in foreign currencies is converted into U.S. dollars.

If the Portfolio invests in foreign securities, it will also provide a summary of investments by country. This summary reports the Portfolio exposure to different countries by providing the percentage of securities invested in each country. The country of each security represents the country of risk. The Portfolio's Schedule of Investments relies upon the industry group and country classifications published by Barclays and/or MSCI Inc.

Tables listing details of individual forward currency contracts, futures, written options, swaptions, and swaps follow the Portfolio's Schedule of Investments (if applicable).

Statement of Assets and Liabilities

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolio on the last day of the reporting period.

Janus Henderson VIT Forty Portfolio
Useful Information About Your Portfolio Report (unaudited)

The Portfolio's assets are calculated by adding the value of the securities owned, the receivable for securities sold but not yet settled, the receivable for dividends declared but not yet received on securities owned, and the receivable for Portfolio shares sold to investors but not yet settled. The Portfolio's liabilities include payables for securities purchased but not yet settled, Portfolio shares redeemed but not yet paid, and expenses owed but not yet paid. Additionally, there may be other assets and liabilities such as unrealized gain or loss on forward currency contracts.

The section entitled "Net Assets Consist of" breaks down the components of the Portfolio's net assets. Because the Portfolio must distribute substantially all earnings, you will notice that a significant portion of net assets is shareholder capital.

The last section of this statement reports the net asset value ("NAV") per share on the last day of the reporting period. The NAV is calculated by dividing the Portfolio's net assets for each share class (assets minus liabilities) by the number of shares outstanding.

Statement of Operations

This statement details the Portfolio's income, expenses, realized gains and losses on securities and currency transactions, and changes in unrealized appreciation or depreciation of Portfolio holdings.

The first section in this statement, entitled "Investment Income," reports the dividends earned from securities and interest earned from interest-bearing securities in the Portfolio.

The next section reports the expenses incurred by the Portfolio, including the advisory fee paid to the investment adviser, transfer agent fees and expenses, and printing and postage for mailing statements, financial reports and prospectuses. Expense offsets and expense reimbursements, if any, are also shown.

The last section lists the amounts of realized gains or losses from investment and foreign currency transactions, and changes in unrealized appreciation or depreciation of investments and foreign currency-denominated assets and liabilities. The Portfolio will realize a gain (or loss) when it sells its position in a particular security. A change in unrealized gain (or loss) refers to the change in net appreciation or depreciation of the Portfolio during the reporting period. "Net Realized and Unrealized Gain/(Loss) on Investments" is affected both by changes in the market value of Portfolio holdings and by gains (or losses) realized during the reporting period.

Statements of Changes in Net Assets

These statements report the increase or decrease in the Portfolio's net assets during the reporting period. Changes in the Portfolio's net assets are attributable to investment operations, dividends and distributions to investors, and capital share transactions. This is important to investors because it shows exactly what caused the Portfolio's net asset size to change during the period.

The first section summarizes the information from the Statement of Operations regarding changes in net assets due to the Portfolio's investment operations. The Portfolio's net assets may also change as a result of dividend and capital gains distributions to investors. If investors receive their dividends and/or distributions in cash, money is taken out of the Portfolio to pay the dividend and/or distribution. If investors reinvest their dividends and/or distributions, the Portfolio's net assets will not be affected. If you compare the Portfolio's "Net Decrease from Dividends and Distributions" to "Reinvested Dividends and Distributions," you will notice that dividends and distributions have little effect on the Portfolio's net assets. This is because the majority of the Portfolio's investors reinvest their dividends and/or distributions.

The reinvestment of dividends and distributions is included under "Capital Share Transactions." "Capital Shares" refers to the money investors contribute to the Portfolio through purchases or withdrawals via redemptions. The Portfolio's net assets will increase and decrease in value as investors purchase and redeem shares from the Portfolio.

Financial Highlights

This schedule provides a per-share breakdown of the components that affect the Portfolio's NAV for current and past reporting periods as well as total return, asset size, ratios, and portfolio turnover rate.

The first line in the table reflects the NAV per share at the beginning of the reporting period. The next line reports the net investment income/(loss) per share. Following is the per share total of net gains/(losses), realized and unrealized. Per share dividends and distributions to investors are then subtracted to arrive at the NAV per share at the end of the period. The next line reflects the total return for the period. Also included are ratios of expenses and net investment income to average net assets.

The Portfolio's expenses may be reduced through expense offsets and expense reimbursements. The ratios shown reflect expenses before and after any such offsets and reimbursements.

The ratio of net investment income/(loss) summarizes the income earned less expenses, divided by the average net assets of the Portfolio during the reporting period. Do not confuse this ratio with the Portfolio's yield. The net investment income ratio is not a true measure of the Portfolio's yield because it does not take into account the dividends distributed to the Portfolio's investors.

The next figure is the portfolio turnover rate, which measures the buying and selling activity in the Portfolio. Portfolio turnover is affected by market conditions, changes in the asset size of the Portfolio, fluctuating volume of shareholder purchase and redemption orders, the nature of the Portfolio's investments, and the investment style and/or outlook of the portfolio manager(s) and/or investment personnel. A 100% rate implies that an amount equal to the value of the entire portfolio was replaced once during the fiscal year; a 50% rate means that an amount equal to the value of half the portfolio is traded in a year; and a 200% rate means that an amount equal to the value of the entire portfolio is traded every six months.

Janus Henderson VIT Forty Portfolio
Notes

Knowledge. Shared

At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. We call this ethos Knowledge. Shared.

Learn more by visiting janushenderson.com.

Janus Henderson
INVESTORS

This report is submitted for the general information of shareholders of the Portfolio. It is not an offer or solicitation for the Portfolio and is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

Portfolios distributed by Janus Henderson Distributors

109-24-81115 08-18

PIMCO

PIMCO Variable Insurance Trust

Semiannual Report

June 30, 2018

PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

2018

A company of Allianz

(THIS PAGE INTENTIONALLY LEFT BLANK)

Table of Contents

* Effective July 30, 2018 the Fund's name was changed from PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged) to PIMCO International Bond Portfolio (U.S. Dollar-Hedged).

Dear PIMCO Variable Insurance Trust Shareholder,

Following is the PIMCO Variable Insurance Trust Semiannual Report, which covers the six-month reporting period ended June 30, 2018. On the subsequent pages you will find specific details regarding investment results and a discussion of factors that most affected performance over the reporting period.

For the six-month reporting period ended June 30, 2018

The U.S. economy continued to expand during the reporting period. Looking back, U.S. gross domestic product (GDP) expanded at a revised annual pace of 2.3% and 2.2% during the fourth quarter of 2017 and first quarter of 2018, respectively. The Commerce Department's initial reading — released after the reporting period had ended — showed that second-quarter 2018 GDP grew at an annual pace of 4.1%.

The Federal Reserve (Fed) continued to normalize monetary policy during the reporting period. After raising interest rates three times in 2017, the Fed again raised rates at its March 2018 meeting, pushing the federal funds rate to a range between 1.50% and 1.75%. Finally, at its meeting that concluded on June 13, 2018, the Fed raised rates to a range between 1.75% and 2.00%.

Economic activity outside the U.S. moderated somewhat during the reporting period. Against this backdrop, the European Central Bank (ECB), the Bank of Japan and the Bank of England largely maintained their highly accommodative monetary policies. Other central banks took a more hawkish stance, including the Bank of Canada, as it raised rates in January 2018. Meanwhile, in June 2018, the ECB indicated that it plans to end its quantitative easing program by the end of the year, but it did not expect to raise interest rates "at least through the summer of 2019."

The U.S. Treasury yield curve flattened during the reporting period, as short-term rates moved up more than their longer-term counterparts. The increase in rates at the short end of the yield curve was mostly due to Fed interest rate hikes. The yield on the benchmark 10-year U.S. Treasury note was 2.85% at the end of the reporting period, up from 2.40% on December 31, 2017. U.S. Treasuries, as measured by the Bloomberg Barclays U.S. Treasury Index, returned -1.08% over the six months ended June 30, 2018. Meanwhile the Bloomberg Barclays U.S. Aggregate Bond Index, a widely used index of U.S. investment grade bonds, returned -1.62% over the period. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, generated mixed results versus the broad U.S. market. The ICE BofAML U.S. High Yield Index gained 0.08% over the reporting period, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global, returned -5.23% over the reporting period. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned -6.44% over the period.

Global equities generated mixed results during the reporting period. The U.S. market rallied sharply during the first month of the period. Supporting the market were improving global growth, overall solid corporate profits and the passage of a tax reform bill late in 2017. Those gains were then erased in February and March 2018. This was partially driven by fears that the Fed may take a more aggressive approach in terms of raising interest rates. In addition, there were concerns over a possible trade war. However, U.S. equities moved modestly higher over the last three months of the period. All told, U.S. equities, as represented by the S&P 500 Index, returned 2.65% during the reporting period. Emerging market equities, as measured by the MSCI Emerging Markets Index, returned -6.66% over the period, whereas global equities, as represented by the MSCI World Index, gained 0.43%. Elsewhere, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned -1.05% over the reporting period and European equities, as represented by the MSCI Europe Index (in EUR), returned -0.48%.

Commodity prices fluctuated and produced mixed results during the six months ended June 30, 2018. When the reporting period began, crude oil was approximately $60 a barrel. By the end of the period it was roughly $74 a barrel. This ascent was driven in part by planned and observed production cuts by OPEC and the collapse in

Venezuelan oil production, as well as global growth maintaining demand. Elsewhere, gold and copper prices moved lower over the reporting period.

Finally, during the reporting period, there were periods of volatility in the foreign exchange markets, due in part to signs of improving global growth, decoupling central bank policies, and a number of geopolitical events. All told, the U.S. dollar returned 2.73%, 2.26% and -1.71% versus the euro, British pound and Japanese yen, respectively, during the six months ended June 30, 2018.

Thank you for the assets you have placed with us. We deeply value your trust, and will continue to work diligently to meet your broad investment needs.

Sincerely,

Brent R. Harris
Chairman of the Board
PIMCO Variable Insurance Trust

August 22, 2018

Past performance is no guarantee of future results. Unless otherwise noted, index returns reflect the reinvestment of income distributions and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in an unmanaged index.

Important Information About the PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

PIMCO Variable Insurance Trust (the "Trust") is an open-end management investment company that includes the PIMCO International Bond Portfolio (U.S. Dollar-Hedged) (the "Portfolio"). The Portfolio is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies ("Variable Contracts"). Individuals may not purchase shares of the Portfolio directly. Shares of the Portfolio also may be sold to qualified pension and retirement plans outside of the separate account context.

We believe that bond funds have an important role to play in a well-diversified investment portfolio. It is important to note, however, that in an environment where interest rates may trend upward, rising rates would negatively impact the performance of most bond funds, and fixed income securities and other instruments held by the Portfolio are likely to decrease in value. A wide variety of factors can cause interest rates to rise (e.g., central bank monetary policies, inflation rates, general economic conditions, etc.). In addition, changes in interest rates can be sudden and unpredictable, and there is no guarantee that management will anticipate such movement accurately. The Portfolio may lose money as a result of movements in interest rates.

As of the date of this report, interest rates in the U.S. and many parts of the world, including certain European countries, are at or near historically low levels. As such, bond funds may currently face an increased exposure to the risks associated with a rising interest rate environment. This is especially true as the Fed ended its quantitative easing program in October 2014 and has begun, and may continue, to raise interest rates. To the extent the Fed continues to raise interest rates, there is a risk that rates across the financial system may rise. Further, while bond markets have steadily grown over the past three decades, dealer inventories of corporate bonds are near historic lows in relation to market size. As a result, there has been a significant reduction in the ability of dealers to "make markets."

Bond funds and individual bonds with a longer duration (a measure used to determine the sensitivity of a security's price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets or negatively impact the Portfolio's performance or cause the Portfolio to incur losses. As a result, the Portfolio may experience increased shareholder redemptions which, among other things, could further reduce the net assets of the Portfolio.

The Portfolio may be subject to various risks as described in the Portfolio's prospectus and in the Principal Risks in the Notes to Financial Statements.

The geographical classification of foreign (non-U.S.) securities in this report are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure. The United States presidential administration's enforcement of tariffs on goods from other countries, with a focus on China, has contributed to international trade tensions and may impact portfolio securities.

On the Portfolio Summary page in this Shareholder Report, the Average Annual Total Return table and Cumulative Returns chart measure performance assuming that any dividend and capital gain distributions were reinvested. The Cumulative Returns chart reflects only Administrative Class performance. Performance may vary by share class based on each class's expense ratios. The Portfolio measures its performance against at least one broad-based securities market index ("benchmark index"). The benchmark index does not take into account fees, expenses, or taxes. The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future. There is no assurance that the Portfolio, even if the Portfolio has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the future. High performance is defined as a significant increase in either 1) the Portfolio's total return in excess of that of the Portfolio's benchmark between reporting periods or 2) the Portfolio's total return in excess of the Portfolio's historical returns between reporting periods. Unusual performance is defined as a significant change in the Portfolio's performance as compared to one or more previous reporting periods.

The following table discloses the inception dates of the Portfolio and its respective share classes along with the Portfolio's diversification status as of period end:

Portfolio Name	Portfolio Inception	Institutional Class	Administrative Class	Advisor Class	Diversification Status
PIMCO International Bond Portfolio (U.S. Dollar-Hedged)	02/16/99	04/10/00	02/16/99	04/30/14	Non-diversified

An investment in the Portfolio is not a bank deposit and is not guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. It is possible to lose money on investments in the Portfolio.

The Trustees are responsible generally for overseeing the management of the Trust. The Trustees authorize the Trust to enter into service agreements with the Adviser, the Distributor, the Administrator and other service providers in order to provide, and in some cases authorize service providers to procure through other parties, necessary or desirable services on behalf of the Trust and the Portfolio. Shareholders are not parties to or third-party beneficiaries of such service agreements. Neither this Portfolio's prospectus nor summary prospectus, the Trust's Statement of Additional Information ("SAI"), any contracts filed as exhibits to the Trust's registration statement, nor any other communications, disclosure documents or regulatory filings (including this report) from or on behalf of the Trust or the Portfolio creates a contract between or among any shareholder of the Portfolio, on the one hand, and the Trust, the Portfolio, a service provider to the Trust or the Portfolio, and/or the Trustees or officers of the Trust, on the other hand. The Trustees (or the Trust and its officers, service providers or other delegates acting under authority of the Trustees) may amend the most recent prospectus or use a new prospectus, summary prospectus or SAI with respect to the Portfolio or the Trust, and/or amend, file and/or issue any other communications, disclosure documents or regulatory filings, and may amend or enter into any contracts to which the Trust or the Portfolio is a party, and interpret the investment objective(s), policies, restrictions and contractual provisions applicable to the Portfolio, without shareholder input or approval, except in circumstances in which shareholder approval is specifically required by law (such as changes to fundamental investment policies) or where a shareholder approval requirement is specifically disclosed in the Trust's then-current prospectus or SAI.

PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of the Portfolio, and information about how the Portfolio voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Trust at (888) 87-PIMCO, on the Portfolio's website at www.pimco.com/pvit, and on the Securities and Exchange Commission's ("SEC") website at www.sec.gov.

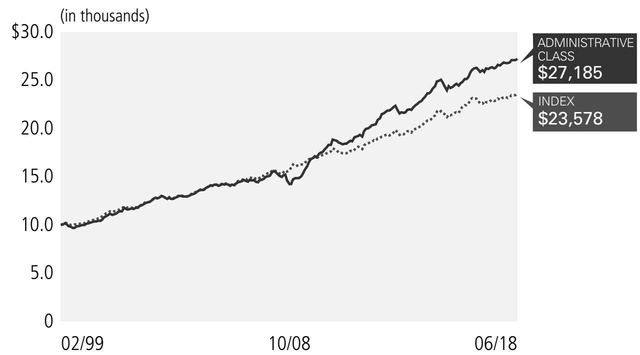
The Trust files a complete schedule of the Portfolio's holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. A copy of the Portfolio's Form N-Q is available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. A copy of the Portfolio's Form N-Q is also available without charge, upon request, by calling the Trust at (888) 87-PIMCO and on the Portfolio's website at www.pimco.com/pvit. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

The SEC adopted a rule that generally allows funds to deliver shareholder reports to investors by providing access to such reports online free of charge and by mailing a notice that the report is electronically available. Pursuant to the rule, investors may still elect to receive a complete shareholder report in the mail. PIMCO is evaluating how to make the electronic delivery option available to shareholders in the future.

The Trust is distributed by PIMCO Investments LLC, 1633 Broadway, New York, New York 10019.

PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

Cumulative Returns Through June 30, 2018



$10,000 invested at the end of the month when the Portfolio's Administrative Class commenced operations.

Geographic Breakdown as of 06/30/2018†§

United States‡	43.9%
United Kingdom	8.6%
Sweden	4.2%
France	3.6%
Japan	3.5%
Italy	3.4%
Canada	3.2%
Cayman Islands	2.8%
Denmark	2.7%
Spain	2.4%
Netherlands	2.4%
Saudi Arabia	1.6%
Ireland	1.3%
Slovenia	1.1%
Qatar	1.0%
Other	5.9%

† % of Investments, at value.

§ Geographic Breakdown and % of Investments exclude securities sold short, financial derivative instruments and short-term instruments, if any.

‡ Includes Central Funds Used for Cash Management Purposes.

Average Annual Total Return for the period ended June 30, 2018

		6 Months*	1 Year	5 Years	10 Years	Inception≈
	PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Institutional Class	1.65%	3.74%	4.94%	6.29%	5.70%
—	PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Administrative Class	1.58%	3.59%	4.78%	6.14%	5.29%
	PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Advisor Class	1.53%	3.49%	—	—	4.31%
.....	Bloomberg Barclays Global Aggregate ex-USD (USD Hedged) Index±	1.42%	3.27%	4.04%	4.44%	4.53%♦

All Portfolio returns are net of fees and expenses.

* Cumulative return.

≈ For class inception dates please refer to the Important Information.

♦ Average annual total return since 02/28/1999.

± Bloomberg Barclays Global Aggregate ex-USD (USD Hedged) Index provides a broad-based measure of the global investment-grade fixed income markets. The major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian Government securities.

It is not possible to invest directly in an unmanaged index.

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. The Portfolio's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in Variable Contracts, which will reduce returns. Differences in the Portfolio's performance versus the index and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the prices of individual positions (which may be sourced from different pricing vendors or other sources) used by the Portfolio and the index. For performance current to the most recent month-end, visit www.pimco.com/pvit or via (888) 87-PIMCO.

The Portfolio's total annual operating expense ratio in effect as of period end were 0.78% for Institutional Class shares, 0.93% for Administrative Class shares, and 1.03% for Advisor Class shares. Details regarding any changes to the Portfolio's operating expenses, subsequent to period end, can be found in the Portfolio's current prospectus, as supplemented.

Investment Objective and Strategy Overview

PIMCO International Bond Portfolio (U.S. Dollar-Hedged) seeks maximum total return, consistent with preservation of capital and prudent investment management, by investing under normal circumstances at least 80% of its assets in Fixed Income Instruments that are economically tied to at least three non-U.S. countries. The Portfolio's investments in Fixed Income Instruments may be represented by forwards or derivatives such as options, futures contracts or swap agreements. "Fixed Income Instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its assets. Portfolio strategies may change from time to time. Please refer to the Portfolio's current prospectus for more information regarding the Portfolio's strategy.

Portfolio Insights

The following affected performance during the reporting period:

» Holdings of non-agency mortgage-backed securities (MBS) contributed to performance, as total returns were positive during the reporting period.

» Underweight exposure to investment grade corporate spread duration contributed to relative performance, as spreads widened.

» Underweight exposure to U.K. rates contributed to performance, as rates rose.

» Long exposure to the Russian ruble and Turkish lira detracted from performance, as the currencies depreciated against the U.S. dollar, over the reporting period.

» Holdings of sovereign emerging markets external debt detracted from performance. The broader market for external emerging market debt declined.

» Long positioning in the Argentine peso detracted from performance, as the currency depreciated versus the U.S. dollar over the reporting period.

Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees (if applicable), and other Portfolio expenses. The Example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Expense Example does not reflect any fees or other expenses imposed by the Variable Contracts. If it did, the expenses reflected in the Expense Example would be higher. The Example is based on an investment of $1,000 invested at the beginning of the period and held from January 1, 2018 to June 30, 2018 unless noted otherwise in the table and footnotes below.

Actual Expenses

The information in the table under the heading "Actual" provides information about actual account values and actual expenses. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.60), then multiply the result by the number in the appropriate row for your share class, in the column titled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information in the table under the heading "Hypothetical (5% return before expenses)" provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other portfolios. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other portfolios.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the information under the heading "Hypothetical (5% return before expenses)" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different portfolios. In addition, if these transactional costs were included, your costs would have been higher.

Expense ratios may vary period to period because of various factors, such as an increase in expenses that are not covered by the management fees such as fees and expenses of the independent trustees and their counsel, extraordinary expenses and interest expense.

	Actual			Hypothetical (5% return before expenses)			
	Beginning Account Value (01/01/18)	Ending Account Value (06/30/18)	Expenses Paid During Period*	Beginning Account Value (01/01/18)	Ending Account Value (06/30/18)	Expenses Paid During Period*	Net Annualized Expense Ratio**
Institutional Class	$ 1,000.00	$ 1,016.50	$ 3.95	$ 1,000.00	$ 1,020.88	$ 3.96	0.79%
Administrative Class	1,000.00	1,015.80	4.70	1,000.00	1,020.13	4.71	0.94
Advisor Class	1,000.00	1,015.30	5.20	1,000.00	1,019.64	5.21	1.04

* Expenses Paid During Period are equal to the net annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period). Overall fees and expenses of investing in the Portfolio will be higher because the example does not reflect variable contract fees and expenses.

** Net Annualized Expense Ratio is reflective of any applicable contractual fee waivers and/or expense reimbursements or voluntary fee waivers. Details regarding fee waivers, if any, can be found in Note 9, Fees and Expenses, in the Notes to Financial Statements.

Financial Highlights PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

Selected Per Share Data for the Year or Period Ended^:	Net Asset Value Beginning of Year or Period	Investment Operations: Net Investment Income (Loss)(a)	Investment Operations: Net Realized/ Unrealized Gain (Loss)	Investment Operations: Total	Less Distributions(b): From Net Investment Income	Less Distributions(b): From Net Realized Capital Gains	Less Distributions(b): Total
Institutional Class							
01/01/2018 - 06/30/2018+	$ 10.79	$ 0.09	$ 0.09	$ 0.18	$ (0.07)	$ 0.00	$ (0.07)
12/31/2017	11.02	0.15	0.17	0.32	(0.55)	0.00	(0.55)
12/31/2016	10.54	0.16	0.54	0.70	(0.18)	(0.04)	(0.22)
12/31/2015	10.90	0.13	(0.09)	0.04	(0.35)	(0.05)	(0.40)
12/31/2014	10.05	0.21	0.92	1.13	(0.21)	(0.07)	(0.28)
12/31/2013	10.80	0.23	(0.16)	0.07	(0.22)	(0.60)	(0.82)
Administrative Class							
01/01/2018 - 06/30/2018+	10.79	0.09	0.08	0.17	(0.06)	0.00	(0.06)
12/31/2017	11.02	0.13	0.17	0.30	(0.53)	0.00	(0.53)
12/31/2016	10.54	0.14	0.54	0.68	(0.16)	(0.04)	(0.20)
12/31/2015	10.90	0.10	(0.07)	0.03	(0.34)	(0.05)	(0.39)
12/31/2014	10.05	0.18	0.93	1.11	(0.19)	(0.07)	(0.26)
12/31/2013	10.80	0.22	(0.17)	0.05	(0.20)	(0.60)	(0.80)
Advisor Class							
01/01/2018 - 06/30/2018+	10.79	0.08	0.08	0.16	(0.05)	0.00	(0.05)
12/31/2017	11.02	0.12	0.17	0.29	(0.52)	0.00	(0.52)
12/31/2016	10.54	0.13	0.54	0.67	(0.15)	(0.04)	(0.19)
12/31/2015	10.90	0.10	(0.08)	0.02	(0.33)	(0.05)	(0.38)
04/30//2014 - 12/31/2014	10.34	0.13	0.62	0.75	(0.12)	(0.07)	(0.19)

^ A zero balance may reflect actual amounts rounding to less than $0.01 or 0.01%.

+ Unaudited

* Annualized

(a) Per share amounts based on average number of common shares outstanding during the year or period.

(b) The tax characterization of distributions is determined in accordance with Federal income tax regulations. The actual tax characterization of distributions paid is determined at the end of the fiscal year. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

See Accompanying Notes

		Ratios/Supplemental Data						
			Ratios to Average Net Assets					
Net Asset Value End of Year or Period	Total Return	Net Assets End of Year or Period (000s)	Expenses	Expenses Excluding Waivers	Expenses Excluding Interest Expense	Expenses Excluding Interest Expense and Waivers	Net Investment Income (Loss)	Portfolio Turnover Rate
$ 10.90	1.65%	$ 7,358	0.79%*	0.79%*	0.75%*	0.75%*	1.73%*	94%
10.79	2.92	6,705	0.78	0.78	0.75	0.75	1.37	158
11.02	6.63	5,045	0.78	0.78	0.75	0.75	1.46	330
10.54	0.44	3,001	0.75	0.75	0.75	0.75	1.15	302
10.90	11.32	879	0.76	0.76	0.75	0.75	1.99	176
10.05	0.65	22	0.77	0.77	0.75	0.75	2.18	127
10.90	1.58	80,402	0.94*	0.94*	0.90*	0.90*	1.58*	94
10.79	2.76	76,989	0.93	0.93	0.90	0.90	1.21	158
11.02	6.48	64,537	0.93	0.93	0.90	0.90	1.31	330
10.54	0.29	73,278	0.90	0.90	0.90	0.90	0.90	302
10.90	11.16	89,343	0.91	0.91	0.90	0.90	1.73	176
10.05	0.50	66,176	0.92	0.92	0.90	0.90	2.03	127
10.90	1.53	452,269	1.04*	1.04*	1.00*	1.00*	1.48*	94
10.79	2.66	431,545	1.03	1.03	1.00	1.00	1.11	158
11.02	6.37	341,567	1.03	1.03	1.00	1.00	1.21	330
10.54	0.19	221,379	1.00	1.00	1.00	1.00	0.90	302
10.90	7.31	69,716	1.01*	1.01*	1.00*	1.00*	1.79*	176

Statement of Assets and Liabilities PIMCO International Bond Portfolio (U.S. Dollar-Hedged) (Unaudited)

(Amounts in thousands†, except per share amounts)	June 30, 2018
Assets:	
Investments, at value	
Investments in securities*	$ 576,781
Investments in Affiliates	39,074
Financial Derivative Instruments	
Exchange-traded or centrally cleared	544
Over the counter	5,426
Deposits with counterparty	2,435
Foreign currency, at value	2,780
Receivable for investments sold	34,728
Receivable for TBA investments sold	58,166
Receivable for Portfolio shares sold	12
Interest and/or dividends receivable	3,166
Dividends receivable from Affiliates	87
Total Assets	723,199
Liabilities:	
Borrowings & Other Financing Transactions	
Payable for reverse repurchase agreements	$ 16,778
Financial Derivative Instruments	
Exchange-traded or centrally cleared	631
Over the counter	3,975
Payable for investments purchased	37,726
Payable for investments in Affiliates purchased	87
Payable for TBA investments purchased	119,735
Deposits from counterparty	3,620
Payable for Portfolio shares redeemed	170
Accrued investment advisory fees	114
Accrued supervisory and administrative fees	228
Accrued distribution fees	95
Accrued servicing fees	10
Other liabilities	1
Total Liabilities	183,170
Net Assets	$ 540,029
Net Assets Consist of:	
Paid in capital	$ 533,485
Undistributed (overdistributed) net investment income	(11,850)
Accumulated undistributed net realized gain (loss)	10,924
Net unrealized appreciation (depreciation)	7,470
Net Assets	$ 540,029
Net Assets:	
Institutional Class	$ 7,358
Administrative Class	80,402
Advisor Class	452,269
Shares Issued and Outstanding:	
Institutional Class	675
Administrative Class	7,373
Advisor Class	41,476
Net Asset Value Per Share Outstanding:	
Institutional Class	$ 10.90
Administrative Class	10.90
Advisor Class	10.90
Cost of investments in securities	$ 575,157
Cost of investments in Affiliates	$ 39,084
Cost of foreign currency held	$ 2,712
Cost or premiums of financial derivative instruments, net	$ 6,637
* Includes repurchase agreements of:	$ 1,846

† A zero balance may reflect actual amounts rounding to less than one thousand.

Statement of Operations PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

(Amounts in thousands†)	Six Months Ended June 30, 2018 (Unaudited)
Investment Income:	
Interest, net of foreign taxes*	$ 6,284
Dividends	7
Dividends from Investments in Affiliates	328
Total Income	6,619
Expenses:	
Investment advisory fees	655
Supervisory and administrative fees	1,310
Servicing fees - Administrative Class	58
Distribution and/or servicing fees - Advisor Class	550
Trustee fees	7
Interest expense	111
Miscellaneous expense	2
Total Expenses	2,693
Net Investment Income (Loss)	3,926
Net Realized Gain (Loss):	
Investments in securities	4,279
Investments in Affiliates	(1)
Exchange-traded or centrally cleared financial derivative instruments	6,458
Over the counter financial derivative instruments	4,946
Short sales	1
Foreign currency	(6,304)
Net Realized Gain (Loss)	9,379
Net Change in Unrealized Appreciation (Depreciation):	
Investments in securities	(12,899)
Investments in Affiliates	(1)
Exchange-traded or centrally cleared financial derivative instruments	1,251
Over the counter financial derivative instruments	2,183
Foreign currency assets and liabilities	4,582
Net Change in Unrealized Appreciation (Depreciation)	(4,884)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 8,421
* Foreign tax withholdings	$ 1

† A zero balance may reflect actual amounts rounding to less than one thousand.

Statements of Changes in Net Assets PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

(Amounts in thousands†)	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Increase (Decrease) in Net Assets from:		
Operations:		
Net investment income (loss)	$ 3,926	$ 5,207
Net realized gain (loss)	9,379	1,892
Net change in unrealized appreciation (depreciation)	(4,884)	5,210
Net Increase (Decrease) in Net Assets Resulting from Operations	8,421	12,309
Distributions to Shareholders:		
From net investment income		
Institutional Class	(44)	(321)
Administrative Class	(434)	(3,626)
Advisor Class	(2,235)	(19,788)
Total Distributions[(a)]	(2,713)	(23,735)
Portfolio Share Transactions:		
Net increase (decrease) resulting from Portfolio share transactions**	19,082	115,516
Total Increase (Decrease) in Net Assets	24,790	104,090
Net Assets:		
Beginning of period	515,239	411,149
End of period*	$ 540,029	$ 515,239
* Including undistributed (overdistributed) net investment income of:	$ (11,850)	$ (13,063)

† A zero balance may reflect actual amounts rounding to less than one thousand.

** See Note 13, Shares of Beneficial Interest, in the Notes to Financial Statements.

(a) The tax characterization of distributions is determined in accordance with Federal income tax regulations. The actual tax characterization of distributions paid is determined at the end of the fiscal year. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

(Amounts in thousands*, except number of shares, contracts and units, if any)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 106.8%		
ARGENTINA 0.2%		
SOVEREIGN ISSUES 0.2%		
Argentina Government International Bond		
3.375% due 01/15/2023	EUR 600	$ 639
34.188% (BADLARPP + 2.000%) due 04/03/2022 ~	ARS 7,810	246
40.000% (ARPP7DRR) due 06/21/2020 ~	9,070	327
Total Argentina (Cost $1,681)		**1,212**
AUSTRALIA 0.2%		
ASSET-BACKED SECURITIES 0.1%		
Driver Australia Four Trust		
2.920% (BBSW1M + 0.930%) due 07/21/2026 ~	AUD 940	696
CORPORATE BONDS & NOTES 0.1%		
Sydney Airport Finance Co. Pty. Ltd.		
3.900% due 03/22/2023	$ 300	299
7.750% due 07/06/2018	AUD 500	370
		669
SOVEREIGN ISSUES 0.0%		
New South Wales Treasury Corp.		
2.750% due 11/20/2025 (f)	129	108
Total Australia (Cost $1,544)		**1,473**
BRAZIL 0.5%		
CORPORATE BONDS & NOTES 0.5%		
Petrobras Global Finance BV		
5.999% due 01/27/2028	$ 1,517	1,376
6.125% due 01/17/2022	102	104
7.375% due 01/17/2027	1,200	1,201
Total Brazil (Cost $2,880)		**2,681**
CANADA 3.7%		
CORPORATE BONDS & NOTES 1.5%		
Air Canada Pass-Through Trust		
3.300% due 07/15/2031	$ 100	96
Bank of Nova Scotia		
1.875% due 04/26/2021	1,200	1,162
Canadian Imperial Bank of Commerce		
3.150% due 06/27/2021	500	500
Enbridge, Inc.		
2.737% (US0003M + 0.400%) due 01/10/2020 ~	1,200	1,200
3.041% (US0003M + 0.700%) due 06/15/2020 ~	400	402
Fairfax Financial Holdings Ltd.		
2.750% due 03/29/2028	EUR 500	583
Royal Bank of Canada		
2.200% due 09/23/2019	$ 400	397
2.300% due 03/22/2021	800	785
Toronto-Dominion Bank		
2.250% due 03/15/2021	800	783
2.500% due 01/18/2023	2,000	1,958
		7,866
NON-AGENCY MORTGAGE-BACKED SECURITIES 0.1%		
Canadian Mortgage Pools		
1.750% due 06/01/2020	CAD 180	138
1.950% due 07/01/2020	501	383
1.950% due 08/01/2020	194	149
		670
SOVEREIGN ISSUES 2.1%		
Canadian Government Real Return Bond		
1.500% due 12/01/2044 (f)	CAD 461	$ 440
Province of Alberta		
1.250% due 06/01/2020	1,100	823
2.350% due 06/01/2025	1,100	820
Province of British Columbia		
2.300% due 06/18/2026	200	149
Province of Ontario		
2.600% due 06/02/2025	9,900	7,490
3.500% due 06/02/2024	600	478
6.200% due 06/02/2031	100	103
Province of Quebec		
3.000% due 09/01/2023	1,100	856
		11,159
Total Canada (Cost $19,962)		**19,695**
CAYMAN ISLANDS 3.3%		
ASSET-BACKED SECURITIES 3.1%		
Avery Point CLO Ltd.		
3.475% due 01/18/2025 •	$ 1,304	1,304
Carlyle Global Market Strategies CLO Ltd.		
3.488% due 10/16/2025 •	2,200	2,201
Dryden Senior Loan Fund		
3.248% due 10/15/2027 •	1,200	1,201
Evans Grove CLO Ltd.		
3.239% due 05/28/2028 •	300	300
Flagship Ltd.		
3.479% due 01/20/2026 •	1,885	1,887
Marathon CLO Ltd.		
3.201% due 11/21/2027 •	1,300	1,298
Mountain Hawk CLO Ltd.		
2.902% due 10/15/2026 •	300	300
NewMark Capital Funding CLO Ltd.		
3.528% due 06/30/2026 •	1,100	1,100
Oak Hill Credit Partners Ltd.		
3.489% due 07/20/2026 •	2,200	2,203
Oaktree CLO Ltd.		
3.579% due 10/20/2026 •	2,100	2,103
Octagon Investment Partners Ltd.		
3.448% due 04/15/2026 •	1,100	1,100
Staniford Street CLO Ltd.		
3.521% due 06/15/2025 •	798	799
Symphony CLO LP		
3.431% (US0003M + 1.100%) due 01/09/2023 ~	48	48
Venture CLO Ltd.		
3.228% due 04/15/2027 •	300	299
WhiteHorse Ltd.		
3.010% due 04/17/2027 •	300	300
		16,443
CORPORATE BONDS & NOTES 0.2%		
KSA Sukuk Ltd.		
2.894% due 04/20/2022	500	487
QNB Finance Ltd.		
1.880% due 08/02/2018	400	400
Tencent Holdings Ltd.		
3.595% due 01/19/2028	200	189
		1,076
Total Cayman Islands (Cost $17,535)		**17,519**
DENMARK 3.0%		
CORPORATE BONDS & NOTES 3.0%		
BRFkredit A/S		
2.000% due 10/01/2047	DKK 9,967	1,579
2.500% due 10/01/2047	88	14
Nordea Kredit Realkreditaktieselskab		
2.000% due 10/01/2047	DKK 29,498	$ 4,678
2.000% due 10/01/2050	2,979	466
2.500% due 10/01/2037	1,178	196
Nykredit Realkredit A/S		
2.000% due 10/01/2047	16,352	2,592
2.000% due 10/01/2050	3,078	482
2.500% due 10/01/2037	5,593	931
2.500% due 10/01/2047	35	6
Realkredit Danmark A/S		
2.000% due 10/01/2047	27,210	4,310
2.500% due 10/01/2037	6,776	1,128
2.500% due 07/01/2047	88	14
Total Denmark (Cost $15,226)		**16,396**
FRANCE 4.1%		
CORPORATE BONDS & NOTES 2.1%		
Credit Agricole S.A.		
8.125% due 09/19/2033 •(h)	$ 1,200	1,212
Danone S.A.		
1.691% due 10/30/2019	700	688
Dexia Credit Local S.A.		
1.875% due 09/15/2021	2,000	1,929
2.250% due 02/18/2020	2,600	2,574
2.375% due 09/20/2022	600	582
2.500% due 01/25/2021	2,400	2,371
Electricite de France S.A.		
4.600% due 01/27/2020	1,000	1,023
Societe Generale S.A.		
8.250% due 11/29/2018 •(g)(h)	700	709
		11,088
SOVEREIGN ISSUES 2.0%		
France Government International Bond		
2.000% due 05/25/2048 (j)	EUR 7,400	9,597
3.250% due 05/25/2045 (j)	800	1,312
		10,909
Total France (Cost $20,708)		**21,997**
GERMANY 1.0%		
CORPORATE BONDS & NOTES 1.0%		
Deutsche Bank AG		
2.700% due 07/13/2020	$ 600	584
3.150% due 01/22/2021	500	484
3.177% (US0003M + 0.815%) due 01/22/2021 ~	1,300	1,276
4.250% due 10/14/2021	1,800	1,774
Deutsche Pfandbriefbank AG		
1.625% due 08/30/2019	600	591
Landwirtschaftliche Rentenbank		
4.750% due 03/12/2019	NZD 1,200	827
Total Germany (Cost $5,784)		**5,536**
GUERNSEY, CHANNEL ISLANDS 0.2%		
CORPORATE BONDS & NOTES 0.2%		
Credit Suisse Group Funding Guernsey Ltd.		
3.800% due 06/09/2023	$ 800	791
Total Guernsey, Channel Islands (Cost $798)		**791**
HONG KONG 0.2%		
CORPORATE BONDS & NOTES 0.2%		
AIA Group Ltd.		
3.900% due 04/06/2028	$ 400	400
CNPC General Capital Ltd.		
2.750% due 05/14/2019	500	498
Total Hong Kong (Cost $899)		**898**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INDIA 0.0%		
CORPORATE BONDS & NOTES 0.0%		
ICICI Bank Ltd.		
3.441% (US0003M + 1.120%) due 12/04/2018 ~	$ 200	$ 200
Total India (Cost $200)		**200**
IRELAND 1.5%		
ASSET-BACKED SECURITIES 0.6%		
Carlyle Global Market Strategies Euro CLO Ltd.		
0.654% due 08/15/2027 •	EUR 1,900	2,221
CVC Cordatus Loan Fund Ltd.		
0.780% due 01/24/2028 •	800	936
		3,157
CORPORATE BONDS & NOTES 0.7%		
AerCap Ireland Capital DAC		
3.750% due 05/15/2019	$ 1,500	1,509
4.625% due 10/30/2020	800	816
Iberdrola Finance Ireland DAC		
5.000% due 09/11/2019	400	408
Shire Acquisitions Investments Ireland DAC		
1.900% due 09/23/2019	700	690
SumitG Guaranteed Secured Obligation Issuer DAC		
2.251% due 11/02/2020	400	391
		3,814
SOVEREIGN ISSUES 0.2%		
Ireland Government International Bond		
5.400% due 03/13/2025	EUR 700	1,093
Total Ireland (Cost $7,710)		**8,064**
ISRAEL 0.1%		
SOVEREIGN ISSUES 0.1%		
Israel Government International Bond		
3.250% due 01/17/2028	$ 500	484
4.125% due 01/17/2048	300	284
Total Israel (Cost $794)		**768**
ITALY 3.8%		
CORPORATE BONDS & NOTES 0.8%		
Banca Carige SpA		
3.875% due 10/24/2018	EUR 1,000	1,179
Intesa Sanpaolo SpA		
6.250% due 05/16/2024 •(g)(h)	700	808
7.750% due 01/11/2027 •(g)(h)	800	1,010
Wind Tre SpA		
3.125% due 01/20/2025	1,200	1,140
		4,137
NON-AGENCY MORTGAGE-BACKED SECURITIES 0.0%		
Casa d'Este Finance SRL		
0.029% due 09/15/2040 •	20	24
Claris Abs SRL		
0.081% due 10/31/2060 •	157	182
		206
SOVEREIGN ISSUES 3.0%		
Italy Buoni Poliennali Del Tesoro		
0.350% due 11/01/2021	2,600	2,955
1.450% due 11/15/2024	6,000	6,710
2.450% due 09/01/2033	400	438
2.700% due 03/01/2047	100	104

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
2.800% due 03/01/2067	EUR 1,000	$ 1,014
2.950% due 09/01/2038	2,700	3,047
3.450% due 03/01/2048	1,000	1,175
Italy Government International Bond		
6.000% due 08/04/2028	GBP 600	946
		16,389
Total Italy (Cost $21,807)		**20,732**
JAPAN 4.1%		
CORPORATE BONDS & NOTES 1.1%		
Central Nippon Expressway Co. Ltd.		
2.091% due 09/14/2021	$ 700	671
2.903% (US0003M + 0.540%) due 08/04/2020 ~	2,600	2,607
Meiji Yasuda Life Insurance Co.		
5.100% due 04/26/2048 •	200	202
Mitsubishi UFJ Financial Group, Inc.		
2.950% due 03/01/2021	230	228
3.455% due 03/02/2023	600	595
Mizuho Financial Group, Inc.		
3.207% (US0003M + 0.880%) due 09/11/2022 ~	700	704
ORIX Corp.		
3.250% due 12/04/2024	200	191
Sumitomo Mitsui Financial Group, Inc.		
4.007% (US0003M + 1.680%) due 03/09/2021 ~	600	619
		5,817
SOVEREIGN ISSUES 3.0%		
Development Bank of Japan, Inc.		
1.625% due 09/01/2021	1,200	1,145
Japan Bank for International Cooperation		
2.000% due 11/04/2021	1,300	1,256
2.375% due 07/21/2022	300	291
2.375% due 11/16/2022	500	484
2.500% due 06/01/2022	300	293
Japan Finance Organization for Municipalities		
2.125% due 04/13/2021	2,100	2,040
2.625% due 04/20/2022	1,100	1,073
Japan Government International Bond		
0.300% due 06/20/2046	JPY 620,000	5,052
0.500% due 09/20/2046	350,000	3,009
Tokyo Metropolitan Government		
2.000% due 05/17/2021	$ 700	676
2.500% due 06/08/2022	600	584
		15,903
Total Japan (Cost $22,948)		**21,720**
JERSEY, CHANNEL ISLANDS 0.2%		
CORPORATE BONDS & NOTES 0.2%		
Aptiv PLC		
3.150% due 11/19/2020	$ 1,100	1,093
Total Jersey, Channel Islands (Cost $1,120)		**1,093**
KUWAIT 0.7%		
SOVEREIGN ISSUES 0.7%		
Kuwait International Government Bond		
2.750% due 03/20/2022	$ 900	878
3.500% due 03/20/2027	2,800	2,731
Total Kuwait (Cost $3,671)		**3,609**
LITHUANIA 0.2%		
SOVEREIGN ISSUES 0.2%		
Lithuania Government International Bond		
6.125% due 03/09/2021	$ 1,000	1,071
Total Lithuania (Cost $1,068)		**1,071**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
LUXEMBOURG 0.4%		
CORPORATE BONDS & NOTES 0.4%		
Aroundtown S.A.		
1.625% due 01/31/2028	EUR 700	$ 764
Emerald Bay S.A.		
0.000% due 10/08/2020 (d)	289	316
European Financial Stability Facility		
1.375% due 05/31/2047	350	392
Sberbank of Russia Via SB Capital S.A.		
3.080% due 03/07/2019	400	473
Total Luxembourg (Cost $1,957)		**1,945**
MULTINATIONAL 0.2%		
CORPORATE BONDS & NOTES 0.2%		
Preferred Term Securities Ltd.		
2.735% (US0003M + 0.400%) due 06/23/2035 ~	$ 966	908
Total Multinational (Cost $712)		**908**
NETHERLANDS 2.7%		
ASSET-BACKED SECURITIES 0.3%		
Babson Euro CLO BV		
1.300% due 04/15/2027	EUR 700	820
Chapel BV		
0.031% due 07/17/2066 •	94	109
Penta CLO BV		
0.790% due 08/04/2028 •	600	702
		1,631
CORPORATE BONDS & NOTES 2.4%		
Bank Nederlandse Gemeenten NV		
4.550% due 02/15/2019	CAD 1,800	1,393
Cooperatieve Rabobank UA		
3.125% due 04/26/2021	$ 400	399
6.875% due 03/19/2020 (h)	EUR 700	908
ING Bank NV		
2.625% due 12/05/2022	$ 3,600	3,523
4.125% due 11/21/2023 •	3,100	3,110
Mondelez International Holdings Netherlands BV		
2.000% due 10/28/2021	500	477
Mylan NV		
2.500% due 06/07/2019	110	110
NXP BV		
4.125% due 06/01/2021	800	800
Petrobras Global Finance BV		
8.375% due 12/10/2018	200	204
Schaeffler Finance BV		
4.750% due 05/15/2023	500	497
Stichting AK Rabobank Certificaten		
6.500% (g)	EUR 150	208
Syngenta Finance NV		
3.698% due 04/24/2020	$ 700	698
Teva Pharmaceutical Finance Netherlands BV		
0.125% due 07/27/2018	CHF 100	101
3.250% due 04/15/2022	EUR 300	356
Vonovia Finance BV		
5.000% due 10/02/2023	$ 100	102
		12,886
Total Netherlands (Cost $14,554)		**14,517**
NORWAY 0.4%		
CORPORATE BONDS & NOTES 0.3%		
DNB Boligkreditt A/S		
2.500% due 03/28/2022	$ 1,100	1,072
3.250% due 06/28/2023	500	500
		1,572

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
SOVEREIGN ISSUES 0.1%				
Norway Government International Bond				
3.750% due 05/25/2021	NOK	1,800	$	238
Total Norway (Cost $1,854)				**1,810**
POLAND 0.3%				
SOVEREIGN ISSUES 0.3%				
Poland Government International Bond				
2.250% due 04/25/2022	PLN	6,600		1,766
Total Poland (Cost $1,649)				**1,766**
PORTUGAL 0.0%				
CORPORATE BONDS & NOTES 0.0%				
Banco Espirito Santo S.A.				
4.000% due 01/21/2019 ^(b)	EUR	300		105
Total Portugal (Cost $339)				**105**
QATAR 1.1%				
CORPORATE BONDS & NOTES 0.1%				
Ras Laffan Liquefied Natural Gas Co. Ltd.				
6.750% due 09/30/2019	$	400		416
SOVEREIGN ISSUES 1.0%				
Qatar Government International Bond				
3.875% due 04/23/2023		3,800		3,804
4.500% due 04/23/2028		1,800		1,820
				5,624
Total Qatar (Cost $5,992)				**6,040**
SAUDI ARABIA 1.8%				
SOVEREIGN ISSUES 1.8%				
Saudi Government International Bond				
2.375% due 10/26/2021	$	3,700		3,558
2.875% due 03/04/2023		1,000		963
3.250% due 10/26/2026		400		376
3.625% due 03/04/2028		900		858
4.000% due 04/17/2025		1,900		1,893
4.500% due 04/17/2030		2,100		2,102
Total Saudi Arabia (Cost $9,926)				**9,750**
SINGAPORE 0.5%				
CORPORATE BONDS & NOTES 0.5%				
BOC Aviation Ltd.				
2.375% due 09/15/2021	$	1,000		958
3.500% due 09/18/2027		300		276
Clifford Capital Pte Ltd.				
3.380% due 03/07/2028		600		592
Oversea-Chinese Banking Corp. Ltd.				
2.771% (US0003M + 0.450%) due 05/17/2021 ~		700		702
PSA Treasury Pte. Ltd.				
2.500% due 04/12/2026		400		368
Total Singapore (Cost $2,945)				**2,896**
SLOVENIA 1.2%				
SOVEREIGN ISSUES 1.2%				
Slovenia Government International Bond				
4.125% due 02/18/2019	$	5,100		5,141
5.250% due 02/18/2024		1,419		1,545
Total Slovenia (Cost $6,644)				**6,686**

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
SOUTH KOREA 0.1%				
CORPORATE BONDS & NOTES 0.1%				
Kookmin Bank				
2.125% due 10/21/2020	$	400	$	389
Total South Korea (Cost $394)				**389**
SPAIN 2.8%				
CORPORATE BONDS & NOTES 0.7%				
Banco Bilbao Vizcaya Argentaria S.A.				
6.750% due 02/18/2020 •(g)(h)	EUR	400		487
Banco Santander S.A.				
3.848% due 04/12/2023	$	200		196
6.250% due 09/11/2021 •(g)(h)	EUR	200		246
Telefonica Emisiones S.A.U.				
5.134% due 04/27/2020	$	800		826
5.877% due 07/15/2019		2,000		2,058
				3,813
SOVEREIGN ISSUES 2.1%				
Autonomous Community of Catalonia				
4.220% due 04/26/2035	EUR	200		248
4.900% due 09/15/2021		1,100		1,396
4.950% due 02/11/2020		1,370		1,693
Autonomous Community of Valencia				
4.900% due 03/17/2020		600		756
Spain Government International Bond				
1.450% due 10/31/2027		2,700		3,209
2.150% due 10/31/2025		800		1,017
2.900% due 10/31/2046		2,300		2,933
				11,252
Total Spain (Cost $14,439)				**15,065**
SUPRANATIONAL 0.1%				
CORPORATE BONDS & NOTES 0.1%				
European Investment Bank				
0.500% due 06/21/2023	AUD	500		328
0.500% due 08/10/2023		400		261
Total Supranational (Cost $653)				**589**
SWEDEN 4.8%				
CORPORATE BONDS & NOTES 4.8%				
Danske Hypotek AB				
1.000% due 12/21/2022	SEK	18,000		2,053
Lansforsakringar Hypotek AB				
1.250% due 09/20/2023		24,600		2,824
2.250% due 09/21/2022		17,600		2,111
Nordea Hypotek AB				
1.000% due 04/08/2022		38,900		4,458
Skandinaviska Enskilda Banken AB				
1.500% due 12/15/2021		14,000		1,633
Stadshypotek AB				
1.500% due 12/15/2021		31,000		3,616
2.500% due 09/18/2019		1,000		116
2.500% due 04/05/2022	$	300		293
4.500% due 09/21/2022	SEK	22,000		2,876
Sveriges Sakerstallda Obligationer AB				
1.250% due 06/15/2022		25,000		2,889
2.000% due 06/17/2026		6,000		707
Swedbank Hypotek AB				
1.000% due 09/15/2021		3,900		448
1.000% due 06/15/2022		16,800		1,923
Total Sweden (Cost $26,054)				**25,947**

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
SWITZERLAND 0.9%				
CORPORATE BONDS & NOTES 0.8%				
Credit Suisse AG				
6.500% due 08/08/2023 (h)	$	200	$	213
Credit Suisse Group AG				
3.536% (US0003M + 1.200%) due 12/14/2023 ~		800		805
UBS AG				
2.200% due 06/08/2020		900		882
2.780% (US0003M + 0.480%) due 12/01/2020 ~		1,200		1,201
2.901% due 06/08/2020 •		1,400		1,405
				4,506
SOVEREIGN ISSUES 0.1%				
Switzerland Government International Bond				
3.500% due 04/08/2033	CHF	300		448
Total Switzerland (Cost $4,945)				**4,954**
UNITED ARAB EMIRATES 0.4%				
CORPORATE BONDS & NOTES 0.1%				
First Abu Dhabi Bank PJSC				
2.250% due 02/11/2020	$	500		491
SOVEREIGN ISSUES 0.3%				
Emirate of Abu Dhabi Government International Bond				
2.500% due 10/11/2022		500		480
3.125% due 10/11/2027		900		839
				1,319
Total United Arab Emirates (Cost $1,891)				**1,810**
UNITED KINGDOM 9.8%				
CORPORATE BONDS & NOTES 4.9%				
Barclays Bank PLC				
7.625% due 11/21/2022 (h)	$	3,300		3,559
Barclays PLC				
3.650% due 03/16/2025		600		563
4.463% (US0003M + 2.110%) due 08/10/2021 ~		600		623
6.500% due 09/15/2019 •(g)(h)	EUR	200		241
7.000% due 09/15/2019 •(g)(h)	GBP	200		270
8.000% due 12/15/2020 •(g)(h)	EUR	200		259
BAT International Finance PLC				
1.625% due 09/09/2019	$	400		393
BP Capital Markets PLC				
4.750% due 11/15/2018	AUD	500		373
British Telecommunications PLC				
2.350% due 02/14/2019	$	500		499
Co-operative Group Holdings Ltd.				
6.875% due 07/08/2020 ×	GBP	400		573
Frontier Finance PLC				
8.000% due 03/23/2022		1,500		1,979
HSBC Holdings PLC				
2.926% (US0003M + 0.600%) due 05/18/2021 ~	$	600		601
3.326% (US0003M + 1.000%) due 05/18/2024 ~		300		299
3.950% due 05/18/2024 •		400		399
6.250% due 03/23/2023 •(g)(h)		300		295
6.500% due 03/23/2028 •(g)(h)		300		288
Imperial Brands Finance PLC				
2.950% due 07/21/2020		800		792
Lloyds Bank PLC				
5.125% due 03/07/2025	GBP	700		1,121

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Lloyds Banking Group PLC		
7.000% due 06/27/2019 •(g)(h)	GBP 1,200	$ 1,617
7.875% due 06/27/2029 •(g)(h)	200	307
Nationwide Building Society		
3.766% due 03/08/2024 •	$ 1,200	1,176
6.875% due 06/20/2019 •(g)(h)	GBP 300	405
10.250% ~(g)	1	193
RAC Bond Co. PLC		
4.870% due 05/06/2046	300	413
Reckitt Benckiser Treasury Services PLC		
2.375% due 06/24/2022	$ 600	574
Royal Bank of Scotland Group PLC		
3.885% (US0003M + 1.550%) due 06/25/2024 ~	1,000	999
4.519% due 06/25/2024 •	600	601
7.500% due 08/10/2020 •(g)(h)	500	511
Santander UK Group Holdings PLC		
2.875% due 10/16/2020	1,700	1,679
2.875% due 08/05/2021	400	388
7.375% due 06/24/2022 •(g)(h)	GBP 200	275
Smiths Group PLC		
7.200% due 05/15/2019	$ 600	618
Tesco PLC		
5.125% due 04/10/2047	EUR 400	586
6.125% due 02/24/2022	GBP 50	75
Tesco Property Finance PLC		
5.411% due 07/13/2044	194	291
7.623% due 07/13/2039	89	158
Virgin Media Secured Finance PLC		
5.000% due 04/15/2027	500	646
Virgin Money PLC		
2.250% due 04/21/2020	700	932
Vodafone Group PLC		
3.290% (US0003M + 0.990%) due 01/16/2024 ~	$ 500	498
3.750% due 01/16/2024	400	397
		26,466
NON-AGENCY MORTGAGE-BACKED SECURITIES 1.6%		
Business Mortgage Finance PLC		
1.020% due 02/15/2039 •	GBP 70	92
2.640% due 02/15/2041 •	267	352
Eurohome UK Mortgages PLC		
0.781% due 06/15/2044 •	428	552
Eurosail PLC		
0.785% due 06/10/2044 •	19	25
1.577% due 06/13/2045 •	625	824
Mansard Mortgages PLC		
1.281% due 12/15/2049 •	162	212
Newgate Funding PLC		
0.777% due 12/01/2050 •	300	375
1.631% due 12/15/2050 •	278	364
Paragon Mortgages PLC		
0.787% due 01/15/2039 •	761	971
Ripon Mortgages PLC		
1.423% due 08/20/2056 •	1,606	2,130
RMAC Securities PLC		
0.775% due 06/12/2044 •	490	624
Thrones PLC		
1.490% due 11/15/2049 •	267	352
Towd Point Mortgage Funding PLC		
1.823% due 02/20/2054 •	1,242	1,649
		8,522
SOVEREIGN ISSUES 3.3%		
United Kingdom Gilt		
1.500% due 07/22/2047	3,600	4,498
3.250% due 01/22/2044 (j)	3,800	6,548
3.500% due 01/22/2045 (j)	600	1,083

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
4.250% due 12/07/2040 (j)	GBP 1,200	$ 2,324
4.250% due 12/07/2046	1,600	3,294
		17,747
Total United Kingdom (Cost $52,604)		**52,735**
UNITED STATES 42.7%		
ASSET-BACKED SECURITIES 5.3%		
ACE Securities Corp. Home Equity Loan Trust		
2.231% due 07/25/2036 •	$ 1,472	$ 1,216
Amortizing Residential Collateral Trust		
2.791% due 10/25/2031 •	1	1
Amresco Residential Securities Corp. Mortgage Loan Trust		
3.031% due 06/25/2029 •	1	1
Argent Mortgage Loan Trust		
2.331% due 05/25/2035 •	1,992	1,898
Argent Securities, Inc. Asset-Backed Pass-Through Certificates		
2.471% due 02/25/2036 •	634	501
Citigroup Mortgage Loan Trust		
2.251% due 12/25/2036 •	606	401
2.351% due 03/25/2036 •	671	580
Citigroup Mortgage Loan Trust, Inc.		
2.351% due 06/25/2037 •	2,700	2,608
Countrywide Asset-Backed Certificates		
2.221% due 12/25/2036 ^•	445	417
2.231% due 06/25/2035 •	424	389
2.231% due 03/25/2037 •	2,044	1,754
2.231% due 06/25/2037 •	555	527
2.231% due 07/25/2037 •	399	370
2.231% due 06/25/2047 ^•	447	414
2.231% due 06/25/2047 •	1,357	1,277
2.241% due 04/25/2047 ^•	438	423
2.381% due 07/25/2036 •	487	478
4.814% due 08/25/2035 ^~	608	553
Countrywide Asset-Backed Certificates Trust		
3.441% due 04/25/2035 •	1,000	1,015
Credit Suisse First Boston Mortgage Securities Corp.		
2.711% due 01/25/2032 •	1	1
GSAMP Trust		
2.736% due 11/25/2035 ^•	1,356	1,007
Home Equity Mortgage Loan Asset-Backed Trust		
2.331% due 04/25/2037 •	624	471
HSI Asset Securitization Corp. Trust		
2.351% due 04/25/2037 •	842	510
Long Beach Mortgage Loan Trust		
2.651% due 10/25/2034 •	12	12
Morgan Stanley ABS Capital, Inc. Trust		
2.221% due 10/25/2036 •	164	156
Morgan Stanley Home Equity Loan Trust		
2.191% due 12/25/2036 •	1,090	670
2.321% due 04/25/2037 •	901	619
Morgan Stanley Mortgage Loan Trust		
5.919% due 09/25/2046 ^×	174	82
Nomura Home Equity Loan, Inc. Home Equity Loan Trust		
2.381% due 03/25/2036 •	700	684
NovaStar Mortgage Funding Trust		
2.221% due 03/25/2037 •	804	622
Option One Mortgage Loan Trust		
2.231% due 01/25/2037 •	475	371
Renaissance Home Equity Loan Trust		
4.641% due 12/25/2032 •	439	429
5.294% due 01/25/2037 ×	646	354
5.675% due 06/25/2037 ^×	1,053	488
5.731% due 11/25/2036 ×	1,020	608
Residential Asset Mortgage Products Trust		
2.311% due 12/25/2035 •	456	404
2.321% due 12/25/2035 •	1,062	908
Residential Asset Securities Corp. Trust		
2.341% due 11/25/2036 ^•	2,041	1,763

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Saxon Asset Securities Trust		
3.841% due 12/25/2037 •	$ 423	$ 402
3.891% due 05/25/2031 •	647	586
SLM Student Loan Trust		
1.177% due 03/15/2038 •	GBP 673	867
Soundview Home Loan Trust		
2.241% due 06/25/2037 •	$ 93	68
Structured Asset Investment Loan Trust		
2.221% due 07/25/2036 •	531	432
2.401% due 01/25/2036 •	1,560	1,453
Terwin Mortgage Trust		
3.031% due 11/25/2033 •	25	25
		28,815
CORPORATE BONDS & NOTES 15.7%		
AIG Global Funding		
2.817% (US0003M + 0.480%) due 07/02/2020 ~	1,000	1,001
Allergan Sales LLC		
5.000% due 12/15/2021	600	621
Ally Financial, Inc.		
8.000% due 11/01/2031	200	239
American Honda Finance Corp.		
2.713% (US0003M + 0.350%) due 11/05/2021 ~	300	300
American Tower Corp.		
3.450% due 09/15/2021	500	498
Anheuser-Busch InBev Finance, Inc.		
2.650% due 02/01/2021	1,100	1,085
3.300% due 02/01/2023	500	496
AT&T, Inc.		
1.800% due 09/05/2026	EUR 1,000	1,175
2.975% (US0003M + 0.750%) due 06/01/2021 ~	$ 2,700	2,712
3.298% (US0003M + 0.950%) due 07/15/2021 ~	1,400	1,414
AXA Equitable Holdings, Inc.		
3.900% due 04/20/2023	100	99
4.350% due 04/20/2028	200	192
Bank of America Corp.		
5.875% due 03/15/2028 •(g)	700	685
BAT Capital Corp.		
2.945% due 08/14/2020 •	400	401
3.222% due 08/15/2024	200	190
3.557% due 08/15/2027	700	652
Bayer U.S. Finance LLC		
2.965% (US0003M + 0.630%) due 06/25/2021 ~	300	301
3.345% (US0003M + 1.010%) due 12/15/2023 ~	500	500
3.875% due 12/15/2023	300	300
4.250% due 12/15/2025	300	302
4.375% due 12/15/2028	700	703
Boston Scientific Corp.		
2.850% due 05/15/2020	1,100	1,092
Brandywine Operating Partnership LP		
3.950% due 11/15/2027	500	476
Campbell Soup Co.		
3.300% due 03/15/2021	200	199
3.650% due 03/15/2023	800	786
Cardinal Health, Inc.		
1.948% due 06/14/2019	1,300	1,290
Cboe Global Markets, Inc.		
1.950% due 06/28/2019	500	495
CenterPoint Energy Resources Corp.		
3.550% due 04/01/2023	200	198
Charter Communications Operating LLC		
3.750% due 02/15/2028	900	816
4.464% due 07/23/2022	1,300	1,316
6.384% due 10/23/2035	500	524
CIT Group, Inc.		
3.875% due 02/19/2019	300	301

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Citigroup, Inc.		
2.050% due 06/07/2019	$ 200	$ 199
3.249% (US0003M + 0.930%) due 06/07/2019 ~	600	604
Citizens Bank N.A.		
2.889% (US0003M + 0.570%) due 05/26/2020 ~	1,100	1,103
Cleveland Electric Illuminating Co.		
8.875% due 11/15/2018	1,100	1,123
Conagra Brands, Inc.		
2.831% (US0003M + 0.500%) due 10/09/2020 ~	900	896
Consolidated Edison Co. of New York, Inc.		
2.739% (US0003M + 0.400%) due 06/25/2021 ~	100	100
Continental Resources, Inc.		
4.375% due 01/15/2028	200	199
Crown Castle Towers LLC		
4.883% due 08/15/2040	1,100	1,129
CVS Health Corp.		
3.350% due 03/09/2021	200	200
3.700% due 03/09/2023	400	396
4.100% due 03/25/2025	300	299
4.300% due 03/25/2028	400	395
5.050% due 03/25/2048	100	101
D.R. Horton, Inc.		
3.750% due 03/01/2019	1,000	1,003
4.000% due 02/15/2020	1,200	1,212
Daimler Finance North America LLC		
2.250% due 03/02/2020	400	394
Dell International LLC		
3.480% due 06/01/2019	1,400	1,404
Delta Air Lines, Inc.		
2.875% due 03/13/2020	1,400	1,391
DISH DBS Corp.		
5.125% due 05/01/2020	600	596
Dominion Energy Gas Holdings LLC		
2.926% (US0003M + 0.600%) due 06/15/2021 ~	1,000	1,000
eBay, Inc.		
2.150% due 06/05/2020	900	885
EQT Corp.		
2.500% due 10/01/2020	500	489
3.000% due 10/01/2022	400	386
Equinix, Inc.		
2.875% due 03/15/2024	EUR 300	344
ERAC USA Finance LLC		
2.600% due 12/01/2021	$ 1,200	1,165
Fidelity National Information Services, Inc.		
0.400% due 01/15/2021	EUR 200	234
1.700% due 06/30/2022	GBP 200	262
Ford Motor Credit Co. LLC		
1.897% due 08/12/2019	$ 1,800	1,776
2.943% due 01/08/2019	500	500
3.331% (US0003M + 1.000%) due 01/09/2020 ~	700	705
GATX Corp.		
2.500% due 03/15/2019	700	699
3.083% (US0003M + 0.720%) due 11/05/2021 ~	300	302
General Mills, Inc.		
3.200% due 04/16/2021	100	100
3.363% (US0003M + 1.010%) due 10/17/2023 ~	100	101
3.700% due 10/17/2023	100	99
General Motors Financial Co., Inc.		
3.100% due 01/15/2019	1,100	1,101
3.550% due 04/09/2021	300	299
Georgia-Pacific LLC		
3.163% due 11/15/2021	400	398
Goldman Sachs Group, Inc.		
3.522% (US0003M + 1.160%) due 04/23/2020 ~	400	405
4.223% due 05/01/2029 •	100	99

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Goodman U.S. Finance Three LLC		
3.700% due 03/15/2028	$ 600	$ 567
Harris Corp.		
2.839% (US0003M + 0.480%) due 04/30/2020 ~	600	601
International Lease Finance Corp.		
8.250% due 12/15/2020	500	552
JPMorgan Chase Bank N.A.		
2.702% (US0003M + 0.340%) due 04/26/2021 ~	400	400
3.086% due 04/26/2021 •	800	798
Kilroy Realty LP		
3.450% due 12/15/2024	100	96
Kinder Morgan, Inc.		
5.000% due 02/15/2021	400	414
KLA-Tencor Corp.		
4.125% due 11/01/2021	400	407
Kraft Heinz Foods Co.		
2.923% (US0003M + 0.570%) due 02/10/2021 ~	900	901
McDonald's Corp.		
2.759% (US0003M + 0.430%) due 10/28/2021 ~	700	703
Mid-America Apartments LP		
4.200% due 06/15/2028	600	599
Morgan Stanley		
3.737% due 04/24/2024 •	1,000	995
MPLX LP		
4.000% due 03/15/2028	300	286
MUFG Americas Holdings Corp.		
3.000% due 02/10/2025	700	669
Nasdaq, Inc.		
2.722% (US0003M + 0.390%) due 03/22/2019 ~	2,200	2,203
Navient Corp.		
4.875% due 06/17/2019	600	604
5.500% due 01/15/2019	1,700	1,716
8.000% due 03/25/2020	300	317
Newmont Mining Corp.		
5.125% due 10/01/2019	800	818
NextEra Energy Capital Holdings, Inc.		
2.636% (US0003M + 0.315%) due 09/03/2019 ~	1,100	1,102
Nissan Motor Acceptance Corp.		
3.026% due 09/28/2022 •	1,000	1,002
Northwell Healthcare, Inc.		
4.260% due 11/01/2047	400	384
Penske Truck Leasing Co. LP		
3.950% due 03/10/2025	1,400	1,385
Protective Life Global Funding		
2.262% due 04/08/2020	2,200	2,166
Public Service Co. of Oklahoma		
4.400% due 02/01/2021	200	206
Public Service Enterprise Group, Inc.		
2.000% due 11/15/2021	400	381
QVC, Inc.		
3.125% due 04/01/2019	800	799
RELX Capital, Inc.		
8.625% due 01/15/2019	300	309
Rockwell Collins, Inc.		
2.800% due 03/15/2022	900	878
Sempra Energy		
2.791% (US0003M + 0.450%) due 03/15/2021 ~	800	801
SES Global Americas Holdings GP		
2.500% due 03/25/2019	600	597
SL Green Operating Partnership LP		
3.250% due 10/15/2022	500	486
Southern Power Co.		
2.875% (US0003M + 0.550%) due 12/20/2020 ~	600	600
Spectra Energy Partners LP		
3.018% (US0003M + 0.700%) due 06/05/2020 ~	100	101

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Spirit AeroSystems, Inc.		
3.950% due 06/15/2023	$ 200	$ 201
Springleaf Finance Corp.		
5.250% due 12/15/2019	300	305
6.000% due 06/01/2020	400	412
Sprint Capital Corp.		
6.900% due 05/01/2019	200	205
Sprint Communications, Inc.		
7.000% due 03/01/2020	200	208
9.000% due 11/15/2018	300	306
Sprint Spectrum Co. LLC		
4.738% due 09/20/2029	300	298
Textron, Inc.		
2.903% (US0003M + 0.550%) due 11/10/2020 ~	700	700
Time Warner Cable LLC		
5.000% due 02/01/2020	300	306
8.250% due 04/01/2019	400	415
UDR, Inc.		
4.625% due 01/10/2022	200	206
Verizon Communications, Inc.		
2.625% due 08/15/2026	400	356
3.443% (US0003M + 1.100%) due 05/15/2025 ~	700	700
4.125% due 03/16/2027	500	494
4.329% due 09/21/2028	1,012	1,005
Volkswagen Group of America Finance LLC		
2.125% due 05/23/2019	2,100	2,083
2.450% due 11/20/2019	1,100	1,088
Wells Fargo & Co.		
3.469% (US0003M + 1.110%) due 01/24/2023 ~	1,000	1,016
3.589% (US0003M + 1.230%) due 10/31/2023 ~	1,500	1,531
WestRock Co.		
3.750% due 03/15/2025	300	295
Zimmer Biomet Holdings, Inc.		
2.700% due 04/01/2020	300	297
3.150% due 04/01/2022	2,100	2,063
		84,785

LOAN PARTICIPATIONS AND ASSIGNMENTS 0.2%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
CenturyLink, Inc.		
4.844% (LIBOR03M + 2.750%) due 01/31/2025 ~	498	488
Charter Communications Operating LLC		
4.100% (LIBOR03M + 2.000%) due 04/30/2025 ~	588	588
		1,076

MUNICIPAL BONDS & NOTES 0.0%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Pasadena Public Financing Authority, California Revenue Bonds, (BABs), Series 2010		
7.148% due 03/01/2043	100	144

NON-AGENCY MORTGAGE-BACKED SECURITIES 1.7%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
American Home Mortgage Investment Trust		
3.998% due 09/25/2045 •	26	26
Banc of America Alternative Loan Trust		
6.500% due 04/25/2036 ^	512	483
Banc of America Mortgage Trust		
3.686% due 02/25/2036 ^~	62	58
Bear Stearns Adjustable Rate Mortgage Trust		
4.118% due 08/25/2033 ~	2	2
Bear Stearns ALT-A Trust		
2.251% due 02/25/2034 •	46	46
3.737% due 08/25/2036 ^~	41	28
3.785% due 03/25/2036 ^~	139	120
3.791% due 09/25/2035 ^~	28	23
3.882% due 11/25/2035 ^~	30	26
Bear Stearns Structured Products, Inc. Trust		
3.104% due 12/26/2046 ^~	28	26

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Chase Mortgage Finance Trust		
3.428% due 07/25/2037 ~	$ 56	$ 50
Citigroup Mortgage Loan Trust, Inc.		
2.441% due 10/25/2035 •	2,203	1,781
3.410% due 09/25/2035 •	5	5
Citigroup Mortgage Loan Trust, Inc. Mortgage Pass-Through Certificates		
3.549% due 09/25/2035 ^~	335	311
Countrywide Alternative Loan Trust		
2.294% due 03/20/2046 •	66	56
2.371% due 02/25/2037 •	52	47
2.536% due 11/25/2035 •	13	12
2.558% due 12/25/2035 •	58	53
5.250% due 06/25/2035 ^	9	8
Countrywide Home Loan Mortgage Pass-Through Trust		
2.551% due 05/25/2035 •	26	24
2.731% due 03/25/2035 •	49	44
2.751% due 02/25/2035 •	6	6
3.519% due 11/25/2034 ~	7	7
3.679% due 08/25/2034 ^~	15	15
5.500% due 01/25/2035	364	369
Credit Suisse First Boston Mortgage Securities Corp.		
6.500% due 04/25/2033	1	1
Credit Suisse Mortgage Capital Mortgage-Backed Trust		
5.500% due 08/25/2036 ^	1,590	1,536
5.863% due 02/25/2037 ^~	192	85
DBUBS Mortgage Trust		
0.385% due 11/10/2046 ~(a)	400	3
0.904% due 11/10/2046 ~(a)	274	3
Deutsche ALT-A Securities, Inc.		
2.841% due 10/25/2047 •	950	836
GSR Mortgage Loan Trust		
2.421% due 12/25/2034 •	47	45
3.729% due 01/25/2036 ^~	51	51
3.774% due 04/25/2035 ~	247	250
IndyMac Mortgage Loan Trust		
2.301% due 05/25/2046 •	517	504
2.571% due 07/25/2035 •	23	22
JPMorgan Mortgage Trust		
3.373% due 07/27/2037 ~	93	91
3.646% due 02/25/2036 ^~	30	25
Mellon Residential Funding Corp. Mortgage Pass-Through Trust		
2.513% due 12/15/2030 •	6	5
Merrill Lynch Mortgage Investors Trust		
3.717% due 10/25/2035 •	7	7
Morgan Stanley Bank of America Merrill Lynch Trust		
1.134% due 12/15/2048 ~(a)	954	35
Morgan Stanley Mortgage Loan Trust		
3.753% due 06/25/2036 ~	37	38
Residential Accredit Loans, Inc. Trust		
2.241% due 02/25/2047 •	33	21
2.271% due 06/25/2046 •	298	131
2.301% due 04/25/2046 •	496	243
Structured Adjustable Rate Mortgage Loan Trust		
3.915% due 04/25/2034 ~	4	4
Structured Asset Mortgage Investments Trust		
2.301% due 05/25/2036 •	13	12
2.311% due 05/25/2036 •	92	84
2.311% due 09/25/2047 •	133	126
2.551% due 05/25/2045 •	19	18
2.665% due 07/19/2034 •	2	2
2.745% due 09/19/2032 •	2	2
2.785% due 03/19/2034 •	4	4
3.058% due 08/25/2047 ^•	37	35
Structured Asset Securities Corp. Mortgage Loan Trust		
2.381% due 10/25/2036 •	555	498
TBW Mortgage-Backed Trust		
5.970% due 09/25/2036 ^×	189	19
Thornburg Mortgage Securities Trust		
4.020% due 06/25/2047 ^•	38	35
4.020% due 06/25/2047 •	7	6
Wachovia Mortgage Loan Trust LLC		
3.712% due 10/20/2035 ^~	109	110
WaMu Mortgage Pass-Through Certificates Trust		
2.145% due 02/27/2034 •	$ 4	$ 4
2.401% due 01/25/2045 •	102	102
2.538% due 06/25/2046 •	41	41
2.558% due 02/25/2046 •	92	92
3.101% due 12/25/2036 ^~	213	194
3.450% due 03/25/2033 ~	10	10
3.657% due 03/25/2035 ~	51	51
3.707% due 04/25/2035 ~	39	40
Washington Mutual Mortgage Pass-Through Certificates Trust		
2.498% due 07/25/2046 ^•	26	19
Wells Fargo Mortgage-Backed Securities Trust		
3.768% due 03/25/2036 ^~	136	132
3.873% due 03/25/2035 ~	63	64
3.881% due 04/25/2036 ~	2	2
4.278% due 07/25/2036 ^~	37	37
		9,301

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
U.S. GOVERNMENT AGENCIES 12.7%		
Fannie Mae		
2.211% (LIBOR01M + 0.120%) due 03/25/2034 ~	4	4
2.241% (LIBOR01M + 0.150%) due 08/25/2034 ~	2	2
2.310% (US0001M + 0.350%) due 09/25/2042 ~	16	16
2.491% (LIBOR01M + 0.400%) due 06/25/2036 ~	27	27
2.664% (12MTA + 1.200%) due 10/01/2044 ~	15	15
2.891% (LIBOR01M + 0.800%) due 12/25/2039 ~	216	220
3.126% (US0012M + 1.376%) due 12/01/2034 ~	4	4
3.500% due 11/01/2021	88	89
3.566% due 05/25/2035 ~	9	10
3.583% (H15T1Y + 2.359%) due 11/01/2034 ~	27	29
6.000% due 07/25/2044	10	11
Fannie Mae, TBA		
3.500% due 07/01/2048 - 08/01/2048	44,000	43,741
4.000% due 08/01/2048	17,800	18,121
Freddie Mac		
1.398% due 01/15/2038 ~(a)	464	20
2.257% (LIBOR01M + 0.350%) due 01/15/2038 ~	464	464
2.573% (LIBOR01M + 0.500%) due 12/15/2032 ~	6	6
2.664% (12MTA + 1.200%) due 10/25/2044 ~	41	41
2.673% (LIBOR01M + 0.600%) due 12/15/2037 ~	10	10
3.500% (US0012M + 1.625%) due 03/01/2035 ~	5	5
3.639% (H15T1Y + 2.278%) due 02/01/2029 ~	2	2
3.978% (US0012M + 1.725%) due 04/01/2035 ~	64	66
Ginnie Mae		
2.625% (H15T1Y + 1.500%) due 04/20/2028 - 06/20/2030 ~	3	3
2.717% (US0001M + 0.800%) due 05/20/2066 - 06/20/2066 ~	4,089	4,150
2.767% (US0001M + 0.850%) due 11/20/2066 ~	674	686
NCUA Guaranteed Notes		
2.495% (LIBOR01M + 0.470%) due 11/05/2020 ~	720	723
2.585% (LIBOR01M + 0.560%) due 12/08/2020 ~	208	209
		68,674

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
U.S. TREASURY OBLIGATIONS 7.1%		
U.S. Treasury Inflation Protected Securities (f)		
0.125% due 01/15/2022 (f)	$ 111	$ 109
0.125% due 04/15/2022 (f)(l)	2,266	2,221
0.125% due 01/15/2023 (f)(l)	1,737	1,698
0.125% due 07/15/2024 (f)	158	154
0.375% due 07/15/2025 (f)(l)	8,769	8,617
0.500% due 01/15/2028 (f)	9,040	8,846
0.625% due 01/15/2026 (f)	53	52
1.000% due 02/15/2048 (f)	2,337	2,418
1.375% due 02/15/2044 (f)	860	961
2.000% due 01/15/2026 (f)	126	138
2.500% due 01/15/2029 (f)	1,284	1,510
3.875% due 04/15/2029 (f)	762	1,005
U.S. Treasury Notes		
2.250% due 11/15/2025 (n)	100	96
2.875% due 04/30/2025 (n)	10,600	10,641
		38,466
Total United States (Cost $228,368)		**231,261**
SHORT-TERM INSTRUMENTS 9.6%		
COMMERCIAL PAPER 1.8%		
American Electric Power, Inc.		
2.370% due 07/24/2018	800	799
Hewlett Packard Enterprise Co.		
2.340% due 07/10/2018	600	600
HP, Inc.		
2.380% due 07/23/2018	800	799
Humana, Inc.		
2.550% due 07/09/2018	1,350	1,349
Interpublic Group Cos.		
2.450% due 07/25/2018	600	599
NBCUniversal Enterprise, Inc.		
2.290% due 07/19/2018	300	300
Qualcomm, Inc.		
2.280% due 07/24/2018	800	799
RELX, Inc.		
2.320% due 07/20/2018	400	399
Rockwell Collins, Inc.		
2.300% due 07/02/2018	800	800
Southern Co.		
2.380% due 07/10/2018	600	600
2.400% due 07/16/2018	400	399
Syngenta Wilmington		
2.950% due 07/27/2018	600	599
3.050% due 07/27/2018	700	699
Thomson Reuters Corp.		
2.400% due 07/25/2018	400	399
2.400% due 08/01/2018	800	798
		9,938
REPURCHASE AGREEMENTS (i) 0.3%		
		1,846
ARGENTINA TREASURY BILLS 0.5%		
25.045% due 09/14/2018 - 10/12/2018 (c)(d)	ARS 11,130	357
2.347% due 07/13/2018 - 12/14/2018 (c)(d)	$ 2,200	2,173
		2,530
JAPAN TREASURY BILLS 6.9%		
(0.139)% due 07/02/2018 - 10/01/2018 (c)(d)	JPY 4,150,000	37,490

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
U.S. TREASURY BILLS 0.1%		
1.919% due 09/06/2018 (d)(e)(n)	$ 350	$ 349
Total Short-Term Instruments (Cost $52,902)		**52,153**
Total Investments in Securities (Cost $575,157)		**576,781**

	SHARES	MARKET VALUE (000S)
INVESTMENTS IN AFFILIATES 7.2%		
SHORT-TERM INSTRUMENTS 7.2%		
CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 7.2%		
PIMCO Short Asset Portfolio	1,088,917	$ 10,896
PIMCO Short-Term Floating NAV Portfolio III	2,850,347	28,178
Total Short-Term Instruments (Cost $39,084)		**39,074**
Total Investments in Affiliates (Cost $39,084)		**39,074**

	MARKET VALUE (000S)
Total Investments 114.0% (Cost $614,241)	$ **615,855**
Financial Derivative Instruments (k)(m) 0.3% (Cost or Premiums, net $6,637)	**1,364**
Other Assets and Liabilities, net (14.3)%	**(77,190)**
Net Assets 100.0%	$ **540,029**

NOTES TO SCHEDULE OF INVESTMENTS:

* A zero balance may reflect actual amounts rounding to less than one thousand.

^ Security is in default.

~ Variable or Floating rate security. Rate shown is the rate in effect as of period end. Certain variable rate securities are not based on a published reference rate and spread, rather are determined by the issuer or agent and are based on current market conditions. Reference rate is as of reset date, which may vary by security. These securities may not indicate a reference rate and/or spread in their description.

• Rate shown is the rate in effect as of period end. The rate may be based on a fixed rate, a capped rate or a floor rate and may convert to a variable or floating rate in the future. These securities do not indicate a reference rate and spread in their description.

× Coupon represents a rate which changes periodically based on a predetermined schedule. Rate shown is the rate in effect as of period end.

(a) Interest only security.

(b) Security is not accruing income as of the date of this report.

(c) Coupon represents a weighted average yield to maturity.

(d) Zero coupon security.

(e) Coupon represents a yield to maturity.

(f) Principal amount of security is adjusted for inflation.

(g) Perpetual maturity; date shown, if applicable, represents next contractual call date.

(h) Contingent convertible security.

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(i) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received[1]
FICC	1.500%	06/29/2018	07/02/2018	$ 1,846	U.S. Treasury Notes 1.875% due 02/28/2022	$ (1,884)	$ 1,846	$ 1,846
Total Repurchase Agreements						**$ (1,884)**	**$ 1,846**	**$ 1,846**

REVERSE REPURCHASE AGREEMENTS:

Counterparty	Borrowing Rate[2]	Settlement Date	Maturity Date	Amount Borrowed[2]	Payable for Reverse Repurchase Agreements
BPS	(0.450)%	04/19/2018	07/19/2018	EUR (9,389)	$ (10,955)
IND	0.650	05/02/2018	07/05/2018	GBP (4,408)	(5,823)
Total Reverse Repurchase Agreements					**$ (16,778)**

BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral pledged/(received) as of June 30, 2018:

Counterparty	Repurchase Agreement Proceeds to be Received[(1)]	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral Pledged/(Received)	Net Exposure[(3)]
Global/Master Repurchase Agreement						
BPS	$ 0	$ (10,955)	$ 0	$ (10,955)	$ 11,176	$ 221
FICC	1,846	0	0	1,846	(1,884)	(38)
IND	0	(5,823)	0	(5,823)	5,928	105
Total Borrowings and Other Financing Transactions	**$ 1,846**	**$ (16,778)**	**$ 0**			

CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS

Remaining Contractual Maturity of the Agreements

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
Reverse Repurchase Agreements					
Sovereign Issues	$ 0	$ (16,778)	$ 0	$ 0	$ (16,778)
Total Borrowings	**$ 0**	**$ (16,778)**	**$ 0**	**$ 0**	**$ (16,778)**
Payable for reverse repurchase agreements					**$ (16,778)**

(j) Securities with an aggregate market value of $16,837 and cash of $266 have been pledged as collateral under the terms of the above master agreements as of June 30, 2018.

(1) Includes accrued interest.

(2) The average amount of borrowings outstanding during the period ended June 30, 2018 was $(20,133) at a weighted average interest rate of 0.075%. Average borrowings may include sale-buyback transactions and reverse repurchase agreements, if held during the period.

(3) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

(k) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED

WRITTEN OPTIONS:

OPTIONS ON EXCHANGE-TRADED FUTURES CONTRACTS

Description	Strike Price	Expiration Date	# of Contracts	Notional Amount	Premiums (Received)	Market Value
Put - CBOT U.S. Treasury 10-Year Note August 2018 Futures	$ 119.000	07/27/2018	34	$ 34	$ (10)	$ (3)
Call - CBOT U.S. Treasury 10-Year Note August 2018 Futures	120.500	07/27/2018	34	34	(8)	(11)
Total Written Options					**$ (18)**	**$ (14)**

FUTURES CONTRACTS:

LONG FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
90-Day Eurodollar December Futures	12/2019	699	$ 169,569	$ (112)	$ 0	$ (17)
90-Day Eurodollar March Futures	03/2019	1,071	260,360	(237)	0	0
90-Day Eurodollar September Futures	09/2018	55	13,412	(15)	0	0
Australia Government 3-Year Note September Futures	09/2018	30	AUD 2,472	10	1	0
Australia Government 10-Year Bond September Futures	09/2018	62	5,936	97	5	(7)
Call Options Strike @ EUR 152.000 on Euro-BTP 10-Year Bond September 2018 Futures	08/2018	17	EUR 0	0	0	0
Canada Government 10-Year Bond September Futures	09/2018	50	CAD 5,199	93	0	(43)
Euro-Bobl September Futures	09/2018	560	EUR 86,435	262	39	(26)
Euro-Buxl 30-Year Bond September Futures	09/2018	16	3,320	81	33	0
Euro-Schatz September Futures	09/2018	349	45,682	37	2	(8)
Japan Government 10-Year Bond September Futures	09/2018	31	JPY 42,235	60	9	(6)
U.S. Treasury 5-Year Note September Futures	09/2018	51	$ 5,794	6	0	(1)

Description	Expiration Month	# of Contracts		Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
U.S. Treasury 10-Year Note September Futures	09/2018	64	$	7,692	$ 40	$ 0	$ 0
U.S. Treasury Ultra Long-Term Bond September Futures	09/2018	106		16,914	327	0	(7)
United Kingdom 90-Day LIBOR Sterling Interest Rate December Futures	12/2018	563	GBP	92,069	204	9	(18)
United Kingdom Long Gilt September Futures	09/2018	29		4,710	64	0	(11)
					$ 917	$ 98	$ (144)

SHORT FUTURES CONTRACTS

Description	Expiration Month	# of Contracts		Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
90-Day Eurodollar December Futures	12/2020	699	$	(169,542)	$ (8)	$ 26	$ 0
90-Day Eurodollar March Futures	03/2020	1,071		(259,771)	167	40	0
90-Day Eurodollar September Futures	09/2019	55		(13,349)	28	1	0
Call Options Strike @ EUR 133.000 on Euro-Bobl 10-Year Bond September 2018 Futures	08/2018	75	EUR	(14)	1	2	(2)
Call Options Strike @ EUR 160.000 on Euro-Bund 10-Year Bond August 2018 Futures	07/2018	39		(120)	(103)	0	(10)
Call Options Strike @ EUR 160.500 on Euro-Bund 10-Year Bond August 2018 Futures	07/2018	10		(25)	(21)	0	(2)
Euro-BTP Italy Government Bond September Futures	09/2018	17		(2,526)	16	0	(30)
Euro-OAT France Government 10-Year Bond September Futures	09/2018	238		(42,952)	(384)	0	(189)
Put Options Strike @ EUR 131.250 on Euro-Bobl September 2018 Futures	08/2018	75		(11)	2	1	0
Put Options Strike @ EUR 156.500 on Euro-Bund 10-Year Bond August 2018 Futures	07/2018	10		0	4	0	0
U.S. Treasury 2-Year Note September Futures	09/2018	25	$	(5,296)	(5)	1	0
United Kingdom 90-Day LIBOR Sterling Interest Rate December Futures	12/2019	563	GBP	(91,828)	(242)	19	(10)
					$ (545)	$ 90	$ (243)
Total Futures Contracts					**$ 372**	**$ 188**	**$ (387)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - BUY PROTECTION(1)

Reference Entity	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Implied Credit Spread at June 30, 2018(3)		Notional Amount(4)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(5)	Variation Margin Asset	Variation Margin Liability
Altria Group, Inc.	(1.000)%	Quarterly	12/20/2020	0.192%	$	700	$ (16)	$ 2	$ (14)	$ 0	$ 0
BASF SE	(1.000)	Quarterly	12/20/2020	0.186	EUR	200	(6)	1	(5)	0	0
Bayer AG	(1.000)	Quarterly	12/20/2020	0.227		100	(3)	1	(2)	0	0
Koninklijke DSM NV	(1.000)	Quarterly	12/20/2020	0.166		600	(17)	2	(15)	0	0
Navient Corp.	(5.000)	Quarterly	03/20/2019	0.357	$	1,100	(49)	10	(39)	0	0
Pfizer, Inc.	(1.000)	Quarterly	12/20/2020	0.180		700	(15)	1	(14)	0	0
Reynolds American, Inc.	(1.000)	Quarterly	12/20/2020	0.221		700	(15)	2	(13)	0	0
Telia Co. AB	(1.000)	Quarterly	12/20/2020	0.225	EUR	200	(5)	0	(5)	0	0
United Utilities PLC	(1.000)	Quarterly	12/20/2020	0.381		200	(5)	1	(4)	0	0
UnitedHealth Group, Inc.	(1.000)	Quarterly	12/20/2020	0.178	$	300	(7)	1	(6)	0	0
							$ (138)	$ 21	$ (117)	$ 0	$ 0

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION(2)

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at June 30, 2018(3)		Notional Amount(4)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(5)	Variation Margin Asset	Variation Margin Liability
Berkshire Hathaway, Inc.	1.000%	Quarterly	12/20/2022	0.540%	$	700	$ 13	$ 1	$ 14	$ 0	$ 0
Daimler AG	1.000	Quarterly	12/20/2020	0.495	EUR	200	5	(2)	3	0	0
Shell International Finance BV	1.000	Quarterly	12/20/2026	0.758		500	18	(6)	12	0	(2)
Tesco PLC	1.000	Quarterly	06/20/2022	0.863		800	0	5	5	1	0
Tesco PLC	1.000	Quarterly	06/20/2025	1.589		400	(13)	(5)	(18)	0	0
							$ 23	$ (7)	$ 16	$ 1	$ (2)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION[1]

Index/Tranches	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Notional Amount[4]	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value[5]	Variation Margin Asset	Variation Margin Liability
CDX.HY-29 5-Year Index	(5.000)%	Quarterly	12/20/2022	$ 3,900	$ (237)	$ (11)	$ (248)	$ 0	$ (1)
CDX.IG-28 5-Year Index	(1.000)	Quarterly	06/20/2022	43,544	(767)	19	(748)	0	(24)
CDX.IG-29 5-Year Index	(1.000)	Quarterly	12/20/2022	41,000	(728)	9	(719)	0	(19)
iTraxx Europe Main 26 5-Year Index	(1.000)	Quarterly	12/20/2021	EUR 53,300	(1,532)	357	(1,175)	0	(25)
iTraxx Europe Main 28 5-Year Index	(1.000)	Quarterly	12/20/2022	35,200	(1,019)	351	(668)	0	(16)
					$ (4,283)	$ 725	$ (3,558)	$ 0	$ (85)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION[2]

Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount[4]	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value[5]	Variation Margin Asset	Variation Margin Liability
CDX.EM-29 5-Year Index	1.000%	Quarterly	06/20/2023	$ 300	$ (6)	$ (6)	$ (12)	$ 0	$ 0

INTEREST RATE SWAPS

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value	Variation Margin Asset	Variation Margin Liability
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.673%	Annual	04/30/2025	$ 1,100	$ 0	$ (12)	$ (12)	$ 1	$ 0
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.683	Annual	04/30/2025	3,500	1	(41)	(40)	2	0
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.684	Annual	04/30/2025	1,200	0	(13)	(13)	1	0
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.696	Annual	04/30/2025	1,100	0	(13)	(13)	1	0
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.710	Annual	04/30/2025	1,200	0	(16)	(16)	1	0
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.714	Annual	04/30/2025	2,300	0	(31)	(31)	2	0
Pay	1-Year BRL-CDI	8.880	Maturity	01/04/2021	BRL 20,500	6	(29)	(23)	6	0
Pay[6]	3-Month CAD Bank Bill	2.300	Semi-Annual	07/16/2020	CAD 39,500	(58)	72	14	0	(56)
Pay	3-Month CAD Bank Bill	1.750	Semi-Annual	12/16/2046	600	(86)	2	(84)	0	(5)
Pay	3-Month CHF-LIBOR	0.050	Annual	03/16/2026	CHF 1,400	(24)	12	(12)	3	0
Pay[6]	3-Month NZD-BBR	2.500	Semi-Annual	02/14/2020	NZD 79,000	99	84	183	38	0
Pay[6]	3-Month USD-LIBOR	1.750	Semi-Annual	04/01/2019	$ 236,400	(836)	(157)	(993)	0	(6)
Receive[6]	3-Month USD-LIBOR	2.000	Semi-Annual	12/20/2019	25,300	220	41	261	1	0
Pay[6][7]	1-MONTH LIBOR + 0.117%	0.000	Quarterly	03/02/2020	33,900	0	4	4	5	0
Receive	3-Month USD-LIBOR	2.000	Semi-Annual	04/01/2020	236,400	927	201	1,128	6	0
Receive	3-Month USD-LIBOR	1.750	Semi-Annual	06/20/2020	63,700	1,091	190	1,281	5	0
Pay[6][7]	1-MONTH LIBOR + 0.084%	0.000	Quarterly	04/26/2022	30,400	0	(5)	(5)	1	0
Pay[7]	1-MONTH LIBOR + 0.070%	2.326	Quarterly	06/12/2022	3,900	0	6	6	0	0
Pay[7]	1-MONTH LIBOR + 0.084%	2.326	Quarterly	06/12/2022	5,100	0	6	6	1	0
Pay[7]	1-MONTH LIBOR + 0.085%	2.326	Quarterly	06/19/2022	19,800	2	17	19	2	0
Pay[6][7]	1-MONTH LIBOR + 0.073%	0.000	Quarterly	04/27/2023	17,000	0	(3)	(3)	0	0
Receive	3-Month USD-LIBOR	2.000	Semi-Annual	06/20/2023	11,100	414	44	458	6	0
Receive	3-Month USD-LIBOR	1.750	Semi-Annual	12/21/2023	9,200	479	55	534	5	0
Receive	3-Month USD-LIBOR	1.750	Semi-Annual	12/21/2026	15,200	1,224	120	1,344	12	0
Receive	3-Month USD-LIBOR	2.500	Semi-Annual	12/20/2027	1,400	39	14	53	1	0
Receive	3-Month USD-LIBOR	2.250	Semi-Annual	06/20/2028	6,400	433	(33)	400	7	0
Receive	3-Month USD-LIBOR	2.250	Semi-Annual	06/20/2028	35,600	1,882	239	2,121	30	0
Receive	3-Month USD-LIBOR	1.768	Semi-Annual	12/15/2046	300	67	4	71	0	0
Receive	3-Month USD-LIBOR	2.250	Semi-Annual	12/21/2046	1,500	200	21	221	2	0
Receive	3-Month USD-LIBOR	2.750	Semi-Annual	12/20/2047	20,600	636	334	970	34	0
Receive	3-Month USD-LIBOR	2.500	Semi-Annual	06/20/2048	4,000	445	(48)	397	6	0
Receive[6]	3-Month USD-LIBOR	2.953	Semi-Annual	11/12/2049	800	(5)	11	6	1	0
Receive[6]	3-Month USD-LIBOR	2.955	Semi-Annual	11/12/2049	2,900	(20)	41	21	5	0
Pay	3-Month ZAR-JIBAR	7.250	Quarterly	06/20/2023	ZAR 124,600	60	(256)	(196)	21	0
Pay	3-Month ZAR-JIBAR	8.500	Quarterly	03/15/2027	15,000	84	(63)	21	4	0
Pay[6]	6-Month EUR-EURIBOR	0.000	Annual	12/19/2020	EUR 12,700	(9)	43	34	12	0
Pay[6]	6-Month EUR-EURIBOR	0.500	Annual	09/19/2023	58,500	(12)	612	600	0	(1)
Pay[6]	6-Month EUR-EURIBOR	0.500	Annual	12/19/2023	17,300	(59)	168	109	0	0
Pay[6]	6-Month EUR-EURIBOR	1.250	Annual	09/19/2028	34,400	784	492	1,276	51	(1)
Pay[6]	6-Month EUR-EURIBOR	1.250	Annual	12/19/2028	27,500	469	379	848	46	0
Receive[6]	6-Month EUR-EURIBOR	1.500	Annual	09/19/2048	4,800	27	(65)	(38)	0	(56)
Pay[6]	6-Month GBP-LIBOR	1.000%	Annual	09/19/2019	GBP 44,900	(65)	121	56	0	(4)
Pay[6]	6-Month GBP-LIBOR	1.250	Annual	12/19/2019	37,900	40	100	140	0	(1)

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date		Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value	Variation Margin Asset	Variation Margin Liability
Receive[6]	6-Month GBP-LIBOR	1.000	Annual	09/18/2020	GBP	44,900	$ 209	$ (125)	$ 84	$ 1	$ 0
Pay[6]	6-Month GBP-LIBOR	1.250	Semi-Annual	09/19/2020		17,400	0	73	73	0	(5)
Receive[6]	6-Month GBP-LIBOR	1.500	Annual	12/18/2020		37,900	(68)	(83)	(151)	1	0
Receive[6]	6-Month GBP-LIBOR	1.500	Semi-Annual	09/19/2023		1,900	(10)	(9)	(19)	1	0
Receive[6]	6-Month GBP-LIBOR	1.500	Semi-Annual	09/19/2028		5,800	34	3	37	11	0
Pay[6]	6-Month GBP-LIBOR	1.750	Semi-Annual	09/19/2048		100	8	(4)	4	0	0
Pay[6]	6-Month JPY-LIBOR	0.100	Semi-Annual	03/20/2024	JPY	4,080,000	(121)	32	(89)	4	0
Receive	6-Month JPY-LIBOR	0.399	Semi-Annual	06/18/2028		410,000	(35)	(6)	(41)	0	(1)
Receive	6-Month JPY-LIBOR	0.450	Semi-Annual	03/20/2029		2,040,000	(148)	(49)	(197)	0	(7)
Pay[6]	6-Month JPY-LIBOR	1.500	Semi-Annual	06/19/2033		2,090,000	2,911	(91)	2,820	4	0
Pay[6]	6-Month JPY-LIBOR	1.250	Semi-Annual	06/17/2035		150,000	157	(2)	155	1	0
Pay[6]	28-Day MXN-TIIE	7.278	Lunar	03/22/2022	MXN	21,800	(5)	(18)	(23)	4	0
Pay[6]	28-Day MXN-TIIE	7.317	Lunar	03/23/2022		18,100	(3)	(15)	(18)	3	0
Pay[6]	28-Day MXN-TIIE	5.825	Lunar	01/12/2023		27,400	(95)	(17)	(112)	6	0
							$ 11,289	$ 2,337	$ 13,626	$ 355	$ (143)
Total Swap Agreements							**$ 6,885**	**$ 3,070**	**$ 9,955**	**$ 356**	**$ (230)**

FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of June 30, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value	Variation Margin Asset			Market Value	Variation Margin Liability		
	Purchased Options	Futures	Swap Agreements	Total	Written Options	Futures	Swap Agreements	Total
Total Exchange-Traded or Centrally Cleared	**$ 0**	**$ 188**	**$ 356**	**$ 544**	**$ (14)**	**$ (387)**	**$ (230)**	**$ (631)**

(l) Securities with an aggregate market value of $8,479 and cash of $2,169 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of June 30, 2018. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

(1) If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(3) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on sovereign issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(4) The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(5) The prices and resulting values for credit default swap agreements on credit indices serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(6) This instrument has a forward starting effective date. See Note 2, Securities Transactions and Investment Income, in the Notes to Financial Statements for further information.

(7) Versus Floating Rate Index Receive 3-Month USD-LIBOR

(m) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received	Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
AZD	07/2018	AUD	255	$ 194	$ 5	$ 0
BOA	07/2018	ARS	14,743	533	24	0
	07/2018	JPY	70,000	665	33	0
	07/2018	KRW	973,683	896	21	0
	07/2018	NOK	31,595	3,876	0	(3)
	07/2018	TRY	17,919	3,843	0	(28)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
	07/2018	$	926	ARS	26,481	$ 1	$ (18)
	07/2018		4,837	AUD	6,553	12	0
	07/2018		738	INR	50,442	0	(3)
	07/2018		1,744	PLN	6,526	0	(1)
	08/2018	AUD	6,553	$	4,838	0	(12)
	08/2018	JPY	320,000		2,936	39	0
	08/2018	$	355	AUD	453	0	(20)
	08/2018		608	BRL	2,330	0	(9)
	08/2018		1,343	CZK	29,018	0	(35)
	08/2018	ZAR	1,800	$	137	6	0
	09/2018	SGD	8,985		6,766	161	0
	10/2018	PLN	6,526		1,746	1	0
BPS	07/2018	ARS	20,476		740	33	0
	07/2018	CAD	360		274	0	0
	07/2018	JPY	950,400		8,743	159	0
	07/2018	KRW	613,782		554	3	0
	07/2018	$	1,252	ARS	33,028	0	(115)
	07/2018		562	GBP	422	0	(5)
	08/2018		239	AUD	306	0	(13)
	08/2018		6,944	MXN	135,031	0	(203)
	09/2018	KRW	128,771	$	116	0	0
	09/2018	TWD	200,031		6,808	212	0
	09/2018	$	267	CNH	1,736	0	(6)
	09/2018		1,352	INR	93,450	0	(2)
	10/2018	KRW	170,544	$	153	0	0
BRC	07/2018	ARS	9,895		363	27	0
	09/2018	$	1	INR	69	0	0
CBK	07/2018	CAD	17,053	$	13,099	127	0
	07/2018	GBP	18,473		24,545	166	0
	07/2018	$	312	CAD	410	0	0
	07/2018		1,353	GBP	1,027	3	0
	07/2018		342	RUB	21,619	2	0
	07/2018		270	SEK	2,320	0	(11)
	07/2018		406	TRY	1,860	0	(5)
	08/2018	CZK	29,326	$	1,340	19	0
	08/2018	$	65	ARS	1,342	0	(21)
	08/2018		1,033	CAD	1,360	3	0
	09/2018		363	CNH	2,415	0	0
	10/2018	JPY	70,000	$	638	2	0
	02/2019	EUR	1,878		2,377	145	0
	06/2019	GBP	584		783	0	(1)
DUB	07/2018	ARS	8,969		309	0	(1)
	07/2018	BRL	11,915		3,154	79	0
	07/2018	COP	774,468		284	20	0
	07/2018	$	322	ARS	8,969	0	(12)
	07/2018		3,216	BRL	11,915	0	(142)
	07/2018		298	COP	852,538	0	(7)
	01/2019		1,446	EUR	1,150	0	(81)
	03/2019	BRL	2,418	$	632	23	0
	03/2019	$	538	MXN	11,542	21	0
	04/2019	SEK	2,204	EUR	214	4	0
FBF	07/2018	BRL	1,959	$	514	8	0
	07/2018	COP	209,787		77	5	0
	07/2018	KRW	404,550		372	9	0
	07/2018	$	508	BRL	1,959	0	(3)
GLM	07/2018	ARS	144	$	5	0	0
	07/2018	CAD	787	AUD	814	4	0
	07/2018		307	$	231	0	(3)
	07/2018	CHF	610		618	2	0
	07/2018	EUR	1,431		1,696	25	0
	07/2018	GBP	3,706		4,941	50	0
	07/2018	KRW	1,189,206		1,073	5	0
	07/2018	SEK	34,995		3,996	89	0
	07/2018	$	991	BRL	3,798	0	(11)
	07/2018		991	CAD	1,304	1	0
	07/2018		1,307	COP	3,766,844	0	(23)
	07/2018		7,356	EUR	6,294	0	(6)
	08/2018	BRL	3,798	$	988	11	0
	08/2018	$	3,271	MXN	63,635	0	(95)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Liability
	09/2018	RON	7,244	EUR	1,538	$ 0	$ (2)
HUS	07/2018	ARS	7,268	$	267	20	0
	07/2018	BRL	5,200		1,372	30	0
	07/2018	KRW	851,415		771	6	0
	07/2018	RUB	191,581		3,040	0	(9)
	07/2018	$	1,371	BRL	5,200	0	(29)
	07/2018		12,564	CAD	16,716	151	0
	07/2018		505	EUR	433	0	0
	07/2018		2,659	RUB	169,962	45	0
	08/2018	CAD	16,716	$	12,571	0	(151)
	08/2018	$	133	ARS	2,752	0	(43)
	08/2018		5,397	RUB	339,816	9	(24)
	08/2018		172	ZAR	2,396	2	0
	10/2018		285	DKK	1,815	1	0
	12/2018	EUR	1,558	$	1,949	106	0
	12/2018	$	1,351	AUD	1,700	0	(92)
	01/2019	EUR	1,199	$	1,441	18	0
	02/2019	$	716	AUD	900	0	(49)
	03/2019	BRL	810	$	240	36	0
	03/2019	$	240	MXN	4,727	0	(11)
	05/2019		1,301	EUR	1,078	0	(8)
IND	08/2018	ZAR	2,517	$	199	16	0
	09/2018	RON	3,583	EUR	761	0	0
JPM	07/2018	ARS	6,443	$	242	22	0
	07/2018	AUD	4,401		3,314	57	0
	07/2018	BRL	3,798		1,019	39	0
	07/2018	CAD	1,656		1,241	0	(18)
	07/2018	GBP	3,267		4,325	19	(6)
	07/2018	NZD	1,230		866	33	0
	07/2018	$	2,023	CAD	2,685	19	0
	07/2018		3,557	NOK	29,490	64	0
	08/2018	JPY	940,000	$	8,619	110	0
	08/2018	KRW	1,165,662		1,046	0	(1)
	08/2018	MXN	34,021		1,747	48	0
	09/2018	JPY	2,260,000		20,820	318	0
	04/2019	EUR	416	SEK	4,267	0	(10)
MSB	07/2018	AUD	1,897	$	1,433	29	0
	07/2018	BRL	4,756		1,262	35	0
	07/2018	CAD	2,041		1,573	21	0
	07/2018	EUR	1,222		1,411	0	(16)
	07/2018	PLN	6,526		1,920	178	0
	07/2018	$	1,233	BRL	4,756	0	(6)
	08/2018		18	ARS	371	0	(6)
	08/2018		1,259	BRL	4,756	0	(36)
	06/2021		38	EUR	30	0	0
NGF	07/2018	KRW	281,330	$	254	1	0
	07/2018	$	958	INR	65,527	0	(3)
	08/2018	KRW	355,111	$	319	0	0
	09/2018	$	13,369	CNH	85,364	0	(538)
	09/2018		1,343	INR	91,282	0	(24)
RYL	04/2019	SEK	2,992	EUR	288	2	0
SCX	07/2018	EUR	55,375	$	64,149	0	(518)
	07/2018	GBP	138		182	0	0
	07/2018	$	16,231	DKK	103,560	1	0
	07/2018		25,971	SEK	231,255	0	(151)
	08/2018	SEK	231,255	$	26,030	154	0
	08/2018	$	342	AUD	439	0	(17)
	08/2018		3,697	TRY	16,514	0	(168)
	09/2018	IDR	7,837,623	$	547	6	0
	09/2018	KRW	239,430		223	7	0
	10/2018	DKK	103,560		16,349	1	0
	10/2018	INR	58,616		847	4	0
SOG	07/2018	SEK	198,580		22,288	117	0
	08/2018	$	20	ARS	418	0	(6)
	12/2018		894	EUR	710	0	(55)
SSB	07/2018	AUD	500	$	379	9	0
	07/2018	$	59,719	EUR	51,301	190	0
	08/2018	EUR	51,301	$	59,852	0	(187)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
	11/2018	AUD	500	$	379	$ 9	$ 0
TOR	07/2018	$	8,650	JPY	950,400	0	(66)
	08/2018	JPY	950,400	$	8,668	67	0
UAG	07/2018	DKK	106,952		17,831	1,068	0
	07/2018	JPY	490,000		4,610	182	0
	07/2018	$	475	DKK	2,860	0	(26)
	07/2018		33,331	GBP	25,208	0	(63)
	08/2018	GBP	25,208	$	33,378	65	0
	08/2018	MXN	42,837		2,189	51	0
	09/2018	$	571	IDR	8,125,382	0	(9)
Total Forward Foreign Currency Contracts						**$ 4,926**	**$ (3,243)**

PURCHASED OPTIONS:

FOREIGN CURRENCY OPTIONS

Counterparty	Description	Strike Price		Expiration Date	Notional Amount		Cost	Market Value
BOA	Call - OTC USD versus JPY	JPY	120.000	04/17/2020	$	1,629	$ 30	$ 9
CBK	Call - OTC USD versus CAD	CAD	1.370	08/17/2018		2,867	5	4
DUB	Call - OTC USD versus JPY	JPY	120.000	04/17/2020		1,264	23	7
GLM	Call - OTC USD versus JPY		120.000	04/20/2020		1,961	37	11
HUS	Put - OTC AUD versus USD	$	0.735	02/05/2019	AUD	5,400	53	95
	Put - OTC EUR versus USD		1.140	05/24/2019	EUR	2,600	34	36
MSB	Call - OTC EUR versus USD		1.291	06/24/2021		438	27	26
	Put - OTC EUR versus USD		1.291	06/24/2021		438	32	31
SCX	Put - OTC USD versus INR	INR	69.220	10/25/2018	$	1,534	21	18
Total Purchased Options							**$ 262**	**$ 237**

WRITTEN OPTIONS:

CREDIT DEFAULT SWAPTIONS ON CREDIT INDICES

Counterparty	Description	Buy/Sell Protection	Exercise Rate	Expiration Date	Notional Amount		Premiums (Received)	Market Value
BOA	Put - OTC CDX.IG-30 5-Year Index	Sell	0.750%	07/18/2018	$	1,600	$ (2)	$ (1)
BPS	Put - OTC CDX.IG-30 5-Year Index	Sell	0.750	07/18/2018		2,500	(2)	(1)
	Put - OTC CDX.IG-30 5-Year Index	Sell	0.900	09/19/2018		1,400	(2)	(2)
BRC	Put - OTC CDX.IG-30 5-Year Index	Sell	0.950	07/18/2018		600	(1)	0
	Call - OTC iTraxx Europe 29 5-Year Index	Buy	0.475	09/19/2018	EUR	12,300	(6)	0
	Put - OTC iTraxx Europe 29 5-Year Index	Sell	0.750	09/19/2018		12,300	(24)	(58)
CBK	Put - OTC CDX.IG-30 5-Year Index	Sell	0.850	07/18/2018	$	900	(1)	0
	Put - OTC CDX.IG-30 5-Year Index	Sell	0.900	09/19/2018		1,000	(2)	(1)
DUB	Put - OTC CDX.IG-30 5-Year Index	Sell	0.950	07/18/2018		700	(1)	0
JPM	Put - OTC CDX.IG-30 5-Year Index	Sell	0.725	07/18/2018		700	(1)	0
							$ (42)	$ (63)

FOREIGN CURRENCY OPTIONS

Counterparty	Description	Strike Price		Expiration Date	Notional Amount		Premiums (Received)	Market Value
BPS	Call - OTC USD versus KRW	KRW	1,200.000	10/25/2018	$	1,534	$ (6)	$ (6)
CBK	Put - OTC GBP versus USD	$	1.315	06/14/2019	GBP	1,660	(53)	(51)
	Call - OTC GBP versus USD		1.440	06/14/2019		1,668	(24)	(18)
	Put - OTC USD versus CAD	CAD	1.305	08/17/2018	$	1,911	(15)	(15)
HUS	Call - OTC AUD versus USD	$	0.825	12/04/2018	AUD	5,400	(70)	(3)
	Call - OTC EUR versus USD		1.270	05/24/2019	EUR	2,600	(36)	(26)
							$ (204)	$ (119)
Total Written Options							**$ (246)**	**$ (182)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON SOVEREIGN ISSUES - BUY PROTECTION(1)

Counterparty	Reference Entity	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Implied Credit Spread at June 30, 2018(2)	Notional Amount(3)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value Asset	Liability
BOA	Japan Government International Bond	(1.000)%	Quarterly	06/20/2022	0.175%	$ 200	$ (7)	$ 1	$ 0	$ (6)
BPS	Japan Government International Bond	(1.000)	Quarterly	06/20/2022	0.175	1,700	(61)	7	0	(54)
	South Korea Government International Bond	(1.000)	Quarterly	06/20/2023	0.500	3,000	(73)	3	0	(70)
BRC	China Government International Bond	(1.000)	Quarterly	06/20/2023	0.694	800	(15)	4	0	(11)
	Japan Government International Bond	(1.000)	Quarterly	06/20/2022	0.175	1,200	(41)	3	0	(38)
	South Korea Government International Bond	(1.000)	Quarterly	06/20/2023	0.500	300	(7)	0	0	(7)
CBK	Japan Government International Bond	(1.000)	Quarterly	06/20/2022	0.175	1,000	(35)	4	0	(31)
GST	China Government International Bond	(1.000)	Quarterly	06/20/2023	0.694	1,600	(31)	8	0	(23)
	Japan Government International Bond	(1.000)	Quarterly	06/20/2022	0.175	1,700	(60)	6	0	(54)
HUS	South Korea Government International Bond	(1.000)	Quarterly	06/20/2023	0.500	800	(20)	1	0	(19)
JPM	South Korea Government International Bond	(1.000)	Quarterly	06/20/2023	0.500	200	(5)	0	0	(5)
							$ (355)	$ 37	$ 0	$ (318)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION(1)

Counterparty	Index/Tranches	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Notional Amount(3)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value(4) Asset	Liability
BPS	iTraxx Europe Subordinated 27 5-Year Index	(1.000)%	Quarterly	06/20/2022	EUR 1,400	$ 73	$ (48)	$ 25	$ 0

CROSS-CURRENCY SWAPS

Counterparty	Receive	Pay	Payment Frequency	Maturity Date(5)	Notional Amount of Currency Received	Notional Amount of Currency Delivered	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value Asset	Liability
BPS	Floating rate equal to 3-Month AUD-LIBOR plus 0.362% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	09/26/2027	AUD 2,600	$ 2,061	$ 10	$ (148)	$ 0	$ (138)
	Floating rate equal to 3-Month AUD-LIBOR plus 0.368% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	10/05/2027	1,500	1,182	(4)	(68)	0	(72)
DUB	Floating rate equal to 3-Month GBP-LIBOR less 0.055% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	10/13/2026	GBP 800	976	(1)	69	68	0
MYC	Floating rate equal to 3-Month AUD-LIBOR plus 0.368% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	10/06/2027	AUD 504	394	2	(24)	0	(22)
RYL	Floating rate equal to 3-Month GBP-LIBOR less 0.055% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	10/13/2026	GBP 1,000	1,220	29	55	84	0
							$ 36	$ (116)	$ 152	$ (232)

INTEREST RATE SWAPS

Counterparty	Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value Asset	Liability
JPM	Receive	3-Month KRW-KORIBOR	1.992%	Quarterly	07/10/2027	KRW 3,206,400	$ 0	$ 49	$ 49	$ 0
SOG	Receive	3-Month KRW-KORIBOR	2.030	Quarterly	07/10/2027	2,933,300	0	37	37	0
							$ 0	$ 86	$ 86	$ 0
Total Swap Agreements							**$ (246)**	**$ (41)**	**$ 263**	**$ (550)**

FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral pledged/(received) as of June 30, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Market Value of OTC Derivatives	Collateral Pledged/ (Received)	Net Exposure[6]
AZD	$ 5	$ 0	$ 0	$ 5	$ 0	$ 0	$ 0	$ 0	$ 5	$ 0	$ 5
BOA	298	9	0	307	(129)	(1)	(6)	(136)	171	(280)	(109)
BPS	407	0	25	432	(344)	(9)	(334)	(687)	(255)	115	(140)
BRC	27	0	0	27	0	(58)	(56)	(114)	(87)	0	(87)
CBK	467	4	0	471	(38)	(85)	(31)	(154)	317	(640)	(323)
DUB	147	7	68	222	(243)	0	0	(243)	(21)	(130)	(151)
FBF	22	0	0	22	(3)	0	0	(3)	19	0	19
GLM	187	11	0	198	(140)	0	0	(140)	58	1	59
GST	0	0	0	0	0	0	(77)	(77)	(77)	0	(77)
HUS	424	131	0	555	(416)	(29)	(19)	(464)	91	0	91
IND	16	0	0	16	0	0	0	0	16	0	16
JPM	729	0	49	778	(35)	0	(5)	(40)	738	(590)	148
MSB	263	57	0	320	(64)	0	0	(64)	256	(310)	(54)
MYC	0	0	0	0	0	0	(22)	(22)	(22)	(20)	(42)
NGF	1	0	0	1	(565)	0	0	(565)	(564)	534	(30)
RYL	2	0	84	86	0	0	0	0	86	(5)	81
SCX	173	18	0	191	(854)	0	0	(854)	(663)	271	(392)
SOG	117	0	37	154	(61)	0	0	(61)	93	(260)	(167)
SSB	208	0	0	208	(187)	0	0	(187)	21	0	21
TOR	67	0	0	67	(66)	0	0	(66)	1	0	1
UAG	1,366	0	0	1,366	(98)	0	0	(98)	1,268	(1,440)	(172)
Total Over the Counter	**$ 4,926**	**$ 237**	**$ 263**	**$ 5,426**	**$ (3,243)**	**$ (182)**	**$ (550)**	**$ (3,975)**			

(n) Securities with an aggregate market value of $921 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of June 30, 2018.

(1) If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on sovereign issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(3) The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(4) The prices and resulting values for credit default swap agreements on credit indices serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(5) At the maturity date, the notional amount of the currency received will be exchanged back for the notional amount of the currency delivered.

(6) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS

The following is a summary of the fair valuation of the Portfolio's derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Portfolio.

Fair Values of Financial Derivative Instruments on the Statement of Assets and Liabilities as of June 30, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Financial Derivative Instruments - Assets						
Exchange-traded or centrally cleared						
Futures	$ 0	$ 0	$ 0	$ 0	$ 188	$ 188
Swap Agreements	0	1	0	0	355	356
	$ 0	$ 1	$ 0	$ 0	$ 543	$ 544
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 4,926	$ 0	$ 4,926
Purchased Options	0	0	0	237	0	237
Swap Agreements	0	25	0	152	86	263
	$ 0	$ 25	$ 0	$ 5,315	$ 86	$ 5,426
	$ 0	$ 26	$ 0	$ 5,315	$ 629	$ 5,970
Financial Derivative Instruments - Liabilities						
Exchange-traded or centrally cleared						
Written Options	$ 0	$ 0	$ 0	$ 0	$ 14	$ 14
Futures	0	0	0	0	387	387
Swap Agreements	0	87	0	0	143	230
	$ 0	$ 87	$ 0	$ 0	$ 544	$ 631
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 3,243	$ 0	$ 3,243
Written Options	0	63	0	119	0	182
Swap Agreements	0	318	0	232	0	550
	$ 0	$ 381	$ 0	$ 3,594	$ 0	$ 3,975
	$ 0	$ 468	$ 0	$ 3,594	$ 544	$ 4,606

The effect of Financial Derivative Instruments on the Statement of Operations for the period ended June 30, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 48	$ 48
Written Options	0	0	0	0	25	25
Futures	0	0	0	0	(2,408)	(2,408)
Swap Agreements	0	(1,403)	0	0	10,196	8,793
	$ 0	$ (1,403)	$ 0	$ 0	$ 7,861	$ 6,458
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ (955)	$ 0	$ (955)
Purchased Options	0	0	0	26	(104)	(78)
Written Options	0	30	0	501	23	554
Swap Agreements	0	(10)	0	5,449	(14)	5,425
	$ 0	$ 20	$ 0	$ 5,021	$ (95)	$ 4,946
	$ 0	$ (1,383)	$ 0	$ 5,021	$ 7,766	$ 11,404
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ (11)	$ (11)
Written Options	0	0	0	0	(22)	(22)
Futures	0	0	0	0	892	892
Swap Agreements	0	1,945	0	0	(1,553)	392
	$ 0	$ 1,945	$ 0	$ 0	$ (694)	$ 1,251
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 5,806	$ 0	$ 5,806
Purchased Options	0	0	0	5	104	109
Written Options	0	(20)	0	(1)	(17)	(38)
Swap Agreements	0	41	0	(3,734)	(1)	(3,694)
	$ 0	$ 21	$ 0	$ 2,076	$ 86	$ 2,183
	$ 0	$ 1,966	$ 0	$ 2,076	$ (608)	$ 3,434

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of June 30, 2018 in valuing the Portfolio's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2018
Investments in Securities, at Value				
Argentina				
Sovereign Issues	$ 0	$ 1,212	$ 0	$ 1,212
Australia				
Asset-Backed Securities	0	696	0	696
Corporate Bonds & Notes	0	669	0	669
Sovereign Issues	0	108	0	108
Brazil				
Corporate Bonds & Notes	0	2,681	0	2,681
Canada				
Corporate Bonds & Notes	0	7,866	0	7,866
Non-Agency Mortgage-Backed Securities	0	670	0	670
Sovereign Issues	0	11,159	0	11,159
Cayman Islands				
Asset-Backed Securities	0	16,443	0	16,443
Corporate Bonds & Notes	0	1,076	0	1,076
Denmark				
Corporate Bonds & Notes	0	16,396	0	16,396
France				
Corporate Bonds & Notes	0	11,088	0	11,088
Sovereign Issues	0	10,909	0	10,909
Germany				
Corporate Bonds & Notes	0	5,536	0	5,536
Guernsey, Channel Islands				
Corporate Bonds & Notes	0	791	0	791
Hong Kong				
Corporate Bonds & Notes	0	898	0	898
India				
Corporate Bonds & Notes	0	200	0	200
Ireland				
Asset-Backed Securities	0	3,157	0	3,157
Corporate Bonds & Notes	0	3,814	0	3,814
Sovereign Issues	0	1,093	0	1,093
Israel				
Sovereign Issues	0	768	0	768
Italy				
Corporate Bonds & Notes	0	4,137	0	4,137
Non-Agency Mortgage-Backed Securities	0	206	0	206
Sovereign Issues	0	16,389	0	16,389
Japan				
Corporate Bonds & Notes	0	5,817	0	5,817
Sovereign Issues	0	15,903	0	15,903
Jersey, Channel Islands				
Corporate Bonds & Notes	0	1,093	0	1,093
Kuwait				
Sovereign Issues	0	3,609	0	3,609
Lithuania				
Sovereign Issues	0	1,071	0	1,071
Luxembourg				
Corporate Bonds & Notes	0	1,945	0	1,945
Multinational				
Corporate Bonds & Notes	0	908	0	908
Netherlands				
Asset-Backed Securities	0	1,631	0	1,631
Corporate Bonds & Notes	0	12,886	0	12,886
Norway				
Corporate Bonds & Notes	0	1,572	0	1,572
Sovereign Issues	0	238	0	238
Poland				
Sovereign Issues	0	1,766	0	1,766
Portugal				
Corporate Bonds & Notes	0	105	0	105
Qatar				
Corporate Bonds & Notes	0	416	0	416
Sovereign Issues	$ 0	$ 5,624	$ 0	$ 5,624
Saudi Arabia				
Sovereign Issues	0	9,750	0	9,750
Singapore				
Corporate Bonds & Notes	0	2,896	0	2,896
Slovenia				
Sovereign Issues	0	6,686	0	6,686
South Korea				
Corporate Bonds & Notes	0	389	0	389
Spain				
Corporate Bonds & Notes	0	3,813	0	3,813
Sovereign Issues	0	11,252	0	11,252
Supranational				
Corporate Bonds & Notes	0	589	0	589
Sweden				
Corporate Bonds & Notes	0	25,947	0	25,947
Switzerland				
Corporate Bonds & Notes	0	4,506	0	4,506
Sovereign Issues	0	448	0	448
United Arab Emirates				
Corporate Bonds & Notes	0	491	0	491
Sovereign Issues	0	1,319	0	1,319
United Kingdom				
Corporate Bonds & Notes	0	26,466	0	26,466
Non-Agency Mortgage-Backed Securities	0	8,522	0	8,522
Sovereign Issues	0	17,747	0	17,747
United States				
Asset-Backed Securities	0	28,815	0	28,815
Corporate Bonds & Notes	0	84,785	0	84,785
Loan Participations and Assignments	0	1,076	0	1,076
Municipal Bonds & Notes	0	144	0	144
Non-Agency Mortgage-Backed Securities	0	9,301	0	9,301
U.S. Government Agencies	0	68,674	0	68,674
U.S. Treasury Obligations	0	38,466	0	38,466
Short-Term Instruments				
Commercial Paper	798	9,140	0	9,938
Repurchase Agreements	0	1,846	0	1,846
Argentina Treasury Bills	0	2,530	0	2,530
Japan Treasury Bills	0	37,490	0	37,490
U.S. Treasury Bills	0	349	0	349
	$ 798	$ 575,983	$ 0	$ 576,781
Investments in Affiliates, at Value				
Short-Term Instruments				
Central Funds Used for Cash Management Purposes	$ 39,074	$ 0	$ 0	$ 39,074
Total Investments	$ 39,872	$ 575,983	$ 0	$ 615,855
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	188	356	0	544
Over the counter	0	5,426	0	5,426
	$ 188	$ 5,782	$ 0	$ 5,970
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	(387)	(244)	0	(631)
Over the counter	0	(3,975)	0	(3,975)
	$ (387)	$ (4,219)	$ 0	$ (4,606)
Total Financial Derivative Instruments	$ (199)	$ 1,563	$ 0	$ 1,364
Totals	$ 39,673	$ 577,546	$ 0	$ 617,219

There were no significant transfers among Levels 1, 2, or 3 during the period ended June 30, 2018.

1. ORGANIZATION

PIMCO Variable Insurance Trust (the "Trust") was established as a Delaware business trust on October 3, 1997. The Trust is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust is designed to be used as an investment vehicle by separate accounts of insurance companies that fund variable annuity contracts and variable life insurance policies and by qualified pension and retirement plans. Information presented in these financial statements pertains to the Institutional Class, Administrative Class and Advisor Class shares of the PIMCO International Bond Portfolio (U.S. Dollar-Hedged) (formerly PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged)) (the "Portfolio") offered by the Trust. Pacific Investment Management Company LLC ("PIMCO") serves as the investment adviser (the "Adviser") for the Portfolio.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Portfolio in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Portfolio is treated as an investment company under the reporting requirements of U.S. GAAP. The functional and reporting currency for the Portfolio is the U.S. dollar. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

(a) Securities Transactions and Investment Income Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled beyond a standard settlement period for the security after the trade date. Realized gains (losses) from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Portfolio is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortization of premiums, is recorded on the accrual basis from settlement date, with the exception of securities with a forward starting effective date, where interest income is recorded on the accrual basis from effective date. For convertible securities, premiums attributable to the conversion feature are not amortized. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized appreciation (depreciation) on investments on the Statement of Operations, as appropriate. Tax liabilities realized as a result of such security sales are reflected as a component of net realized gain (loss) on investments on the Statement of Operations. Paydown gains (losses) on mortgage-related and other asset-backed securities, if any, are recorded as components of interest income on the Statement of Operations. Income or short-term capital gain distributions received from registered investment companies, if any, are recorded as dividend income. Long-term capital gain distributions received from registered investment companies, if any, are recorded as realized gains.

Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is probable.

(b) Cash and Foreign Currency The market values of foreign securities, currency holdings and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the current exchange rates each business day. Purchases and sales of securities and income and expense items denominated in foreign currencies, if any, are translated into U.S. dollars at the exchange rate in effect on the transaction date. The Portfolio does not separately report the effects of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized gain (loss) and net change in unrealized appreciation (depreciation) from investments on the Statement of Operations. The Portfolio may invest in foreign currency-denominated securities and may engage in foreign currency transactions either on a spot (cash) basis at the rate prevailing in the currency exchange market at the time or through a forward foreign currency contract. Realized foreign exchange gains (losses) arising from sales of spot foreign currencies, currency gains (losses) realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid are included in net realized gain (loss) on foreign currency transactions on the Statement of Operations. Net unrealized foreign exchange gains (losses) arising from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period are included in net change in unrealized appreciation (depreciation) on foreign currency assets and liabilities on the Statement of Operations.

(c) Multiclass Operations Each class offered by the Trust has equal rights as to assets and voting privileges (except that shareholders of a class have exclusive voting rights regarding any matter relating solely to that class of shares). Income and non-class specific expenses are allocated daily to each class on the basis of the relative net assets. Realized and unrealized capital gains (losses) are allocated daily based on the relative net assets of each class of the Portfolio. Class specific expenses, where applicable, currently include supervisory and administrative and distribution and servicing fees. Under certain circumstances, the per share net asset value ("NAV") of a class of the Portfolio's shares may be different from the per share NAV of another class of shares as a result of the different daily expense accruals applicable to each class of shares.

(d) Distributions to Shareholders Distributions from net investment income, if any, are declared daily and distributed to shareholders monthly. Net realized capital gains earned by the Portfolio, if any, will be distributed no less frequently than once each year.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from U.S. GAAP. Differences between tax regulations and U.S. GAAP may cause timing differences between income and capital gain recognition. Further, the character of investment income and capital gains may be different for certain transactions under the two methods of accounting. As a result, income distributions and capital gain distributions declared during a fiscal period may differ significantly from the net investment income (loss) and realized gains (losses) reported on the Portfolio's annual financial statements presented under U.S. GAAP.

If the Portfolio estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income in accordance with its policies and good accounting practices, the Portfolio will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. For these purposes, the Portfolio estimates the source or sources from which a distribution is paid, to the close of the period as of which it is paid, in reference to its internal accounting records and related accounting practices. If, based on such accounting records and practices, it is estimated that a particular distribution does not include capital gains or paid-in surplus or other capital sources, a Section 19 Notice generally would not be issued. It is important to note that differences exist between the Portfolio's daily internal accounting records and practices, the Portfolio's financial statements presented in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. For instance, the Portfolio's internal accounting records and practices may take into account, among other factors, tax-related characteristics of certain sources of distributions that differ from treatment under U.S. GAAP. Examples of such differences may include, among others, the treatment of paydowns on mortgage-backed securities purchased at a discount and periodic payments under interest rate swap contracts. Accordingly, among other consequences, it is possible that the Portfolio may not issue a Section 19 Notice in situations where the Portfolio's financial statements prepared later and in accordance with U.S. GAAP and/or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital. Final determination of a distribution's tax character will be provided to shareholders when such information is available.

Distributions classified as a tax basis return of capital, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital. In addition, other amounts have been reclassified between undistributed (overdistributed) net investment income (loss), accumulated undistributed (overdistributed) net realized gain (loss) and/or paid in capital to more appropriately conform U.S. GAAP to tax characterizations of distributions.

(e) New Accounting Pronouncements In August 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"), ASU 2016-15, which amends Accounting Standards Codification ("ASC") 230 to clarify guidance on the classification of certain cash receipts and cash payments in the Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In November 2016, the FASB issued ASU 2016-18 which amends ASC 230 to provide guidance on the classification and presentation of changes in restricted cash and restricted cash equivalents on the Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In March 2017, the FASB issued ASU 2017-08 which provides guidance related to the amortization period for certain purchased callable debt securities held at a premium. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

(a) Investment Valuation Policies The price of the Portfolio's shares is based on the Portfolio's NAV. The NAV of the Portfolio, or each of its share classes, as applicable, is determined by dividing the total value of portfolio investments and other assets, less any liabilities attributable to the Portfolio or class, by the total number of shares outstanding of the Portfolio or class.

On each day that the New York Stock Exchange ("NYSE") is open, Portfolio shares are ordinarily valued as of the close of regular trading ("NYSE Close"). Information that becomes known to the Portfolio or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. The Portfolio reserves the right to change the time as of which its NAV is calculated if the Portfolio closes earlier, or as permitted by the SEC.

For purposes of calculating a NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Portfolio's approved pricing services, quotation reporting systems and other third-party sources (together, "Pricing Services"). The Portfolio will normally use pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. If market value pricing is used, a foreign (non-U.S.) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by the Adviser to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services. The Portfolio's investments in open-end management investment companies, other than exchange-traded funds ("ETFs"), are valued at the NAVs of such investments. Open-end management investment companies may include affiliated funds.

If a foreign (non-U.S.) equity security's value has materially changed after the close of the security's primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees of the Trust (the "Board"). Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, the Portfolio may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, the Portfolio may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. The Portfolio may utilize modeling tools provided by third-party vendors to determine fair values of foreign (non-U.S.) securities. For these purposes, any movement in the applicable reference index or instrument ("zero trigger") between the earlier close of the applicable foreign market and the NYSE Close may be deemed to be a significant event, prompting the application of the pricing model (effectively resulting in daily fair valuations). Foreign exchanges may permit trading in foreign (non-U.S.) equity securities on days when the Trust is not open for business, which may result in the Portfolio's portfolio investments being affected when shareholders are unable to buy or sell shares.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree will be valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Service. Senior secured floating rate loans for which an active secondary market does not exist to a reliable degree will be valued at fair value, which is intended to approximate market value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

Investments valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from Pricing Services. As a result, the value of such investments and, in turn, the NAV of the Portfolio's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of investments traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the Trust is not open for business. As a result, to the extent that the Portfolio holds foreign (non-U.S.) investments, the value of those investments may change at times when shareholders are unable to buy or sell shares and the value of such investments will be reflected in the Portfolio's next calculated NAV.

Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to the Adviser the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the Valuation Oversight Committee of the Board ("Valuation Oversight Committee"), generally based on recommendations provided by the Adviser. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, indicative market quotations ("Broker Quotes"), Pricing Services' prices), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of the Portfolio's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available. The Board has delegated to the Adviser the responsibility for monitoring significant events that may materially affect the values of the Portfolio's securities or assets and for determining whether the value of the applicable securities or assets should be reevaluated in light of such significant events.

When the Portfolio uses fair valuation to determine the value of a portfolio security or other asset for purposes of calculating its NAV, such investments will not be priced on the basis of quotes from the primary market in which they are traded, but rather may be priced by another method that the Board or persons acting at their direction believe reflects fair value. Fair valuation may require subjective determinations about the value of a security. While the Trust's policy is intended to result in a calculation of the Portfolio's NAV that fairly reflects security values as of the time of pricing, the Trust cannot ensure that fair values determined by the Board or persons acting at their direction would accurately reflect the price that the Portfolio could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Portfolio may differ from the value that would be realized if the securities were sold. The Portfolio's use of fair valuation may also help to deter "stale price arbitrage" as discussed under the "Frequent or Excessive Purchases, Exchanges and Redemptions" section in the Portfolio's prospectus.

(b) Fair Value Hierarchy U.S. GAAP describes fair value as the price that the Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a fair value hierarchy that prioritizes inputs to valuation methods and requires disclosure of the fair value hierarchy, separately for each major category of assets and liabilities, that segregates fair value measurements into levels (Level 1, 2, or 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Levels 1, 2, and 3 of the fair value hierarchy are defined as follows:

- Level 1 — Quoted prices in active markets or exchanges for identical assets and liabilities.
- Level 2 — Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.
- Level 3 — Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

In accordance with the requirements of U.S. GAAP, the amounts of transfers between Levels 1 and 2 and transfers into and out of Level 3, if material, are disclosed in the Notes to Schedule of Investments for the Portfolio.

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to realized gain (loss), unrealized appreciation (depreciation), purchases and sales, accrued discounts (premiums), and transfers into and out of the Level 3 category during the period. The end of period value is used for the transfers between Levels of the Portfolio's assets and liabilities. Additionally, U.S. GAAP requires quantitative information regarding the significant unobservable inputs used in the determination of fair value of assets or liabilities categorized as Level 3 in the fair value hierarchy. In accordance with the requirements of U.S. GAAP, a fair value hierarchy, and if material, a Level 3 reconciliation and details of significant unobservable inputs, have been included in the Notes to Schedule of Investments for the Portfolio.

(c) Valuation Techniques and the Fair Value Hierarchy
Level 1 and Level 2 trading assets and trading liabilities, at fair value The valuation methods (or "techniques") and significant inputs used in determining the fair values of portfolio securities or other assets

and liabilities categorized as Level 1 and Level 2 of the fair value hierarchy are as follows:

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-U.S. bonds are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The Pricing Services' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Fixed income securities purchased on a delayed-delivery basis or as a repurchase commitment in a sale-buyback transaction are marked to market daily until settlement at the forward settlement date and are categorized as Level 2 of the fair value hierarchy.

Mortgage-related and asset-backed securities are usually issued as separate tranches, or classes, of securities within each deal. These securities are also normally valued by Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The pricing models for these securities usually consider tranche-level attributes, current market data, estimated cash flows and market-based yield spreads for each tranche, and incorporate deal collateral performance, as available. Mortgage-related and asset-backed securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Common stocks, ETFs, exchange-traded notes and financial derivative instruments, such as futures contracts, rights and warrants, or options on futures that are traded on a national securities exchange, are stated at the last reported sale or settlement price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 of the fair value hierarchy.

Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the NYSE Close. These securities are valued using Pricing Services that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorized as Level 2 of the fair value hierarchy.

Investments in registered open-end investment companies (other than ETFs) will be valued based upon the NAVs of such investments and are categorized as Level 1 of the fair value hierarchy. Investments in unregistered open-end investment companies will be calculated based upon the NAVs of such investments and are considered Level 1 provided that the NAVs are observable, calculated daily and are the value at which both purchases and sales will be conducted.

Equity exchange-traded options and over the counter financial derivative instruments, such as forward foreign currency contracts and options contracts derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. These contracts are normally valued on the basis of quotes obtained from a quotation reporting system, established market makers or Pricing Services (normally determined as of the NYSE Close). Depending on the product and the terms of the transaction, financial derivative instruments can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models use inputs that are observed from actively quoted markets such as quoted prices, issuer details, indices, bid/ask spreads, interest rates, implied volatilities, yield curves, dividends and exchange rates. Financial derivative instruments that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Centrally cleared swaps and over the counter swaps derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. They are valued using a broker-dealer bid quotation or on market-based prices provided by Pricing Services (normally determined as of the NYSE close). Centrally cleared swaps and over the counter swaps can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models may use inputs that are observed from actively quoted markets such as the overnight index swap rate ("OIS"), London Interbank Offered Rate ("LIBOR") forward rate, interest rates, yield curves and credit spreads. These securities are categorized as Level 2 of the fair value hierarchy.

Level 3 trading assets and trading liabilities, at fair value When a fair valuation method is applied by the Adviser that uses significant unobservable inputs, investments will be priced by a method that the Board or persons acting at their direction believe reflects fair value and are categorized as Level 3 of the fair value hierarchy.

Short-term debt instruments (such as commercial paper) having a remaining maturity of 60 days or less may be valued at amortized cost, so long as the amortized cost value of such short-term debt instruments is approximately the same as the fair value of the instrument as determined without the use of amortized cost valuation. These securities are categorized as Level 2 or Level 3 of the fair value hierarchy depending on the source of the base price.

4. SECURITIES AND OTHER INVESTMENTS

(a) Investments in Affiliates

The Portfolio may invest in the PIMCO Short Asset Portfolio and the PIMCO Short-Term Floating NAV Portfolio III ("Central Funds") to the extent permitted by the Act and rules thereunder. The Central Funds are registered investment companies created for use solely by the series of the Trust and other series of registered investment companies advised by the Adviser, in connection with their cash management activities. The main investments of the Central Funds are money market and short maturity fixed income instruments. The Central Funds may incur expenses related to their investment activities, but do not pay Investment Advisory Fees or Supervisory and Administrative Fees to the Adviser. The Central Funds are considered to be affiliated with the Portfolio. The tables below show the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended June 30, 2018 (amounts in thousands†):

Investment in PIMCO Short Asset Portfolio

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 06/30/2018	Dividend Income(1)	Realized Net Capital Gain Distributions(1)
$ 10,777	$ 124	$ 0	$ 0	$ (5)	$ 10,896	$ 124	$ 0

Investment in PIMCO Short-Term Floating NAV Portfolio III

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 06/30/2018	Dividend Income(1)	Realized Net Capital Gain Distributions(1)
$ 7,671	$ 120,804	$ (100,300)	$ (1)	$ 4	$ 28,178	$ 204	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.

(1) The tax characterization of distributions is determined in accordance with Federal income tax regulations and may contain a return of capital. The actual tax characterization of distributions received is determined at the end of the fiscal year of the affiliated fund. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

(b) Investments in Securities

The Portfolio may utilize the investments and strategies described below to the extent permitted by the Portfolio's investment policies.

Inflation-Indexed Bonds are fixed income securities whose principal value is periodically adjusted by the rate of inflation. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value which is adjusted for inflation. Any increase or decrease in the principal amount of an inflation-indexed bond will be included as interest income on the Statement of Operations, even though investors do not receive their principal until maturity. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury Inflation-Protected Securities ("TIPS"). For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

Loan Participations, Assignments and Originations are direct debt instruments which are interests in amounts owed to lenders or lending syndicates by corporate, governmental, or other borrowers. The Portfolio's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties or investments in or originations of loans by the Portfolio. A loan is often administered by a bank or other financial institution (the "agent") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. The Portfolio may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. When the Portfolio purchases assignments from agents it acquires direct rights against the borrowers of the loans. These loans may include participations in bridge loans, which are loans taken out by borrowers for a short period (typically less than one year) pending arrangement of more permanent financing through, for example, the issuance of bonds, frequently high yield bonds issued for the purpose of acquisitions.

The types of loans and related investments in which the Portfolio may invest include, among others, senior loans, subordinated loans (including second lien loans, B-Notes and mezzanine loans), whole loans, commercial real estate and other commercial loans and structured loans. The Portfolio may originate loans or acquire direct interests in loans through primary loan distributions and/or in private transactions. In the case of subordinated loans, there may be significant indebtedness ranking ahead of the borrower's obligation to the holder of such a loan, including in the event of the borrower's insolvency. Mezzanine loans are typically secured by a pledge of an equity interest in the mortgage borrower that owns the real estate rather than an interest in a mortgage.

Investments in loans may include unfunded loan commitments, which are contractual obligations for funding. Unfunded loan commitments may include revolving credit facilities, which may obligate the Portfolio to supply additional cash to the borrower on demand. Unfunded loan commitments represent a future obligation in full, even though a percentage of the committed amount may not be utilized by the borrower. When investing in a loan participation, the Portfolio has the right to receive payments of principal, interest and any fees to which it is entitled only from the agent selling the loan agreement and only upon receipt of payments by the agent from the borrower. The Portfolio may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan. In certain circumstances, the Portfolio may receive a penalty fee upon the prepayment of a loan by a borrower. Fees earned or paid are recorded as a component of interest income or interest expense, respectively, on the Statement of Operations. Unfunded loan commitments are reflected as a liability on the Statement of Assets and Liabilities. As of June 30, 2018, the Portfolio had no unfunded loan commitments outstanding.

Mortgage-Related and Other Asset-Backed Securities directly or indirectly represent a participation in, or are secured by and payable from, loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. These securities provide a monthly payment which consists of both interest and principal. Interest may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government-sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. Many of the risks of investing in mortgage-related securities secured by commercial mortgage loans reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make lease payments, and the ability of a property to attract and retain tenants. These securities may be less liquid and may exhibit greater price volatility than other types of mortgage-related or other asset-backed securities. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

Collateralized Debt Obligations ("CDOs") include Collateralized Bond Obligations ("CBOs"), Collateralized Loan Obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which the Portfolio invests. In addition to the normal risks associated with fixed income securities discussed elsewhere in this report and the Portfolio's prospectus and statement of additional information (e.g., prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on a structured financing changes based on multiples of changes in interest rates or inversely to changes in interest rates)), CBOs, CLOs and other CDOs carry additional risks including, but not limited to, (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments, (ii) the quality of the collateral may decline in value or default, (iii) the Portfolio may invest in CBOs, CLOs, or other CDOs that are subordinate to other classes, and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Collateralized Mortgage Obligations ("CMOs") are debt obligations of a legal entity that are collateralized by whole mortgage loans or private mortgage bonds and divided into classes. CMOs are structured into multiple classes, often referred to as "tranches", with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including prepayments. CMOs may be less liquid and may exhibit greater price volatility than other types of mortgage-related or asset-backed securities.

Stripped Mortgage-Backed Securities ("SMBS") are derivative multi-class mortgage securities. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. An SMBS will have one class that will receive all of the interest (the interest-only or "IO" class), while the other class will receive the entire principal (the principal-only or "PO" class). Payments received for IOs are included in interest income on the Statement of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Statement of Operations. Payments received for POs are treated as reductions to the cost and par value of the securities.

Securities Issued by U.S. Government Agencies or Government-Sponsored Enterprises are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. Some U.S. Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), are supported by the full faith and credit of the U.S. Government; others, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Department of the Treasury (the "U.S. Treasury"); and others, such as those of the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations. U.S. Government securities may include zero coupon securities. Zero coupon securities do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities.

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. Government) include FNMA and the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). FNMA is a government-sponsored corporation. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC issues Participation Certificates ("PCs"), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. Government.

Roll-timing strategies can be used where the Portfolio seeks to extend the expiration or maturity of a position, such as a TBA security on an underlying asset, by closing out the position before expiration and opening a new position with respect to substantially the same underlying asset with a later expiration date. TBA securities purchased or sold are reflected on the Statement of Assets and Liabilities as an asset or liability, respectively.

5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

The Portfolio may enter into the borrowings and other financing transactions described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on the Portfolio's ability to lend or borrow cash or securities to the extent permitted under the Act, which may be viewed as borrowing or financing transactions by the Portfolio. The location of these instruments in the Portfolio's financial statements is described below.

(a) Repurchase Agreements Under the terms of a typical repurchase agreement, the Portfolio purchases an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Portfolio to resell, the obligation at an agreed-upon price and time. In an open maturity repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The underlying securities for all repurchase agreements are held by the Portfolio's custodian or designated subcustodians under tri-party repurchase agreements and in certain instances will remain in custody with the counterparty. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Repurchase agreements, if any, including accrued interest, are included on the Statement of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statement of Operations. In periods of increased demand for collateral, the Portfolio may pay a fee for the receipt of collateral, which may result in interest expense to the Portfolio.

(b) Reverse Repurchase Agreements In a reverse repurchase agreement, the Portfolio delivers a security in exchange for cash to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. In an open maturity reverse repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The Portfolio is entitled to receive principal and interest payments, if any, made on the security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by the Portfolio to counterparties are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made by the Portfolio to counterparties are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, the Portfolio may receive a fee for use of the security by the counterparty, which may result in interest income to the Portfolio. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under reverse repurchase agreements.

(c) Sale-Buybacks A sale-buyback financing transaction consists of a sale of a security by the Portfolio to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed-upon price and date.

The Portfolio is not entitled to receive principal and interest payments, if any, made on the security sold to the counterparty during the term of the agreement. The agreed-upon proceeds for securities to be repurchased by the Portfolio are reflected as a liability on the Statement of Assets and Liabilities. The Portfolio will recognize net income represented by the price differential between the price received for the transferred security and the agreed-upon repurchase price. This is commonly referred to as the 'price drop'. A price drop consists of (i) the foregone interest and inflationary income adjustments, if any, the Portfolio would have otherwise received had the security not been sold and (ii) the negotiated financing terms between the Portfolio and counterparty. Foregone interest and inflationary income adjustments, if any, are recorded as components of interest income on the Statement of Operations. Interest payments based upon negotiated financing terms made by the Portfolio to counterparties are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, the Portfolio may receive a fee for use of the security by the counterparty, which may result in interest income to the Portfolio. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under sale-buyback transactions.

6. FINANCIAL DERIVATIVE INSTRUMENTS

The Portfolio may enter into the financial derivative instruments described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on how and why the Portfolio uses financial derivative instruments, and how financial derivative instruments affect the Portfolio's financial position, results of operations and cash flows. The location and fair value amounts of these instruments on the Statement of Assets and Liabilities and the net realized gain (loss) and net change in unrealized appreciation (depreciation) on the Statement of Operations, each categorized by type of financial derivative contract and related risk exposure, are included in a table in the Notes to Schedule of Investments. The financial derivative instruments outstanding as of period end and the amounts of net realized gain (loss) and net change in unrealized appreciation (depreciation) on financial derivative instruments during the period, as disclosed in the Notes to Schedule of Investments, serve as indicators of the volume of financial derivative activity for the Portfolio.

(a) Forward Foreign Currency Contracts may be engaged, in connection with settling planned purchases or sales of securities, to hedge the currency exposure associated with some or all of the Portfolio's securities or as part of an investment strategy. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily, and the change in value is recorded by the Portfolio as an unrealized gain (loss). Realized gains (losses) are equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed and are recorded upon delivery or receipt of the currency. These contracts may involve market risk in excess of the unrealized gain (loss) reflected on the Statement of Assets and Liabilities. In addition, the Portfolio could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably to the U.S. dollar. To mitigate such risk, cash or securities may be exchanged as collateral pursuant to the terms of the underlying contracts.

(b) Futures Contracts are agreements to buy or sell a security or other asset for a set price on a future date. The Portfolio may use futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. The primary risks associated with the use of futures contracts are the imperfect correlation between the change in market value of the securities held by the Portfolio and the prices of futures contracts and the possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, the Portfolio is required to deposit with its futures broker an amount of cash, U.S. Government and Agency Obligations, or select sovereign debt, in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and based on such movements in the price of the contracts, an appropriate payable or receivable for the change in value may be posted or collected by the Portfolio ("Futures Variation Margin"). Gains (losses) are recognized but not considered realized until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of the Futures Variation Margin included within exchange traded or centrally cleared financial derivative instruments on the Statement of Assets and Liabilities.

(c) Options Contracts may be written or purchased to enhance returns or to hedge an existing position or future investment. The Portfolio may write call and put options on securities and financial derivative instruments it owns or in which it may invest. Writing put options tends to increase the Portfolio's exposure to the underlying instrument. Writing call options tends to decrease the Portfolio's exposure to the underlying instrument. When the Portfolio writes a call or put, an amount equal to the premium received is recorded and subsequently marked to market to reflect the current value of the option written. These amounts are included on the Statement of Assets and Liabilities. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying futures, swap, security or currency transaction to determine the realized gain (loss). Certain options may be written with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The Portfolio as a writer of an option has no control over whether the underlying instrument may be sold ("call") or purchased ("put") and as a result bears the market risk of an unfavorable change in the price of the instrument underlying the written option. There is the risk the Portfolio may not be able to enter into a closing transaction because of an illiquid market.

Purchasing call options tends to increase the Portfolio's exposure to the underlying instrument. Purchasing put options tends to decrease the Portfolio's exposure to the underlying instrument. The Portfolio pays a premium which is included as an asset on the Statement of Assets and Liabilities and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. Certain options may be purchased with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The risk associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain (loss) when the underlying transaction is executed.

Credit Default Swaptions may be written or purchased to hedge exposure to the credit risk of an investment without making a commitment to the underlying instrument. A credit default swaption is an option to sell or buy credit protection on a specific reference by entering into a pre-defined swap agreement by some specified date in the future.

Foreign Currency Options may be written or purchased to be used as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies.

Options on Exchange-Traded Futures Contracts ("Futures Option") may be written or purchased to hedge an existing position or future investment, for speculative purposes or to manage exposure to market movements. A Futures Option is an option contract in which the underlying instrument is a single futures contract.

(d) Swap Agreements are bilaterally negotiated agreements between the Portfolio and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements may be privately negotiated in the over the counter market ("OTC swaps") or may be cleared through a third party, known as a central counterparty or derivatives clearing organization ("Centrally Cleared Swaps"). The Portfolio may enter into asset, credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements to manage its exposure to credit, currency, interest rate, commodity, equity and inflation risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Centrally Cleared Swaps are marked to market daily based upon valuations as determined from the underlying contract or in accordance with the requirements of the central counterparty or derivatives clearing organization. Changes in market value, if any, are reflected as a component of net change in unrealized appreciation (depreciation) on the Statement of Operations. Daily changes in valuation of centrally cleared swaps ("Swap Variation Margin"), if any, are disclosed within centrally cleared financial derivative instruments on the Statement of Assets and Liabilities. Centrally Cleared and OTC swap payments received or paid at the beginning of the measurement period are included on the Statement of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Upfront premiums received (paid) are initially recorded as liabilities (assets) and subsequently marked to market to reflect the current value of the swap. These upfront premiums are recorded as realized gain (loss) on the Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain (loss) on the Statement of Operations. Net periodic payments received or paid by the Portfolio are included as part of realized gain (loss) on the Statement of Operations.

For purposes of applying certain of the Portfolio's investment policies and restrictions, swap agreements, like other derivative instruments, may be valued by the Portfolio at market value, notional value or full exposure value. In the case of a credit default swap, in applying certain of the Portfolio's investment policies and restrictions, the Portfolio will value the credit default swap at its notional value or its full exposure value (*i.e.*, the sum of the notional amount for the contract plus the market value), but may value the credit default swap at market value for purposes of applying certain of the Portfolio's other investment policies and restrictions. For example, the Portfolio may value credit default swaps at full exposure value for purposes of the Portfolio's credit quality guidelines (if any) because such value in general better reflects the Portfolio's actual economic exposure during the term of the credit default swap agreement. As a result, the Portfolio may, at times, have notional exposure to an asset class (before netting) that is greater or lesser than the stated limit or restriction noted in the Portfolio's prospectus. In this context, both the notional amount and the market value may be positive or negative depending on whether the Portfolio is selling or buying protection through the credit default swap. The manner in which certain securities or other instruments are valued by the Portfolio for purposes of applying investment policies and restrictions may differ from the manner in which those investments are valued by other types of investors.

Entering into swap agreements involves, to varying degrees, elements of interest, credit, market and documentation risk in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates or the values of the asset upon which the swap is based.

The Portfolio’s maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract’s remaining life, to the extent that amount is positive. The risk may be mitigated by having a master netting arrangement between the Portfolio and the counterparty and by the posting of collateral to the Portfolio to cover the Portfolio’s exposure to the counterparty.

To the extent the Portfolio has a policy to limit the net amount owed to or to be received from a single counterparty under existing swap agreements, such limitation only applies to counterparties to OTC swaps and does not apply to centrally cleared swaps where the counterparty is a central counterparty or derivatives clearing organization.

Credit Default Swap Agreements on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues are entered into to provide a measure of protection against defaults of the issuers (*i.e.*, to reduce risk where the Portfolio owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer’s default. Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event that the referenced entity, obligation or index, as specified in the swap agreement, undergoes a certain credit event. As a seller of protection on credit default swap agreements, the Portfolio will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, the Portfolio would effectively add leverage to its portfolio because, in addition to its total net assets, the Portfolio would be subject to investment exposure on the notional amount of the swap.

If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are estimated by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection’s right to choose the deliverable obligation with the lowest value following a credit event).

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset-backed securities, emerging markets, and/or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name’s weight in the index. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. The Portfolio may use credit default swaps on credit indices to hedge a portfolio of credit default swaps or bonds, which is less expensive than it would be to buy many credit default swaps to achieve a similar effect. Credit default swaps on indices are instruments for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues as of period end, if any, are disclosed in the Notes to Schedule of Investments. They serve as an indicator of the current status of payment/performance risk and represent the likelihood or risk of default for the reference entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that the Portfolio as a seller of protection could be required to make under a credit default swap agreement equals the notional amount of the agreement. Notional amounts of each individual credit default swap agreement outstanding as of period end for which the Portfolio is the seller of protection are disclosed in the Notes to Schedule of Investments. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Portfolio for the same referenced entity or entities.

Cross-Currency Swap Agreements are entered into to gain or mitigate exposure to currency risk. Cross-currency swap agreements involve two parties exchanging two different currencies with an agreement to reverse the exchange at a later date at specified exchange rates. The exchange of currencies at the inception date of the contract takes place at the current spot rate. The re-exchange at maturity may take place at the same exchange rate, a specified rate, or the then current spot rate. Interest payments, if applicable, are made between the parties based on interest rates available in the two currencies at the inception of the contract. The terms of cross-currency swap contracts may extend for many years. Cross-currency swaps are usually negotiated with commercial and investment banks. Some cross-currency swaps may not provide for exchanging principal cash flows, but only for exchanging interest cash flows.

Interest Rate Swap Agreements may be entered into to help hedge against interest rate risk exposure and to maintain the Portfolio's ability to generate income at prevailing market rates. The value of the fixed rate bonds that the Portfolio holds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolio may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by the Portfolio with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap", (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor", (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the buyer pays an upfront fee in consideration for the right to early terminate the swap transaction in whole, at zero cost and at a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different segments of money markets.

Volatility Swap Agreements are also known as forward volatility agreements and volatility swaps and are agreements in which the counterparties agree to make payments in connection with changes in the volatility (*i.e.*, the magnitude of change over a specified period of time) of an underlying referenced instrument, such as a currency, rate, index, security or other financial instrument. Volatility swaps permit the parties to attempt to hedge volatility risk and/or take positions on the projected future volatility of an underlying referenced instrument. For example, the Portfolio may enter into a volatility swap in order to take the position that the referenced instrument's volatility will increase over a particular period of time. If the referenced instrument's volatility does increase over the specified time, the Portfolio will receive payment from its counterparty based upon the amount by which the referenced instrument's realized volatility level exceeds a volatility level agreed upon by the parties. If the referenced instrument's volatility does not increase over the specified time, the Portfolio will make a payment to the counterparty based upon the amount by which the referenced instrument's realized volatility level falls below the volatility level agreed upon by the parties. At the maturity date, a net cash flow is exchanged, where the payoff amount is equivalent to the difference between the realized price volatility of the referenced instrument and the strike multiplied by the notional amount. As a receiver of the realized price volatility, the Portfolio would receive the payoff amount when the realized price volatility of the referenced instrument is greater than the strike and would owe the payoff amount when the volatility is less than the strike. As a payer of the realized price volatility, the Portfolio would owe the payoff amount when the realized price volatility of the referenced instrument is greater than the strike and would receive the payoff amount when the volatility is less than the strike. Payments on a volatility swap will be greater if they are based upon the mathematical square of volatility (*i.e.*, the measured volatility multiplied by itself, which is referred to as "variance"). This type of volatility swap is frequently referred to as a variance swap.

7. PRINCIPAL RISKS

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are listed below. Please see "Description of Principal Risks" in the Portfolio's prospectus for a more detailed description of the risks of investing in the Portfolio.

Interest Rate Risk is the risk that fixed income securities will decline in value because of an increase in interest rates; a portfolio with a longer average portfolio duration will be more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

Call Risk is the risk that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (*e.g.*, declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security that the Portfolio has invested in, the Portfolio may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

Credit Risk is the risk that the Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

High Yield Risk is the risk that high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit, call and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity.

Market Risk is the risk that the value of securities owned by the Portfolio may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

Issuer Risk is the risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

Liquidity Risk is the risk that a particular investment may be difficult to purchase or sell and that the Portfolio may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal, causing increased supply in the market due to selling activity.

Derivatives Risk is the risk of investing in derivative instruments (such as futures, swaps and structured securities), including leverage, liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity. Changes in the value of the derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and the Portfolio could lose more than the initial amount invested. The Portfolio's use of derivatives may result in losses to the Portfolio, a reduction in the Portfolio's returns and/or increased volatility. Over-the-counter ("OTC") derivatives are also subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally-cleared derivative transactions might not be available for OTC derivatives. For derivatives traded on an exchange or through a central counterparty, credit risk resides with the Portfolio's clearing broker, or the clearinghouse itself, rather than with a counterparty in an OTC derivative transaction. Changes in regulation relating to a mutual fund's use of derivatives and related instruments could potentially limit or impact the Portfolio's ability to invest in derivatives, limit the Portfolio's ability to employ certain strategies that use derivatives and/or adversely affect the value of derivatives and the Portfolio's performance.

Equity Risk is the risk that the value of equity securities, such as common stocks and preferred securities, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

Mortgage-Related and Other Asset-Backed Securities Risk is the risk of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk, prepayment risk and credit risk.

Foreign (Non-U.S.) Investment Risk is the risk that investing in foreign (non-U.S.) securities may result in the Portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies, due to smaller markets, differing reporting, accounting and auditing standards, increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities, and the risk of unfavorable foreign government actions, including nationalization, expropriation or confiscatory taxation, currency blockage, or political changes or diplomatic developments. Foreign securities may also be less liquid and more difficult to value than securities of U.S. issuers.

Emerging Markets Risk is the risk of investing in emerging market securities, primarily increased foreign (non-U.S.) investment risk.

Sovereign Debt Risk is the risk that investments in fixed income instruments issued by sovereign entities may decline in value as a result of default or other adverse credit event resulting from an issuer's inability or unwillingness to make principal or interest payments in a timely fashion.

Currency Risk is the risk that foreign (non-U.S.) currencies will change in value relative to the U.S. dollar and affect the Portfolio's investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.

Issuer Non-Diversification Risk is the risk of focusing investments in a small number of issuers, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be. Portfolios that are "non-diversified" may invest a greater percentage of their assets in the securities of a single issuer (such as bonds issued by a particular state) than portfolios that are "diversified".

Leveraging Risk is the risk that certain transactions of the Portfolio, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the Portfolio to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.

Management Risk is the risk that the investment techniques and risk analyses applied by PIMCO will not produce the desired results and that legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to PIMCO and the individual portfolio manager in connection with managing the Portfolio. There is no guarantee that the investment objective of the Portfolio will be achieved.

Short Exposure Risk is the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale will not fulfill its contractual obligations, causing a loss to the Portfolio.

8. MASTER NETTING ARRANGEMENTS

The Portfolio may be subject to various netting arrangements ("Master Agreements") with select counterparties. Master Agreements govern the terms of certain transactions, and are intended to reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that is intended to improve legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organization, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Portfolio to close out and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Statement of Assets and Liabilities generally presents derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under most Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant Master Agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to $250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other forms of AAA rated paper or sovereign securities may be used depending on the terms outlined in the applicable Master Agreement. Securities and cash pledged as collateral are reflected as assets on the Statement of Assets and Liabilities as either a component of Investments at value (securities) or Deposits with counterparty. Cash collateral received is not typically held in a segregated account and as such is reflected as a liability on the Statement of Assets and Liabilities as Deposits from counterparty. The market value of any securities received as collateral is not reflected as a component of NAV. The Portfolio's overall exposure to counterparty risk can change substantially within a short period, as it is affected by each transaction subject to the relevant Master Agreement.

Master Repurchase Agreements and Global Master Repurchase Agreements (individually and collectively "Master Repo Agreements") govern repurchase, reverse repurchase, and sale-buyback transactions between the Portfolio and select counterparties. Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral. The market value of transactions under the Master Repo Agreement, collateral pledged or received, and the net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

Master Securities Forward Transaction Agreements ("Master Forward Agreements") govern certain forward settling transactions, such as TBA securities, delayed-delivery or sale-buyback transactions by and between the Portfolio and select counterparties. The Master Forward Agreements maintain provisions for, among other things, transaction initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral. The market value of forward settling transactions, collateral pledged or received, and the net exposure by counterparty as of period end is disclosed in the Notes to Schedule of Investments.

Customer Account Agreements and related addenda govern cleared derivatives transactions such as futures, options on futures, and cleared OTC derivatives. Such transactions require posting of initial margin as determined by each relevant clearing agency which is segregated in an account at a futures commission merchant ("FCM") registered with the Commodity Futures Trading Commission ("CFTC"). In the United States, counterparty risk may be reduced as creditors of an FCM cannot have a claim to Portfolio assets in the segregated account. Portability of exposure reduces risk to the Portfolio. Variation margin, or changes in market value, are exchanged daily, but may not be netted between futures and cleared OTC derivatives unless the parties have agreed to a separate arrangement in respect of portfolio margining. The market value or accumulated unrealized appreciation (depreciation), initial margin posted, and any unsettled variation margin as of period end are disclosed in the Notes to Schedule of Investments.

International Swaps and Derivatives Association, Inc. Master Agreements and Credit Support Annexes ("ISDA Master Agreements") govern bilateral OTC derivative transactions entered into by the Portfolio with select counterparties. ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral posting and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements. In limited circumstances, the ISDA Master Agreement may contain additional provisions that add counterparty protection beyond coverage of existing daily exposure if the counterparty has a decline in credit quality below a predefined level. These amounts, if any, may be segregated with a third-party custodian. The market value of OTC financial derivative instruments, collateral received or pledged, and net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

9. FEES AND EXPENSES

(a) Investment Advisory Fee PIMCO is a majority-owned subsidiary of Allianz Asset Management of America L.P. ("Allianz Asset Management") and serves as the Adviser to the Trust, pursuant to an investment advisory contract. The Adviser receives a monthly fee from the Portfolio at an annual rate based on average daily net assets (the "Investment Advisory Fee"). The Investment Advisory Fee for all classes is charged at an annual rate as noted in the table in note (b) below.

(b) Supervisory and Administrative Fee PIMCO serves as administrator (the "Administrator") and provides supervisory and administrative services to the Trust for which it receives a monthly supervisory and administrative fee based on each share class's average daily net assets (the "Supervisory and Administrative Fee"). As the Administrator, PIMCO bears the costs of various third-party services, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs.

The Investment Advisory Fee and Supervisory and Administrative Fees for all classes, as applicable, are charged at the annual rate as noted in the following table (calculated as a percentage of the Portfolio's average daily net assets attributable to each class):

Investment Advisory Fee	Supervisory and Administrative Fee		
All Classes	Institutional Class	Administrative Class	Advisor Class
0.25%	0.50%	0.50%	0.50%

(c) Distribution and Servicing Fees PIMCO Investments LLC, a wholly-owned subsidiary of PIMCO, serves as the distributor ("Distributor") of the Trust's shares.

The Trust has adopted an Administrative Services Plan with respect to the Administrative Class shares of the Portfolio pursuant to Rule 12b-1 under the Act (the "Administrative Plan"). Under the terms of the Administrative Plan, the Trust is permitted to compensate the Distributor, out of the Administrative Class assets of the Portfolio, in an amount up to 0.15% on an annual basis of the average daily net assets of that class, for providing or procuring through financial intermediaries administrative, recordkeeping and investor services for Administrative Class shareholders of the Portfolio.

The Trust has adopted a separate Distribution and Servicing Plan for the Advisor Class shares of the Portfolio (the "Distribution and Servicing Plan"). The Distribution and Servicing Plan has been adopted pursuant to Rule 12b-1 under the Act. The Distribution and Servicing Plan permits the Portfolio to compensate the Distributor for providing or procuring through financial intermediaries distribution, administrative, recordkeeping, shareholder and/or related services with respect to Advisor Class shares. The Distribution and Servicing Plan permits the Portfolio to make total payments at an annual rate of up to

0.25% of its average daily net assets attributable to its Advisor Class shares.

	Distribution Fee	Servicing Fee
Administrative Class	—	0.15%
Advisor Class	0.25%	—

(d) Portfolio Expenses PIMCO provides or procures supervisory and administrative services for shareholders and also bears the costs of various third-party services required by the Portfolio, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs. The Trust is responsible for the following expenses: (i) taxes and governmental fees; (ii) brokerage fees and commissions and other portfolio transaction expenses; (iii) the costs of borrowing money, including interest expense; (iv) fees and expenses of the Trustees who are not "interested persons" of PIMCO or the Trust, and any counsel retained exclusively for their benefit; (v) extraordinary expense, including costs of litigation and indemnification expenses; (vi) organizational expenses; and (vii) any expenses allocated or allocable to a specific class of shares, which include service fees payable with respect to the Administrative Class Shares, and may include certain other expenses as permitted by the Trust's Multi-Class Plan adopted pursuant to Rule 18f-3 under the Act and subject to review and approval by the Trustees. The ratio of expenses to average net assets per share class, as disclosed on the Financial Highlights, may differ from the annual portfolio operating expenses per share class.

Each Trustee, other than those affiliated with PIMCO or its affiliates, receives an annual retainer of $36,850, plus $3,800 for each Board meeting attended in person, $775 for each committee meeting attended and $750 for each Board meeting attended telephonically, plus reimbursement of related expenses. In addition, the audit committee chair receives an additional annual retainer of $6,000, the valuation oversight committee lead receives an additional annual retainer of $4,250 (to the extent there are co-leads of the valuation oversight committee, the annual retainer will be split evenly between the co-leads, so that each co-lead individually receives an additional retainer of $2,125) and the governance committee chair receives an additional annual retainer of $2,750. The Lead Independent Trustee receives an annual retainer of $3,500.

These expenses are allocated on a pro rata basis to each Portfolio of the Trust according to its respective net assets. The Trust pays no compensation directly to any Trustee or any other officer who is affiliated with the Administrator, all of whom receive remuneration for their services to the Trust from the Administrator or its affiliates.

(e) Expense Limitation Pursuant to the Expense Limitation Agreement, PIMCO has agreed to waive a portion of the Portfolio's Supervisory and Administrative Fee, or reimburse the Portfolio, to the extent that the Portfolio's organizational expenses, pro rata share of expenses related to obtaining or maintaining a Legal Entity Identifier and pro rata share of Trustee Fees exceed 0.0049%, the "Expense Limit" (calculated as a percentage of the Portfolio's average daily net assets attributable to each class). The Expense Limitation Agreement will automatically renew for one-year terms unless PIMCO provides written notice to the Trust at least 30 days prior to the end of the then current term.

Under certain conditions, PIMCO may be reimbursed for these waived amounts in future periods, not to exceed thirty-six months after the waiver. At June 30, 2018, there were no recoverable amounts.

10. RELATED PARTY TRANSACTIONS

The Adviser, Administrator, and Distributor are related parties. Fees paid to these parties are disclosed in Note 9, Fees and Expenses, and the accrued related party fee amounts are disclosed on the Statement of Assets and Liabilities.

The Portfolio is permitted to purchase or sell securities from or to certain related affiliated portfolios under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Portfolio from or to another fund or portfolio that are, or could be, considered an affiliate, or an affiliate of an affiliate, by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 under the Act. Further, as defined under the procedures, each transaction is effected at the current market price. During the period ended June 30, 2018, the Portfolio engaged in purchases and sales of securities pursuant to Rule 17a-7 under the Act (amounts in thousands[†]):

Purchases	Sales
$ 6,299	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.

11. GUARANTEES AND INDEMNIFICATIONS

Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust (including the Trust's investment manager) is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Portfolio. Additionally, in the normal course of business, the Portfolio enters into contracts that contain a variety of indemnification clauses. The Portfolio's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Portfolio that have not yet occurred. However, the Portfolio has not had prior claims or losses pursuant to these contracts.

12. PURCHASES AND SALES OF SECURITIES

The length of time the Portfolio has held a particular security is not generally a consideration in investment decisions. A change in the securities held by the Portfolio is known as "portfolio turnover." The Portfolio may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover may involve correspondingly greater transaction costs to the Portfolio, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are generally taxed at ordinary income tax rates). The transaction costs and tax effects associated with portfolio turnover may adversely affect the Portfolio's performance. The portfolio turnover rates are reported in the Financial Highlights.

Purchases and sales of securities (excluding short-term investments) for the period ended June 30, 2018, were as follows (amounts in thousands†):

U.S. Government/Agency		All Other	
Purchases	**Sales**	**Purchases**	**Sales**
$ 445,231	$ 398,832	$ 80,812	$ 67,061

† A zero balance may reflect actual amounts rounding to less than one thousand.

13. SHARES OF BENEFICIAL INTEREST

The Trust may issue an unlimited number of shares of beneficial interest with a $0.001 par value. Changes in shares of beneficial interest were as follows (shares and amounts in thousands†):

	Six Months Ended 06/30/2018		Year Ended 12/31/2017	
	Shares	**Amount**	**Shares**	**Amount**
Receipts for shares sold				
Institutional Class	61	$ 662	165	$ 1,831
Administrative Class	1,712	18,583	2,644	29,459
Advisor Class	1,916	20,725	7,258	80,646
Issued as reinvestment of distributions				
Institutional Class	4	44	30	321
Administrative Class	40	434	335	3,626
Advisor Class	206	2,235	1,827	19,788
Cost of shares redeemed				
Institutional Class	(12)	(130)	(31)	(341)
Administrative Class	(1,516)	(16,409)	(1,700)	(18,862)
Advisor Class	(651)	(7,062)	(86)	(952)
Net increase (decrease) resulting from Portfolio share transactions	1,760	$ 19,082	10,442	$ 115,516

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of June 30, 2018, one shareholder owned 10% or more of the Portfolio's total outstanding shares comprising 85% of the Portfolio.

14. REGULATORY AND LITIGATION MATTERS

The Portfolio is not named as a defendant in any material litigation or arbitration proceedings and is not aware of any material litigation or claim pending or threatened against it.

The foregoing speaks only as of the date of this report.

15. FEDERAL INCOME TAX MATTERS

The Portfolio intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code (the "Code") and distribute all of its taxable income and net realized gains, if applicable, to shareholders. Accordingly, no provision for Federal income taxes has been made.

The Portfolio may be subject to local withholding taxes, including those imposed on realized capital gains. Any applicable foreign capital gains tax is accrued daily based upon net unrealized gains, and may be payable following the sale of any applicable investments.

In accordance with U.S. GAAP, the Adviser has reviewed the Portfolio's tax positions for all open tax years. As of June 30, 2018, the Portfolio has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

The Portfolio files U.S. federal, state, and local tax returns as required. The Portfolio's tax returns are subject to examination by relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Shares of the Portfolio currently are sold to segregated asset accounts ("Separate Accounts") of insurance companies that fund variable annuity contracts and variable life insurance policies ("Variable Contracts"). Please refer to the prospectus for the Separate Account and Variable Contract for information regarding Federal income tax treatment of distributions to the Separate Account.

Under the Regulated Investment Company Modernization Act of 2010, the Portfolio is permitted to carry forward any new capital losses for an unlimited period. Additionally, such capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term under previous law.

As of its last fiscal year ended December 31, 2017, the Portfolio had the following post-effective capital losses with no expiration (amounts in thousands†):

	Short-Term	Long-Term
PIMCO International Bond Portfolio (U.S. Dollar-Hedged)	$ 0	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of June 30, 2018, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for Federal income tax purposes are as follows (amounts in thousands†):

Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)(1)
$ 621,024	$ 21,724	$ (15,129)	$ 6,595

† A zero balance may reflect actual amounts rounding to less than one thousand.
(1) Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) are attributable to wash sale loss deferrals for Federal income tax purposes.

16. SUBSEQUENT EVENTS

Effective July 30, 2018, PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged) changed its name to PIMCO International Bond Portfolio (U.S. Dollar-Hedged).

There were no other subsequent events identified that require recognition or disclosure.

Glossary: (abbreviations that may be used in the preceding statements)

Counterparty Abbreviations:

AZD	Australia and New Zealand Banking Group	**GLM**	Goldman Sachs Bank USA	**RYL**	Royal Bank of Scotland Group PLC
BOA	Bank of America N.A.	**GST**	Goldman Sachs International	**SCX**	Standard Chartered Bank
BPS	BNP Paribas S.A.	**HUS**	HSBC Bank USA N.A.	**SOG**	Societe Generale
BRC	Barclays Bank PLC	**IND**	Crédit Agricole Corporate and Investment Bank S.A.	**SSB**	State Street Bank and Trust Co.
CBK	Citibank N.A.	**JPM**	JP Morgan Chase Bank N.A.	**TOR**	Toronto Dominion Bank
DUB	Deutsche Bank AG	**MSB**	Morgan Stanley Bank, N.A	**UAG**	UBS AG Stamford
FBF	Credit Suisse International	**MYC**	Morgan Stanley Capital Services, Inc.		
FICC	Fixed Income Clearing Corporation	**NGF**	Nomura Global Financial Products, Inc.		

Currency Abbreviations:

ARS	Argentine Peso	**EUR**	Euro	**PLN**	Polish Zloty
AUD	Australian Dollar	**GBP**	British Pound	**RON**	Romanian New Leu
BRL	Brazilian Real	**IDR**	Indonesian Rupiah	**RUB**	Russian Ruble
CAD	Canadian Dollar	**INR**	Indian Rupee	**SEK**	Swedish Krona
CHF	Swiss Franc	**JPY**	Japanese Yen	**SGD**	Singapore Dollar
CNH	Chinese Renminbi (Offshore)	**KRW**	South Korean Won	**TRY**	Turkish New Lira
COP	Colombian Peso	**MXN**	Mexican Peso	**TWD**	Taiwanese Dollar
CZK	Czech Koruna	**NOK**	Norwegian Krone	**USD (or $)**	United States Dollar
DKK	Danish Krone	**NZD**	New Zealand Dollar	**ZAR**	South African Rand

Exchange Abbreviations:

CBOT	Chicago Board of Trade	**OTC**	Over the Counter

Index/Spread Abbreviations:

12MTA	12 Month Treasury Average	**CDX.HY**	Credit Derivatives Index - High Yield	**LIBOR03M**	3 Month USD-LIBOR
ARPP7DRR	Argentina Central Bank 7 Day Repo Reference Rate	**CDX.IG**	Credit Derivatives Index - Investment Grade	**US0001M**	1 Month USD Swap Rate
BADLARPP	Argentina Badlar Floating Rate Notes	**H15T1Y**	1 Year US Treasury Yield Curve Constant Maturity Rate	**US0003M**	3 Month USD Swap Rate
BBSW1M	1 Month Bank Bill Swap Rate	**LIBOR01M**	1 Month USD-LIBOR	**US0012M**	12 Month USD Swap Rate
CDX.EM	Credit Derivatives Index - Emerging Markets				

Other Abbreviations:

ABS	Asset-Backed Security	**CLO**	Collateralized Loan Obligation	**Lunar**	Monthly payment based on 28-day periods. One year consists of 13 periods.
ALT	Alternate Loan Trust	**DAC**	Designated Activity Company	**NCUA**	National Credit Union Administration
BABs	Build America Bonds	**EURIBOR**	Euro Interbank Offered Rate	**OAT**	Obligations Assimilables du Trésor
BBR	Bank Bill Rate	**JIBAR**	Johannesburg Interbank Agreed Rate	**OIS**	Overnight Index Swap
BBSW	Bank Bill Swap Reference Rate	**KORIBOR**	Korea Interbank Offered Rate	**TBA**	To-Be-Announced
BTP	Buoni del Tesoro Poliennali	**LIBOR**	London Interbank Offered Rate	**TIIE**	Tasa de Interés Interbancaria de Equilibrio "Equilibrium Interbank Interest Rate"
CDI	Brazil Interbank Deposit Rate				

General Information

Investment Adviser and Administrator
Pacific Investment Management Company LLC
650 Newport Center Drive
Newport Beach, CA 92660

Distributor
PIMCO Investments LLC
1633 Broadway
New York, NY 10019

Custodian
State Street Bank and Trust Company
801 Pennsylvania Avenue
Kansas City, MO 64105

Transfer Agent
DST Asset Manager Solutions, Inc.
430 W 7th Street STE 219024
Kansas City, MO 64105-1407

Legal Counsel
Dechert LLP
1900 K Street, N.W.
Washington, D.C. 20006

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
1100 Walnut Street, Suite 1300
Kansas City, MO 64106

This report is submitted for the general information of the shareholders of the Portfolio listed on the Report cover.

pimco.com/pvit

PIMCO

PVIT06SAR_063018

P I M C O

PIMCO Variable Insurance Trust

Semiannual Report

June 30, 2018

PIMCO Low Duration Portfolio

2018

A company of Allianz

(THIS PAGE INTENTIONALLY LEFT BLANK)

Table of Contents

Dear PIMCO Variable Insurance Trust Shareholder,

Following is the PIMCO Variable Insurance Trust Semiannual Report, which covers the six-month reporting period ended June 30, 2018. On the subsequent pages you will find specific details regarding investment results and a discussion of factors that most affected performance over the reporting period.

For the six-month reporting period ended June 30, 2018

The U.S. economy continued to expand during the reporting period. Looking back, U.S. gross domestic product (GDP) expanded at a revised annual pace of 2.3% and 2.2% during the fourth quarter of 2017 and first quarter of 2018, respectively. The Commerce Department's initial reading — released after the reporting period had ended — showed that second-quarter 2018 GDP grew at an annual pace of 4.1%.

The Federal Reserve (Fed) continued to normalize monetary policy during the reporting period. After raising interest rates three times in 2017, the Fed again raised rates at its March 2018 meeting, pushing the federal funds rate to a range between 1.50% and 1.75%. Finally, at its meeting that concluded on June 13, 2018, the Fed raised rates to a range between 1.75% and 2.00%.

Economic activity outside the U.S. moderated somewhat during the reporting period. Against this backdrop, the European Central Bank (ECB), the Bank of Japan and the Bank of England largely maintained their highly accommodative monetary policies. Other central banks took a more hawkish stance, including the Bank of Canada, as it raised rates in January 2018. Meanwhile, in June 2018, the ECB indicated that it plans to end its quantitative easing program by the end of the year, but it did not expect to raise interest rates "at least through the summer of 2019."

The U.S. Treasury yield curve flattened during the reporting period, as short-term rates moved up more than their longer-term counterparts. The increase in rates at the short end of the yield curve was mostly due to Fed interest rate hikes. The yield on the benchmark 10-year U.S. Treasury note was 2.85% at the end of the reporting period, up from 2.40% on December 31, 2017. U.S. Treasuries, as measured by the Bloomberg Barclays U.S. Treasury Index, returned -1.08% over the six months ended June 30, 2018. Meanwhile the Bloomberg Barclays U.S. Aggregate Bond Index, a widely used index of U.S. investment grade bonds, returned -1.62% over the period. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, generated mixed results versus the broad U.S. market. The ICE BofAML U.S. High Yield Index gained 0.08% over the reporting period, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global, returned -5.23% over the reporting period. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned -6.44% over the period.

Global equities generated mixed results during the reporting period. The U.S. market rallied sharply during the first month of the period. Supporting the market were improving global growth, overall solid corporate profits and the passage of a tax reform bill late in 2017. Those gains were then erased in February and March 2018. This was partially driven by fears that the Fed may take a more aggressive approach in terms of raising interest rates. In addition, there were concerns over a possible trade war. However, U.S. equities moved modestly higher over the last three months of the period. All told, U.S. equities, as represented by the S&P 500 Index, returned 2.65% during the reporting period. Emerging market equities, as measured by the MSCI Emerging Markets Index, returned -6.66% over the period, whereas global equities, as represented by the MSCI World Index, gained 0.43%. Elsewhere, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned -1.05% over the reporting period and European equities, as represented by the MSCI Europe Index (in EUR), returned -0.48%.

Commodity prices fluctuated and produced mixed results during the six months ended June 30, 2018. When the reporting period began, crude oil was approximately $60 a barrel. By the end of the period it was roughly $74 a barrel. This ascent was driven in part by planned and observed production cuts by OPEC and the collapse in Venezuelan oil production, as well as global growth maintaining demand. Elsewhere, gold and copper prices moved lower over the reporting period.

Finally, during the reporting period, there were periods of volatility in the foreign exchange markets, due in part to signs of improving global growth, decoupling central bank policies, and a number of geopolitical events. All told, the U.S. dollar returned 2.73%, 2.26% and -1.71% versus the euro, British pound and Japanese yen, respectively, during the six months ended June 30, 2018.

Thank you for the assets you have placed with us. We deeply value your trust, and will continue to work diligently to meet your broad investment needs.

Sincerely,

Brent R. Harris

Brent R. Harris
Chairman of the Board
PIMCO Variable Insurance Trust

August 22, 2018

Past performance is no guarantee of future results. Unless otherwise noted, index returns reflect the reinvestment of income distributions and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in an unmanaged index.

Important Information About the PIMCO Low Duration Portfolio

PIMCO Variable Insurance Trust (the "Trust") is an open-end management investment company that includes the PIMCO Low Duration Portfolio (the "Portfolio"). The Portfolio is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies ("Variable Contracts"). Individuals may not purchase shares of the Portfolio directly. Shares of the Portfolio also may be sold to qualified pension and retirement plans outside of the separate account context.

We believe that bond funds have an important role to play in a well-diversified investment portfolio. It is important to note, however, that in an environment where interest rates may trend upward, rising rates would negatively impact the performance of most bond funds, and fixed income securities and other instruments held by the Portfolio are likely to decrease in value. A wide variety of factors can cause interest rates to rise (e.g., central bank monetary policies, inflation rates, general economic conditions, etc.). In addition, changes in interest rates can be sudden and unpredictable, and there is no guarantee that management will anticipate such movement accurately. The Portfolio may lose money as a result of movements in interest rates.

As of the date of this report, interest rates in the U.S. and many parts of the world, including certain European countries, are at or near historically low levels. As such, bond funds may currently face an increased exposure to the risks associated with a rising interest rate environment. This is especially true as the Fed ended its quantitative easing program in October 2014 and has begun, and may continue, to raise interest rates. To the extent the Fed continues to raise interest rates, there is a risk that rates across the financial system may rise. Further, while bond markets have steadily grown over the past three decades, dealer inventories of corporate bonds are near historic lows in relation to market size. As a result, there has been a significant reduction in the ability of dealers to "make markets."

Bond funds and individual bonds with a longer duration (a measure used to determine the sensitivity of a security's price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets or negatively impact the Portfolio's performance or cause the Portfolio to incur losses. As a result, the Portfolio may experience increased shareholder redemptions, which, among other things, could further reduce the net assets of the Portfolio.

The Portfolio may be subject to various risks as described in the Portfolio's prospectus and in the Principal Risks in the Notes to Financial Statements.

The geographical classification of foreign (non-U.S.) securities in this report are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure. The United States presidential administration's enforcement of tariffs on goods from other countries, with a focus on China, has contributed to international trade tensions and may impact portfolio securities.

On the Portfolio Summary page in this Shareholder Report, the Average Annual Total Return table and Cumulative Returns chart measure performance assuming that any dividend and capital gain distributions were reinvested. The Cumulative Returns chart reflects only Administrative Class performance. Performance may vary by share class based on each class's expense ratios. The Portfolio measures its performance against at least one broad-based securities market index ("benchmark index"). The benchmark index does not take into account fees, expenses, or taxes. The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future. There is no assurance that the Portfolio, even if the Portfolio has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the future. High performance is defined as a significant increase in either 1) the Portfolio's total return in excess of that of the Portfolio's benchmark between reporting periods or 2) the Portfolio's total return in excess of the Portfolio's historical returns between reporting periods. Unusual performance is defined as a significant change in the Portfolio's performance as compared to one or more previous reporting periods.

The following table discloses the inception dates of the Portfolio and its respective share classes along with the Portfolio's diversification status as of period end:

Portfolio Name	Portfolio Inception	Institutional Class	Administrative Class	Advisor Class	Diversification Status
PIMCO Low Duration Portfolio	02/16/99	04/10/00	02/16/99	03/31/06	Diversified

An investment in the Portfolio is not a bank deposit and is not guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. It is possible to lose money on investments in the Portfolio.

The Trustees are responsible generally for overseeing the management of the Trust. The Trustees authorize the Trust to enter into service agreements with the Adviser, the Distributor, the Administrator and other service providers in order to provide, and in some cases authorize service providers to procure through other parties, necessary or desirable services on behalf of the Trust and the Portfolio. Shareholders are not parties to or third-party beneficiaries of such service agreements. Neither this Portfolio's prospectus nor summary prospectus, the Trust's Statement of Additional Information ("SAI"), any contracts filed as exhibits to the Trust's registration statement, nor any other communications, disclosure documents or regulatory filings (including this report) from or on behalf of the Trust or the Portfolio creates a contract between or among any shareholder of the Portfolio, on the one hand, and the Trust, the Portfolio, a service provider to the Trust or the Portfolio, and/or the Trustees or officers of the Trust, on the other hand. The Trustees (or the Trust and its officers, service providers or other delegates acting under authority of the Trustees) may amend the most recent prospectus or use a new prospectus, summary prospectus or SAI with respect to the Portfolio or the Trust, and/or amend, file and/or issue any other communications, disclosure documents or regulatory filings, and may amend or enter into any contracts to which the Trust or the Portfolio is a party, and interpret the investment objective(s), policies, restrictions and contractual provisions applicable to the Portfolio, without shareholder input or approval, except in circumstances in which shareholder approval is specifically required by law (such as changes to fundamental investment policies) or where a shareholder approval requirement is specifically disclosed in the Trust's then-current prospectus or SAI.

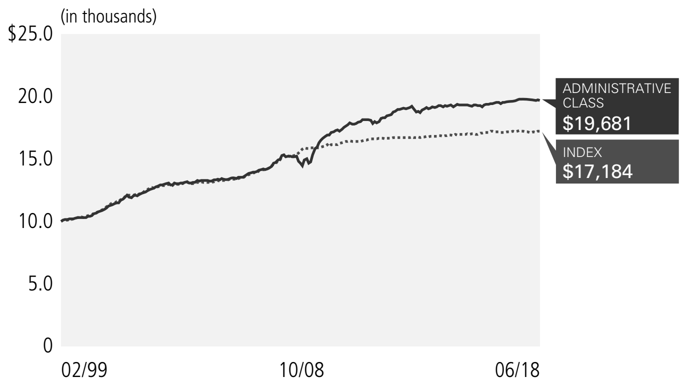
PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of the Portfolio, and information about how the Portfolio voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Trust at (888) 87-PIMCO, on the Portfolio's website at www.pimco.com/pvit, and on the Securities and Exchange Commission's ("SEC") website at www.sec.gov.

The Trust files a complete schedule of the Portfolio's holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. A copy of the Portfolio's Form N-Q is available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. A copy of the Portfolio's Form N-Q is also available without charge, upon request, by calling the Trust at (888) 87-PIMCO and on the Portfolio's website at www.pimco.com/pvit. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

The SEC adopted a rule that generally allows funds to deliver shareholder reports to investors by providing access to such reports online free of charge and by mailing a notice that the report is electronically available. Pursuant to the rule, investors may still elect to receive a complete shareholder report in the mail. PIMCO is evaluating how to make the electronic delivery option available to shareholders in the future.

The Trust is distributed by PIMCO Investments LLC, 1633 Broadway, New York, New York 10019.

Cumulative Returns Through June 30, 2018



$10,000 invested at the end of the month when the Portfolio's Administrative Class commenced operations.

Allocation Breakdown as of 06/30/2018†§

Short-Term Instruments‡	30.3%
Corporate Bonds & Notes	26.6%
U.S. Government Agencies	26.1%
Asset-Backed Securities	10.5%
Sovereign Issues	4.5%
Non-Agency Mortgage-Backed Securities	2.0%
Other	0.0%

† % of Investments, at value.

§ Allocation Breakdown and % of investments exclude securities sold short and financial derivative instruments, if any.

‡ Includes Central Funds Used for Cash Management Purposes.

Average Annual Total Return for the period ended June 30, 2018

		6 Months*	1 Year	5 Years	10 Years	Inception≈
	PIMCO Low Duration Portfolio Institutional Class	(0.33)%	0.45%	1.14%	2.81%	3.70%
—	PIMCO Low Duration Portfolio Administrative Class	(0.41)%	0.30%	0.99%	2.66%	3.54%
	PIMCO Low Duration Portfolio Advisor Class	(0.46)%	0.20%	0.89%	2.56%	3.07%
·····	ICE BofAML 1-3 Year U.S. Treasury Index±	0.09%	0.08%	0.58%	1.24%	2.82%♦

All Portfolio returns are net of fees and expenses.

* Cumulative return.

≈ For class inception dates please refer to the Important Information.

♦ Average annual total return since 02/16/1999.

± The ICE BofAML 1-3 Year U.S. Treasury Index is an unmanaged index comprised of U.S. Treasury securities, other than inflation-protection securities and STRIPS, with at least $1 billion in outstanding face value and a remaining term to final maturity of at least one year and less than three years.

It is not possible to invest directly in an unmanaged index.

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. The Portfolio's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in Variable Contracts, which will reduce returns. Differences in the Portfolio's performance versus the index and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the prices of individual positions (which may be sourced from different pricing vendors or other sources) used by the Portfolio and the index. For performance current to the most recent month-end, visit www.pimco.com/pvit or via (888) 87-PIMCO.

The Portfolio's total annual operating expense ratio in effect as of period end were 0.50% for Institutional Class shares, 0.65% for Administrative Class shares, and 0.75% for Advisor Class shares. Details regarding any changes to the Portfolio's operating expenses, subsequent to period end, can be found in the Portfolio's current prospectus, as supplemented.

Investment Objective and Strategy Overview

PIMCO Low Duration Portfolio seeks maximum total return, consistent with preservation of capital and prudent investment management, by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives, such as options, futures contracts or swap agreements. "Fixed Income Instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. Portfolio strategies may change from time to time. Please refer to the Portfolio's current prospectus for more information regarding the Portfolio's strategy.

Portfolio Insights

The following affected performance during the reporting period:

» Underweight exposure to the front end of the U.S. yield curve U.S. front-end rates contributed to relative performance, as these rates rose.

» Long exposure to the Argentine peso versus the U.S. dollar detracted from performance, as the Argentine peso depreciated against the U.S. dollar.

» Long exposure to the Swedish krona versus the U.S. dollar detracted from performance, as the Swedish krona depreciated against the U.S. dollar.

» Short exposure to the Japanese yen versus the U.S. dollar detracted from performance, as the Japanese yen appreciated against U.S. dollar.

» Holdings of agency mortgage-backed securities (MBS) detracted from performance, as these securities generally posted negative total returns.

Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees (if applicable), and other Portfolio expenses. The Example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Expense Example does not reflect any fees or other expenses imposed by the Variable Contracts. If it did, the expenses reflected in the Expense Example would be higher. The Example is based on an investment of $1,000 invested at the beginning of the period and held from January 1, 2018 to June 30, 2018 unless noted otherwise in the table and footnotes below.

Actual Expenses

The information in the table under the heading "Actual" provides information about actual account values and actual expenses. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.60), then multiply the result by the number in the appropriate row for your share class, in the column titled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information in the table under the heading "Hypothetical (5% return before expenses)" provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other portfolios. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other portfolios.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the information under the heading "Hypothetical (5% return before expenses)" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different portfolios. In addition, if these transactional costs were included, your costs would have been higher.

Expense ratios may vary period to period because of various factors, such as an increase in expenses that are not covered by the management fees such as fees and expenses of the independent trustees and their counsel, extraordinary expenses and interest expense.

	Actual			Hypothetical (5% return before expenses)			
	Beginning Account Value (01/01/18)	**Ending Account Value (06/30/18)**	**Expenses Paid During Period***	**Beginning Account Value (01/01/18)**	**Ending Account Value (06/30/18)**	**Expenses Paid During Period***	**Net Annualized Expense Ratio****
Institutional Class	$ 1,000.00	$ 996.70	$ 2.52	$ 1,000.00	$ 1,022.27	$ 2.56	0.51%
Administrative Class	1,000.00	995.90	3.27	1,000.00	1,021.52	3.31	0.66
Advisor Class	1,000.00	995.40	3.76	1,000.00	1,021.03	3.81	0.76

* Expenses Paid During Period are equal to the net annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period). Overall fees and expenses of investing in the Portfolio will be higher because the example does not reflect variable contract fees and expenses.

** Net Annualized Expense Ratio is reflective of any applicable contractual fee waivers and/or expense reimbursements or voluntary fee waivers. Details regarding fee waivers, if any, can be found in Note 9, Fees and Expenses, in the Notes to Financial Statements.

Financial Highlights PIMCO Low Duration Portfolio

Selected Per Share Data for the Year or Period Ended^:	Net Asset Value Beginning of Year or Period	Investment Operations: Net Investment Income (Loss)[(a)]	Investment Operations: Net Realized/ Unrealized Gain (Loss)	Investment Operations: Total	Less Distributions[(b)]: From Net Investment Income	Less Distributions[(b)]: From Net Realized Capital Gain (Loss)	Less Distributions[(b)]: Tax Basis Return of Capital	Less Distributions[(b)]: Total
Institutional Class								
01/01/2018 - 06/30/2018+	$ 10.24	$ 0.09	$ (0.12)	$ (0.03)	$ (0.09)	$ 0.00	$ 0.00	$ (0.09)
12/31/2017	10.24	0.15	0.00	0.15	(0.13)	0.00	(0.02)	(0.15)
12/31/2016	10.25	0.16	0.00	0.16	(0.09)	0.00	(0.08)	(0.17)
12/31/2015	10.58	0.15	(0.10)	0.05	(0.38)	0.00	0.00	(0.38)
12/31/2014	10.61	0.10	0.01	0.11	(0.14)	0.00	0.00	(0.14)
12/31/2013	10.78	0.10	(0.10)	0.00	(0.17)	0.00	0.00	(0.17)
Administrative Class								
01/01/2018 - 06/30/2018+	10.24	0.08	(0.12)	(0.04)	(0.08)	0.00	0.00	(0.08)
12/31/2017	10.24	0.13	0.01	0.14	(0.12)	0.00	(0.02)	(0.14)
12/31/2016	10.25	0.14	0.00	0.14	(0.07)	0.00	(0.08)	(0.15)
12/31/2015	10.58	0.14	(0.11)	0.03	(0.36)	0.00	0.00	(0.36)
12/31/2014	10.61	0.10	(0.01)	0.09	(0.12)	0.00	0.00	(0.12)
12/31/2013	10.78	0.08	(0.09)	(0.01)	(0.16)	0.00	0.00	(0.16)
Advisor Class								
01/01/2018 - 06/30/2018+	10.24	0.07	(0.12)	(0.05)	(0.07)	0.00	0.00	(0.07)
12/31/2017	10.24	0.12	0.01	0.13	(0.11)	0.00	(0.02)	(0.13)
12/31/2016	10.25	0.13	0.00	0.13	(0.06)	0.00	(0.08)	(0.14)
12/31/2015	10.58	0.13	(0.11)	0.02	(0.35)	0.00	0.00	(0.35)
12/31/2014	10.61	0.09	(0.01)	0.08	(0.11)	0.00	0.00	(0.11)
12/31/2013	10.78	0.07	(0.10)	(0.03)	(0.14)	0.00	0.00	(0.14)

^ A zero balance may reflect actual amounts rounding to less than $0.01 or 0.01%.
+ Unaudited
* Annualized
(a) Per share amounts based on average number of shares outstanding during the year or period.
(b) The tax characterization of distributions is determined in accordance with Federal income tax regulations. The actual tax characterization of distributions paid is determined at the end of the fiscal year. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

See Accompanying Notes

Net Asset Value End of Year or Period	Total Return	Net Assets End of Year or Period (000s)	Expenses	Expenses Excluding Waivers	Expenses Excluding Interest Expense	Expenses Excluding Interest Expense and Waivers	Net Investment Income (Loss)	Portfolio Turnover Rate
		Ratios/Supplemental Data						
			Ratios to Average Net Assets					
$ 10.12	(0.33)%	$ 12,302	0.51%*	0.51%*	0.50%*	0.50%*	1.70%*	307%
10.24	1.50	15,368	0.50	0.50	0.50	0.50	1.44	544
10.24	1.56	8,710	0.50	0.50	0.50	0.50	1.59	391
10.25	0.47	8,291	0.51	0.51	0.50	0.50	1.39	181
10.58	1.00	13,590	0.50	0.50	0.50	0.50	0.96	208
10.61	0.01	58,621	0.50	0.50	0.50	0.50	0.95	316
10.12	(0.41)	1,219,332	0.66*	0.66*	0.65*	0.65*	1.58*	307
10.24	1.35	1,272,418	0.65	0.65	0.65	0.65	1.31	544
10.24	1.41	1,248,263	0.65	0.65	0.65	0.65	1.40	391
10.25	0.31	1,323,009	0.66	0.66	0.65	0.65	1.32	181
10.58	0.85	1,481,605	0.65	0.65	0.65	0.65	0.90	208
10.61	(0.14)	1,510,077	0.65	0.65	0.65	0.65	0.79	316
10.12	(0.46)	752,689	0.76*	0.76*	0.75*	0.75*	1.48*	307
10.24	1.25	761,611	0.75	0.75	0.75	0.75	1.21	544
10.24	1.30	717,542	0.75	0.75	0.75	0.75	1.31	391
10.25	0.21	677,728	0.76	0.76	0.75	0.75	1.25	181
10.58	0.75	647,468	0.75	0.75	0.75	0.75	0.80	208
10.61	(0.23)	617,374	0.75	0.75	0.75	0.75	0.69	316

See Accompanying Notes

Statement of Assets and Liabilities PIMCO Low Duration Portfolio

(Unaudited)

(Amounts in thousands†, except per share amounts)	June 30, 2018
Assets:	
Investments, at value	
Investments in securities*	$ 2,373,874
Investments in Affiliates	248,327
Financial Derivative Instruments	
Exchange-traded or centrally cleared	706
Over the counter	31,750
Cash	15
Deposits with counterparty	17,444
Foreign currency, at value	2,436
Receivable for investments sold	3,251
Receivable for TBA investments sold	764,467
Receivable for Portfolio shares sold	53
Interest and/or dividends receivable	5,501
Dividends receivable from Affiliates	547
Total Assets	3,448,371
Liabilities:	
Borrowings & Other Financing Transactions	
Payable for reverse repurchase agreements	$ 8,629
Payable for short sales	3,915
Financial Derivative Instruments	
Exchange-traded or centrally cleared	768
Over the counter	11,244
Payable for investments purchased	21,995
Payable for investments in Affiliates purchased	547
Payable for TBA investments purchased	1,385,443
Deposits from counterparty	28,409
Payable for Portfolio shares redeemed	1,919
Accrued investment advisory fees	424
Accrued supervisory and administrative fees	424
Accrued distribution fees	162
Accrued servicing fees	156
Other liabilities	13
Total Liabilities	1,464,048
Net Assets	$ 1,984,323
Net Assets Consist of:	
Paid in capital	$ 2,049,968
Undistributed (overdistributed) net investment income	(3,757)
Accumulated undistributed net realized gain (loss)	(68,473)
Net unrealized appreciation (depreciation)	6,585
Net Assets	$ 1,984,323
Net Assets:	
Institutional Class	$ 12,302
Administrative Class	1,219,332
Advisor Class	752,689
Shares Issued and Outstanding:	
Institutional Class	1,216
Administrative Class	120,534
Advisor Class	74,406
Net Asset Value Per Share Outstanding:	
Institutional Class	$ 10.12
Administrative Class	10.12
Advisor Class	10.12
Cost of investments in securities	$ 2,384,722
Cost of investments in Affiliates	$ 248,327
Cost of foreign currency held	$ 2,452
Proceeds received on short sales	$ 3,929
Cost or premiums of financial derivative instruments, net	$ 4,070
* Includes repurchase agreements of:	$ 1,024

† A zero balance may reflect actual amounts rounding to less than one thousand.

Statement of Operations PIMCO Low Duration Portfolio

(Amounts in thousands†)	Six Months Ended June 30, 2018 (Unaudited)
Investment Income:	
Interest, net of foreign taxes*	$ 19,289
Dividends from Investments in Affiliates	3,248
Total Income	22,537
Expenses:	
Investment advisory fees	2,512
Supervisory and administrative fees	2,511
Servicing fees - Administrative Class	927
Distribution and/or servicing fees - Advisor Class	948
Trustee fees	29
Interest expense	124
Miscellaneous expense	3
Total Expenses	7,054
Net Investment Income (Loss)	15,483
Net Realized Gain (Loss):	
Investments in securities	31,359
Investments in Affiliates	6
Exchange-traded or centrally cleared financial derivative instruments	(3,833)
Over the counter financial derivative instruments	(53,632)
Short sales	69
Foreign currency	(2,101)
Net Realized Gain (Loss)	(28,132)
Net Change in Unrealized Appreciation (Depreciation):	
Investments in securities	(54,112)
Investments in Affiliates	(117)
Exchange-traded or centrally cleared financial derivative instruments	(4,466)
Over the counter financial derivative instruments	61,323
Short sales	5
Foreign currency assets and liabilities	(265)
Net Change in Unrealized Appreciation (Depreciation)	2,368
Net Increase (Decrease) in Net Assets Resulting from Operations	$ (10,281)
* Foreign tax withholdings	$ 12

† A zero balance may reflect actual amounts rounding to less than one thousand.

Statements of Changes in Net Assets PIMCO Low Duration Portfolio

(Amounts in thousands†)	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Increase (Decrease) in Net Assets from:		
Operations:		
Net investment income (loss)	$ 15,483	$ 25,610
Net realized gain (loss)	(28,132)	(760)
Net change in unrealized appreciation (depreciation)	2,368	1,782
Net Increase (Decrease) in Net Assets Resulting from Operations	(10,281)	26,632
Distributions to Shareholders:		
From net investment income		
Institutional Class	(121)	(153)
Administrative Class	(9,606)	(13,953)
Advisor Class	(5,521)	(7,617)
Tax basis return of capital		
Institutional Class	0	(28)
Administrative Class	0	(2,787)
Advisor Class	0	(1,664)
Total Distributions[(a)]	(15,248)	(26,202)
Portfolio Share Transactions:		
Net increase (decrease) resulting from Portfolio share transactions**	(39,545)	74,452
Total Increase (Decrease) in Net Assets	(65,074)	74,882
Net Assets:		
Beginning of period	2,049,397	1,974,515
End of period*	$ 1,984,323	$ 2,049,397
* Including undistributed (overdistributed) net investment income of:	$ (3,757)	$ (3,992)

† A zero balance may reflect actual amounts rounding to less than one thousand.

** See Note 13, Shares of Beneficial Interest, in the Notes to Financial Statements.

(a) The tax characterization of distributions is determined in accordance with Federal income tax regulations. The actual tax characterization of distributions paid is determined at the end of the fiscal year. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

(Amounts in thousands*, except number of shares, contracts and units, if any)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 119.6%		
CORPORATE BONDS & NOTES 35.1%		
BANKING & FINANCE 23.5%		
AIG Global Funding		
2.797% (US0003M + 0.460%) due 06/25/2021 ~	$ 3,000	$ 3,003
American Express Co.		
2.846% (US0003M + 0.525%) due 05/17/2021 ~	5,900	5,919
American Express Credit Corp.		
2.375% due 05/26/2020	5,400	5,323
American Tower Corp.		
2.800% due 06/01/2020	9,900	9,819
3.400% due 02/15/2019	6,500	6,519
Australia & New Zealand Banking Group Ltd.		
2.781% (US0003M + 0.460%) due 05/17/2021 ~	4,900	4,894
3.300% due 05/17/2021	5,000	5,004
AvalonBay Communities, Inc.		
3.625% due 10/01/2020	3,000	3,024
Banco Santander S.A.		
3.459% (US0003M + 1.120%) due 04/12/2023 ~	2,400	2,399
Bank of America Corp.		
3.108% (US0003M + 0.790%) due 03/05/2024 ~	8,300	8,278
3.499% due 05/17/2022 •	4,000	3,999
6.875% due 11/15/2018	2,700	2,742
Bank of Nova Scotia		
1.875% due 04/26/2021	3,900	3,775
Barclays PLC		
4.463% (US0003M + 2.110%) due 08/10/2021 ~	4,900	5,088
Branch Banking & Trust Co.		
1.450% due 05/10/2019	1,083	1,071
CIT Group, Inc.		
3.875% due 02/19/2019	300	301
Citibank N.A.		
3.050% due 05/01/2020	4,000	3,999
Citigroup, Inc.		
3.056% (US0003M + 0.690%) due 10/27/2022 ~	5,000	4,990
3.239% (US0003M + 0.880%) due 07/30/2018 ~	12,000	12,009
3.714% (US0003M + 1.380%) due 03/30/2021 ~	4,300	4,396
Citizens Bank N.A.		
2.300% due 12/03/2018	2,300	2,297
2.500% due 03/14/2019	2,500	2,495
Commonwealth Bank of Australia		
1.750% due 11/02/2018	1,800	1,795
Compass Bank		
3.057% (US0003M + 0.730%) due 06/11/2021 ~	5,000	5,000
Credit Suisse Group Funding Guernsey Ltd.		
4.645% (US0003M + 2.290%) due 04/16/2021 ~	5,800	6,064
Deutsche Bank AG		
4.250% due 10/14/2021	6,100	6,010
4.263% (US0003M + 1.910%) due 05/10/2019 ~	6,500	6,532
Dexia Credit Local S.A.		
2.500% due 01/25/2021	6,200	6,125
Ford Motor Credit Co. LLC		
3.293% (US0003M + 0.930%) due 11/04/2019 ~	6,000	6,043
3.911% (US0003M + 1.580%) due 01/08/2019 ~	5,600	5,636
5.750% due 02/01/2021	600	630
General Motors Financial Co., Inc.		
2.400% due 05/09/2019	2,200	2,190
3.100% due 01/15/2019	2,000	2,002
3.200% due 07/13/2020	7,000	6,971
3.272% (US0003M + 0.930%) due 04/13/2020 ~	$ 3,800	$ 3,827
3.908% (US0003M + 1.560%) due 01/15/2020 ~	3,900	3,961
4.408% (US0003M + 2.060%) due 01/15/2019 ~	5,500	5,551
Goldman Sachs Group, Inc.		
3.067% (US0003M + 0.730%) due 12/27/2020 ~	9,600	9,635
3.080% (US0003M + 0.750%) due 02/23/2023 ~	6,200	6,181
3.522% (US0003M + 1.160%) due 04/23/2020 ~	5,684	5,759
3.541% (US0003M + 1.200%) due 09/15/2020 ~	4,500	4,569
3.720% (US0003M + 1.360%) due 04/23/2021 ~	1,300	1,329
6.000% due 06/15/2020	2,000	2,104
7.500% due 02/15/2019	700	719
Harley-Davidson Financial Services, Inc.		
2.831% (US0003M + 0.500%) due 05/21/2020 ~	5,100	5,112
HSBC Holdings PLC		
2.926% (US0003M + 0.600%) due 05/18/2021 ~	4,800	4,808
HSBC USA, Inc.		
2.965% (US0003M + 0.610%) due 11/13/2019 ~	12,900	12,961
ING Bank NV		
2.050% due 08/17/2018	4,000	3,998
International Lease Finance Corp.		
5.875% due 04/01/2019	1,500	1,531
6.250% due 05/15/2019	2,250	2,307
7.125% due 09/01/2018	2,000	2,013
John Deere Capital Corp.		
2.869% (US0003M + 0.550%) due 06/07/2023 ~	3,500	3,498
JPMorgan Chase & Co.		
2.945% (US0003M + 0.610%) due 06/18/2022 ~	3,000	3,001
3.564% (US0003M + 1.205%) due 10/29/2020 ~	5,800	5,913
JPMorgan Chase Bank N.A.		
2.605% (US0003M + 0.250%) due 02/13/2020 ~	7,100	7,100
2.702% (US0003M + 0.340%) due 04/26/2021 ~	10,000	10,005
Lloyds Bank PLC		
2.853% (US0003M + 0.490%) due 05/07/2021 ~	5,000	5,009
Lloyds Banking Group PLC		
3.130% (US0003M + 0.800%) due 06/21/2021 ~	4,000	4,001
Macquarie Bank Ltd.		
3.479% (US0003M + 1.120%) due 07/29/2020 ~	8,900	9,011
Metropolitan Life Global Funding		
2.300% due 04/10/2019	3,000	2,990
Mitsubishi UFJ Financial Group, Inc.		
3.061% (US0003M + 0.740%) due 03/02/2023 ~	10,200	10,228
4.180% (US0003M + 1.880%) due 03/01/2021 ~	535	554
Mizuho Financial Group, Inc.		
3.108% (US0003M + 0.790%) due 03/05/2023 ~	5,100	5,103
Morgan Stanley		
3.733% (US0003M + 1.375%) due 02/01/2019 ~	5,600	5,637
MUFG Bank Ltd		
2.350% due 09/08/2019	3,600	3,572
Nissan Motor Acceptance Corp.		
2.350% due 03/04/2019	200	199
Nordea Kredit Realkreditaktieselskab		
1.000% due 10/01/2018	DKK 4,900	771
NTT Finance Corp.		
1.900% due 07/21/2021	$ 2,800	$ 2,687
Nykredit Realkredit A/S		
1.000% due 07/01/2018	DKK 183,700	28,799
2.000% due 07/01/2018	15,100	2,367
Oversea-Chinese Banking Corp. Ltd.		
2.771% (US0003M + 0.450%) due 05/17/2021 ~	$ 6,000	6,019
Piper Jaffray Cos.		
5.060% due 10/09/2018	1,500	1,507
Reliance Standard Life Global Funding		
2.500% due 01/15/2020	1,000	990
Royal Bank of Scotland Group PLC		
3.885% (US0003M + 1.550%) due 06/25/2024 ~	4,900	4,894
6.400% due 10/21/2019	5,000	5,189
Santander UK PLC		
2.920% (US0003M + 0.620%) due 06/01/2021 ~	5,000	4,999
Skandinaviska Enskilda Banken AB		
2.751% (US0003M + 0.430%) due 05/17/2021 ~	5,000	4,998
Sumitomo Mitsui Banking Corp.		
2.514% due 01/17/2020	400	396
2.703% (US0003M + 0.350%) due 01/17/2020 ~	4,800	4,801
Sumitomo Mitsui Trust Bank Ltd.		
2.766% (US0003M + 0.440%) due 09/19/2019 ~	6,000	6,009
Svenska Handelsbanken AB		
2.800% (US0003M + 0.470%) due 05/24/2021 ~	4,900	4,903
Synchrony Bank		
3.650% due 05/24/2021	5,200	5,206
Synchrony Financial		
3.584% (US0003M + 1.230%) due 02/03/2020 ~	5,600	5,654
Toyota Motor Credit Corp.		
2.622% (US0003M + 0.280%) due 04/13/2021 ~	4,300	4,301
2.721% due 05/17/2022 •	5,000	5,017
U.S. Bank N.A.		
2.682% (US0003M + 0.320%) due 04/26/2021 ~	4,000	4,004
3.150% due 04/26/2021	6,100	6,113
UBS AG		
2.450% due 12/01/2020	4,100	4,013
2.639% due 12/07/2018 •	6,400	6,406
2.639% due 05/28/2019 ~	7,200	7,210
UBS Group Funding Switzerland AG		
4.128% due 04/14/2021 •	9,900	10,224
Unibail-Rodamco SE		
3.118% (US0003M + 0.770%) due 04/16/2019 ~	9,800	9,842
Wells Fargo & Co.		
3.242% (US0003M + 0.880%) due 07/22/2020 ~	2,000	2,024
3.661% (US0003M + 1.340%) due 03/04/2021 ~	4,000	4,095
Westpac Banking Corp.		
2.623% (US0003M + 0.280%) due 05/15/2020 ~	4,900	4,901
		466,867
INDUSTRIALS 8.7%		
Adani Ports & Special Economic Zone Ltd.		
3.500% due 07/29/2020	4,300	4,252
Amazon.com, Inc.		
1.900% due 08/21/2020	4,200	4,116
Anheuser-Busch InBev Worldwide, Inc.		
3.048% (US0003M + 0.690%) due 08/01/2018 ~	3,400	3,402
BAT Capital Corp.		
2.945% due 08/14/2020 •	6,200	6,223

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Bayer U.S. Finance LLC		
2.965% (US0003M + 0.630%) due 06/25/2021 ~	$ 6,100	$ 6,115
Boston Scientific Corp.		
2.850% due 05/15/2020	2,800	2,780
Campbell Soup Co.		
2.835% (US0003M + 0.500%) due 03/16/2020 ~	9,000	8,976
2.971% (US0003M + 0.630%) due 03/15/2021 ~	4,100	4,090
Charter Communications Operating LLC		
3.579% due 07/23/2020	3,700	3,701
4.464% due 07/23/2022	2,100	2,125
Conagra Brands, Inc.		
2.831% (US0003M + 0.500%) due 10/09/2020 ~	2,500	2,489
CVS Health Corp.		
1.900% due 07/20/2018	3,700	3,699
2.957% (US0003M + 0.630%) due 03/09/2020 ~	6,100	6,125
3.125% due 03/09/2020	5,100	5,095
D.R. Horton, Inc.		
3.750% due 03/01/2019	1,900	1,906
Daimler Finance North America LLC		
2.000% due 08/03/2018	6,000	5,997
2.375% due 08/01/2018	900	900
2.753% (US0003M + 0.390%) due 05/04/2020 ~	5,000	5,000
2.913% (US0003M + 0.550%) due 05/04/2021 ~	5,000	5,015
Dell International LLC		
3.480% due 06/01/2019	2,700	2,707
Diageo Capital PLC		
2.566% (US0003M + 0.240%) due 05/18/2020 ~	2,400	2,402
3.000% due 05/18/2020	2,600	2,604
DISH DBS Corp.		
7.875% due 09/01/2019	1,290	1,342
Dominion Energy Gas Holdings LLC		
2.500% due 12/15/2019	2,300	2,279
Energy Transfer Partners LP		
6.700% due 07/01/2018	2,800	2,800
Flex Ltd.		
4.625% due 02/15/2020	2,100	2,133
Georgia-Pacific LLC		
5.400% due 11/01/2020	6,800	7,125
GlaxoSmithKline Capital PLC		
2.693% (US0003M + 0.350%) due 05/14/2021 ~	5,100	5,117
Harris Corp.		
2.839% (US0003M + 0.480%) due 04/30/2020 ~	4,400	4,403
Hewlett Packard Enterprise Co.		
2.850% due 10/05/2018	1,466	1,468
Kraft Heinz Foods Co.		
2.000% due 07/02/2018	1,000	1,000
3.375% due 06/15/2021	3,000	3,007
Local Initiatives Support Corp.		
3.005% due 03/01/2022	1,300	1,245
Maple Escrow Subsidiary, Inc.		
3.551% due 05/25/2021	7,100	7,111
McDonald's Corp.		
2.759% (US0003M + 0.430%) due 10/28/2021 ~	5,000	5,022
MGM Resorts International		
8.625% due 02/01/2019	1,300	1,339
Mondelez International, Inc.		
3.000% due 05/07/2020	7,000	6,988
Mylan NV		
3.750% due 12/15/2020	1,600	1,611
Newell Brands, Inc.		
2.600% due 03/29/2019	245	244
Novartis Securities Investment Ltd.		
5.125% due 02/10/2019	1,600	1,623
Oracle Corp.		
1.900% due 09/15/2021	$ 9,900	$ 9,432
Penske Truck Leasing Co. LP		
2.875% due 07/17/2018	5,000	5,001
Time Warner Cable LLC		
6.750% due 07/01/2018	1,900	1,900
8.750% due 02/14/2019	1,100	1,137
UnitedHealth Group, Inc.		
1.900% due 07/16/2018	1,500	1,500
Volkswagen Group of America Finance LLC		
2.450% due 11/20/2019	4,200	4,155
WestRock RKT Co.		
4.450% due 03/01/2019	400	404
Zimmer Biomet Holdings, Inc.		
2.700% due 04/01/2020	2,300	2,279
		171,384
UTILITIES 2.9%		
AT&T, Inc.		
2.975% (US0003M + 0.750%) due 06/01/2021 ~	5,900	5,927
3.298% (US0003M + 0.950%) due 07/15/2021 ~	1,600	1,616
BellSouth Corp.		
4.333% due 04/26/2021	5,100	5,154
British Telecommunications PLC		
2.350% due 02/14/2019	5,100	5,086
Chugoku Electric Power Co., Inc.		
2.701% due 03/16/2020	1,700	1,691
Commonwealth Edison Co.		
2.150% due 01/15/2019	5,100	5,088
Consolidated Edison Co. of New York, Inc.		
2.739% (US0003M + 0.400%) due 06/25/2021 ~	5,200	5,213
Consumers Energy Co.		
6.700% due 09/15/2019	200	209
DTE Energy Co.		
2.400% due 12/01/2019	3,700	3,658
Sempra Energy		
2.791% (US0003M + 0.450%) due 03/15/2021 ~	5,000	5,004
Sprint Communications, Inc.		
9.000% due 11/15/2018	3,900	3,983
Verizon Communications, Inc.		
3.376% due 02/15/2025	15,606	15,011
		57,640
Total Corporate Bonds & Notes (Cost $694,430)		**695,891**
MUNICIPAL BONDS & NOTES 0.0%		
TEXAS 0.0%		
North Texas Higher Education Authority, Inc., Revenue Bonds, Series 2011		
2.987% (US0003M + 1.100%) due 04/01/2040 ~	233	237
Total Municipal Bonds & Notes (Cost $238)		**237**
U.S. GOVERNMENT AGENCIES 34.5%		
Fannie Mae		
1.000% due 01/25/2043	198	177
2.151% (LIBOR01M + 0.060%) due 12/25/2036 - 07/25/2037 ~	269	265
2.310% (US0001M + 0.350%) due 09/25/2042 ~	237	236
2.441% (US0001M + 0.350%) due 03/25/2044 ~	44	44
2.591% (LIBOR01M + 0.500%) due 12/25/2022 ~	11	11
2.664% (12MTA + 1.200%) due 07/01/2042 - 06/01/2043 ~	199	202
2.714% (12MTA + 1.250%) due 09/01/2041 ~	$ 130	$ 132
2.864% (12MTA + 1.400%) due 09/01/2040 ~	1	1
2.891% (LIBOR01M + 0.800%) due 04/25/2023 ~	24	24
2.941% (LIBOR01M + 0.850%) due 02/25/2023 ~	1	1
2.985% (LIBOR01M + 0.900%) due 06/17/2027 ~	20	20
2.991% (LIBOR01M + 0.900%) due 05/25/2022 ~	1	1
3.313% (US0012M + 1.525%) due 09/01/2035 ~	136	143
3.326% (12MTA + 1.821%) due 11/01/2035 ~	27	28
3.454% (US0012M + 1.636%) due 07/01/2035 ~	35	37
3.712% (US0012M + 1.731%) due 05/01/2038 ~(g)	2,652	2,796
4.000% due 11/01/2044 - 08/01/2045	108	110
4.234% (COF 11 + 1.926%) due 12/01/2036 ~	8	8
4.500% due 05/01/2019 - 08/01/2046	4,586	4,758
4.500% due 07/01/2044 (g)	4,194	4,380
4.946% (COF 11 + 1.732%) due 09/01/2034 ~	4	4
5.000% due 05/01/2027 - 04/25/2033	135	144
5.427% due 12/25/2042 ~	6	6
5.500% due 12/01/2027 - 12/01/2028	453	486
6.000% due 02/01/2033 - 01/01/2039	9	10
6.000% due 03/01/2037 (g)	1,547	1,701
6.500% due 04/01/2036	77	85
Fannie Mae, TBA		
3.000% due 07/01/2048 - 08/01/2048	19,600	18,974
3.500% due 07/01/2048 - 08/01/2048	97,000	96,447
4.000% due 07/01/2048 - 09/01/2048	445,400	453,330
4.500% due 08/01/2048	57,000	59,250
Federal Housing Administration		
7.430% due 10/01/2020	1	1
Freddie Mac		
2.000% due 11/15/2026	4,554	4,441
2.000% (LIBOR01M + 0.040%) due 12/25/2036 ~	206	206
2.307% (LIBOR01M + 0.400%) due 12/15/2042 ~	7,764	7,768
2.351% (LIBOR01M + 0.260%) due 08/25/2031 ~	93	93
2.577% (12MTA + 1.200%) due 02/25/2045 ~	181	182
3.521% (US0012M + 1.771%) due 09/01/2035 ~	179	188
3.731% (US0012M + 1.687%) due 07/01/2035 ~	44	46
5.000% due 08/01/2024 - 12/01/2041	261	278
6.363% (- 1.6*LIBOR01M + 9.680%) due 08/15/2044 ~	3,640	3,727
6.500% due 07/25/2043	43	49
Ginnie Mae		
2.343% (US0001M + 0.460%) due 06/20/2065 ~	3,320	3,330
2.437% (US0001M + 0.520%) due 10/20/2065 ~	9,078	9,143
2.457% (US0001M + 0.540%) due 07/20/2063 ~	3,482	3,498
2.530% (LIBOR12M + 0.800%) due 07/20/2067 ~	7,850	8,138
2.942% due 02/20/2041 ~	26	28
Total U.S. Government Agencies (Cost $682,933)		**684,927**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
NON-AGENCY MORTGAGE-BACKED SECURITIES 2.7%		
Adjustable Rate Mortgage Trust		
4.069% due 09/25/2035 ~	$ 495	$ 471
American Home Mortgage Investment Trust		
3.746% due 10/25/2034 •	47	47
4.467% due 02/25/2045 •	78	79
Banc of America Funding Trust		
2.371% due 07/25/2037 •	748	720
4.046% due 01/20/2047 ^~	268	259
Banc of America Mortgage Trust		
3.829% due 08/25/2034 ~	898	898
4.398% due 07/25/2034 ~	327	335
4.436% due 05/25/2033 ~	160	164
6.500% due 10/25/2031	4	4
BCAP LLC Trust		
2.171% due 01/26/2036 •	3,286	3,234
Bear Stearns Adjustable Rate Mortgage Trust		
3.669% due 01/25/2035 ~	1,855	1,842
3.808% due 01/25/2034 ~	11	12
3.827% due 04/25/2033 ~	3	3
3.850% due 01/25/2035 ~	95	93
4.250% due 07/25/2034 ~	164	161
Bear Stearns ALT-A Trust		
2.251% due 02/25/2034 •	292	293
Bear Stearns Structured Products, Inc. Trust		
3.104% due 12/26/2046 ~	367	337
3.664% due 01/26/2036 ~	620	550
Chevy Chase Funding LLC Mortgage-Backed Certificates		
2.371% due 01/25/2035 •	46	45
Citigroup Global Markets Mortgage Securities, Inc.		
7.000% due 12/25/2018 ×	2	2
Citigroup Mortgage Loan Trust		
3.841% due 08/25/2035 ^~	302	235
4.490% due 05/25/2035 •	80	80
Countrywide Alternative Loan Trust		
2.271% (US0001M + 0.180%) due 05/25/2047 ~	332	323
6.000% due 10/25/2033	9	9
Countrywide Home Loan Mortgage Pass-Through Trust		
3.519% due 11/25/2034 ~	336	336
3.524% due 11/20/2034 ~	619	634
3.537% due 02/20/2036 ^•	299	275
3.585% due 02/20/2035 ~	300	303
Credit Suisse First Boston Mortgage Securities Corp.		
2.511% due 03/25/2032 ~	1	1
Credit Suisse Mortgage Capital Certificates		
3.597% due 09/26/2047 ~	190	191
Eurosail PLC		
0.000% due 12/10/2044 •	EUR 89	104
1.327% due 09/13/2045 •	GBP 177	234
1.577% due 06/13/2045 ~	8,286	11,029
First Horizon Alternative Mortgage Securities Trust		
3.420% due 09/25/2034 ~	$ 562	559
First Horizon Mortgage Pass-Through Trust		
3.798% due 02/25/2035 ~	1,170	1,176
3.937% due 08/25/2035 ~	122	103
Firstmac Mortgage Funding Trust		
2.945% due 03/08/2049 •	AUD 4,508	3,332
3.195% due 03/08/2049 •	6,100	4,524
GMAC Mortgage Corp. Loan Trust		
3.799% due 11/19/2035 ~	$ 82	79
Great Hall Mortgages PLC		
2.465% due 06/18/2039 •	1,494	1,467
GS Mortgage Securities Corp. Trust		
3.980% due 02/10/2029	5,000	5,019
GS Mortgage Securities Trust		
2.125% due 11/10/2045 ~(a)	2,208	155
GSR Mortgage Loan Trust		
3.678% due 09/25/2035 ~	329	336
3.853% due 09/25/2034 ~	74	76
HarborView Mortgage Loan Trust		
2.525% due 05/19/2035 •	81	79
4.056% due 07/19/2035 ~	364	321
Holmes Master Issuer PLC		
2.708% due 10/15/2054 •	4,100	4,103

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Impac CMB Trust		
3.091% due 07/25/2033 •	$ 91	$ 89
JPMorgan Chase Commercial Mortgage Securities Trust		
1.948% due 10/15/2045 ~(a)	15,989	954
JPMorgan Mortgage Trust		
5.750% due 01/25/2036 ^	17	14
Juno Eclipse Ltd.		
0.000% due 11/20/2022 •	EUR 471	547
Merrill Lynch Mortgage Investors Trust		
2.341% due 11/25/2035 •	$ 99	93
2.751% due 09/25/2029 •	585	585
2.982% due 10/25/2035 •	51	49
Opteum Mortgage Acceptance Corp. Asset-Backed Pass-Through Certificates		
2.371% due 12/25/2035 •	439	432
PHHMC Trust		
5.586% due 07/18/2035 ~	312	312
Prime Mortgage Trust		
2.491% due 02/25/2034 •	5	5
Residential Funding Mortgage Securities, Inc. Trust		
3.863% due 09/25/2035 ^~	662	565
Structured Adjustable Rate Mortgage Loan Trust		
2.958% due 01/25/2035 •	179	169
3.726% due 08/25/2035 ~	167	167
3.756% due 02/25/2034 ~	173	175
3.783% due 08/25/2034 ~	233	234
Structured Asset Mortgage Investments Trust		
2.371% due 02/25/2036 ^•	121	113
2.745% due 09/19/2032 •	2	2
WaMu Mortgage Pass-Through Certificates Trust		
2.288% due 01/25/2047 •	227	227
2.361% due 12/25/2045 •	96	96
2.758% due 11/25/2042 •	41	40
2.771% due 01/25/2045 •	572	570
2.958% due 06/25/2042 •	16	16
2.958% due 08/25/2042 •	81	79
Wells Fargo Commercial Mortgage Trust		
1.949% due 10/15/2045 ~(a)	3,746	229
Wells Fargo Mortgage-Backed Securities Trust		
3.739% due 12/25/2034 ~	160	163
3.755% due 01/25/2035 ~	184	189
3.822% due 03/25/2036 ~	171	174
3.874% due 03/25/2035 ~	119	121
3.988% due 09/25/2034 ~	2,587	2,661
Total Non-Agency Mortgage-Backed Securities (Cost $55,455)		**53,702**
ASSET-BACKED SECURITIES 13.8%		
ACE Securities Corp. Home Equity Loan Trust		
2.151% due 10/25/2036 •	66	36
2.991% due 12/25/2034 •	1,355	1,297
Ally Auto Receivables Trust		
1.490% due 11/15/2019	1,968	1,966
2.720% due 05/17/2021 «	6,000	6,000
American Express Credit Account Master Trust		
1.640% due 12/15/2021	10,200	10,113
Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates		
2.591% due 09/25/2035 •	7,100	7,147
Asset-Backed Funding Certificates Trust		
2.766% due 06/25/2035 •	4,935	4,960
Asset-Backed Securities Corp. Home Equity Loan Trust		
3.723% due 03/15/2032 •	82	82
Babson CLO Ltd.		
3.503% due 10/17/2026 •	4,000	4,003
Bear Stearns Asset-Backed Securities Trust		
3.091% due 10/25/2037 •	1,384	1,393
Black Diamond CLO Ltd.		
3.403% due 02/06/2026 •	4,384	4,389
Capital One Multi-Asset Execution Trust		
2.523% due 02/15/2022 •	4,100	4,111
CARDS Trust		
2.333% due 10/17/2022 •	5,100	5,098
2.423% due 04/17/2023 •	10,000	10,009

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
2.773% due 07/15/2021 •	$ 10,200	$ 10,215
3.047% due 04/17/2023	10,000	10,002
CarMax Auto Owner Trust		
2.730% due 08/16/2021	5,100	5,096
Chase Issuance Trust		
2.493% due 11/16/2020 •	2,533	2,536
Citigroup Mortgage Loan Trust, Inc.		
2.811% due 09/25/2035 ^•	2,425	2,439
Countrywide Asset-Backed Certificates		
2.791% due 12/25/2033 •	1,151	1,135
2.891% due 03/25/2033 •	682	675
Countrywide Asset-Backed Certificates Trust		
4.041% due 08/25/2035 •	3,760	3,764
Credit Suisse First Boston Mortgage Securities Corp.		
2.711% due 01/25/2032 •	6	6
Crown Point CLO Ltd.		
0.000% due 07/17/2028 •(b)	3,000	3,000
Daimler Trucks Retail Trust		
2.200% due 04/15/2019	2,145	2,144
ECMC Group Student Loan Trust		
2.841% due 02/27/2068 •	4,915	4,926
Edsouth Indenture LLC		
3.241% due 09/25/2040 •	932	939
Evans Grove CLO Ltd.		
3.239% due 05/28/2028 •	5,000	5,000
Figueroa CLO Ltd.		
0.000% due 01/15/2027 •(b)	5,000	5,000
First Franklin Mortgage Loan Trust		
2.811% due 05/25/2035 •	89	89
Ford Credit Auto Lease Trust		
1.560% due 11/15/2019	1,084	1,082
2.213% due 11/15/2019 •	1,626	1,626
2.710% due 12/15/2020	5,100	5,098
Ford Credit Floorplan Master Owner Trust		
2.177% due 05/15/2023 •	5,100	5,103
GE-WMC Mortgage Securities Trust		
2.131% due 08/25/2036 •	9	6
GM Financial Consumer Automobile		
1.510% due 03/16/2020	2,432	2,426
GMF Floorplan Owner Revolving Trust		
2.277% due 03/15/2023 •	3,900	3,908
GSAMP Trust		
2.481% due 01/25/2036 •	1,067	1,059
Hertz Fleet Lease Funding LP		
3.230% due 05/10/2032	5,000	5,005
JPMorgan Mortgage Acquisition Corp.		
2.271% due 02/25/2036 •	72	72
2.321% due 05/25/2035 •	553	554
Marathon Ltd.		
0.000% due 06/15/2028 •(b)	4,000	4,006
Massachusetts Educational Financing Authority		
3.310% due 04/25/2038 •	299	301
MMAF Equipment Finance LLC		
2.400% due 06/10/2019	4,113	4,113
2.920% due 07/12/2021	5,000	4,999
MP CLO Ltd.		
3.195% due 04/18/2027 •	5,000	4,996
Navient Private Education Loan Trust		
3.273% due 12/15/2028 •	1,643	1,664
NovaStar Mortgage Funding Trust		
2.411% due 05/25/2036 •	4,599	4,569
NYMT Residential		
4.000% due 03/25/2021 ×	566	569
Octagon Investment Partners Ltd.		
3.448% due 04/15/2026 •	4,000	4,001
Palmer Square CLO Ltd.		
0.000% due 08/15/2026 •(b)	5,000	5,000
Palmer Square Loan Funding Ltd.		
3.010% due 07/15/2026 •	5,000	4,981
Panhandle-Plains Higher Education Authority, Inc.		
3.438% due 10/01/2035 •	880	886
Penarth Master Issuer PLC		
2.333% due 03/18/2022 •	5,100	5,103

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Prestige Auto Receivables Trust			
1.460% due 07/15/2020	$	1,208	$ 1,206
RAAC Trust			
2.571% due 03/25/2037 •		257	258
Renaissance Home Equity Loan Trust			
2.591% due 12/25/2033 •		2,620	2,585
Residential Asset Securities Corp. Trust			
2.976% due 01/25/2034 •		3,039	3,035
Santander Drive Auto Receivables Trust			
1.490% due 02/18/2020		143	143
SLC Student Loan Trust			
2.441% due 09/15/2026 •		2,696	2,692
2.451% due 03/15/2027 •		4,708	4,694
SLM Student Loan Trust			
2.450% due 10/25/2024 •		1,766	1,765
2.510% due 10/25/2029 •		4,935	4,914
2.860% due 04/25/2024 •		3,317	3,323
2.910% due 10/26/2026 •		1,805	1,808
2.960% due 10/25/2029 •		6,000	6,011
3.860% due 04/25/2023 •		340	347
SoFi Consumer Loan Program LLC			
2.200% due 11/25/2026		3,043	3,029
3.050% due 12/26/2025		2,522	2,515
Sound Point CLO Ltd.			
3.249% due 01/20/2028 •		5,000	5,000
Specialty Underwriting & Residential Finance Trust			
2.481% due 12/25/2036 •		4,800	4,790
Structured Asset Investment Loan Trust			
2.796% due 03/25/2034 •		496	492
3.066% due 10/25/2033 •		246	246
TICP CLO Ltd.			
3.743% due 04/20/2028 •		6,100	6,055
Trillium Credit Card Trust			
2.348% due 02/27/2023 •		7,600	7,601
Upstart Securitization Trust			
3.015% due 08/20/2025		5,068	5,062
VOLT LLC			
3.375% due 04/25/2047 ×		1,314	1,313
3.500% due 03/25/2047 ×		2,197	2,195
4.375% due 11/27/2045 ×		764	772
Wells Fargo Home Equity Asset-Backed Securities Trust			
2.351% due 05/25/2036 •		686	686
Westlake Automobile Receivables Trust			
1.780% due 04/15/2020		1,273	1,272
2.840% due 09/15/2021		6,000	6,001
WhiteHorse Ltd.			
3.010% due 04/17/2027 •		5,000	4,991
3.563% due 02/03/2025 •		972	973
Total Asset-Backed Securities (Cost $270,037)			**274,471**
SOVEREIGN ISSUES 6.0%			
Argentina Government International Bond			
6.250% due 04/22/2019		5,000	5,032
Bonos de la Nacion Argentina con Ajuste por CER			
4.000% due 03/06/2020	ARS	146,900	5,058
Brazil Letras do Tesouro Nacional			
0.000% due 10/01/2018 (d)	BRL	21,400	5,434
0.000% due 01/01/2019 (d)		322,600	80,569
Japan Finance Organization for Municipalities			
2.000% due 09/08/2020	$	8,400	8,213
Spain Government International Bond			
4.000% due 04/30/2020	EUR	11,600	14,595
Total Sovereign Issues (Cost $127,039)			**118,901**

	SHARES	
CONVERTIBLE PREFERRED SECURITIES 0.0%		
INDUSTRIALS 0.0%		
Motors Liquidation Co. «	4,000	0
Total Convertible Preferred Securities (Cost $0)		**0**

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
SHORT-TERM INSTRUMENTS 27.5%			
CERTIFICATES OF DEPOSIT 0.3%			
Credit Suisse AG			
2.722% (US0001M + 0.620%) due 09/28/2018 ~	$	6,100	$ 6,106
COMMERCIAL PAPER 10.2%			
American Electric Power, Inc.			
2.370% due 07/24/2018		5,000	4,992
AT&T, Inc.			
2.620% due 09/06/2018		4,000	3,980
Bank of Montreal			
1.537% due 07/03/2018	CAD	7,800	5,932
Boston Scientific Corp.			
2.430% due 07/11/2018	$	5,000	4,996
2.500% due 08/13/2018		5,000	4,985
CRH America Finance, Inc.			
2.300% due 07/02/2018		1,500	1,500
Dominion Gas Holdings LLC			
2.300% due 07/10/2018		5,000	4,997
Dominion Resources, Inc.			
2.300% due 07/10/2018		5,100	5,097
Energy Transfer Partners			
2.800% due 07/03/2018		3,900	3,899
2.950% due 07/16/2018		5,000	4,994
Entergy Corp.			
2.650% due 07/11/2018		700	700
2.650% due 09/07/2018		1,950	1,940
2.700% due 08/15/2018		5,000	4,984
2.740% due 07/10/2018		2,500	2,498
Enterprise Products Operating LLC			
2.320% due 07/13/2018		3,750	3,747
Hewlett Packard Enterprise Co.			
2.340% due 07/10/2018		5,000	4,997
HP, Inc.			
2.380% due 07/23/2018		4,000	3,995
2.520% due 07/02/2018		5,000	4,999
Humana, Inc.			
2.550% due 07/09/2018		3,000	2,998
Hyundai Capital America			
2.300% due 07/16/2018		5,000	4,995
ING U.S. Funding LLC			
2.256% due 09/11/2018		2,300	2,301
Marriot International			
2.430% due 07/16/2018		4,050	4,046
2.480% due 08/08/2018		5,000	4,987
Marriott International			
2.290% due 07/25/2018		1,550	1,547
McKesson Corp.			
2.400% due 07/16/2018		4,550	4,545
2.400% due 07/17/2018		5,000	4,994
2.400% due 07/19/2018		3,300	3,296
Mondelez International, Inc.			
2.240% due 07/11/2018		8,700	8,693
2.450% due 08/20/2018		5,000	4,983
National Bank Of Canada			
1.525% due 07/03/2018	CAD	2,000	1,521
RELX, Inc.			
2.320% due 07/20/2018	$	5,000	4,993
Rockwell Collins, Inc.			
2.350% due 07/17/2018		5,000	4,994
Royal Bank of Canada			
1.540% due 07/03/2018	CAD	7,800	5,932
Schlumberger Holdings			
2.620% due 10/01/2018	$	5,000	4,967
2.620% due 10/03/2018		6,000	5,960
Sempra Energy Holdings			
2.520% due 07/17/2018		5,000	4,994
Southern Co.			
2.420% due 07/09/2018		5,000	4,997

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Spectra Energy Partners			
2.450% due 07/16/2018	$	5,000	$ 4,995
2.750% due 07/09/2018		5,100	5,097
Thomson Reuters Corp.			
2.400% due 07/25/2018		5,000	4,992
2.460% due 07/11/2018		6,700	6,695
Toronto Dominion Bank			
1.535% due 07/05/2018	CAD	5,200	3,954
UDR, Inc.			
2.400% due 07/13/2018	$	3,000	2,997
VW CR, Inc.			
2.540% due 08/15/2018		5,000	4,984
2.550% due 08/14/2018		5,000	4,985
Walgreens Boots Alliance			
2.630% due 07/25/2018		4,000	3,993
			201,667
REPURCHASE AGREEMENTS (f) 0.1%			
			1,024
SHORT-TERM NOTES 1.1%			
Bonos de la Nacion Argentina con Ajuste por CER			
3.750% due 02/08/2019	ARS	14,000	518
Harris Corp.			
2.794% (US0003M + 0.475%) due 02/27/2019 ~	$	4,400	4,403
Letras del Banco Central de la Republica Argentina			
25.400% due 08/15/2018 (e)	ARS	9,400	309
33.500% due 07/18/2018 (e)		1,220	41
37.800% due 11/21/2018 (e)		1,500	45
Pacific Gas & Electric Co.			
2.549% (US0003M + 0.230%) due 11/28/2018 ~	$	6,800	6,774
Pepper Residential Securities Trust			
2.585% due 03/16/2019 •		5,100	5,097
Westlake Automobile Receivables Trust			
2.500% due 05/15/2019		4,002	4,002
			21,189
ARGENTINA TREASURY BILLS 0.7%			
17.779% due 09/14/2018 - 10/12/2018 (c)(d)	ARS	272,652	9,037
31.000% due 10/26/2018 (d)(e)	$	5,300	5,232
			14,269
GREECE TREASURY BILLS 1.5%			
0.988% due 07/13/2018 - 03/15/2019 (c)(d)	EUR	26,600	30,982
JAPAN TREASURY BILLS 13.3%			
(0.136)% due 07/09/2018 - 08/27/2018 (c)(d)	JPY	29,250,000	264,224
U.S. TREASURY BILLS 0.3%			
1.865% due 08/02/2018 - 09/27/2018 (c)(d)(i)(k)	$	6,298	6,284
Total Short-Term Instruments (Cost $554,590)			**545,745**
Total Investments in Securities (Cost $2,384,722)			**2,373,874**

	SHARES	MARKET VALUE (000S)
INVESTMENTS IN AFFILIATES 12.5%		
SHORT-TERM INSTRUMENTS 12.5%		
CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 12.5%		
PIMCO Short Asset Portfolio	20,391,254	$ 204,035
PIMCO Short-Term Floating NAV Portfolio III	4,480,286	44,292
Total Short-Term Instruments (Cost $248,327)		**248,327**
Total Investments in Affiliates (Cost $248,327)		**248,327**
Total Investments 132.1% (Cost $2,633,049)		**$ 2,622,201**
Financial Derivative Instruments (h)(j) 1.0% (Cost or Premiums, net $4,070)		**20,444**
Other Assets and Liabilities, net (33.1)%		**(658,322)**
Net Assets 100.0%		**$ 1,984,323**

NOTES TO SCHEDULE OF INVESTMENTS:

* A zero balance may reflect actual amounts rounding to less than one thousand.

^ Security is in default.

« Security valued using significant unobservable inputs (Level 3).

~ Variable or Floating rate security. Rate shown is the rate in effect as of period end. Certain variable rate securities are not based on a published reference rate and spread, rather are determined by the issuer or agent and are based on current market conditions. Reference rate is as of reset date, which may vary by security. These securities may not indicate a reference rate and/or spread in their description.

• Rate shown is the rate in effect as of period end. The rate may be based on a fixed rate, a capped rate or a floor rate and may convert to a variable or floating rate in the future. These securities do not indicate a reference rate and spread in their description.

× Coupon represents a rate which changes periodically based on a predetermined schedule. Rate shown is the rate in effect as of period end.

(a) Interest only security.

(b) When-issued security.

(c) Coupon represents a weighted average yield to maturity.

(d) Zero coupon security.

(e) Coupon represents a yield to maturity.

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(f) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received[1]
FICC	1.500%	06/29/2018	07/02/2018	$ 1,024	U.S. Treasury Notes 1.875% due 02/28/2022	$ (1,047)	$ 1,024	$ 1,024
Total Repurchase Agreements						**$ (1,047)**	**$ 1,024**	**$ 1,024**

REVERSE REPURCHASE AGREEMENTS:

Counterparty	Borrowing Rate[2]	Settlement Date	Maturity Date	Amount Borrowed[2]	Payable for Reverse Repurchase Agreements
BRC	2.180%	06/13/2018	07/12/2018	$ (8,619)	$ (8,629)
Total Reverse Repurchase Agreements					**$ (8,629)**

SHORT SALES:

Description	Coupon	Maturity Date	Principal Amount	Proceeds	Payable for Short Sales
U.S. Government Agencies (0.2)%					
Fannie Mae, TBA	5.000%	08/01/2048	$ 100	$ (106)	$ (106)
Fannie Mae, TBA	6.000	07/01/2048	3,000	(3,296)	(3,281)
Freddie Mac, TBA	5.000	07/01/2048	500	(527)	(528)
Total Short Sales (0.2)%				**$ (3,929)**	**$ (3,915)**

BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral pledged/(received) as of June 30, 2018:

Counterparty	Repurchase Agreement Proceeds to be Received[1]	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral Pledged/(Received)	Net Exposure[3]
Global/Master Repurchase Agreement						
BRC	$ 0	$ (8,629)	$ 0	$ (8,629)	$ 8,878	$ 249
FICC	1,024	0	0	1,024	(1,047)	(23)
Total Borrowings and Other Financing Transactions	**$ 1,024**	**$ (8,629)**	**$ 0**			

CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS

Remaining Contractual Maturity of the Agreements

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
Reverse Repurchase Agreements					
U.S. Government Agencies	$ 0	$ (8,629)	$ 0	$ 0	$ (8,629)
Total Borrowings	**$ 0**	**$ (8,629)**	**$ 0**	**$ 0**	**$ (8,629)**
Payable for reverse repurchase agreements					**$ (8,629)**

(g) Securities with an aggregate market value of $8,878 have been pledged as collateral under the terms of the above master agreements as of June 30, 2018.

(1) Includes accrued interest.

(2) The average amount of borrowings outstanding during the period ended June 30, 2018 was $(1,985) at a weighted average interest rate of 2.047%. Average borrowings may include sale-buyback transactions and reverse repurchase agreements, if held during the period.

(3) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

(h) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED

PURCHASED OPTIONS:

OPTIONS ON EXCHANGE-TRADED FUTURES CONTRACTS

Description	Strike Price	Expiration Date	# of Contracts	Notional Amount	Cost	Market Value
Put - CBOT U.S. Treasury 2-Year Note September 2018 Futures	$ 104.250	08/24/2018	17	$ 34	$ 0	$ 0
Put - CBOT U.S. Treasury 2-Year Note September 2018 Futures	104.500	08/24/2018	1,962	3,924	17	2
Put - CBOT U.S. Treasury 2-Year Note September 2018 Futures	104.625	08/24/2018	5	10	0	0
Put - CBOT U.S. Treasury 2-Year Note September 2018 Futures	104.750	08/24/2018	34	68	0	0
Put - CBOT U.S. Treasury 5-Year Note September 2018 Futures	105.750	08/24/2018	138	138	1	0
Put - CBOT U.S. Treasury 5-Year Note September 2018 Futures	106.500	08/24/2018	48	48	0	0
Put - CBOT U.S. Treasury 5-Year Note September 2018 Futures	107.250	08/24/2018	415	415	4	0
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	132.000	08/24/2018	189	189	2	0
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	132.500	08/24/2018	17	17	0	0
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	133.000	08/24/2018	592	592	5	1
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	133.500	08/24/2018	505	505	4	1
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	136.000	08/24/2018	1	1	0	0
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	137.000	08/24/2018	77	77	1	0
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	137.500	08/24/2018	12	12	0	0
Total Purchased Options					**$ 34**	**$ 4**

FUTURES CONTRACTS:

LONG FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
3-Month Euribor December Futures	12/2018	346	EUR 101,303	$ 35	$ 0	$ (5)
3-Month Euribor September Futures	09/2018	483	141,449	45	0	0
90-Day Eurodollar March Futures	03/2019	1,241	$ 301,687	(2,159)	0	0
90-Day Eurodollar September Futures	09/2019	318	77,179	0	0	0
Call Options Strike @ EUR 166.000 on Euro-OAT France Government 10-Year Bond September 2018 Futures	08/2018	7	EUR 0	0	0	0
Euro-Bund 10-Year Bond September Futures	09/2018	641	121,678	1,078	187	0
U.S. Treasury 2-Year Note September Futures	09/2018	5,276	$ 1,117,605	334	0	(165)
U.S. Treasury 5-Year Note September Futures	09/2018	246	27,950	46	0	(6)
				$ (621)	$ 187	$ (176)

SHORT FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
90-Day Eurodollar December Futures	12/2019	1,145	$ (277,763)	$ 188	$ 29	$ 0
90-Day Eurodollar December Futures	12/2020	801	(194,283)	113	30	0
90-Day Eurodollar June Futures	06/2020	1,590	(385,655)	158	60	0
90-Day Eurodollar March Futures	03/2020	808	(195,980)	190	30	0
90-Day Eurodollar September Futures	09/2020	2,407	(583,848)	23	90	0
Euro-OAT France Government 10-Year Bond September Futures	09/2018	707	EUR (127,594)	(1,409)	0	(561)
U.S. Treasury 10-Year Note September Futures	09/2018	1,430	$ (171,868)	(111)	0	0
				$ (848)	$ 239	$ (561)
Total Futures Contracts				**$ (1,469)**	**$ 426**	**$ (737)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION(1)

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at June 30, 2018(2)	Notional Amount(3)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(4)	Variation Margin Asset	Variation Margin Liability
Berkshire Hathaway, Inc.	1.000%	Quarterly	12/20/2023	0.695%	$ 1,000	$ 23	$ (7)	$ 16	$ 0	$ (1)
Deutsche Bank AG	1.000	Quarterly	06/20/2019	1.191	EUR 4,000	(12)	5	(7)	0	(3)
MetLife, Inc.	1.000	Quarterly	03/20/2019	0.090	$ 1,700	17	(5)	12	0	0
Volkswagen International Finance NV	1.000	Quarterly	12/20/2018	0.212	EUR 1,700	17	(9)	8	0	0
						$ 45	$ (16)	$ 29	$ 0	$ (4)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION(1)

Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount(3)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(4)	Variation Margin Asset	Variation Margin Liability
CDX.IG-30 5-Year Index	1.000%	Quarterly	06/20/2023	$ 140,300	$ 2,699	$ (541)	$ 2,158	$ 71	$ 0

INTEREST RATE SWAPS

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value	Variation Margin Asset	Variation Margin Liability
Pay	1-Year BRL-CDI	7.500%	Maturity	01/02/2020	BRL 420,100	$ (312)	$ (652)	$ (964)	$ 29	$ 0
Pay	1-Year BRL-CDI	7.750	Maturity	01/02/2020	411,600	(517)	(103)	(620)	27	0
Pay	1-Year BRL-CDI	8.660	Maturity	01/04/2021	124,100	(57)	(234)	(291)	37	0
Pay	1-Year BRL-CDI	9.200	Maturity	01/04/2021	47,400	(49)	62	13	14	0
Receive	3-Month USD-LIBOR	2.500	Semi-Annual	12/20/2027	$ 33,500	1,064	209	1,273	33	0
Receive	3-Month USD-LIBOR	2.250	Semi-Annual	06/20/2028	24,100	1,289	147	1,436	20	0
Receive(5)	6-Month GBP-LIBOR	1.500	Semi-Annual	09/19/2028	GBP 30,800	737	(542)	195	45	0
Receive	6-Month JPY-LIBOR	0.300	Semi-Annual	03/18/2026	JPY 9,450,000	(114)	(619)	(733)	0	(27)
						$ 2,041	$ (1,732)	$ 309	$ 205	$ (27)
Total Swap Agreements						**$ 4,785**	**$ (2,289)**	**$ 2,496**	**$ 276**	**$ (31)**

FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of June 30, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value	Variation Margin Asset			Market Value	Variation Margin Liability		
	Purchased Options	Futures	Swap Agreements	Total	Written Options	Futures	Swap Agreements	Total
Total Exchange-Traded or Centrally Cleared	**$ 4**	**$ 426**	**$ 276**	**$ 706**	**$ 0**	**$ (737)**	**$ (31)**	**$ (768)**

(i) Securities with an aggregate market value of $1,650 and cash of $17,444 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of June 30, 2018. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

(1) If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(3) The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(4) The prices and resulting values for credit default swap agreements on credit indices serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(5) This instrument has a forward starting effective date. See Note 2, Securities Transactions and Investment Income, in the Notes to Financial Statements for further information.

(j) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
BOA	07/2018	BRL	203,900	$	52,881	$ 272	$ 0
	07/2018	DKK	111,105		17,180	0	(234)
	07/2018	$	8,194	AUD	11,100	21	0
	07/2018		55,192	BRL	203,900	0	(2,583)
	08/2018	AUD	11,100	$	8,195	0	(21)
	08/2018	EUR	6,090		7,521	379	0
	08/2018	JPY	20,477,100		188,029	2,587	0
	08/2018	SEK	530,315		61,220	1,822	0
	08/2018	$	10,333	EUR	8,742	0	(92)
	08/2018		21,482	RUB	1,359,540	48	0
	11/2018	EUR	1,200	$	1,456	41	0
	01/2019	BRL	210,200		56,083	2,771	0
BPS	07/2018	ARS	47,758		1,785	143	(1)
	07/2018	DKK	93,010		14,029	0	(550)
	07/2018	$	870	ARS	23,879	0	(44)
	08/2018	EUR	46,428	$	54,387	0	(2)
	08/2018	GBP	1,161		1,552	17	0
	08/2018	$	6,068	EUR	5,193	15	0
	08/2018		2,017	GBP	1,515	0	(14)
	12/2018		12,327	CAD	15,785	0	(284)
BRC	07/2018	ARS	58,745	$	2,202	199	0
	08/2018	MXN	69,987		3,333	0	(161)
CBK	07/2018	CAD	13,081		10,048	98	0
	07/2018	JPY	1,310,000		12,326	489	0
	07/2018	RUB	214,205		3,387	0	(21)
	07/2018	$	4,676	CAD	6,146	2	(4)
	07/2018		489	DKK	3,176	9	0
	07/2018		25,308	GBP	19,102	0	(98)
	07/2018		12,968	MXN	262,254	191	0
	08/2018	EUR	9,075	$	10,777	146	0
	08/2018	JPY	6,729,300		61,781	865	(17)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Liability
	08/2018	MXN	282,547	$	14,119	$ 16	$ (2)
	08/2018	$	26,804	EUR	23,018	161	0
	08/2018		4,149	GBP	3,129	0	(11)
DUB	07/2018	ARS	15,414	$	553	20	0
	07/2018	BRL	15,587		4,042	21	0
	07/2018	$	532	ARS	15,414	1	0
	07/2018		4,200	BRL	15,587	0	(179)
	08/2018	MXN	219,051	$	10,840	0	(95)
GLM	07/2018	AUD	11,100		8,344	130	0
	07/2018	CAD	28,916		22,336	341	0
	07/2018	RUB	12,838		201	0	(3)
	08/2018	EUR	28,644		33,807	290	(38)
	08/2018	JPY	1,286,200		11,671	20	0
	08/2018	MXN	63,906		3,205	15	0
	08/2018	$	12,599	EUR	10,713	19	(68)
	08/2018		5,700	GBP	4,262	0	(64)
	08/2018		5,528	JPY	607,600	0	(24)
	08/2018		1,811	RUB	114,781	6	0
HUS	07/2018		11,739	CAD	15,619	142	0
	07/2018		2,601	RUB	165,588	34	0
	08/2018	CAD	15,619	$	11,746	0	(141)
	08/2018	MXN	20,545		995	0	(31)
	08/2018	RUB	1,468,714		23,464	214	(8)
	03/2019	EUR	4,200		5,365	358	0
JPM	07/2018	BRL	109,000		29,311	1,187	0
	07/2018	CAD	2,568		1,977	23	0
	07/2018	JPY	2,620,000		24,085	379	0
	07/2018	RUB	182,267		2,853	0	(47)
	07/2018	$	29,957	BRL	109,000	0	(1,834)
	07/2018		14,029	MXN	283,666	205	0
	08/2018	GBP	33,632	$	45,674	1,203	0
	08/2018	JPY	8,931,600		81,724	814	0
	08/2018	SEK	55,550		6,357	135	0
	08/2018	$	1,753	GBP	1,303	0	(30)
	08/2018		41,056	JPY	4,508,100	0	(221)
	01/2019	BRL	112,400	$	30,440	1,932	0
MSB	07/2018		15,587		4,137	115	0
	07/2018	JPY	2,300,000		21,654	861	0
	07/2018	$	4,042	BRL	15,587	0	(21)
	07/2018		3,821	RUB	243,722	57	0
	08/2018	JPY	1,000,000	$	9,067	5	0
	08/2018	$	4,125	BRL	15,587	0	(118)
	09/2018	THB	10,231	$	322	13	0
	10/2018	BRL	21,400		6,209	737	0
RBC	08/2018	$	92,731	SEK	805,045	0	(2,563)
RYL	08/2018	EUR	12,081	$	14,803	638	0
	10/2018	DKK	4,325		723	41	0
SCX	07/2018	BRL	281,100		83,958	11,430	0
	07/2018	$	72,903	BRL	281,100	0	(375)
	08/2018	GBP	393	$	523	4	0
	08/2018	$	22,154	EUR	18,848	0	(74)
	09/2018		218	INR	14,797	0	(4)
SSB	08/2018		43,754	JPY	4,772,200	0	(527)
	09/2018		130	MYR	520	0	(1)
UAG	07/2018	GBP	19,102	$	25,258	48	0
	07/2018	$	7,588	MXN	151,472	12	0
	08/2018		25,293	GBP	19,102	0	(49)
	08/2018		3,596	MXN	70,360	0	(83)
	08/2018		3,161	SEK	27,585	0	(71)
Total Forward Foreign Currency Contracts						**$ 31,742**	**$ (10,808)**

PURCHASED OPTIONS:

OPTIONS ON SECURITIES

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Cost	Market Value
GSC	Put - OTC Fannie Mae, TBA 4.000% due 07/01/2048	$ 82.000	07/05/2018	$ 200,000	$ 15	$ 0
JPM	Put - OTC Fannie Mae, TBA 3.500% due 07/01/2048	69.000	07/05/2018	15,000	1	0
SAL	Put - OTC Fannie Mae, TBA 3.000% due 09/01/2048	70.000	09/06/2018	17,000	1	0
Total Purchased Options					**$ 17**	**$ 0**

WRITTEN OPTIONS:

CREDIT DEFAULT SWAPTIONS ON CREDIT INDICES

Counterparty	Description	Buy/Sell Protection	Exercise Rate	Expiration Date	Notional Amount	Premiums (Received)	Market Value
BPS	Put - OTC CDX.IG-30 5-Year Index	Sell	0.750%	07/18/2018	$ 3,600	$ (4)	$ (1)
CBK	Put - OTC CDX.IG-30 5-Year Index	Sell	0.750	07/18/2018	3,600	(3)	(1)
						$ (7)	$ (2)

FOREIGN CURRENCY OPTIONS

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Premiums (Received)	Market Value
BPS	Call - OTC USD versus RUB	RUB 66.400	08/24/2018	$ 3,300	$ (28)	$ (21)
CBK	Call - OTC USD versus RUB	66.490	08/17/2018	5,250	(48)	(28)
	Call - OTC USD versus RUB	66.550	08/17/2018	5,250	(50)	(27)
	Call - OTC USD versus RUB	66.190	08/24/2018	4,100	(34)	(28)
DUB	Put - OTC GBP versus USD	$ 1.326	07/13/2018	GBP 3,029	(19)	(31)
	Call - OTC USD versus RUB	RUB 66.090	08/27/2018	$ 4,100	(36)	(31)
GLM	Put - OTC AUD versus USD	$ 0.725	08/23/2018	AUD 7,400	(30)	(32)
	Call - OTC USD versus MXN	MXN 21.940	08/16/2018	$ 5,200	(50)	(13)
	Call - OTC USD versus MXN	21.920	08/21/2018	5,200	(52)	(15)
HUS	Put - OTC GBP versus USD	$ 1.332	07/12/2018	GBP 4,157	(28)	(60)
	Call - OTC USD versus RUB	RUB 65.962	08/24/2018	$ 10,000	(86)	(75)
JPM	Call - OTC USD versus MXN	MXN 21.200	07/05/2018	5,981	(52)	(2)
	Call - OTC USD versus MXN	20.500	07/06/2018	5,900	(68)	(20)
MSB	Call - OTC USD versus MXN	21.250	07/11/2018	1,519	(14)	(2)
	Call - OTC USD versus MXN	21.850	08/17/2018	5,200	(53)	(15)
	Call - OTC USD versus RUB	RUB 66.383	07/02/2018	4,200	(36)	0
	Call - OTC USD versus RUB	66.600	07/09/2018	4,800	(45)	(1)
UAG	Put - OTC AUD versus USD	$ 0.721	08/20/2018	AUD 10,100	(41)	(33)
					$ (770)	$ (434)
Total Written Options					**$ (777)**	**$ (436)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION(1)

Counterparty	Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at June 30, 2018(2)	Notional Amount(3)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value: Asset	Swap Agreements, at Value: Liability
JPM	PSEG Power LLC	1.000%	Quarterly	12/20/2018	0.085%	$ 1,700	$ 11	$ (3)	$ 8	$ 0
Total Swap Agreements							$ 11	$ (3)	$ 8	$ 0

FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral pledged/(received) as of June 30, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	**Forward Foreign Currency Contracts**	**Purchased Options**	**Swap Agreements**	**Total Over the Counter**	**Forward Foreign Currency Contracts**	**Written Options**	**Swap Agreements**	**Total Over the Counter**	**Net Market Value of OTC Derivatives**	**Collateral Pledged/ (Received)**	**Net Exposure[4]**
BOA	$ 7,941	$ 0	$ 0	$ 7,941	$ (2,930)	$ 0	$ 0	$ (2,930)	$ 5,011	$ (5,050)	$ (39)
BPS	175	0	0	175	(895)	(22)	0	(917)	(742)	479	(263)
BRC	199	0	0	199	(161)	0	0	(161)	38	0	38
CBK	1,977	0	0	1,977	(153)	(84)	0	(237)	1,740	(1,420)	320
DUB	42	0	0	42	(274)	(62)	0	(336)	(294)	15	(279)
GLM	821	0	0	821	(197)	(60)	0	(257)	564	(1,050)	(486)
HUS	748	0	0	748	(180)	(135)	0	(315)	433	(660)	(227)
JPM	5,878	0	8	5,886	(2,132)	(22)	0	(2,154)	3,732	(4,060)	(328)
MSB	1,788	0	0	1,788	(139)	(18)	0	(157)	1,631	(1,260)	371
RBC	0	0	0	0	(2,563)	0	0	(2,563)	(2,563)	3,248	685
RYL	679	0	0	679	0	0	0	0	679	(840)	(161)
SCX	11,434	0	0	11,434	(453)	0	0	(453)	10,981	(10,550)	431
SSB	0	0	0	0	(528)	0	0	(528)	(528)	328	(200)
UAG	60	0	0	60	(203)	(33)	0	(236)	(176)	275	99
Total Over the Counter	**$ 31,742**	**$ 0**	**$ 8**	**$ 31,750**	**$ (10,808)**	**$ (436)**	**$ 0**	**$ (11,244)**			

(k) Securities with an aggregate market value of $4,634 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of June 30, 2018.

(1) If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(3) The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(4) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS

The following is a summary of the fair valuation of the Portfolio's derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Portfolio.

Fair Values of Financial Derivative Instruments on the Statement of Assets and Liabilities as of June 30, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	**Credit Contracts**	**Equity Contracts**	**Foreign Exchange Contracts**	**Interest Rate Contracts**	**Total**
Financial Derivative Instruments - Assets						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 4	$ 4
Futures	0	0	0	0	426	426
Swap Agreements	0	71	0	0	205	276
	$ 0	$ 71	$ 0	$ 0	$ 635	$ 706
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 31,742	$ 0	$ 31,742
Swap Agreements	0	8	0	0	0	8
	$ 0	$ 8	$ 0	$ 31,742	$ 0	$ 31,750
	$ 0	$ 79	$ 0	$ 31,742	$ 635	$ 32,456

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Financial Derivative Instruments - Liabilities						
Exchange-traded or centrally cleared						
Futures	$ 0	$ 0	$ 0	$ 0	$ 737	$ 737
Swap Agreements	0	4	0	0	27	31
	$ 0	$ 4	$ 0	$ 0	$ 764	$ 768
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 10,808	$ 0	$ 10,808
Written Options	0	2	0	434	0	436
	$ 0	$ 2	$ 0	$ 11,242	$ 0	$ 11,244
	$ 0	$ 6	$ 0	$ 11,242	$ 764	$ 12,012

The effect of Financial Derivative Instruments on the Statement of Operations for the period ended June 30, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 171	$ 171
Written Options	0	0	0	0	97	97
Futures	0	0	0	0	(9,229)	(9,229)
Swap Agreements	0	277	0	0	4,851	5,128
	$ 0	$ 277	$ 0	$ 0	$ (4,110)	$ (3,833)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ (54,865)	$ 0	$ (54,865)
Purchased Options	0	0	0	(1)	(1)	(2)
Written Options	0	68	0	1,052	88	1,208
Swap Agreements	0	27	0	0	0	27
	$ 0	$ 95	$ 0	$ (53,814)	$ 87	$ (53,632)
	$ 0	$ 372	$ 0	$ (53,814)	$ (4,023)	$ (57,465)
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ (75)	$ (75)
Written Options	0	0	0	0	(99)	(99)
Futures	0	0	0	0	(90)	(90)
Swap Agreements	0	(585)	0	0	(3,617)	(4,202)
	$ 0	$ (585)	$ 0	$ 0	$ (3,881)	$ (4,466)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 61,131	$ 0	$ 61,131
Purchased Options	0	0	0	0	(16)	(16)
Written Options	0	4	0	225	0	229
Swap Agreements	0	(21)	0	0	0	(21)
	$ 0	$ (17)	$ 0	$ 61,356	$ (16)	$ 61,323
	$ 0	$ (602)	$ 0	$ 61,356	$ (3,897)	$ 56,857

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of June 30, 2018 in valuing the Portfolio's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2018
Investments in Securities, at Value				
Corporate Bonds & Notes				
Banking & Finance	$ 0	$ 466,867	$ 0	$ 466,867
Industrials	0	171,384	0	171,384
Utilities	0	57,640	0	57,640
Municipal Bonds & Notes				
Texas	0	237	0	237
U.S. Government Agencies	0	684,927	0	684,927
Non-Agency Mortgage-Backed Securities	0	53,702	0	53,702
Asset-Backed Securities	0	268,471	6,000	274,471
Sovereign Issues	0	118,901	0	118,901
Short-Term Instruments				
Certificates of Deposit	0	6,106	0	6,106
Commercial Paper	0	201,667	0	201,667
Repurchase Agreements	0	1,024	0	1,024
Short-Term Notes	0	21,189	0	21,189
Argentina Treasury Bills	0	14,269	0	14,269
Greece Treasury Bills	0	30,982	0	30,982
Japan Treasury Bills	0	264,224	0	264,224
U.S. Treasury Bills	0	6,284	0	6,284
	$ 0	$ 2,367,874	$ 6,000	$ 2,373,874

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2018
Investments in Affiliates, at Value				
Short-Term Instruments				
Central Funds Used for Cash Management Purposes	$ 248,327	$ 0	$ 0	$ 248,327
Total Investments	$ 248,327	$ 2,367,874	$ 6,000	$ 2,622,201
Short Sales, at Value - Liabilities				
U.S. Government Agencies	$ 0	$ (3,915)	$ 0	$ (3,915)
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	426	280	0	706
Over the counter	0	31,750	0	31,750
	$ 426	$ 32,030	$ 0	$ 32,456
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	(737)	(31)	0	(768)
Over the counter	0	(11,244)	0	(11,244)
	$ (737)	$ (11,275)	$ 0	$ (12,012)
Total Financial Derivative Instruments	$ (311)	$ 20,755	$ 0	$ 20,444
Totals	$ 248,016	$ 2,384,714	$ 6,000	$ 2,638,730

There were no significant transfers among Levels 1, 2, or 3 during the period ended June 30, 2018.

1. ORGANIZATION

PIMCO Variable Insurance Trust (the "Trust") was established as a Delaware business trust on October 3, 1997. The Trust is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust is designed to be used as an investment vehicle by separate accounts of insurance companies that fund variable annuity contracts and variable life insurance policies and by qualified pension and retirement plans. Information presented in these financial statements pertains to the Institutional Class, Administrative Class and Advisor Class shares of the PIMCO Low Duration Portfolio (the "Portfolio") offered by the Trust. Pacific Investment Management Company LLC ("PIMCO") serves as the investment adviser (the "Adviser") for the Portfolio.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Portfolio in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Portfolio is treated as an investment company under the reporting requirements of U.S. GAAP. The functional and reporting currency for the Portfolio is the U.S. dollar. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

(a) Securities Transactions and Investment Income Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled beyond a standard settlement period for the security after the trade date. Realized gains (losses) from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Portfolio is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortization of premiums, is recorded on the accrual basis from settlement date, with the exception of securities with a forward starting effective date, where interest income is recorded on the accrual basis from effective date. For convertible securities, premiums attributable to the conversion feature are not amortized. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized appreciation (depreciation) on investments on the Statement of Operations, as appropriate. Tax liabilities realized as a result of such security sales are reflected as a component of net realized gain (loss) on investments on the Statement of Operations. Paydown gains (losses) on mortgage-related and other asset-backed securities, if any, are recorded as components of interest income on the Statement of Operations. Income or short-term capital gain distributions received from registered investment companies, if any, are recorded as dividend income. Long-term capital gain distributions received from registered investment companies, if any, are recorded as realized gains.

Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is probable.

(b) Cash and Foreign Currency The market values of foreign securities, currency holdings and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the current exchange rates each business day. Purchases and sales of securities and income and expense items denominated in foreign currencies, if any, are translated into U.S. dollars at the exchange rate in effect on the transaction date. The Portfolio does not separately report the effects of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized gain (loss) and net change in unrealized appreciation (depreciation) from investments on the Statement of Operations. The Portfolio may invest in foreign currency-denominated securities and may engage in foreign currency transactions either on a spot (cash) basis at the rate prevailing in the currency exchange market at the time or through a forward foreign currency contract. Realized foreign exchange gains (losses) arising from sales of spot foreign currencies, currency gains (losses) realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid are included in net realized gain (loss) on foreign currency transactions on the Statement of Operations. Net unrealized foreign exchange gains (losses) arising from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period are included in net change in unrealized appreciation (depreciation) on foreign currency assets and liabilities on the Statement of Operations.

(c) Multiclass Operations Each class offered by the Trust has equal rights as to assets and voting privileges (except that shareholders of a class have exclusive voting rights regarding any matter relating solely to that class of shares). Income and non-class specific expenses are allocated daily to each class on the basis of the relative net assets.

Realized and unrealized capital gains (losses) are allocated daily based on the relative net assets of each class of the Portfolio. Class specific expenses, where applicable, currently include supervisory and administrative and distribution and servicing fees. Under certain circumstances, the per share net asset value ("NAV") of a class of the Portfolio's shares may be different from the per share NAV of another class of shares as a result of the different daily expense accruals applicable to each class of shares.

(d) Distributions to Shareholders Distributions from net investment income, if any, are declared daily and distributed to shareholders monthly. Net realized capital gains earned by the Portfolio, if any, will be distributed no less frequently than once each year.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from U.S. GAAP. Differences between tax regulations and U.S. GAAP may cause timing differences between income and capital gain recognition. Further, the character of investment income and capital gains may be different for certain transactions under the two methods of accounting. As a result, income distributions and capital gain distributions declared during a fiscal period may differ significantly from the net investment income (loss) and realized gains (losses) reported on the Portfolio's annual financial statements presented under U.S. GAAP.

If the Portfolio estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income in accordance with its policies and good accounting practices, the Portfolio will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. For these purposes, the Portfolio estimates the source or sources from which a distribution is paid, to the close of the period as of which it is paid, in reference to its internal accounting records and related accounting practices. If, based on such accounting records and practices, it is estimated that a particular distribution does not include capital gains or paid-in surplus or other capital sources, a Section 19 Notice generally would not be issued. It is important to note that differences exist between the Portfolio's daily internal accounting records and practices, the Portfolio's financial statements presented in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. For instance, the Portfolio's internal accounting records and practices may take into account, among other factors, tax-related characteristics of certain sources of distributions that differ from treatment under U.S. GAAP. Examples of such differences may include, among others, the treatment of paydowns on mortgage-backed securities purchased at a discount and periodic payments under interest rate swap contracts. Accordingly, among other consequences, it is possible that the Portfolio may not issue a Section 19 Notice in situations where the Portfolio's financial statements prepared later and in accordance with U.S. GAAP and/or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital. Final determination of a distribution's tax character will be provided to shareholders when such information is available.

Distributions classified as a tax basis return of capital, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital. In addition, other amounts have been reclassified between undistributed (overdistributed) net investment income (loss), accumulated undistributed (overdistributed) net realized gain (loss) and/or paid in capital to more appropriately conform U.S. GAAP to tax characterizations of distributions.

(e) New Accounting Pronouncements In August 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"), ASU 2016-15, which amends Accounting Standards Codification ("ASC") 230 to clarify guidance on the classification of certain cash receipts and cash payments in the Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In November 2016, the FASB issued ASU 2016-18 which amends ASC 230 to provide guidance on the classification and presentation of changes in restricted cash and restricted cash equivalents on the Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In March 2017, the FASB issued ASU 2017-08 which provides guidance related to the amortization period for certain purchased callable debt securities held at a premium. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

(a) Investment Valuation Policies The price of the Portfolio's shares is based on the Portfolio's NAV. The NAV of the Portfolio, or each of its share classes, as applicable, is determined by dividing the total value of portfolio investments and other assets, less any liabilities attributable to the Portfolio or class, by the total number of shares outstanding of the Portfolio or class.

On each day that the New York Stock Exchange ("NYSE") is open, Portfolio shares are ordinarily valued as of the close of regular trading

("NYSE Close"). Information that becomes known to the Portfolio or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. The Portfolio reserves the right to change the time as of which its NAV is calculated if the Portfolio closes earlier, or as permitted by the SEC.

For purposes of calculating a NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Portfolio's approved pricing services, quotation reporting systems and other third-party sources (together, "Pricing Services"). The Portfolio will normally use pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. If market value pricing is used, a foreign (non-U.S.) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by the Adviser to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services. The Portfolio's investments in open-end management investment companies, other than exchange-traded funds ("ETFs"), are valued at the NAVs of such investments. Open-end management investment companies may include affiliated funds.

If a foreign (non-U.S.) equity security's value has materially changed after the close of the security's primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees of the Trust (the "Board"). Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, the Portfolio may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, the Portfolio may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. The Portfolio may utilize modeling tools provided by third-party vendors to determine fair values of foreign (non-U.S.) securities. For these purposes, any movement in the applicable reference index or instrument ("zero trigger") between the earlier close of the applicable foreign market and the NYSE Close may be deemed to be a significant event, prompting the application of the pricing model (effectively resulting in daily fair valuations). Foreign exchanges may permit trading in foreign (non-U.S.) equity securities on days when the Trust is not open for business, which may result in the Portfolio's portfolio investments being affected when shareholders are unable to buy or sell shares.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree will be valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Service. Senior secured floating rate loans for which an active secondary market does not exist to a reliable degree will be valued at fair value, which is intended to approximate market value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

Investments valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from Pricing Services. As a result, the value of such investments and, in turn, the NAV of the Portfolio's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of investments traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the Trust is not open for business. As a result, to the extent that the Portfolio holds foreign (non-U.S.) investments, the value of those investments may change at times when shareholders are unable to buy or sell shares and the value of such investments will be reflected in the Portfolio's next calculated NAV.

Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to the Adviser the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the Valuation Oversight Committee of the Board ("Valuation Oversight Committee"), generally based on recommendations provided by the Adviser. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, indicative market quotations ("Broker Quotes"), Pricing Services' prices), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of the Portfolio's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available. The Board has delegated to the Adviser the responsibility for monitoring significant events that may materially affect the values of the Portfolio's securities or assets and for determining whether the value of the applicable securities or assets should be reevaluated in light of such significant events.

When the Portfolio uses fair valuation to determine the value of a portfolio security or other asset for purposes of calculating its NAV, such investments will not be priced on the basis of quotes from the primary market in which they are traded, but rather may be priced by another method that the Board or persons acting at their direction believe reflects fair value. Fair valuation may require subjective determinations about the value of a security. While the Trust's policy is intended to result in a calculation of the Portfolio's NAV that fairly reflects security values as of the time of pricing, the Trust cannot ensure that fair values determined by the Board or persons acting at their direction would accurately reflect the price that the Portfolio could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Portfolio may differ from the value that would be realized if the securities were sold. The Portfolio's use of fair valuation may also help to deter "stale price arbitrage" as discussed under the "Frequent or Excessive Purchases, Exchanges and Redemptions" section in the Portfolio's prospectus.

(b) Fair Value Hierarchy U.S. GAAP describes fair value as the price that the Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a fair value hierarchy that prioritizes inputs to valuation methods and requires disclosure of the fair value hierarchy, separately for each major category of assets and liabilities, that segregates fair value measurements into levels (Level 1, 2, or 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Levels 1, 2, and 3 of the fair value hierarchy are defined as follows:

- Level 1 — Quoted prices in active markets or exchanges for identical assets and liabilities.
- Level 2 — Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.
- Level 3 — Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

In accordance with the requirements of U.S. GAAP, the amounts of transfers between Levels 1 and 2 and transfers into and out of Level 3, if material, are disclosed in the Notes to Schedule of Investments for the Portfolio.

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to realized gain (loss), unrealized appreciation (depreciation), purchases and sales, accrued discounts (premiums), and transfers into and out of the Level 3 category during the period. The end of period value is used for the transfers between Levels of the Portfolio's assets and liabilities. Additionally, U.S. GAAP requires quantitative information regarding the significant unobservable inputs used in the determination of fair value of assets or liabilities categorized as Level 3 in the fair value hierarchy. In accordance with the requirements of U.S. GAAP, a fair value hierarchy, and if material, a Level 3 reconciliation and details of significant unobservable inputs, have been included in the Notes to Schedule of Investments for the Portfolio.

(c) Valuation Techniques and the Fair Value Hierarchy
Level 1 and Level 2 trading assets and trading liabilities, at fair value The valuation methods (or "techniques") and significant inputs

used in determining the fair values of portfolio securities or other assets and liabilities categorized as Level 1 and Level 2 of the fair value hierarchy are as follows:

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-U.S. bonds are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The Pricing Services' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Fixed income securities purchased on a delayed-delivery basis or as a repurchase commitment in a sale-buyback transaction are marked to market daily until settlement at the forward settlement date and are categorized as Level 2 of the fair value hierarchy.

Mortgage-related and asset-backed securities are usually issued as separate tranches, or classes, of securities within each deal. These securities are also normally valued by Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The pricing models for these securities usually consider tranche-level attributes, current market data, estimated cash flows and market-based yield spreads for each tranche, and incorporate deal collateral performance, as available. Mortgage-related and asset-backed securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Common stocks, ETFs, exchange-traded notes and financial derivative instruments, such as futures contracts, rights and warrants, or options on futures that are traded on a national securities exchange, are stated at the last reported sale or settlement price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 of the fair value hierarchy.

Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the NYSE Close. These securities are valued using Pricing Services that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorized as Level 2 of the fair value hierarchy.

Investments in registered open-end investment companies (other than ETFs) will be valued based upon the NAVs of such investments and are categorized as Level 1 of the fair value hierarchy. Investments in unregistered open-end investment companies will be calculated based upon the NAVs of such investments and are considered Level 1 provided that the NAVs are observable, calculated daily and are the value at which both purchases and sales will be conducted.

Equity exchange-traded options and over the counter financial derivative instruments, such as forward foreign currency contracts and options contracts derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. These contracts are normally valued on the basis of quotes obtained from a quotation reporting system, established market makers or Pricing Services (normally determined as of the NYSE Close). Depending on the product and the terms of the transaction, financial derivative instruments can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models use inputs that are observed from actively quoted markets such as quoted prices, issuer details, indices, bid/ask spreads, interest rates, implied volatilities, yield curves, dividends and exchange rates. Financial derivative instruments that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Centrally cleared swaps and over the counter swaps derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. They are valued using a broker-dealer bid quotation or on market-based prices provided by Pricing Services (normally determined as of the NYSE close). Centrally cleared swaps and over the counter swaps can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models may use inputs that are observed from actively quoted markets such as the overnight index swap rate ("OIS"), London Interbank Offered Rate ("LIBOR") forward rate, interest rates, yield curves and credit spreads. These securities are categorized as Level 2 of the fair value hierarchy.

Level 3 trading assets and trading liabilities, at fair value When a fair valuation method is applied by the Adviser that uses significant unobservable inputs, investments will be priced by a method that the Board or persons acting at their direction believe reflects fair value and are categorized as Level 3 of the fair value hierarchy.

Short-term debt instruments (such as commercial paper) having a remaining maturity of 60 days or less may be valued at amortized cost, so long as the amortized cost value of such short-term debt instruments is approximately the same as the fair value of the instrument as determined without the use of amortized cost valuation. These securities are categorized as Level 2 or Level 3 of the fair value hierarchy depending on the source of the base price.

4. SECURITIES AND OTHER INVESTMENTS

(a) Investments in Affiliates

The Portfolio may invest in the PIMCO Short Asset Portfolio and the PIMCO Short-Term Floating NAV Portfolio III ("Central Funds") to the extent permitted by the Act and rules thereunder. The Central Funds are registered investment companies created for use solely by the series of the Trust and other series of registered investment companies advised by the Adviser, in connection with their cash management activities. The main investments of the Central Funds are money market and short maturity fixed income instruments. The Central Funds may incur expenses related to their investment activities, but do not pay Investment Advisory Fees or Supervisory and Administrative Fees to the Adviser. The Central Funds are considered to be affiliated with the Portfolio. The tables below show the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended June 30, 2018 (amounts in thousands†):

Investment in PIMCO Short Asset Portfolio

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 06/30/2018	Dividend Income[(1)]	Realized Net Capital Gain Distributions[(1)]
$ 150,731	$ 53,420	$ 0	$ 0	$ (116)	$ 204,035	$ 2,220	$ 0

Investment in PIMCO Short-Term Floating NAV Portfolio III

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 06/30/2018	Dividend Income[(1)]	Realized Net Capital Gain Distributions[(1)]
$ 32,359	$ 1,078,328	$ (1,066,400)	$ 6	$ (1)	$ 44,292	$ 1,028	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.

(1) The tax characterization of distributions is determined in accordance with Federal income tax regulations and may contain a return of capital. The actual tax characterization of distributions received is determined at the end of the fiscal year of the affiliated fund. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

(b) Investments in Securities

The Portfolio may utilize the investments and strategies described below to the extent permitted by the Portfolio's investment policies.

Mortgage-Related and Other Asset-Backed Securities directly or indirectly represent a participation in, or are secured by and payable from, loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. These securities provide a monthly payment which consists of both interest and principal. Interest may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government-sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. Many of the risks of investing in mortgage-related securities secured by commercial mortgage loans reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make lease payments, and the ability of a property to attract and retain tenants. These securities may be less liquid and may exhibit greater price volatility than other types of mortgage-related or other asset-backed securities. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

Collateralized Debt Obligations ("CDOs") include Collateralized Bond Obligations ("CBOs"), Collateralized Loan Obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which the Portfolio invests. In addition to the normal risks associated with fixed income securities discussed elsewhere in this report and the Portfolio's prospectus and statement of additional information (e.g., prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on a structured financing changes based on multiples of changes in interest rates or inversely to changes in interest rates)), CBOs, CLOs and other CDOs carry additional risks including, but not limited to, (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments, (ii) the quality of the collateral may decline in value or default, (iii) the Portfolio may invest in CBOs, CLOs, or other CDOs that are subordinate to other classes, and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Collateralized Mortgage Obligations ("CMOs") are debt obligations of a legal entity that are collateralized by whole mortgage loans or private mortgage bonds and divided into classes. CMOs are structured into multiple classes, often referred to as "tranches", with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including prepayments. CMOs may be less liquid and may exhibit greater price volatility than other types of mortgage-related or asset-backed securities.

Stripped Mortgage-Backed Securities ("SMBS") are derivative multi-class mortgage securities. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. An SMBS will have one class that will receive all of the interest (the interest-only or "IO" class), while the other class will receive the entire principal (the principal-only or "PO" class). Payments received for IOs are included in interest income on the Statement of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Statement of Operations. Payments received for POs are treated as reductions to the cost and par value of the securities.

Securities Issued by U.S. Government Agencies or Government-Sponsored Enterprises are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. Some U.S. Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), are supported by the full faith and credit of the U.S. Government; others, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Department of the Treasury (the "U.S. Treasury"); and others, such as those of the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations. U.S. Government securities may include zero coupon securities. Zero coupon securities do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities.

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. Government) include FNMA and the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). FNMA is a government-sponsored corporation. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC issues Participation Certificates ("PCs"), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. Government.

Roll-timing strategies can be used where the Portfolio seeks to extend the expiration or maturity of a position, such as a TBA security on an underlying asset, by closing out the position before expiration and opening a new position with respect to substantially the same underlying asset with a later expiration date. TBA securities purchased or sold are reflected on the Statement of Assets and Liabilities as an asset or liability, respectively.

When-Issued Transactions are purchases or sales made on a when-issued basis. These transactions are made conditionally because a security, although authorized, has not yet been issued in the market. Transactions to purchase or sell securities on a when-issued basis involve a commitment by the Portfolio to purchase or sell these securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. The Portfolio may sell when-issued securities before they are delivered, which may result in a realized gain (loss).

5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

The Portfolio may enter into the borrowings and other financing transactions described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on the Portfolio's ability to lend or borrow cash or securities to the extent permitted under the Act, which may be viewed as borrowing or financing transactions by the Portfolio. The location of these instruments in the Portfolio's financial statements is described below.

(a) Repurchase Agreements Under the terms of a typical repurchase agreement, the Portfolio purchases an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Portfolio to resell, the obligation at an agreed-upon price and time. In an open maturity repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The underlying securities for all repurchase agreements are held by the Portfolio's custodian or designated subcustodians under tri-party repurchase agreements and in certain instances will remain in custody with the counterparty. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Repurchase agreements, if any, including accrued interest, are included on the Statement of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statement of Operations. In periods of increased demand for collateral, the Portfolio may pay a fee for the receipt of collateral, which may result in interest expense to the Portfolio.

(b) Reverse Repurchase Agreements In a reverse repurchase agreement, the Portfolio delivers a security in exchange for cash to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. In an open maturity reverse repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The Portfolio is entitled to receive principal and interest payments, if any, made on the security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by the Portfolio to counterparties are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made by the Portfolio to counterparties are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, the Portfolio may receive a fee for use of the security by the counterparty, which may result in interest income to the Portfolio. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under reverse repurchase agreements.

(c) Short Sales Short sales are transactions in which the Portfolio sells a security that it may not own. The Portfolio may make short sales of securities to (i) offset potential declines in long positions in similar securities, (ii) to increase the flexibility of the Portfolio, (iii) for investment return, (iv) as part of a risk arbitrage strategy, and (v) as part of its overall portfolio management strategies involving the use of derivative instruments. When the Portfolio engages in a short sale, it may borrow the security sold short and deliver it to the counterparty. The Portfolio will ordinarily have to pay a fee or premium to borrow a security and be obligated to repay the lender of the security any dividend or interest that accrues on the security during the period of the loan. Securities sold in short sale transactions and the dividend or interest payable on such securities, if any, are reflected as payable for short sales on the Statement of Assets and Liabilities. Short sales expose the Portfolio to the risk that it will be required to cover its short position at a time when the security or other asset has appreciated in value, thus resulting in losses to the Portfolio. A short sale is "against the box" if the Portfolio holds in its portfolio or has the right to acquire the security sold short, or securities identical to the security sold short, at no additional cost. The Portfolio will be subject to additional risks to the extent that it engages in short sales that are not "against the box." The Portfolio's loss on a short sale could theoretically be unlimited in cases where the Portfolio is unable, for whatever reason, to close out its short position.

6. FINANCIAL DERIVATIVE INSTRUMENTS

The Portfolio may enter into the financial derivative instruments described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on how and why the Portfolio uses financial derivative instruments, and how financial derivative instruments affect the Portfolio's financial position, results of operations and cash flows. The location and fair value amounts of these instruments on the Statement of Assets and Liabilities and the net realized gain (loss) and net change in unrealized appreciation (depreciation) on the Statement of Operations, each categorized by type of financial derivative contract and related risk exposure, are included in a table in the Notes to Schedule of Investments. The financial derivative instruments outstanding as of period end and the amounts of net realized gain (loss) and net change in unrealized appreciation (depreciation) on financial derivative instruments during the period, as disclosed in the Notes to Schedule of Investments, serve as indicators of the volume of financial derivative activity for the Portfolio.

(a) Forward Foreign Currency Contracts may be engaged, in connection with settling planned purchases or sales of securities, to hedge the currency exposure associated with some or all of the Portfolio's securities or as part of an investment strategy. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily, and the change in value is recorded by the Portfolio as an unrealized gain (loss). Realized gains (losses) are equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed and are recorded upon delivery or receipt of the currency. These contracts may involve market risk in excess of the unrealized gain (loss) reflected on the Statement of Assets and Liabilities. In addition, the Portfolio could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably to the U.S. dollar. To mitigate such risk, cash or securities may be exchanged as collateral pursuant to the terms of the underlying contracts.

(b) Futures Contracts are agreements to buy or sell a security or other asset for a set price on a future date. The Portfolio may use futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. The primary risks associated with the use of futures contracts are the imperfect correlation between the change in market value of the securities held by the Portfolio and the prices of futures contracts and the possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, the Portfolio is required to deposit with its futures broker an amount of cash, U.S. Government and Agency Obligations, or select sovereign debt, in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and based on such movements in the price of the contracts, an appropriate payable or receivable for the change in value may be posted or collected by the Portfolio (“Futures Variation Margin”). Gains (losses) are recognized but not considered realized until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of the Futures Variation Margin included within exchange traded or centrally cleared financial derivative instruments on the Statement of Assets and Liabilities.

(c) Options Contracts may be written or purchased to enhance returns or to hedge an existing position or future investment. The Portfolio may write call and put options on securities and financial derivative instruments it owns or in which it may invest. Writing put options tends to increase the Portfolio’s exposure to the underlying instrument. Writing call options tends to decrease the Portfolio’s exposure to the underlying instrument. When the Portfolio writes a call or put, an amount equal to the premium received is recorded and subsequently marked to market to reflect the current value of the option written. These amounts are included on the Statement of Assets and Liabilities. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying futures, swap, security or currency transaction to determine the realized gain (loss). Certain options may be written with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The Portfolio as a writer of an option has no control over whether the underlying instrument may be sold (“call”) or purchased (“put”) and as a result bears the market risk of an unfavorable change in the price of the instrument underlying the written option. There is the risk the Portfolio may not be able to enter into a closing transaction because of an illiquid market.

Purchasing call options tends to increase the Portfolio’s exposure to the underlying instrument. Purchasing put options tends to decrease the Portfolio’s exposure to the underlying instrument. The Portfolio pays a premium which is included as an asset on the Statement of Assets and Liabilities and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. Certain options may be purchased with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The risk associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain (loss) when the underlying transaction is executed.

Credit Default Swaptions may be written or purchased to hedge exposure to the credit risk of an investment without making a commitment to the underlying instrument. A credit default swaption is an option to sell or buy credit protection on a specific reference by entering into a pre-defined swap agreement by some specified date in the future.

Foreign Currency Options may be written or purchased to be used as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies.

Options on Exchange-Traded Futures Contracts (“Futures Option”) may be written or purchased to hedge an existing position or future investment, for speculative purposes or to manage exposure to market movements. A Futures Option is an option contract in which the underlying instrument is a single futures contract.

Options on Securities may be written or purchased to enhance returns or to hedge an existing position or future investment. An option on a security uses a specified security as the underlying instrument for the option contract.

(d) Swap Agreements are bilaterally negotiated agreements between the Portfolio and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements may be privately negotiated in the over the counter market ("OTC swaps") or may be cleared through a third party, known as a central counterparty or derivatives clearing organization ("Centrally Cleared Swaps"). The Portfolio may enter into asset, credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements to manage its exposure to credit, currency, interest rate, commodity, equity and inflation risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Centrally Cleared Swaps are marked to market daily based upon valuations as determined from the underlying contract or in accordance with the requirements of the central counterparty or derivatives clearing organization. Changes in market value, if any, are reflected as a component of net change in unrealized appreciation (depreciation) on the Statement of Operations. Daily changes in valuation of centrally cleared swaps ("Swap Variation Margin"), if any, are disclosed within centrally cleared financial derivative instruments on the Statement of Assets and Liabilities. Centrally Cleared and OTC swap payments received or paid at the beginning of the measurement period are included on the Statement of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Upfront premiums received (paid) are initially recorded as liabilities (assets) and subsequently marked to market to reflect the current value of the swap. These upfront premiums are recorded as realized gain (loss) on the Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain (loss) on the Statement of Operations. Net periodic payments received or paid by the Portfolio are included as part of realized gain (loss) on the Statement of Operations.

For purposes of applying certain of the Portfolio's investment policies and restrictions, swap agreements, like other derivative instruments, may be valued by the Portfolio at market value, notional value or full exposure value. In the case of a credit default swap, in applying certain of the Portfolio's investment policies and restrictions, the Portfolio will value the credit default swap at its notional value or its full exposure value (i.e., the sum of the notional amount for the contract plus the market value), but may value the credit default swap at market value for purposes of applying certain of the Portfolio's other investment policies and restrictions. For example, the Portfolio may value credit default swaps at full exposure value for purposes of the Portfolio's credit quality guidelines (if any) because such value in general better reflects the Portfolio's actual economic exposure during the term of the credit default swap agreement. As a result, the Portfolio may, at times, have notional exposure to an asset class (before netting) that is greater or lesser than the stated limit or restriction noted in the Portfolio's prospectus. In this context, both the notional amount and the market value may be positive or negative depending on whether the Portfolio is selling or buying protection through the credit default swap. The manner in which certain securities or other instruments are valued by the Portfolio for purposes of applying investment policies and restrictions may differ from the manner in which those investments are valued by other types of investors.

Entering into swap agreements involves, to varying degrees, elements of interest, credit, market and documentation risk in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates or the values of the asset upon which the swap is based.

The Portfolio's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract's remaining life, to the extent that amount is positive. The risk may be mitigated by having a master netting arrangement between the Portfolio and the counterparty and by the posting of collateral to the Portfolio to cover the Portfolio's exposure to the counterparty.

To the extent the Portfolio has a policy to limit the net amount owed to or to be received from a single counterparty under existing swap agreements, such limitation only applies to counterparties to OTC swaps and does not apply to centrally cleared swaps where the counterparty is a central counterparty or derivatives clearing organization.

Credit Default Swap Agreements on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues are entered into to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where the Portfolio owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default. Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event that the referenced entity, obligation or index, as specified in the swap agreement, undergoes a certain credit event. As a seller of protection on credit default swap agreements, the Portfolio will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, the Portfolio would effectively add leverage to its portfolio because, in addition to its total net assets, the Portfolio would be subject to investment exposure on the notional amount of the swap.

If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are estimated by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event).

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset-backed securities, emerging markets, and/or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name's weight in the index. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. The Portfolio may use credit default swaps on credit indices to hedge a portfolio of credit default swaps or bonds, which is less expensive than it would be to buy many credit default swaps to achieve a similar effect. Credit default swaps on indices are instruments for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues as of period end, if any, are disclosed in the Notes to Schedule of Investments. They serve as an indicator of the current status of payment/performance risk and represent the likelihood or risk of default for the reference entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that the Portfolio as a seller of protection could be required to make under a credit default swap agreement equals the notional amount of the agreement. Notional amounts of each individual credit default swap agreement outstanding as of period end for which the Portfolio is the seller of protection are disclosed in the Notes to Schedule of Investments. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Portfolio for the same referenced entity or entities.

Interest Rate Swap Agreements may be entered into to help hedge against interest rate risk exposure and to maintain the Portfolio's ability to generate income at prevailing market rates. The value of the fixed rate bonds that the Portfolio holds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolio may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by the Portfolio with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap", (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor", (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the buyer pays an upfront fee in consideration for the right to early terminate the swap transaction in whole, at zero cost and at a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different segments of money markets.

7. PRINCIPAL RISKS

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are listed below. Please see "Description of Principal Risks" in the Portfolio's prospectus for a more detailed description of the risks of investing in the Portfolio.

Interest Rate Risk is the risk that fixed income securities will decline in value because of an increase in interest rates; a portfolio with a longer average portfolio duration will be more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

Call Risk is the risk that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security that the Portfolio has invested in, the Portfolio may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

Credit Risk is the risk that the Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

High Yield Risk is the risk that high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit, call and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity.

Market Risk is the risk that the value of securities owned by the Portfolio may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

Issuer Risk is the risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

Liquidity Risk is the risk that a particular investment may be difficult to purchase or sell and that the Portfolio may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal, causing increased supply in the market due to selling activity.

Derivatives Risk is the risk of investing in derivative instruments (such as futures, swaps and structured securities), including leverage, liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity. Changes in the value of the derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and the Portfolio could lose more than the initial amount invested. The Portfolio's use of derivatives may result in losses to the Portfolio, a reduction in the Portfolio's returns and/or increased volatility. Over-the-counter ("OTC") derivatives are also subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally-cleared derivative transactions might not be available for OTC derivatives. For derivatives traded on an exchange or through a central counterparty, credit risk resides with the Portfolio's clearing broker, or the clearinghouse itself, rather than with a counterparty in an OTC derivative transaction. Changes in regulation relating to a mutual fund's use of derivatives and related instruments could potentially limit or impact the Portfolio's ability to invest in derivatives, limit the Portfolio's ability to employ certain strategies that use derivatives and/or adversely affect the value of derivatives and the Portfolio's performance.

Equity Risk is the risk that the value of equity securities, such as common stocks and preferred securities, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

Mortgage-Related and Other Asset-Backed Securities Risk is the risk of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk, prepayment risk and credit risk.

Foreign (Non-U.S.) Investment Risk is the risk that investing in foreign (non-U.S.) securities may result in the Portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies, due to smaller markets, differing reporting, accounting and auditing standards, increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities, and the risk of unfavorable foreign government actions, including nationalization, expropriation or confiscatory taxation, currency blockage, or political changes or diplomatic developments. Foreign securities may also be less liquid and more difficult to value than securities of U.S. issuers.

Emerging Markets Risk is the risk of investing in emerging market securities, primarily increased foreign (non-U.S.) investment risk.

Sovereign Debt Risk is the risk that investments in fixed income instruments issued by sovereign entities may decline in value as a result of default or other adverse credit event resulting from an issuer's inability or unwillingness to make principal or interest payments in a timely fashion.

Currency Risk is the risk that foreign (non-U.S.) currencies will change in value relative to the U.S. dollar and affect the Portfolio's investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.

Leveraging Risk is the risk that certain transactions of the Portfolio, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the Portfolio to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.

Management Risk is the risk that the investment techniques and risk analyses applied by PIMCO will not produce the desired results and that legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to PIMCO and the individual portfolio manager in connection with managing the Portfolio. There is no guarantee that the investment objective of the Portfolio will be achieved.

Short Exposure Risk is the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale will not fulfill its contractual obligations, causing a loss to the Portfolio.

8. MASTER NETTING ARRANGEMENTS

The Portfolio may be subject to various netting arrangements ("Master Agreements") with select counterparties. Master Agreements govern the terms of certain transactions, and are intended to reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that is intended to improve legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organization, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Portfolio to close out and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Statement of Assets and Liabilities generally presents derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under most Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant Master Agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to $250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other forms of AAA rated paper or sovereign securities may be used depending on the terms outlined in the applicable Master Agreement. Securities and cash pledged as collateral are reflected as assets on the Statement of Assets and Liabilities as either a component of Investments at value (securities) or Deposits with counterparty. Cash collateral received is not typically held in a segregated account and as such is reflected as a liability on the Statement of Assets and Liabilities as Deposits from counterparty. The market value of any securities received as collateral is not reflected as a component of NAV. The Portfolio's overall exposure to counterparty risk can change substantially within a short period, as it is affected by each transaction subject to the relevant Master Agreement.

Master Repurchase Agreements and Global Master Repurchase Agreements (individually and collectively "Master Repo Agreements") govern repurchase, reverse repurchase, and sale-buyback transactions between the Portfolio and select counterparties. Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral. The market value of transactions under the Master Repo Agreement, collateral pledged or received, and the net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

Master Securities Forward Transaction Agreements ("Master Forward Agreements") govern certain forward settling transactions, such as TBA securities, delayed-delivery or sale-buyback transactions by and between the Portfolio and select counterparties. The Master Forward Agreements maintain provisions for, among other things, transaction initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral. The market value of forward settling transactions, collateral pledged or received, and the net exposure by counterparty as of period end is disclosed in the Notes to Schedule of Investments.

Customer Account Agreements and related addenda govern cleared derivatives transactions such as futures, options on futures, and cleared OTC derivatives. Such transactions require posting of initial margin as determined by each relevant clearing agency which is segregated in an account at a futures commission merchant ("FCM") registered with the Commodity Futures Trading Commission ("CFTC"). In the United States, counterparty risk may be reduced as creditors of an FCM cannot have a claim to Portfolio assets in the segregated account. Portability of exposure reduces risk to the Portfolio. Variation margin, or changes in market value, are exchanged daily, but may not be netted between futures and cleared OTC derivatives unless the parties have agreed to a separate arrangement in respect of portfolio margining. The market value or accumulated unrealized appreciation (depreciation), initial margin posted, and any unsettled variation margin as of period end are disclosed in the Notes to Schedule of Investments.

Prime Broker Arrangements may be entered into to facilitate execution and/or clearing of listed equity option transactions or short sales of equity securities between the Portfolio and selected counterparties. The arrangements provide guidelines surrounding the rights, obligations, and other events, including, but not limited to, margin, execution, and settlement. These agreements maintain provisions for, among other things, payments, maintenance of collateral, events of default, and termination. Margin and other assets delivered as collateral are typically in the possession of the prime broker and would offset any obligations due to the prime broker. The market values of listed options and securities sold short and related collateral are disclosed in the Notes to Schedule of Investments.

International Swaps and Derivatives Association, Inc. Master Agreements and Credit Support Annexes ("ISDA Master Agreements") govern bilateral OTC derivative transactions entered into by the Portfolio with select counterparties. ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral posting and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements. In limited circumstances, the ISDA Master Agreement may contain additional provisions that add counterparty protection beyond coverage of existing daily exposure if the counterparty has a decline in credit quality below a predefined level. These amounts, if any, may be segregated with a third-party custodian. The market value of OTC financial derivative instruments, collateral received or pledged, and net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

9. FEES AND EXPENSES

(a) Investment Advisory Fee PIMCO is a majority-owned subsidiary of Allianz Asset Management of America L.P. ("Allianz Asset Management") and serves as the Adviser to the Trust, pursuant to an investment advisory contract. The Adviser receives a monthly fee from the Portfolio at an annual rate based on average daily net assets (the "Investment Advisory Fee"). The Investment Advisory Fee for all classes is charged at an annual rate as noted in the table in note (b) below.

(b) Supervisory and Administrative Fee PIMCO serves as administrator (the "Administrator") and provides supervisory and administrative services to the Trust for which it receives a monthly supervisory and administrative fee based on each share class's average daily net assets (the "Supervisory and Administrative Fee"). As the Administrator, PIMCO bears the costs of various third-party services, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs.

The Investment Advisory Fee and Supervisory and Administrative Fees for all classes, as applicable, are charged at the annual rate as noted in the following table (calculated as a percentage of the Portfolio's average daily net assets attributable to each class):

Investment Advisory Fee	Supervisory and Administrative Fee		
All Classes	Institutional Class	Administrative Class	Advisor Class
0.25%	0.25%	0.25%	0.25%

(c) Distribution and Servicing Fees PIMCO Investments LLC, a wholly-owned subsidiary of PIMCO, serves as the distributor ("Distributor") of the Trust's shares.

The Trust has adopted an Administrative Services Plan with respect to the Administrative Class shares of the Portfolio pursuant to Rule 12b-1 under the Act (the "Administrative Plan"). Under the terms of the Administrative Plan, the Trust is permitted to compensate the Distributor, out of the Administrative Class assets of the Portfolio, in an amount up to 0.15% on an annual basis of the average daily net assets of that class, for providing or procuring through financial intermediaries administrative, recordkeeping and investor services for Administrative Class shareholders of the Portfolio.

The Trust has adopted a separate Distribution and Servicing Plan for the Advisor Class shares of the Portfolio (the "Distribution and Servicing Plan"). The Distribution and Servicing Plan has been adopted pursuant to Rule 12b-1 under the Act. The Distribution and Servicing Plan permits the Portfolio to compensate the Distributor for providing or procuring through financial intermediaries distribution, administrative, recordkeeping, shareholder and/or related services with respect to Advisor Class shares. The Distribution and Servicing Plan permits the Portfolio to make total payments at an annual rate of up to 0.25% of its average daily net assets attributable to its Advisor Class shares.

	Distribution Fee	Servicing Fee
Administrative Class	—	0.15%
Advisor Class	0.25%	—

(d) Portfolio Expenses PIMCO provides or procures supervisory and administrative services for shareholders and also bears the costs of various third-party services required by the Portfolio, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs. The Trust is responsible for the following expenses: (i) taxes and governmental fees; (ii) brokerage fees and commissions and other portfolio transaction expenses; (iii) the costs of borrowing money, including interest expense; (iv) fees and expenses of the Trustees who are not "interested persons" of PIMCO or the Trust, and any counsel retained exclusively for their benefit; (v) extraordinary expense, including costs of litigation and indemnification expenses; (vi) organizational expenses; and (vii) any expenses allocated or allocable to a specific class of shares, which include service fees payable with respect to the Administrative Class Shares, and may include certain other expenses as permitted by the Trust's Multi-Class Plan adopted pursuant to Rule 18f-3 under the Act and subject to review and approval by the Trustees. The ratio of expenses to average net assets per share class, as disclosed on the Financial Highlights, may differ from the annual portfolio operating expenses per share class.

Each Trustee, other than those affiliated with PIMCO or its affiliates, receives an annual retainer of $36,850, plus $3,800 for each Board meeting attended in person, $775 for each committee meeting attended and $750 for each Board meeting attended telephonically, plus reimbursement of related expenses. In addition, the audit committee chair receives an additional annual retainer of $6,000, the valuation oversight committee lead receives an additional annual retainer of $4,250 (to the extent there are co-leads of the valuation oversight committee, the annual retainer will be split evenly between the co-leads, so that each co-lead individually receives an additional retainer of $2,125) and the governance committee chair receives an additional annual retainer of $2,750. The Lead Independent Trustee receives an annual retainer of $3,500.

These expenses are allocated on a pro rata basis to each Portfolio of the Trust according to its respective net assets. The Trust pays no compensation directly to any Trustee or any other officer who is affiliated with the Administrator, all of whom receive remuneration for their services to the Trust from the Administrator or its affiliates.

(e) Expense Limitation Pursuant to the Expense Limitation Agreement, PIMCO has agreed to waive a portion of the Portfolio's Supervisory and Administrative Fee, or reimburse the Portfolio, to the extent that the Portfolio's organizational expenses, pro rata share of expenses related to obtaining or maintaining a Legal Entity Identifier and pro rata share of Trustee Fees exceed 0.0049%, the "Expense Limit" (calculated as a percentage of the Portfolio's average daily net assets attributable to each class). The Expense Limitation Agreement will automatically renew for one-year terms unless PIMCO provides written notice to the Trust at least 30 days prior to the end of the then current term.

Under certain conditions, PIMCO may be reimbursed for these waived amounts in future periods, not to exceed thirty-six months after the waiver. At June 30, 2018, there were no recoverable amounts.

10. RELATED PARTY TRANSACTIONS

The Adviser, Administrator, and Distributor are related parties. Fees paid to these parties are disclosed in Note 9, Fees and Expenses, and the accrued related party fee amounts are disclosed on the Statement of Assets and Liabilities.

The Portfolio is permitted to purchase or sell securities from or to certain related affiliated portfolios under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Portfolio from or to another fund or portfolio that are, or could be, considered an affiliate, or an affiliate of an affiliate, by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 under the Act. Further, as defined under the procedures, each transaction is effected at the current market price. During the period ended June 30, 2018, the

Portfolio engaged in purchases and sales of securities pursuant to Rule 17a-7 under the Act (amounts in thousands†):

Purchases	Sales
$ 25,217	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.

11. GUARANTEES AND INDEMNIFICATIONS

Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust (including the Trust's investment manager) is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Portfolio. Additionally, in the normal course of business, the Portfolio enters into contracts that contain a variety of indemnification clauses. The Portfolio's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Portfolio that have not yet occurred. However, the Portfolio has not had prior claims or losses pursuant to these contracts.

12. PURCHASES AND SALES OF SECURITIES

The length of time the Portfolio has held a particular security is not generally a consideration in investment decisions. A change in the securities held by the Portfolio is known as "portfolio turnover." The Portfolio may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover may involve correspondingly greater transaction costs to the Portfolio, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are generally taxed at ordinary income tax rates). The transaction costs and tax effects associated with portfolio turnover may adversely affect the Portfolio's performance. The portfolio turnover rates are reported in the Financial Highlights.

Purchases and sales of securities (excluding short-term investments) for the period ended June 30, 2018, were as follows (amounts in thousands†):

U.S. Government/Agency		All Other	
Purchases	Sales	Purchases	Sales
$ 4,313,972	$ 3,999,617	$ 561,966	$ 429,678

† A zero balance may reflect actual amounts rounding to less than one thousand.

13. SHARES OF BENEFICIAL INTEREST

The Trust may issue an unlimited number of shares of beneficial interest with a $0.001 par value. Changes in shares of beneficial interest were as follows (shares and amounts in thousands†):

	Six Months Ended 06/30/2018		Year Ended 12/31/2017	
	Shares	Amount	Shares	Amount
Receipts for shares sold				
Institutional Class	281	$ 2,866	1,014	$ 10,391
Administrative Class	8,780	89,409	35,577	364,467
Advisor Class	6,075	61,807	15,484	158,679
Issued as reinvestment of distributions				
Institutional Class	12	121	18	181
Administrative Class	945	9,606	1,633	16,740
Advisor Class	543	5,521	906	9,281
Cost of shares redeemed				
Institutional Class	(577)	(5,869)	(382)	(3,909)
Administrative Class	(13,402)	(136,363)	(34,889)	(357,250)
Advisor Class	(6,558)	(66,643)	(12,111)	(124,128)
Net increase (decrease) resulting from Portfolio share transactions	(3,901)	$ (39,545)	7,250	$ 74,452

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of June 30, 2018, two shareholders each owned 10% or more of the Portfolio's total outstanding shares comprising 40% of the Portfolio.

14. REGULATORY AND LITIGATION MATTERS

The Portfolio is not named as a defendant in any material litigation or arbitration proceedings and is not aware of any material litigation or claim pending or threatened against it.

The foregoing speaks only as of the date of this report.

15. FEDERAL INCOME TAX MATTERS

The Portfolio intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code (the "Code") and distribute all of its taxable income and net realized gains, if applicable, to shareholders. Accordingly, no provision for Federal income taxes has been made.

The Portfolio may be subject to local withholding taxes, including those imposed on realized capital gains. Any applicable foreign capital gains tax is accrued daily based upon net unrealized gains, and may be payable following the sale of any applicable investments.

In accordance with U.S. GAAP, the Adviser has reviewed the Portfolio's tax positions for all open tax years. As of June 30, 2018, the Portfolio has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

The Portfolio files U.S. federal, state, and local tax returns as required. The Portfolio's tax returns are subject to examination by relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Shares of the Portfolio currently are sold to segregated asset accounts ("Separate Accounts") of insurance companies that fund variable annuity contracts and variable life insurance policies ("Variable Contracts"). Please refer to the prospectus for the Separate Account and Variable Contract for information regarding Federal income tax treatment of distributions to the Separate Account.

Under the Regulated Investment Company Modernization Act of 2010, the Portfolio is permitted to carry forward any new capital losses for an unlimited period. Additionally, such capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term under previous law.

As of its last fiscal year ended December 31, 2017, the Portfolio had the following post-effective capital losses with no expiration (amounts in thousands†):

	Short-Term	Long-Term
PIMCO Low Duration Portfolio	$ 22,346	$ 16,197

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of June 30, 2018, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for Federal income tax purposes are as follows (amounts in thousands†):

Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)(1)
$ 2,633,663	$ 46,633	$ (40,473)	$ 6,160

† A zero balance may reflect actual amounts rounding to less than one thousand.
(1) Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) are attributable to wash sale loss deferrals for Federal income tax purposes.

Glossary: (abbreviations that may be used in the preceding statements)

(Unaudited)

Counterparty Abbreviations:

BOA	Bank of America N.A.	**GLM**	Goldman Sachs Bank USA	**RYL**	Royal Bank of Scotland Group PLC
BPS	BNP Paribas S.A.	**GSC**	Goldman Sachs & Co.	**SAL**	Citigroup Global Markets, Inc.
BRC	Barclays Bank PLC	**HUS**	HSBC Bank USA N.A.	**SCX**	Standard Chartered Bank
CBK	Citibank N.A.	**JPM**	JP Morgan Chase Bank N.A.	**SSB**	State Street Bank and Trust Co.
DUB	Deutsche Bank AG	**MSB**	Morgan Stanley Bank, N.A	**UAG**	UBS AG Stamford
FICC	Fixed Income Clearing Corporation	**RBC**	Royal Bank of Canada		

Currency Abbreviations:

ARS	Argentine Peso	**EUR**	Euro	**MYR**	Malaysian Ringgit
AUD	Australian Dollar	**GBP**	British Pound	**RUB**	Russian Ruble
BRL	Brazilian Real	**INR**	Indian Rupee	**SEK**	Swedish Krona
CAD	Canadian Dollar	**JPY**	Japanese Yen	**THB**	Thai Baht
DKK	Danish Krone	**MXN**	Mexican Peso	**USD (or $)**	United States Dollar

Exchange Abbreviations:

CBOT	Chicago Board of Trade	**OTC**	Over the Counter

Index/Spread Abbreviations:

12MTA	12 Month Treasury Average	**EUR003M**	3 Month EUR Swap Rate	**US0001M**	1 Month USD Swap Rate
BP0003M	3 Month GBP-LIBOR	**H15T1Y**	1 Year US Treasury Yield Curve Constant Maturity Rate	**US0003M**	3 Month USD Swap Rate
CDX.IG	Credit Derivatives Index - Investment Grade	**LIBOR01M**	1 Month USD-LIBOR	**US0006M**	6 Month USD Swap Rate
COF 11	Cost of Funds - 11th District of San Francisco	**LIBOR12M**	12 Month USD-LIBOR	**US0012M**	12 Month USD Swap Rate

Other Abbreviations:

ALT	Alternate Loan Trust	**EURIBOR**	Euro Interbank Offered Rate	**OAT**	Obligations Assimilables du Trésor
CDI	Brazil Interbank Deposit Rate	**LIBOR**	London Interbank Offered Rate	**TBA**	To-Be-Announced
CLO	Collateralized Loan Obligation				

General Information

Investment Adviser and Administrator
Pacific Investment Management Company LLC
650 Newport Center Drive
Newport Beach, CA 92660

Distributor
PIMCO Investments LLC
1633 Broadway
New York, NY 10019

Custodian
State Street Bank and Trust Company
801 Pennsylvania Avenue
Kansas City, MO 64105

Transfer Agent
DST Asset Manager Solutions, Inc.
430 W 7th Street STE 219024
Kansas City, MO 64105-1407

Legal Counsel
Dechert LLP
1900 K Street, N.W.
Washington, D.C. 20006

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
1100 Walnut Street, Suite 1300
Kansas City, MO 64106

This report is submitted for the general information of the shareholders of the Portfolio listed on the Report cover.

pimco.com/pvit

PIMCO

PVIT14SAR_063018

Semiannual Report

June 30, 2018

Franklin Templeton Variable Insurance Products Trust

This page intentionally left blank.

Franklin Templeton Variable Insurance Products Trust Semiannual Report

Table of Contents

*Not part of the semiannual report. Retain for your records.

Not FDIC Insured | May Lose Value | No Bank Guarantee

ZURICH AMERICAN LIFE S 08/18

Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

VIP P1 07/18

FRANKLIN TEMPLETON
INVESTMENTS

SUPPLEMENT DATED JULY 10, 2018
TO THE PROSPECTUS DATED MAY 1, 2018
OF
FRANKLIN FLEX CAP GROWTH VIP FUND
FRANKLIN FOUNDING FUNDS ALLOCATION VIP FUND
FRANKLIN GLOBAL REAL ESTATE VIP FUND
FRANKLIN GROWTH AND INCOME VIP FUND
FRANKLIN INCOME VIP FUND
FRANKLIN LARGE CAP GROWTH VIP FUND
FRANKLIN MUTUAL GLOBAL DISCOVERY VIP FUND
FRANKLIN MUTUAL SHARES VIP FUND
FRANKLIN RISING DIVIDENDS VIP FUND
FRANKLIN SMALL CAP VALUE VIP FUND
FRANKLIN SMALL-MID CAP GROWTH VIP FUND
FRANKLIN STRATEGIC INCOME VIP FUND
FRANKLIN U.S. GOVERNMENT SECURITIES VIP FUND
FRANKLIN VOLSMART ALLOCATION VIP FUND
TEMPLETON DEVELOPING MARKETS VIP FUND
TEMPLETON FOREIGN VIP FUND
TEMPLETON GLOBAL BOND VIP FUND
TEMPLETON GROWTH VIP FUND
(each a series of Franklin Templeton Variable Insurance Products Trust)

I. The following replaces the third paragraph in the prospectus under "Additional Information, All Funds – Fund Account Information – Fund Account Policies – Calculating Share Price:"

> The Fund calculates the NAV per share each business day as of 1 p.m. Pacific time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. The Fund does not calculate the NAV on days the NYSE is closed for trading, which include New Year's Day, Martin Luther King Jr. Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. If the NYSE has a scheduled early close, the Fund's share price would be determined as of the time of the close of the NYSE. If, due to weather or other special or unexpected circumstances, the NYSE has an unscheduled early close on a day that it has opened for business, the Fund reserves the right to consider that day as a regular business day and accept purchase and redemption orders and calculate its share price as of the normally scheduled close of regular trading on the NYSE.

Please keep this supplement with your prospectus for future reference.

This page intentionally left blank.

Templeton Developing Markets VIP Fund

This semiannual report for Templeton Developing Markets VIP Fund covers the period ended June 30, 2018.

Class 2 Performance Summary as of June 30, 2018

The Fund's Class 2 Shares had a -7.81% total return* for the six-month period ended June 30, 2018.

*The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/19. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

Performance reflects the Fund's Class 2 operating expenses, but does ***not*** *include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Fund Goal and Main Investments

The Fund seeks long-term capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in emerging market investments.

Fund Risks

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets, of which frontier markets are a subset, involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with developing markets are magnified in frontier markets. The Fund is designed for the aggressive portion of a well-diversified portfolio. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

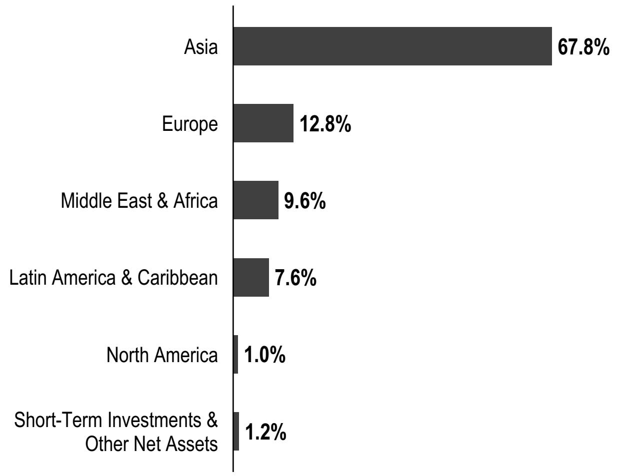
Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the MSCI Emerging Markets (EM) Index had a -6.51% total return, and the Standard & Poor's®/International Finance Corporation Investable Composite Index had a -6.31% total return for the same period.[1] Please note, index performance numbers are for reference and we do not attempt to track an index but rather undertake investments on the basis of fundamental research.

Economic and Market Overview

Emerging market economies in general continued to grow faster than developed market economies during the six months under review. China's economy grew slightly slower in 2018's first half compared to the second half of 2017, amid faster growth in consumer spending and slower growth in industrial production, the service industry and fixed-asset investment.

Geographic Composition
Based on Total Net Assets as of 6/30/18



India's annualized growth rate in 2018's first quarter was the highest it has been since 2016's second quarter, driven by growth in investment, manufacturing and construction. Russia's economy grew in 2018's first quarter compared to the prior-year period, driven by higher oil prices and growth in financials and insurance, real estate and public administration, though US sanctions and a decline in construction weighed on the economy. Brazil's economy grew in 2018's first quarter compared to the prior-year period, though fixed-asset investment growth slowed and government spending contracted. South Africa's economy contracted in the first quarter of 2018 and grew at its slowest annualized rate since 2016's second quarter, with slowing growth in manufacturing and a decline in mining being the main factors. South Korea's economy grew in 2018's first quarter compared to the prior-year period, as did Poland's and Mexico's economies.

Monetary policies varied among emerging market central banks. Brazil's, Russia's and South Africa's central banks cut their benchmark interest rates during the six-month period, while some, including those of India, Turkey and the Czech Republic, raised their benchmark rates. Mexico's central bank raised its benchmark rate twice during the period to ameliorate risk factors for inflation amid uncertainty around the renegotiations of the North American Free Trade Agreement and the country's presidential election in July. China's, South Korea's and Taiwan's central banks left their benchmark interest rates unchanged during the period.

1. Source: Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI).

Emerging market stocks declined during the six months under review due to investor concerns over rising US interest rates, a strengthening US dollar and rising global trade tensions, particularly between the US and China. Emerging market European stocks were pressured by political instability in Italy, and Asian stocks were hurt by increased tensions in the Korean peninsula, although tensions eased later in the period. However, continued solid earnings performance by many emerging market companies, MSCI's addition of Chinese A-share companies to the MSCI EM Index and MSCI's decision to add Saudi Arabia to the same index in 2019—which could boost investment across the Middle East—offered some encouragement to investors. In this environment, emerging market stocks, as measured by the MSCI EM Index, had a -6.51% total return for the six months ended June 30, 2018.[1]

Investment Strategy

We employ a fundamental research, value-oriented, long-term investment approach. We focus on the market price of a company's securities relative to our evaluation of its long-term earnings, asset value and cash flow potential. We also consider a company's profit and loss outlook, balance sheet strength, cash flow trends and asset value in relation to the current price of the company's securities. Our analysis considers the company's corporate governance behavior as well as its position in its sector, the economic framework and political environment.

Manager's Discussion

During the six months under review, key contributors to the Fund's absolute performance included Fila Korea, Uni-President China Holdings and China Petroleum & Chemical (Sinopec).

Fila Korea is one of South Korea's leading sportswear companies. It also licenses the FILA brand around the world and owns a stake in US golf product manufacturer Acushnet. Shares of Fila Korea advanced as the company's efforts to revitalize its domestic business and expand in China helped improve quarterly earnings. Steady financial results from Acushnet also buoyed the stock.

Uni-President China is a leading beverage and instant noodle manufacturer in its home market. It is a unit of Uni-President Enterprises, a food and beverage conglomerate in Taiwan. Shares of Uni-President China rose amid stronger full-year 2017 earnings as the company took steps to raise its profitability. As part of its strategy, it phased out underperforming products and increased its focus on higher margin brands.

Top 10 Countries
6/30/18

	% of Total Net Assets
China	22.8%
South Korea	17.2%
Taiwan	10.6%
South Africa	8.8%
Russia	8.0%
India	6.3%
Brazil	4.3%
Thailand	3.9%
U.K.	3.0%
Indonesia	2.9%

Sinopec is one of China's largest integrated energy and chemical companies. It is engaged in oil and gas exploration and production. It also manufactures and markets petrochemicals and other chemical products. Sinopec shares benefited from soaring oil prices, with Brent crude oil touching US$80 per barrel during the period under review. The company also reported robust quarterly earnings.

In contrast, key detractors from the Fund's absolute performance included Brilliance China Automotive Holdings, Samsung Electronics and Naspers.

Brilliance China Automotive manufactures and sells automobiles for the Chinese domestic market, predominantly through its joint venture with German luxury car maker BMW. Brilliance China's share price weakened as its full-year 2017 profit growth missed market expectations. China's plans to remove foreign ownership limits and reduce import tariffs in the auto industry also weighed on the stock. Overall, however, rising wealth in China continued to underpin sales of premium cars in the country, and Brilliance China unveiled plans for new launches to meet consumer demand.

Samsung Electronics is a South Korea-based consumer electronics and semiconductor manufacturer. It is one of the world's largest smartphone and memory chip producers as well as a key supplier of organic light-emitting diode (OLED) displays. Shares of the export-focused company were caught in the crosshairs of mounting global trade tensions. Concerns that Samsung could reduce its production of OLED smartphone panels amid weak demand for Apple's iPhone X also created selling pressure. The stock's decline was capped as Samsung reported better-than-expected quarterly earnings, thanks to strength in its semiconductor business.

Naspers is an internet and media group based in South Africa. It is a leading provider of pay-television services in sub-Saharan Africa. It also has sizable investments in some of the world's leading technology companies, including China-based Tencent Holdings and Russia-based Mail.Ru Group. Shares of Naspers retreated as it trimmed its stake in Tencent to raise cash for e-commerce investments. Nevertheless, it retains a considerable stake in Tencent and its results for fiscal-year 2018 (ended March 31) were significantly lifted by the Chinese company's strong performance.

It is important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the US dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer US dollars. This can have a negative effect on Fund performance. Conversely, when the US dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the six months ended June 30, 2018, the US dollar rose in value relative to most currencies. As a result, the Fund's performance was negatively affected by the portfolio's investment predominantly in securities with non-US currency exposure.

During the past six months, we increased the Fund's holdings mainly in Mexico as interesting investment opportunities emerged. Key purchases included additional investments in Banco Santander Mexico, one of Mexico's leading banks, as well as in Naver, a South Korea-based online search and mobile messenger company with users across Asia.

Meanwhile, we conducted some sales in favor of stocks that we considered more attractive within our investment universe. We reduced the Fund's holdings mainly in China, South Korea and Hong Kong. From a sector perspective, we sold positions in information technology (IT), consumer discretionary and consumer staples.[2] Key sales included reducing holdings in South Korea-based memory chip maker SK Hynix, Hong Kong-listed gaming company MGM China Holdings, and the aforementioned Tencent Holdings.

Thank you for your participation in Templeton Developing Markets VIP Fund. We look forward to serving your future investment needs.

Top 10 Holdings
6/30/18

Company ***Sector/Industry, Country***	**% of Total Net Assets**
Naspers Ltd. *Media, South Africa*	7.9%
Samsung Electronics Co. Ltd. *Technology Hardware, Storage & Peripherals, South Korea*	7.8%
Taiwan Semiconductor Manufacturing Co. Ltd. *Semiconductors & Semiconductor Equipment, Taiwan*	6.5%
Brilliance China Automotive Holdings Ltd. *Automobiles, China*	5.1%
Alibaba Group Holding Ltd. *Internet Software & Services, China*	4.9%
Tencent Holdings Ltd. *Internet Software & Services, China*	3.4%
Unilever PLC *Personal Products, U.K.*	3.0%
ICICI Bank Ltd. *Banks, India*	2.3%
LUKOIL PJSC *Oil, Gas & Consumable Fuels, Russia*	2.1%
Sberbank of Russia PJSC *Banks, Russia*	1.8%

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2018, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

2. The IT sector comprises electronic equipment, instruments and components; internet software and services; IT services; semiconductors and semiconductor equipment; and technology hardware, storage and peripherals in the SOI. The consumer discretionary sector comprises auto components; automobiles; distributors; hotels, restaurants and leisure; internet and direct marketing retail; media; and textiles, apparel and luxury goods in the SOI. The consumer staples sector comprises beverages, food and staples retailing, food products and personal products in the SOI.

Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract Level: (1) transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes; and (2) ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses. The table below shows Fund-level ongoing expenses and can help you understand these costs and compare them with those of other mutual funds offered through the Contract. The table assumes a $1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the "Ending Account Value." You can estimate the Fund-level expenses you paid during the period by following these steps (o*f course, your account value and expenses will differ from those in this illustration*): Divide your account value by $1,000 (*if your account had an $8,600 value, then $8,600 ÷ $1,000 = 8.6*). Then multiply the result by the number under the headings "Actual" and "Fund-Level Expenses Paid During Period" (*if Fund-Level Expenses Paid During Period were $ 7.50, then 8.6 x $ 7.50 = $64.50*). In this illustration, the estimated expenses paid this period at the Fund level are $64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other mutual funds offered through the Contract. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds offered through the Contract.

Please note that expenses shown in the table are meant to highlight ongoing costs at the Fund level only and do not reflect any ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. In addition, while the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	**Beginning Account Value 1/1/18**	**Ending Account Value 6/30/18**	**Fund-Level Expenses Paid During Period 1/1/18–6/30/18[1,2]**	**Ending Account Value 6/30/18**	**Fund-Level Expenses Paid During Period 1/1/18–6/30/18[1,2]**	**Net Annualized Expense Ratio[2]**
Class 2	$1,000	$921.90	$7.39	$1,017.11	$7.75	1.55%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Templeton Developing Markets VIP Fund

	Six Months Ended June 30, 2018 (unaudited)	Year Ended December 31,				
		2017	2016	2015	2014	2013
Class 1						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	$10.31	$ 7.42	$ 6.37	$ 9.27	$10.26	$10.58
Income from investment operations[a]:						
Net investment income[b]	0.05	0.08	0.05	0.06	0.15[c]	0.13
Net realized and unrealized gains (losses)	(0.84)	2.92	1.08	(1.63)	(0.97)	(0.22)
Total from investment operations	(0.79)	3.00	1.13	(1.57)	(0.82)	(0.09)
Less distributions from:						
Net investment income.	(0.11)	(0.11)	(0.08)	(0.20)	(0.17)	(0.23)
Net realized gains	—	—	—	(1.13)	—	—
Total distributions	(0.11)	(0.11)	(0.08)	(1.33)	(0.17)	(0.23)
Redemption fees.	—	—	—	—	—[d]	—[d]
Net asset value, end of period	$ 9.41	$10.31	$ 7.42	$ 6.37	$ 9.27	$10.26
Total return[e]	(7.69)%	40.65%	17.79%	(19.42)%	(8.09)%	(0.73)%
Ratios to average net assets[f]						
Expenses before waiver and payments by affiliates	1.30%	1.36%	1.38%	1.33%	1.36%	1.35%
Expenses net of waiver and payments by affiliates	1.30%[g]	1.35%[h]	1.36%	1.32%	1.36%[g]	1.35%
Net investment income	0.95%	0.86%	0.79%	0.74%	1.51%[c]	1.25%
Supplemental data						
Net assets, end of period (000's)	$87,782	$105,493	$82,596	$77,000	$114,487	$145,707
Portfolio turnover rate	1.78%	10.76%	26.78%	71.69%	82.87%	44.59%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.04 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.11%.

[d]Amount rounds to less than $0.01 per share.

[e]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[f]Ratios are annualized for periods less than one year.

[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[h]Benefit of expense reduction rounds to less than 0.01%.

Templeton Developing Markets VIP Fund (continued)

	Six Months Ended June 30, 2018 (unaudited)	Year Ended December 31, 2017	2016	2015	2014	2013
Class 2						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	$10.23	$ 7.36	$ 6.32	$ 9.20	$10.19	$10.50
Income from investment operations[a]:						
Net investment income[b]	0.04	0.05	0.04	0.04	0.12[c]	0.10
Net realized and unrealized gains (losses)	(0.84)	2.91	1.06	(1.61)	(0.96)	(0.21)
Total from investment operations	(0.80)	2.96	1.10	(1.57)	(0.84)	(0.11)
Less distributions from:						
Net investment income	(0.08)	(0.09)	(0.06)	(0.18)	(0.15)	(0.20)
Net realized gains	—	—	—	(1.13)	—	—
Total distributions	(0.08)	(0.09)	(0.06)	(1.31)	(0.15)	(0.20)
Redemption fees	—	—	—	—	—[d]	—[d]
Net asset value, end of period	$ 9.35	$10.23	$ 7.36	$ 6.32	$ 9.20	$10.19
Total return[e]	(7.81)%	40.41%	17.44%	(19.60)%	(8.39)%	(0.92)%
Ratios to average net assets[f]						
Expenses before waiver and payments by affiliates	1.55%	1.61%	1.63%	1.58%	1.61%	1.60%
Expenses net of waiver and payments by affiliates	1.55%[g]	1.60%[h]	1.61%	1.57%	1.61%[g]	1.60%
Net investment income	0.70%	0.61%	0.54%	0.49%	1.26%[c]	1.00%
Supplemental data						
Net assets, end of period (000's)	$220,393	$270,433	$205,151	$192,120	$250,813	$274,683
Portfolio turnover rate	1.78%	10.76%	26.78%	71.69%	82.87%	44.59%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.04 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.86%.

[d]Amount rounds to less than $0.01 per share.

[e]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[f]Ratios are annualized for periods less than one year.

[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[h]Benefit of expense reduction rounds to less than 0.01%.

Templeton Developing Markets VIP Fund (continued)

	Six Months Ended June 30, 2018 (unaudited)	Year Ended December 31,				
		2017	2016	2015	2014	2013
Class 4						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	$10.28	$ 7.39	$ 6.34	$ 9.22	$10.20	$10.50
Income from investment operations[a]:						
Net investment income[b]	0.03	0.05	0.03	0.03	0.12[c]	0.10
Net realized and unrealized gains (losses)	(0.84)	2.92	1.06	(1.62)	(0.97)	(0.21)
Total from investment operations	(0.81)	2.97	1.09	(1.59)	(0.85)	(0.11)
Less distributions from:						
Net investment income	(0.07)	(0.08)	(0.04)	(0.16)	(0.13)	(0.19)
Net realized gains	—	—	—	(1.13)	—	—
Total distributions	(0.07)	(0.08)	(0.04)	(1.29)	(0.13)	(0.19)
Redemption fees	—	—	—	—	—[d]	—[d]
Net asset value, end of period	$ 9.40	$10.28	$ 7.39	$ 6.34	$ 9.22	$10.20
Total return[e]	(7.87)%	40.30%	17.32%	(19.70)%	(8.48)%	(1.07)%
Ratios to average net assets[f]						
Expenses before waiver and payments by affiliates	1.65%	1.71%	1.73%	1.68%	1.71%	1.70%
Expenses net of waiver and payments by affiliates	1.65%[g]	1.70%[h]	1.71%	1.67%	1.71%[g]	1.70%
Net investment income	0.60%	0.51%	0.44%	0.39%	1.16%[c]	0.90%
Supplemental data						
Net assets, end of period (000's)	$6,154	$7,199	$6,377	$7,109	$11,106	$15,225
Portfolio turnover rate	1.78%	10.76%	26.78%	71.69%	82.87%	44.59%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.04 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.76%.

[d]Amount rounds to less than $0.01 per share.

[e]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

[f]Ratios are annualized for periods less than one year.

[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[h]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments, June 30, 2018 (unaudited)
Templeton Developing Markets VIP Fund

	Industry	Shares	Value
Common Stocks 95.1%			
Belgium 0.4%			
Anheuser-Busch InBev SA/NV	Beverages	12,444	$ 1,257,619
Brazil 1.1%			
[a] B2W Cia Digital	Internet & Direct Marketing Retail	148,600	1,031,558
B3 SA - Brasil Bolsa Balcao	Capital Markets	55,400	292,365
M. Dias Branco SA	Food Products	136,200	1,314,533
Mahle-Metal Leve SA	Auto Components	136,600	917,235
			3,555,691
Cambodia 1.4%			
NagaCorp Ltd.	Hotels, Restaurants & Leisure	4,780,800	4,344,492
China 22.8%			
[a] Alibaba Group Holding Ltd., ADR	Internet Software & Services	82,310	15,270,974
BAIC Motor Corp. Ltd., H	Automobiles	1,686,100	1,611,735
[a] Baidu Inc., ADR	Internet Software & Services	9,411	2,286,873
Brilliance China Automotive Holdings Ltd.	Automobiles	8,909,300	16,078,879
China Mobile Ltd.	Wireless Telecommunication Services	490,500	4,357,333
China Petroleum & Chemical Corp., H	Oil, Gas & Consumable Fuels	4,030,000	3,600,576
CNOOC Ltd.	Oil, Gas & Consumable Fuels	2,000,500	3,452,281
COSCO Shipping Ports Ltd.	Transportation Infrastructure	1,091,638	909,924
Dah Chong Hong Holdings Ltd.	Distributors	1,746,100	870,151
[a] Inner Mongolia Yitai Coal Co. Ltd., B	Oil, Gas & Consumable Fuels	441,500	602,206
NetEase Inc., ADR	Internet Software & Services	8,147	2,058,503
Ping An Bank Co. Ltd., A	Banks	1,636,500	2,246,758
Ping An Insurance Group Co. of China Ltd., A	Insurance	446,198	3,947,110
Poly Culture Group Corp. Ltd., H	Media	229,200	365,152
Tencent Holdings Ltd.	Internet Software & Services	213,900	10,735,825
Uni-President China Holdings Ltd.	Food Products	2,099,700	2,697,533
Weifu High-Technology Co. Ltd., B	Auto Components	334,339	727,820
			71,819,633
Czech Republic 0.4%			
Moneta Money Bank AS	Banks	390,403	1,339,889
Hong Kong 1.7%			
Dairy Farm International Holdings Ltd.	Food & Staples Retailing	149,333	1,312,637
MGM China Holdings Ltd.	Hotels, Restaurants & Leisure	603,200	1,399,206
Sands China Ltd.	Hotels, Restaurants & Leisure	469,600	2,510,782
			5,222,625
Hungary 1.0%			
Richter Gedeon Nyrt	Pharmaceuticals	177,170	3,238,997
India 6.3%			
Bajaj Holdings & Investment Ltd.	Diversified Financial Services	35,390	1,490,040
Biocon Ltd.	Biotechnology	332,552	3,009,533
Coal India Ltd.	Oil, Gas & Consumable Fuels	245,918	949,583
Glenmark Pharmaceuticals Ltd.	Pharmaceuticals	292,323	2,489,613
ICICI Bank Ltd.	Banks	1,806,409	7,266,799
Infosys Ltd.	IT Services	119,268	2,277,346
Tata Chemicals Ltd.	Chemicals	131,000	1,335,354
[a] Tata Motors Ltd., A	Automobiles	401,271	929,910
			19,748,178

Templeton Developing Markets VIP Fund (continued)

	Industry	Shares	Value
Common Stocks (continued)			
Indonesia 2.9%			
Astra International Tbk PT	Automobiles	10,115,100	$ 4,658,734
Bank Danamon Indonesia Tbk PT	Banks	5,707,000	2,538,878
Perusahaan Gas Negara (Persero) Tbk PT	Gas Utilities	4,738,900	659,742
Semen Indonesia (Persero) Tbk PT	Construction Materials	2,764,700	1,374,633
			9,231,987
Kenya 0.3%			
Equity Group Holdings Ltd.	Banks	2,127,994	975,419
Mexico 2.0%			
Banco Santander Mexico SA Institucion de Banca Multiple Grupo Financiero Santander, ADR	Banks	770,019	5,151,427
Nemak SAB de CV	Auto Components	1,426,300	980,556
			6,131,983
Nigeria 0.0%†			
Nigerian Breweries PLC	Beverages	170,327	53,807
Pakistan 0.6%			
Habib Bank Ltd.	Banks	1,460,000	1,996,879
Peru 1.3%			
Compania de Minas Buenaventura SA, ADR	Metals & Mining	299,680	4,084,638
Philippines 0.2%			
BDO Unibank Inc.	Banks	327,469	770,140
Russia 8.0%			
Gazprom PJSC, ADR	Oil, Gas & Consumable Fuels	666,900	2,935,027
LUKOIL PJSC, ADR	Oil, Gas & Consumable Fuels	95,300	6,516,614
[a,b] Mail.Ru Group Ltd., GDR, Reg S	Internet Software & Services	127,199	3,688,771
MMC Norilsk Nickel PJSC, ADR	Metals & Mining	63,900	1,147,005
Sberbank of Russia PJSC, ADR	Banks	402,166	5,805,266
[a] Yandex NV, A	Internet Software & Services	136,818	4,911,766
			25,004,449
Singapore 0.2%			
DBS Group Holdings Ltd.	Banks	25,706	502,064
South Africa 8.8%			
Massmart Holdings Ltd.	Food & Staples Retailing	293,714	2,391,047
MTN Group Ltd.	Wireless Telecommunication Services	80,702	635,078
Naspers Ltd., N	Media	97,448	24,768,350
			27,794,475
South Korea 17.2%			
Daelim Industrial Co. Ltd.	Construction & Engineering	32,958	2,260,433
Fila Korea Ltd.	Textiles, Apparel & Luxury Goods	147,630	4,453,783
Hankook Tire Co. Ltd.	Auto Components	21,600	815,277
Hankook Tire Worldwide Co. Ltd.	Diversified Financial Services	37,500	588,354
Hanon Systems	Auto Components	198,341	1,884,897
HDC Holdings Co. Ltd.	Construction & Engineering	30,176	773,744
[a] HDC Hyundai Development Co-Engineering & Construction	Construction & Engineering	49,151	2,375,147
Hite Jinro Co. Ltd.	Beverages	64,320	1,133,125
Interpark Holdings Corp.	Internet & Direct Marketing Retail	142,053	359,781
KT Skylife Co. Ltd.	Media	176,060	2,162,473
LG Corp.	Industrial Conglomerates	19,524	1,262,041
Naver Corp.	Internet Software & Services	6,587	4,505,900
POSCO	Metals & Mining	13,592	4,009,116

Templeton Developing Markets VIP Fund (continued)

	Industry	Shares	Value
Common Stocks (continued)			
South Korea (continued)			
Samsung Electronics Co. Ltd.	Technology Hardware, Storage & Peripherals	588,200	$ 24,600,619
SK Hynix Inc.	Semiconductors & Semiconductor Equipment	37,980	2,918,133
			54,102,823
Taiwan 10.6%			
Catcher Technology Co. Ltd.	Technology Hardware, Storage & Peripherals	341,000	3,817,248
FIT Hon Teng Ltd.	Electronic Equipment, Instruments & Components	1,759,800	796,234
Hon Hai Precision Industry Co. Ltd.	Electronic Equipment, Instruments & Components	1,906,500	5,207,170
Largan Precision Co. Ltd.	Electronic Equipment, Instruments & Components	11,900	1,754,021
Pegatron Corp.	Technology Hardware, Storage & Peripherals	563,800	1,160,471
Taiwan Semiconductor Manufacturing Co. Ltd.	Semiconductors & Semiconductor Equipment	2,879,000	20,461,673
			33,196,817
Thailand 3.9%			
Kasikornbank PCL, fgn.	Banks	619,500	3,754,546
Kiatnakin Bank PCL, fgn.	Banks	1,009,800	2,073,150
Land and Houses PCL, fgn.	Real Estate Management & Development	4,853,900	1,662,093
PTT Exploration and Production PCL, fgn.	Oil, Gas & Consumable Fuels	241,600	1,028,630
Siam Commercial Bank PCL, fgn.	Banks	306,400	1,100,255
Thai Beverage PCL, fgn.	Beverages	4,816,500	2,545,326
			12,164,000
United Kingdom 3.0%			
Unilever PLC	Personal Products	167,932	9,296,640
United States 1.0%			
[a] IMAX Corp.	Media	135,942	3,011,115
Total Common Stocks (Cost $216,603,137)			298,844,360
[c] **Participatory Notes (Cost $1,403,975) 0.5%**			
Saudi Arabia 0.5%			
HSBC Bank PLC, Saudi Basic Industries Corp., 1/19/21	Chemicals	51,820	1,743,753
Preferred Stocks 3.2%			
Brazil 3.2%			
[d] Banco Bradesco SA, 5.48%, ADR, pfd.	Banks	690,596	4,737,489
[d] Itau Unibanco Holding SA, 8.866%, ADR, pfd.	Banks	517,962	5,376,445
Total Preferred Stocks (Cost $5,860,355)			10,113,934
Total Investments before Short Term Investments (Cost $223,867,467)			310,702,047
Short Term Investments (Cost $1,862,370) 0.6%			
Money Market Funds 0.6%			
United States 0.6%			
[e,f] Institutional Fiduciary Trust Money Market Portfolio, 1.51%		1,862,370	1,862,370
Total Investments (Cost $225,729,837) 99.4%			312,564,417
Other Assets, less Liabilities 0.6%			1,763,651
Net Assets 100.0%			$314,328,068

Templeton Developing Markets VIP Fund (continued)

See Abbreviations on page TD-22.

[†]Rounds to less than 0.1% of net assets.

[a]Non-income producing.

[b]Security was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. This security has been deemed liquid under guidelines approved by the Trust's Board of Trustees. At June 30, 2018, the value of this security was $3,688,771, representing 1.2% of net assets.

[c]See Note 1(c) regarding Participatory Notes.

[d]Variable rate security. The rate shown represents the yield at period end.

[e]See Note 3(e) regarding investments in affiliated management investment companies.

[f]The rate shown is the annualized seven-day effective yield at period end.

Financial Statements

Statement of Assets and Liabilities

June 30, 2018 (unaudited)

	Templeton Developing Markets VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$223,867,467
Cost - Non-controlled affiliates (Note 3e)	1,862,370
Value - Unaffiliated issuers	$310,702,047
Value - Non-controlled affiliates (Note 3e)	1,862,370
Foreign currency, at value (cost $11,190)	11,190
Receivables:	
Investment securities sold	1,171,090
Capital shares sold	201,329
Dividends	1,496,452
Foreign tax refund	22,404
Other assets	260
Total assets	315,467,142
Liabilities:	
Payables:	
Capital shares redeemed	359,983
Management fees	279,336
Distribution fees	101,265
Reports to shareholders	74,072
Deferred tax	249,187
Accrued expenses and other liabilities	75,231
Total liabilities	1,139,074
Net assets, at value	$314,328,068
Net assets consist of:	
Paid-in capital	$240,937,924
Distributions in excess of net investment income	(20,426)
Net unrealized appreciation (depreciation)	86,556,822
Accumulated net realized gain (loss)	(13,146,252)
Net assets, at value	$314,328,068
Class 1:	
Net assets, at value	$ 87,781,537
Shares outstanding	9,325,509
Net asset value and maximum offering price per share	$9.41
Class 2:	
Net assets, at value	$220,392,764
Shares outstanding	23,580,188
Net asset value and maximum offering price per share	$9.35
Class 4:	
Net assets, at value	$ 6,153,767
Shares outstanding	654,694
Net asset value and maximum offering price per share	$9.40

Statement of Operations

for the six months ended June 30, 2018 (unaudited)

	Templeton Developing Markets VIP Fund
Investment income:	
Dividends: (net of foreign taxes)*	
Unaffiliated issuers	$ 4,054,911
Non-controlled affiliates (Note 3e)	8,814
Total investment income	4,063,725
Expenses:	
Management fees (Note 3a)	2,146,662
Distribution fees: (Note 3c)	
Class 2	318,312
Class 4	11,951
Custodian fees (Note 4)	64,288
Reports to shareholders	78,967
Professional fees	39,502
Trustees' fees and expenses	875
Other	14,361
Total expenses	2,674,918
Expenses waived/paid by affiliates (Note 3e)	(2,904)
Net expenses	2,672,014
Net investment income	1,391,711
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	14,951,646
Foreign currency transactions	(50,073)
Net realized gain (loss)	14,901,573
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(44,021,324)
Translation of other assets and liabilities denominated in foreign currencies	(15,117)
Change in deferred taxes on unrealized appreciation	412,851
Net change in unrealized appreciation (depreciation)	(43,623,590)
Net realized and unrealized gain (loss)	(28,722,017)
Net increase (decrease) in net assets resulting from operations	$(27,330,306)

*Foreign taxes withheld on dividends . . . . . $ 635,816

Statements of Changes in Net Assets

	Templeton Developing Markets VIP Fund	
	Six Months Ended June 30, 2018 (unaudited)	Year Ended December 31, 2017
Increase (decrease) in net assets:		
Operations:		
Net investment income	$ 1,391,711	$ 2,374,437
Net realized gain (loss)	14,901,573	15,871,903
Net change in unrealized appreciation (depreciation)	(43,623,590)	97,762,101
Net increase (decrease) in net assets resulting from operations	(27,330,306)	116,008,441
Distributions to shareholders from:		
Net investment income:		
Class 1	(1,013,838)	(1,158,124)
Class 2	(1,947,210)	(2,409,152)
Class 4	(46,243)	(56,318)
Total distributions to shareholders	(3,007,291)	(3,623,594)
Capital share transactions: (Note 2)		
Class 1	(9,191,054)	(8,439,257)
Class 2	(28,786,843)	(13,542,309)
Class 4	(481,542)	(1,401,998)
Total capital share transactions	(38,459,439)	(23,383,564)
Net increase (decrease) in net assets	(68,797,036)	89,001,283
Net assets:		
Beginning of period	383,125,104	294,123,821
End of period	$314,328,068	$383,125,104
Undistributed net investment income included in net assets:		
End of period	$ —	$ 1,595,154
Distributions in excess of net investment income included in net assets:		
End of period	$ (20,426)	$ —

Notes to Financial Statements (unaudited)

Templeton Developing Markets VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Developing Markets VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The VC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Occasionally, events occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, the VC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against

Templeton Developing Markets VIP Fund (continued)

established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Participatory Notes

The Fund invests in Participatory Notes (P-Notes). P-Notes are promissory notes that are designed to offer a return linked to the performance of a particular underlying equity security or market. P-Notes are issued by banks or broker-dealers and allow the Fund to gain exposure to common stocks in certain foreign markets without registering with the market regulator. Income received from P-Notes is recorded as dividend income in the Statement of Operations. P-Notes may contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract. These securities may be more volatile and less liquid than other investments held by the Fund.

d. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2018, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

Templeton Developing Markets VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

f. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

2. Shares of Beneficial Interest

At June 30, 2018, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2018		Year Ended December 31, 2017	
	Shares	**Amount**	**Shares**	**Amount**
Class 1 Shares:				
Shares sold	388,890	$ 4,044,488	1,136,991	$ 10,043,847
Shares issued in reinvestment of distributions	105,170	1,013,838	132,055	1,158,124
Shares redeemed	(1,396,049)	(14,249,380)	(2,176,842)	(19,641,228)
Net increase (decrease)	(901,989)	$ (9,191,054)	(907,796)	$ (8,439,257)
Class 2 Shares:				
Shares sold	2,492,278	$ 25,493,243	6,636,331	$ 58,458,562
Shares issued in reinvestment of distributions	203,470	1,947,210	276,596	2,409,152
Shares redeemed	(5,557,181)	(56,227,296)	(8,351,598)	(74,410,023)
Net increase (decrease)	(2,861,433)	$(28,786,843)	(1,438,671)	$(13,542,309)

Templeton Developing Markets VIP Fund (continued)

	Six Months Ended June 30, 2018		Year Ended December 31, 2017	
	Shares	Amount	Shares	Amount
Class 4 Shares:				
Shares sold	37,504	$ 374,300	85,028	$ 793,112
Shares issued in reinvestment of distributions	4,802	46,243	6,437	56,318
Shares redeemed	(87,994)	(902,085)	(253,881)	(2,251,428)
Net increase (decrease)	(45,688)	$ (481,542)	(162,416)	$ (1,401,998)

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or trustees of the following subsidiaries:

Subsidiary	Affiliation
Templeton Asset Management Ltd. (TAML)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

Effective May 1, 2018, the Fund pays an investment management fee to TAML based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.050%	Up to and including $1 billion
1.000%	Over $1 billion, up to and including $5 billion
0.950%	Over $5 billion, up to and including $10 billion
0.900%	Over $10 billion, up to and including $15 billion
0.850%	Over $15 billion, up to and including $20 billion
0.800%	In excess of $20 billion

Prior to May 1, 2018, the Fund paid fees to TAML based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.250%	Up to and including $200 million
1.235%	Over $200 million, up to and including $700 million
1.200%	Over $700 million, up to and including $1 billion
1.150%	Over $1 billion, up to and including $1.2 billion
1.125%	Over $1.2 billion, up to and including $5 billion
1.075%	Over $5 billion, up to and including $10 billion
1.025%	Over $10 billion, up to and including $15 billion
0.975%	Over $15 billion, up to and including $20 billion
0.925%	In excess of $20 billion

For the period ended June 30, 2018, the annualized gross effective investment management fee rate was 1.186% of the Fund's average daily net assets.

Templeton Developing Markets VIP Fund (continued)

3. Transactions with Affiliates (continued)

b. Administrative Fees

Under an agreement with TAML, FT Services provides administrative services to the Fund. The fee is paid by TAML based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Distribution Fees

The Board has adopted distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.25% and 0.35% per year of its average daily net assets of Class 2 and Class 4 respectively. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. Prior to January 1, 2014, the waiver was accounted for as a reduction to management fees. During the period ended June 30, 2018, the Fund held investments in affiliated management investment companies as follows:

	Number of Shares Held at Beginning of Period	Gross Additions	Gross Reductions	Number of Shares Held at End of Period	Value at End of Period	Dividend Income	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)
Non-Controlled Affiliates								
Institutional Fiduciary Trust Money Market Portfolio, 1.51%	1,128,203	21,905,607	(21,171,440)	1,862,370	$1,862,370	$8,814	$ —	$ —

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2018, there were no credits earned.

5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains, if any. At December 31, 2017, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short Term	$17,661,798
Long Term	7,528,497
Total capital loss carryforwards	$25,190,295

Templeton Developing Markets VIP Fund (continued)

At June 30, 2018, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$230,611,976
Unrealized appreciation	$ 99,880,240
Unrealized depreciation	(17,927,799)
Net unrealized appreciation (depreciation)	$ 81,952,441

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of corporate actions.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2018, aggregated $6,428,581 and $49,027,914, respectively.

7. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities.

The United States and other nations have imposed and could impose additional sanctions on certain issuers in Russia due to regional conflicts. These sanctions could result in the devaluation of Russia's currency, a downgrade in Russian issuers' credit ratings, or a decline in the value and liquidity of Russian stocks or other securities. Such sanctions could also adversely affect Russia's economy, possibly forcing the economy into a recession. The Fund may be prohibited from investing in securities issued by companies subject to such sanctions. In addition, if the Fund holds the securities of an issuer that is subject to such sanctions, an immediate freeze of that issuer's securities could result, impairing the ability of the Fund to buy, sell, receive or deliver those securities. There is also the risk that countermeasures could be taken by Russia's government, which could involve the seizure of the Fund's assets. These risks could affect the value of the Fund's portfolio. While the Fund holds securities of certain issuers impacted by the sanctions, existing investments do not presently violate the applicable terms and conditions of the sanctions. The sanctions currently do not affect the Fund's ability to sell these securities. At June 30, 2018, the Fund had 8.0% of its net assets invested in Russia.

8. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matures on February 8, 2019. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2018, the Fund did not use the Global Credit Facility.

Templeton Developing Markets VIP Fund (continued)

9. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of June 30, 2018, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:[a]				
Equity Investments[b]	$ 308,958,294	$ —	$ —	$ 308,958,294
Participatory Notes	—	1,743,753	—	1,743,753
Short Term Investments	1,862,370	—	—	1,862,370
Total Investments in Securities	$ 310,820,664	$ 1,743,753	$ —	$ 312,564,417

[a]For detailed categories, see the accompanying Statement of Investments.
[b]Includes common and preferred stocks.

10. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Abbreviations

Selected Portfolio

ADR American Depositary Receipt
GDR Global Depositary Receipt
HDC Housing Development Corp.

Tax Information (unaudited)

Templeton Developing Markets VIP Fund

At December 31, 2017, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. As shown in the table below, the Fund hereby reports to shareholders the foreign source income and foreign taxes paid, pursuant to Section 853 of the Internal Revenue Code. This written statement will allow shareholders of record on June 14, 2018, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

The following table provides a detailed analysis of foreign tax paid, and foreign source income as reported by the Fund, to Class 1, Class 2, and Class 4 shareholders of record.

Class	Foreign Tax Paid Per Share	Foreign Source Income Per Share
Class 1	$0.0330	$0.1410
Class 2	$0.0330	$0.1150
Class 4	$0.0330	$0.1042

Foreign Tax Paid Per Share (Column 1) is the amount per share available to you, as a tax credit (assuming you held your shares in the Fund for a minimum of 16 days during the 31-day period beginning 15 days before the ex-dividend date of the Fund's distribution to which the foreign taxes relate), or, as a tax deduction.

Foreign Source Income Per Share (Column 2) is the amount per share of income dividends attributable to foreign securities held by the Fund, plus any foreign taxes withheld on these dividends.

This page intentionally left blank.

Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges.

For Russell Indexes: Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

See www.franklintempletondatasources.com for additional data provider information.

Bloomberg Barclays US Aggregate Bond Index is a market capitalization-weighted index representing the US investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Bloomberg Barclays US Government Index: Intermediate Component is the intermediate component of the Barclays US Government Index, which includes public obligations of the US Treasury with at least one year to final maturity and publicly issued debt of US government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US government.

Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

FTSE World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds Classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocation of assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including US and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/18, there were 331 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the six-month period ended 6/30/18, there were 81 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General US Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General US Government Funds classification in the Lipper VIP underlying funds universe. Lipper General US Government Funds invest primarily in US government and agency issues. For the six-month period ended 6/30/18, there were 57 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets.

MSCI All Country World Index (ACWI) ex USA Index captures large- and mid-capitalization representation across 22 of 23 developed markets countries (excluding the US) and 23 emerging markets countries. The index covers approximately 85% of the global equity opportunity set outside the US.

MSCI Emerging Markets (EM) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 2000® Index is market capitalization weighted and measures performance of the 2,000 smallest companies in the Russell 3000® Index, which represent a small amount of the total market capitalization of the Russell 3000® Index.

Russell 2000® Value Index is market capitalization weighted and measures performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500™ Index is market capitalization weighted and measures performance of the smallest companies in the Russell 3000® Index, which represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Growth Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represents a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's® 500 Index (S&P 500®) is a market capitalization-weighted index of 500 stocks designed to measure total US equity market performance.

Standard & Poor's®/International Finance Corporation Investable (S&P/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

Shareholder Information

Board Approval of Investment Management Agreements

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Franklin Flex Cap Growth VIP Fund
Franklin Global Real Estate VIP Fund
Franklin Growth and Income VIP Fund
Franklin Income VIP Fund
Franklin Large Cap Growth VIP Fund
Franklin Mutual Global Discovery VIP Fund
Franklin Mutual Shares VIP Fund
Franklin Rising Dividends VIP Fund
Franklin Small Cap Value VIP Fund
Franklin Small-Mid Cap Growth VIP Fund
Franklin Strategic Income VIP Fund
Franklin U.S. Government Securities VIP Fund
Franklin VolSmart Allocation VIP Fund
Templeton Developing Markets VIP Fund
Templeton Foreign VIP Fund
Templeton Global Bond VIP Fund
Templeton Growth VIP Fund
(each a Fund)

At an in-person meeting held on April 17, 2018 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the (i) investment management agreement between Franklin Advisers, Inc. (FAI) and the Trust, on behalf of each of Franklin Flex Cap Growth VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small Mid-Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund, Franklin VolSmart Allocation VIP Fund, and Templeton Global Bond VIP Fund; (ii) the investment sub-advisory agreements between FAI and each of Franklin Advisory Services, LLC and K2/D&S Management Co., LLC (each a Sub-Adviser), affiliates of FAI, on behalf of Franklin VolSmart Allocation VIP Fund; (iii) the investment management agreement between Franklin Templeton Institutional, LLC (FTIL) and the Trust, on behalf of Franklin Global Real Estate VIP Fund; (iv) the investment management agreement between Franklin Mutual Advisers, LLC (FMA) and the Trust, on behalf of each of Franklin Mutual Global Discovery VIP Fund and Franklin Mutual Shares VIP Fund; (v) the investment management agreement between Franklin Advisory Services, LLC (FAS) and the Trust, on behalf of Franklin Small Cap Value VIP Fund; (vi) the investment management agreement between Templeton Asset Management Ltd. (TAML) and the Trust, on behalf of Templeton Developing Markets VIP Fund; (vii) the investment management agreement between Templeton Investment Counsel, LLC (TICL) and the Trust, on behalf of Templeton Foreign VIP Fund; and (viii) the investment management agreement between Templeton Global Advisors Limited (TGAL) and the Trust, on behalf of Templeton Growth VIP Fund (each a Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate. FAI, FTIL, FMA, FAS, TAML, TICL, TGAL and the Sub-Advisers are each referred to herein as a Manager.

In considering the continuation of each Management Agreement, the Board reviewed and considered information provided by each Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to each Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred amongst themselves and Independent Trustee counsel about contract renewal matters. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of each Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by each Manager; (ii) the investment performance of each Fund; (iii) the costs of the services provided and profits realized by each Manager and its affiliates from the relationship with each Fund; (iv) the extent to which economies of scale are realized as each Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the interests of the applicable Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services
The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by each Manager and its affiliates to the Funds and their shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of each Manager; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for each Fund; reports on expenses, shareholder services, marketing support payments made to financial intermediaries and third party servicing arrangements; legal and compliance matters; risk controls; pricing and other services provided by each Manager and its affiliates; and management fees charged by each Manager and its affiliates to U.S. funds and other accounts, including management's explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton Investments (FTI) or the Funds to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements in response to a guidance update in 2016 from the U.S. Securities and Exchange Commission (SEC) relating to mutual fund distribution and sub-accounting fees. The Board noted management's continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity and liquidity risk management. The Board also recognized management's commitment to facilitating Board oversight of particular areas, including derivatives and payments to intermediaries, by enhanced reporting.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the Franklin Templeton family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Managers' parent, and its commitment to the mutual fund business as evidenced by its continued introduction of new funds, reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FTI organization.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by each Manager and its affiliates to the Funds and their shareholders.

Fund Performance
The Board reviewed and considered the performance results of each Fund over various time periods ended January 31, 2018. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Flex Cap Growth VIP Fund - The Performance Universe for this Fund included the Fund and all multi-cap growth funds underlying variable insurance products (VIPs). The Board noted that the Fund's annualized total return for the one-year period was above the median of its Performance Universe, but for the three-, five- and 10-year periods was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory, noting the Fund's second quintile, one-year period performance of 33.96%. The Board also noted the actions management has taken in an effort to address the Fund's performance, including changes to the Fund's portfolio management team and enhancements to the team's security selection process.

Franklin Global Real Estate VIP Fund - The Performance Universe for this Fund included the Fund and all global real estate funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and 10-year periods was below the median of its Performance Universe, but for the three- and five-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was acceptable. In doing so, the Board noted that the Fund's annualized total return for the one-year period, while below the median, exceeded 10.3%.

Franklin Growth and Income VIP Fund - The Performance Universe for this Fund included the Fund and all equity income funds underlying VIPs. The Board noted that the Fund's annualized income return and annualized total return for the one-, three-, five- and 10-year periods were above the medians of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Income VIP Fund and Franklin Strategic Income VIP Fund - The Performance Universe for the Franklin Income VIP Fund included the Fund and all mixed-asset target allocation moderate funds underlying VIPs. The Performance Universe for the Franklin Strategic Income VIP Fund included the Fund and all general bond funds underlying VIPs. The Board noted that the Funds' annualized income returns for the one-, three-, five- and 10-year periods were above the medians of their respective Performance Universes. The Board also noted that the Funds' annualized total returns for the one-, three- and five-year periods were below the medians of their respective Performance Universes, but for the 10-year period were above the medians of their respective Performance Universes. Given the Funds' income-oriented investment objectives, the Board concluded that the Funds' performance was satisfactory.

Franklin Large Cap Growth VIP Fund - The Performance Universe for this Fund included the Fund and all multi-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and three-year periods was above the median of its Performance Universe, but for the five- and 10-year periods was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory. In doing so, the Board noted that the Fund's annualized total return for the one-year period exceeded 32% and the annualized total return for the five- and 10-year periods, while below the median, exceeded 14.9% and 8.9%, respectively.

Franklin Mutual Global Discovery VIP Fund - The Performance Universe for this Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and three-year periods was below the median of its Performance Universe, but for the five- and 10-year periods was above the median and in the first quintile (the best) of its Performance Universe. The Board concluded that the Fund's performance was acceptable. In doing so, the Board noted that the Fund's annualized total return for the one- and three-year periods, while below the median, exceeded 11.0% and 7.7%, respectively.

Franklin Mutual Shares VIP Fund and Franklin Small-Mid Cap Growth VIP Fund - The Performance Universe for the Franklin Mutual Shares VIP Fund included the Fund and all large-cap value funds underlying VIPs. The Performance Universe for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and all mid-cap growth funds underlying VIPs. The Board noted that the Funds' annualized total returns for the one-, three-, five- and 10-year periods were below the medians of their respective Performance Universes. The Board discussed the Funds' performance with management. The Board noted management's explanation that the Franklin Mutual Shares VIP Fund's overweight exposure to U.S. based insurance companies, pharmaceutical stocks, and media stocks detracted from Fund performance. Management further explained that it remains consistent in its disciplined bottom-up investment approach focused on identifying and investing in companies that are trading at a significant discount to their intrinsic value. The Board also noted management's explanation that the Franklin Small-Mid Cap Growth VIP Fund's positioning in the healthcare, consumer discretionary, and industrial sectors was a primary detractor from relative performance over the one-, three-, and five-year periods. The Board further noted management's explanation that it has reduced the Fund's exposure to stock selection risk in those industries and had made changes to the portfolio management team in 2017. The Board also noted management's report that, since January 31, 2018, the Fund has recovered approximately 150 basis points in relative performance for the one-year period and is approximately even with the index and peer average, year-to-date. The Board further noted that the annualized total returns for the one-year period, while below the median, exceeded 11.1% for the Franklin Mutual Shares VIP Fund and 22.4% for the Franklin Small-Mid Cap Growth VIP Fund.

Franklin Rising Dividends VIP Fund and Templeton Developing Markets VIP Fund - The Performance Universe for the Franklin Rising Dividends VIP Fund included the Fund and all multi-cap core funds underlying VIPs. The Performance Universe for the Templeton Developing Markets VIP Fund included the Fund and all emerging markets funds underlying VIPs. The Board noted that the Funds' annualized total returns for the one-, three- and 10-year periods were above the medians of their respective Performance Universes, but for the five-year period were below the medians of their respective Performance Universes. The Board concluded that the Funds' performance was satisfactory. In doing so, the Board noted that the annualized total returns for the one-year period exceeded 24.8% for the Franklin Rising Dividends VIP Fund and 41.4% for the Templeton Developing Markets VIP Fund.

Franklin Small Cap Value VIP Fund - The Performance Universe for this Fund included the Fund and all small-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin U.S. Government Securities VIP Fund - The Performance Universe for this Fund included the Fund and all general U.S. government funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median and in the first quintile (the best) of its Performance Universe. The Board also noted that the Fund's annualized total return for the one-, five- and 10-year periods was slightly below the median of its Performance Universe, but for the three-year period was above the median and in the first quintile (the best) of its Performance Universe. The Board concluded that the Fund's performance was satisfactory given the Fund's income-oriented investment objective and the nature of the Fund's investments, which are primarily in U.S. mortgage-backed securities.

Franklin VolSmart Allocation VIP Fund - The Performance Universe for this Fund included the Fund and all flexible portfolio funds underlying VIPs. The Fund has been in operation for less than five years. The Board noted that the Fund's annualized total return for the one- and three-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Templeton Foreign VIP Fund - The Performance Universe for this Fund included the Fund and all international multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for one-, three- and five-year periods was below the median of its Performance Universe, but for the 10-year period was above the median and in the first quintile (the best) of its Performance Universe. The Board discussed the Fund's performance with management and noted management's explanation that Fund positions in the health care, energy, materials and technology sectors detracted from Fund performance over the one-, three- and five-year periods. Management further explained that it was reviewing the relevant thesis underlying its research conclusions to ensure management's continued conviction that the Fund's portfolio holdings are undervalued. The Board concluded that the Fund's performance was acceptable. In doing so, the Board noted management's explanation and that the Fund's annualized total return for the one-year period, while below the median, exceeded 17.2%.

Templeton Global Bond VIP Fund - The Performance Universe for this Fund included the Fund and all global income funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-year period was below the median of its Performance Universe, but for the three-, five- and 10-year periods was above the median and in the first (the best) or second quintile of its Performance Universe. The Board also noted that the Fund's annualized total return for the one- and three-year periods was below the median of its Performance Universe, but for the five- and 10-year periods was above the median of its Performance Universe. Given the Fund's income-oriented investment objective, the Board concluded that the Fund's performance was satisfactory.

Templeton Growth VIP Fund - The Performance Universe for this Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three- and five-year periods was above the median and in the first (the best) or second quintile of its Performance Universe, but for the 10-year period was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory. In doing so, the Board noted that the Fund's annualized total return for the one-year period exceeded 22.1%.

Comparative Fees and Expenses

The Board reviewed and considered information regarding each Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FTI to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers (Management Rate), if any, of each Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure as the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

Franklin Flex Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, and Templeton Growth VIP Fund - The Expense Group for the Franklin Flex Cap Growth VIP Fund included the Fund and eight other multi-cap growth funds underlying VIPs. The Expense Group for the Franklin Strategic Income VIP Fund included the Fund and eight other general bond funds underlying VIPs. The Expense Group for the Templeton Growth VIP Fund included the Fund, one other global multi-cap value fund underlying VIPs, three global multi-cap core funds underlying VIPs and two global multi-cap growth funds underlying VIPs. The Board noted that the Management Rates for these Funds were slightly above the medians of their respective Expense Groups, but their actual total expense ratios were below the medians of their respective Expense Groups. The Board concluded that the Management Rates charged to these Funds are reasonable. In doing so, the Board noted that the Franklin Flex Cap Growth Fund's actual total expense ratio reflected a fee waiver from management.

Franklin Small-Mid Cap Growth VIP Fund - The Expense Group for the Fund included the Fund and eight other mid-cap growth funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for the Fund were equal to the medians of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund, Templeton Developing Markets VIP Fund - The Expense Group for the Franklin Global Real Estate VIP Fund included the Fund and seven other global real estate funds underlying VIPs. The Expense Group for the Franklin Mutual Global Discovery VIP Fund included the Fund, one other global multi-cap value fund underlying VIPs, three global multi-cap core funds underlying VIPs and five global multi-cap growth funds underlying VIPs. The Expense Group for the Franklin Mutual Shares VIP Fund included the Fund and 10 other large-cap value funds underlying VIPs. The Expense Group for the Templeton Developing Markets VIP Fund included the Fund and eight other emerging markets funds underlying VIPs. The Board noted that the Management Rates and actual total expense ratios for these Funds were above the medians of their respective Expense Groups. The Board concluded that the Management Rates charged to these Funds are reasonable. With respect to the Franklin Mutual Shares VIP Fund and the Franklin Mutual Global Discovery VIP Fund, the Board noted management's explanation that the portfolio management team makes investments in distressed securities and merger arbitrage that are specialist in nature and therefore merit a higher Management Rate. With respect to the Franklin Global Real Estate VIP Fund, the Board noted management's explanation that the portfolio managers' rigorous fundamental analysis with the inclusion of more active risk controls merits a higher Management Rate. Finally, with respect to the Templeton Developing Markets VIP Fund, the Board noted management's agreement to reduce the Management Rate applicable to the Fund.

Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small Cap Value VIP Fund, Franklin U.S. Government Securities VIP Fund, Templeton Foreign VIP Fund and Templeton Global Bond VIP Fund – The Expense Group for the Franklin Growth and Income VIP Fund included the Fund and seven other equity income funds underlying VIPs. The Expense Group for the Franklin Income VIP Fund included the Fund and seven other mixed-asset target allocation moderate funds underlying VIPs. The Expense Group for the Franklin Rising Dividends VIP Fund included the Fund and nine other multi-cap core funds underlying VIPs. The Expense Group for the Franklin Small Cap Value VIP Fund included the Fund and eight other small-cap value funds underlying VIPs. The Expense Group for the Franklin U.S. Government Securities VIP Fund included the Fund and nine other general U.S. government funds underlying VIPs. The Expense Group for the Templeton Foreign VIP Fund included the Fund, five other international multi-cap value funds underlying VIPs and four international multi-cap core funds underlying VIPs. The Expense Group for the Templeton Global Bond VIP Fund included the Fund and seven other global income funds underlying VIPs. The Board noted that the Management Rates and actual total expense ratios for these Funds were below the medians of their respective Expense Groups. The Board concluded that the Management Rates charged to these Funds are reasonable. The Board also noted that the Franklin Growth and Income VIP Fund's actual total expense ratio reflected a fee waiver from management.

Franklin Large Cap Growth VIP Fund - The Expense Group for the Fund included the Fund and seven other multi-cap growth funds underlying VIPs. The Board noted that the Management Rate for the Fund was equal to the median of its Expense Group, but its actual total expense ratio was below the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin VolSmart Allocation VIP Fund – The Expense Group for the Fund included the Fund and four other flexible portfolio funds underlying VIPs. The Board noted the small size of the Expense Group. The Board also noted that the Management Rate for the Fund was below the median of its Expense Group and its actual total expense ratio was slightly above the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable. In doing so, the Board noted that the Fund's actual total expense ratio reflected a fee waiver from management and that the Sub-Advisers were paid by FAI out of the management fee FAI received from the Fund.

Profitability

The Board reviewed and considered information regarding the profits realized by each Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis provided by each Manager that addresses the overall profitability of FTI's U.S. fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2017, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. Additionally, PricewaterhouseCoopers LLP, auditor to Franklin Resources, Inc. and certain Franklin Templeton funds, has been engaged by each Manager to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by each Manager and its affiliates may not be fully reflected in the expenses allocated to each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also noted management's expenditures in improving shareholder services provided to the Funds, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent SEC and other regulatory requirements.

The Board also considered the extent to which each Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by each Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, extent and quality of services provided to each Fund.

Economies of Scale

The Board reviewed and considered the extent to which each Manager may realize economies of scale, if any, as each Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints for each Fund (except for the Franklin VolSmart Allocation VIP Fund), which operate generally to share any economies of scale with a Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered each Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments each Manager incurs across the Franklin Templeton family of funds as a whole. The Board concluded that to the extent economies of scale may be realized by each Manager and its affiliates, each Fund's management fee structure (except that of the Franklin VolSmart Allocation VIP Fund) provided a sharing of benefits with the Fund and its shareholders as the Fund grows. The Board recognized that there would not likely be any economies of scale for the Franklin Flex Cap Growth VIP Fund, Franklin Global Real Estate VIP Fund, Franklin Growth and Income VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin VolSmart Allocation VIP Fund until each Fund's assets grow. The Board also recognized that given the decline in assets over the past three calendar years for each of the Franklin Small-Mid Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, Templeton Foreign VIP Fund and Templeton Growth VIP Fund, these Funds are not expected to experience additional economies of scale in the foreseeable future.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of each Management Agreement for an additional one-year period.

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the US Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the US Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

FRANKLIN TEMPLETON
INVESTMENTS

Semiannual Report
Franklin Templeton Variable Insurance Products Trust

Investment Managers
Franklin Advisers, Inc.
Franklin Advisory Services, LLC
Franklin Mutual Advisers, LLC
Franklin Templeton Institutional, LLC
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Templeton Distributors, Inc.

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.