ZURICH

August 29, 2019

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, 2019. 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,

Audrey Martin
Head of Business Performance Management and Execution

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

**Supplement Dated June 3, 2019**
**to the**
**Prospectus Dated May 1, 2019 for Scudder Destinations℠ Annuity**
**and**
**Farmers Variable Annuity I**
***issued by***
**Zurich American Life Insurance Company**
***through its***
**ZALICO Variable Annuity Separate Account**

This Supplement updates certain information in your variable annuity contract ("Contract") Prospectus. Please read this Supplement carefully and keep it with your Prospectus for future reference.

Effective immediately, DWS Alternatives Global Limited will no longer serve as subadvisor for DWS Global Income Builder VIP (formerly Deutsche Global Income Builder VIP) or for DWS Multisector Income VIP (formerly Deutsche Multisector Income VIP), each a portfolio of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II). All disclosure and references to DWS Alternatives Global Limited are hereby deleted.

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*If you have any questions regarding this Supplement, please call the Service Center at 1-800-449-0523 (toll free), or write at PO Box 19097, Greenville, South Carolina, 29602-9097.*

## SUPPLEMENT TO THE CURRENTLY EFFECTIVE SUMMARY PROSPECTUSES

# DWS Global Income Builder VIP

The fund's Board of Trustees has approved a proposal by DWS Investment Management Americas, Inc. (DIMA), the fund's investment advisor, to terminate the sub-advisory agreement between DIMA and DWS Alternatives Global Limited, an affiliate of DIMA and a direct, wholly-owned subsidiary of DWS Group, effective on or about May 16, 2019.

**Effective on or about May 16, 2019, the summary prospectuses are supplemented as follows:**

**DWS Alternatives Global Limited will no longer serve as subadvisor to the fund and all disclosure and references to DWS Alternatives Global Limited are hereby deleted.**

*The following information replaces the existing disclosure contained under the "MANAGEMENT" section of the fund's summary prospectuses.*

**Investment Advisor**

DWS Investment Management Americas, Inc.

**Portfolio Manager(s)**

**Darwei Kung, Managing Director.** Portfolio Manager of the fund. Began managing the fund in 2013.

**Di Kumble, CFA, Managing Director.** Portfolio Manager of the fund. Began managing the fund in 2014.

**Thomas M. Farina, CFA, Managing Director.** Portfolio Manager of the fund. Began managing the fund in 2019.

**Dokyoung Lee, CFA, Director.** Portfolio Manager of the fund. Began managing the fund in 2018.

**Scott Agi, CFA, Director.** Portfolio Manager of the fund. Began managing the fund in 2019.

*Please Retain This Supplement for Future Reference*

May 17, 2019
PROSTKR-47

DWS

## SUPPLEMENT TO THE CURRENTLY EFFECTIVE SUMMARY PROSPECTUS

# DWS Multisector Income VIP

The fund's Board of Trustees has approved a proposal by DWS Investment Management Americas, Inc. (DIMA), the fund's investment advisor, to terminate the sub-advisory agreement between DIMA and DWS Alternatives Global Limited, an affiliate of DIMA and a direct, wholly-owned subsidiary of DWS Group, effective on or about May 16, 2019.

**Effective on or about May 16, 2019, the summary prospectus is supplemented as follows:**

**DWS Alternatives Global Limited will no longer serve as subadvisor to the fund and all disclosure and references to DWS Alternatives Global Limited are hereby deleted.**

*The following information replaces the existing disclosure contained under the "MANAGEMENT" section of the fund's summary prospectus.*

**Investment Advisor**

DWS Investment Management Americas, Inc.

**Portfolio Manager(s)**

**Thomas M. Farina, CFA, Managing Director.** Portfolio Manager of the fund. Began managing the fund in 2019.

**Kelly L. Beam, CFA, Director.** Portfolio Manager of the fund. Began managing the fund in 2019.

*Please Retain This Supplement for Future Reference*

May 17, 2019
PROSTKR-41

May 2, 2019

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

*Supplement to Current Summary Prospectus and Prospectus*
*dated May 1, 2019*

**The following information supersedes and replaces the information contained in "Portfolio Management" in the summary prospectus and "Fund Summary – Portfolio Management" in the prospectus:**

The fund's investment adviser is Dreyfus and the fund's sub-adviser is Newton, an affiliate of Dreyfus.

Jeff Munroe, Yuko Takano and Rob Stewart are the fund's primary portfolio managers. Mr. Munroe has held that position since May 2017 and Ms. Takano and Mr. Stewart have each held that position since May 2019. Mr. Munroe is the investment leader of the Global Equity team at Newton. Ms. Takano is a member of the Global Equity team and a portfolio manager on the Sustainable Global Equity strategy at Newton. Mr. Stewart is Head of Responsible Research at Newton. Newton's Responsible Research team is responsible for fundamental ESG research and analysis, controversy monitoring, company engagement and active proxy voting.

**The following information supersedes and replaces the fourth paragraph in "Fund Details – Management" in the prospectus:**

Jeff Munroe, Yuko Takano and Rob Stewart are the fund's primary portfolio managers. Mr. Munroe has held that position since May 2017 and Ms. Takano and Mr. Stewart have each held that position since May 2019. Mr. Munroe is the investment leader of the Global Equity team at Newton, where he has been employed since 1993. Ms. Takano is a member of the Global Equity team and a portfolio manager on the Sustainable Global Equity strategy at Newton. She joined Newton in 2011. Mr. Stewart is Head of Responsible Research at Newton. He joined Newton in 2003. Newton's Responsible Research team is responsible for fundamental ESG research and analysis, controversy monitoring, company engagement and active proxy voting.

ALGER

# THE ALGER PORTFOLIOS

Alger Balanced Portfolio

SEMI-ANNUAL REPORT

JUNE 30, 2019 (UNAUDITED)

# Table of Contents

## ALGER BALANCED PORTFOLIO



## Optional Internet Availability of Alger Shareholder Reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of The Alger Portfolios' shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Portfolio or from your financial intermediary. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Portfolio electronically by contacting your financial intermediary or, if you are a direct investor, by signing up for paperless delivery at **www.icsdelivery.com/alger**.

You may elect to receive all future reports in paper free of charge. If you invest directly with the Portfolio you can inform the Portfolio that you wish to continue receiving paper copies of your shareholder reports by calling 1-866-345-5954 or visiting **fundreports.com**. If you invest through a financial intermediary, you can contact your financial intermediary to elect to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held within the Alger Fund Complex or with your financial intermediary.

Dear Shareholders,

**Equities Rally as Economic Recovery Turns 10**

The late American comedian Rodney Dangerfield and the ongoing U.S. economic recovery have a lot in common. Dangerfield rose to stardom with self-deprecating humor and the catchphrase "I get no respect." In June, the ongoing economic recovery celebrated its 10th anniversary, thereby tying an all-time record. Yet, like Dangerfield, the economy hasn't gotten any respect. Witness a recent Bloomberg headline stating "U.S. Economy Celebrates 10 Years of Growth, But No One's Partying."

During the six-month reporting period ended June 30, 2019, our investment team continued to focus on what we have done for over 50 years—fundamental stock research. Our observations of the rapidly accelerating pace of innovation led us to maintain our view that the economy is healthy and deserves respect, with significant change occurring across all sectors. While change can create disruption that threatens some companies, we have continued to seek attractive growth opportunities benefiting from change. Rather than follow the herd of investors who react, in our view, hastily to declining interest rates, trade disputes and concerns about weakening economic growth, we remain steadfast in our process which has been in place since 1964.

**Market Rewards Long-Term Investors**

The S&P 500 Index generated an 18.54% gain during the reporting period. Growth investors were rewarded with the 21.41% return of growth equities as represented by the Russell 3000 Growth Index over the same period. This strong performance of growth continued a long trend of growth outperforming the broader market with the Russell 3000 Growth Index producing annualized returns of 16.4% during the 10-year period ended June 30, 2019, compared to the 14.70% annualized return of the S&P 500 index.

Yet investors became increasingly concerned about the potential for the U.S.–China trade war to hinder economic growth and in April the International Monetary Fund projected that global gross domestic product (GDP) growth would decline from 3.6% in 2018 to 3.3% this year. The news followed U.S. Federal Reserve Board members' March forecast that GDP growth this year would weaken to 2.1%, down from 2.9% in 2018. The Fed also suggested that it was increasingly likely to lower the fed funds interest rate to stimulate the economy, which provided additional support to equities.

**Bond-Like Equites Gain Renewed Popularity**

Anticipation of weakening economic growth caused investors to flock to bonds, which in turn resulted in interest rates declining with the 10-year Treasury yield dropping from 2.7% on March 1 to 2.0% as of June 30. In a development reminiscent of 2016, when interest rates plummeted, yield seeking investors rushed into dividend paying bond-like equities. In a dramatic reversal from 2018, sectors with high-dividend paying stocks, including Utilities, Real Estate and Consumer Staples, generated solid gains although traditional growth sectors such as Information Technology and Consumer Discretionary substantially outperformed the S&P 500.

**Rethinking Defensive Sectors**

The price-to-earnings (P/E) multiples of many defensive sectors are high by historical measures. As of the end of the reporting period, the Utilities and Real Estate sectors traded at 29% and 16% premiums, respectively, relative to their 20-year median valuations, which could imply that each sector has limited upside potential. In comparison, the Information Technology sector, which we believe has stronger potential for earnings growth due to adoption of cloud computing, the introduction of 5G communications, artificial intelligence and other developments, traded at the same 16% premium. Health Care, which is benefiting from a wave of innovation including genetics, new pharmaceuticals and novel medical devices, is another high-growth sector. Using the same measures, Health Care traded at a 5% discount, a result, in part, of proposals to enact "Medicare for All" by presidential candidates, thus weakening sentiment for the sector.

Contrary to popular belief, low-beta, bond-like sectors can potentially underperform secular growth industries during market declines, at least in certain instances. We believe the Telecommunications sector is a relatively "safe" sector based on its historically low downside capture ratio, a statistic that conveys what portion of a daily market decline is reflected in an investment's performance. During the three-year bear market ended December 31, 2009, the Telecommunications sector had a downside capture ratio of approximately 80% compared to the Software sector, which had a downside capture ratio exceeding 100%. Impressively, the Software sector produced a 5% annualized return compared to the 3.5% return of the Telecommunications sector during the same time period. The outperformance resulted from the Software sector generating strong gains on days during which equity markets advanced. Rather than chase yields or overweight what have traditionally been considered defensive sectors, we believe investors may be better served by seeking companies with durable earnings that have potential to capture market share by developing disruptive technologies and innovative products.

**Staying the Course**

Pessimists have frequently claimed that the economic recovery is running on borrowed time simply because of its age. However, the recovery has generated real cumulative growth of approximately 20% compared to growth of typically more than 35% associated with expansions occurring after 1960, according to data from the U.S. Bureau of Economic Analysis[1]. In addition, the Conference Board Leading Economic Index, which we believe is a good indicator of future economic activity, was up 2.5% year over year as of the end of June. Since the late 1960s, recessions haven't occurred until the index declined 3.4% on average year over year. With the exception of four years associated with recessions, the S&P 500 Index has generated positive gains during periods of moderating GDP growth occurring during the past 35 years.[2] We believe there is no reason to expect a recession this year and we believe that a recession is unlikely in 2020.

Pundits have also focused on weakening earnings. As of June 30, 2019, FactSet Research Systems reported that second quarter earnings were expected to decline 2.6% after a 0.3% decline in the first quarter. However, during the past 35 years, the Russell 1000 Growth Index generated a median return of 15.8% compared to 14.1% for the Russell 1000 Value Index during periods when earnings growth weakened. We believe this outperformance resulted from the less cyclical nature of growth equities and the tendency for value stocks to have more operational and financial leverage. While leverage such as debt can help improve corporate earnings during periods of economic growth, costs associated with leverage, such as fixed debt payments, can hurt results when growth weakens. Going forward, earnings growth is expected to strengthen and reach 6.3% in the final quarter of this year, and 9.9% and 12.9%, respectively, in the first and second quarters of next year, according to FactSet Research Systems.

**Going Forward**

We remain optimistic due to the growth of the Leading Economic Index, favorable monetary policy, potential earnings growth and most importantly, innovation that is occurring throughout the economy and supporting economic growth. The digital revolution, including the Internet of Things, cloud computing, artificial intelligence, driver assistance technology and 5G wireless communication, is helping leading corporations grow their earnings by creating new products and services that are disrupting legacy business models. In the Health Care sector, innovative companies are developing genetically based medical treatments and novel pharmaceutical products. Innovation among providers of medical devices is also strong. In closing, we intend to continue to focus on conducting in-depth fundamental research to find companies that are positioned to potentially grow their earnings by capturing market share or creating new niches with innovative products.

**Portfolio Matters**

**Alger Balanced Portfolio**

The Alger Balanced Portfolio returned 10.53% during the fiscal six-month period ended June 30, 2019. The equity portion of the Portfolio underperformed the 18.54% return of the S&P 500 Index and the fixed income portion underperformed the 6.90% return of the Bloomberg Barclays Capital U.S. Government/Credit Bond Index.

**Contributors to Performance**

Regarding the equity portion of the Portfolio, the largest sector weightings were Information Technology and Financials. The largest sector overweight was Financials and the largest underweight was Information Technology. The Financials and Energy sectors provided the greatest contributions to relative performance.

Among individual positions, Microsoft Corp.; Apple, Inc.; Honeywell International, Inc.; Facebook, Inc., Cl. A; and JP Morgan Chase & Co. were among the top contributors to performance. Microsoft created the world's leading desktop operating system. The company is transitioning its products to the cloud under the guidance of CEO Satya Nadella. Microsoft also owns LinkedIn, the Xbox brand and the video chat and voice call platform, Skype. Additionally, Microsoft is building artificial intelligence services and an enterprise cloud offering called Azure. The company has been generating very strong free cash flow that it is returning to shareholders as dividends and share repurchases. At the same time, investors are cheering the positive life cycle change as the company reports strong success in moving its products to the cloud and in growing its enterprise cloud service.

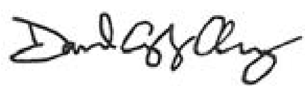
**Detractors from Performance**

The Consumer Discretionary and Information Technology sectors were among the sectors that detracted from results. Regarding individual positions, DuPont de Nemours, Inc.; CVS Health Corporation; AbbVie, Inc.; Kohl's Corporation; and Gap, Inc. were among the top detractors from performance. AbbVie is a research-based biopharmaceutical company that develops and distributes pharmaceutical products. HUMIRA, which is used to reduce symptoms of moderate to severe rheumatoid arthritis, has been an important contributor to the company's growth. The share price of AbbVie declined during the first quarter after the company reported its first earnings miss in five years and provided 2019 guidance that fell below investors' expectations. While reporting earnings results and issuing guidance, management said HUMIRA is facing competition from a biosimilar product.

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 corporate bonds represented 36.3% of Portfolio assets. The option-adjusted spread of the Bloomberg Barclays Capital U.S. Government/Credit Bond Index entered the year at its highest level in 18 months and overall yields were near five-year highs. Both yields and spreads reversed sharply during the six-month reporting period, with yields erasing the upward movement of 2018 and spreads narrowing back to mid-2018 levels. As a result, total returns for corporate bonds were positive for the six-month period.

As always, we strive to deliver consistently superior investment results to 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.

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[1] *Cumulative growth is measured from economic peak to economic peak.*
[2] *Periods of material slowing of GDP are defined as negative change in the annual real GDP growth rate of 50 basis points or more.*

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, 2019. 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 certain risks, and may not be suitable for all investors. Growth stocks tend to be more volatile than other stocks as their prices tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. The risks of investing in fixed-income securities include sensitivity to interest-rate and credit rating changes, call risk, increased volatility for lower rated securities, and pre-payment risk.

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.**

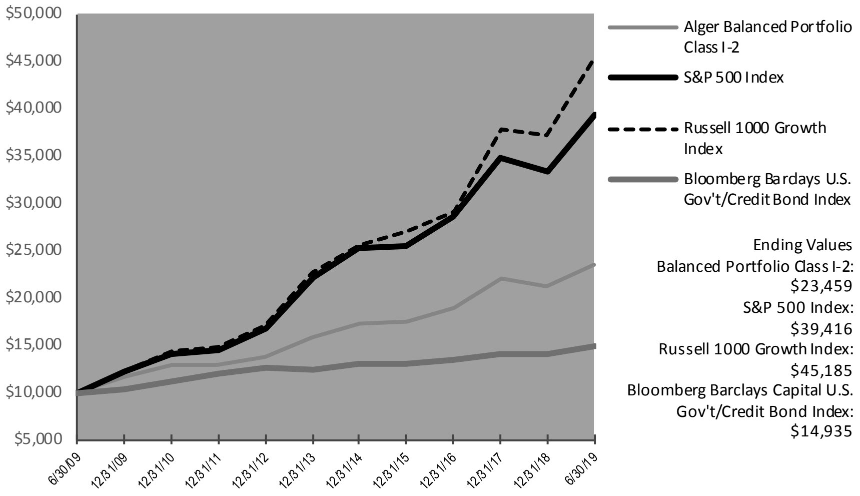
**NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.**

Definitions:

- S&P 500 Index: An index of large company stocks considered to be representative of the U.S. stock market.
- The Russell 3000 Growth Index combines the large-cap Russell 1000 Growth, the small-cap Russell 2000 Growth and the Russell Microcap Growth Index. It includes companies that are considered more growth oriented relative to the overall market as defined by Russell's leading style methodology. The Russell 3000 Growth Index is constructed to provide a comprehensive, unbiased, and stable barometer of the growth opportunities within the broad market.
- The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher growth earning potential as defined by Russell's leading style methodology. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment.
- Russell 1000 Value Index: An index that measures the performance of those Russell 1000 companies with lower price/book ratios and lower forecasted growth values.
- The Conference Boards 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 forward price-to-earnings ratio (P/E) is the current market price of a company divided by its expected earnings during the next 12 months.
- The Bloomberg Barclays Capital U.S. Government/Credit 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 6/30/19*




The chart above illustrates the change in value of a hypothetical $10,000 investment made in Alger Balanced Portfolio Class I-2 shares, the Russell 1000 Growth Index and the S&P 500 Index (each 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, 2019. Figures for each of the Alger Balanced Portfolio Class I-2 shares, the Russell 1000 Growth Index, the Bloomberg Barclays Capital U.S. Gov't/Credit Bond Index and the S&P 500 Index include reinvestment of dividends. Figures for the Alger Balanced Portfolio Class I-2 shares also include reinvestment of capital gains.

Alger Balanced Portfolio's primary benchmark is the S&P 500 Index. Prior to June 1, 2019, Alger Balanced Portfolio's primary benchmark was the Russell 1000 Growth Index. Alger Management believes that the S&P 500 Index is a more appropriate benchmark for Alger Balanced Portfolio than the Russell 1000 Growth Index because the equity holdings of Alger Balanced Portfolio are more similar to the securities comprising the S&P 500 Index than those comprising the Russell 1000 Growth Index. In future periods, Alger Balanced Portfolio will no longer compare its performance to that of the Russell 1000 Growth Index.

## PERFORMANCE COMPARISON AS OF 6/30/19

| AVERAGE ANNUAL TOTAL RETURNS | 1 YEAR | 5 YEARS | 10 YEARS | Since 9/5/1989 |
|---|---|---|---|---|
| Class I-2 (Inception 9/5/89) | 7.61% | 7.14% | 8.90% | 7.56% |
| S&P 500 Index | 10.42% | 10.71% | 14.70% | 9.69% |
| Russell 1000 Growth Index | 11.56% | 13.39% | 16.28% | 9.75% |
| Bloomberg Barclays Capital U.S. Gov't/Credit Bond Index | 8.52% | 3.11% | 4.09% | 6.05% |

*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, 2019 (Unaudited)

| SECTORS/SECURITY TYPES | Alger Balanced Portfolio |
|---|---|
| Communication Services | 6.8% |
| Consumer Discretionary | 6.8 |
| Consumer Staples | 4.6 |
| Energy | 3.6 |
| Financials | 10.1 |
| Health Care | 8.6 |
| Industrials | 5.6 |
| Information Technology | 11.4 |
| Materials | 1.2 |
| Real Estate | 2.7 |
| Utilities | 0.9 |
| Total Equity Securities | 62.3 |
| Corporate Bonds | 36.3 |
| Total Debt Securities | 36.3 |
| Short-Term Investments and Net Other Assets | 1.4 |
| | 100.0% |

† *Based on net assets for the Portfolio.*

| COMMON STOCKS—57.6% | SHARES | | VALUE |
|---|---|---|---|
| AEROSPACE & DEFENSE—2.4% | | | |
| General Dynamics Corp. | 1,394 | $ | 253,457 |
| The Boeing Co. | 1,662 | | 604,985 |
| United Technologies Corp. | 1,561 | | 203,242 |
| | | | 1,061,684 |
| AIR FREIGHT & LOGISTICS—0.3% | | | |
| United Parcel Service, Inc., Cl. B | 1,221 | | 126,093 |
| APPAREL ACCESSORIES & LUXURY GOODS—0.4% | | | |
| Tapestry, Inc. | 5,220 | | 165,631 |
| APPAREL RETAIL—0.2% | | | |
| The Gap, Inc. | 5,623 | | 101,045 |
| ASSET MANAGEMENT & CUSTODY BANKS—1.1% | | | |
| BlackRock, Inc., Cl. A | 1,026 | | 481,502 |
| BIOTECHNOLOGY—1.2% | | | |
| AbbVie, Inc. | 2,364 | | 171,910 |
| Amgen, Inc. | 1,007 | | 185,570 |
| Gilead Sciences, Inc. | 2,516 | | 169,981 |
| | | | 527,461 |
| BUILDING PRODUCTS—0.3% | | | |
| Johnson Controls International PLC | 3,449 | | 142,478 |
| CABLE & SATELLITE—0.9% | | | |
| Comcast Corp., Cl. A | 9,330 | | 394,472 |
| CASINOS & GAMING—0.3% | | | |
| Las Vegas Sands Corp. | 2,121 | | 125,330 |
| COMMODITY CHEMICALS—0.2% | | | |
| Dow, Inc. | 1,424 | | 70,217 |
| COMMUNICATIONS EQUIPMENT—1.0% | | | |
| Cisco Systems, Inc. | 8,226 | | 450,209 |
| CONSUMER ELECTRONICS—0.3% | | | |
| Garmin Ltd. | 1,641 | | 130,952 |
| DEPARTMENT STORES—0.3% | | | |
| Kohl's Corp. | 2,403 | | 114,263 |
| DIVERSIFIED BANKS—4.1% | | | |
| Bank of America Corp. | 14,927 | | 432,883 |
| JPMorgan Chase & Co. | 10,350 | | 1,157,130 |
| Wells Fargo & Co. | 5,357 | | 253,493 |
| | | | 1,843,506 |
| ELECTRIC UTILITIES—0.4% | | | |
| NextEra Energy, Inc. | 875 | | 179,253 |
| ELECTRICAL COMPONENTS & EQUIPMENT—0.5% | | | |
| Eaton Corp., PLC | 2,452 | | 204,203 |
| FINANCIAL EXCHANGES & DATA—1.5% | | | |
| CME Group, Inc., Cl.A | 3,442 | | 668,127 |
| HEALTH CARE EQUIPMENT—0.4% | | | |
| Medtronic PLC | 1,995 | | 194,293 |

| COMMON STOCKS—57.6% (CONT.) | SHARES | VALUE |
|---|---|---|
| HEALTH CARE SERVICES—0.6% | | |
| CVS Health Corp. | 4,976 | $ 271,142 |
| HOME IMPROVEMENT RETAIL—1.8% | | |
| The Home Depot, Inc. | 3,819 | 794,237 |
| HOTELS RESORTS & CRUISE LINES—0.8% | | |
| Extended Stay America, Inc. | 9,124 | 154,104 |
| Royal Caribbean Cruises Ltd. | 1,641 | 198,906 |
| | | 353,010 |
| HOUSEHOLD PRODUCTS—1.2% | | |
| The Procter & Gamble Co. | 4,838 | 530,487 |
| HYPERMARKETS & SUPER CENTERS—0.7% | | |
| Walmart, Inc. | 2,962 | 327,271 |
| INDUSTRIAL CONGLOMERATES—1.7% | | |
| Honeywell International, Inc. | 4,396 | 767,498 |
| INDUSTRIAL GASES—0.8% | | |
| Air Products & Chemicals, Inc. | 1,525 | 345,214 |
| INTEGRATED OIL & GAS—2.0% | | |
| Chevron Corp. | 2,090 | 260,079 |
| Exxon Mobil Corp. | 4,882 | 374,108 |
| TOTAL SA# | 4,838 | 269,912 |
| | | 904,099 |
| INTEGRATED TELECOMMUNICATION SERVICES—2.3% | | |
| AT&T, Inc. | 12,887 | 431,843 |
| Verizon Communications, Inc. | 9,896 | 565,359 |
| | | 997,202 |
| INTERACTIVE MEDIA & SERVICES—3.6% | | |
| Alphabet, Inc., Cl. A* | 506 | 547,897 |
| Alphabet, Inc., Cl. C* | 508 | 549,102 |
| Facebook, Inc., Cl. A* | 2,762 | 533,066 |
| | | 1,630,065 |
| INTERNET & DIRECT MARKETING RETAIL—1.0% | | |
| Amazon.com, Inc.* | 228 | 431,748 |
| INVESTMENT BANKING & BROKERAGE—1.3% | | |
| Morgan Stanley | 13,245 | 580,263 |
| LEISURE FACILITIES—0.8% | | |
| Six Flags Entertainment Corp. | 2,669 | 132,596 |
| Vail Resorts, Inc. | 914 | 203,986 |
| | | 336,582 |
| MANAGED HEALTH CARE—1.1% | | |
| UnitedHealth Group, Inc. | 2,065 | 503,881 |
| MULTI-LINE INSURANCE—0.5% | | |
| The Hartford Financial Services Group, Inc. | 4,125 | 229,845 |
| MULTI-UTILITIES—0.5% | | |
| Sempra Energy | 1,710 | 235,022 |

| COMMON STOCKS—57.6% (CONT.) | SHARES | | VALUE |
|---|---|---|---|
| OIL & GAS EXPLORATION & PRODUCTION—0.6% | | | |
| ConocoPhillips | 4,449 | $ | 271,389 |
| OIL & GAS REFINING & MARKETING—0.2% | | | |
| Valero Energy Corp. | 1,282 | | 109,752 |
| OIL & GAS STORAGE & TRANSPORTATION—0.4% | | | |
| ONEOK, Inc. | 2,579 | | 177,461 |
| PHARMACEUTICALS—5.3% | | | |
| AstraZeneca PLC# | 5,078 | | 209,620 |
| Bristol-Myers Squibb Co. | 2,675 | | 121,311 |
| Eli Lilly & Co. | 3,230 | | 357,852 |
| GlaxoSmithKline PLC# | 4,846 | | 193,937 |
| Johnson & Johnson | 4,133 | | 575,644 |
| Merck & Co., Inc. | 2,554 | | 214,153 |
| Novartis AG# | 1,551 | | 141,622 |
| Pfizer, Inc. | 12,960 | | 561,427 |
| | | | 2,375,566 |
| RAILROADS—0.4% | | | |
| Union Pacific Corp. | 1,159 | | 195,998 |
| RESTAURANTS—0.9% | | | |
| Darden Restaurants, Inc. | 1,279 | | 155,693 |
| McDonald's Corp. | 1,140 | | 236,732 |
| | | | 392,425 |
| SEMICONDUCTOR EQUIPMENT—0.7% | | | |
| KLA-Tencor Corp. | 2,664 | | 314,885 |
| SEMICONDUCTORS—2.2% | | | |
| Broadcom, Inc. | 1,835 | | 528,223 |
| QUALCOMM, Inc. | 3,508 | | 266,854 |
| Taiwan Semiconductor Manufacturing Co., Ltd.# | 4,273 | | 167,373 |
| | | | 962,450 |
| SOFT DRINKS—1.7% | | | |
| PepsiCo, Inc. | 3,818 | | 500,654 |
| The Coca-Cola Co. | 5,104 | | 259,896 |
| | | | 760,550 |
| SPECIALTY CHEMICALS—0.2% | | | |
| DuPont de Nemours, Inc. | 1,424 | | 106,900 |
| SYSTEMS SOFTWARE—5.0% | | | |
| Microsoft Corp. | 16,767 | | 2,246,107 |
| TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—2.5% | | | |
| Apple, Inc. | 5,715 | | 1,131,113 |
| TOBACCO—1.0% | | | |
| Altria Group, Inc. | 9,689 | | 458,774 |
| TOTAL COMMON STOCKS | | | |
| (Cost $15,612,549) | | | 25,721,655 |

| MASTER LIMITED PARTNERSHIP—1.5% | SHARES | VALUE |
|---|---|---|
| ASSET MANAGEMENT & CUSTODY BANKS—1.1% | | |
| The Blackstone Group LP | 7,866 | 349,408 |

| MASTER LIMITED PARTNERSHIP—1.5% (CONT.) | SHARES | | VALUE |
|---|---|---|---|
| ASSET MANAGEMENT & CUSTODY BANKS—1.1% (CONT.) | | | |
| The Carlyle Group LP | 6,242 | $ | 141,132 |
| | | | 490,540 |
| OIL & GAS STORAGE & TRANSPORTATION—0.4% | | | |
| Cheniere Energy Partners LP | 4,546 | | 191,750 |
| TOTAL MASTER LIMITED PARTNERSHIP (Cost $462,599) | | | 682,290 |

| REAL ESTATE INVESTMENT TRUST—3.2% | SHARES | VALUE |
|---|---|---|
| HEALTH CARE—0.5% | | |
| Welltower, Inc. | 2,947 | 240,269 |
| INDUSTRIALS—0.4% | | |
| Americold Realty Trust | 4,853 | 157,334 |
| MORTGAGE—0.5% | | |
| Blackstone Mortgage Trust, Inc., Cl. A | 6,717 | 238,991 |
| SPECIALIZED—1.8% | | |
| Crown Castle International Corp. | 2,997 | 390,659 |
| CyrusOne, Inc. | 3,124 | 180,317 |
| Lamar Advertising Co., Cl. A | 2,654 | 214,205 |
| | | 785,181 |
| TOTAL REAL ESTATE INVESTMENT TRUST (Cost $1,102,431) | | 1,421,775 |

| CORPORATE BONDS—36.3% | PRINCIPAL AMOUNT | VALUE |
|---|---|---|
| AGRICULTURAL & FARM MACHINERY—4.0% | | |
| John Deere Capital Corp., 2.75%, 3/15/22 | 1,750,000 | 1,784,368 |
| DIVERSIFIED BANKS—4.6% | | |
| JPMorgan Chase & Co., 4.35%, 8/15/21 | 1,000,000 | 1,040,505 |
| Wells Fargo & Co., 3.30%, 9/9/24 | 1,000,000 | 1,035,470 |
| | | 2,075,975 |
| INDUSTRIAL CONGLOMERATES—4.5% | | |
| General Electric Co., 6.00%, 8/7/19 | 2,000,000 | 2,006,606 |
| INTEGRATED OIL & GAS—2.3% | | |
| Total Capital SA, 4.45%, 6/24/20 | 1,000,000 | 1,021,775 |
| INTEGRATED TELECOMMUNICATION SERVICES—3.3% | | |
| Verizon Communications, Inc., 5.15%, 9/15/23 | 1,300,000 | 1,452,490 |
| PACKAGED FOODS & MEATS—4.5% | | |
| Campbell Soup Co., 2.50%, 8/2/22 | 2,000,000 | 1,991,722 |
| SEMICONDUCTORS—3.6% | | |
| Altera Corp., 4.10%, 11/15/23 | 1,500,000 | 1,612,718 |
| SYSTEMS SOFTWARE—2.2% | | |
| Microsoft Corp., 1.85%, 2/12/20 | 1,000,000 | 998,131 |
| TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—7.3% | | |
| Apple, Inc., 1.80%, 5/11/20 | 1,200,000 | 1,197,284 |

| CORPORATE BONDS—36.3% (CONT.) | PRINCIPAL AMOUNT | | VALUE |
|---|---|---|---|
| TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—7.3% (CONT.) | | | |
| HP, Inc., 4.38%, 9/15/21 | 2,000,000 | $ | 2,086,658 |
| | | | 3,283,942 |
| TOTAL CORPORATE BONDS (Cost $15,982,129) | | | 16,227,727 |
| Total Investments (Cost $33,159,708) | 98.6% | $ | 44,053,447 |
| Unaffiliated Securities (Cost $33,159,708) | | | 44,053,447 |
| Other Assets in Excess of Liabilities | 1.4% | | 629,024 |
| NET ASSETS | 100.0% | $ | 44,682,471 |

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

*See Notes to Financial Statements.*

## ALGER BALANCED PORTFOLIO
## Statement of Assets and Liabilities June 30, 2019 (Unaudited)

| | | Alger Balanced Portfolio |
|---|---|---|
| ASSETS: | | |
| Investments in unaffiliated securities, at value (Identified cost below)* see accompanying schedule of investments | $ | 44,053,447 |
| Cash and cash equivalents | | 393,384 |
| Receivable for shares of beneficial interest sold | | 102,933 |
| Dividends and interest receivable | | 223,445 |
| Prepaid expenses | | 13,321 |
| Total Assets | | 44,786,530 |
| LIABILITIES: | | |
| Payable for shares of beneficial interest redeemed | | 16,204 |
| Accrued investment advisory fees | | 25,952 |
| Accrued professional fees | | 19,108 |
| Accrued printing fees | | 17,579 |
| Accrued custodian fees | | 12,275 |
| Accrued transfer agent fees | | 3,349 |
| Accrued administrative fees | | 1,005 |
| Accrued shareholder administrative fees | | 366 |
| Accrued other expenses | | 8,221 |
| Total Liabilities | | 104,059 |
| NET ASSETS | $ | 44,682,471 |
| NET ASSETS CONSIST OF: | | |
| Paid in capital (par value of $.001 per share) | | 32,347,583 |
| Distributable earnings | | 12,334,888 |
| NET ASSETS | $ | 44,682,471 |
| * Identified cost | $ | 33,159,708[a] |

***See Notes to Financial Statements.***

[a] *At June 30, 2019, the net unrealized appreciation on investments, based on cost for federal income tax purposes of $33,069,026, amounted to $10,984,421, which consisted of aggregate gross unrealized appreciation of $11,554,488 and aggregate gross unrealized depreciation of $570,067.*

| | | Alger Balanced Portfolio |
|---|---|---|
| **NET ASSETS BY CLASS:** | | |
| Class I-2 | $ | 44,682,471 |
| **SHARES OF BENEFICIAL INTEREST OUTSTANDING — NOTE 6:** | | |
| Class I-2 | | 2,956,903 |
| **NET ASSET VALUE PER SHARE:** | | |
| Class I-2 — Net Asset Value Per Share Class I-2 | $ | 15.11 |

***See Notes to Financial Statements.***

## ALGER BALANCED PORTFOLIO
### Statement of Operations for the six months ended June 30, 2019 (Unaudited)

| | | Alger Balanced Portfolio |
|---|---|---|
| INCOME: | | |
| Dividends (net of foreign withholding taxes*) | $ | 388,259 |
| Interest | | 231,577 |
| Total Income | | 619,836 |
| EXPENSES: | | |
| Advisory fees — Note 3(a) | | 155,742 |
| Shareholder administrative fees — Note 3(f) | | 2,194 |
| Administration fees — Note 3(b) | | 6,032 |
| Custodian fees | | 23,887 |
| Transfer agent fees and expenses — Note 3(f) | | 6,457 |
| Printing fees | | 12,325 |
| Professional fees | | 17,183 |
| Registration fees | | 9,749 |
| Trustee fees — Note 3(g) | | 800 |
| Fund accounting fees | | 7,505 |
| Miscellaneous | | 2,038 |
| Total Expenses | | 243,912 |
| NET INVESTMENT INCOME | | 375,924 |
| REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS: | | |
| Net realized gain on unaffiliated investments | | 761,603 |
| Net change in unrealized appreciation on unaffiliated investments | | 3,225,217 |
| Net realized and unrealized gain on investments | | 3,986,820 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | $ | 4,362,744 |
| * Foreign withholding taxes | $ | 2,297 |

***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, 2019 | For the Year Ended December 31, 2018 |
| Net investment income | $ 375,924 | $ 741,932 |
| Net realized gain on investments | 761,603 | 1,153,673 |
| Net change in unrealized appreciation (depreciation) on investments | 3,225,217 | (3,274,025) |
| Net increase (decrease) in net assets resulting from operations | 4,362,744 | (1,378,420) |
| Dividends and distributions to shareholders: | | |
| Class I-2 | — | (7,553,651) |
| Total dividends and distributions to shareholders | — | (7,553,651) |
| Increase (decrease) from shares of beneficial interest transactions — Note 6: | | |
| Class I-2 | (1,717,386) | 3,468,329 |
| Total increase (decrease) | 2,645,358 | (5,463,742) |
| Net Assets: | | |
| Beginning of period | 42,037,113 | 47,500,855 |
| END OF PERIOD | $ 44,682,471 | $ 42,037,113 |

***See Notes to Financial Statements.***

| Alger Balanced Portfolio | Class I-2 | | | | | |
|---|---|---|---|---|---|---|
| | Six months ended 6/30/2019[i] | Year ended 12/31/2018 | Year ended 12/31/2017 | Year ended 12/31/2016 | Year ended 12/31/2015 | Year ended 12/31/2014 |
| Net asset value, beginning of period | $ 13.67 | $ 17.20 | $ 15.32 | $ 14.39 | $ 14.48 | $ 13.49 |
| INCOME FROM INVESTMENT OPERATIONS: | | | | | | |
| Net investment income[ii] | 0.12 | 0.28 | 0.29 | 0.29 | 0.29 | 0.29 |
| Net realized and unrealized gain (loss) on investments | 1.32 | (0.84) | 2.08 | 0.94 | (0.08) | 0.98 |
| Total from investment operations | 1.44 | (0.56) | 2.37 | 1.23 | 0.21 | 1.27 |
| Dividends from net investment income | – | (0.72) | (0.49) | (0.30) | (0.30) | (0.28) |
| Distributions from net realized gains | – | (2.25) | – | – | – | – |
| Net asset value, end of period | $ 15.11 | $ 13.67 | $ 17.20 | $ 15.32 | $ 14.39 | $ 14.48 |
| Total return | 10.53% | (3.32)% | 15.44% | 8.51% | 1.47% | 9.43% |
| RATIOS/SUPPLEMENTAL DATA: | | | | | | |
| Net assets, end of period (000's omitted) | $ 44,682 | $ 42,037 | $ 47,501 | $ 71,534 | $ 75,350 | $ 96,563 |
| Ratio of net expenses to average net assets | 1.11% | 1.14% | 0.96% | 0.96% | 0.92% | 0.92% |
| Ratio of net investment income to average net assets | 1.71% | 1.61% | 1.77% | 1.97% | 1.97% | 2.09% |
| Portfolio turnover rate | 2.63% | 5.04% | 10.89% | 3.58% | 9.64% | 24.89% |

***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 Growth & Income Portfolio, Alger Mid Cap Growth Portfolio, Alger SMid Cap Focus Portfolio, Alger Small Cap Growth 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 held by 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 on the primary market or exchange on which they are traded as reported by an independent pricing service. 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 Portfolio's 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 and officers of the Fund. The Committee reports its fair valuation determinations and related valuation information to the Board. The Board 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 unexercised 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 including borrowings, 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 (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, 2019.

*(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 2015-2018. 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.

*(k) Recent Accounting Pronouncement:* In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-13 "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13") which modifies disclosure requirements for fair value measurements, principally for Level 3 securities and transfers between levels of the fair value hierarchy. ASU 2018-13 is effective for fiscal years

beginning after December 15, 2019 and for interim periods within those fiscal years.

Management is currently evaluating the application of ASU 2018-13 and its impact, if any, on the Portfolio's financial statements.

## 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, 2019, is set forth below under the heading "Actual Rate."

| | Tier 1 | Tier 2 | Actual Rate |
|---|---|---|---|
| Alger Balanced Portfolio[a] | 0.71% | 0.55% | 0.71% |

[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, 2019, there were no payments to Fred Alger & Company, Incorporated, the Fund's distributor (the "Distributor" or "Alger Inc.") and an affiliate of Alger Management, 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, 2019.

*(e) Other Transactions with Affiliates:* Certain officers of the Fund are directors or 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 1, 2019, each Independent Trustee receives a fee of $122,000 per annum, paid pro rata based on net assets by each fund in the Alger Fund Complex, plus travel expenses incurred for attending board meetings. The term "Alger Fund

Complex" refers to the Fund, The Alger Institutional Funds, The Alger Funds II, The Alger Funds and Alger Global Focus 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 based on net assets 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 based on net assets 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, 2019.

## 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, 2019, were as follows:

| | PURCHASES | SALES |
|---|---|---|
| Alger Balanced Portfolio | $1,136,455 | $2,393,508 |

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, 2019, 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, 2019 and the year ended December 31, 2018, transactions of shares of beneficial interest were as follows:

| | FOR THE SIX MONTHS ENDED JUNE 30, 2019 | | FOR THE YEAR ENDED DECEMBER 31, 2018 | |
|---|---|---|---|---|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| **Alger Balanced Portfolio** | | | | |
| Class I-2: | | | | |
| Shares sold | 123,971 | $ 1,805,734 | 208,207 | $ 3,600,652 |
| Dividends reinvested | — | — | 549,357 | 7,553,651 |
| Shares redeemed | (241,518) | (3,523,120) | (445,232) | (7,685,974) |
| Net increase (decrease) | (117,547) | $ (1,717,386) | 312,332 | $ 3,468,329 |

## NOTE 7 — Income Tax Information:

At December 31, 2018, the Portfolio, for federal income tax purposes, had no capital loss carryforwards and no capital loss carryforwards were utilized in 2018.

Net capital losses incurred after October 31 and within the taxable year are deemed to arise on the first business day of the Portfolio's next taxable year.

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, 2019, the Portfolio has determined that presenting them by security type and sector is appropriate.

| Alger Balanced Portfolio | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|---|---|---|---|
| COMMON STOCKS | | | | |
| Communication Services | $ 3,021,739 | $ 3,021,739 | $ — | $ — |
| Consumer Discretionary | 2,945,223 | 2,945,223 | — | — |
| Consumer Staples | 2,077,082 | 2,077,082 | — | — |
| Energy | 1,462,701 | 1,462,701 | — | — |
| Financials | 3,803,243 | 3,803,243 | — | — |
| Health Care | 3,872,343 | 3,872,343 | — | — |
| Industrials | 2,497,954 | 2,497,954 | — | — |
| Information Technology | 5,104,764 | 5,104,764 | — | — |
| Materials | 522,331 | 522,331 | — | — |
| Utilities | 414,275 | 414,275 | — | — |
| TOTAL COMMON STOCKS | $ 25,721,655 | $ 25,721,655 | $ — | $ — |
| MASTER LIMITED PARTNERSHIP | | | | |
| Energy | 191,750 | 191,750 | — | — |
| Financials | 490,540 | 490,540 | — | — |
| TOTAL MASTER LIMITED PARTNERSHIP | $ 682,290 | $ 682,290 | $ — | $ — |

| Alger Balanced Portfolio | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|---|---|---|---|
| REAL ESTATE INVESTMENT TRUST | | | | |
| Financials | $ 238,991 | $ 238,991 | $ — | $ — |
| Real Estate | 1,182,784 | 1,182,784 | — | — |
| TOTAL REAL ESTATE INVESTMENT TRUST | $ 1,421,775 | $ 1,421,775 | $ — | $ — |
| CORPORATE BONDS | | | | |
| Communication Services | 1,452,490 | — | 1,452,490 | — |
| Consumer Staples | 1,991,722 | — | 1,991,722 | — |
| Energy | 1,021,775 | — | 1,021,775 | — |
| Financials | 2,075,975 | — | 2,075,975 | — |
| Industrials | 3,790,974 | — | 3,790,974 | — |
| Information Technology | 5,894,791 | — | 5,894,791 | — |
| TOTAL CORPORATE BONDS | $ 16,227,727 | $ — | $ 16,227,727 | $ — |
| TOTAL INVESTMENTS IN SECURITIES | $ 44,053,447 | $ 27,825,720 | $ 16,227,727 | $ — |

As of June 30, 2019, 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, 2019, such assets were categorized within the ASC 820 disclosure hierarchy as follows:

| | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|---|---|---|---|
| Cash and cash equivalents | $ 393,384 | $ — | $ 393,384 | $ — |

## 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 held by the Portfolio throughout the period or as of June 30, 2019.

## NOTE 10 — Risk Disclosures:

Investing in the stock market involves certain risks, and may not be suitable for all investors. Growth stocks tend to be more volatile than other stocks as their prices tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. The primary risk 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 suspensions 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, 2019, through the issuance date of the Financial Statements. No such events have been identified which require recognition and/or disclosure other than the Fund, on behalf of the Portfolio, entering into a new transfer agency agreement with UMB Fund Services, Inc. effective October 5, 2019.

## 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, 2019 and ending June 30, 2019.

## 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, 2019" 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, 2019 | Ending Account Value June 30, 2019 | Expenses Paid During the Six Months Ended June 30, 2019[(a)] | Annualized Expense Ratio For the Six Months Ended June 30, 2019[(b)] |
|---|---|---|---|---|---|
| Alger Balanced Portfolio | | | | | |
| Class I-2 | Actual | $ 1,000.00 | $ 1,105.30 | $ 5.79 | 1.11% |
| | Hypothetical[(c)] | 1,000.00 | 1,019.29 | 5.56 | 1.11 |

(a) *Expenses are equal to the annualized expense ratio of the 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:<br>• Social Security number and<br>• Account balances and<br>• Transaction history and<br>• Purchase history and<br>• Assets<br>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 Focus 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:<br>• Open an account or<br>• Make deposits or withdrawals from your account or<br>• Give us your contact information or<br>• Provide account information or<br>• Pay us by check. |
| Why can't I limit all sharing? | Federal law gives you the right to limit some but not all sharing related to:<br>• sharing for affiliates' everyday business purposes — information about your credit worthiness<br>• affiliates from using your information to market to you<br>• sharing for nonaffiliates to market to you<br>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.<br>• Our affiliates include Fred Alger Management, Inc., Weatherbie Capital, LLC 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 Focus 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 complete schedule of portfolio holdings available semi-annually in shareholder reports filed on Form N-CSR and after the first and third fiscal quarters as an exhibit to its reports on Form N-PORT. Previously, the Portfolio made its complete schedule of portfolio holdings available after the first and third fiscal quarters in regulatory filings on Form N-Q. The Portfolio's Forms N-CSR, N-PORT and N-Q are available online on the SEC's website at www.sec.gov.

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 third parties including financial intermediaries and service providers who 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 third parties 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 make additional statistical information available regarding the Alger Family of Funds. Such information may include, but not be limited to, relative weightings and characteristics of the Portfolio versus 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, 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, portfolio turnover, and other similar information. Shareholders should visit www.alger.com or may also 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.
Attn: The Alger Portfolios
430 W 7th Street
STE 219432
Kansas City, MO 64105-1407

## Custodian

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

## Independent Registered Public Accounting Firm

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112

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.

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# THE ALGER PORTFOLIOS

## Alger Capital Appreciation Portfolio

SEMI-ANNUAL REPORT

JUNE 30, 2019 (UNAUDITED)

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## ALGER CAPITAL APPRECIATION PORTFOLIO



## Optional Internet Availability of Alger Shareholder Reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of The Alger Portfolios' shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Portfolio or from your financial intermediary. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Portfolio electronically by contacting your financial intermediary or, if you are a direct investor, by signing up for paperless delivery at **www.icsdelivery.com/alger**.

You may elect to receive all future reports in paper free of charge. If you invest directly with the Portfolio you can inform the Portfolio that you wish to continue receiving paper copies of your shareholder reports by calling 1-866-345-5954 or visiting **fundreports.com**. If you invest through a financial intermediary, you can contact your financial intermediary to elect to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held within the Alger Fund Complex or with your financial intermediary.

Dear Shareholders,

**Equities Rally as Economic Recovery Turns 10**

The late American comedian Rodney Dangerfield and the ongoing U.S. economic recovery have a lot in common. Dangerfield rose to stardom with self-deprecating humor and the catchphrase "I get no respect." In June, the ongoing economic recovery celebrated its 10th anniversary, thereby tying an all-time record. Yet, like Dangerfield, the economy hasn't gotten any respect. Witness a recent Bloomberg headline stating "U.S. Economy Celebrates 10 Years of Growth, But No One's Partying."

During the six-month reporting period ended June 30, 2019, our investment team continued to focus on what we have done for over 50 years—fundamental stock research. Our observations of the rapidly accelerating pace of innovation led us to maintain our view that the economy is healthy and deserves respect, with significant change occurring across all sectors. While change can create disruption that threatens some companies, we have continued to seek attractive growth opportunities benefiting from change. Rather than follow the herd of investors who react, in our view, hastily to declining interest rates, trade disputes and concerns about weakening economic growth, we remain steadfast in our process which has been in place since 1964.

**Market Rewards Long-Term Investors**

The S&P 500 Index generated an 18.54% gain during the reporting period. Growth investors were rewarded with the 21.41% return of growth equities as represented by the Russell 3000 Growth Index over the same period. This strong performance of growth continued a long trend of growth outperforming the broader market with the Russell 3000 Growth Index producing annualized returns of 16.4% during the 10-year period ended June 30, 2019, compared to the 14.70% annualized return of the S&P 500 index.

Yet investors became increasingly concerned about the potential for the U.S.–China trade war to hinder economic growth and in April the International Monetary Fund projected that global gross domestic product (GDP) growth would decline from 3.6% in 2018 to 3.3% this year. The news followed U.S. Federal Reserve Board members' March forecast that GDP growth this year would weaken to 2.1%, down from 2.9% in 2018. The Fed also suggested that it was increasingly likely to lower the fed funds interest rate to stimulate the economy, which provided additional support to equities.

**Bond-Like Equites Gain Renewed Popularity**

Anticipation of weakening economic growth caused investors to flock to bonds, which in turn resulted in interest rates declining with the 10-year Treasury yield dropping from 2.7% on March 1 to 2.0% as of June 30. In a development reminiscent of 2016, when interest rates plummeted, yield seeking investors rushed into dividend paying bond-like equities. In a dramatic reversal from 2018, sectors with high-dividend paying stocks, including Utilities, Real Estate and Consumer Staples, generated solid gains although traditional growth sectors such as Information Technology and Consumer Discretionary substantially outperformed the S&P 500.

**Rethinking Defensive Sectors**

The price-to-earnings (P/E) multiples of many defensive sectors are high by historical measures. As of the end of the reporting period, the Utilities and Real Estate sectors traded at 29% and 16% premiums, respectively, relative to their 20-year median valuations, which could imply that each sector has limited upside potential. In comparison, the Information Technology sector, which we believe has stronger potential for earnings growth due to adoption of cloud computing, the introduction of 5G communications, artificial intelligence and other developments, traded at the same 16% premium. Health Care, which is benefiting from a wave of innovation including genetics, new pharmaceuticals and novel medical devices, is another high-growth sector. Using the same measures, Health Care traded at a 5% discount, a result, in part, of proposals to enact "Medicare for All" by presidential candidates, thus weakening sentiment for the sector.

Contrary to popular belief, low-beta, bond-like sectors can potentially underperform secular growth industries during market declines, at least in certain instances. We believe the Telecommunications sector is a relatively "safe" sector based on its historically low downside capture ratio, a statistic that conveys what portion of a daily market decline is reflected in an investment's performance. During the three-year bear market ended December 31, 2009, the Telecommunications sector had a downside capture ratio of approximately 80% compared to the Software sector, which had a downside capture ratio exceeding 100%. Impressively, the Software sector produced a 5% annualized return compared to the 3.5% return of the Telecommunications sector during the same time period. The outperformance resulted from the Software sector generating strong gains on days during which equity markets advanced. Rather than chase yields or overweight what have traditionally been considered defensive sectors, we believe investors may be better served by seeking companies with durable earnings that have potential to capture market share by developing disruptive technologies and innovative products.

**Staying the Course**

Pessimists have frequently claimed that the economic recovery is running on borrowed time simply because of its age. However, the recovery has generated real cumulative growth of approximately 20% compared to growth of typically more than 35% associated with expansions occurring after 1960, according to data from the U.S. Bureau of Economic Analysis[1]. In addition, the Conference Board Leading Economic Index, which we believe is a good indicator of future economic activity, was up 2.5% year over year as of the end of June. Since the late 1960s, recessions haven't occurred until the index declined 3.4% on average year over year. With the exception of four years associated with recessions, the S&P 500 Index has generated positive gains during periods of moderating GDP growth occurring during the past 35 years.[2] We believe there is no reason to expect a recession this year and we believe that a recession is unlikely in 2020.

Pundits have also focused on weakening earnings. As of June 30, 2019, FactSet Research Systems reported that second quarter earnings were expected to decline 2.6% after a 0.3% decline in the first quarter. However, during the past 35 years, the Russell 1000 Growth Index generated a median return of 15.8% compared to 14.1% for the Russell 1000 Value Index during periods when earnings growth weakened. We believe this outperformance resulted from the less cyclical nature of growth equities and the tendency for value stocks to have more operational and financial leverage. While leverage such as debt can help improve corporate earnings during periods of economic growth, costs associated with leverage, such as fixed debt payments, can hurt results when growth weakens. Going forward, earnings growth is expected to strengthen and reach 6.3% in the final quarter of this year, and 9.9% and 12.9%, respectively, in the first and second quarters of next year, according to FactSet Research Systems.

**Going Forward**

We remain optimistic due to the growth of the Leading Economic Index, favorable monetary policy, potential earnings growth and most importantly, innovation that is occurring throughout the economy and supporting economic growth. The digital revolution, including the Internet of Things, cloud computing, artificial intelligence, driver assistance technology and 5G wireless communication, is helping leading corporations grow their earnings by creating new products and services that are disrupting legacy business models. In the Health Care sector, innovative companies are developing genetically based medical treatments and novel pharmaceutical products. Innovation among providers of medical devices is also strong. In closing, we intend to continue to focus on conducting in-depth fundamental research to find companies that are positioned to potentially grow their earnings by capturing market share or creating new niches with innovative products.

**Portfolio Matters**

**Alger Capital Appreciation Portfolio**

The Alger Capital Appreciation Portfolio generated a 21.89% return for the fiscal six-month period ended June 30, 2019, compared to the 21.49% return of its benchmark, the Russell 1000 Growth Index.

**Contributors to Performance**

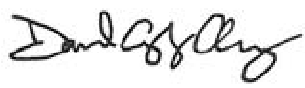
During the reporting period, the largest sector weightings were Information Technology and Consumer Discretionary. The largest sector overweight was Consumer Discretionary and the largest underweight was Industrials. The Health Care and Consumer Discretionary sectors provided the largest contributions to relative performance. Among individual positions, Microsoft Corp.; Amazon.com, Inc.; Visa, Inc., Cl. A; Facebook, Inc., Cl. A; and Adobe, Inc. were among the top contributors to performance. Amazon.com is the leading U.S. online retailer. It also provides cloud computing services and it has been quickly expanding into digital advertising. Its shares contributed to performance as the company generated very strong high unit volume growth by continuing to capture market share from brick and mortar retailers. The success of the company's cloud computing business has also supported performance of Amazon, with the company announcing in May that Volkswagen has selected it to build a platform that will combine data for the machines, plants and systems for all 122 facilities that the car manufacturer operates.

**Detractors from Performance**

The Industrials and Information Technology sectors were among the sectors that detracted from results. Among individual positions, QUALCOMM Inc.; Cigna Corp.; NXP Semiconductors NV; UnitedHealth Group, Inc.; and Taiwan Semiconductor Manufacturing Co., Ltd. were among the top detractors from performance. QUALCOMM is a leading semiconductor company with strong positions in telecommunications. The company is a primary beneficiary of the implementation of 5G networks. Its stock performance was hurt by a federal judge ruling in favor of the Federal Trade Commission's determination that QUALCOMM had unlawfully suppressed competition and used its dominant position to extract excessive licensing fees. Despite QUALCOMM seeking an immediate stay and appeal of the ruling, investors are concerned that QUALCOMM's earnings power will suffer because the judge ordered QUALCOMM to negotiate or renegotiate licensing agreements free of unfair tactics, license its patents to rival chip makers and refrain from selling exclusive supply agreements that block rivals from selling to the same customers. Performance of the company's shares was also hurt by President Trump issuing an executive order that could ban Huawei from selling telecommunications equipment in the U.S. and the Commerce Department's restriction on the sale of U.S. technology, including QUALCOMM products, to the company.

As always, we strive to deliver consistently superior investment results to 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.

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[1] *Cumulative growth is measured from economic peak to economic peak.*
[2] *Periods of material slowing of GDP are defined as negative change in the annual real GDP growth rate of 50 basis points or more.*

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, 2019. 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 certain risks, and may not be suitable for all investors. Growth stocks tend to be more volatile than other stocks as their prices tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. A significant portion of assets will be invested in technology and healthcare companies, which may be significantly affected by competition, innovation, regulation, and product obsolescence, and may be more volatile than the securities of other companies.

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.**

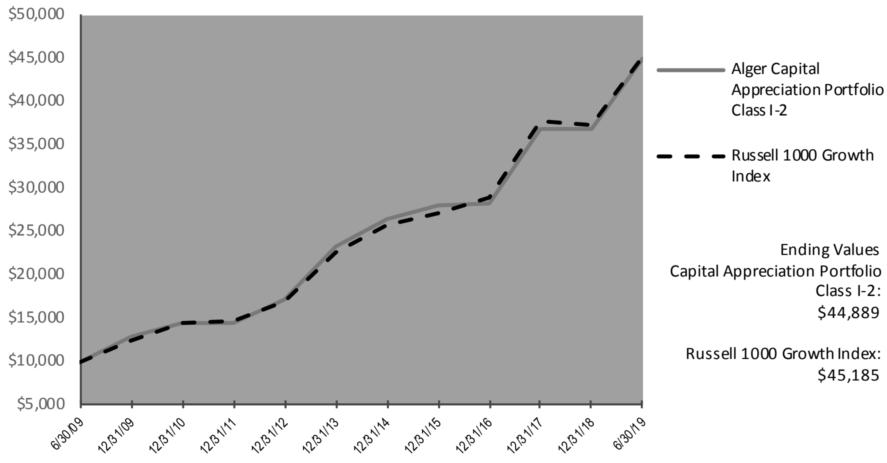
**NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.**

Definitions:

- S&P 500 Index: An index of large company stocks considered to be representative of the U.S. stock market.
- The Russell 3000 Growth Index combines the large-cap Russell 1000 Growth, the small-cap Russell 2000 Growth and the Russell Microcap Growth Index. It includes companies that are considered more growth oriented relative to the overall market as defined by Russell's leading style methodology. The Russell 3000 Growth Index is constructed to provide a comprehensive, unbiased, and stable barometer of the growth opportunities within the broad market.
- The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher growth earning potential as defined by Russell's leading style methodology. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment.
- Russell 1000 Value Index: An index that measures the performance of those Russell 1000 companies with lower price/book ratios and lower forecasted growth values.
- The Conference Boards 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 forward price-to-earnings ratio (P/E) is the current market price of a company divided by its expected earnings during the next 12 months.

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

*— 10 years ended 6/30/19*




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, 2019. Figures for each of the Alger Capital Appreciation Portfolio Class I-2 shares and the Russell 1000 Growth Index include reinvestment of dividends. Figures for the Alger Capital Appreciation Portfolio Class I-2 shares also include reinvestment of 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 6/30/19

### AVERAGE ANNUAL TOTAL RETURNS

| | 1 YEAR | 5 YEARS | 10 YEARS | Since 1/25/1995 |
|---|---|---|---|---|
| Class I-2 (Inception 1/25/95) | 10.84% | 12.71% | 16.20% | 13.34% |
| Class S (Inception 5/1/02)(i) | 10.55% | 12.41% | 15.86% | 13.06% |
| Russell 1000 Growth Index | 11.56% | 13.39% | 16.28% | 9.82% |

*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 the 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, 2019 (Unaudited)

| SECTORS/SECURITY TYPES | Alger Capital Appreciation Portfolio |
|---|---|
| Communication Services | 11.5% |
| Consumer Discretionary | 18.2 |
| Financials | 5.8 |
| Health Care | 17.0 |
| Industrials | 5.8 |
| Information Technology | 35.0 |
| Materials | 3.2 |
| Real Estate | 0.4 |
| Total Equity Securities | 96.9 |
| Short-Term Investments and Net Other Assets | 3.1 |
| | 100.0% |

† *Based on net assets for the Portfolio.*

| COMMON STOCKS—96.3% | SHARES | VALUE |
|---|---|---|
| AEROSPACE & DEFENSE—1.7% | | |
| L3 Technologies, Inc. | 3,785 | $ 927,968 |
| The Boeing Co. | 17,188 | 6,256,604 |
| United Technologies Corp. | 9,154 | 1,191,851 |
| | | 8,376,423 |
| AGRICULTURAL & FARM MACHINERY—0.1% | | |
| Deere & Co. | 3,303 | 547,340 |
| APPAREL ACCESSORIES & LUXURY GOODS—0.4% | | |
| Lululemon Athletica, Inc.* | 11,039 | 1,989,338 |
| APPLICATION SOFTWARE—8.8% | | |
| Adobe, Inc.* | 66,390 | 19,561,813 |
| Autodesk, Inc.* | 4,549 | 741,032 |
| Palantir Technologies, Inc., Cl. A*,@,(a) | 41,286 | 237,394 |
| RealPage, Inc.* | 11,869 | 698,490 |
| salesforce.com, Inc.* | 129,898 | 19,709,424 |
| Workday, Inc., Cl. A* | 13,698 | 2,816,035 |
| | | 43,764,188 |
| AUTO PARTS & EQUIPMENT—1.0% | | |
| Aptiv PLC | 59,577 | 4,815,609 |
| BIOTECHNOLOGY—2.2% | | |
| Alnylam Pharmaceuticals, Inc.* | 24,682 | 1,790,926 |
| Sarepta Therapeutics, Inc.* | 20,302 | 3,084,889 |
| Vertex Pharmaceuticals, Inc.* | 33,579 | 6,157,717 |
| | | 11,033,532 |
| CABLE & SATELLITE—0.5% | | |
| Charter Communications, Inc., Cl. A* | 5,763 | 2,277,422 |
| CASINOS & GAMING—0.2% | | |
| Wynn Resorts Ltd. | 6,014 | 745,676 |
| CONSTRUCTION MATERIALS—0.9% | | |
| Vulcan Materials Co. | 32,405 | 4,449,531 |
| DATA PROCESSING & OUTSOURCED SERVICES—8.6% | | |
| Fidelity National Information Services, Inc. | 61,469 | 7,541,017 |
| PayPal Holdings, Inc.* | 78,895 | 9,030,322 |
| Visa, Inc., Cl. A | 148,570 | 25,784,323 |
| | | 42,355,662 |
| DIVERSIFIED BANKS—0.8% | | |
| Citigroup, Inc. | 56,313 | 3,943,599 |
| JPMorgan Chase & Co. | 1,402 | 156,744 |
| | | 4,100,343 |
| DIVERSIFIED SUPPORT SERVICES—1.1% | | |
| Cintas Corp. | 23,490 | 5,573,942 |
| FINANCIAL EXCHANGES & DATA—3.3% | | |
| Intercontinental Exchange, Inc. | 116,906 | 10,046,902 |
| S&P Global, Inc. | 27,161 | 6,187,004 |
| | | 16,233,906 |

| COMMON STOCKS—96.3% (CONT.) | SHARES | | VALUE |
|---|---|---|---|
| FOOTWEAR—1.0% | | | |
| NIKE, Inc., Cl. B | 60,081 | $ | 5,043,800 |
| GENERAL MERCHANDISE STORES—1.0% | | | |
| Dollar Tree, Inc.* | 44,710 | | 4,801,407 |
| HEALTH CARE EQUIPMENT—7.9% | | | |
| Abbott Laboratories | 115,066 | | 9,677,051 |
| Boston Scientific Corp.* | 279,965 | | 12,032,896 |
| Danaher Corp. | 87,147 | | 12,455,049 |
| Intuitive Surgical, Inc.* | 7,169 | | 3,760,499 |
| Medtronic PLC | 13,163 | | 1,281,944 |
| | | | 39,207,439 |
| HEALTH CARE SERVICES—0.3% | | | |
| Cigna Corp. | 9,268 | | 1,460,173 |
| HOME IMPROVEMENT RETAIL—1.1% | | | |
| The Home Depot, Inc. | 26,150 | | 5,438,416 |
| HOTELS RESORTS & CRUISE LINES—0.3% | | | |
| Royal Caribbean Cruises Ltd. | 10,842 | | 1,314,159 |
| INDUSTRIAL CONGLOMERATES—2.1% | | | |
| Honeywell International, Inc. | 59,961 | | 10,468,591 |
| INDUSTRIAL GASES—0.9% | | | |
| Air Products & Chemicals, Inc. | 19,364 | | 4,383,429 |
| INTERACTIVE MEDIA & SERVICES—7.8% | | | |
| Alphabet, Inc., Cl. C* | 16,424 | | 17,752,866 |
| Facebook, Inc., Cl. A* | 106,321 | | 20,519,953 |
| Tencent Holdings Ltd. | 8,493 | | 384,240 |
| | | | 38,657,059 |
| INTERNET & DIRECT MARKETING RETAIL—11.9% | | | |
| Alibaba Group Holding Ltd.#,* | 60,803 | | 10,303,069 |
| Altaba, Inc.* | 45,725 | | 3,171,943 |
| Amazon.com, Inc.* | 23,213 | | 43,956,833 |
| MercadoLibre, Inc.* | 1,956 | | 1,196,622 |
| | | | 58,628,467 |
| INVESTMENT BANKING & BROKERAGE—0.5% | | | |
| Morgan Stanley | 50,776 | | 2,224,497 |
| LEISURE FACILITIES—0.6% | | | |
| Vail Resorts, Inc. | 12,186 | | 2,719,671 |
| LIFE SCIENCES TOOLS & SERVICES—2.7% | | | |
| Illumina, Inc.* | 16,517 | | 6,080,734 |
| Thermo Fisher Scientific, Inc. | 23,900 | | 7,018,952 |
| | | | 13,099,686 |
| MANAGED HEALTH CARE—2.6% | | | |
| UnitedHealth Group, Inc. | 52,290 | | 12,759,283 |
| METAL & GLASS CONTAINERS—0.3% | | | |
| Ball Corp. | 18,347 | | 1,284,107 |
| MOVIES & ENTERTAINMENT—2.7% | | | |
| Netflix, Inc.* | 14,537 | | 5,339,731 |

| COMMON STOCKS—96.3% (CONT.) | SHARES | VALUE |
|---|---|---|
| MOVIES & ENTERTAINMENT—2.7% (CONT.) | | |
| The Walt Disney Co. | 55,885 | $ 7,803,781 |
| | | 13,143,512 |
| PHARMACEUTICALS—1.3% | | |
| Allergan PLC | 28,044 | 4,695,407 |
| GW Pharmaceuticals PLC#,* | 10,919 | 1,882,326 |
| | | 6,577,733 |
| PROPERTY & CASUALTY INSURANCE—1.2% | | |
| The Progressive Corp. | 76,905 | 6,147,017 |
| RAILROADS—0.8% | | |
| Union Pacific Corp. | 24,024 | 4,062,699 |
| RESTAURANTS—0.7% | | |
| McDonald's Corp. | 16,933 | 3,516,307 |
| SEMICONDUCTOR EQUIPMENT—0.9% | | |
| Applied Materials, Inc. | 97,592 | 4,382,857 |
| SEMICONDUCTORS—3.2% | | |
| Broadcom, Inc. | 21,598 | 6,217,200 |
| NXP Semiconductors NV | 25,094 | 2,449,425 |
| QUALCOMM, Inc. | 71,686 | 5,453,154 |
| Taiwan Semiconductor Manufacturing Co., Ltd.# | 38,543 | 1,509,729 |
| | | 15,629,508 |
| SPECIALTY CHEMICALS—1.1% | | |
| The Sherwin-Williams Co. | 12,043 | 5,519,186 |
| SYSTEMS SOFTWARE—10.1% | | |
| Microsoft Corp. | 357,240 | 47,855,870 |
| ServiceNow, Inc.* | 7,370 | 2,023,581 |
| | | 49,879,451 |
| TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—3.2% | | |
| Apple, Inc. | 80,921 | 16,015,884 |
| WIRELESS TELECOMMUNICATION SERVICES—0.5% | | |
| T-Mobile US, Inc.* | 34,262 | 2,540,185 |
| TOTAL COMMON STOCKS (Cost $332,851,357) | | 475,167,435 |

| PREFERRED STOCKS—0.2% | SHARES | VALUE |
|---|---|---|
| APPLICATION SOFTWARE—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—0.0% | | |
| Intarcia Therapeutics, Inc., Series DD*,@,(a) | 20,889 | 194,059 |
| TOTAL PREFERRED STOCKS (Cost $1,933,274) | | 1,288,336 |

| REAL ESTATE INVESTMENT TRUST—0.4% | SHARES | | VALUE |
|---|---|---|---|
| SPECIALIZED—0.4% | | | |
| SBA Communications Corp., Cl. A* | 8,626 | $ | 1,939,470 |
| (Cost $1,440,922) | | | 1,939,470 |
| Total Investments | | | |
| (Cost $336,225,553) | 96.9% | $ | 478,395,241 |
| Unaffiliated Securities (Cost $336,225,553) | | | 478,395,241 |
| Other Assets in Excess of Liabilities | 3.1% | | 15,156,592 |
| NET ASSETS | 100.0% | $ | 493,551,833 |

# *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. Sales or transfers of the investment may be restricted only to qualified buyers.*

| *Security* | *Acquisition Date(s)* | *Acquisition Cost* | *% of net assets (Acquisition Date)* | *Market Value* | *% of net assets as of 6/30/2019* |
|---|---|---|---|---|---|
| *Intarcia Therapeutics, Inc., Series DD* | *3/27/14* | *$676,595* | *0.14%* | *$194,059* | *0.04%* |
| *Palantir Technologies, Inc., Cl. A* | *10/7/14* | *268,648* | *0.05%* | *237,394* | *0.05%* |
| *Palantir Technologies, Inc., Cl. B* | *10/7/14* | *1,111,840* | *0.22%* | *968,145* | *0.20%* |
| *Palantir Technologies, Inc., Cl. D* | *10/14/14* | *144,839* | *0.03%* | *126,132* | *0.02%* |
| *Total* | | | | *$1,525,730* | *0.31%* |

*See Notes to Financial Statements.*

| | | Alger Capital Appreciation Portfolio |
|---|---|---|
| ASSETS: | | |
| Investments in unaffiliated securities, at value (Identified cost below)* see accompanying schedule of investments | $ | 478,395,241 |
| Cash and cash equivalents | | 15,769,119 |
| Receivable for investment securities sold | | 1,730,252 |
| Receivable for shares of beneficial interest sold | | 207,476 |
| Dividends and interest receivable | | 237,404 |
| Prepaid expenses | | 18,441 |
| Total Assets | | 496,357,933 |
| LIABILITIES: | | |
| Payable for investment securities purchased | | 1,458,206 |
| Payable for shares of beneficial interest redeemed | | 853,872 |
| Accrued investment advisory fees | | 331,897 |
| Accrued transfer agent fees | | 18,529 |
| Accrued distribution fees | | 9,676 |
| Accrued administrative fees | | 11,268 |
| Accrued shareholder administrative fees | | 4,097 |
| Accrued other expenses | | 118,555 |
| Total Liabilities | | 2,806,100 |
| NET ASSETS | $ | 493,551,833 |
| NET ASSETS CONSIST OF: | | |
| Paid in capital (par value of $.001 per share) | | 313,243,236 |
| Distributable earnings | | 180,308,597 |
| NET ASSETS | $ | 493,551,833 |
| * Identified cost | $ | 336,225,553[(a)] |

***See Notes to Financial Statements.***

*[(a)] At June 30, 2019, the net unrealized appreciation on investments, based on cost for federal income tax purposes of $341,008,016, amounted to $137,387,225, which consisted of aggregate gross unrealized appreciation of $143,978,419 and aggregate gross unrealized depreciation of $6,591,194.*

| | | Alger Capital Appreciation Portfolio |
|---|---|---|
| NET ASSETS BY CLASS: | | |
| Class I-2 | $ | 445,411,253 |
| Class S | $ | 48,140,580 |
| SHARES OF BENEFICIAL INTEREST OUTSTANDING — NOTE 6: | | |
| Class I-2 | | 5,368,043 |
| Class S | | 613,726 |
| NET ASSET VALUE PER SHARE: | | |
| Class I-2 — Net Asset Value Per Share Class I-2 | $ | 82.97 |
| Class S — Net Asset Value Per Share Class S | $ | 78.44 |

***See Notes to Financial Statements.***

## ALGER CAPITAL APPRECIATION PORTFOLIO
## Statement of Operations for the six months ended June 30, 2019 (Unaudited)

| | | Alger Capital Appreciation Portfolio |
|---|---|---|
| INCOME: | | |
| Dividends (net of foreign withholding taxes*) | $ | 2,278,813 |
| Interest | | 97,184 |
| Total Income | | 2,375,997 |
| EXPENSES: | | |
| Advisory fees — Note 3(a) | | 2,018,387 |
| Distribution fees — Note 3(c) | | |
| Class S | | 57,554 |
| Shareholder administrative fees — Note 3(f) | | 24,918 |
| Administration fees — Note 3(b) | | 68,526 |
| Custodian fees | | 38,144 |
| Interest expenses | | 1,182 |
| Transfer agent fees and expenses — Note 3(f) | | 37,877 |
| Printing fees | | 44,025 |
| Professional fees | | 49,973 |
| Registration fees | | 13,558 |
| Trustee fees — Note 3(g) | | 9,074 |
| Fund accounting fees | | 36,077 |
| Miscellaneous | | 17,654 |
| Total Expenses | | 2,416,949 |
| NET INVESTMENT LOSS | | (40,952) |
| REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY: | | |
| Net realized gain on unaffiliated investments | | 28,714,219 |
| Net realized gain on foreign currency transactions | | 198 |
| Net change in unrealized appreciation on unaffiliated investments | | 68,255,889 |
| Net realized and unrealized gain on investments and foreign currency | | 96,970,306 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | $ | 96,929,354 |
| * Foreign withholding taxes | $ | 13,479 |

***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, 2019 | For the Year Ended December 31, 2018 |
| Net investment income (loss) | $ (40,952) | $ 56,286 |
| Net realized gain on investments and foreign currency | 28,714,417 | 75,288,855 |
| Net change in unrealized appreciation (depreciation) on investments | 68,255,889 | (72,467,934) |
| Net increase in net assets resulting from operations | 96,929,354 | 2,877,207 |
| Dividends and distributions to shareholders: | | |
| Class I-2 | — | (74,212,851) |
| Class S | — | (7,812,703) |
| Total dividends and distributions to shareholders | — | (82,025,554) |
| Increase (decrease) from shares of beneficial interest transactions: | | |
| Class I-2 | (55,301,597) | 15,321,109 |
| Class S | (2,662,102) | (567,138) |
| Net increase (decrease) from shares of beneficial interest transactions — Note 6 | (57,963,699) | 14,753,971 |
| Total increase (decrease) | 38,965,655 | (64,394,376) |
| Net Assets: | | |
| Beginning of period | 454,586,178 | 518,980,554 |
| END OF PERIOD | $ 493,551,833 | $ 454,586,178 |

***See Notes to Financial Statements.***

Alger Capital Appreciation Portfolio

| | Class I-2 | | | | | |
|---|---|---|---|---|---|---|
| | Six months ended 6/30/2019(i) | Year ended 12/31/2018 | Year ended 12/31/2017 | Year ended 12/31/2016 | Year ended 12/31/2015 | Year ended 12/31/2014 |
| Net asset value, beginning of period | $ 68.07 | $ 82.64 | $ 67.11 | $ 67.42 | $ 71.35 | $ 73.41 |
| INCOME FROM INVESTMENT OPERATIONS: | | | | | | |
| Net investment income(ii) | –(iii) | 0.03 | 0.11 | 0.22 | 0.13 | 0.12 |
| Net realized and unrealized gain on investments | 14.90 | 0.10 | 20.76 | 0.13 | 4.37 | 10.04 |
| Total from investment operations | 14.90 | 0.13 | 20.87 | 0.35 | 4.50 | 10.16 |
| Dividends from net investment income | – | (0.08) | (0.13) | (0.13) | (0.06) | (0.08) |
| Distributions from net realized gains | – | (14.62) | (5.21) | (0.53) | (8.37) | (12.14) |
| Net asset value, end of period | $ 82.97 | $ 68.07 | $ 82.64 | $ 67.11 | $ 67.42 | $ 71.35 |
| Total return | 21.89% | (0.10)% | 31.08% | 0.50% | 6.19% | 13.75% |
| RATIOS/SUPPLEMENTAL DATA: | | | | | | |
| Net assets, end of period (000's omitted) | $ 445,411 | $ 412,728 | $ 468,883 | $ 477,771 | $ 559,298 | $ 499,123 |
| Ratio of net expenses to average net assets | 0.94% | 0.95% | 0.94% | 0.94% | 0.93% | 0.94% |
| Ratio of net investment income to average net assets | 0.01% | 0.03% | 0.13% | 0.33% | 0.18% | 0.16% |
| Portfolio turnover rate | 39.39% | 67.68% | 61.90% | 89.78% | 142.01% | 143.20% |

***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.*
(iii) *Amount was less than $0.005 per share.*

Alger Capital Appreciation Portfolio

| | Class S | | | | | |
|---|---|---|---|---|---|---|
| | Six months ended 6/30/2019[i] | Year ended 12/31/2018 | Year ended 12/31/2017 | Year ended 12/31/2016 | Year ended 12/31/2015 | Year ended 12/31/2014 |
| Net asset value, beginning of period | $ 64.44 | $ 79.13 | $ 64.50 | $ 64.87 | $ 69.08 | $ 71.54 |
| INCOME FROM INVESTMENT OPERATIONS: | | | | | | |
| Net investment income (loss)[ii] | (0.09) | (0.19) | (0.09) | 0.04 | (0.06) | (0.08) |
| Net realized and unrealized gain on investments | 14.09 | 0.12 | 19.93 | 0.12 | 4.22 | 9.76 |
| Total from investment operations | 14.00 | (0.07) | 19.84 | 0.16 | 4.16 | 9.68 |
| Distributions from net realized gains | – | (14.62) | (5.21) | (0.53) | (8.37) | (12.14) |
| Net asset value, end of period | $ 78.44 | $ 64.44 | $ 79.13 | $ 64.50 | $ 64.87 | $ 69.08 |
| Total return | 21.74% | (0.37)% | 30.74% | 0.22% | 5.91% | 13.45% |
| RATIOS/SUPPLEMENTAL DATA: | | | | | | |
| Net assets, end of period (000's omitted) | $ 48,141 | $ 41,858 | $ 50,097 | $ 39,570 | $ 39,681 | $ 27,987 |
| Ratio of net expenses to average net assets | 1.21% | 1.21% | 1.21% | 1.21% | 1.20% | 1.21% |
| Ratio of net investment income (loss) to average net assets | (0.26)% | (0.23)% | (0.13)% | 0.06% | (0.09)% | (0.11)% |
| Portfolio turnover rate | 39.39% | 67.68% | 61.90% | 89.78% | 142.01% | 143.20% |

***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 Growth & Income Portfolio, Alger Mid Cap Growth Portfolio, Alger SMid Cap Focus Portfolio, Alger Small Cap Growth 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 held by 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 on the primary market or exchange on which they are traded as reported by an independent pricing service. 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 Portfolio's 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 and officers of the Fund. The Committee reports its fair valuation determinations and related valuation information to the Board. The Board 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 unexercised 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 including borrowings, 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 (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, 2019.

*(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 2015-2018. 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.

*(k) Recent Accounting Pronouncement:* In August 2018, the Financial Accounting Standards

Board issued Accounting Standards Update 2018-13 "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13") which modifies disclosure requirements for fair value measurements, principally for Level 3 securities and transfers between levels of the fair value hierarchy. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years.

Management is currently evaluating the application of ASU 2018-13 and its impact, if any, on the Portfolio's financial statements.

## 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, 2019, 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)] | 0.81% | 0.65% | 0.60% | 0.55% | 0.45% | 0.81% |

[(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 and/or servicing 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, 2019, the Portfolio paid Alger Inc. $29,326 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, 2019.

During the six months ended June 30, 2019, the Portfolio incurred interfund loan interest expense of $1,134 which is included in 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 1, 2019, each Independent Trustee receives a fee of $122,000 per annum, paid pro rata based on net assets by each fund in the Alger Fund Complex, plus travel expenses incurred for attending board meetings. The term "Alger Fund Complex" refers to the Fund, The Alger Institutional Funds, The Alger Funds II, The Alger Funds and Alger Global Focus 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 based on net assets 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 based on net assets 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. For the six months ended June 30, 2019, these purchases and sales were as follows.

| | PURCHASES | SALES | REALIZED GAIN/ (LOSS) |
|---|---|---|---|
| Alger Capital Appreciation Portfolio | $ 1,206,783 | $ — | $ — |

*(i) Other Transactions with Affiliates:* Certain officers of the Fund are directors or 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, 2019, were as follows:

| | PURCHASES | SALES |
|---|---|---|
| Alger Capital Appreciation Portfolio | $ 191,487,388 | $ 248,553,280 |

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, 2019, the Portfolio had the following borrowings from the Custodian and other funds:

| | AVERAGE DAILY BORROWING | WEIGHTED AVERAGE INTEREST RATE |
|---|---|---|
| Alger Capital Appreciation Portfolio | $ 76,683 | 3.11% |

The highest amount borrowed by the Portfolio from the Custodian and other funds during the six months ended June 30, 2019 was as follows:

| | HIGHEST BORROWING |
|---|---|
| Alger Capital Appreciation Portfolio | $ 12,300,000 |

## 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, 2019 and the year ended December 31, 2018, transactions of shares of beneficial interest were as follows:

| | FOR THE SIX MONTHS ENDED JUNE 30, 2019 | | FOR THE YEAR ENDED DECEMBER 31, 2018 | |
|---|---|---|---|---|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| Alger Capital Appreciation Portfolio | | | | |
| Class I-2: | | | | |
| Shares sold | 298,940 | $ 23,166,558 | 790,811 | $ 70,463,292 |
| Dividends reinvested | — | — | 1,074,459 | 74,212,851 |
| Shares redeemed | (993,908) | (78,468,155) | (1,475,903) | (129,355,034) |
| Net increase (decrease) | (694,968) | $ (55,301,597) | 389,367 | $ 15,321,109 |
| Class S: | | | | |
| Shares sold | 9,344 | $ 677,022 | 51,787 | $ 4,427,872 |
| Dividends reinvested | — | — | 119,479 | 7,812,703 |
| Shares redeemed | (45,219) | (3,339,124) | (154,741) | (12,807,713) |
| Net increase (decrease) | (35,875) | $ (2,662,102) | 16,525 | $ (567,138) |

## NOTE 7 — Income Tax Information:

At December 31, 2018, the Portfolio, for federal income tax purposes, had no capital loss carryforwards and no capital loss carryforwards were utilized in 2018.

Net capital losses incurred after October 31 and within the taxable year are deemed to arise on the first business day of the Portfolio's next taxable year.

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, 2019, the Portfolio has determined that presenting them by security type and sector is appropriate.

| Alger Capital Appreciation Portfolio | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|---|---|---|---|
| COMMON STOCKS | | | | |
| Communication Services | $ 56,618,178 | $ 56,233,938 | $ 384,240 | $ — |
| Consumer Discretionary | 89,012,850 | 89,012,850 | — | — |
| Financials | 28,705,763 | 28,705,763 | — | — |
| Health Care | 84,137,846 | 84,137,846 | — | — |
| Industrials | 29,028,995 | 29,028,995 | — | — |
| Information Technology | 172,027,550 | 171,790,156 | — | 237,394 |
| Materials | 15,636,253 | 15,636,253 | — | — |
| TOTAL COMMON STOCKS | $ 475,167,435 | $ 474,545,801 | $ 384,240 | $ 237,394 |
| PREFERRED STOCKS | | | | |
| Health Care | 194,059 | — | — | 194,059 |
| Information Technology | 1,094,277 | — | — | 1,094,277 |
| TOTAL PREFERRED STOCKS | $ 1,288,336 | $ — | $ — | $ 1,288,336 |
| REAL ESTATE INVESTMENT TRUST | | | | |
| Real Estate | 1,939,470 | 1,939,470 | — | — |
| TOTAL INVESTMENTS IN SECURITIES | $ 478,395,241 | $ 476,485,271 | $ 384,240 | $ 1,525,730 |

| Alger Capital Appreciation Portfolio | FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) Common Stocks |
|---|---|
| Opening balance at January 1, 2019 | $ 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, 2019 | 237,394 |
| Net change in unrealized appreciation (depreciation) attributable to investments still held at June 30, 2019 | $ — |

| Alger Capital Appreciation Portfolio | FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) Preferred Stocks |
|---|---|
| Opening balance at January 1, 2019 | $ 1,299,407 |
| 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 | (11,071) |
| Purchases and sales | |
| Purchases | — |
| Sales | — |
| Closing balance at June 30, 2019 | 1,288,336 |
| Net change in unrealized appreciation (depreciation) attributable to investments still held at June 30, 2019 | $ (11,071) |

The following table provides quantitative information about our Level 3 fair value measurements of our investments as of June 30, 2019. In addition to the methodologies and inputs noted in the table below, according to our valuation policy we may also use other valuation methodologies and inputs 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, 2019 | 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 | 1,288,336 | Market Approach | Volatility | 70.50% | N/A |
| | | | Time to Exit | 2.5 years | 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, 2019.*

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 than those noted in the table above. Generally, increases in revenue and EBITDA multiples, decreases in discount rates, and increases in the probabilities of success result in higher fair value measurements, whereas decreases in revenues and EBITDA multiples, increases in discount rates, and decreases in the probabilities of success result in lower fair value measurements.

As of June 30, 2019, 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, 2019, such assets were categorized within the ASC 820 disclosure hierarchy as follows:

| | TOTAL | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|---|---|---|---|
| Cash and cash equivalents | $ 15,769,119 | $ — | $ 15,769,119 | $ — |

## 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 held by the Portfolio throughout the period or as of June 30, 2019.

## NOTE 10 — Risk Disclosures:

Investing in the stock market involves certain risks, and may not be suitable for all investors. Growth stocks tend to be more volatile than other stocks as their prices tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. A significant portion of assets may be invested in technology and healthcare companies, which may be significantly affected by competition, innovation, regulation, and product obsolescence, and may be more volatile than the securities of other companies.

## NOTE 11 — Subsequent Events:

Management of the Portfolio has evaluated events that have occurred subsequent to June 30, 2019, through the issuance date of the Financial Statements. No such events have been identified which require recognition and/or disclosure other than the Fund, on behalf of the Portfolio, entering into a new transfer agency agreement with UMB Fund Services, Inc. effective October 5, 2019.

## 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, 2019 and ending June 30, 2019.

## 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, 2019” 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, 2019 | Ending Account Value June 30, 2019 | Expenses Paid During the Six Months Ended June 30, 2019[a] | Annualized Expense Ratio For the Six Months Ended June 30, 2019[b] |
|---|---|---|---|---|---|
| **Alger Capital Appreciation Portfolio** | | | | | |
| Class I-2 | Actual | $ 1,000.00 | $ 1,218.90 | $ 5.17 | 0.94% |
| | Hypothetical[c] | 1,000.00 | 1,020.13 | 4.71 | 0.94 |
| Class S | Actual | 1,000.00 | 1,217.40 | 6.65 | 1.21 |
| | Hypothetical[c] | 1,000.00 | 1,018.79 | 6.06 | 1.21 |

[a] *Expenses are equal to the annualized expense ratio of the 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:<br>• Social Security number and<br>• Account balances and<br>• Transaction history and<br>• Purchase history and<br>• Assets<br>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 Focus 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:<br>• Open an account or<br>• Make deposits or withdrawals from your account or<br>• Give us your contact information or<br>• Provide account information or<br>• Pay us by check. |
| Why can't I limit all sharing? | Federal law gives you the right to limit some but not all sharing related to:<br>• sharing for affiliates' everyday business purposes — information about your credit worthiness<br>• affiliates from using your information to market to you<br>• sharing for nonaffiliates to market to you<br>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.<br>• Our affiliates include Fred Alger Management, Inc., Weatherbie Capital, LLC 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 Focus 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 complete schedule of portfolio holdings available semi-annually in shareholder reports filed on Form N-CSR and after the first and third fiscal quarters as an exhibit to its reports on Form N-PORT. Previously, the Portfolio made its complete schedule of portfolio holdings available after the first and third fiscal quarters in regulatory filings on Form N-Q. The Portfolio's Forms N-CSR, N-PORT and N-Q are available online on the SEC's website at www.sec.gov.

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 third parties including financial intermediaries and service providers who 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 third parties 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 make additional statistical information available regarding the Alger Family of Funds. Such information may include, but not be limited to, relative weightings and characteristics of the Portfolio versus 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, 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, portfolio turnover, and other similar information. Shareholders should visit www.alger.com or may also 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.
Attn: The Alger Portfolios
430 W 7th Street
STE 219432
Kansas City, MO 64105-1407

## Custodian

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

## Independent Registered Public Accounting Firm

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112

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.





CapAppSAR

# BNY Mellon Investment Portfolios, MidCap Stock Portfolio

**SEMIANNUAL REPORT**
June 30, 2019

BNY MELLON
INVESTMENT MANAGEMENT

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 BNY Mellon Investment Adviser, Inc. or any other person in the BNY Mellon Investment Adviser, Inc. organization. Any such views are subject to change at any time based upon market or other conditions and BNY Mellon Investment Adviser, Inc. disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a fund in the BNY Mellon Family of Funds are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any fund in the BNY Mellon Family of Funds.

# Contents

THE FUND



FOR MORE INFORMATION

## A LETTER FROM THE PRESIDENT OF BNY MELLON INVESTMENT ADVISER, INC.

Dear Shareholder:

We are pleased to present this semiannual report for BNY Mellon Investment Portfolios, MidCap Stock Portfolio (formerly, Dreyfus Investment Portfolios, MidCap Stock Portfolio), covering the six-month period from January 1, 2019 through June 30, 2019. 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.

U.S. equity markets experienced a rally during the first several months of 2019, which was a welcome reprieve after the volatility observed in the fourth quarter of 2018. The recovery was stoked by comments made by the U.S. Federal Reserve (the "Fed"), indicating its willingness to slow the pace of interest-rate increases. Supportive central bank policy, a robust labor market, strong corporate fundamentals, and optimism regarding a possible resolution of the U.S.-China trade dispute buoyed the markets for much of the reporting period. However, in May, escalating trade tensions once again disrupted equity market progress, causing stock prices to pull back. The dip was short-lived, as markets rose once again in June. To end the period, the S&P 500 Index posted its best return for the first half of the year since 1997.

Fixed-income markets also benefited during the six months. Supportive policies from the Fed, as well as other global central banks, coupled with falling rates throughout the first half of the year, led to strong bond market returns. During its May meeting, the Fed reiterated its patient stance regarding future rate hikes and its willingness to take action to support economic growth rates.

We remain positive on the near-term economic outlook for the U.S. but will monitor relevant data for any signs of a change. As always, we encourage you to discuss the risks and opportunities in today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,

R. LaRoche-Morris

Renee LaRoche-Morris
President
BNY Mellon Investment Adviser, Inc.
July 15, 2019

# DISCUSSION OF FUND PERFORMANCE (Unaudited)

*For the period from January 1, 2019 through June 30, 2019, 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, 2019, BNY Mellon Investment Portfolios, MidCap Stock Portfolio's (formerly, Dreyfus Investment Portfolios, MidCap Stock Portfolio) Initial shares produced a total return of 13.28%, and its Service shares produced a total return of 13.13%.[1] In comparison, the fund's benchmark, the S&P MidCap 400® Index (the "Index"), produced a total return of 17.97% for the same period.[2]

Mid-cap stocks posted strong gains over the reporting period in an environment of moderate growth and supportive central bank policies. The fund lagged the Index, primarily due to security selection shortfalls in the materials, consumer discretionary, and information technology 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, 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.

## Markets Pivot on Central Bank Statements and Trade Policy

Equities rallied throughout much of the six months, recovering from the lows reached at the end of 2018. Talk of a potential trade deal between the U.S. and China helped fuel investor optimism, as did the European Central Bank's (ECB) announcement that it would provide additional stimulus to support the eurozone economy. China also revealed plans to stoke its slowing economic growth rate. At its first meeting of the year, the U.S. Federal Reserve (the "Fed") emphasized its focus on data as a primary driver for interest-rate-hike decisions, and its ability to suspend additional rate increases when the data is not supportive. A strong first-quarter corporate reporting season also worked to stoke investor risk appetites.

However, a challenging period soon ensued during the month of May. Renewed trade disputes between the U.S. and China caused equity markets to pull back. Investors became concerned about the negative effects decreased trade may have on economic growth. During its meeting in early May, the Fed reiterated its patient stance regarding future rate hikes and its willingness to take action to support economic growth rates. The ECB also indicated its intention to continue with further monetary easing. In the United Kingdom, continued political turmoil surrounding Brexit, and the resignation of Prime Minister Theresa May, was broadly shrugged off by investors as markets reversed course in June and rallied through the end of the period.

According to the S&P family of indices, large-cap stocks generally outperformed their mid- and small-cap counterparts during the period.

## 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 materials sector, stock selection within the paper and forest products segment was a leading detractor. Within the consumer discretionary sector, *Weight Watchers International* was among the top detractors from portfolio performance; the stock of the weight management services company has trended downward since mid-2018, and the company issued below-guidance earnings expectations for 2019, during its quarterly call in February. We have since closed the position. Jewelry retailer Signet Jewelers was also a top individual detractor for the period; its price fell during the period, on the back of reduced guidance and quarterly earnings that missed expectations. In the information technology sector, technology company *Vishay Intertechnology* also weighed on portfolio results; management issued reduced guidance in May, and the stock sold off. We have since exited the stock. Elsewhere in the markets, NRG Energy and *HollyFrontier* were also among the largest individual detractors; we sold the latter stock during the period.

The fund achieved better results in several other areas. Our stock selection in real estate investment trusts (REITs) benefited performance. In addition, a position in supply-chain-management system provider Manhattan Associates boosted returns; the stock price rose on better-than-expected quarterly results. Construction services company EMCOR Group also provided a tailwind to performance. The price benefited from quarterly figures that beat expectations on two separate occasions during the six-month period. Outdoor apparel and shoe manufacturer Deckers Outdoor was also among the top overall contributors. This consumer discretionary sector company beat earnings each quarter of the reporting period. Elsewhere in the market, decision-management-software provider Fair Isaac was also among the top-performing stocks.

## Fund Outlook

In recent months, we have observed the portfolio's exposure to Value to be higher than the level implied in our model. This has prompted much research and discussion among our investment teams, especially given the recent poor performance of Value in general. As a result, we have made some modest adjustments to the construction of the portfolio. We have reduced the portfolio's exposure to Value to a level more in line with model expectations and have increased its exposure to Behavioral/Momentum and Growth characteristics. In addition, we have marginally boosted diversification by holding slightly more names to lower idiosyncratic risk. We will continue to monitor all portfolio factor exposures versus model expectations and make further adjustments accordingly.

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. Stock market volatility experienced during the past year may 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 15, 2019

[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 midsized companies. The index measures the performance of midsized companies, reflecting the distinctive risk and return characteristics of this market segment. 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.*

*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 BNY Mellon Investment Portfolios, MidCap Stock Portfolio made available through insurance products may be similar to those of other funds managed by BNY Mellon Investment Adviser, Inc. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other 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 BNY Mellon Investment Portfolios, MidCap Stock Portfolio from January 1, 2019 to June 30, 2019. 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, 2019

| | Initial Shares | Service Shares |
|---|---|---|
| Expenses paid per $1,000† | $ 4.49 | $ 5.81 |
| Ending value (after expenses) | $ 1,132.80 | $1,131.30 |

# 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, 2019

| | Initial Shares | Service Shares |
|---|---|---|
| Expenses paid per $1,000† | $ 4.26 | $ 5.51 |
| Ending value (after expenses) | $1,020.58 | $1,019.34 |

† *Expenses are equal to the fund's annualized expense ratio of .85% for Initial shares and 1.10% 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, 2019 (Unaudited)

| Description | Shares | Value ($) |
|---|---|---|
| **Common Stocks - 99.7%** | | |
| **Automobiles & Components - 2.0%** | | |
| Dana | 30,130 | 600,792 |
| Gentex | 99,820 | 2,456,570 |
| | | **3,057,362** |
| **Banks - 6.0%** | | |
| BancorpSouth Bank | 26,300 [a] | 763,752 |
| Cathay General Bancorp | 58,955 [a] | 2,117,074 |
| Comerica | 24,300 | 1,765,152 |
| Commerce Bancshares | 5,199 [a] | 310,172 |
| East West Bancorp | 17,095 | 799,533 |
| Popular | 35,340 | 1,916,842 |
| TCF Financial | 71,940 | 1,495,633 |
| | | **9,168,158** |
| **Capital Goods - 12.1%** | | |
| Allison Transmission Holdings | 25,740 | 1,193,049 |
| Curtiss-Wright | 16,680 | 2,120,528 |
| EMCOR Group | 27,070 | 2,384,867 |
| ITT | 13,310 | 871,539 |
| Kennametal | 55,180 | 2,041,108 |
| MasTec | 10,750 [a,b] | 553,948 |
| MSC Industrial Direct, Cl. A | 1,960 | 145,550 |
| Oshkosh | 28,600 | 2,387,814 |
| Pentair | 11,310 | 420,732 |
| Spirit AeroSystems Holdings, Cl. A | 8,615 | 701,003 |
| Teledyne Technologies | 9,040 [b] | 2,475,785 |
| Terex | 28,460 | 893,644 |
| Timken | 43,180 | 2,216,861 |
| | | **18,406,428** |
| **Commercial & Professional Services - .4%** | | |
| HNI | 17,260 | **610,659** |
| **Consumer Durables & Apparel - 3.8%** | | |
| Deckers Outdoor | 13,030 [b] | 2,292,889 |
| NVR | 560 [b] | 1,887,340 |
| Under Armour, Cl. A | 32,770 [b] | 830,719 |
| Under Armour, Cl. C | 37,230 [a,b] | 826,506 |
| | | **5,837,454** |
| **Consumer Services - 1.8%** | | |
| Brinker International | 5,400 [a] | 212,490 |
| International Speedway, Cl. A | 7,240 | 325,004 |
| Wendy's | 112,190 [a] | 2,196,680 |
| | | **2,734,174** |

| Description | Shares | Value ($) |
|---|---|---|
| **Common Stocks - 99.7% (continued)** | | |
| **Diversified Financials - 3.4%** | | |
| Evercore, Cl. A | 4,280 | 379,080 |
| Federated Investors, Cl. B | 50,070 [a] | 1,627,275 |
| OneMain Holdings | 30,960 | 1,046,758 |
| SEI Investments | 38,440 | 2,156,484 |
| | | **5,209,597** |
| **Energy - 3.6%** | | |
| Apergy | 8,670 [b] | 290,792 |
| Cabot Oil & Gas | 69,700 | 1,600,312 |
| Equitrans Midstream | 86,400 | 1,702,944 |
| World Fuel Services | 50,830 | 1,827,847 |
| | | **5,421,895** |
| **Food & Staples Retailing - 1.4%** | | |
| Casey's General Stores | 13,080 | **2,040,349** |
| **Food, Beverage & Tobacco - 1.2%** | | |
| Ingredion | 22,740 | **1,875,823** |
| **Health Care Equipment & Services - 5.0%** | | |
| Amedisys | 14,930 [b] | 1,812,651 |
| Masimo | 6,860 [b] | 1,020,905 |
| Patterson | 74,360 [a] | 1,702,844 |
| STERIS | 8,800 | 1,310,144 |
| Veeva Systems, Cl. A | 9,000 [b] | 1,458,990 |
| West Pharmaceutical Services | 1,900 | 237,785 |
| | | **7,543,319** |
| **Household & Personal Products - .1%** | | |
| Herbalife Nutrition | 2,800 [a,b] | **119,728** |
| **Insurance - 5.1%** | | |
| Brown & Brown | 76,620 | 2,566,770 |
| Kemper | 11,920 | 1,028,577 |
| Primerica | 19,115 | 2,292,844 |
| Torchmark | 20,500 | 1,833,930 |
| | | **7,722,121** |
| **Materials - 5.2%** | | |
| Allegheny Technologies | 81,610 [a,b] | 2,056,572 |
| CF Industries Holdings | 4,940 | 230,747 |
| Chemours | 41,180 | 988,320 |
| Domtar | 43,530 | 1,938,391 |
| Element Solutions | 138,730 [a,b] | 1,434,468 |
| Owens-Illinois | 73,060 | 1,261,746 |
| | | **7,910,244** |
| **Media & Entertainment - 4.9%** | | |
| AMC Networks, Cl. A | 35,240 [a,b] | 1,920,228 |
| New York Times, Cl. A | 50,470 [a] | 1,646,331 |
| TEGNA | 39,530 | 598,879 |

| Description | Shares | Value ($) |
|---|---|---|
| **Common Stocks - 99.7% (continued)** | | |
| **Media & Entertainment - 4.9% (continued)** | | |
| TripAdvisor | 37,530 [a,b] | 1,737,264 |
| World Wrestling Entertainment, Cl. A | 21,340 [a] | 1,540,961 |
| | | **7,443,663** |
| **Pharmaceuticals Biotechnology & Life Sciences - 7.3%** | | |
| Agilent Technologies | 6,320 | 471,914 |
| Bio-Rad Laboratories, Cl. A | 5,570 [b] | 1,741,126 |
| Charles River Laboratories International | 17,910 [b] | 2,541,429 |
| Exelixis | 115,980 [b] | 2,478,493 |
| Incyte | 1,940 [b] | 164,822 |
| Mettler-Toledo International | 760 [b] | 638,400 |
| PRA Health Sciences | 4,270 [b] | 423,371 |
| Waters | 3,660 [b] | 787,778 |
| Zoetis | 16,400 | 1,861,236 |
| | | **11,108,569** |
| **Real Estate - 7.6%** | | |
| CubeSmart | 6,100 [c] | 203,984 |
| First Industrial Realty Trust | 62,300 [c] | 2,288,902 |
| Highwoods Properties | 24,600 [c] | 1,015,980 |
| Hospitality Properties Trust | 16,075 [c] | 401,875 |
| Lamar Advertising, Cl. A | 30,005 [c] | 2,421,704 |
| Medical Properties Trust | 105,530 [c] | 1,840,443 |
| Piedmont Office Realty Trust, Cl. A | 17,880 [c] | 356,348 |
| PS Business Parks | 4,820 [c] | 812,315 |
| Tanger Factory Outlet Centers | 7,680 [a,c] | 124,493 |
| Weingarten Realty Investors | 76,480 [c] | 2,097,082 |
| | | **11,563,126** |
| **Retailing - 2.9%** | | |
| Bed Bath & Beyond | 19,530 [a] | 226,939 |
| Best Buy | 3,270 | 228,017 |
| Dick's Sporting Goods | 59,400 [a] | 2,057,022 |
| Foot Locker | 5,960 [a] | 249,843 |
| Murphy USA | 14,110 [b] | 1,185,663 |
| Signet Jewelers | 27,710 [a] | 495,455 |
| | | **4,442,939** |
| **Semiconductors & Semiconductor Equipment - 1.9%** | | |
| ON Semiconductor | 15,630 [b] | 315,882 |
| Semtech | 25,980 [b] | 1,248,339 |
| Silicon Laboratories | 9,000 [b] | 930,600 |
| Xilinx | 3,150 | 371,448 |
| | | **2,866,269** |
| **Software & Services - 11.5%** | | |
| Broadridge Financial Solutions | 3,900 | 497,952 |
| CACI International, Cl. A | 11,290 [b] | 2,309,821 |

*STATEMENT OF INVESTMENTS (Unaudited) (continued)*

| Description | 1-Day Yield (%) | Shares | Value ($) |
|---|---|---|---|
| **Common Stocks - 99.7% (continued)** | | | |
| **Software & Services - 11.5% (continued)** | | | |
| CDK Global | | 43,630 | 2,157,067 |
| Citrix Systems | | 5,620 | 551,547 |
| CoreLogic | | 34,210 [b] | 1,431,004 |
| Fair Isaac | | 4,000 [b] | 1,256,080 |
| Fortinet | | 5,920 [b] | 454,834 |
| j2 Global | | 25,300 [a] | 2,248,917 |
| Leidos Holdings | | 4,760 | 380,086 |
| Manhattan Associates | | 33,080 [a,b] | 2,293,436 |
| MAXIMUS | | 30,320 | 2,199,413 |
| WEX | | 7,900 [b] | 1,643,990 |
| | | | **17,424,147** |
| **Technology Hardware & Equipment - 3.1%** | | | |
| F5 Networks | | 6,750 [b] | 983,002 |
| Xerox | | 22,630 | 801,328 |
| Zebra Technologies, Cl. A | | 14,100 [b] | 2,953,809 |
| | | | **4,738,139** |
| **Transportation - 5.1%** | | | |
| Landstar System | | 17,840 [a] | 1,926,542 |
| Old Dominion Freight Line | | 18,100 | 2,701,606 |
| United Airlines Holdings | | 20,830 [b] | 1,823,666 |
| Werner Enterprises | | 40,800 [a] | 1,268,064 |
| | | | **7,719,878** |
| **Utilities - 4.3%** | | | |
| Black Hills | | 7,890 | 616,761 |
| IDACORP | | 10,000 | 1,004,300 |
| MDU Resources Group | | 62,860 | 1,621,788 |
| NorthWestern | | 6,790 | 489,899 |
| NRG Energy | | 4,350 | 152,772 |
| OGE Energy | | 60,610 | 2,579,562 |
| | | | **6,465,082** |
| **Total Common Stocks** (cost $136,344,730) | | | **151,429,123** |
| **Investment Companies - .4%** | | | |
| **Registered Investment Companies - .4%** | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund (cost $567,188) | 2.29 | 567,188 [d] | **567,188** |

| Description | 1-Day Yield (%) | Shares | Value ($) |
|---|---|---|---|
| **Investment of Cash Collateral for Securities Loaned - .1%** | | | |
| **Registered Investment Companies - .1%** | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund (cost $227,175) | 2.29 | 227,175 [d] | **227,175** |
| **Total Investments** (cost $137,139,093) | | **100.2%** | **152,223,486** |
| **Liabilities, Less Cash and Receivables** | | **(.2%)** | **(309,691)** |
| **Net Assets** | | **100.0%** | **151,913,795** |

[a] *Security, or portion thereof, on loan. At June 30, 2019, the value of the fund's securities on loan was $27,166,023 and the value of the collateral held by the fund was $27,490,540, consisting of cash collateral of $227,175 and U.S. Government & Agency securities valued at $27,263,365.*

[b] *Non-income producing security.*

[c] *Investment in real estate investment trust within the United States.*

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

| Portfolio Summary (Unaudited) † | Value (%) |
|---|---|
| Industrials | 17.6 |
| Information Technology | 16.5 |
| Financials | 14.5 |
| Health Care | 12.3 |
| Consumer Discretionary | 10.6 |
| Real Estate | 7.6 |
| Materials | 5.2 |
| Communication Services | 4.9 |
| Utilities | 4.2 |
| Energy | 3.6 |
| Consumer Staples | 2.7 |
| Investment Companies | .5 |
| | **100.2** |

† *Based on net assets.*

*See notes to financial statements.*

## STATEMENT OF INVESTMENTS IN AFFILIATED ISSUERS
(Unaudited)

| Registered Investment Companies | Value 12/31/18($) | Purchases($) | Sales($) | Value 6/30/19($) | Net Assets(%) | Dividends/ Distributions($) |
|---|---|---|---|---|---|---|
| **Registered Investment Companies;** | | | | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund | 1,087,825 | 8,033,915 | 8,554,552 | 567,188 | .4 | 11,274 |
| **Investment of Cash Collateral for Securities Loaned:†** | | | | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund | 2,039,430 | 966,667 | 2,778,922 | 227,175 | .1 | - |
| **Total** | **3,127,255** | **9,000,582** | **11,333,474** | **794,363** | **.5** | **11,274** |

† *Effective January 2, 2019, cash collateral for securities lending was transferred from Dreyfus Institutional Preferred Government Money Market Fund, Institutional Shares to Dreyfus Institutional Preferred Government Plus Money Market Fund.*

*See notes to financial statements.*

# STATEMENT OF ASSETS AND LIABILITIES

June 30, 2019 (Unaudited)

| | Cost | Value |
|---|---|---|
| **Assets ($):** | | |
| Investments in securities—See Statement of Investments (including securities on loan, valued at $27,166,023)—Note 1(b): | | |
| Unaffiliated issuers | 136,344,730 | 151,429,123 |
| Affiliated issuers | 794,363 | 794,363 |
| Dividends, interest and securities lending income receivable | | 131,149 |
| Receivable for shares of Beneficial Interest subscribed | | 10,007 |
| Prepaid expenses | | 3,721 |
| | | **152,368,363** |
| **Liabilities ($):** | | |
| Due to BNY Mellon Investment Adviser, Inc. and affiliates—Note 3(b) | | 110,735 |
| Liability for securities on loan—Note 1(b) | | 227,175 |
| Payable for shares of Beneficial Interest redeemed | | 60,224 |
| Trustees fees and expenses payable | | 2,800 |
| Accrued expenses | | 53,634 |
| | | **454,568** |
| **Net Assets ($)** | | **151,913,795** |
| **Composition of Net Assets ($):** | | |
| Paid-in capital | | 137,169,006 |
| Total distributable earnings (loss) | | 14,744,789 |
| **Net Assets ($)** | | **151,913,795** |

| **Net Asset Value Per Share** | Initial Shares | Service Shares |
|---|---|---|
| Net Assets ($) | 78,161,352 | 73,752,443 |
| Shares Outstanding | 4,449,629 | 4,217,483 |
| **Net Asset Value Per Share ($)** | **17.57** | **17.49** |

*See notes to financial statements.*

# STATEMENT OF OPERATIONS

Six Months Ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income ($):** | |
| **Income:** | |
| Cash dividends (net of $2,120 foreign taxes withheld at source): | |
| Unaffiliated issuers | 1,324,287 |
| Affiliated issuers | 11,274 |
| Income from securities lending—Note 1(b) | 10,724 |
| Interest | 47 |
| **Total Income** | **1,346,332** |
| **Expenses:** | |
| Management fee—Note 3(a) | 562,816 |
| Distribution fees—Note 3(b) | 90,134 |
| Professional fees | 40,487 |
| Prospectus and shareholders' reports | 15,053 |
| Trustees' fees and expenses—Note 3(c) | 5,161 |
| Loan commitment fees—Note 2 | 1,769 |
| Custodian fees—Note 3(b) | 1,700 |
| Shareholder servicing costs—Note 3(b) | 842 |
| Miscellaneous | 10,838 |
| **Total Expenses** | **728,800** |
| **Investment Income—Net** | **617,532** |
| **Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):** | |
| Net realized gain (loss) on investments | (934,758) |
| Net unrealized appreciation (depreciation) on investments | 18,303,396 |
| **Net Realized and Unrealized Gain (Loss) on Investments** | **17,368,638** |
| **Net Increase in Net Assets Resulting from Operations** | **17,986,170** |

*See notes to financial statements.*

# STATEMENT OF CHANGES IN NET ASSETS

| | Six Months Ended June 30, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| **Operations ($):** | | |
| Investment income—net | 617,532 | 774,011 |
| Net realized gain (loss) on investments | (934,758) | 10,954,767 |
| Net unrealized appreciation (depreciation) on investments | 18,303,396 | (36,858,835) |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | **17,986,170** | **(25,130,057)** |
| **Distributions ($):** | | |
| Distributions to shareholders: | | |
| Initial Shares | (6,099,962) | (10,986,089) |
| Service Shares | (5,546,134) | (9,034,600) |
| **Total Distributions** | **(11,646,096)** | **(20,020,689)** |
| **Beneficial Interest Transactions ($):** | | |
| Net proceeds from shares sold: | | |
| Initial Shares | 1,883,117 | 6,689,007 |
| Service Shares | 7,284,270 | 11,050,270 |
| Distributions reinvested: | | |
| Initial Shares | 6,099,962 | 10,986,089 |
| Service Shares | 5,546,134 | 9,034,600 |
| Cost of shares redeemed: | | |
| Initial Shares | (5,613,911) | (13,668,427) |
| Service Shares | (5,201,207) | (13,088,711) |
| **Increase (Decrease) in Net Assets from Beneficial Interest Transactions** | **9,998,365** | **11,002,828** |
| **Total Increase (Decrease) in Net Assets** | **16,338,439** | **(34,147,918)** |
| **Net Assets ($):** | | |
| Beginning of Period | 135,575,356 | 169,723,274 |
| **End of Period** | **151,913,795** | **135,575,356** |
| **Capital Share Transactions (Shares):** | | |
| **Initial Shares** | | |
| Shares sold | 106,125 | 327,514 |
| Shares issued for distributions reinvested | 351,583 | 551,234 |
| Shares redeemed | (315,171) | (684,648) |
| **Net Increase (Decrease) in Shares Outstanding** | **142,537** | **194,100** |
| **Service Shares** | | |
| Shares sold | 411,598 | 553,063 |
| Shares issued for distributions reinvested | 320,957 | 454,915 |
| Shares redeemed | (296,715) | (653,885) |
| **Net Increase (Decrease) in Shares Outstanding** | **435,840** | **354,093** |

*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, 2019 (Unaudited) | Year Ended December 31, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Per Share Data ($):** | | | | | | |
| Net asset value, beginning of period | 16.80 | 22.56 | 20.09 | 18.95 | 23.03 | 20.87 |
| Investment Operations: | | | | | | |
| Investment income—net[a] | .08 | .12 | .10 | .21 | .18 | .14 |
| Net realized and unrealized gain (loss) on investments | 2.13 | (3.19) | 2.92 | 2.50 | (.50) | 2.35 |
| Total from Investment Operations | 2.21 | (3.07) | 3.02 | 2.71 | (.32) | 2.49 |
| Distributions: | | | | | | |
| Dividends from investment income—net | (12) | (.13) | (.22) | (.21) | (.14) | (.21) |
| Dividends from net realized gain on investments | (1.32) | (2.56) | (.33) | (1.36) | (3.62) | (.12) |
| Total Distributions | (1.44) | (2.69) | (.55) | (1.57) | (3.76) | (.33) |
| Net asset value, end of period | 17.57 | 16.80 | 22.56 | 20.09 | 18.95 | 23.03 |
| **Total Return (%)** | 13.28[b] | (15.49) | 15.38 | 15.47 | (2.29) | 12.09 |
| **Ratios/Supplemental Data (%):** | | | | | | |
| Ratio of total expenses to average net assets | .85[c] | .86 | .87 | .85 | .85 | .85 |
| Ratio of net expenses to average net assets | .85[c] | .86 | .87 | .85 | .85 | .85 |
| Ratio of net investment income to average net assets | .94[c] | .59 | .50 | 1.16 | .89 | .64 |
| Portfolio Turnover Rate | 43.38[b] | 68.02 | 64.86 | 65.52 | 80.27 | 83.06 |
| Net Assets, end of period ($ x 1,000) | 78,161 | 72,374 | 92,776 | 123,226 | 123,354 | 160,482 |

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

| Service Shares | Six Months Ended June 30, 2019 (Unaudited) | Year Ended December 31, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Per Share Data ($):** | | | | | | |
| Net asset value, beginning of period | 16.71 | 22.45 | 20.00 | 18.88 | 22.97 | 20.83 |
| Investment Operations: | | | | | | |
| Investment income—net[a] | .06 | .07 | .06 | .17 | .15 | .09 |
| Net realized and unrealized gain (loss) on investments | 2.11 | (3.18) | 2.90 | 2.47 | (.52) | 2.34 |
| Total from Investment Operations | 2.17 | (3.11) | 2.96 | 2.64 | (.37) | 2.43 |
| Distributions: | | | | | | |
| Dividends from investment income—net | (.07) | (.07) | (.18) | (.16) | (.10) | (.17) |
| Dividends from net realized gain on investments | (1.32) | (2.56) | (.33) | (1.36) | (3.62) | (.12) |
| Total Distributions | (1.39) | (2.63) | (.51) | (1.52) | (3.72) | (.29) |
| Net asset value, end of period | 17.49 | 16.71 | 22.45 | 20.00 | 18.88 | 22.97 |
| **Total Return (%)** | 13.13[b] | (15.69) | 15.04 | 15.20 | (2.52) | 11.76 |
| **Ratios/Supplemental Data (%):** | | | | | | |
| Ratio of total expenses to average net assets | 1.10[c] | 1.11 | 1.12 | 1.10 | 1.10 | 1.10 |
| Ratio of net expenses to average net assets | 1.10[c] | 1.11 | 1.12 | 1.10 | 1.10 | 1.10 |
| Ratio of net investment income to average net assets | .70[c] | .34 | .28 | .94 | .72 | .40 |
| Portfolio Turnover Rate | 43.38[b] | 68.02 | 64.86 | 65.52 | 80.27 | 83.06 |
| Net Assets, end of period ($ x 1,000) | 73,752 | 63,202 | 76,948 | 63,972 | 49,363 | 35,213 |

[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 BNY Mellon 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. BNY Mellon Investment Adviser, Inc. (the "Adviser"), a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"), serves as the fund's investment adviser.

Effective June 3, 2019, the Company changed its name from Dreyfus Investment Portfolios to BNY Mellon Investment Portfolios. In addition, The Dreyfus Corporation, the fund's investment adviser and administrator, changed its name to "BNY Mellon Investment Adviser, Inc.", MBSC Securities Corporation, the fund's distributor, changed its name to "BNY Mellon Securities Corporation" and Dreyfus Transfer, Inc., the fund's transfer agent, changed its name to "BNY Mellon Transfer, Inc."

BNY Mellon Securities Corporation (the "Distributor"), a wholly-owned subsidiary of the Adviser, 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, 2019 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-Common Stocks† | 151,429,123 | - | - | **151,429,123** |
| Investment Companies | 794,363 | - | - | **794,363** |

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

**(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 the Adviser, 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 the Adviser, 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, 2019, The Bank of New York Mellon earned $2,448 from lending portfolio securities, pursuant to the securities lending agreement.

**(c) Affiliated issuers:** Investments in other investment companies advised by the Adviser are considered "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 and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended June 30, 2019, 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, 2019, the fund did not incur any interest or penalties.

Each tax year in the three-year period ended December 31, 2018 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, 2018 was as follows: ordinary income $4,070,215 and long-term capital gains $15,950,474. The tax character of current year distributions will be determined at the end of the current fiscal year.

**(f) New Accounting Pronouncements:** Effective June 1, 2019, the fund adopted Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). The update provides guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements.

## NOTE 2—Bank Lines of Credit:

The fund participates with other long-term open-end funds managed by the Adviser in a $1.030 billion unsecured credit facility led by Citibank, N.A. (the "Citibank Credit Facility") and a $300 million unsecured credit facility provided by The Bank of New York Mellon (the "BNYM Credit Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions (each, a "Facility"). The

Citibank Credit Facility is available in two tranches: (i) Tranche A is in an amount equal to $830 million and is available to all long-term open-ended funds, including the fund, and (ii) Tranche B is in amount equal to $200 million and is available only to BNY Mellon Floating Rate Income Fund, a series of BNY Mellon Investment Funds IV, Inc. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for Tranche A of the Citibank Credit Facility and the BNYM Credit 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, 2019, the fund did not borrow under the Facilities.

## NOTE 3—Management Fee and Other Transactions with Affiliates:

**(a)** Pursuant to a management agreement with the Adviser, 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, 2019, Service shares were charged $90,134 pursuant to the Distribution Plan.

The fund has an arrangement with the transfer agent whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency fees. The fund had an arrangement with the custodian to receive earnings credits when positive cash balances were maintained, which were used to offset custody fees. Effective February 1, 2019, the arrangement with the custodian changed whereby the fund will no longer receive earnings credits to offset its custody fees and will receive interest income or overdraft fees going forward. For financial reporting purposes, the fund includes net earnings credits, if any, as an expense offset in the Statement of Operations.

The fund compensates BNY Mellon Transfer, Inc., a wholly-owned subsidiary of the Adviser, 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, 2019, the fund was charged $725 for transfer agency services. These fees are included in Shareholder servicing costs in the Statement of Operations.

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, 2019, the fund was charged $1,700 pursuant to the custody agreement.

During the period ended June 30, 2019, the fund was charged $4,090 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 BNY Mellon Investment Adviser, Inc. and affiliates" in the Statement of Assets and Liabilities consist of: management fees $91,818, Distribution Plan fees $14,849, custodian fees $1,420, Chief Compliance Officer fees $2,347 and transfer agency fees $301.

**(c)** Each Board member also serves as a Board member of other funds in the BNY Mellon Family of Funds 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, 2019, amounted to $64,533,857 and $65,070,302, respectively.

At June 30, 2019, accumulated net unrealized appreciation on investments was $15,084,393, consisting of $21,578,315 gross unrealized appreciation and $6,493,922 gross unrealized depreciation.

At June 30, 2019, 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

# For More Information

**BNY Mellon Investment Portfolios, MidCap Stock Portfolio**

240 Greenwich Street
New York, NY 10286

**Adviser**

BNY Mellon Investment Adviser, Inc.
240 Greenwich Street
New York, NY 10286

**Custodian**

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

**Transfer Agent & Dividend Disbursing Agent**

BNY Mellon Transfer, Inc.
240 Greenwich Street
New York, NY 10286

**Distributor**

BNY Mellon Securities Corporation
240 Greenwich Street
New York, NY 10286

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

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

**E-mail** Send your request to info@bnymellon.com

**Internet** Information can be viewed online or downloaded at www.bnymellonfundsim.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-PORT. The fund's Forms N-PORT 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.bnymellonfundsim.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 1-800-373-9387.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BNY MELLON
INVESTMENT MANAGEMENT

# BNY Mellon Sustainable U.S. Equity Portfolio, Inc.

**SEMIANNUAL REPORT**
June 30, 2019

BNY MELLON
INVESTMENT MANAGEMENT

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 BNY Mellon Investment Adviser, Inc. or any other person in the BNY Mellon Investment Adviser, Inc. organization. Any such views are subject to change at any time based upon market or other conditions and BNY Mellon Investment Adviser, Inc. disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a fund in the BNY Mellon Family of Funds are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any fund in the BNY Mellon Family of Funds.

# Contents

THE FUND



FOR MORE INFORMATION

## A LETTER FROM THE PRESIDENT OF BNY MELLON INVESTMENT ADVISER, INC.

Dear Shareholder:

We are pleased to present this semiannual report for BNY Mellon Sustainable U.S. Equity Portfolio, Inc. (formerly, The Dreyfus Sustainable U.S. Equity Portfolio, Inc.), covering the six-month period from January 1, 2019 through June 30, 2019. 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.

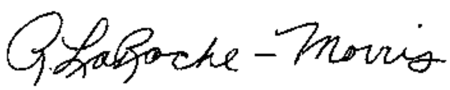
U.S. equity markets experienced a rally during the first several months of 2019, which was a welcome reprieve after the volatility observed in the fourth quarter of 2018. The recovery was stoked by comments made by the U.S. Federal Reserve (the "Fed"), indicating its willingness to slow the pace of interest-rate increases. Supportive central bank policy, a robust labor market, strong corporate fundamentals, and optimism regarding a possible resolution of the U.S.-China trade dispute buoyed the markets for much of the reporting period. However, in May, escalating trade tensions once again disrupted equity market progress, causing stock prices to pull back. The dip was short-lived, as markets rose once again in June. To end the period, the S&P 500 Index posted its best return for the first half of the year since 1997.

Fixed-income markets also benefited during the six months. Supportive policies from the Fed, as well as other global central banks, coupled with falling rates throughout the first half of the year, led to strong bond market returns. During its May meeting, the Fed reiterated its patient stance regarding future rate hikes and its willingness to take action to support economic growth rates.

We remain positive on the near-term economic outlook for the U.S. but will monitor relevant data for any signs of a change. As always, we encourage you to discuss the risks and opportunities in today's investment environment with your financial advisor.

Thank you for your continued confidence and support.

Sincerely,



Renee LaRoche-Morris
President
BNY Mellon Investment Adviser, Inc.
July 15, 2019

# DISCUSSION OF FUND PERFORMANCE (Unaudited)

*For the period from January 1, 2019 through June 30, 2019, as provided by portfolio managers Jeff Munroe, Robert Stewart and Yuko Takano of Newton Investment Management (North America) Limited, Sub-Investment Adviser*

## Market and Fund Performance Overview

For the six-month period ended June 30, 2019, BNY Mellon Sustainable U.S. Equity Portfolio, Inc.'s (formerly, Dreyfus Sustainable U.S. Equity Portfolio, Inc.) Initial shares produced a total return of 20.17%, and the fund's Service shares returned 20.02%.[1] In comparison, the fund's benchmark, the S&P 500® Index (the "Index"), produced a total return of 18.53% for the same period.[2]

U.S. equities posted strong returns over the reporting period, in an environment of moderate growth and supportive central bank policies. The fund outperformed the Index, mainly due to security selection within the information technology, financials, health care, and consumer discretionary 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.

## Markets Pivot on Central Bank Statements and Trade Policy

Equities rallied during much of the six months, recovering from the lows reached at the end of 2018. Talk of a potential trade deal between the U.S. and China helped fuel investor optimism, as did the European Central Bank's (ECB) announcement that it would provide additional stimulus to support the eurozone economy. China also revealed plans to stoke its slowing economic growth rate. At its first meeting of the year, the U.S. Federal Reserve (the "Fed") emphasized its focus on data as a primary driver for interest-rate-hike decisions, and its ability to suspend additional rate increases when the data is not supportive. A strong first-quarter corporate reporting season also worked to stoke investor risk appetites.

However, a challenging period soon ensued during the month of May. Renewed trade disputes between the U.S. and China caused equity markets to pull back. Investors became concerned about the negative effects decreased trade may have on economic growth. During its meeting in early May, the Fed reiterated its patient stance regarding future rate hikes and its willingness to take action to support economic growth rates. The ECB also indicated its intention to continue with further monetary easing. In the United Kingdom, continued political turmoil surrounding Brexit, and the resignation of Prime Minister Theresa May, was broadly shrugged off by investors as markets reversed course in June and rallied through the end of the period.

## Security Selections Drive Fund Performance

Outperformance was primarily driven by security selection during the period. Stock picking was particularly strong across the information technology, financials, health care and consumer discretionary sectors. Citigroup was among the top individual contributors. The financial company had a good start to the year as it reported profit for the fourth quarter that exceeded consensus expectations, owing to lower costs and tax rates. Citigroup finished the review period strongly ahead of the Fed's annual stress tests, which were subsequently cleared without issue, and gained further support from hopes of progress in trade negotiations between the U.S. and China ahead of the G20 summit in Osaka. Elsewhere in the markets, shares in eBay surged, as an activist investor wrote to management outlining a number of proposals aimed at unlocking shareholder value. A position in the online retailer was a leading contributor to portfolio performance during the six months. Software company Microsoft's shares continued an upward trajectory, benefiting performance. The company announced solid financial results on its most recent earnings call. Preliminary guidance of double-digit revenue growth for 2020 impressed, and shares went on to hit new heights in June, as the technology giant provided greater detail on its gaming strategy.

Conversely, stock selection in the communication services sector detracted, while the portion of the portfolio held in cash also dragged in an environment of rising equities. Alphabet lagged over the review period, hindered by slowing revenue growth over the first quarter and news of added antitrust scrutiny. Meanwhile, the absence of Facebook, a significant index constituent, which we had avoided on concerns related to its management of social and privacy issues, detracted as the stock performed well. Elsewhere in the markets, Walgreens Boots Alliance also provided a significant headwind during the period. Although the drug retailer announced an aggressive cost-cutting plan at the end of last year, alongside its emphasis on the development of strategic partnerships, investors became increasingly wary of the company's ability to meet its earnings guidance for the fiscal year. Some downbeat commentary from management drove shares lower.

## Finding Opportunities in a Challenging Environment

It is our opinion that increasing levels of debt have muted the global economic recovery. Expectations that the Fed will cut U.S. interest rates have risen, as the U.S. and global economic outlooks have deteriorated. The ECB has also raised the prospect of renewed monetary easing. Such courses of action can give financial markets a short-term boost. However, if global economic momentum continues to slow, and there is a full-blown trade war between the U.S. and China, we believe that international equity markets may face significant headwinds.

Against this challenging backdrop, business quality is important to us, yet we also recognize that "quality" already carries a hefty valuation premium. We certainly prize long-term growth opportunities, competitive advantage, high return on capital, and conservative balance sheets in our portfolio companies, but we aim for a diversified portfolio containing a range of investment profiles and expect stock-specific factors to be the dominant driver of performance. We maintain our void in the energy space, where a combination of poor returns on capital, shifting demand patterns, and negative long-term externalities around carbon pricing and regulation are not reflected in the valuation of these stocks and are incompatible with our focus on finding investments that are aligned with the transition to a lower-carbon world. On the other side of the coin, one of our largest expressions of conviction remains in the information technology space. We believe that a strong focus on providing innovation and solutions to global sustainability challenges, limited regulatory interference, and high incremental returns on capital make for an attractive area in which to find long-term investments.

July 15, 2019

[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 BNY Mellon Investment Adviser, Inc. pursuant to an agreement in effect through May 1, 2020, 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.*

*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 security 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 BNY Mellon Sustainable U.S. Equity Portfolio, Inc., made available through insurance products, may be similar to those of other funds managed by BNY Mellon Investment Adviser, Inc. However, the investment results of the fund may be higher or lower than, and may not be comparable to, those of any other BNY Mellon Investment Adviser, Inc. 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 BNY Mellon Sustainable U.S. Equity Portfolio, Inc. from January 1, 2019 to June 30, 2019. 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, 2019

| | Initial Shares | Service Shares |
|---|---|---|
| Expenses paid per $1,000† | $ 3.66 | $ 5.02 |
| Ending value (after expenses) | $ 1,201.70 | $ 1,200.20 |

## 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, 2019

| | Initial Shares | Service Shares |
|---|---|---|
| Expenses paid per $1,000† | $ 3.36 | $ 4.61 |
| Ending value (after expenses) | $ 1,021.47 | $ 1,020.23 |

† *Expenses are equal to the fund's annualized expense ratio of .67% for Initial shares and .92% 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, 2019 (Unaudited)

| Description | Shares | Value ($) |
|---|---|---|
| **Common Stocks - 97.5%** | | |
| **Banks - 4.8%** | | |
| Citigroup | 91,540 | 6,410,546 |
| First Republic Bank | 48,082 | 4,695,207 |
| | | **11,105,753** |
| **Capital Goods - 3.7%** | | |
| Acuity Brands | 16,315 | 2,250,002 |
| Ferguson | 35,793 | 2,551,289 |
| General Electric | 361,994 | 3,800,937 |
| | | **8,602,228** |
| **Consumer Durables & Apparel - 6.4%** | | |
| Lennar, Cl. A | 63,743 | 3,088,986 |
| NIKE, Cl. B | 68,077 | 5,715,064 |
| PulteGroup | 107,232 | 3,390,676 |
| Under Armour, Cl. A | 103,635 [a] | 2,627,147 |
| | | **14,821,873** |
| **Diversified Financials - 3.4%** | | |
| Goldman Sachs Group | 25,547 | 5,226,916 |
| Redwood Trust | 165,076 [b] | 2,728,706 |
| | | **7,955,622** |
| **Food & Staples Retailing - 3.3%** | | |
| Costco Wholesale | 17,215 | 4,549,236 |
| Walgreens Boots Alliance | 55,646 | 3,042,167 |
| | | **7,591,403** |
| **Food, Beverage & Tobacco - 3.7%** | | |
| PepsiCo | 65,976 | **8,651,433** |
| **Health Care Equipment & Services - 7.2%** | | |
| Abbott Laboratories | 107,654 | 9,053,701 |
| Medtronic | 79,233 | 7,716,502 |
| | | **16,770,203** |
| **Household & Personal Products - 3.7%** | | |
| Colgate-Palmolive | 95,817 | 6,867,204 |
| Coty, Cl. A | 126,445 | 1,694,363 |
| | | **8,561,567** |
| **Insurance - 4.2%** | | |
| Intact Financial | 106,358 | **9,828,907** |
| **Materials - 2.9%** | | |
| Ecolab | 12,598 | 2,487,349 |
| International Flavors & Fragrances | 29,689 | 4,307,577 |
| | | **6,794,926** |
| **Media & Entertainment - 5.2%** | | |
| Alphabet, Cl. A | 11,105 [a] | **12,024,494** |

| Description | Shares | Value ($) |
|---|---|---|
| **Common Stocks - 97.5% (continued)** | | |
| **Pharmaceuticals Biotechnology & Life Sciences - 6.9%** | | |
| Gilead Sciences | 86,110 | 5,817,592 |
| Merck & Co. | 123,381 | 10,345,497 |
| | | **16,163,089** |
| **Retailing - 10.1%** | | |
| Amazon.com | 5,187 [a] | 9,822,259 |
| Dollar General | 47,646 | 6,439,833 |
| eBay | 125,867 | 4,971,747 |
| The TJX Companies | 44,268 | 2,340,892 |
| | | **23,574,731** |
| **Semiconductors & Semiconductor Equipment - 4.4%** | | |
| Applied Materials | 146,945 | 6,599,300 |
| Qualcomm | 49,424 | 3,759,684 |
| | | **10,358,984** |
| **Software & Services - 12.3%** | | |
| Accenture, Cl. A | 47,704 | 8,814,268 |
| Intuit | 10,956 | 2,863,131 |
| Microsoft | 127,325 | 17,056,457 |
| | | **28,733,856** |
| **Technology Hardware & Equipment - 7.7%** | | |
| Apple | 45,434 | 8,992,297 |
| Cisco Systems | 161,593 | 8,843,985 |
| | | **17,836,282** |
| **Telecommunication Services - 2.2%** | | |
| Verizon Communications | 88,974 | **5,083,085** |
| **Transportation - 1.3%** | | |
| CH Robinson Worldwide | 35,245 | **2,972,916** |
| **Utilities - 4.1%** | | |
| CMS Energy | 72,339 | 4,189,152 |
| Eversource Energy | 71,279 | 5,400,097 |
| | | **9,589,249** |
| **Total Common Stocks** (cost $180,464,297) | | **227,020,601** |

| Description | 1-Day Yield (%) | Shares | Value ($) |
|---|---|---|---|
| **Investment Companies - 2.5%** | | | |
| **Registered Investment Companies - 2.5%** | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund (cost $5,840,580) | 2.29 | 5,840,580 [c] | **5,840,580** |
| **Total Investments** (cost $186,304,877) | | **100.0%** | **232,861,181** |
| **Liabilities, Less Cash and Receivables** | | **.0%** | **(107,414)** |
| **Net Assets** | | **100.0%** | **232,753,767** |

[a] *Non-income producing security.*
[b] *Investment in real estate investment trust within the United States.*
[c] *Investment in affiliated issuer. The investment objective of this investment company is publicly available and can be found within the investment company's prospectus.*

| Portfolio Summary (Unaudited) † | Value (%) |
|---|---|
| Information Technology | 24.5 |
| Consumer Discretionary | 16.5 |
| Health Care | 14.1 |
| Financials | 12.4 |
| Consumer Staples | 10.7 |
| Communication Services | 7.3 |
| Industrials | 5.0 |
| Utilities | 4.1 |
| Materials | 2.9 |
| Investment Companies | 2.5 |
| | **100.0** |

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

# STATEMENT OF INVESTMENTS IN AFFILIATED ISSUERS
(Unaudited)

| Investment Companies | Value 12/31/18($) | Purchases($) | Sales($) | Value 6/30/19($) | Net Assets(%) | Dividends/ Distributions($) |
|---|---|---|---|---|---|---|
| **Registered Investment Companies:** | | | | | | |
| Dreyfus Institutional Preferred Government Plus Money Market Fund | 3,602,935 | 12,985,313 | 10,747,668 | 5,840,580 | 2.5 | 54,250 |

*See notes to financial statements.*

# STATEMENT OF ASSETS AND LIABILITIES

June 30, 2019 (Unaudited)

| | Cost | Value |
|---|---|---|
| **Assets ($):** | | |
| Investments in securities—See Statement of Investments | | |
| Unaffiliated issuers | 180,464,297 | 227,020,601 |
| Affiliated issuers | 5,840,580 | 5,840,580 |
| Cash denominated in foreign currency | 52,440 | 52,466 |
| Dividends and interest receivable | | 133,668 |
| Receivable for shares of Common Stock subscribed | | 15,387 |
| Prepaid expenses | | 15,360 |
| | | **233,078,062** |
| **Liabilities ($):** | | |
| Due to BNY Mellon Investment Adviser, Inc. and affiliates—Note 3(c) | | 120,957 |
| Payable for shares of Common Stock redeemed | | 154,387 |
| Directors fees and expenses payable | | 19,100 |
| Accrued expenses | | 29,851 |
| | | **324,295** |
| **Net Assets ($)** | | **232,753,767** |
| **Composition of Net Assets ($):** | | |
| Paid-in capital | | 186,544,615 |
| Total distributable earnings (loss) | | 46,209,152 |
| **Net Assets ($)** | | **232,753,767** |

| **Net Asset Value Per Share** | Initial Shares | Service Shares |
|---|---|---|
| Net Assets ($) | 221,609,171 | 11,144,596 |
| Shares Outstanding | 6,304,671 | 321,442 |
| **Net Asset Value Per Share ($)** | **35.15** | **34.67** |

*See notes to financial statements.*

# STATEMENT OF OPERATIONS

Six Months Ended June 30, 2019 (Unaudited)

| | |
|---|---:|
| **Investment Income ($):** | |
| **Income:** | |
| Cash dividends (net of $20,342 foreign taxes withheld at source): | |
| Unaffiliated issuers | 2,175,633 |
| Affiliated issuers | 54,250 |
| **Total Income** | **2,229,883** |
| **Expenses:** | |
| Management fee—Note 3(a) | 663,205 |
| Professional fees | 43,698 |
| Prospectus and shareholders' reports | 21,517 |
| Distribution fees—Note 3(b) | 12,895 |
| Loan commitment fees—Note 2 | 2,724 |
| Shareholder servicing costs—Note 3(c) | 2,396 |
| Custodian fees—Note 3(c) | 1,688 |
| Directors' fees and expenses—Note 3(d) | 383 |
| Registration fees | 34 |
| Miscellaneous | 10,413 |
| **Total Expenses** | **758,953** |
| **Investment Income—Net** | **1,470,930** |
| **Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):** | |
| Net realized gain (loss) on investments and foreign currency transactions | (1,123,395) |
| Net realized gain (loss) on forward foreign currency exchange contracts | 1,120 |
| **Net Realized Gain (Loss)** | **(1,122,275)** |
| Net unrealized appreciation (depreciation) on investments and foreign currency transactions | 39,869,519 |
| Net unrealized appreciation (depreciation) on forward foreign currency exchange contracts | (119) |
| **Net Unrealized Appreciation (Depreciation)** | **39,869,400** |
| **Net Realized and Unrealized Gain (Loss) on Investments** | **38,747,125** |
| **Net Increase in Net Assets Resulting from Operations** | **40,218,055** |

*See notes to financial statements.*

## STATEMENT OF CHANGES IN NET ASSETS

| | Six Months Ended June 30, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| **Operations ($):** | | |
| Investment income—net | 1,470,930 | 2,706,893 |
| Net realized gain (loss) on investments | (1,122,275) | 9,145,793 |
| Net unrealized appreciation (depreciation) on investments | 39,869,400 | (20,626,213) |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | **40,218,055** | **(8,773,527)** |
| **Distributions ($):** | | |
| Distributions to shareholders: | | |
| Initial Shares | (10,343,539) | (45,130,410) |
| Service Shares | (486,656) | (2,115,465) |
| **Total Distributions** | **(10,830,195)** | **(47,245,875)** |
| **Capital Stock Transactions ($):** | | |
| Net proceeds from shares sold: | | |
| Initial Shares | 2,622,328 | 4,442,142 |
| Service Shares | 660,525 | 1,296,521 |
| Distributions reinvested: | | |
| Initial Shares | 10,343,539 | 45,130,410 |
| Service Shares | 486,656 | 2,115,465 |
| Cost of shares redeemed: | | |
| Initial Shares | (12,909,976) | (28,655,114) |
| Service Shares | (785,288) | (1,713,620) |
| **Increase (Decrease) in Net Assets from Capital Stock Transactions** | **417,784** | **22,615,804** |
| **Total Increase (Decrease) in Net Assets** | **29,805,644** | **(33,403,598)** |
| **Net Assets ($):** | | |
| Beginning of Period | 202,948,123 | 236,351,721 |
| **End of Period** | **232,753,767** | **202,948,123** |
| **Capital Share Transactions (Shares):** | | |
| **Initial Shares** | | |
| Shares sold | 78,540 | 127,626 |
| Shares issued for distributions reinvested | 311,834 | 1,380,980 |
| Shares redeemed | (384,545) | (823,767) |
| **Net Increase (Decrease) in Shares Outstanding** | **5,829** | **684,839** |
| **Service Shares** | | |
| Shares sold | 19,797 | 37,367 |
| Shares issued for distributions reinvested | 14,865 | 65,535 |
| Shares redeemed | (23,804) | (50,455) |
| **Net Increase (Decrease) in Shares Outstanding** | **10,858** | **52,447** |

*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, 2019 (Unaudited) | Year Ended December 31, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Per Share Data ($):** | | | | | | |
| Net asset value, beginning of period | 30.73 | 40.27 | 37.86 | 38.56 | 45.97 | 44.09 |
| Investment Operations: | | | | | | |
| Investment income—net[a] | .22 | .41 | .38 | .44 | .47 | .45 |
| Net realized and unrealized gain (loss) on investments | 5.88 | (1.69) | 5.14 | 3.15 | (1.54) | 5.07 |
| Total from Investment Operations | 6.10 | (1.28) | 5.52 | 3.59 | (1.07) | 5.52 |
| Distributions: | | | | | | |
| Dividends from investment income—net | (.52) | (.71) | (.46) | (.50) | (.47) | (.48) |
| Dividends from net realized gain on investments | (1.16) | (7.55) | (2.65) | (3.79) | (5.87) | (3.16) |
| Total Distributions | (1.68) | (8.26) | (3.11) | (4.29) | (6.34) | (3.64) |
| Net asset value, end of period | 35.15 | 30.73 | 40.27 | 37.86 | 38.56 | 45.97 |
| **Total Return (%)** | 20.17[b] | (4.41) | 15.33 | 10.38 | (3.20) | 13.45 |
| **Ratios/Supplemental Data (%):** | | | | | | |
| Ratio of total expenses to average net assets | .67[c] | .74 | .80 | .86 | .86 | .84 |
| Ratio of net expenses to average net assets | .67[c] | .70 | .77 | .86 | .86 | .84 |
| Ratio of net investment income to average net assets | 1.34[c] | 1.19 | .99 | 1.21 | 1.14 | 1.02 |
| Portfolio Turnover Rate | 12.38[b] | 51.68 | 119.51 | 60.67 | 59.57 | 45.05 |
| Net Assets, end of period ($ x 1,000) | 221,609 | 193,538 | 226,078 | 221,172 | 227,483 | 270,483 |

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

| Service Shares | Six Months Ended June 30, 2019 (Unaudited) | Year Ended December 31, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Per Share Data ($):** | | | | | | |
| Net asset value, beginning of period | 30.30 | 39.80 | 37.46 | 38.19 | 45.58 | 43.76 |
| Investment Operations: | | | | | | |
| Investment income—net[a] | .18 | .32 | .28 | .34 | .36 | .33 |
| Net realized and unrealized gain (loss) on investments | 5.80 | (1.66) | 5.08 | 3.12 | (1.52) | 5.04 |
| Total from Investment Operations | 5.98 | (1.34) | 5.36 | 3.46 | (1.16) | 5.37 |
| Distributions: | | | | | | |
| Dividends from investment income—net | (.45) | (.61) | (.37) | (.40) | (.36) | (.39) |
| Dividends from net realized gain on investments | (1.16) | (7.55) | (2.65) | (3.79) | (5.87) | (3.16) |
| Total Distributions | (1.61) | (8.16) | (3.02) | (4.19) | (6.23) | (3.55) |
| Net asset value, end of period | 34.67 | 30.30 | 39.80 | 37.46 | 38.19 | 45.58 |
| **Total Return (%)** | 20.02[b] | (4.64) | 15.04 | 10.08 | (3.41) | 13.13 |
| **Ratios/Supplemental Data (%):** | | | | | | |
| Ratio of total expenses to average net assets | .92[c] | .99 | 1.05 | 1.11 | 1.11 | 1.09 |
| Ratio of net expenses to average net assets | .92[c] | .95 | 1.02 | 1.11 | 1.11 | 1.09 |
| Ratio of net investment income to average net assets | 1.09[c] | .95 | .74 | .96 | .89 | .76 |
| Portfolio Turnover Rate | 12.38[b] | 51.68 | 119.51 | 60.67 | 59.57 | 45.05 |
| Net Assets, end of period ($ x 1,000) | 11,145 | 9,410 | 10,274 | 10,884 | 9,869 | 10,632 |

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

**NOTE 1—Significant Accounting Policies:**

BNY Mellon Sustainable U.S. Equity Portfolio, Inc. (the "fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), is 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. BNY Mellon Investment Adviser, Inc. (the "Adviser"), 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 (the "Sub-Adviser"), a wholly-owned subsidiary of BNY Mellon and an affiliate of the Adviser, serves as the fund's sub-investment adviser.

Effective June 3, 2019, the fund changed its name from The Dreyfus Sustainable U.S. Equity Portfolio, Inc. to BNY Mellon Sustainable U.S. Equity Portfolio, Inc. In addition, The Dreyfus Corporation, the fund's investment adviser and administrator, changed its name to "BNY Mellon Investment Adviser, Inc.", MBSC Securities Corporation, the fund's distributor, changed its name to "BNY Mellon Securities Corporation" and Dreyfus Transfer, Inc., the fund's transfer agent, changed its name to "BNY Mellon Transfer, Inc."

BNY Mellon Securities Corporation (the "Distributor"), a wholly-owned subsidiary of the Adviser, 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 Company's Board of Directors (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, 2019 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 - Common Stocks† | 224,469,312 | 2,551,289†† | - | **227,020,601** |
| Investment Companies | 5,840,580 | - | - | **5,840,580** |

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

†† *Securities classified within Level 2 at period end as the values were determined pursuant to the fund's fair valuation procedures.*

**(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 the Adviser are considered "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 and net realized capital gain sufficient to relieve it from substantially all federal income and excise taxes.

As of and during the period ended June 30, 2019, 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, 2019, the fund did not incur any interest or penalties.

Each tax year in the three-year period ended December 31, 2018 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, 2018 was as follows: ordinary income $9,615,532 and long-term capital gains $37,630,343. The tax character of current year distributions will be determined at the end of the current fiscal year.

**(g) New Accounting Pronouncements:** Effective June 1, 2019, the fund adopted Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). The update provides guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements.

## NOTE 2—Bank Lines of Credit:

The fund participates with other long-term open-end funds managed by the Adviser in a $1.030 billion unsecured credit facility led by Citibank, N.A. (the "Citibank Credit Facility") and a $300 million unsecured credit facility provided by The Bank of New York Mellon (the "BNYM Credit Facility"), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions (each, a "Facility"). The Citibank Credit Facility is available in two tranches: (i) Tranche A is in an amount equal to $830 million and is available to all long-term open-ended funds, including the fund, and (ii) Tranche B is in amount equal to $200 million and is available only to BNY Mellon Floating Rate Income Fund, a series of BNY Mellon Investment Funds IV, Inc. In connection therewith, the fund has agreed to pay its pro rata portion of commitment fees for Tranche A of the Citibank Credit Facility and the BNYM Credit 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, 2019, 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 the Adviser, 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. The Adviser has contractually agreed, from January 1, 2019 through May 1, 2020, to waive receipt of its fees and/or assume the direct expenses of the fund so that the expenses of none of the classes (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, 2020, the Adviser may terminate this expense limitation agreement at any time. During the period ended June 30, 2019, there was no expense reimbursement pursuant to the undertaking.

Pursuant to a sub-investment advisory agreement between the Adviser and Sub-Adviser, Sub-Adviser serves as the fund's sub-investment adviser responsible for the day-to-day management of the fund's portfolio. The Adviser pays the sub-investment adviser a monthly fee at an annual percentage of the value of the fund's average daily net assets. The Adviser 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 the Adviser, 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 the Adviser or are wholly-owned subsidiaries (as defined under the Act) of the Adviser's ultimate parent company, BNY Mellon, without obtaining shareholder approval. The Order also allows the fund to disclose the sub-investment advisory fee paid by the Adviser 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 the Adviser 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 the Adviser. The Adviser 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, 2019, Service shares were charged $12,895 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, 2019, Initial shares were charged $1,611 pursuant to the Shareholder Services Plan.

The fund has an arrangement with the transfer agent whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset transfer agency fees. The fund had an arrangement with the custodian to receive earnings credits when positive cash balances were maintained, which were used to offset custody fees. Effective February 1, 2019, the arrangement with the custodian changed whereby the fund will no longer receive earnings credits to offset its custody fees and will receive interest income or overdraft fees going forward. For financial reporting purposes, the fund includes net earnings credits, if any, as an expense offset in the Statement of Operations.

The fund compensates BNY Mellon Transfer, Inc., a wholly-owned subsidiary of the Adviser, 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, 2019, the fund was charged $665 for transfer agency services. These fees are included in Shareholder servicing costs in the Statement of Operations.

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, 2019, the fund was charged $1,688 pursuant to the custody agreement.

During the period ended June 30, 2019, the fund was charged $4,090 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 BNY Mellon Investment Adviser, Inc. and affiliates" in the Statement of Assets and Liabilities consist of: management fees $113,376, Distribution Plan fees $2,255, Shareholder Service Plan fees $1,000, custodian fees $1,699, Chief Compliance Officer fees $2,347 and transfer agency fees $280.

**(d)** Each Board member also serves as a Board member of other funds in the BNY Mellon Family of Funds 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, 2019, amounted to $26,811,832 and $37,823,548, 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 instruments' 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, 2019 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. Forward contracts open at June 30, 2019 are set forth in the Statement of Forward Foreign Currency Exchange Contracts.

The following summarizes the average market value of derivatives outstanding during the period ended June 30, 2019:

| | Average Market Value ($) |
|---|---|
| Forward contracts | 13,398 |

At June 30, 2019, accumulated net unrealized appreciation on investments was $46,556,304, consisting of $48,983,359 gross unrealized appreciation and $2,427,055 gross unrealized depreciation.

At June 30, 2019, 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).

## INFORMATION ABOUT THE RENEWAL OF THE FUND'S MANAGEMENT AND SUB-INVESTMENT ADVISORY AGREEMENTS (Unaudited)

At a meeting of the fund's Board of Directors held on March 5, 2019, the Board considered the renewal of the fund's Management Agreement, pursuant to which the Adviser provides the fund with investment advisory and administrative services (the "Agreement"), and the Sub-Investment Advisory Agreement (together, the "Agreements"), pursuant to which Newton Investment Management (North America) Limited (the "Subadviser") provides day-to-day management of the fund's investments. The Board members, a majority of whom are not "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of the Adviser and the Subadviser. In considering the renewal of the Agreements, the Board considered all factors that it believed to be relevant, including those discussed below. The Board did not identify any one factor as dispositive, and each Board member may have attributed different weights to the factors considered.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund. The Board considered information provided to it at the meeting and in previous presentations from representatives of the Adviser regarding the nature, extent, and quality of the services provided to funds in the BNY Mellon fund complex. The Adviser provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. The Adviser also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the BNY Mellon fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or the Adviser) and the Adviser's corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each intermediary or distribution channel, as applicable to the fund.

The Board also considered research support available to, and portfolio management capabilities of, the fund's portfolio management personnel and that the Adviser also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board also considered the Adviser's extensive administrative, accounting and compliance infrastructures, as well as the Adviser's supervisory activities over the Subadviser. The Board also considered portfolio management's brokerage policies and practices (including policies and practices regarding soft dollars) and the standards applied in seeking best execution.

Comparative Analysis of the Fund's Performance and Management Fee and Expense Ratio. The Board reviewed reports prepared by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company data, which included information comparing (1) the fund's performance with the performance of a group of comparable funds ("Performance Group 1") and with a broader group of funds ("Performance Universe 1"), all for various periods ended January 31, 2019; (2) at the request of the Adviser, the fund's performance with the performance of a group of environmental, social and governance ("ESG")-rated funds from various Lipper categories ("Performance Group 2") and with a broader group of ESG-rated funds ("Performance Universe 2"), all for various periods ended January 31, 2019; and (3) the fund's actual and contractual management fees and total expenses with those of two groups of comparable funds, one identical to Performance Group 1 ("Expense Group 1") and the other identical to Performance Group 2 ("Expense Group 2"), and with two broader groups of funds, one that included the Performance Group 1 funds ("Expense Universe 1") and the other that included Performance Group 2 funds ("Expense Universe 2"), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. The Adviser previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Groups and Performance Universes and the Expense Groups and Expense Universes.

Representatives of the Adviser stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations and policies that may be applicable to the fund and comparison funds. The Board discussed with representatives of the Adviser, its affiliates and/or the Subadviser the results of the comparisons and considered that the fund's total return performance was above the medians of the Performance Groups and Performance Universe in the eight-month and one-year periods and above the Performance Group 1 median for the two-year period, but below medians in the remaining periods. The Board considered the relative proximity of the fund's performance to the medians of the Performance Groups and Performance Universes in certain periods. The Adviser also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index. The Board also considered that the fund's investment strategies and portfolio management changed, and the Subadviser was added, in May 2017.

The Board also reviewed the range of actual and contractual management fees and total expenses of the Expense Group and Expense Universe funds and discussed the results of the comparisons. The Board considered that the fund's contractual management fee was below the Expense Group 1 and 2 medians and the fund's actual management fee and total expenses were below the Expense Group 1 and 2 medians and the Expense Universe 1 and 2 medians.

Representatives of the Adviser stated that the Adviser has contractually agreed, until May 1, 2019, to waive receipt of its fees and/or assume the direct expenses of the fund so that the direct expenses of none of its classes (excluding Rule 12b-1 fees, shareholder services fees, taxes, interest, brokerage commissions, commitment fees on borrowings and extraordinary expenses) exceed .70% of the fund's average daily net assets.

Representatives of the Adviser reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by the Adviser that are in the same Lipper category as the fund and (2) paid to the Adviser or the Subadviser or its affiliates for advising any separate accounts and/or other types of client portfolios that are considered to have similar investment strategies and policies as the fund (the "Similar Clients"), and explained the nature of the Similar Clients. They discussed differences in fees paid and the relationship of the fees paid in light of any differences in the services provided and other relevant factors. The Board considered the relevance of the fee information provided for the Similar Clients to evaluate the appropriateness of the fund's management fee.

The Board considered the fee paid to the Subadviser in relation to the fee paid to the Adviser by the fund and the respective services provided by the Subadviser and the Adviser. The Board also took into consideration that the Subadviser's fee is paid by the Adviser (out of its fee from the fund) and not the fund.

Analysis of Profitability and Economies of Scale. Representatives of the Adviser reviewed the expenses allocated and profit received by the Adviser and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to the Adviser and its affiliates for managing the funds in the BNY Mellon fund complex, and the method used to determine the expenses and profit. The Board concluded that the profitability results were not unreasonable, given the services rendered and service levels provided by the Adviser. The Board also considered the expense limitation arrangement and its effect on the profitability of the Adviser and its affiliates. The Board also had been provided with information prepared by an independent consulting firm regarding the Adviser's approach to allocating costs to, and determining the profitability of, individual funds and the entire BNY Mellon fund complex. The consulting firm also had analyzed where any economies of scale might emerge in connection with the management of a fund.

The Board considered on the advice of its counsel the profitability analysis (1) as part of its evaluation of whether the fees under the Agreements, considered in relation to the mix of services provided by the Adviser and the Subadviser, including the nature, extent and quality of such services, supported the renewal of the Agreements and (2) in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders. Since the Adviser, and not the fund, pays the Subadviser pursuant to the Sub-Investment Advisory Agreement, the Board did not consider the Subadviser's profitability to be relevant to its deliberations. Representatives of the Adviser stated that a discussion of economies of scale is predicated on a fund having achieved a substantial size with increasing assets and that, if a fund's assets had been stable or decreasing, the possibility that the Adviser may have realized any economies of scale would be less. Representatives of the Adviser also stated that, as a result of shared and allocated costs among funds in the BNY Mellon fund complex, the extent of economies of scale could depend substantially on the level of assets in the complex as a whole, so that increases and decreases in complex-wide assets can affect potential economies of scale in a manner that is disproportionate to, or even in the opposite direction from, changes in the fund's asset level. The Board also considered potential benefits to the Adviser and the Subadviser from acting as investment adviser and sub-investment adviser, respectively, and took into consideration the soft dollar arrangements in effect for trading the fund's investments.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to the renewal of the Agreements. Based on the discussions and considerations as described above, the Board concluded and determined as follows.

- The Board concluded that the nature, extent and quality of the services provided by the Adviser and the Subadviser are adequate and appropriate.
- The Board was satisfied with the fund's improved performance, in light of the considerations described above.
- The Board concluded that the fees paid to the Adviser and the Subadviser continued to be appropriate under the circumstances and in light of the factors and the totality of the services provided as discussed above.
- The Board determined that the economies of scale which may accrue to the Adviser and its affiliates in connection with the management of the fund had been adequately considered by the Adviser in connection with the fee rate charged to the fund pursuant to the Agreement and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

In evaluating the Agreements, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with the Adviser and its affiliates and the Subadviser, of the Adviser and the Subadviser and the services provided to the fund by the Adviser and the Subadviser. The Board also relied on information received on a routine and regular basis throughout the year relating to the operations of the fund and the investment management and other services provided under the Agreements, including information on the investment performance of the fund in comparison to similar mutual funds and benchmark performance indices; general market outlook as applicable to the fund; and compliance reports. In addition, the Board's consideration of the contractual fee arrangements for this fund had the benefit of a number of years of reviews of the Agreements for the fund, or substantially similar agreements for other BNY Mellon funds that the Board oversees, during which lengthy discussions took place between the Board and representatives of the Adviser. Certain aspects of the arrangements may receive greater scrutiny in some years than in others, and the Board's conclusions may be based, in part, on their consideration of the fund's arrangements, or substantially similar arrangements for other BNY Mellon funds that the Board oversees, in prior years. The Board determined to renew the Agreements through July 29, 2019.

NOTES

# For More Information

### BNY Mellon Sustainable U.S. Equity Portfolio, Inc.

240 Greenwich Street
New York, NY 10286

### Adviser

BNY Mellon Investment Adviser, Inc.
240 Greenwich Street
New York, NY 10286

### Sub-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

BNY Mellon Transfer, Inc.
240 Greenwich Street
New York, NY 10286

### Distributor

BNY Mellon Securities Corporation
240 Greenwich Street
New York, NY 10286

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

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

**E-mail** Send your request to info@bnymellon.com

**Internet** Information can be viewed online or downloaded at www.bnymellonfundsim.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-PORT. The fund's Forms N-PORT 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.bnymellonfundsim.com and on the SEC's website at www.sec.gov and without charge, upon request, by calling 1-800-373-9387.

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

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series I

## DWS Bond VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

DWS

# Contents

# Performance Summary

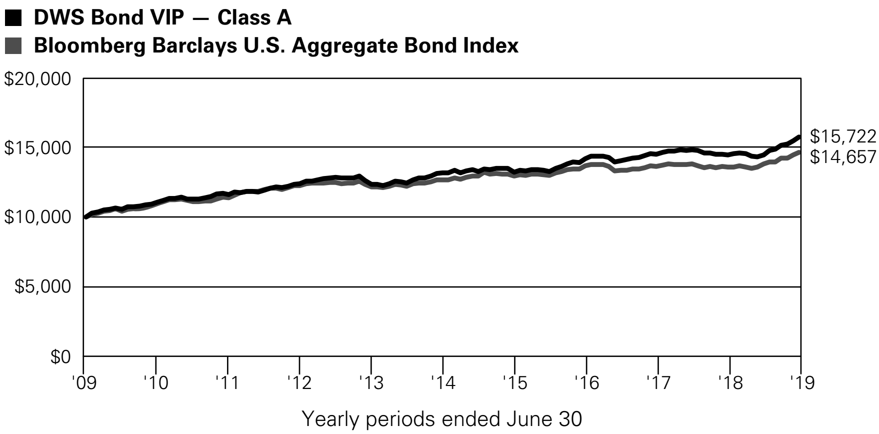
**June 30, 2019 (Unaudited)**

**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, 2019 is 0.87% 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 | $10,887 | $10,887 | $11,095 | $11,930 | $15,722 |
| | Average annual total return | 8.87% | 8.87% | 3.53% | 3.59% | 4.63% |
| Bloomberg Barclays U.S. Aggregate Bond Index | Growth of $10,000 | $10,611 | $10,787 | $10,710 | $11,564 | $14,657 |
| | Average annual total return | 6.11% | 7.87% | 2.31% | 2.95% | 3.90% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Corporate Bonds | 53% | 58% |
| Mortgage-Backed Securities Pass-Throughs | 19% | 20% |
| Asset-Backed | 10% | 9% |
| Collateralized Mortgage Obligations | 9% | 4% |
| Government & Agency Obligations | 6% | 5% |
| Commercial Mortgage-Backed Securities | 5% | 4% |
| Short-Term U.S. Treasury Obligations | 3% | 3% |
| Commercial Paper | — | 1% |
| Cash Equivalents, Securities Lending Collateral and other Assets and Liabilities, net | –5% | –4% |
| | 100% | 100% |

| **Quality** (Excludes Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| AAA | 33% | 26% |
| AA | 11% | 9% |
| A | 17% | 19% |
| BBB | 27% | 33% |
| BB | 10% | 11% |
| B | 1% | 1% |
| Not Rated | 1% | 1% |
| | 100% | 100% |

| **Interest Rate Sensitivity** | **6/30/19** | **12/31/18** |
|---|---|---|
| Effective Maturity | 8.9 years | 9.6 years |
| Effective Duration | 6.0 years | 5.8 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read 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, 2019 (Unaudited)**

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| **Corporate Bonds 53.3%** | | |
| **Communication Services 7.2%** | | |
| Amazon.com, Inc., 4.25%, 8/22/2057 | 135,000 | 155,639 |
| AT&T, Inc., 3-month USD-LIBOR + 1.180%, 3.616%*, 6/12/2024 | 207,000 | 209,603 |
| CCO Holdings LLC, 144A,: 5.375%, 6/1/2029 | 85,000 | 87,762 |
| Charter Communications Operating LLC: | | |
| 3.75%, 2/15/2028 | 110,000 | 110,780 |
| 5.375%, 5/1/2047 | 70,000 | 73,863 |
| 5.75%, 4/1/2048 | 35,000 | 38,711 |
| Comcast Corp.: | | |
| 3.55%, 5/1/2028 | 140,000 | 147,408 |
| 4.15%, 10/15/2028 | 80,000 | 88,172 |
| 4.6%, 10/15/2038 | 100,000 | 114,505 |
| 4.95%, 10/15/2058 | 70,000 | 85,445 |
| Empresa Nacional de Telecomunicaciones SA, REG S, 4.75%, 8/1/2026 | 250,000 | 264,003 |
| GrubHub Holdings, Inc., 144A, 5.5%, 7/1/2027 | 55,000 | 56,450 |
| Netflix, Inc.: | | |
| 144A, 5.375%, 11/15/2029 | 105,000 | 111,530 |
| 5.5%, 2/15/2022 | 225,000 | 236,531 |
| 5.875%, 11/15/2028 | 235,000 | 260,173 |
| Nexstar Escrow, Inc., 144A, 5.625%, 7/15/2027 (b) | 20,000 | 20,475 |
| Sirius XM Radio, Inc., 144A, 4.625%, 7/15/2024 (b) | 100,000 | 102,328 |
| Sprint Communications, Inc., 6.0%, 11/15/2022 | 250,000 | 260,625 |
| Symantec Corp., 3.95%, 6/15/2022 | 225,000 | 227,865 |
| Tencent Holdings Ltd., 144A, 3.975%, 4/11/2029 | 250,000 | 261,229 |
| VeriSign, Inc.: | | |
| 4.625%, 5/1/2023 | 250,000 | 254,075 |
| 5.25%, 4/1/2025 | 250,000 | 266,875 |
| Verizon Communications, Inc., 5.5%, 3/16/2047 | 60,000 | 75,334 |
| Vodafone Group PLC, 5.25%, 5/30/2048 | 60,000 | 66,233 |
| | | **3,575,614** |
| **Consumer Discretionary 5.2%** | | |
| Ford Motor Credit Co. LLC, 5.584%, 3/18/2024 | 206,000 | 221,116 |
| General Motors Co., 5.95%, 4/1/2049 | 70,000 | 73,339 |
| General Motors Financial Co., Inc.: | | |
| 3.15%, 6/30/2022 | 265,000 | 266,619 |
| 4.35%, 4/9/2025 | 84,000 | 86,653 |
| Hilton Domestic Operating Co., Inc.: | | |
| 4.25%, 9/1/2024 | 130,000 | 131,950 |
| 144A, 4.875%, 1/15/2030 | 63,000 | 64,890 |
| Hilton Worldwide Finance LLC, 4.875%, 4/1/2027 | 220,000 | 227,359 |
| Home Depot, Inc., 4.5%, 12/6/2048 | 50,000 | 59,026 |
| IAA, Inc., 144A, 5.5%, 6/15/2027 | 45,000 | 46,800 |
| Lowe's Companies, Inc., 4.55%, 4/5/2049 | 45,000 | 48,311 |
| MGM Resorts International, 5.5%, 4/15/2027 | 300,000 | 314,625 |
| Nordstrom, Inc., 5.0%, 1/15/2044 | 135,000 | 125,938 |
| Sabre GLBL, Inc., 144A, 5.375%, 4/15/2023 | 130,000 | 132,925 |
| Sands China Ltd., 4.6%, 8/8/2023 | 200,000 | 210,208 |
| Starbucks Corp., 4.5%, 11/15/2048 | 100,000 | 109,795 |
| VOC Escrow Ltd., 144A, 5.0%, 2/15/2028 | 95,000 | 96,306 |
| Volkswagen Group of America Finance LLC, 144A, 4.25%, 11/13/2023 | 200,000 | 210,538 |
| Walmart, Inc., 3.4%, 6/26/2023 | 175,000 | 183,930 |
| | | **2,610,328** |
| **Consumer Staples 2.8%** | | |
| Altria Group, Inc.: | | |
| 4.8%, 2/14/2029 | 70,000 | 75,305 |
| 5.95%, 2/14/2049 | 160,000 | 182,623 |
| Anheuser-Busch Companies LLC, 4.9%, 2/1/2046 | 140,000 | 155,880 |
| Anheuser-Busch InBev Worldwide, Inc.: | | |
| 4.75%, 4/15/2058 | 60,000 | 63,453 |
| 5.45%, 1/23/2039 | 90,000 | 107,106 |
| 5.55%, 1/23/2049 | 55,000 | 67,403 |
| BAT Capital Corp., 3.557%, 8/15/2027 | 125,000 | 124,342 |
| Constellation Brands, Inc., 5.25%, 11/15/2048 | 30,000 | 34,752 |
| Keurig Dr Pepper, Inc.: | | |
| 4.057%, 5/25/2023 | 90,000 | 94,489 |
| 4.597%, 5/25/2028 | 70,000 | 76,636 |
| 5.085%, 5/25/2048 | 100,000 | 111,343 |
| Kraft Heinz Foods Co., 4.625%, 1/30/2029 | 90,000 | 96,840 |
| Nestle Holdings, Inc., 144A, 4.0%, 9/24/2048 | 150,000 | 166,321 |
| Post Holdings, Inc., 144A, 5.5%, 12/15/2029 (b) | 45,000 | 45,113 |
| | | **1,401,606** |
| **Energy 6.8%** | | |
| Antero Midstream Partners LP: | | |
| 144A, 5.75%, 3/1/2027 | 225,000 | 225,000 |
| 144A, 5.75%, 1/15/2028 | 150,000 | 148,500 |
| Apache Corp., 4.375%, 10/15/2028 | 145,000 | 151,527 |
| Boardwalk Pipelines LP, 4.95%, 12/15/2024 | 55,000 | 58,657 |
| Canadian Natural Resources Ltd., 3.85%, 6/1/2027 | 125,000 | 129,777 |
| Cheniere Energy Partners LP, 144A, 5.625%, 10/1/2026 | 370,000 | 390,350 |
| Continental Resources, Inc., 4.9%, 6/1/2044 | 90,000 | 94,415 |
| DCP Midstream Operating LP, 5.375%, 7/15/2025 | 105,000 | 110,644 |
| Devon Energy Corp., 5.0%, 6/15/2045 | 100,000 | 114,725 |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Empresa Nacional del Petroleo, 144A, 5.25%, 11/6/2029 | 200,000 | 226,588 |
| Energy Transfer Operating LP: | | |
| 4.25%, 3/15/2023 | 350,000 | 365,371 |
| 6.25%, 4/15/2049 | 60,000 | 71,091 |
| Enterprise Products Operating LP, 4.2%, 1/31/2050 (b) | 221,000 | 220,540 |
| EQM Midstream Partners LP, 4.75%, 7/15/2023 | 92,000 | 95,667 |
| EQT Corp., 3.9%, 10/1/2027 | 105,000 | 99,690 |
| Hess Corp., 5.8%, 4/1/2047 | 110,000 | 122,135 |
| Kinder Morgan, Inc., 5.2%, 3/1/2048 | 60,000 | 67,778 |
| MPLX LP, 5.5%, 2/15/2049 | 140,000 | 159,008 |
| Noble Energy, Inc., 4.95%, 8/15/2047 | 100,000 | 106,120 |
| Parkland Fuel Corp., 5.875%, 7/15/2027 (b) | 150,000 | 150,000 |
| Range Resources Corp., 5.0%, 3/15/2023 | 100,000 | 94,250 |
| Sunoco Logistics Partners Operations LP, 5.4%, 10/1/2047 | 60,000 | 63,726 |
| TransCanada PipeLines Ltd, 5.1%, 3/15/2049 | 95,000 | 110,078 |
| | | **3,375,637** |
| **Financials 11.0%** | | |
| Air Lease Corp., 4.625%, 10/1/2028 | 160,000 | 171,478 |
| Aircastle Ltd.: | | |
| 4.4%, 9/25/2023 | 109,000 | 113,205 |
| 5.5%, 2/15/2022 | 175,000 | 185,494 |
| ANZ New Zealand Int'l Ltd., 144A, 3.4%, 3/19/2024 | 200,000 | 207,518 |
| ASB Bank Ltd., 144A, 3.75%, 6/14/2023 | 200,000 | 208,372 |
| Banco de Credito e Inversiones SA, 144A, 3.5%, 10/12/2027 | 225,000 | 226,971 |
| Banco Santander Maxico SA, 2.706%, 6/27/2024 | 200,000 | 200,380 |
| Bank of America Corp.: | | |
| 3.824%, 1/20/2028 | 364,000 | 385,312 |
| 3.974%, 2/7/2030 | 160,000 | 171,504 |
| Bank of New Zealand, 144A, 3.5%, 2/20/2024 | 250,000 | 258,922 |
| BPCE SA, 144A, 4.625%, 9/12/2028 | 250,000 | 275,735 |
| Citigroup, Inc.: | | |
| 3.2%, 10/21/2026 | 170,000 | 173,373 |
| 3.98%, 3/20/2030 | 160,000 | 170,892 |
| Credit Suisse Group AG, 144A, 4.282%, 1/9/2028 | 250,000 | 263,921 |
| Fairfax Financial Holdings Ltd., 4.85%, 4/17/2028 | 96,000 | 101,219 |
| JPMorgan Chase & Co., 3.782%, 2/1/2028 | 230,000 | 243,825 |
| Morgan Stanley: | | |
| 3.591%, 7/22/2028 | 100,000 | 104,125 |
| 4.431%, 1/23/2030 | 250,000 | 276,565 |
| Prudential Financial, Inc., 4.35%, 2/25/2050 | 100,000 | 112,112 |
| Santander Holdings U.S.A., Inc., 3.7%, 3/28/2022 | 270,000 | 276,550 |
| State Street Corp., 4.141%, 12/3/2029 | 130,000 | 143,892 |
| Swiss Re Treasury U.S. Corp., 144A, 4.25%, 12/6/2042 | 70,000 | 75,898 |
| Synchrony Financial, 4.375%, 3/19/2024 | 40,000 | 41,886 |
| The Allstate Corp., 3.85%, 8/10/2049 | 30,000 | 31,378 |
| The Goldman Sachs Group, Inc.: | | |
| 3.75%, 2/25/2026 | 200,000 | 208,763 |
| 3.814%, 4/23/2029 | 155,000 | 162,001 |
| 4.223%, 5/1/2029 | 170,000 | 182,326 |
| Wells Fargo & Co.: | | |
| 3.196%, 6/17/2027 | 90,000 | 91,719 |
| 4.15%, 1/24/2029 | 150,000 | 163,408 |
| Woori Bank, 144A, 4.5%, Perpetual (c) | 250,000 | 250,171 |
| | | **5,478,915** |
| **Health Care 3.8%** | | |
| AbbVie, Inc., 4.45%, 5/14/2046 | 70,000 | 68,746 |
| Allergan Funding SCS, 4.75%, 3/15/2045 | 70,000 | 71,903 |
| Boston Scientific Corp., 4.0%, 3/1/2029 | 75,000 | 81,134 |
| Bristol-Myers Squibb Co., 144A, 4.25%, 10/26/2049 | 175,000 | 193,445 |
| CVS Health Corp.: | | |
| 4.78%, 3/25/2038 | 129,000 | 134,569 |
| 5.05%, 3/25/2048 | 145,000 | 154,442 |
| Eli Lilly & Co.: | | |
| 3.95%, 3/15/2049 | 80,000 | 86,603 |
| 4.15%, 3/15/2059 | 90,000 | 98,792 |
| HCA, Inc.: | | |
| 4.125%, 6/15/2029 | 110,000 | 113,078 |
| 5.25%, 6/15/2026 | 130,000 | 143,937 |
| 5.375%, 9/1/2026 | 115,000 | 123,913 |
| 7.5%, 2/15/2022 | 225,000 | 248,062 |
| Merck & Co., Inc., 4.0%, 3/7/2049 | 80,000 | 88,927 |
| Pfizer, Inc., 4.2%, 9/15/2048 | 90,000 | 101,406 |
| Stryker Corp.: | | |
| 3.375%, 11/1/2025 | 80,000 | 84,068 |
| 4.625%, 3/15/2046 | 40,000 | 45,468 |
| UnitedHealth Group, Inc., 4.45%, 12/15/2048 | 60,000 | 69,092 |
| | | **1,907,585** |
| **Industrials 2.9%** | | |
| Avolon Holdings Funding Ltd., 144A, 5.125%, 10/1/2023 | 167,000 | 176,769 |
| Clean Harbors, Inc., 144A, 4.875%, 7/15/2027 (b) | 45,000 | 45,736 |
| CSX Corp.: | | |
| 4.25%, 11/1/2066 | 130,000 | 134,004 |
| 4.5%, 3/15/2049 | 41,000 | 45,822 |
| Delta Air Lines, Inc., 4.375%, 4/19/2028 | 154,000 | 156,986 |
| FedEx Corp., 4.05%, 2/15/2048 | 125,000 | 120,174 |
| General Electric Co.: | | |
| 4.125%, 10/9/2042 | 45,000 | 41,447 |
| 4.5%, 11/3/2044 | 40,000 | 38,809 |
| Ingersoll-Rand Luxembourg Finance SA, 3.8%, 3/21/2029 | 120,000 | 126,027 |
| Norfolk Southern Corp., 4.1%, 5/15/2049 | 40,000 | 42,646 |
| Parker-Hannifin Corp., 3.25%, 6/14/2029 | 40,000 | 41,488 |
| Prime Security Services Borrower LLC, 144A, 5.25%, 4/15/2024 | 195,000 | 198,412 |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Union Pacific Corp., 4.5%, 9/10/2048 | 125,000 | 142,229 |
| United Technologies Corp., 4.625%, 11/16/2048 | 100,000 | 116,615 |
| | | **1,427,164** |
| **Information Technology 4.4%** | | |
| Apple, Inc.: | | |
| 3.45%, 2/9/2045 | 60,000 | 59,788 |
| 3.75%, 9/12/2047 | 100,000 | 104,791 |
| Broadcom, Inc.: | | |
| 144A, 3.125%, 4/15/2021 | 105,000 | 105,680 |
| 144A, 3.625%, 10/15/2024 | 200,000 | 200,994 |
| 144A, 4.75%, 4/15/2029 | 65,000 | 66,741 |
| Dell International LLC: | | |
| 144A, 4.9%, 10/1/2026 | 198,000 | 206,584 |
| 144A, 5.3%, 10/1/2029 | 60,000 | 63,228 |
| 144A, 5.875%, 6/15/2021 | 240,000 | 243,984 |
| Fair Isaac Corp., 144A, 5.25%, 5/15/2026 | 95,000 | 99,750 |
| Fiserv, Inc.: | | |
| 3.5%, 7/1/2029 | 140,000 | 143,904 |
| 4.4%, 7/1/2049 | 40,000 | 42,083 |
| International Business Machines Corp., 3.5%, 5/15/2029 | 100,000 | 104,658 |
| IQVIA, Inc., 144A, 5.0%, 5/15/2027 | 215,000 | 221,987 |
| NXP BV: | | |
| 144A, 3.875%, 9/1/2022 | 200,000 | 205,648 |
| 144A, 3.875%, 6/18/2026 | 140,000 | 143,885 |
| 144A, 4.3%, 6/18/2029 | 100,000 | 103,088 |
| Oracle Corp., 4.0%, 11/15/2047 | 55,000 | 59,105 |
| | | **2,175,898** |
| **Materials 2.0%** | | |
| AngloGold Ashanti Holdings PLC, 5.125%, 8/1/2022 | 110,000 | 115,015 |
| DuPont de Nemours, Inc., 5.419%, 11/15/2048 | 125,000 | 151,889 |
| Freeport-McMoRan, Inc., 4.55%, 11/14/2024 | 200,000 | 204,450 |
| SASOL Financing U.S.A. LLC, 5.875%, 3/27/2024 | 200,000 | 216,729 |
| Suzano Austria GmbH, 144A, 5.75%, 7/14/2026 | 200,000 | 218,500 |
| Yamana Gold, Inc., 4.95%, 7/15/2024 | 110,000 | 115,928 |
| | | **1,022,511** |
| **Real Estate 2.7%** | | |
| American Tower Corp., 3.8%, 8/15/2029 | 300,000 | 309,240 |
| Crown Castle International Corp.: | | |
| (REIT), 3.8%, 2/15/2028 | 50,000 | 51,927 |
| (REIT), 5.25%, 1/15/2023 | 135,000 | 146,795 |
| Hospitality Properties Trust, (REIT), 5.25%, 2/15/2026 | 155,000 | 159,203 |
| Host Hotels & Resorts LP, (REIT), 3.875%, 4/1/2024 | 135,000 | 138,859 |
| Office Properties Income Trust: | | |
| (REIT), 4.15%, 2/1/2022 | 80,000 | 81,175 |
| (REIT), 4.25%, 5/15/2024 | 80,000 | 79,728 |
| Omega Healthcare Investors, Inc., (REIT), 5.25%, 1/15/2026 | 50,000 | 54,137 |

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| SBA Communications Corp.: | | |
| (REIT), 4.0%, 10/1/2022 | 190,000 | 192,613 |
| (REIT), 4.875%, 9/1/2024 | 125,000 | 128,750 |
| | | **1,342,427** |
| **Utilities 4.5%** | | |
| Abu Dhabi National Energy Co. PJSC, 144A, 4.375%, 4/23/2025 | 210,000 | 222,337 |
| EDP Finance BV, 144A, 3.625%, 7/15/2024 | 200,000 | 205,561 |
| Enel Finance International NV, 144A, 4.25%, 9/14/2023 | 300,000 | 315,039 |
| Israel Electric Corp., Ltd., Series 6, 144A, REG S, 5.0%, 11/12/2024 | 300,000 | 324,660 |
| NextEra Energy Capital Holdings, Inc.: | | |
| 3.25%, 4/1/2026 | 36,000 | 37,008 |
| 3.5%, 4/1/2029 | 58,000 | 60,327 |
| NextEra Energy Operating Partners LP, 144A, 4.25%, 7/15/2024 | 250,000 | 251,567 |
| NRG Energy, Inc., 144A, 5.25%, 6/15/2029 | 123,000 | 131,302 |
| Perusahaan Listrik Negara PT, 144A, 2.875%, 10/25/2025 | EUR 222,000 | 271,401 |
| Sempra Energy, 4.0%, 2/1/2048 | 55,000 | 53,885 |
| Southern California Edison Co., Series B, 3.65%, 3/1/2028 | 250,000 | 255,963 |
| Southern Power Co., Series F, 4.95%, 12/15/2046 | 87,000 | 93,328 |
| Vistra Operations Co. LLC, 144A, 5.0%, 7/31/2027 | 50,000 | 51,813 |
| | | **2,274,191** |
| **Total Corporate Bonds** (Cost $25,363,592) | | **26,591,876** |

## Mortgage-Backed Securities Pass-Throughs 18.5%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Federal Home Loan Mortgage Corp.: | | |
| 5.5%, with various maturities from 10/1/2023 until 5/1/2041 | 503,368 | 543,571 |
| 6.5%, 3/1/2026 | 45,793 | 49,100 |
| 4.0%, 8/1/2039 | 331,161 | 349,395 |
| Federal National Mortgage Association: | | |
| 5.0%, 10/1/2033 | 26,661 | 28,968 |
| 5.5%, with various maturities from 12/1/2032 until 8/1/2037 | 506,165 | 561,158 |
| 6.0%, with various maturities from 4/1/2024 until 3/1/2025 | 113,346 | 124,073 |
| 6.5%, with various maturities from 11/1/2024 until 1/1/2036 | 52,411 | 58,133 |
| 12-month USD-LIBOR + 1.750%, 4.5%*, 9/1/2038 | 26,494 | 27,732 |
| 4.0%, with various maturities from 4/1/2047 until 7/1/2049 (b) | 4,848,849 | 5,056,234 |
| 3.5%, with various maturities from 12/1/2045 until 1/1/2047 | 2,354,786 | 2,440,784 |
| **Total Mortgage-Backed Securities Pass-Throughs** (Cost $9,105,470) | | **9,239,148** |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| **Asset-Backed 10.0%** | | |
| **Automobile Receivables 4.8%** | | |
| AmeriCredit Automobile Receivables Trust, "C", Series 2019-2, 2.74%, 4/18/2025 | 660,000 | 662,776 |
| Avis Budget Rental Car Funding AESOP LLC, "C", Series 2015-1A, 144A, 3.96%, 7/20/2021 | 500,000 | 501,922 |
| Hertz Vehicle Financing II LP: | | |
| "A", Series 2017-1A, 144A, 2.96%, 10/25/2021 | 750,000 | 753,783 |
| "A", Series 2018-1A, 144A, 3.29%, 2/25/2024 | 500,000 | 508,706 |
| | | **2,427,187** |
| **Credit Card Receivables 2.0%** | | |
| World Financial Network Credit Card Master Trust, "M", Series 2016-A, 2.33%, 4/15/2025 | 1,000,000 | **996,960** |
| **Miscellaneous 3.2%** | | |
| GMF Floorplan Owner Revolving Trust, "C", Series 2019-1, 144A, 3.06%, 4/15/2024 | 230,000 | 233,031 |
| Goldentree Loan Opportunities X Ltd., "AJR", Series 2015-10A, 144A, 3-month USD-LIBOR + 1.450%, 4.042%*, 7/20/2031 | 433,333 | 427,950 |
| Hilton Grand Vacations Trust, "B", Series 2014-AA, 144A, 2.07%, 11/25/2026 | 67,345 | 66,832 |
| MVW Owner Trust, "A", Series 2019-1A, 144A, 2.89%, 11/20/2036 | 450,000 | 455,929 |
| Venture XXVIII CLO Ltd., "A2", Series 2017-28A, 144A, 3-month USD-LIBOR + 1.110%, 3.702%*, 7/20/2030 | 400,000 | 398,077 |
| | | **1,581,819** |
| **Total Asset-Backed** (Cost $4,981,901) | | **5,005,966** |
| **Commercial Mortgage-Backed Securities 5.3%** | | |
| Bank, "B", Series 2018-BN13, 4.689%*, 8/15/2061 | 500,000 | 548,888 |
| BXP Trust, "B", Series 2017-CQHP, 144A, 1-month USD-LIBOR + 1.100%, 3.494%*, 11/15/2034 | 280,000 | 278,950 |
| FHLMC Multifamily Structured Pass-Through Certificates: | | |
| "X1", Series K043, Interest Only, 0.668%*, 12/25/2024 | 4,898,922 | 127,786 |
| "X1", Series K054, Interest Only, 1.314%*, 1/25/2026 | 1,823,321 | 120,291 |
| GS Mortgage Securities Corp. II, "B", Series 2018-GS10, 4.521%*, 7/10/2051 | 500,000 | 548,406 |
| GS Mortgage Securities Corp.: | | |
| "A4", Series 2019-GC40, 3.16%, 7/10/2052 (b) (d) | 500,000 | 514,978 |
| Morgan Stanley Capital Barclays Bank Trust, "C", Series 2016-MART, 144A, 2.817%, 9/13/2031 | 500,000 | 499,443 |
| **Total Commercial Mortgage-Backed Securities** (Cost $2,548,534) | | **2,638,742** |
| **Collateralized Mortgage Obligations 9.2%** | | |
| Countrywide Home Loan, "A2", Series 2006-1, 6.0%, 3/25/2036 | 148,581 | 121,993 |
| CSFB Mortgage-Backed Pass-Through Certificates, "10A3", Series 2005-10, 6.0%, 11/25/2035 | 75,355 | 39,002 |
| Federal Home Loan Mortgage Corp.: | | |
| "PI", Series 4485, Interest Only, 3.5%, 6/15/2045 | 1,512,570 | 223,872 |
| "PI", Series 3940, Interest Only, 4.0%, 2/15/2041 | 229,574 | 27,603 |
| "C31", Series 303, Interest Only, 4.5%, 12/15/2042 | 1,075,437 | 202,438 |
| Federal National Mortgage Association: | | |
| "ZL", Series 2017-55, 3.0%, 10/25/2046 | 530,879 | 516,585 |
| "CL", Series 7436, 3.0%, 12/15/2047 | 1,000,000 | 1,017,713 |
| "PA", Series 4885, 3.0%, 4/15/2048 | 994,547 | 1,012,568 |
| Government National Mortgage Association: | | |
| "PL", Series 2013-19, 2.5%, 2/20/2043 | 684,500 | 685,086 |
| "PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044 | 219,486 | 20,257 |
| "PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039 | 176,773 | 24,857 |
| "IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039 | 102,256 | 17,144 |
| "IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039 | 52,588 | 8,844 |
| "IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039 | 39,267 | 6,378 |
| MASTR Alternative Loans Trust: | | |
| "5A1", Series 2005-1, 5.5%, 1/25/2020 | 2,669 | 2,733 |
| "8A1", Series 2004-3, 7.0%, 4/25/2034 | 3,371 | 3,737 |
| New Residential Mortgage Loan: | | |
| "A1", Series 2019-NQM2, 144A, 3.6%, 4/25/2049 | 215,177 | 218,283 |
| "A1", Series 2019-NQM3, 144A, 2.802%, 7/25/2049 | 250,000 | 250,442 |
| Verus Securitization Trust, "A1", Series 2019-INV1, 144A, 3.402%, 12/25/2059 | 217,608 | 220,000 |
| **Total Collateralized Mortgage Obligations** (Cost $4,646,458) | | **4,619,535** |
| **Government & Agency Obligations 6.0%** | | |
| **Other Government Related (e) 0.6%** | | |
| Novatek OAO, 144A, 6.604%, 2/3/2021 | 300,000 | **315,457** |
| **Sovereign Bonds 1.5%** | | |
| Perusahaan Penerbit SBSN Indonesia III, 144A, 4.45%, 2/20/2029 | 200,000 | 214,250 |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Republic of Kazakhstan, 144A, 1.55%, 11/9/2023 | EUR 290,000 | 346,125 |
| Republic of South Africa, 4.875%, 4/14/2026 | 200,000 | 206,820 |
| | | **767,195** |

## U.S. Treasury Obligations 3.9%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| U.S. Treasury Bond, 3.0%, 2/15/2049 | 648,000 | 711,686 |
| U.S. Treasury Notes: | | |
| 2.25%, 4/30/2024 | 787,000 | 804,861 |
| 2.375%, 5/15/2029 | 409,400 | 423,074 |
| | | **1,939,621** |
| **Total Government & Agency Obligations** (Cost $2,910,399) | | **3,022,273** |

## Short-Term U.S. Treasury Obligations 2.6%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| U.S. Treasury Bills: | | |
| 2.372%**, 8/15/2019 (f) | 804,000 | 801,897 |
| 2.548%**, 10/10/2019 | 500,000 | 497,061 |
| **Total Short-Term U.S. Treasury Obligations** (Cost $1,298,042) | | **1,298,958** |

## Cash Equivalents 2.0%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (g) (Cost $1,008,610) | 1,008,610 | **1,008,610** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $51,863,006) | 106.9 | **53,425,108** |
| **Other Assets and Liabilities, Net** | (6.9) | **(3,462,407)** |
| **Net Assets** | 100.0 | **49,962,701** |

A summary of the Fund’s transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 0.0%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio “DWS Government Cash Institutional Shares”, 2.28% (g) (h) | | | | | | | | |
| 111,600 | — | 111,600 (i) | — | — | 1,811 | — | — | — |
| **Cash Equivalents 2.0%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (g) | | | | | | | | |
| 1,975,521 | 16,433,188 | 17,400,099 | — | — | 24,313 | — | 1,008,610 | 1,008,610 |
| **2,087,121** | **16,433,188** | **17,511,699** | **—** | **—** | **26,124** | **—** | **1,008,610** | **1,008,610** |

* Variable or floating rate security. These securities are shown at their current rate as of June 30, 2019. 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) Perpetual, callable security with no stated maturity date.

(d) Investment was valued using significant unobservable inputs.

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

(f) At June 30, 2019, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

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

(h) Represents cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(i) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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

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

SBSN: Surat Berharga Syariah Negara (Islamic Based Government Securities)

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. 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, 2019 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 | 9/19/2019 | 12 | 1,511,843 | 1,535,625 | 23,782 |
| U.S. Treasury Long Bond | USD | 9/19/2019 | 3 | 456,874 | 466,781 | 9,907 |
| Ultra 10 Year U.S. Treasury Note | USD | 9/19/2019 | 52 | 7,081,901 | 7,182,500 | 100,599 |
| **Total unrealized appreciation** | | | | | | **134,288** |

At June 30, 2019, open futures contracts sold were as follows:

| Futures | Currency | Expiration Date | Contracts | Notional Amount ($) | Notional Value ($) | Unrealized (Depreciation) ($) |
|---|---|---|---|---|---|---|
| 5 Year U.S. Treasury Note | USD | 9/30/2019 | 7 | 818,436 | 827,094 | (8,658) |
| Ultra Long U.S. Treasury Bond | USD | 9/19/2019 | 17 | 2,953,463 | 3,018,351 | (64,888) |
| **Total unrealized depreciation** | | | | | | **(73,546)** |

At June 30, 2019, the Fund had the following open forward foreign currency contracts:

| Contracts to Deliver | | In Exchange For | | Settlement Date | Unrealized Appreciation ($) | Counterparty |
|---|---|---|---|---|---|---|
| EUR | 840,000 | JPY | 103,462,380 | 8/7/2019 | 4,267 | Australia and New Zealand Banking Group Ltd. |
| USD | 955,385 | CAD | 1,280,000 | 8/7/2019 | 22,874 | State Street Bank and Trust |
| EUR | 542,424 | USD | 622,669 | 9/26/2019 | 1,634 | JPMorgan Chase Securities, Inc. |
| **Total unrealized appreciation** | | | | | **28,775** | |

| Contracts to Deliver | | In Exchange For | | Settlement Date | Unrealized Depreciation ($) | Counterparty |
|---|---|---|---|---|---|---|
| EUR | 860,000 | JPY | 104,895,146 | 8/7/2019 | (5,218) | Credit Agricole CIB |
| CAD | 1,280,000 | USD | 952,035 | 8/7/2019 | (26,224) | Bank of America |
| AUD | 1,360,000 | USD | 949,276 | 8/8/2019 | (6,776) | State Street Bank and Trust |
| AUD | 1,385,000 | USD | 960,968 | 8/8/2019 | (12,659) | National Australia Bank Ltd. |
| **Total unrealized depreciation** | | | | | **(50,877)** | |

**Currency Abbreviations**

AUD Australian Dollar
CAD Canadian Dollar
EUR Euro
JPY Japanese Yen
USD United States Dollar

For information on the Fund's policy and additional disclosures regarding future 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, 2019 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 (j) | | | | |
| Corporate Bonds | $ — | $ 26,591,876 | $ — | $ 26,591,876 |
| Mortgage-Backed Securities Pass-Throughs | — | 9,239,148 | — | 9,239,148 |
| Asset-Backed | — | 5,005,966 | — | 5,005,966 |
| Commercial Mortgage-Backed Securities | — | 2,123,764 | 514,978 | 2,638,742 |
| Collateralized Mortgage Obligations | — | 4,619,535 | — | 4,619,535 |
| Government & Agency Obligations | — | 3,022,273 | — | 3,022,273 |
| Short-Term U.S. Treasury Obligations | — | 1,298,958 | — | 1,298,958 |
| Short-Term Investments (j) | 1,008,610 | — | — | 1,008,610 |
| Derivatives (k) | | | | |
| Futures Contracts | 134,288 | — | — | 134,288 |
| Forward Foreign Currency Contracts | — | 28,775 | — | 28,775 |
| **Total** | **$ 1,142,898** | **$ 51,930,295** | **$ 514,978** | **$ 53,588,171** |

| Liabilities | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Derivatives (k) | | | | |
| Futures Contracts | $ (73,546) | $ — | $ — | $ (73,546) |
| Forward Foreign Currency Contracts | — | (50,877) | — | (50,877) |
| **Total** | **$ (73,546)** | **$ (50,877)** | **$ —** | **$ (124,423)** |

(j) See Investment Portfolio for additional detailed categorizations.

(k) 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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $50,854,396) | $52,416,498 |
| Investment in DWS Central Cash Management Government Fund (cost $1,008,610) | 1,008,610 |
| Cash | 4,878 |
| Foreign currency, at value (cost $508,051) | 505,767 |
| Receivable for investments sold | 353,216 |
| Receivable for Fund shares sold | 3,581 |
| Interest receivable | 381,209 |
| Receivable for variation margin on futures contracts | 4,812 |
| Unrealized appreciation on forward foreign currency contracts | 28,775 |
| Foreign taxes recoverable | 975 |
| Other assets | 582 |
| Total assets | 54,708,903 |
| **Liabilities** | |
| Payable for investments purchased | 765,630 |
| Payable for investments purchased — when-issued/delayed delivery securities | 3,828,654 |
| Payable for Fund shares redeemed | 12,279 |
| Unrealized depreciation on forward foreign currency contracts | 50,877 |
| Accrued management fee | 11,516 |
| Accrued Trustees' fees | 196 |
| Other accrued expenses and payables | 77,050 |
| Total liabilities | 4,746,202 |
| **Net assets, at value** | **$49,962,701** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | (252,269) |
| Paid-in capital | 50,214,970 |
| **Net assets, at value** | **$49,962,701** |
| **Net Asset Value** | |
| **Net asset value,** offering and redemption price per share ($49,962,701 ÷ 8,941,839 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized) | **$ 5.59** |

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Interest (net of foreign taxes withheld of $37) | $ 893,743 |
| Income distributions — DWS Central Cash Management Government Fund | 24,313 |
| Securities lending income, net of borrower rebates | 1,811 |
| Total income | 919,867 |
| Expenses:<br>Management fee | 91,170 |
| Administration fee | 23,377 |
| Services to shareholders | 450 |
| Custodian fee | 7,160 |
| Professional fees | 46,178 |
| Reports to shareholders | 13,722 |
| Trustees' fees and expenses | 2,274 |
| Pricing service fee | 11,782 |
| Other | 3,043 |
| Total expenses before expense reductions | 199,156 |
| Expense reductions | (44,868) |
| Total expenses after expense reductions | 154,288 |
| **Net investment income** | **765,579** |
| **Realized and Unrealized Gain (Loss)** | |
| Net realized gain (loss) from:<br>Investments | 453,836 |
| Swap contracts | (29,075) |
| Futures | 43,248 |
| Forward foreign currency contracts | 46,196 |
| Foreign currency | (14,465) |
| | 499,740 |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 2,643,496 |
| Swap contracts | 24,142 |
| Futures | 72,133 |
| Forward foreign currency contracts | (40,013) |
| Foreign currency | 11,387 |
| | 2,711,145 |
| **Net gain (loss)** | **3,210,885** |
| **Net increase (decrease) in net assets resulting from operations** | **$3,976,464** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income | $ 765,579 | $ 1,528,195 |
| Net realized gain (loss) | 499,740 | (1,343,833) |
| Change in net unrealized appreciation (depreciation) | 2,711,145 | (1,524,541) |
| Net increase (decrease) in net assets resulting from operations | 3,976,464 | (1,340,179) |
| Distributions to shareholders: | | |
| Class A | (1,466,158) | (2,159,140) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 3,679,308 | 2,190,642 |
| Reinvestment of distributions | 1,466,158 | 2,159,140 |
| Payments for shares redeemed | (3,488,938) | (6,549,537) |
| Net increase (decrease) in net assets from Class A share transactions | 1,656,528 | (2,199,755) |
| **Increase (decrease) in net assets** | **4,166,834** | (5,699,074) |
| Net assets at beginning of period | 45,795,867 | 51,494,941 |
| Net assets at end of period | **$ 49,962,701** | **$ 45,795,867** |
| **Other Information:** | | |
| **Class A** | | |
| Shares outstanding at beginning of period | 8,635,826 | 9,030,036 |
| Shares sold | 673,989 | 405,229 |
| Shares issued to shareholders in reinvestment of distributions | 271,511 | 407,385 |
| Shares redeemed | (639,487) | (1,206,824) |
| Net increase (decrease) in Class A shares | 306,013 | (394,210) |
| Shares outstanding at end of period | **8,941,839** | **8,635,826** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 5.30** | **$ 5.70** | **$5.52** | **$5.49** | **$5.67** | **$5.51** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .09 | .17 | .17 | .15 | .14 | .17 |
| Net realized and unrealized gain (loss) | .37 | (.32) | .15 | .17 | (.15) | .19 |
| **Total from investment operations** | .46 | (.15) | .32 | .32 | (.01) | .36 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.17) | (.25) | (.14) | (.29) | (.17) | (.20) |
| **Net asset value, end of period** | **$ 5.59** | **$ 5.30** | **$5.70** | **$5.52** | **$5.49** | **$5.67** |
| Total Return (%)[b] | 8.87** | (2.65) | 5.83 | 5.93 | (.29) | 6.63 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 50 | 46 | 51 | 77 | 80 | 101 |
| Ratio of expenses before expense reductions (%)[c] | .85* | .87 | .74 | .78 | .69 | .69 |
| Ratio of expenses after expense reductions (%)[c] | .66* | .69 | .65 | .64 | .64 | .61 |
| Ratio of net investment income (%) | 3.27* | 3.19 | 2.99 | 2.68 | 2.54 | 2.99 |
| Portfolio turnover rate (%) | 282** | 260 | 205 | 236 | 197 | 273 |

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 (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, DWS Capital Growth VIP, DWS Core Equity VIP, DWS CROCI® International VIP and DWS 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, 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.

**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, 2018, the Fund had a net tax basis capital loss carryforward of approximately $3,092,000 which may be applied against realized net taxable capital gains indefinitely, including short-term losses ($887,000) and long-term losses ($2,205,000).

At June 30, 2019, the aggregate cost of investments for federal income tax purposes was $51,863,332. The net unrealized depreciation for all investments based on tax cost was $1,561,776. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $1,773,576 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $211,800.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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 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, 2019, 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, 2019, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $5,318,000 to $9,051,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $3,234,000 to $3,829,000.

**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.

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, 2019, the Fund entered into credit default swap agreements to gain exposure to the underlying issuer's credit quality characteristics, or 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.

There were no open credit default swap contracts as of June 30, 2019. For the period ended June 30, 2019 , the investment in credit default swap contracts purchased had a total notional amount generally indicative of a range from $0 to approximately $9,900,000.

**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, 2019, 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, 2019, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in forward currency contracts U.S. dollars purchased had a total contract value generally indicative of a range from $0 to approximately $2,185,000 and the investment in forward currency contracts U.S. dollars sold had a total contract value generally indicative of a range from $0 to approximately $1,414,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2019 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) | $ — | $ 134,288 | $ 134,288 |
| Foreign Exchange Contracts (b) | 28,775 | — | 28,775 |
| | **$ 28,775** | **$ 134,288** | **$ 163,063** |

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 Contract (c) | $ — | $ (73,546) | $ (73,546) |
| Foreign Exchange Contracts (d) | (50,877) | — | (50,877) |
| | **$ (50,877)** | **$ (73,546)** | **$ (124,423)** |

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

(c) Includes cumulative depreciation of centrally cleared swaps and 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, 2019 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) | $ — | $ — | $ 43,248 | $ 43,248 |
| Credit Contracts (e) | — | (29,075) | — | (29,075) |
| Foreign Exchange Contracts (f) | 46,196 | — | — | 46,196 |
| | **$ 46,196** | **$ (29,075)** | **$ 43,248** | **$ 60,369** |

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) | $ — | $ — | $ 72,133 | $ 72,133 |
| Credit Contracts (g) | — | 24,142 | — | 24,142 |
| Foreign Exchange Contracts (h) | (40,013) | — | — | (40,013) |
| | **$ (40,013)** | **$ 24,142** | **$ 72,133** | **$ 56,262** |

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, 2019, 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 |
|---|---|---|---|---|
| Australia and New Zealand Banking Group Ltd. | $ 4,267 | $ — | $ — | $ 4,267 |
| JPMorgan Chase Securities, Inc. | 1,634 | — | — | 1,634 |
| State Street Bank and Trust | 22,874 | (6,776) | — | 16,098 |
| | **$ 28,775** | **$ (6,776)** | **$ —** | **$ 21,999** |

| 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 | $ 26,224 | $ — | $ — | $ 26,224 |
| Credit Agricole CIB | 5,218 | — | — | 5,218 |
| National Australia Bank Ltd. | 12,659 | — | — | 12,659 |
| State Street Bank and Trust | 6,776 | (6,776) | — | — |
| | **$ 50,877** | **$ (6,776)** | **$ —** | **$ 44,101** |

## C. Purchases and Sales of Securities

During the six months ended June 30, 2019, purchases and sales of investment securities, excluding short-term investments, were as follows:

| | Purchases | Sales |
|---|---|---|
| Non-U.S. Treasury Obligations | $ 62,987,980 | $ 61,967,768 |
| U.S. Treasury Obligations | $ 9,014,560 | $ 7,996,545 |

## D. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through April 30, 2020, 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%.

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed were $44,868.

**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, 2019, the Administration Fee was $23,377, of which $4,073 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, 2019, the amounts charged to the Fund by DSC aggregated $281, of which $92 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,956, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Securities Lending Agent Fees.** Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred lending agent fees to Deutsche Bank AG in the amount of $136.

## E. Ownership of the Fund

At June 30, 2019, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 43%, 24% 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,088.70 |
| Expenses Paid per $1,000* | $ 3.42 |

| **Hypothetical 5% Fund Return** | **Class A** |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,021.52 |
| Expenses Paid per $1,000* | $ 3.31 |

* 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 | .66% |

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 DWS Bond VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, 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, 2017.

**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, 2017). 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, 2017, 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 DWS U.S. registered fund ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

## Notes

VS1bond-3 (R-028373-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series I

## DWS Capital Growth VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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. The Fund may lend securities to approved institutions. See the prospectus for details.

# Performance Summary

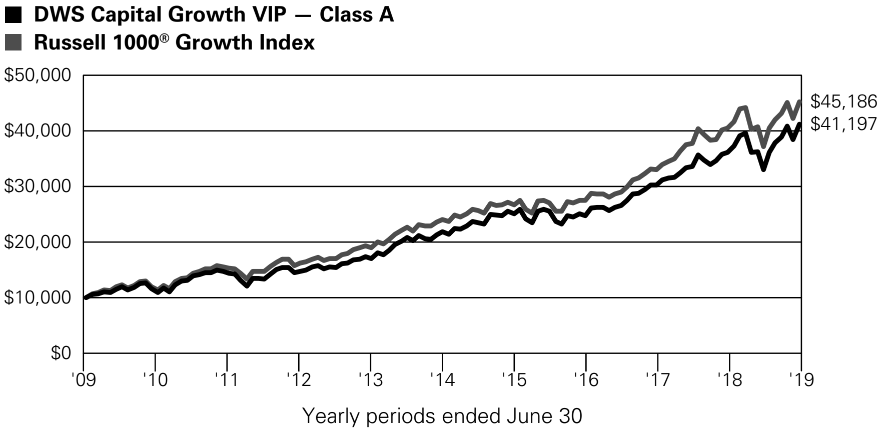
**June 30, 2019 (Unaudited)**

**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, 2019 are 0.50% and 0.76% 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 | $12,468 | $11,390 | $16,629 | $18,882 | $41,197 |
| | Average annual total return | 24.68% | 13.90% | 18.47% | 13.56% | 15.21% |
| Russell 1000 Growth Index | Growth of $10,000 | $12,149 | $11,156 | $16,458 | $18,746 | $45,186 |
| | Average annual total return | 21.49% | 11.56% | 18.07% | 13.39% | 16.28% |

| **DWS Capital Growth VIP** | | **6-Month‡** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
|---|---|---|---|---|---|---|
| **Class B** | Growth of $10,000 | $12,452 | $11,360 | $16,501 | $18,639 | $40,013 |
| | Average annual total return | 24.52% | 13.60% | 18.17% | 13.26% | 14.87% |
| Russell 1000 Growth Index | Growth of $10,000 | $12,149 | $11,156 | $16,458 | $18,746 | $45,186 |
| | Average annual total return | 21.49% | 11.56% | 18.07% | 13.39% | 16.28% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 99% | 98% |
| Cash Equivalents | 1% | 2% |
| | 100% | 100% |

| **Sector Diversification** (As of % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| Information Technology | 34% | 31% |
| Consumer Discretionary | 15% | 15% |
| Communication Services | 13% | 14% |
| Health care | 13% | 15% |
| Industrials | 11% | 11% |
| Financials | 7% | 7% |
| Consumer Staples | 3% | 3% |
| Real Estate | 2% | 2% |
| Materials | 1% | 1% |
| 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Manager

Sebastian P. Werner, PhD, Director

Portfolio Manager

# Investment Portfolio

as of June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 98.9%** | | |
| **Communication Services 13.1%** | | |
| **Entertainment 6.9%** | | |
| Activision Blizzard, Inc. | 207,798 | 9,808,065 |
| Live Nation Entertainment, Inc.* | 81,509 | 5,399,971 |
| Netflix, Inc.* | 31,885 | 11,711,998 |
| Spotify Technology SA* | 75,154 | 10,989,018 |
| Walt Disney Co. | 141,276 | 19,727,781 |
| | | **57,636,833** |
| **Interactive Media & Services 5.0%** | | |
| Alphabet, Inc. "A"* | 13,566 | 14,689,265 |
| Alphabet, Inc. "C"* | 15,692 | 16,961,640 |
| Facebook, Inc. "A"* | 47,090 | 9,088,370 |
| Pinterest, Inc. "A"* | 31,247 | 850,543 |
| | | **41,589,818** |
| **Wireless Telecommunication Services 1.2%** | | |
| T-Mobile U.S., Inc.* | 140,864 | **10,443,657** |
| **Consumer Discretionary 14.6%** | | |
| **Hotels, Restaurants & Leisure 2.6%** | | |
| Las Vegas Sands Corp. | 70,698 | 4,177,545 |
| McDonald's Corp. | 85,608 | 17,777,357 |
| | | **21,954,902** |
| **Internet & Direct Marketing Retail 5.0%** | | |
| Amazon.com, Inc.* | 22,064 | **41,781,053** |
| **Multiline Retail 1.2%** | | |
| Dollar General Corp. | 75,526 | **10,208,094** |
| **Specialty Retail 5.0%** | | |
| Burlington Stores, Inc.* | 55,875 | 9,507,131 |
| CarMax, Inc.* | 111,867 | 9,713,412 |
| Home Depot, Inc. | 107,489 | 22,354,487 |
| | | **41,575,030** |
| **Textiles, Apparel & Luxury Goods 0.8%** | | |
| Lululemon Athletica, Inc.* | 38,563 | **6,949,438** |
| **Consumer Staples 3.4%** | | |
| **Food & Staples Retailing 1.2%** | | |
| Costco Wholesale Corp. | 38,441 | **10,158,418** |
| **Food Products 1.5%** | | |
| Mondelez International, Inc. "A" | 241,172 | **12,999,171** |
| **Personal Products 0.7%** | | |
| Estee Lauder Companies, Inc. "A" | 30,952 | **5,667,621** |
| **Energy 0.5%** | | |
| **Oil, Gas & Consumable Fuels** | | |
| Concho Resources, Inc. | 39,900 | **4,116,882** |
| **Financials 7.1%** | | |
| **Banks 1.1%** | | |
| SVB Financial Group* | 40,510 | **9,098,141** |
| **Capital Markets 1.7%** | | |
| Intercontinental Exchange, Inc. | 165,899 | **14,257,360** |
| **Consumer Finance 1.1%** | | |
| American Express Co. | 74,182 | **9,157,026** |
| **Insurance 3.2%** | | |
| Progressive Corp. | 338,192 | **27,031,687** |

| | Shares | Value ($) |
|---|---|---|
| **Health Care 12.9%** | | |
| **Biotechnology 1.9%** | | |
| Alexion Pharmaceuticals, Inc.* | 68,563 | 8,980,382 |
| BioMarin Pharmaceutical, Inc.* | 45,303 | 3,880,202 |
| Exact Sciences Corp.* | 25,018 | 2,953,124 |
| | | **15,813,708** |
| **Health Care Equipment & Supplies 6.0%** | | |
| Becton, Dickinson & Co. | 91,970 | 23,177,360 |
| Danaher Corp. | 96,301 | 13,763,339 |
| DexCom, Inc.* | 33,429 | 5,009,001 |
| Inogen, Inc.* | 27,534 | 1,838,170 |
| The Cooper Companies, Inc. | 21,346 | 7,191,254 |
| | | **50,979,124** |
| **Life Sciences Tools & Services 3.0%** | | |
| Thermo Fisher Scientific, Inc. | 85,036 | **24,973,373** |
| **Pharmaceuticals 2.0%** | | |
| Bristol-Myers Squibb Co. | 57,667 | 2,615,198 |
| Zoetis, Inc. | 124,324 | 14,109,531 |
| | | **16,724,729** |
| **Industrials 11.1%** | | |
| **Aerospace & Defense 3.4%** | | |
| Boeing Co. | 57,143 | 20,800,623 |
| TransDigm Group, Inc.* | 15,726 | 7,608,239 |
| | | **28,408,862** |
| **Electrical Equipment 1.7%** | | |
| AMETEK, Inc. | 157,286 | **14,287,860** |
| **Industrial Conglomerates 1.6%** | | |
| Roper Technologies, Inc. | 36,640 | **13,419,767** |
| **Machinery 0.7%** | | |
| Parker-Hannifin Corp. | 34,184 | **5,811,622** |
| **Professional Services 2.6%** | | |
| TransUnion | 152,299 | 11,195,499 |
| Verisk Analytics, Inc. | 74,428 | 10,900,725 |
| | | **22,096,224** |
| **Road & Rail 1.1%** | | |
| Lyft, Inc. "A"* (a) | 12,009 | 789,111 |
| Norfolk Southern Corp. | 40,459 | 8,064,693 |
| | | **8,853,804** |
| **Information Technology 33.6%** | | |
| **IT Services 9.6%** | | |
| Cognizant Technology Solutions Corp. "A" | 163,588 | 10,369,843 |
| Fiserv, Inc.* | 156,288 | 14,247,214 |
| FleetCor Technologies, Inc.* | 27,785 | 7,803,417 |
| Global Payments, Inc. | 85,322 | 13,662,612 |
| Visa, Inc. "A" | 201,099 | 34,900,732 |
| | | **80,983,818** |
| **Semiconductors & Semiconductor Equipment 1.8%** | | |
| Analog Devices, Inc. | 81,088 | 9,152,403 |
| NVIDIA Corp. | 35,667 | 5,857,591 |
| | | **15,009,994** |
| **Software 16.5%** | | |
| 2U, Inc.* (a) | 66,879 | 2,517,326 |
| Adobe, Inc.* | 54,662 | 16,106,158 |

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

| | Shares | Value ($) |
|---|---|---|
| DocuSign, Inc.* | 52,375 | 2,603,561 |
| Intuit, Inc. | 45,885 | 11,991,127 |
| Microsoft Corp. | 494,922 | 66,299,751 |
| Nuance Communications, Inc.* | 396,845 | 6,337,615 |
| Proofpoint, Inc.* | 17,598 | 2,116,160 |
| salesforce.com, Inc.* | 72,076 | 10,936,091 |
| ServiceNow, Inc.* | 39,685 | 10,896,310 |
| Synopsys, Inc.* | 65,636 | 8,446,697 |
| | | **138,250,796** |
| **Technology Hardware, Storage & Peripherals 5.7%** | | |
| Apple, Inc. | 230,788 | 45,677,561 |
| Pure Storage, Inc. "A"* | 171,955 | 2,625,753 |
| | | **48,303,314** |

## Materials 0.7%

| | Shares | Value ($) |
|---|---|---|
| **Construction Materials** | | |
| Vulcan Materials Co. | 45,193 | **6,205,451** |

## Real Estate 1.9%

| | Shares | Value ($) |
|---|---|---|
| **Equity Real Estate Investment Trusts (REITs)** | | |
| Digital Realty Trust, Inc. | 73,013 | 8,600,201 |
| Prologis, Inc. | 90,894 | 7,280,610 |
| | | **15,880,811** |

| | Shares | Value ($) |
|---|---|---|
| **Total Common Stocks** (Cost $413,788,990) | | **830,628,388** |

## Securities Lending Collateral 0.4%

| | Shares | Value ($) |
|---|---|---|
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (b) (c) (Cost $3,321,907) | 3,321,907 | **3,321,907** |

## Cash Equivalents 1.2%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (b) (Cost $9,752,571) | 9,752,571 | **9,752,571** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $426,863,468) | 100.5 | **843,702,866** |
| **Other Assets and Liabilities, Net** | (0.5) | **(4,034,194)** |
| **Net Assets** | 100.0 | **839,668,672** |

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 0.4%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (b) (c) | | | | | | | | |
| 5,457,000 | — | 2,135,093 (d) | — | — | 16,967 | — | 3,321,907 | 3,321,907 |
| **Cash Equivalents 1.2%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (b) | | | | | | | | |
| 12,082,625 | 53,262,136 | 55,592,190 | — | — | 139,784 | — | 9,752,571 | 9,752,571 |
| **17,539,625** | **53,262,136** | **57,727,283** | **—** | **—** | **156,751** | **—** | **13,074,478** | **13,074,478** |

* 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, 2019 amounted to $3,302,082, which is 0.4% of net assets.

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

(c) Represents cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(d) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

## 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, 2019 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) | $ 830,628,388 | $ — | $ — | $ 830,628,388 |
| Short-Term Investments (e) | 13,074,478 | — | — | 13,074,478 |
| **Total** | **$ 843,702,866** | **$ —** | **$ —** | **$ 843,702,866** |

(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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $413,788,990) — including $3,302,082 of securities loaned | $830,628,388 |
| Investment in DWS Government & Agency Securities Portfolio (cost $3,321,907)* | 3,321,907 |
| Investment in DWS Central Cash Management Government Fund (cost $9,752,571) | 9,752,571 |
| Cash | 10,000 |
| Receivable for investments sold | 8,301,134 |
| Receivable for Fund shares sold | 152,620 |
| Dividends receivable | 95,851 |
| Interest receivable | 31,693 |
| Other assets | 10,464 |
| Total assets | 852,304,628 |
| **Liabilities** | |
| Payable upon return of securities loaned | 3,321,907 |
| Payable for investments purchased | 8,562,941 |
| Payable for Fund shares redeemed | 339,936 |
| Accrued management fee | 259,100 |
| Accrued Trustees' fees | 11,048 |
| Other accrued expenses and payables | 141,024 |
| Total liabilities | 12,635,956 |
| **Net assets, at value** | **$839,668,672** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | 454,189,385 |
| Paid-in capital | 385,479,287 |
| **Net assets, at value** | **$839,668,672** |
| **Net Asset Value** | |
| **Class A**<br>**Net Asset Value**, offering and redemption price per share ($835,547,525 ÷ 27,650,812 outstanding shares of beneficial interest, $0.01 par value, unlimited number of shares authorized) | **$ 30.22** |
| **Class B**<br>**Net Asset Value**, offering and redemption price per share ($4,121,147 ÷ 136,766 outstanding shares of beneficial interest, $0.01 par value, unlimited number of shares authorized) | **$ 30.13** |

* Represents collateral on securities loaned.

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Dividends | $ 4,363,504 |
| Income distributions — DWS Central Cash Management Government Fund | 139,784 |
| Securities lending income, net of borrower rebates | 16,967 |
| Total income | 4,520,255 |
| Expenses:<br>Management fee | 1,522,768 |
| Administration fee | 408,706 |
| Services to Shareholders | 1,034 |
| Record keeping fee (Class B) | 67 |
| Distribution service fee (Class B) | 4,844 |
| Custodian fee | 4,556 |
| Professional fees | 44,770 |
| Reports to shareholders | 20,840 |
| Trustees' fees and expenses | 21,882 |
| Other | 22,688 |
| Total expenses | 2,052,155 |
| **Net investment income** | **2,468,100** |
| **Realized and Unrealized gain (loss)** | |
| Net realized gain (loss) from investments | 35,334,820 |
| Change in net unrealized appreciation (depreciation) on investments | 139,733,161 |
| **Net gain (loss)** | **175,067,981** |
| **Net increase (decrease) in net assets resulting from operations** | **$177,536,081** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 2,468,100 | $ 3,736,233 |
| Net realized gain (loss) | 35,334,820 | 94,066,554 |
| Change in net unrealized appreciation (depreciation) | 139,733,161 | (108,027,003) |
| Net increase (decrease) in net assets resulting from operations | 177,536,081 | (10,224,216) |
| Distributions to shareholders: | | |
| Class A | (97,006,648) | (78,292,764) |
| Class B | (448,501) | (583,563) |
| Total distributions | (97,455,149) | (78,876,327) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 14,482,850 | 53,233,825 |
| Reinvestment of distributions | 97,006,648 | 78,292,764 |
| Payments for shares redeemed | (80,235,820) | (94,375,223) |
| Net increase (decrease) in net assets from Class A share transactions | 31,253,678 | 37,151,366 |
| **Class B** | | |
| Proceeds from shares sold | 139,064 | 263,138 |
| Reinvestment of distributions | 448,501 | 583,563 |
| Payments for shares redeemed | (326,986) | (2,933,729) |
| Net increase (decrease) in net assets from Class B share transactions | 260,579 | (2,087,028) |
| **Increase (decrease) in net assets** | 111,595,189 | (54,036,205) |
| Net assets at beginning of period | 728,073,483 | 782,109,688 |
| Net assets at end of period | **$ 839,668,672** | **$ 728,073,483** |

| Other Information | | |
|---|---|---|
| **Class A** | | |
| Shares outstanding at beginning of period | 26,575,319 | 25,154,197 |
| Shares sold | 479,364 | 1,730,657 |
| Shares issued to shareholders in reinvestment of distributions | 3,253,073 | 2,776,339 |
| Shares redeemed | (2,656,944) | (3,085,874) |
| Net increase (decrease) in Class A shares | 1,075,493 | 1,421,122 |
| Shares outstanding at end of period | **27,650,812** | **26,575,319** |
| **Class B** | | |
| Shares outstanding at beginning of period | 127,775 | 191,717 |
| Shares sold | 4,761 | 8,617 |
| Shares issued to shareholders in reinvestment of distributions | 15,076 | 20,738 |
| Shares redeemed | (10,846) | (93,297) |
| Net increase (decrease) in Class B shares | 8,991 | (63,942) |
| Shares outstanding at end of period | **136,766** | **127,775** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 27.27** | **$30.86** | **$26.70** | **$28.22** | **$29.95** | **$28.41** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .09 | .14 | .20 | .21 | .20 | .21 |
| Net realized and unrealized gain (loss) | 6.59 | (.53) | 6.47 | .83 | 2.34 | 3.18 |
| **Total from investment operations** | 6.68 | (.39) | 6.67 | 1.04 | 2.54 | 3.39 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.14) | (.23) | (.22) | (.22) | (.22) | (.18) |
| Net realized gains | (3.59) | (2.97) | (2.29) | (2.34) | (4.05) | (1.67) |
| **Total distributions** | (3.73) | (3.20) | (2.51) | (2.56) | (4.27) | (1.85) |
| **Net asset value, end of period** | **$ 30.22** | **$27.27** | **$30.86** | **$26.70** | **$28.22** | **$29.95** |
| Total Return (%) | 24.68** | (1.60) | 26.30 | 4.25 | 8.62 | 12.97 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 836 | 725 | 776 | 745 | 849 | 890 |
| Ratio of expenses (%)[b] | .50* | .50 | .50 | .50 | .49 | .50 |
| Ratio of net investment income (loss) (%) | .61* | .46 | .70 | .82 | .70 | .76 |
| Portfolio turnover rate (%) | 7** | 26 | 15 | 35 | 35 | 47 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 27.16** | **$30.75** | **$26.61** | **$28.12** | **$29.84** | **$28.29** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .05 | .07 | .13 | .15 | .13 | .09 |
| Net realized and unrealized gain (loss) | 6.56 | (.54) | 6.44 | .83 | 2.32 | 3.22 |
| **Total from investment operations** | 6.61 | (.47) | 6.57 | .98 | 2.45 | 3.31 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.05) | (.15) | (.14) | (.15) | (.12) | (.09) |
| Net realized gains | (3.59) | (2.97) | (2.29) | (2.34) | (4.05) | (1.67) |
| **Total distributions** | (3.64) | (3.12) | (2.43) | (2.49) | (4.17) | (1.76) |
| **Net asset value, end of period** | **$ 30.13** | **$27.16** | **$30.75** | **$26.61** | **$28.12** | **$29.84** |
| Total Return (%) | 24.52** | (1.87) | 25.96 | 4.00 | 8.33 | 12.67 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 4 | 3 | 6 | 5 | 4 | 3 |
| Ratio of expenses (%)[b] | .76* | .76 | .75 | .76 | .76 | .80 |
| Ratio of net investment income (loss) (%) | .35* | .21 | .45 | .58 | .44 | .33 |
| Portfolio turnover rate (%) | 7** | 26 | 15 | 35 | 35 | 47 |

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 (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, DWS Capital Growth VIP, DWS Core Equity VIP, DWS CROCI® International VIP and DWS 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 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.

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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, 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.

**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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $426,587,489. The net unrealized appreciation for all investments based on tax cost was $417,115,377. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $433,489,586 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $16,374,209.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, purchases and sales of investment securities (excluding short-term investments) aggregated $53,500,725 and $112,043,747, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through September 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 | .77% |
| Class B | 1.02% |

**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, 2019, the Administration Fee was $408,706, of which $69,579 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, 2019, the amounts charged to the Fund by DSC were as follows:

| Services to Shareholders | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class A | $ 386 | $ 124 |
| Class B | 105 | 34 |
| | **$ 491** | **$ 158** |

**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, 2019, the Distribution Service Fee aggregated $4,844, of which $830 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,797, of which $4,712 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Securities Lending Agent Fees.** Deutsche Bank AG serves as lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $1,320.

## D. Ownership of the Fund

At June 30, 2019, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 60% and 25%, 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 47% and 38%, 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| Actual Fund Return | Class A | Class B |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,246.80 | $ 1,245.20 |
| Expenses Paid per $1,000* | $ 2.79 | $ 4.23 |

| Hypothetical 5% Fund Return | Class A | Class B |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 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 DWS Capital Growth VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, 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, 2017.

**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, 2017). 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, 2017, 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 DWS U.S. registered funds ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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-028374-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series I

## DWS Core Equity VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

DWS

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**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

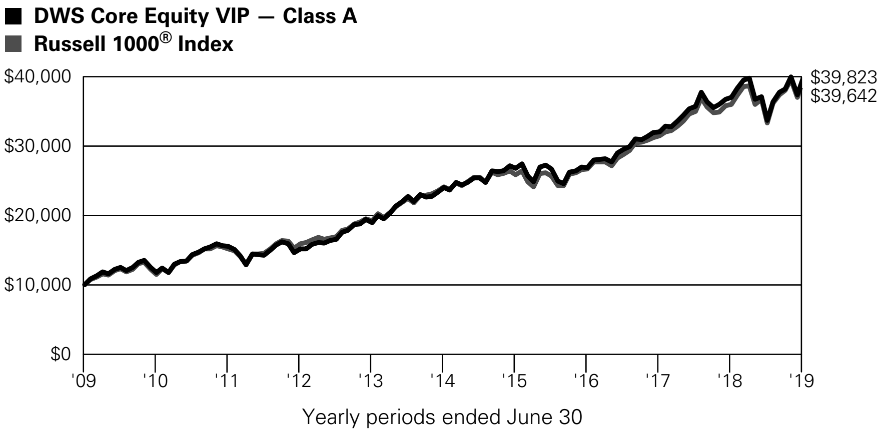
**June 30, 2019 (Unaudited)**

**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, 2019 are 0.61% and 0.93% 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 | $11,820 | $10,769 | $14,833 | $16,612 | $39,823 |
| | Average annual total return | 18.20% | 7.69% | 14.04% | 10.68% | 14.82% |
| Russell 1000® Index | Growth of $10,000 | $11,884 | $11,002 | $14,873 | $16,438 | $39,642 |
| | Average annual total return | 18.84% | 10.02% | 14.15% | 10.45% | 14.77% |

| DWS Core Equity VIP | | 6-Month‡ | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| **Class B** | Growth of $10,000 | $11,806 | $10,734 | $14,699 | $16,375 | $38,756 |
| | Average annual total return | 18.06% | 7.34% | 13.70% | 10.37% | 14.51% |
| Russell 1000® Index | Growth of $10,000 | $11,884 | $11,002 | $14,873 | $16,438 | $39,642 |
| | Average annual total return | 18.84% | 10.02% | 14.15% | 10.45% | 14.77% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 99% | 98% |
| Cash Equivalents | 1% | 2% |
| Exchange-Traded Fund | 0% | 0% |
| | 100% | 100% |

| **Sector Diversification**<br>(As a % of Investment Portfolio excluding Exchange-Traded Fund and Cash Equivalents) | **6/30/19** | **12/31/18** |
|---|---|---|
| Information Technology | 20% | 19% |
| Health Care | 15% | 15% |
| Financials | 13% | 14% |
| Communication Services | 11% | 11% |
| Industrials | 10% | 10% |
| Consumer Discretionary | 10% | 10% |
| Consumer Staples | 7% | 7% |
| Energy | 4% | 4% |
| Utilities | 4% | 4% |
| Real Estate | 3% | 3% |
| Materials | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read 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

as of June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 98.8%** | | |
| **Communication Services 10.1%** | | |
| **Entertainment 2.1%** | | |
| Live Nation Entertainment, Inc.* | 34,150 | **2,262,438** |
| **Interactive Media & Services 4.3%** | | |
| Alphabet, Inc. "A"* | 1,535 | 1,662,098 |
| Alphabet, Inc. "C"* | 1,585 | 1,713,242 |
| Facebook, Inc. "A"* | 6,758 | 1,304,294 |
| | | **4,679,634** |
| **Media 2.0%** | | |
| Omnicom Group, Inc. | 25,963 | **2,127,668** |
| **Wireless Telecommunication Services 1.7%** | | |
| T-Mobile U.S., Inc.* | 24,043 | **1,782,548** |
| **Consumer Discretionary 9.5%** | | |
| **Hotels, Restaurants & Leisure 1.4%** | | |
| Marriott International, Inc. "A" | 4,067 | 570,559 |
| MGM Resorts International | 11,588 | 331,069 |
| Yum! Brands, Inc. | 5,280 | 584,338 |
| | | **1,485,966** |
| **Internet & Direct Marketing Retail 4.9%** | | |
| Amazon.com, Inc.* | 2,801 | **5,304,058** |
| **Multiline Retail 0.5%** | | |
| Macy's, Inc. | 27,040 | **580,278** |
| **Specialty Retail 1.4%** | | |
| Best Buy Co., Inc. | 12,837 | 895,124 |
| Home Depot, Inc. | 3,143 | 653,650 |
| | | **1,548,774** |
| **Textiles, Apparel & Luxury Goods 1.3%** | | |
| NIKE, Inc. "B" | 16,136 | **1,354,617** |
| **Consumer Staples 7.0%** | | |
| **Beverages 3.5%** | | |
| Keurig Dr Pepper, Inc. | 17,794 | 514,246 |
| Molson Coors Brewing Co. "B" | 20,234 | 1,133,104 |
| PepsiCo, Inc. | 16,560 | 2,171,513 |
| | | **3,818,863** |
| **Food & Staples Retailing 2.2%** | | |
| Costco Wholesale Corp. | 4,626 | 1,222,467 |
| Kroger Co. | 18,575 | 403,263 |
| U.S. Foods Holding Corp.* | 21,082 | 753,892 |
| | | **2,379,622** |
| **Food Products 0.5%** | | |
| Conagra Brands, Inc. | 18,642 | **494,386** |
| **Household Products 0.8%** | | |
| Energizer Holdings, Inc. | 22,234 | **859,122** |
| **Energy 4.4%** | | |
| **Oil, Gas & Consumable Fuels** | | |
| Continental Resources., Inc.* | 13,872 | 583,873 |
| EOG Resources., Inc. | 14,520 | 1,352,683 |
| Exxon Mobil Corp. | 10,767 | 825,075 |
| Kinder Morgan, Inc. | 26,041 | 543,736 |
| Occidental Petroleum Corp. | 10,208 | 513,259 |
| ONEOK, Inc. | 12,636 | 869,483 |
| | | **4,688,109** |
| **Financials 12.8%** | | |
| **Banks 5.0%** | | |
| Bank of America Corp. | 18,912 | 548,448 |
| Citigroup, Inc. | 20,157 | 1,411,595 |
| JPMorgan Chase & Co. | 14,137 | 1,580,516 |
| Popular, Inc. | 22,075 | 1,197,348 |
| U.S. Bancorp. | 12,049 | 631,368 |
| | | **5,369,275** |
| **Capital Markets 5.2%** | | |
| Ares Capital Corp. | 14,765 | 264,884 |
| CME Group, Inc. | 5,633 | 1,093,422 |
| Franklin Resources., Inc. | 16,026 | 557,705 |
| Intercontinental Exchange, Inc. | 7,037 | 604,760 |
| LPL Financial Holdings, Inc. | 16,195 | 1,321,026 |
| State Street Corp. | 11,713 | 656,631 |
| TD Ameritrade Holding Corp. | 7,855 | 392,121 |
| The Goldman Sachs Group., Inc. | 3,699 | 756,815 |
| | | **5,647,364** |
| **Insurance 2.6%** | | |
| Chubb Ltd. | 9,749 | 1,435,930 |
| MetLife, Inc. | 26,734 | 1,327,878 |
| | | **2,763,808** |
| **Health Care 14.6%** | | |
| **Biotechnology 5.1%** | | |
| AbbVie, Inc. | 19,352 | 1,407,278 |
| Amgen, Inc. | 8,954 | 1,650,043 |
| Biogen., Inc.* | 3,870 | 905,077 |
| Gilead Sciences, Inc. | 22,559 | 1,524,086 |
| | | **5,486,484** |
| **Health Care Equipment & Supplies 5.2%** | | |
| Baxter International, Inc. | 6,888 | 564,127 |
| Becton, Dickinson & Co. | 3,627 | 914,040 |
| Boston Scientific Corp.* | 21,929 | 942,509 |
| Danaher Corp. | 6,623 | 946,559 |
| Hill-Rom Holdings, Inc. | 14,553 | 1,522,535 |
| Medtronic PLC | 7,702 | 750,098 |
| | | **5,639,868** |
| **Health Care Providers & Services 0.8%** | | |
| Cigna Corp.* | 1,980 | 311,949 |
| McKesson Corp. | 4,042 | 543,204 |
| | | **855,153** |
| **Pharmaceuticals 3.5%** | | |
| Eli Lilly & Co. | 5,954 | 659,644 |
| Merck & Co., Inc. | 18,679 | 1,566,234 |
| Pfizer, Inc. | 35,439 | 1,535,217 |
| | | **3,761,095** |
| **Industrials 10.7%** | | |
| **Aerospace & Defense 2.7%** | | |
| Boeing Co. | 3,536 | 1,287,139 |
| L3 Technologies, Inc. | 6,677 | 1,637,000 |
| | | **2,924,139** |
| **Commercial Services & Supplies 1.7%** | | |
| Waste Management, Inc. | 15,462 | **1,783,851** |

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

| | Shares | Value ($) |
|---|---|---|
| **Industrial Conglomerates 1.5%** | | |
| Honeywell International, Inc. | 4,709 | 822,144 |
| Roper Technologies, Inc. | 2,244 | 821,888 |
| | | **1,644,032** |
| **Machinery 1.9%** | | |
| Ingersoll-Rand PLC | 8,262 | 1,046,547 |
| Parker-Hannifin Corp. | 5,459 | 928,085 |
| | | **1,974,632** |
| **Professional Services 0.8%** | | |
| Equifax, Inc. | 6,576 | **889,338** |
| **Road & Rail 2.1%** | | |
| Norfolk Southern Corp. | 11,378 | **2,267,977** |
| **Information Technology 20.0%** | | |
| **IT Services 4.5%** | | |
| Conduent, Inc.* | 71,825 | 688,801 |
| Gartner, Inc.* | 8,336 | 1,341,596 |
| Visa, Inc. "A" | 16,167 | 2,805,783 |
| | | **4,836,180** |
| **Semiconductors & Semiconductor Equipment 3.6%** | | |
| Applied Materials, Inc. | 12,941 | 581,180 |
| Intel Corp. | 19,868 | 951,081 |
| QUALCOMM., Inc. | 15,778 | 1,200,233 |
| Teradyne, Inc. | 23,973 | 1,148,546 |
| | | **3,881,040** |
| **Software 6.7%** | | |
| Microsoft Corp. | 44,533 | 5,965,641 |
| Oracle Corp. | 21,426 | 1,220,639 |
| | | **7,186,280** |
| **Technology Hardware, Storage & Peripherals 5.2%** | | |
| Apple, Inc. | 24,318 | 4,813,019 |
| Hewlett Packard Enterprise Co. | 56,262 | 841,117 |
| | | **5,654,136** |
| **Materials 2.8%** | | |
| **Chemicals 0.7%** | | |
| PPG Industries, Inc. | 7,096 | **828,174** |
| **Containers & Packaging 0.5%** | | |
| Graphic Packaging Holding Co. | 37,784 | **528,220** |
| **Metals & Mining 1.6%** | | |
| Freeport-McMoRan, Inc. | 124,701 | 1,447,779 |
| Steel Dynamics, Inc. | 8,386 | 253,257 |
| | | **1,701,036** |
| **Real Estate 3.6%** | | |
| **Equity Real Estate Investment Trusts (REITs)** | | |
| AvalonBay Communities, Inc. | 5,870 | 1,192,667 |
| Digital Realty Trust, Inc. | 5,476 | 645,018 |
| Prologis, Inc. | 14,792 | 1,184,839 |
| Public Storage | 1,201 | 286,042 |
| SL Green Realty Corp. | 6,688 | 537,515 |
| | | **3,846,081** |
| **Utilities 3.3%** | | |
| **Electric Utilities 1.4%** | | |
| NextEra Energy, Inc. | 7,159 | **1,466,593** |
| **Multi-Utilities 0.9%** | | |
| CenterPoint Energy, Inc. | 32,080 | **918,450** |
| **Water Utilities 1.0%** | | |
| American Water Works Co., Inc. | 9,586 | **1,111,976** |
| **Total Common Stocks** (Cost $75,882,255) | | **106,331,265** |

## Exchange-Traded Funds 0.3%

| | Shares | Value ($) |
|---|---|---|
| Vanguard S&P 500 ETF (Cost $236,222) | 1,020 | **274,533** |

## Cash Equivalents 0.4%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (a) (Cost $484,350) | 484,350 | **484,350** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $76,602,827) | 99.5 | **107,090,148** |
| **Other Assets and Liabilities, Net** | 0.5 | **536,161** |
| **Net Assets** | 100.0 | **107,626,309** |

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 0.00%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (a) (b) | | | | | | | | |
| — | — | 1,198,336 (c) | — | — | 6,000 | — | — | — |
| **Cash Equivalents 0.4%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (a) | | | | | | | | |
| 1,529,105 | 4,304,054 | 5,348,809 | — | — | 9,420 | — | 484,350 | 484,350 |
| **1,529,105** | **4,304,054** | **6,547,145** | | | **15,420** | | **484,350** | **484,350** |

* 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.

(c) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the period ended June 30, 2019.

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, 2019 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) | $ 106,331,265 | $ — | $ — | $ 106,331,265 |
| Exchange-Traded Funds | 274,533 | — | — | 274,533 |
| Short-Term Investments | 484,350 | — | — | 484,350 |
| **Total** | **$ 107,090,148** | **$ —** | **$ —** | **$ 107,090,148** |

(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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $76,118,477) | $ 106,605,798 |
| Investment in DWS Central Cash Management Government Fund (cost $484,350) | 484,350 |
| Cash | 10,000 |
| Receivable for investments sold | 536,897 |
| Receivable for Fund shares sold | 17,198 |
| Dividends receivable | 114,843 |
| Interest receivable | 1,716 |
| Other assets | 1,131 |
| Total assets | 107,771,933 |
| **Liabilities** | |
| Payable for Fund shares redeemed | 50,222 |
| Accrued management fee | 34,000 |
| Accrued Trustees' fees | 276 |
| Other accrued expenses and payables | 61,126 |
| Total liabilities | 145,624 |
| **Net assets, at value** | **$ 107,626,309** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | 32,151,940 |
| Paid-in capital | 75,474,369 |
| **Net assets, at value** | **$ 107,626,309** |
| **Net Asset Value** | |
| **Class A** | |
| **Net Asset Value,** offering and redemption price per share ($104,389,569 ÷ 10,176,614 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized) | **$ 10.26** |
| **Class B** | |
| **Net Asset Value,** offering and redemption price per share ($3,236,740 ÷ 315,595 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized) | **$ 10.26** |

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Dividends (net of foreign taxes withheld of $1,343) | $ 993,596 |
| Income distributions — DWS Central Cash Management Government Fund | 9,420 |
| Securities lending income, net of borrower rebates | 6,000 |
| Total income | 1,009,016 |
| Expenses:<br>Management fee | 201,403 |
| Administration fee | 51,642 |
| Services to Shareholders | 738 |
| Recordkeeping fee (Class B) | 1,041 |
| Distribution service fee (Class B) | 3,885 |
| Custodian fee | 4,615 |
| Professional fees | 38,774 |
| Reports to shareholders | 12,687 |
| Trustees' fees and expenses | 3,671 |
| Other | 4,983 |
| Total expenses | 323,439 |
| **Net investment income** | **685,577** |
| **Realized and Unrealized gain (loss)** | |
| Net realized gain (loss) from investments | 1,271,053 |
| Change in net unrealized appreciation (depreciation) on investments | 15,050,125 |
| **Net gain (loss)** | **16,321,178** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 17,006,755** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income | $ 685,577 | $ 1,209,051 |
| Net realized gain (loss) | 1,271,053 | 11,503,842 |
| Change in net unrealized appreciation (depreciation) | 15,050,125 | (18,122,668) |
| Net increase (decrease) in net assets resulting from operations | 17,006,755 | (5,409,775) |
| Distributions to shareholders : | | |
| Class A | (12,354,795) | (29,462,065) |
| Class B | (374,998) | (916,591) |
| Total distributions | (12,729,793) | (30,378,656) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 1,831,450 | 5,049,625 |
| Reinvestment of distributions | 12,354,795 | 29,462,065 |
| Payments of shares redeemed | (5,779,488) | (12,963,703) |
| Net increase (decrease) in net assets from Class A share transactions | 8,406,757 | 21,547,987 |
| **Class B** | | |
| Proceeds from shares sold | 12,018 | 275,886 |
| Reinvestment of distributions | 374,998 | 916,591 |
| Payments of shares redeemed | (125,604) | (404,039) |
| Net increase (decrease) in net assets from Class B share transactions | 261,412 | 788,438 |
| **Increase (decrease) in net assets** | 12,945,131 | (13,452,006) |
| Net assets at beginning of period | 94,681,178 | 108,133,184 |
| Net assets at end of period | **$ 107,626,309** | **$ 94,681,178** |

| Other Information | | |
|---|---|---|
| **Class A** | | |
| Shares outstanding at beginning of period | 9,343,340 | 7,169,708 |
| Shares sold | 175,663 | 448,326 |
| Shares issued to shareholders in reinvestment of distributions | 1,204,171 | 2,816,641 |
| Shares redeemed | (546,560) | (1,091,335) |
| Net increase (decrease) in Class A shares | 833,274 | 2,173,632 |
| Shares outstanding at end of period | **10,176,614** | **9,343,340** |
| **Class B** | | |
| Shares outstanding at beginning of period | 289,832 | 215,292 |
| Shares sold | 1,160 | 20,116 |
| Shares issued to shareholders in reinvestment of distributions | 36,549 | 87,628 |
| Shares redeemed | (11,946) | (33,204) |
| Net increase (decrease) in Class B shares | 25,763 | 74,540 |
| Shares outstanding at end of period | **315,595** | **289,832** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 9.83** | **$14.64** | **$13.16** | **$13.29** | **$12.76** | **$11.54** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .07 | .14 | .17 | .17 | .15 | .10 |
| Net realized and unrealized gain (loss) | 1.72 | (.71) | 2.44 | 1.09 | .52 | 1.25 |
| **Total from investment operations** | 1.79 | (.57) | 2.61 | 1.26 | .67 | 1.35 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.12) | (.27) | (.17) | (.19) | (.11) | (.13) |
| Net realized gains | (1.24) | (3.97) | (.96) | (1.20) | (.03) | — |
| **Total distributions** | (1.36) | (4.24) | (1.13) | (1.39) | (.14) | (.13) |
| **Net asset value, end of period** | **$ 10.26** | **$ 9.83** | **$14.64** | **$13.16** | **$13.29** | **$12.76** |
| Total Return (%) | 18.20** | (5.69) | 21.02 | 10.48 | 5.25 | 11.82 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 104 | 92 | 105 | 163 | 176 | 220 |
| Ratio of expenses (%)[b] | .62* | .61 | .57 | .57 | .56 | .57 |
| Ratio of net investment income (%) | 1.33* | 1.14 | 1.22 | 1.34 | 1.11 | .86 |
| Portfolio turnover rate (%) | 16** | 43 | 39 | 43 | 27 | 48 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 9.81** | **$14.62** | **$13.14** | **$13.26** | **$12.74** | **$11.53** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .05 | .10 | .13 | .13 | .11 | .07 |
| Net realized and unrealized gain (loss) | 1.73 | (.72) | 2.44 | 1.10 | .52 | 1.24 |
| **Total from investment operations** | 1.78 | (.62) | 2.57 | 1.23 | .63 | 1.31 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.09) | (.22) | (.13) | (.15) | (.08) | (.10) |
| Net realized gains | (1.24) | (3.97) | (.96) | (1.20) | (.03) | — |
| **Total distributions** | (1.33) | (4.19) | (1.09) | (1.35) | (.11) | (.10) |
| **Net asset value, end of period** | **$ 10.26** | **$ 9.81** | **$14.62** | **$13.14** | **$13.26** | **$12.74** |
| Total Return (%) | 18.06** | (6.02) | 20.68 | 10.25 | 4.91 | 11.52 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 3 | 3 | 3 | 2 | 2 | 2 |
| Ratio of expenses (%)[b] | .94* | .93 | .86 | .86 | .83 | .82 |
| Ratio of net investment income (%) | 1.01* | .82 | .94 | 1.06 | .84 | .60 |
| Portfolio turnover rate (%) | 16** | 43 | 39 | 43 | 27 | 48 |

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 (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, DWS Capital Growth VIP, DWS Core Equity VIP, DWS CROCI® International VIP and DWS 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, 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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $76,812,443. The net unrealized appreciation for all investments based on tax cost was $30,277,705. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $33,926,067 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $3,648,362.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, purchases and sales of investment securities (excluding short-term investments) aggregated $16,304,700 and $19,089,871, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through September 30, 2019, 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 | .79% |
| 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, 2019, the Administration Fee was $51,642, of which $8,718 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, 2019, the amounts charged to the Fund by DSC were as follows:

| Services to Shareholders | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class A | $ 316 | $ 104 |
| Class B | 60 | 20 |
| | **$ 376** | **$ 124** |

**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, 2019, the Distribution Service Fee aggregated $3,885, of which $653 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under “Reports to shareholders” aggregated $5,068, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Security Lending Fees.** Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred lending agent fees to Deutsche Bank AG for the amount of $452.

## D. Ownership of the Fund

At June 30, 2019, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 49%, 18% 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 44% and 37%, 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,182.00 | $ 1,168.80 |
| Expenses Paid per $1,000* | $ 3.35 | $ 5.05 |

| **Hypothetical 5% Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,021.72 | $ 1,020.13 |
| Expenses Paid per $1,000* | $ 3.11 | $ 4.71 |

* 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 | .62% | .94% |

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 DWS Core Equity VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, 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, 2017.

**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, 2017). 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, 2017, 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 DWS U.S. registered fund ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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-028376-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series I

## DWS CROCI® International VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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. 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.

# Performance Summary

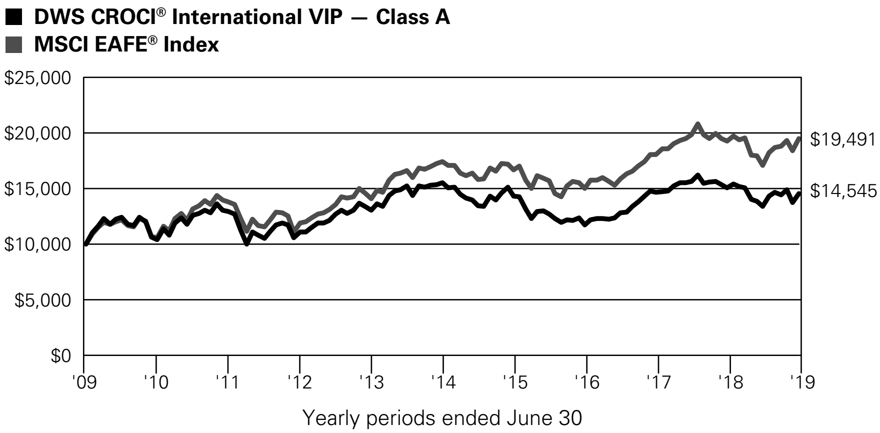
**June 30, 2019 (Unaudited)**

**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, 2019 are 1.13% and 1.41% 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 (Europe, Australasia and the Far East) Index is an unmanaged equity index which captures large and mid-capitalization representation across 21 developed markets countries around the world, excluding the U.S. and Canada. It covers approximately 85% of the free float-adjusted market capitalization in each country.

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 | $10,868 | $9,644 | $12,402 | $9,353 | $14,545 |
| | Average annual total return | 8.68% | –3.56% | 7.44% | –1.33% | 3.82% |
| MSCI EAFE® Index | Growth of $10,000 | $11,403 | $10,108 | $12,988 | $11,175 | $19,491 |
| | Average annual total return | 14.03% | 1.08% | 9.11% | 2.25% | 6.90% |
| **DWS CROCI® International VIP** | | **6-Month‡** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| **Class B** | Growth of $10,000 | $10,839 | $9,621 | $12,321 | $9,238 | $14,178 |
| | Average annual total return | 8.39% | –3.79% | 7.20% | –1.57% | 3.55% |
| MSCI EAFE® Index | Growth of $10,000 | $11,403 | $10,108 | $12,988 | $11,175 | $19,491 |
| | Average annual total return | 14.03% | 1.08% | 9.11% | 2.25% | 6.90% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 97% | 98% |
| Preferred Stocks | 2% | 2% |
| Cash Equivalents | 1% | 0% |
| | 100% | 100% |

| **Geographical Diversification** (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| Japan | 30% | 24% |
| United Kingdom | 17% | 14% |
| Netherlands | 8% | 4% |
| Germany | 8% | 14% |
| Switzerland | 8% | 8% |
| France | 7% | 16% |
| Australia | 7% | 2% |
| Belgium | 5% | 4% |
| Spain | 3% | — |
| Italy | 2% | — |
| Finland | 2% | 2% |
| Singapore | 1% | 4% |
| New Zealand | 1% | — |
| Hong Kong | 1% | 6% |
| Luxembourg | — | 2% |
| | 100% | 100% |

| **Sector Diversification** (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| Consumer Discretionary | 30% | 31% |
| Health Care | 17% | 13% |
| Materials | 13% | 11% |
| Financials | 12% | — |
| Industrials | 12% | 20% |
| Consumer Staples | 7% | 12% |
| Energy | 5% | 2% |
| Information Technology | 3% | — |
| Communication Services | 1% | 2% |
| Utilities | — | 9% |
| | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Management Team

Di Kumble, CFA, Managing Director
John Moody, Vice President
Portfolio Managers

# Investment Portfolio

as of June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 95.8%** | | |
| **Australia 6.5%** | | |
| Australia & New Zealand Banking Group Ltd. | 14,087 | 279,163 |
| BHP Group Ltd. | 63,750 | 1,842,945 |
| BlueScope Steel Ltd. | 27,534 | 233,259 |
| Boral Ltd. | 428,906 | 1,541,801 |
| National Australia Bank Ltd. | 13,630 | 255,765 |
| Origin Energy Ltd. | 76,312 | 391,915 |
| Westpac Banking Corp. | 20,393 | 406,298 |
| (Cost $4,505,771) | | **4,951,146** |
| **Belgium 4.7%** | | |
| UCB SA (Cost $3,477,963) | 42,969 | **3,563,182** |
| **Finland 1.8%** | | |
| Nokian Renkaat Oyj (Cost $2,038,188) | 44,274 | **1,383,090** |
| **France 7.3%** | | |
| Arkema SA | 15,802 | 1,471,241 |
| Atos SE | 6,596 | 552,080 |
| BNP Paribas SA | 5,334 | 253,408 |
| Credit Agricole SA | 39,663 | 475,340 |
| Sanofi | 27,718 | 2,395,495 |
| Television Francaise 1 | 37,679 | 397,289 |
| (Cost $5,957,856) | | **5,544,853** |
| **Germany 5.8%** | | |
| BASF SE | 20,269 | 1,476,115 |
| Brenntag AG | 31,665 | 1,561,442 |
| Infineon Technologies AG | 13,126 | 231,646 |
| Merck KGaA | 10,732 | 1,122,044 |
| (Cost $4,990,514) | | **4,391,247** |
| **Hong Kong 0.7%** | | |
| Yue Yuen Industrial Holdings Ltd. (Cost $564,090) | 192,839 | **528,367** |
| **Italy 2.2%** | | |
| Intesa Sanpaolo SpA (Cost $1,588,718) | 771,845 | **1,651,448** |
| **Japan 29.3%** | | |
| Advantest Corp. | 13,781 | 380,581 |
| Bridgestone Corp. (a) | 39,091 | 1,541,843 |
| Central Japan Railway Co. | 9,174 | 1,838,999 |
| Denso Corp. | 32,231 | 1,358,210 |
| Honda Motor Co., Ltd. | 50,363 | 1,304,097 |
| Japan Tobacco, Inc. (a) | 63,887 | 1,409,925 |
| KDDI Corp. | 19,998 | 508,474 |
| Mitsubishi Corp. | 14,822 | 391,355 |
| Ono Pharmaceutical Co., Ltd. | 49,701 | 892,121 |
| Sekisui House Ltd. | 98,533 | 1,627,461 |
| Shin-Etsu Chemical Co., Ltd. | 2,709 | 253,019 |
| Shionogi & Co., Ltd. | 12,600 | 727,052 |
| Sony Corp. | 9,134 | 478,315 |
| Subaru Corp. | 66,257 | 1,613,183 |
| Sumitomo Electric Industries Ltd. | 110,249 | 1,450,426 |
| Sumitomo Mitsui Financial Group, Inc. | 71,856 | 2,541,091 |
| Tokyo Electron Ltd. | 5,072 | 713,562 |
| Toyota Industries Corp. | 30,832 | 1,703,353 |
| Toyota Motor Corp. | 24,646 | 1,532,972 |
| (Cost $23,547,860) | | **22,266,039** |
| **Netherlands 8.2%** | | |
| Koninklijke Ahold Delhaize NV | 68,015 | 1,528,774 |
| Randstad NV | 31,039 | 1,702,804 |
| Royal Dutch Shell PLC "A" | 92,292 | 3,009,146 |
| (Cost $6,414,846) | | **6,240,724** |
| **New Zealand 0.8%** | | |
| Fletcher Building Ltd. (Cost $605,385) | 177,651 | **578,979** |
| **Singapore 1.0%** | | |
| Venture Corp., Ltd. (Cost $738,575) | 63,283 | **762,376** |
| **Spain 3.4%** | | |
| Banco Bilbao Vizcaya Argentaria SA | 262,258 | 1,464,982 |
| Banco Santander SA | 242,012 | 1,120,466 |
| (Cost $2,683,309) | | **2,585,448** |
| **Switzerland 7.7%** | | |
| Adecco Group AG (Registered) | 32,027 | 1,925,413 |
| LafargeHolcim Ltd. (Registered)* | 4,877 | 238,414 |
| Roche Holding AG (Genusschein) | 13,148 | 3,702,027 |
| (Cost $5,863,979) | | **5,865,854** |
| **United Kingdom 16.4%** | | |
| Barratt Developments PLC | 348,368 | 2,533,116 |
| British American Tobacco PLC | 11,143 | 389,592 |
| EI Group PLC* | 537,614 | 1,344,149 |
| Ferguson PLC* | 21,133 | 1,504,405 |
| Imperial Brands PLC | 19,977 | 468,920 |
| Lloyds Banking Group PLC | 885,859 | 637,813 |
| Persimmon PLC | 66,818 | 1,696,028 |
| Rio Tinto PLC | 28,656 | 1,775,330 |
| Taylor Wimpey PLC | 1,057,372 | 2,119,980 |
| (Cost $12,740,396) | | **12,469,333** |
| **Total Common Stocks** (Cost $75,717,450) | | **72,782,086** |
| **Preferred Stocks 2.1%** | | |
| **Germany** | | |
| Henkel AG & Co. KGaA (Cost $1,948,379) | 16,643 | **1,626,315** |
| **Securities Lending Collateral 3.3%** | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (b) (c) (Cost $2,505,500) | 2,505,500 | **2,505,500** |

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

| Cash Equivalents 1.3% | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (b) (Cost $979,385) | 979,385 | **979,385** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $81,150,714) | 102.5 | **77,893,286** |
| **Other Assets and Liabilities, Net** | (2.5) | **(1,930,297)** |
| **Net Assets** | 100.0 | **75,962,989** |

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 3.3%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (b) (c) | | | | | | | | |
| 1,268 | 2,504,232(d) | — | — | — | 14,982 | — | 2,505,500 | 2,505,500 |
| **Cash Equivalents 1.3%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (b) | | | | | | | | |
| 258,740 | 9,183,471 | 8,462,826 | — | — | 8,870 | — | 979,385 | 979,385 |
| **260,008** | **11,687,703** | **8,462,826** | **—** | **—** | **23,852** | **—** | **3,484,885** | **3,484,885** |

* 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, 2019 amounted to $2,386,692, which is 3.1% of net assets.

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

(c) Represents cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(d) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

## 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, 2019 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 | $ — | $ 4,951,146 | $ — | $ 4,951,146 |
| Belgium | — | 3,563,182 | — | 3,563,182 |
| Finland | — | 1,383,090 | — | 1,383,090 |
| France | — | 5,544,853 | — | 5,544,853 |
| Germany | — | 4,391,247 | — | 4,391,247 |
| Hong Kong | — | 528,367 | — | 528,367 |
| Italy | — | 1,651,448 | — | 1,651,448 |
| Japan | — | 22,266,039 | — | 22,266,039 |
| Netherlands | — | 6,240,724 | — | 6,240,724 |
| New Zealand | — | 578,979 | — | 578,979 |
| Singapore | — | 762,376 | — | 762,376 |
| Spain | — | 2,585,448 | — | 2,585,448 |
| Switzerland | — | 5,865,854 | — | 5,865,854 |
| United Kingdom | — | 12,469,333 | — | 12,469,333 |
| Preferred Stocks | — | 1,626,315 | — | 1,626,315 |
| Short-Term Investments (e) | 3,484,885 | — | — | 3,484,885 |
| **Total** | **$ 3,484,885** | **$ 74,408,401** | **$ —** | **$ 77,893,286** |

(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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $77,665,829) — including $2,386,692 of securities loaned | $ 74,408,401 |
| Investment in DWS Government & Agency Securities Portfolio (cost $2,505,500)* | 2,505,500 |
| Investment in DWS Central Cash Management Government Fund (cost $979,385) | 979,385 |
| Cash | 7 |
| Foreign currency, at value (cost $60,757) | 61,598 |
| Receivable for Fund shares sold | 14,221 |
| Dividends receivable | 361,534 |
| Interest receivable | 3,491 |
| Foreign taxes recoverable | 262,714 |
| Other assets | 3,883 |
| Total assets | 78,600,734 |
| **Liabilities** | |
| Payable upon return of securities lending collateral | 2,505,500 |
| Payable for Fund shares redeemed | 18,554 |
| Accrued management fee | 29,782 |
| Accrued Trustees' fees | 574 |
| Other accrued expenses and payables | 83,335 |
| Total liabilities | 2,637,745 |
| **Net assets, at value** | **$ 75,962,989** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | (30,618,091) |
| Paid-in capital | 106,581,080 |
| **Net assets, at value** | **$ 75,962,989** |
| **Net Asset Value** | |
| **Class A** | |
| **Net Asset Value**, offering and redemption price per share ($75,658,926 ÷ 11,541,520 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized) | **$ 6.56** |
| **Class B** | |
| **Net Asset Value**, offering and redemption price per share ($304,063 ÷ 46,235 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized) | **$ 6.58** |

* Represents collateral on securities loaned.

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Dividends (net of foreign taxes withheld of $188,838) | $ 2,059,331 |
| Interest | 23 |
| Income distributions — DWS Central Cash Management Government Fund | 8,870 |
| Securities lending income, net of borrower rebates | 14,982 |
| Total income | 2,083,206 |
| Expenses:<br>Management fee | 299,484 |
| Administration fee | 37,909 |
| Services to shareholders | 1,166 |
| Distribution service fee (Class B) | 369 |
| Custodian fee | 23,892 |
| Professional fees | 44,164 |
| Reports to shareholders | 20,873 |
| Trustees' fees and expenses | 2,896 |
| Other | 10,981 |
| Total expenses before expense reductions | 441,734 |
| Expense reductions | (111,554) |
| Total expenses after expense reductions | 330,180 |
| **Net investment income** | **1,753,026** |
| **Realized and Unrealized Gain (Loss)** | |
| Net realized gain (loss) from:<br>Investments | (641,203) |
| Foreign currency | 1,895 |
| | (639,308) |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 5,044,683 |
| Foreign currency | 2,093 |
| | 5,046,776 |
| **Net gain (loss)** | **4,407,468** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 6,160,494** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 1,753,026 | $ 2,370,083 |
| Net realized gain (loss) | (639,308) | 2,593,804 |
| Change in net unrealized appreciation (depreciation) | 5,046,776 | (17,372,232) |
| Net increase (decrease) in net assets resulting from operations | 6,160,494 | (12,408,345) |
| Distributions to shareholders: | | |
| Class A | (2,300,083) | (895,216) |
| Class B | (8,223) | (2,479) |
| Total distributions | (2,308,306) | (897,695) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 1,670,338 | 4,166,625 |
| Reinvestment of distributions | 2,300,083 | 895,216 |
| Payments for shares redeemed | (4,575,479) | (11,189,329) |
| Net increase (decrease) in net assets from Class A share transactions | (605,058) | (6,127,488) |
| **Class B** | | |
| Proceeds from shares sold | 10,735 | 14,693 |
| Reinvestment of distributions | 8,223 | 2,479 |
| Payments for shares redeemed | (5,386) | (18,167) |
| Net increase (decrease) in net assets from Class B share transactions | 13,572 | (995) |
| **Increase (decrease) in net assets** | 3,260,702 | (19,434,523) |
| Net assets at beginning of period | 72,702,287 | 92,136,810 |
| Net assets at end of period | **$ 75,962,989** | **$ 72,702,287** |
| **Other Information** | | |
| **Class A** | | |
| Shares outstanding at beginning of period | 11,634,868 | 12,504,196 |
| Shares sold | 253,158 | 588,874 |
| Shares issued to shareholders in reinvestment of distributions | 345,358 | 123,648 |
| Shares redeemed | (691,864) | (1,581,850) |
| Net increase (decrease) in Class A shares | (93,348) | (869,328) |
| Shares outstanding at end of period | **11,541,520** | **11,634,868** |
| **Class B** | | |
| Shares outstanding at beginning of period | 44,210 | 44,351 |
| Shares sold | 1,603 | 2,083 |
| Shares issued to shareholders in reinvestment of distributions | 1,231 | 342 |
| Shares redeemed | (809) | (2,566) |
| Net increase (decrease) in Class B shares | 2,025 | (141) |
| Shares outstanding at end of period | **46,235** | **44,210** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 6.22** | **$ 7.34** | **$ 6.47** | **$7.15** | **$ 7.86** | **$ 9.06** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .15 | .20 | .16 | .16 | .21 | .31[b] |
| Net realized and unrealized gain (loss) | .39 | (1.25) | 1.21 | (.13) | (.59) | (1.36) |
| **Total from investment operations** | .54 | (1.05) | 1.37 | .03 | (.38) | (1.05) |
| *Less distributions from:* | | | | | | |
| Net investment income | (.20) | (.07) | (.50) | (.71) | (.33) | (.15) |
| **Net asset value, end of period** | **$ 6.56** | **$ 6.22** | **$ 7.34** | **$6.47** | **$ 7.15** | **$ 7.86** |
| Total Return (%)[c] | 8.68** | (14.39) | 21.96 | .74 | (5.48) | (11.76) |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 76 | 72 | 92 | 94 | 105 | 126 |
| Ratio of expenses before expense reductions (%)[d] | 1.16* | 1.13 | 1.10 | 1.12 | 1.05 | 1.04 |
| Ratio of expenses after expense reductions (%)[d] | .87* | .87 | .84 | .84 | .98 | .98 |
| Ratio of net investment income (loss) (%) | 4.63* | 2.78 | 2.24 | 2.46 | 2.74 | 3.55[b] |
| Portfolio turnover rate (%) | 71** | 59 | 73 | 67 | 99 | 135 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 6.24** | **$ 7.36** | **$ 6.48** | **$7.16** | **$ 7.87** | **$ 9.07** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .14 | .18 | .13 | .14 | .19 | .28[b] |
| Net realized and unrealized gain (loss) | .39 | (1.24) | 1.23 | (.13) | (.59) | (1.35) |
| **Total from investment operations** | .53 | (1.06) | 1.36 | .01 | (.40) | (1.07) |
| *Less distributions from:* | | | | | | |
| Net investment income | (.19) | (.06) | (.48) | (.69) | (.31) | (.13) |
| **Net asset value, end of period** | **$ 6.58** | **$ 6.24** | **$ 7.36** | **$6.48** | **$ 7.16** | **$ 7.87** |
| Total Return (%)[c] | 8.39** | (14.57) | 21.76 | .48 | (5.71) | (11.98) |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | .30 | .28 | .33 | .27 | .27 | .26 |
| Ratio of expenses before expense reductions (%)[d] | 1.44* | 1.41 | 1.38 | 1.40 | 1.33 | 1.31 |
| Ratio of expenses after expense reductions (%)[d] | 1.12* | 1.12 | 1.09 | 1.10 | 1.23 | 1.23 |
| Ratio of net investment income (loss) (%) | 4.40* | 2.54 | 1.86 | 2.18 | 2.47 | 3.26[b] |
| Portfolio turnover rate (%) | 71** | 59 | 73 | 67 | 99 | 135 |

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 (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, DWS Capital Growth VIP, DWS Core Equity VIP, DWS CROCI® International VIP and DWS 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, the Fund had securities on loan, which were classified as common stocks 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, 2018, the Fund had a net tax basis capital loss carryforward of approximately $27,853,000, which may be applied against realized net taxable capital gains indefinitely, including short-term losses ($7,342,000) and long-term losses ($20,511,000).

At June 30, 2019, the aggregate cost of investments for federal income tax purposes was $81,734,383. The net unrealized depreciation for all investments based on tax cost was $3,841,097. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $2,683,384 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $6,524,481.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 and has determined that no provisions 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, 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, 2019, purchases and sales of investment securities (excluding short-term investments) aggregated $53,133,462 and $55,256,267, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through April 30, 2020, 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 | .87% |
| Class B | 1.12% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for each class are as follows:

| | |
|---|---|
| Class A | $ 111,080 |
| Class B | 474 |
| | **$ 111,554** |

**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, 2019, the Administration Fee was $37,909, of which $6,145 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, 2019, the amounts charged to the Fund by DSC were as follows:

| **Services to Shareholders** | **Total Aggregated** | **Unpaid at June 30, 2019** |
|---|---|---|
| Class A | $ 311 | $ 102 |
| Class B | 40 | 13 |
| | **$ 351** | **$ 115** |

**Distribution Service Agreement.** DWS 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, 2019, the Distribution Service Fee aggregated $369, of which $61 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,041, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Securities Lending Agent Fees.** Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $1,132.

## D. Ownership of the Fund

At June 30, 2019, five participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 24%, 17%, 13%, 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,086.80 | $ 1,083.90 |
| Expenses Paid per $1,000* | $ 4.50 | $ 5.79 |

| **Hypothetical 5% Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,020.48 | $ 1,019.24 |
| Expenses Paid per $1,000* | $ 4.36 | $ 5.61 |

* 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 | .87% | 1.12% |

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 DWS CROCI® International VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, 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, 2017. 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 DWS 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, 2017). 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, 2017, 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 DWS U.S. registered funds ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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-028378-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

## DWS CROCI® U.S. VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

DWS

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**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

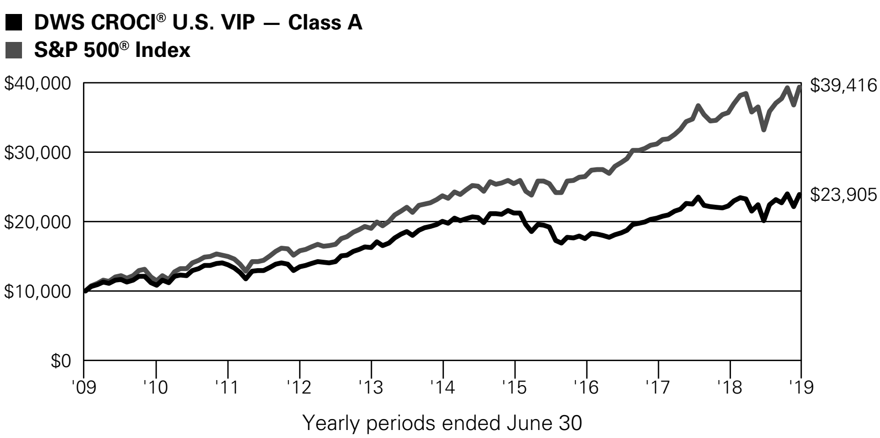
**June 30, 2019 (Unaudited)**

**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, 2019 are 0.84% and 1.16% 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 (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.

Prior to May 1, 2017, the Fund operated with a different investment strategy. 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 | $11,844 | $10,757 | $13,610 | $11,942 | $23,905 |
| | Average annual total return | 18.44% | 7.57% | 10.82% | 3.61% | 9.11% |
| S&P 500® Index | Growth of $10,000 | $11,854 | $11,042 | $14,889 | $16,633 | $39,416 |
| | Average annual total return | 18.54% | 10.42% | 14.19% | 10.71% | 14.70% |
| **DWS CROCI® U.S. VIP** | | **6-Month‡** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| **Class B** | Growth of $10,000 | $11,823 | $10,726 | $13,495 | $11,771 | $23,207 |
| | Average annual total return | 18.23% | 7.26% | 10.51% | 3.31% | 8.78% |
| S&P 500® Index | Growth of $10,000 | $11,854 | $11,042 | $14,889 | $16,633 | $39,416 |
| | Average annual total return | 18.54% | 10.42% | 14.19% | 10.71% | 14.70% |

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) | 6/30/19 | 12/31/18 |
|---|---|---|
| Common Stocks | 99% | 97% |
| Cash Equivalents | 1% | 3% |
| | 100% | 100% |

| Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents) | 6/30/19 | 12/31/18 |
|---|---|---|
| Financials | 37% | 27% |
| Health Care | 15% | 16% |
| Materials | 10% | 10% |
| Industrials | 10% | 11% |
| Information Technology | 8% | 21% |
| Consumer Discretionary | 5% | 8% |
| Communication Services | 5% | — |
| Energy | 5% | — |
| Utilities | 5% | 2% |
| Consumer Staples | — | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read 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, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 99.3%** | | |
| **Communication Services 5.0%** | | |
| **Entertainment 2.5%** | | |
| Viacom, Inc. "B" | 124,538 | **3,719,950** |
| **Media 2.5%** | | |
| CBS Corp. "B" | 73,213 | **3,653,329** |
| **Consumer Discretionary 5.3%** | | |
| **Auto Components 2.8%** | | |
| BorgWarner, Inc. | 98,387 | **4,130,286** |
| **Distributors 2.5%** | | |
| Genuine Parts Co. | 36,020 | **3,730,952** |
| **Energy 4.9%** | | |
| **Oil, Gas & Consumable Fuels** | | |
| Occidental Petroleum Corp. | 66,632 | 3,350,257 |
| Phillips 66 | 41,435 | 3,875,830 |
| | | **7,226,087** |
| **Financials 36.3%** | | |
| **Banks 24.6%** | | |
| Bank of America Corp. | 123,969 | 3,595,101 |
| BB&T Corp. | 72,745 | 3,573,962 |
| Citigroup, Inc. | 54,088 | 3,787,782 |
| Citizens Financial Group, Inc. | 101,166 | 3,577,230 |
| Huntington Bancshares, Inc. | 264,380 | 3,653,731 |
| JPMorgan Chase & Co. | 31,640 | 3,537,352 |
| M&T Bank Corp. | 21,267 | 3,616,879 |
| PNC Financial Services Group, Inc. | 26,779 | 3,676,221 |
| U.S. Bancorp. | 67,895 | 3,557,698 |
| Wells Fargo & Co. | 77,059 | 3,646,432 |
| | | **36,222,388** |
| **Capital Markets 4.5%** | | |
| Bank of New York Mellon Corp. | 76,602 | 3,381,978 |
| State Street Corp. | 58,744 | 3,293,189 |
| | | **6,675,167** |
| **Consumer Finance 7.2%** | | |
| Capital One Financial Corp. | 38,546 | 3,497,664 |
| Discover Financial Services | 45,478 | 3,528,638 |
| Synchrony Financial | 100,289 | 3,477,020 |
| | | **10,503,322** |
| **Health Care 15.1%** | | |
| **Biotechnology 7.5%** | | |
| Amgen, Inc. | 20,748 | 3,823,441 |
| Gilead Sciences, Inc. | 53,461 | 3,611,825 |
| Regeneron Pharmaceuticals, Inc.* | 11,667 | 3,651,771 |
| | | **11,087,037** |
| **Health Care Equipment & Supplies 2.7%** | | |
| Medtronic PLC | 40,189 | **3,914,007** |
| **Pharmaceuticals 4.9%** | | |
| Bristol-Myers Squibb Co. | 75,956 | 3,444,605 |
| Merck & Co., Inc. | 44,638 | 3,742,896 |
| | | **7,187,501** |

| | Shares | Value ($) |
|---|---|---|
| **Industrials 10.1%** | | |
| **Electrical Equipment 2.6%** | | |
| Eaton Corp. PLC | 44,887 | **3,738,189** |
| **Machinery 5.0%** | | |
| Cummins, Inc. | 22,014 | 3,771,879 |
| PACCAR, Inc. | 50,692 | 3,632,588 |
| | | **7,404,467** |
| **Professional Services 2.5%** | | |
| ManpowerGroup, Inc. | 38,281 | **3,697,945** |
| **Information Technology 7.7%** | | |
| **IT Services 5.0%** | | |
| Cognizant Technology Solutions Corp. "A" | 59,197 | 3,752,498 |
| International Business Machines Corp. | 26,185 | 3,610,911 |
| | | **7,363,409** |
| **Semiconductors & Semiconductor Equipment 2.7%** | | |
| Micron Technology, Inc.* | 101,065 | **3,900,099** |
| **Materials 10.2%** | | |
| **Chemicals 5.2%** | | |
| Eastman Chemical Co. | 49,917 | 3,885,040 |
| LyondellBasell Industries NV "A" | 44,135 | 3,801,348 |
| | | **7,686,388** |
| **Containers & Packaging 2.5%** | | |
| WestRock Co. | 100,018 | **3,647,656** |
| **Metals & Mining 2.5%** | | |
| Nucor Corp. | 66,707 | **3,675,556** |
| **Utilities 4.7%** | | |
| **Electric Utilities 2.3%** | | |
| Exelon Corp. | 71,659 | **3,435,332** |
| **Multi-Utilities 2.4%** | | |
| DTE Energy Co. | 27,600 | **3,529,488** |
| **Total Common Stocks** (Cost $146,121,835) | | **146,128,555** |
| **Cash Equivalents 0.6%** | | |
| DWS Central Cash Management Government Fund, 2.40% (a) (Cost $820,691) | 820,691 | **820,691** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $146,942,526) | 99.9 | **146,949,246** |
| **Other Assets and Liabilities, Net** | 0.1 | **132,128** |
| **Net Assets** | 100.0 | **147,081,374** |

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, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Cash Equivalents 0.6%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (a) | | | | | | | | |
| 3,576,006 | 4,470,261 | 7,225,576 | — | — | 21,158 | — | 820,691 | 820,691 |

* 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.

## 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, 2019 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 (b) | $ 146,128,555 | $ — | $ — | $ 146,128,555 |
| Short-Term Investment | 820,691 | — | — | 820,691 |
| **Total** | **$ 146,949,246** | **$ —** | **$ —** | **$ 146,949,246** |

(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, 2019 (Unaudited)

| Assets | |
|---|---|
| Investments in non-affiliated securities, at value (cost $146,121,835) | $ 146,128,555 |
| Investment in DWS Central Cash Management Government Fund (cost $820,691) | 820,691 |
| Cash | 10,000 |
| Receivable for Fund shares sold | 921 |
| Dividends receivable | 315,532 |
| Interest receivable | 1,995 |
| Other assets | 1,543 |
| Total assets | 147,279,237 |

| Liabilities | |
|---|---|
| Payable for Fund shares redeemed | 67,631 |
| Accrued management fee | 60,501 |
| Accrued Trustees' fees | 540 |
| Other accrued expenses and payables | 69,191 |
| Total liabilities | 197,863 |
| **Net assets, at value** | **$ 147,081,374** |

| Net Assets Consist of | |
|---|---|
| Distributable earnings (loss) | 4,868,986 |
| Paid-in capital | 142,212,388 |
| **Net assets, at value** | **$ 147,081,374** |

| Net Asset Value | |
|---|---|
| **Class A**<br>**Net Asset Value,** and redemption price per share ($143,628,935 ÷ 9,998,968 outstanding shares of beneficial interest, no par value, unlimited shares authorized) | **$ 14.36** |
| **Class B**<br>**Net Asset Value,** offering and redemption price per share ($3,452,439 ÷ 239,227 outstanding shares of beneficial interest, no par value, unlimited shares authorized) | **$ 14.43** |

## Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| Investment Income | |
|---|---|
| Income:<br>Dividends | $ 1,840,546 |
| Income distributions — DWS Central Cash Management Government Fund | 21,158 |
| Total income | 1,861,704 |
| Expenses:<br>Management fee | 461,076 |
| Administration fee | 70,935 |
| Services to Shareholders | 1,337 |
| Recordkeeping fee (Class B) | 1,162 |
| Distribution service fee (Class B) | 4,164 |
| Custodian fee | 2,173 |
| Professional fees | 37,737 |
| Reports to shareholders | 14,511 |
| Trustees' fees and expenses | 4,525 |
| Other | 5,539 |
| Total expenses before expense reductions | 603,159 |
| Expense reductions | (101,286) |
| Total expenses after expense reductions | 501,873 |
| **Net investment income** | **1,359,831** |

| Realized and Unrealized gain (loss) | |
|---|---|
| Net realized gain (loss) from investments | 4,050,225 |
| Change in net unrealized appreciation (depreciation) on investments | 18,079,837 |
| **Net gain (loss)** | **22,130,062** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 23,489,893** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 1,359,831 | $ 2,797,835 |
| Net realized gain (loss) | 4,050,225 | 12,382,135 |
| Change in net unrealized appreciation (depreciation) | 18,079,837 | (30,136,434) |
| Net increase (decrease) in net assets resulting from operations | 23,489,893 | (14,956,464) |
| Distributions to shareholders: | | |
| Class A | (14,271,121) | (14,077,923) |
| Class B | (332,950) | (318,032) |
| Total distributions | (14,604,071) | (14,395,955) |
| **Class A** | | |
| Proceeds from shares sold | 2,408,017 | 2,162,910 |
| Reinvestment of distributions | 14,271,121 | 14,077,923 |
| Payments of shares redeemed | (6,464,218) | (15,569,405) |
| Net increase (decrease) in net assets from Class A share transactions | 10,214,920 | 671,428 |
| **Class B** | | |
| Proceeds from shares sold | 31,791 | 1,589,334 |
| Reinvestment of distributions | 332,950 | 318,032 |
| Payments of shares redeemed | (140,029) | (1,755,739) |
| Net increase (decrease) in net assets from Class B share transactions | 224,712 | 151,627 |
| **Increase (decrease) in net assets** | 19,325,454 | (28,529,364) |
| Net assets at beginning of period | 127,755,920 | 156,285,284 |
| Net assets at end of period | **$ 147,081,374** | **$ 127,755,920** |

| Other Information | | |
|---|---|---|
| **Class A** | | |
| Shares outstanding at beginning of period | 9,266,278 | 9,181,648 |
| Shares sold | 166,316 | 140,074 |
| Shares issued to shareholders in reinvestment of distributions | 1,002,890 | 953,143 |
| Shares redeemed | (436,516) | (1,008,587) |
| Net increase (decrease) in Class A shares | 732,690 | 84,630 |
| Shares outstanding at end of period | **9,998,968** | **9,266,278** |
| **Class B** | | |
| Shares outstanding at beginning of period | 223,302 | 210,410 |
| Shares sold | 2,176 | 104,157 |
| Shares issued to shareholders in reinvestment of distributions | 23,283 | 21,431 |
| Shares redeemed | (9,534) | (112,696) |
| Net increase (decrease) in Class B shares | 15,925 | 12,892 |
| Shares outstanding at end of period | **239,227** | **223,302** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 13.46** | **$ 16.64** | **$13.75** | **$15.29** | **$17.38** | **$15.97** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .14 | .29 | .24 | .23 | .11 | .24 |
| Net realized and unrealized gain (loss) | 2.33 | (1.89) | 2.88 | (.93) | (1.20) | 1.45 |
| **Total from investment operations** | 2.47 | (1.60) | 3.12 | (.70) | (1.09) | 1.69 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.30) | (.41) | (.23) | (.14) | (.25) | (.28) |
| Net realized gains on investment transactions | (1.27) | (1.17) | — | (.70) | (.75) | — |
| **Total distributions** | (1.57) | (1.58) | (.23) | (.84) | (1.00) | (.28) |
| **Net asset value, end of period** | **$ 14.36** | **$ 13.46** | **$16.64** | **$13.75** | **$15.29** | **$17.38** |
| Total Return (%)[b] | 18.44** | (10.50) | 22.88[c] | (4.39) | (6.87) | 10.72 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 144 | 125 | 153 | 227 | 293 | 430 |
| Ratio of expenses before expense reductions (%)[d] | .84* | .84 | .82 | .81 | .78 | .78 |
| Ratio of expenses after expense reductions (%)[d] | .70* | .72 | .72 | .74 | .73 | .73 |
| Ratio of net investment income (loss) (%) | 1.92* | 1.89 | 1.59 | 1.66 | .65 | 1.43 |
| Portfolio turnover rate (%) | 53** | 100 | 97 | 293 | 121 | 133 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 13.50** | **$ 16.67** | **$13.78** | **$15.31** | **$17.40** | **$15.99** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .12 | .24 | .20 | .19 | .06 | .18 |
| Net realized and unrealized gain (loss) | 2.33 | (1.88) | 2.87 | (.92) | (1.21) | 1.46 |
| **Total from investment operations** | 2.45 | (1.64) | 3.07 | (.73) | (1.15) | 1.64 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.25) | (.36) | (.18) | (.10) | (.19) | (.23) |
| Net realized gains on investment transactions | (1.27) | (1.17) | — | (.70) | (.75) | — |
| **Total distributions** | (1.52) | (1.53) | (.18) | (.80) | (.94) | (.23) |
| **Net asset value, end of period** | **$ 14.43** | **$ 13.50** | **$16.67** | **$13.78** | **$15.31** | **$17.40** |
| Total Return (%)[b] | 18.23** | (10.71) | 22.45[c] | (4.62) | (7.16) | 10.36 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 3 | 3 | 4 | 4 | 4 | 5 |
| Ratio of expenses before expense reductions (%)[d] | 1.17* | 1.16 | 1.15 | 1.13 | 1.10 | 1.09 |
| Ratio of expenses after expense reductions (%)[d] | 1.02* | 1.04 | 1.03 | 1.05 | 1.04 | 1.04 |
| Ratio of net investment income (loss) (%) | 1.60* | 1.55 | 1.31 | 1.37 | .35 | 1.10 |
| Portfolio turnover rate (%) | 53** | 100 | 97 | 293 | 121 | 133 |

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 (the "Fund") is a diversified series of Deutsche DWS 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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.

During the period ended June 30, 2019, 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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $147,347,001. The net unrealized depreciation for all investments based on tax cost was $397,755. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $7,071,937 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $7,469,692.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, purchases and sales of investment transactions (excluding short-term investments) aggregated $74,201,205 and $74,213,405, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through April 30, 2020, 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 | .70% |
| Class B | 1.02% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for each class are as follows:

| | |
|---|---|
| Class A | $ 98,808 |
| Class B | 2,478 |
| | **$ 101,286** |

**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, 2019, the Administration Fee was $70,935, of which $11,792 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, 2019, the amounts charged to the Fund by DSC were as follows:

| Services to Shareholders | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class A | $ 190 | $ 63 |
| Class B | 110 | 36 |
| | **$ 300** | **$ 99** |

**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, 2019, the Distribution Service Fee aggregated $4,164, of which $691 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,647, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

## D. Ownership of the Fund

At June 30, 2019, 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 29%. 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 62% and 15%.

## 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,184.40 | $ 1,182.30 |
| Expenses Paid per $1,000* | $ 3.79 | $ 5.52 |

| **Hypothetical 5% Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,021.32 | $ 1,019.74 |
| Expenses Paid per $1,000* | $ 3.51 | $ 5.11 |

* 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 | .70% | 1.02% |

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 DWS CROCI® U.S. VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, the Fund's performance (Class A shares) was in the 1st 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 outperformed its benchmark in the one-year period and has underperformed its benchmark in the three- and five-year periods ended December 31, 2017. 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 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 in 2017. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the DWS 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, 2017). 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, 2017, 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 DWS U.S. registered funds ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

# Notes

VS2CUS-3 (R-028386-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Investments VIT Funds

## DWS Equity 500 Index VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from your insurance company that offers your contract unless you specifically request paper copies from the insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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

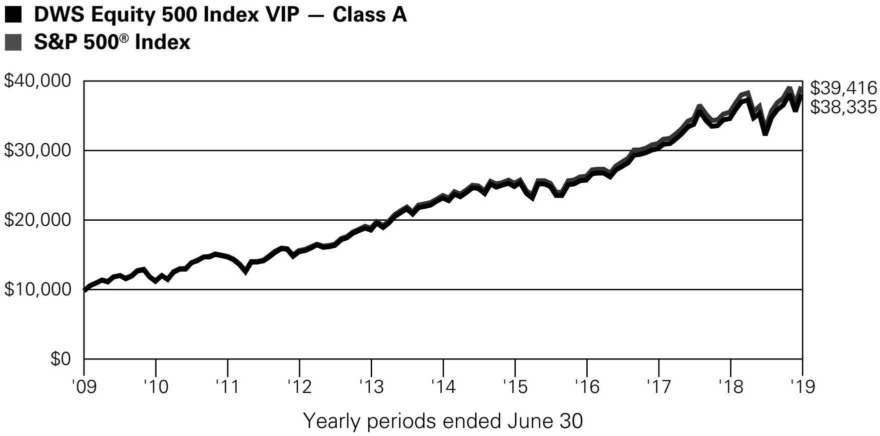
**June 30, 2019 (Unaudited)**

**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, 2019 are 0.34%, 0.71% and 0.73% 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

| DWS Equity 500 Index VIP | | 6-Month‡ | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| **Class A** | Growth of $10,000 | $11,843 | $11,021 | $14,773 | $16,416 | $38,335 |
| | Average annual total return | 18.43% | 10.21% | 13.89% | 10.42% | 14.38% |
| S&P 500 Index | Growth of $10,000 | $11,854 | $11,042 | $14,889 | $16,633 | $39,416 |
| | Average annual total return | 18.54% | 10.42% | 14.19% | 10.71% | 14.70% |
| **DWS Equity 500 Index VIP** | | **6-Month‡** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| **Class B** | Growth of $10,000 | $11,817 | $10,975 | $14,624 | $16,166 | $37,317 |
| | Average annual total return | 18.17% | 9.75% | 13.51% | 10.08% | 14.07% |
| S&P 500 Index | Growth of $10,000 | $11,854 | $11,042 | $14,889 | $16,633 | $39,416 |
| | Average annual total return | 18.54% | 10.42% | 14.19% | 10.71% | 14.70% |
| **DWS Equity 500 Index VIP** | | **6-Month‡** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| **Class B2** | Growth of $10,000 | $11,816 | $10,974 | $14,596 | $16,110 | $36,920 |
| | Average annual total return | 18.16% | 9.74% | 13.43% | 10.01% | 13.95% |
| S&P 500 Index | Growth of $10,000 | $11,854 | $11,042 | $14,889 | $16,633 | $39,416 |
| | Average annual total return | 18.54% | 10.42% | 14.19% | 10.71% | 14.70% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 98% | 99% |
| Cash Equivalents | 2% | 1% |
| Government & Agency Obligations | 0% | 0% |
| | 100% | 100% |

| **Sector Diversification** (As a % of Common Stocks) | **6/30/19** | **12/31/18** |
|---|---|---|
| Information Technology | 22% | 20% |
| Health Care | 14% | 16% |
| Financials | 13% | 14% |
| Communication Services | 10% | 10% |
| Consumer Discretionary | 10% | 10% |
| Industrials | 10% | 9% |
| Consumer Staples | 7% | 7% |
| Energy | 5% | 5% |
| Utilities | 3% | 3% |
| Real Estate | 3% | 3% |
| Materials | 3% | 3% |
| | 100% | 100% |

| **Ten Largest Equity Holdings** (22.3% of Net Assets) | |
|---|---|
| **1. Microsoft Corp.**<br>Develops, manufactures, licenses, sells and supports software products | **4.1%** |
| **2. Apple, Inc.**<br>Designs, manufactures and markets personal computers and related computing and mobile communication devices | **3.5%** |
| **3. Amazon.com, Inc.**<br>Online retailer that offers a wide range of products, including books, music, videotapes, computers, electronics, home and garden, and numerous products | **3.1%** |
| **4. Alphabet, Inc.**<br>Holding company with subsidiaries that provide web-based search, advertisements, maps, software applications, mobile operating systems and a variety of other products | **2.6%** |
| **5. Facebook, Inc.**<br>Operates a social networking web site | **1.9%** |
| **6. Berkshire Hathaway, Inc.**<br>Holding company of insurance business and a variety of other businesses | **1.7%** |
| **7. Johnson & Johnson**<br>Provider of health care products | **1.5%** |
| **8. JPMorgan Chase & Co.**<br>Provider of global financial services | **1.4%** |
| **9. Exxon Mobil Corp.**<br>Explorer and producer of oil and gas | **1.3%** |
| **10. Visa, Inc.**<br>Operates a retail electronic payments network and manages global financial 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read 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

as of June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 97.7%** | | |
| **Communication Services 10.0%** | | |
| **Diversified Telecommunication Services 2.0%** | | |
| AT&T, Inc. | 170,039 | 5,698,007 |
| CenturyLink, Inc. | 22,367 | 263,036 |
| Verizon Communications, Inc. | 96,363 | 5,505,218 |
| | | **11,466,261** |
| **Entertainment 2.0%** | | |
| Activision Blizzard, Inc. | 17,911 | 845,399 |
| Electronic Arts, Inc.* | 6,952 | 703,960 |
| Netflix, Inc.* | 10,187 | 3,741,889 |
| Take-Two Interactive Software, Inc.* | 2,630 | 298,584 |
| Viacom, Inc. "B" | 8,328 | 248,757 |
| Walt Disney Co. | 40,667 | 5,678,740 |
| | | **11,517,329** |
| **Interactive Media & Services 4.6%** | | |
| Alphabet, Inc. "A"* | 6,978 | 7,555,779 |
| Alphabet, Inc. "C"* | 7,142 | 7,719,859 |
| Facebook, Inc. "A"* | 55,987 | 10,805,491 |
| TripAdvisor, Inc.* | 2,420 | 112,022 |
| Twitter, Inc.* | 16,908 | 590,089 |
| | | **26,783,240** |
| **Media 1.4%** | | |
| CBS Corp. "B" | 8,154 | 406,885 |
| Charter Communications, Inc. "A"* | 4,005 | 1,582,696 |
| Comcast Corp. "A" | 105,504 | 4,460,709 |
| Discovery, Inc. "C"* | 8,524 | 242,508 |
| Discovery, Inc. "A"* | 3,732 | 114,572 |
| DISH Network Corp. "A"* | 5,414 | 207,952 |
| Fox Corp. "A" | 8,327 | 305,101 |
| Fox Corp. "B" | 3,848 | 140,567 |
| Interpublic Group of Companies, Inc. | 9,057 | 204,598 |
| News Corp. "A" | 8,780 | 118,442 |
| News Corp. "B" | 3,121 | 43,569 |
| Omnicom Group, Inc. | 5,158 | 422,698 |
| | | **8,250,297** |
| **Consumer Discretionary 9.9%** | | |
| **Auto Components 0.1%** | | |
| Aptiv PLC | 6,077 | 491,204 |
| BorgWarner, Inc. | 4,743 | 199,111 |
| | | **690,315** |
| **Automobiles 0.4%** | | |
| Ford Motor Co. | 91,503 | 936,076 |
| General Motors Co. | 30,697 | 1,182,755 |
| Harley-Davidson, Inc. | 3,699 | 132,535 |
| | | **2,251,366** |
| **Distributors 0.1%** | | |
| Genuine Parts Co. | 3,412 | 353,415 |
| LKQ Corp.* | 7,429 | 197,686 |
| | | **551,101** |
| **Diversified Consumer Services 0.0%** | | |
| H&R Block, Inc. | 4,591 | **134,516** |

| | Shares | Value ($) |
|---|---|---|
| **Hotels, Restaurants & Leisure 1.9%** | | |
| Carnival Corp. | 9,295 | 432,682 |
| Chipotle Mexican Grill, Inc.* | 574 | 420,673 |
| Darden Restaurants, Inc. | 2,858 | 347,904 |
| Hilton Worldwide Holdings, Inc. | 6,787 | 663,362 |
| Marriott International, Inc. "A" | 6,435 | 902,766 |
| McDonald's Corp. | 17,802 | 3,696,763 |
| MGM Resorts International | 11,762 | 336,040 |
| Norwegian Cruise Line Holdings Ltd.* | 5,074 | 272,119 |
| Royal Caribbean Cruises Ltd. | 3,985 | 483,022 |
| Starbucks Corp. | 28,228 | 2,366,353 |
| Wynn Resorts Ltd. | 2,252 | 279,226 |
| Yum! Brands, Inc. | 7,121 | 788,081 |
| | | **10,988,991** |
| **Household Durables 0.3%** | | |
| D.R. Horton, Inc. | 7,969 | 343,703 |
| Garmin Ltd. | 2,841 | 226,712 |
| Leggett & Platt, Inc. | 3,043 | 116,760 |
| Lennar Corp. "A" | 6,697 | 324,536 |
| Mohawk Industries, Inc.* | 1,404 | 207,048 |
| Newell Brands, Inc. | 9,161 | 141,263 |
| PulteGroup, Inc. | 5,899 | 186,526 |
| Whirlpool Corp. | 1,494 | 212,686 |
| | | **1,759,234** |
| **Internet & Direct Marketing Retail 3.6%** | | |
| Amazon.com, Inc.* | 9,637 | 18,248,912 |
| Booking Holdings, Inc.* | 1,008 | 1,889,708 |
| eBay, Inc. | 19,062 | 752,949 |
| Expedia Group, Inc. | 2,744 | 365,035 |
| | | **21,256,604** |
| **Leisure Products 0.1%** | | |
| Hasbro, Inc. | 2,687 | **283,962** |
| **Multiline Retail 0.5%** | | |
| Dollar General Corp. | 6,012 | 812,582 |
| Dollar Tree, Inc.* | 5,518 | 592,578 |
| Kohl's Corp. | 3,740 | 177,837 |
| Macy's, Inc. | 7,290 | 156,444 |
| Nordstrom, Inc. | 2,533 | 80,701 |
| Target Corp. | 11,928 | 1,033,084 |
| | | **2,853,226** |
| **Specialty Retail 2.2%** | | |
| Advance Auto Parts, Inc. | 1,671 | 257,568 |
| AutoZone, Inc.* | 571 | 627,797 |
| Best Buy Co., Inc. | 5,372 | 374,590 |
| CarMax, Inc.* | 3,887 | 337,508 |
| Foot Locker, Inc. | 2,692 | 112,849 |
| Home Depot, Inc. | 25,640 | 5,332,351 |
| L Brands, Inc. | 5,340 | 139,374 |
| Lowe's Companies, Inc. | 18,238 | 1,840,397 |
| O'Reilly Automotive, Inc.* | 1,817 | 671,054 |
| Ross Stores, Inc. | 8,521 | 844,601 |
| The Gap, Inc. | 5,113 | 91,881 |
| Tiffany & Co. | 2,468 | 231,103 |
| TJX Companies, Inc. | 28,248 | 1,493,754 |
| Tractor Supply Co. | 2,792 | 303,770 |

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

| | Shares | Value ($) |
|---|---|---|
| Ulta Salon, Cosmetics & Fragrance, Inc.* | 1,283 | 445,060 |
| | | **13,103,657** |
| **Textiles, Apparel & Luxury Goods 0.7%** | | |
| Capri Holdings Ltd.* | 3,622 | 125,611 |
| Hanesbrands, Inc. | 8,625 | 148,523 |
| NIKE, Inc. "B" | 29,290 | 2,458,895 |
| PVH Corp. | 1,789 | 169,311 |
| Ralph Lauren Corp. | 1,225 | 139,148 |
| Tapestry, Inc. | 6,851 | 217,382 |
| Under Armour, Inc. "A"* | 4,226 | 107,129 |
| Under Armour, Inc. "C"* | 4,609 | 102,320 |
| VF Corp. | 7,609 | 664,646 |
| | | **4,132,965** |
| **Consumer Staples 7.1%** | | |
| **Beverages 1.8%** | | |
| Brown-Forman Corp. "B" | 3,931 | 217,895 |
| Coca-Cola Co. | 89,505 | 4,557,595 |
| Constellation Brands, Inc. "A" | 3,915 | 771,020 |
| Molson Coors Brewing Co. "B" | 4,407 | 246,792 |
| Monster Beverage Corp.* | 9,162 | 584,811 |
| PepsiCo, Inc. | 32,678 | 4,285,066 |
| | | **10,663,179** |
| **Food & Staples Retailing 1.5%** | | |
| Costco Wholesale Corp. | 10,254 | 2,709,722 |
| Kroger Co. | 18,730 | 406,628 |
| Sysco Corp. | 11,052 | 781,597 |
| Walgreens Boots Alliance, Inc. | 18,083 | 988,598 |
| Walmart, Inc. | 32,594 | 3,601,311 |
| | | **8,487,856** |
| **Food Products 1.1%** | | |
| Archer-Daniels-Midland Co. | 13,114 | 535,051 |
| Campbell Soup Co. | 4,551 | 182,359 |
| Conagra Brands, Inc. | 11,448 | 303,601 |
| General Mills, Inc. | 14,003 | 735,437 |
| Hormel Foods Corp. (a) | 6,413 | 259,983 |
| Kellogg Co. | 5,709 | 305,831 |
| Kraft Heinz Co. | 14,557 | 451,849 |
| Lamb Weston Holdings, Inc. | 3,338 | 211,496 |
| McCormick & Co., Inc. | 2,845 | 441,003 |
| Mondelez International, Inc. "A" | 33,519 | 1,806,674 |
| The Hershey Co. | 3,254 | 436,134 |
| The JM Smucker Co. | 2,680 | 308,709 |
| Tyson Foods, Inc. "A" | 6,851 | 553,150 |
| | | **6,531,277** |
| **Household Products 1.7%** | | |
| Church & Dwight Co., Inc. | 5,686 | 415,419 |
| Clorox Co. | 2,973 | 455,196 |
| Colgate-Palmolive Co. | 19,996 | 1,433,113 |
| Kimberly-Clark Corp. | 7,991 | 1,065,041 |
| Procter & Gamble Co. | 58,452 | 6,409,262 |
| | | **9,778,031** |
| **Personal Products 0.2%** | | |
| Coty, Inc. "A" | 7,099 | 95,127 |
| Estee Lauder Companies, Inc. "A" | 5,111 | 935,875 |
| | | **1,031,002** |

| | Shares | Value ($) |
|---|---|---|
| **Tobacco 0.8%** | | |
| Altria Group, Inc. | 43,665 | 2,067,538 |
| Philip Morris International, Inc. | 36,220 | 2,844,356 |
| | | **4,911,894** |
| **Energy 4.9%** | | |
| **Energy Equipment & Services 0.4%** | | |
| Baker Hughes a GE Co. | 12,087 | 297,703 |
| Halliburton Co. | 20,420 | 464,351 |
| Helmerich & Payne, Inc. | 2,545 | 128,828 |
| National Oilwell Varco, Inc. | 9,031 | 200,759 |
| Schlumberger Ltd. | 32,286 | 1,283,046 |
| TechnipFMC PLC | 9,710 | 251,877 |
| | | **2,626,564** |
| **Oil, Gas & Consumable Fuels 4.5%** | | |
| Anadarko Petroleum Corp. | 11,715 | 826,610 |
| Apache Corp. | 8,736 | 253,082 |
| Cabot Oil & Gas Corp. | 9,980 | 229,141 |
| Chevron Corp. | 44,404 | 5,525,634 |
| Cimarex Energy Co. | 2,387 | 141,621 |
| Concho Resources, Inc. | 4,641 | 478,858 |
| ConocoPhillips | 26,324 | 1,605,764 |
| Devon Energy Corp. | 9,809 | 279,753 |
| Diamondback Energy, Inc. | 3,635 | 396,106 |
| EOG Resources., Inc. | 13,559 | 1,263,156 |
| Exxon Mobil Corp. | 98,636 | 7,558,477 |
| Hess Corp. | 6,001 | 381,483 |
| HollyFrontier Corp. | 3,658 | 169,292 |
| Kinder Morgan, Inc. | 45,188 | 943,525 |
| Marathon Oil Corp. | 19,274 | 273,883 |
| Marathon Petroleum Corp. | 15,440 | 862,787 |
| Noble Energy, Inc. | 10,955 | 245,392 |
| Occidental Petroleum Corp. | 17,388 | 874,269 |
| ONEOK, Inc. | 9,560 | 657,824 |
| Phillips 66 | 9,734 | 910,518 |
| Pioneer Natural Resources Co. | 3,901 | 600,208 |
| Valero Energy Corp. | 9,690 | 829,561 |
| Williams Companies, Inc. | 28,115 | 788,345 |
| | | **26,095,289** |
| **Financials 12.8%** | | |
| **Banks 5.4%** | | |
| Bank of America Corp. | 206,048 | 5,975,392 |
| BB&T Corp. | 17,901 | 879,476 |
| Citigroup, Inc. | 53,881 | 3,773,286 |
| Citizens Financial Group, Inc. | 10,752 | 380,191 |
| Comerica, Inc. | 3,542 | 257,291 |
| Fifth Third Bancorp. | 16,837 | 469,752 |
| First Republic Bank | 3,863 | 377,222 |
| Huntington Bancshares, Inc. | 24,577 | 339,654 |
| JPMorgan Chase & Co. | 75,602 | 8,452,303 |
| KeyCorp | 23,625 | 419,344 |
| M&T Bank Corp. | 3,169 | 538,952 |
| People's United Financial, Inc. | 9,287 | 155,836 |
| PNC Financial Services Group, Inc. | 10,535 | 1,446,245 |
| Regions Financial Corp. | 23,739 | 354,661 |
| SunTrust Banks, Inc. | 10,373 | 651,943 |
| SVB Financial Group* | 1,229 | 276,021 |
| U.S. Bancorp. | 34,774 | 1,822,158 |
| Wells Fargo & Co. | 94,242 | 4,459,531 |
| Zions Bancorp. NA | 4,165 | 191,507 |
| | | **31,220,765** |

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

| | Shares | Value ($) |
|---|---|---|
| **Capital Markets 2.6%** | | |
| Affiliated Managers Group, Inc. | 1,150 | 105,961 |
| Ameriprise Financial, Inc. | 3,102 | 450,286 |
| Bank of New York Mellon Corp. | 20,565 | 907,945 |
| BlackRock, Inc. | 2,773 | 1,301,369 |
| Cboe Global Markets, Inc. | 2,572 | 266,536 |
| Charles Schwab Corp. | 27,731 | 1,114,509 |
| CME Group, Inc. | 8,343 | 1,619,460 |
| E*TRADE Financial Corp. | 5,615 | 250,429 |
| Franklin Resources., Inc. | 6,756 | 235,109 |
| Intercontinental Exchange, Inc. | 13,187 | 1,133,291 |
| Invesco Ltd. | 9,298 | 190,237 |
| MarketAxess Holdings, Inc. | 878 | 282,207 |
| Moody's Corp. | 3,849 | 751,748 |
| Morgan Stanley | 29,774 | 1,304,399 |
| MSCI, Inc. | 1,981 | 473,043 |
| Nasdaq, Inc. | 2,707 | 260,332 |
| Northern Trust Corp. | 5,046 | 454,140 |
| Raymond James Financial, Inc. | 2,965 | 250,691 |
| S&P Global, Inc. | 5,735 | 1,306,376 |
| State Street Corp. | 8,626 | 483,573 |
| T. Rowe Price Group, Inc. | 5,541 | 607,903 |
| The Goldman Sachs Group., Inc. | 7,945 | 1,625,547 |
| | | **15,375,091** |
| **Consumer Finance 0.7%** | | |
| American Express Co. | 15,950 | 1,968,868 |
| Capital One Financial Corp. | 10,955 | 994,057 |
| Discover Financial Services | 7,583 | 588,365 |
| Synchrony Financial | 14,729 | 510,654 |
| | | **4,061,944** |
| **Diversified Financial Services 1.7%** | | |
| Berkshire Hathaway, Inc. "B"* | 45,173 | 9,629,528 |
| Jefferies Financial Group, Inc. | 5,846 | 112,419 |
| | | **9,741,947** |
| **Insurance 2.4%** | | |
| Aflac, Inc. | 17,436 | 955,667 |
| Allstate Corp. | 7,794 | 792,572 |
| American International Group, Inc. | 20,179 | 1,075,137 |
| Aon PLC | 5,622 | 1,084,934 |
| Arthur J. Gallagher & Co. | 4,321 | 378,476 |
| Assurant, Inc. | 1,460 | 155,315 |
| Chubb Ltd. | 10,643 | 1,567,607 |
| Cincinnati Financial Corp. | 3,567 | 369,791 |
| Everest Re Group Ltd. | 962 | 237,787 |
| Hartford Financial Services Group, Inc. | 8,471 | 472,004 |
| Lincoln National Corp. | 4,688 | 302,142 |
| Loews Corp. | 6,181 | 337,915 |
| Marsh & McLennan Companies, Inc. | 11,922 | 1,189,220 |
| MetLife, Inc. | 22,043 | 1,094,876 |
| Principal Financial Group, Inc. | 6,102 | 353,428 |
| Progressive Corp. | 13,555 | 1,083,451 |
| Prudential Financial, Inc. | 9,409 | 950,309 |
| The Travelers Companies, Inc. | 6,118 | 914,763 |
| Torchmark Corp. | 2,350 | 210,231 |
| Unum Group | 4,820 | 161,711 |
| Willis Towers Watson PLC | 3,020 | 578,451 |
| | | **14,265,787** |

| | Shares | Value ($) |
|---|---|---|
| **Health Care 13.9%** | | |
| **Biotechnology 2.1%** | | |
| AbbVie, Inc. | 34,442 | 2,504,622 |
| Alexion Pharmaceuticals, Inc.* | 5,248 | 687,383 |
| Amgen, Inc. | 14,206 | 2,617,882 |
| Biogen., Inc.* | 4,513 | 1,055,455 |
| Celgene Corp.* | 16,429 | 1,518,697 |
| Gilead Sciences, Inc. | 29,592 | 1,999,236 |
| Incyte Corp.* | 4,190 | 355,982 |
| Regeneron Pharmaceuticals, Inc.* | 1,841 | 576,233 |
| Vertex Pharmaceuticals, Inc.* | 5,983 | 1,097,163 |
| | | **12,412,653** |
| **Health Care Equipment & Supplies 3.5%** | | |
| Abbott Laboratories | 41,100 | 3,456,510 |
| ABIOMED, Inc.* | 1,059 | 275,859 |
| Align Technology, Inc.* | 1,702 | 465,837 |
| Baxter International, Inc. | 11,086 | 907,943 |
| Becton, Dickinson & Co. | 6,286 | 1,584,135 |
| Boston Scientific Corp.* | 32,410 | 1,392,982 |
| Danaher Corp. | 14,675 | 2,097,351 |
| DENTSPLY SIRONA, Inc. | 5,377 | 313,802 |
| Edwards Lifesciences Corp.* | 4,872 | 900,053 |
| Hologic, Inc.* | 6,271 | 301,134 |
| IDEXX Laboratories, Inc.* | 2,009 | 553,138 |
| Intuitive Surgical, Inc.* | 2,688 | 1,409,990 |
| Medtronic PLC | 31,224 | 3,040,905 |
| ResMed, Inc. | 3,370 | 411,241 |
| Stryker Corp. | 7,232 | 1,486,755 |
| Teleflex, Inc. | 1,078 | 356,980 |
| The Cooper Companies, Inc. | 1,162 | 391,466 |
| Varian Medical Systems, Inc.* | 2,131 | 290,093 |
| Zimmer Biomet Holdings, Inc. | 4,734 | 557,381 |
| | | **20,193,555** |
| **Health Care Providers & Services 2.6%** | | |
| AmerisourceBergen Corp. | 3,575 | 304,804 |
| Anthem, Inc. | 5,998 | 1,692,696 |
| Cardinal Health, Inc. | 7,024 | 330,830 |
| Centene Corp.* | 9,583 | 502,533 |
| Cigna Corp. | 8,828 | 1,390,851 |
| CVS Health Corp. | 30,269 | 1,649,358 |
| DaVita, Inc.* | 2,978 | 167,542 |
| HCA Healthcare, Inc. | 6,211 | 839,541 |
| Henry Schein, Inc.* | 3,480 | 243,252 |
| Humana, Inc. | 3,146 | 834,634 |
| Laboratory Corp. of America Holdings* | 2,284 | 394,904 |
| McKesson Corp. | 4,432 | 595,616 |
| Quest Diagnostics, Inc. | 3,138 | 319,480 |
| UnitedHealth Group, Inc. | 22,143 | 5,403,113 |
| Universal Health Services, Inc. "B" | 1,960 | 255,564 |
| WellCare Health Plans, Inc.* | 1,180 | 336,383 |
| | | **15,261,101** |
| **Health Care Technology 0.1%** | | |
| Cerner Corp. | 7,542 | **552,829** |
| **Life Sciences Tools & Services 1.1%** | | |
| Agilent Technologies, Inc. | 7,320 | 546,584 |
| Illumina, Inc.* | 3,414 | 1,256,864 |
| IQVIA Holdings, Inc.* | 3,683 | 592,595 |
| Mettler-Toledo International, Inc.* | 581 | 488,040 |
| PerkinElmer, Inc. | 2,600 | 250,484 |

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

| | Shares | Value ($) |
|---|---|---|
| Thermo Fisher Scientific, Inc. | 9,320 | 2,737,097 |
| Waters Corp.* | 1,615 | 347,613 |
| | | **6,219,277** |
| **Pharmaceuticals 4.5%** | | |
| Allergan PLC | 7,175 | 1,201,310 |
| Bristol-Myers Squibb Co. | 38,094 | 1,727,563 |
| Eli Lilly & Co. | 20,131 | 2,230,314 |
| Johnson & Johnson | 61,874 | 8,617,811 |
| Merck & Co., Inc. | 60,008 | 5,031,671 |
| Mylan NV* | 12,153 | 231,393 |
| Nektar Therapeutics* | 3,963 | 141,004 |
| Perrigo Co. PLC | 2,973 | 141,574 |
| Pfizer, Inc. | 129,364 | 5,604,048 |
| Zoetis, Inc. | 11,125 | 1,262,576 |
| | | **26,189,264** |

## Industrials 9.2%

| | Shares | Value ($) |
|---|---|---|
| **Aerospace & Defense 2.5%** | | |
| Arconic, Inc. | 9,166 | 236,666 |
| Boeing Co. | 12,191 | 4,437,646 |
| General Dynamics Corp. | 6,331 | 1,151,102 |
| Huntington Ingalls Industries, Inc. | 975 | 219,121 |
| L3 Technologies, Inc. | 1,837 | 450,377 |
| L3Harris Technologies, Inc. | 2,760 | 521,999 |
| Lockheed Martin Corp. | 5,733 | 2,084,175 |
| Northrop Grumman Corp. | 3,962 | 1,280,162 |
| Raytheon Co. | 6,491 | 1,128,655 |
| Textron, Inc. | 5,357 | 284,135 |
| TransDigm Group, Inc.* | 1,142 | 552,500 |
| United Technologies Corp. | 18,909 | 2,461,952 |
| | | **14,808,490** |
| **Air Freight & Logistics 0.5%** | | |
| C.H. Robinson Worldwide, Inc. | 3,134 | 264,353 |
| Expeditors International of Washington, Inc. | 3,953 | 299,875 |
| FedEx Corp. | 5,580 | 916,180 |
| United Parcel Service, Inc. "B" | 16,274 | 1,680,616 |
| | | **3,161,024** |
| **Airlines 0.4%** | | |
| Alaska Air Group, Inc. | 2,928 | 187,128 |
| American Airlines Group, Inc. | 9,168 | 298,968 |
| Delta Air Lines, Inc. | 13,886 | 788,031 |
| Southwest Airlines Co. | 11,324 | 575,033 |
| United Continental Holdings, Inc.* | 5,182 | 453,684 |
| | | **2,302,844** |
| **Building Products 0.3%** | | |
| A.O. Smith Corp. | 3,293 | 155,298 |
| Allegion PLC | 2,155 | 238,235 |
| Fortune Brands Home & Security, Inc. | 3,234 | 184,758 |
| Johnson Controls International PLC | 18,518 | 764,979 |
| Masco Corp. | 6,948 | 272,640 |
| | | **1,615,910** |
| **Commercial Services & Supplies 0.4%** | | |
| Cintas Corp. | 1,983 | 470,546 |
| Copart, Inc.* | 4,658 | 348,139 |
| Republic Services, Inc. | 5,065 | 438,832 |
| Rollins, Inc. | 3,415 | 122,496 |
| Waste Management, Inc. | 9,130 | 1,053,328 |
| | | **2,433,341** |
| **Construction & Engineering 0.1%** | | |
| Jacobs Engineering Group, Inc. | 2,668 | 225,153 |
| Quanta Services, Inc. | 3,265 | 124,690 |
| | | **349,843** |
| **Electrical Equipment 0.5%** | | |
| AMETEK, Inc. | 5,260 | 477,819 |
| Eaton Corp. PLC | 9,837 | 819,225 |
| Emerson Electric Co. | 14,272 | 952,228 |
| Rockwell Automation, Inc. | 2,765 | 452,990 |
| | | **2,702,262** |
| **Industrial Conglomerates 1.4%** | | |
| 3M Co. | 13,437 | 2,329,170 |
| General Electric Co. | 203,217 | 2,133,778 |
| Honeywell International, Inc. | 16,986 | 2,965,586 |
| Roper Technologies, Inc. | 2,430 | 890,012 |
| | | **8,318,546** |
| **Machinery 1.6%** | | |
| Caterpillar, Inc. | 13,352 | 1,819,744 |
| Cummins, Inc. | 3,398 | 582,213 |
| Deere & Co. | 7,388 | 1,224,265 |
| Dover Corp. | 3,396 | 340,279 |
| Flowserve Corp. | 2,969 | 156,437 |
| Fortive Corp. | 6,834 | 557,108 |
| Illinois Tool Works, Inc. | 6,999 | 1,055,519 |
| Ingersoll-Rand PLC | 5,608 | 710,365 |
| PACCAR, Inc. | 8,133 | 582,811 |
| Parker-Hannifin Corp. | 2,983 | 507,140 |
| Pentair PLC | 3,721 | 138,421 |
| Snap-on, Inc. | 1,267 | 209,866 |
| Stanley Black & Decker, Inc. | 3,563 | 515,245 |
| Wabtec Corp. (a) | 3,718 | 266,804 |
| Xylem, Inc. | 4,237 | 354,383 |
| | | **9,020,600** |
| **Professional Services 0.3%** | | |
| Equifax, Inc. | 2,790 | 377,320 |
| IHS Markit Ltd.* | 8,533 | 543,723 |
| Nielsen Holdings PLC | 8,423 | 190,360 |
| Robert Half International, Inc. | 2,755 | 157,062 |
| Verisk Analytics, Inc. | 3,826 | 560,356 |
| | | **1,828,821** |
| **Road & Rail 1.0%** | | |
| CSX Corp. | 17,885 | 1,383,763 |
| J.B. Hunt Transport Services, Inc. | 1,986 | 181,540 |
| Kansas City Southern | 2,376 | 289,444 |
| Norfolk Southern Corp. | 6,213 | 1,238,437 |
| Union Pacific Corp. | 16,502 | 2,790,653 |
| | | **5,883,837** |
| **Trading Companies & Distributors 0.2%** | | |
| Fastenal Co. | 13,306 | 433,643 |
| United Rentals, Inc.* | 1,799 | 238,601 |
| W.W. Grainger, Inc. | 1,054 | 282,714 |
| | | **954,958** |

## Information Technology 21.0%

| | Shares | Value ($) |
|---|---|---|
| **Communications Equipment 1.2%** | | |
| Arista Networks, Inc.* | 1,228 | 318,813 |
| Cisco Systems, Inc. | 99,778 | 5,460,850 |
| F5 Networks, Inc.* | 1,392 | 202,717 |

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

| | Shares | Value ($) |
|---|---|---|
| Juniper Networks, Inc. | 7,866 | 209,471 |
| Motorola Solutions, Inc. | 3,857 | 643,078 |
| | | **6,834,929** |
| **Electronic Equipment, Instruments & Components 0.5%** | | |
| Amphenol Corp. "A" | 6,922 | 664,097 |
| Corning, Inc. | 18,202 | 604,852 |
| FLIR Systems, Inc. | 3,199 | 173,066 |
| IPG Photonics Corp.* | 812 | 125,251 |
| Keysight Technologies, Inc.* | 4,342 | 389,955 |
| TE Connectivity Ltd. | 7,861 | 752,927 |
| | | **2,710,148** |
| **IT Services 5.2%** | | |
| Accenture PLC "A" | 14,871 | 2,747,715 |
| Akamai Technologies, Inc.* | 3,828 | 306,776 |
| Alliance Data Systems Corp. | 1,068 | 149,659 |
| Automatic Data Processing, Inc. | 10,118 | 1,672,809 |
| Broadridge Financial Solutions, Inc. | 2,706 | 345,502 |
| Cognizant Technology Solutions Corp. "A" | 13,214 | 837,635 |
| DXC Technology Co. | 6,314 | 348,217 |
| Fidelity National Information Services, Inc. | 7,567 | 928,320 |
| Fiserv, Inc.* | 9,091 | 828,736 |
| FleetCor Technologies, Inc.* | 2,011 | 564,789 |
| Gartner, Inc.* | 2,076 | 334,111 |
| Global Payments, Inc. | 3,665 | 586,876 |
| International Business Machines Corp. | 20,648 | 2,847,359 |
| Jack Henry & Associates, Inc. | 1,768 | 236,771 |
| Mastercard, Inc. "A" | 20,952 | 5,542,432 |
| Paychex, Inc. | 7,431 | 611,497 |
| PayPal Holdings, Inc.* | 27,382 | 3,134,144 |
| Total System Services, Inc. | 3,781 | 484,989 |
| VeriSign, Inc.* | 2,438 | 509,932 |
| Visa, Inc. "A" | 40,536 | 7,035,023 |
| Western Union Co. | 10,165 | 202,182 |
| | | **30,255,474** |
| **Semiconductors & Semiconductor Equipment 3.7%** | | |
| Advanced Micro Devices, Inc.* | 20,722 | 629,327 |
| Analog Devices, Inc. | 8,621 | 973,052 |
| Applied Materials, Inc. | 21,818 | 979,846 |
| Broadcom, Inc. | 9,225 | 2,655,508 |
| Intel Corp. | 104,340 | 4,994,756 |
| KLA-Tencor Corp. | 3,768 | 445,378 |
| Lam Research Corp. | 3,489 | 655,374 |
| Maxim Integrated Products, Inc. | 6,410 | 383,446 |
| Microchip Technology, Inc. (a) | 5,495 | 476,417 |
| Micron Technology, Inc.* | 25,749 | 993,654 |
| NVIDIA Corp. | 14,191 | 2,330,588 |
| Qorvo, Inc.* | 2,770 | 184,510 |
| QUALCOMM., Inc. | 28,330 | 2,155,063 |
| Skyworks Solutions, Inc. | 3,976 | 307,226 |
| Texas Instruments, Inc. | 21,878 | 2,510,719 |
| Xilinx, Inc. | 5,947 | 701,270 |
| | | **21,376,134** |
| **Software 6.6%** | | |
| Adobe, Inc.* | 11,366 | 3,348,992 |
| ANSYS, Inc.* | 1,973 | 404,110 |
| Autodesk, Inc.* | 5,090 | 829,161 |
| Cadence Design Systems, Inc.* | 6,574 | 465,505 |

| | Shares | Value ($) |
|---|---|---|
| Citrix Systems, Inc. | 2,939 | 288,433 |
| Fortinet, Inc.* | 3,325 | 255,460 |
| Intuit, Inc. | 6,048 | 1,580,524 |
| Microsoft Corp. | 178,568 | 23,920,969 |
| Oracle Corp. | 56,531 | 3,220,571 |
| Red Hat, Inc.* | 4,149 | 779,016 |
| salesforce.com, Inc.* | 18,089 | 2,744,644 |
| Symantec Corp. | 14,585 | 317,370 |
| Synopsys, Inc.* | 3,512 | 451,959 |
| | | **38,606,714** |
| **Technology Hardware, Storage & Peripherals 3.8%** | | |
| Apple, Inc. | 101,867 | 20,161,517 |
| Hewlett Packard Enterprise Co. | 31,055 | 464,272 |
| HP, Inc. | 35,147 | 730,706 |
| NetApp, Inc. | 5,813 | 358,662 |
| Seagate Technology PLC | 5,850 | 275,652 |
| Western Digital Corp. | 6,865 | 326,431 |
| Xerox Corp. | 4,443 | 157,327 |
| | | **22,474,567** |

## Materials 2.7%

| | Shares | Value ($) |
|---|---|---|
| **Chemicals 2.0%** | | |
| Air Products & Chemicals, Inc. | 5,145 | 1,164,674 |
| Albemarle Corp. | 2,507 | 176,518 |
| Celanese Corp. | 2,924 | 315,207 |
| CF Industries Holdings, Inc. | 5,231 | 244,340 |
| Corteva, Inc.* | 17,302 | 511,620 |
| Dow, Inc. | 17,460 | 860,953 |
| DuPont de Nemours, Inc. | 17,445 | 1,309,596 |
| Eastman Chemical Co. | 3,172 | 246,877 |
| Ecolab, Inc. | 5,895 | 1,163,909 |
| FMC Corp. | 3,086 | 255,984 |
| International Flavors & Fragrances, Inc. | 2,335 | 338,785 |
| Linde PLC | 12,651 | 2,540,321 |
| LyondellBasell Industries NV "A" | 7,039 | 606,269 |
| PPG Industries, Inc. | 5,533 | 645,756 |
| The Mosaic Co. | 8,432 | 211,053 |
| The Sherwin-Williams Co. | 1,891 | 866,626 |
| | | **11,458,488** |
| **Construction Materials 0.1%** | | |
| Martin Marietta Materials, Inc. | 1,473 | 338,952 |
| Vulcan Materials Co. | 3,058 | 419,894 |
| | | **758,846** |
| **Containers & Packaging 0.4%** | | |
| Amcor PLC* | 37,554 | 431,495 |
| Avery Dennison Corp. | 1,963 | 227,080 |
| Ball Corp. | 7,844 | 549,002 |
| International Paper Co. | 9,232 | 399,930 |
| Packaging Corp. of America | 2,157 | 205,605 |
| Sealed Air Corp. | 3,699 | 158,243 |
| WestRock Co. | 6,029 | 219,878 |
| | | **2,191,233** |
| **Metals & Mining 0.2%** | | |
| Freeport-McMoRan, Inc. | 33,415 | 387,948 |
| Newmont Goldcorp Corp. | 19,190 | 738,239 |
| Nucor Corp. | 7,158 | 394,406 |
| | | **1,520,593** |

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

| | Shares | Value ($) |
|---|---|---|
| **Real Estate 3.0%** | | |
| **Equity Real Estate Investment Trusts (REITs) 2.9%** | | |
| Alexandria Real Estate Equities, Inc. | 2,633 | 371,490 |
| American Tower Corp. | 10,303 | 2,106,448 |
| Apartment Investment & Management Co. "A" | 3,520 | 176,422 |
| AvalonBay Communities, Inc. | 3,268 | 663,992 |
| Boston Properties, Inc. | 3,573 | 460,917 |
| Crown Castle International Corp. | 9,662 | 1,259,442 |
| Digital Realty Trust, Inc. | 4,869 | 573,520 |
| Duke Realty Corp. | 8,484 | 268,179 |
| Equinix, Inc. | 1,959 | 987,904 |
| Equity Residential | 8,589 | 652,077 |
| Essex Property Trust, Inc. | 1,525 | 445,193 |
| Extra Space Storage, Inc. | 2,924 | 310,236 |
| Federal Realty Investment Trust | 1,737 | 223,656 |
| HCP, Inc. | 10,989 | 351,428 |
| Host Hotels & Resorts, Inc. | 17,249 | 314,277 |
| Iron Mountain, Inc. | 6,655 | 208,302 |
| Kimco Realty Corp. | 10,024 | 185,244 |
| Mid-America Apartment Communities, Inc. | 2,691 | 316,892 |
| Prologis, Inc. | 14,671 | 1,175,147 |
| Public Storage | 3,487 | 830,499 |
| Realty Income Corp. | 7,315 | 504,516 |
| Regency Centers Corp. | 3,951 | 263,690 |
| SBA Communications Corp. * | 2,637 | 592,903 |
| Simon Property Group, Inc. | 7,182 | 1,147,396 |
| SL Green Realty Corp. | 1,990 | 159,936 |
| The Macerich Co. | 2,568 | 86,002 |
| UDR, Inc. | 6,532 | 293,221 |
| Ventas, Inc. | 8,589 | 587,058 |
| Vornado Realty Trust | 4,086 | 261,913 |
| Welltower, Inc. | 9,430 | 768,828 |
| Weyerhaeuser Co. | 17,452 | 459,686 |
| | | **17,006,414** |
| **Real Estate Management & Development 0.1%** | | |
| CBRE Group, Inc. "A"* | 7,343 | **376,696** |
| **Utilities 3.2%** | | |
| **Electric Utilities 1.9%** | | |
| Alliant Energy Corp. | 5,543 | 272,050 |
| American Electric Power Co., Inc. | 11,472 | 1,009,651 |
| Duke Energy Corp. | 16,970 | 1,497,433 |
| Edison International | 7,554 | 509,215 |
| Entergy Corp. | 4,432 | 456,186 |
| Evergy, Inc. | 5,651 | 339,908 |
| Eversource Energy | 7,477 | 566,458 |
| Exelon Corp. | 22,538 | 1,080,472 |
| FirstEnergy Corp. | 11,823 | 506,143 |
| NextEra Energy, Inc. | 11,170 | 2,288,286 |
| Pinnacle West Capital Corp. | 2,649 | 249,244 |
| PPL Corp. | 16,731 | 518,828 |
| Southern Co. | 24,266 | 1,341,424 |
| Xcel Energy, Inc. | 12,034 | 715,903 |
| | | **11,351,201** |

| | Shares | Value ($) |
|---|---|---|
| **Gas Utilities 0.1%** | | |
| Atmos Energy Corp. | 2,766 | **291,979** |
| **Independent Power & Renewable Electricity Producers 0.1%** | | |
| AES Corp. | 15,627 | 261,908 |
| NRG Energy, Inc. | 6,140 | 215,637 |
| | | **477,545** |
| **Multi-Utilities 1.0%** | | |
| Ameren Corp. | 5,778 | 433,986 |
| CenterPoint Energy, Inc. | 11,824 | 338,521 |
| CMS Energy Corp. | 6,553 | 379,484 |
| Consolidated Edison, Inc. | 7,618 | 667,946 |
| Dominion Energy, Inc | 18,698 | 1,445,729 |
| DTE Energy Co. | 4,240 | 542,211 |
| NiSource, Inc. | 8,560 | 246,528 |
| Public Service Enterprise Group, Inc. | 11,705 | 688,488 |
| Sempra Energy | 6,368 | 875,218 |
| WEC Energy Group, Inc. | 7,320 | 610,269 |
| | | **6,228,380** |
| **Water Utilities 0.1%** | | |
| American Water Works Co., Inc. | 4,240 | **491,840** |
| **Total Common Stocks** (Cost $269,200,712) | | **569,434,026** |

| | Principal Amount ($) | Value ($) |
|---|---|---|
| **Government & Agency Obligations 0.1%** | | |
| **U.S. Treasury Obligation** | | |
| U.S. Treasury Bill, 2.42%**, 7/18/2019 (b) (Cost $659,261) | 660,000 | **659,361** |

| | Shares | Value ($) |
|---|---|---|
| **Securities Lending Collateral 0.2%** | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (c) (d) (Cost $997,200) | 997,200 | **997,200** |
| **Cash Equivalents 2.2%** | | |
| DWS Central Cash Management Government Fund, 2.40% (c) (Cost $12,667,743) | 12,667,743 | **12,667,743** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $283,524,916) | 100.2 | **583,758,330** |
| **Other Assets and Liabilities, Net** | (0.2) | **(1,002,505)** |
| **Net Assets** | 100.0 | **582,755,825** |

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, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 0.2%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (c) (d) | | | | | | | | |
| 564,200 | 433,000 (e) | — | — | — | 1,064 | — | 997,200 | 997,200 |
| **Cash Equivalents 2.2%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (c) | | | | | | | | |
| 3,904,662 | 31,196,981 | 22,433,900 | — | — | 69,691 | — | 12,667,743 | 12,667,743 |
| **4,468,862** | **31,629,981** | **22,433,900** | **—** | **—** | **70,755** | **—** | **13,664,943** | **13,664,943** |

* 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, 2019 amounted to $985,041, which is 0.2% of net assets.

(b) At June 30, 2019, 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 cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(e) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

S&P: Standard & Poor's

At June 30, 2019, open futures contracts purchased were as follows:

| Futures | Currency | Expiration Date | Contracts | Notional Amount ($) | Notional Value ($) | Unrealized Appreciation ($) |
|---|---|---|---|---|---|---|
| S&P 500 E-Mini Index | USD | 9/20/2019 | 92 | 13,342,735 | 13,543,320 | 200,585 |

| 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, 2019 in valuing the Fund's investments.

| Assets | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Common Stocks (f) | $ 569,434,026 | $ — | $ — | $ 569,434,026 |
| Government & Agency Obligation | — | 659,361 | — | 659,361 |
| Short-Term Investments (f) | 13,664,943 | — | — | 13,664,943 |
| Derivatives (g)<br>Futures Contracts | 200,585 | — | — | 200,585 |
| **Total** | **$ 583,299,554** | **$ 659,361** | **$ —** | **$ 583,958,915** |

(f) See Investment Portfolio for additional detailed categorizations.

(g) 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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $269,859,973) — including $985,041 of securities loaned | $ 570,093,387 |
| Investment in DWS Government & Agency Securities Portfolio (cost $997,200)* | 997,200 |
| Investment in DWS Central Cash Management Government Fund (cost $12,667,743) | 12,667,743 |
| Cash | 10,891 |
| Receivable for Fund shares sold | 87,801 |
| Dividends receivable | 470,658 |
| Interest receivable | 15,734 |
| Receivable for variation margin on futures contracts | 62,938 |
| Other assets | 6,723 |
| Total assets | 584,413,075 |
| **Liabilities** | |
| Payable upon return of securities loaned | 997,200 |
| Payable for investments purchased | 282,207 |
| Payable for Fund shares redeemed | 200,905 |
| Accrued management fee | 53,119 |
| Accrued Trustees' fees | 2,121 |
| Other accrued expenses and payables | 121,698 |
| Total liabilities | 1,657,250 |
| **Net assets, at value** | **$ 582,755,825** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | 310,781,464 |
| Paid-in capital | 271,974,361 |
| **Net assets, at value** | **$ 582,755,825** |
| **Net Asset Value** | |
| **Class A** | |
| **Net Asset Value,** offering and redemption price per share ($538,923,347 ÷ 25,802,355 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized) | **$ 20.89** |
| **Class B** | |
| **Net Asset Value,** offering and redemption price per share ($27,326,844 ÷ 1,306,865 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized) | **$ 20.91** |
| **Class B2** | |
| **Net Asset Value,** offering and redemption price per share ($16,505,634 ÷ 788,672 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized) | **$ 20.93** |

* Represents collateral on securities loaned.

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Dividends | $ 5,410,065 |
| Interest | 5,973 |
| Income distributions — DWS Central Cash Management Government Fund | 69,691 |
| Securities lending income, net of borrower rebates | 1,064 |
| Total income | 5,486,793 |
| Expenses:<br>Management fee | 554,577 |
| Administration fee | 277,288 |
| Services to shareholders | 1,439 |
| Recordkeeping fee (Class B and Class B-2) | 26,392 |
| Distribution service fees (Class B and Class B-2) | 49,950 |
| Custodian fee | 10,759 |
| Professional fees | 45,344 |
| Reports to shareholders | 26,024 |
| Trustees' fees and expenses | 15,962 |
| Other | 21,913 |
| Total expenses before expense reductions | 1,029,648 |
| Expense reductions | (177,144) |
| Total expenses after expense reductions | 852,504 |
| **Net investment income (loss)** | **4,634,289** |
| **Realized and Unrealized Gain (Loss)** | |
| Net realized gain (loss) from:<br>Investments | 13,804,178 |
| Futures | 688,641 |
| | 14,492,819 |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 72,808,208 |
| Futures | 313,526 |
| | 73,121,734 |
| **Net gain (loss)** | **87,614,553** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 92,248,842** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 4,634,289 | $ 9,800,551 |
| Net realized gain (loss) | 14,492,819 | 29,697,624 |
| Change in net unrealized appreciation (depreciation) | 73,121,734 | (62,661,892) |
| Net increase (decrease) in net assets resulting from operations | 92,248,842 | (23,163,717) |
| Distributions to shareholders: | | |
| Class A | (36,093,488) | (55,569,580) |
| Class B | (1,569,494) | (2,605,149) |
| Class B2 | (1,061,800) | (1,716,159) |
| Total distributions | (38,724,782) | (59,890,888) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 8,614,007 | 14,838,059 |
| Reinvestment of distributions | 36,093,488 | 55,569,580 |
| Payments for shares redeemed | (27,219,265) | (62,569,499) |
| Net increase (decrease) in net assets from Class A share transactions | 17,488,230 | 7,838,140 |
| **Class B** | | |
| Proceeds from shares sold | 5,369,884 | 5,836,040 |
| Reinvestment of distributions | 1,569,494 | 2,605,149 |
| Payments for shares redeemed | (2,899,700) | (8,730,248) |
| Net increase (decrease) in net assets from Class B share transactions | 4,039,678 | (289,059) |
| **Class B2** | | |
| Proceeds from shares sold | 340,394 | 735,371 |
| Reinvestment of distributions | 1,061,800 | 1,716,159 |
| Payments for shares redeemed | (1,324,567) | (2,402,184) |
| Net increase (decrease) in net assets from Class B2 share transaction | 77,627 | 49,346 |
| **Increase (decrease) in net assets** | 75,129,595 | (75,456,178) |
| Net assets at beginning of period | 507,626,230 | 583,082,408 |
| Net assets at end of period | **$ 582,755,825** | **$ 507,626,230** |

| Other Information | Six Months Ended June 30, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| **Class A** | | |
| Shares outstanding at beginning of period | 24,962,490 | 24,366,996 |
| Shares sold | 418,439 | 693,526 |
| Shares issued to shareholders in reinvestment of distributions | 1,743,647 | 2,826,530 |
| Shares redeemed | (1,322,221) | (2,924,562) |
| Net increase (decrease) in Class A shares | 839,865 | 595,494 |
| Shares outstanding at end of period | **25,802,355** | **24,962,490** |
| **Class B** | | |
| Shares outstanding at beginning of period | 1,109,669 | 1,138,481 |
| Shares sold | 261,962 | 275,349 |
| Shares issued to shareholders in reinvestment of distributions | 75,675 | 132,308 |
| Shares redeemed | (140,441) | (436,469) |
| Net increase (decrease) in Class B shares | 197,196 | (28,812) |
| Shares outstanding at end of period | **1,306,865** | **1,109,669** |
| **Class B2** | | |
| Shares outstanding at beginning of period | 784,684 | 776,819 |
| Shares sold | 16,522 | 34,095 |
| Shares issued to shareholders in reinvestment of distributions | 51,146 | 87,115 |
| Shares redeemed | (63,680) | (113,345) |
| Net increase (decrease) in Class B2 shares | 3,988 | 7,865 |
| Shares outstanding at end of period | **788,672** | **784,684** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$18.90** | **$22.19** | **$19.58** | **$19.40** | **$20.41** | **$19.01** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .17 | .37 | .34 | .35 | .35 | .33 |
| Net realized and unrealized gain (loss) | 3.30 | (1.31) | 3.69 | 1.74 | (.10) | 2.10 |
| **Total from investment operations** | 3.47 | (.94) | 4.03 | 2.09 | .25 | 2.43 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.43) | (.38) | (.37) | (.40) | (.33) | (.37) |
| Net realized gains | (1.05) | (1.97) | (1.05) | (1.51) | (.93) | (.66) |
| **Total distributions** | (1.48) | (2.35) | (1.42) | (1.91) | (1.26) | (1.03) |
| **Net asset value, end of period** | **$20.89** | **$18.90** | **$22.19** | **$19.58** | **$19.40** | **$20.41** |
| Total Return (%)[b] | 18.43** | (4.65) | 21.53 | 11.61 | 1.13 | 13.39 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 539 | 472 | 541 | 519 | 530 | 610 |
| Ratio of expenses before expense reductions (%)[c] | .34* | .34 | .34 | .34 | .34 | .34 |
| Ratio of expenses after expense reductions (%)[c] | .28* | .30 | .33 | .33 | .33 | .33 |
| Ratio of net investment income (%) | 1.70* | 1.73 | 1.67 | 1.88 | 1.77 | 1.70 |
| Portfolio turnover rate (%) | 1** | 3 | 3 | 4 | 3 | 3 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$18.89** | **$22.17** | **$19.58** | **$19.40** | **$20.40** | **$19.01** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .14 | .29 | .28 | .30 | .30 | .28 |
| Net realized and unrealized gain (loss) | 3.28 | (1.29) | 3.67 | 1.74 | (.09) | 2.09 |
| **Total from investment operations** | 3.42 | (1.00) | 3.95 | 2.04 | .21 | 2.37 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.35) | (.31) | (.31) | (.35) | (.28) | (.32) |
| Net realized gains | (1.05) | (1.97) | (1.05) | (1.51) | (.93) | (.66) |
| **Total distributions** | (1.40) | (2.28) | (1.36) | (1.86) | (1.21) | (.98) |
| **Net asset value, end of period** | **$20.91** | **$18.89** | **$22.17** | **$19.58** | **$19.40** | **$20.40** |
| Total Return (%)[b] | 18.17** | (4.94) | 21.07 | 11.32 | .92 | 13.05 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 27 | 21 | 25 | 18 | 12 | 7 |
| Ratio of expenses before expense reductions (%)[c] | .72* | .71 | .71 | .69 | .67 | .62 |
| Ratio of expenses after expense reductions (%)[c] | .65* | .65 | .65 | .61 | .58 | .58 |
| Ratio of net investment income (%) | 1.34* | 1.38 | 1.35 | 1.61 | 1.53 | 1.45 |
| Portfolio turnover rate (%) | 1** | 3 | 3 | 4 | 3 | 3 |

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.

| Class B2 | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$18.90** | **$22.18** | **$19.57** | **$19.39** | **$20.40** | **$18.99** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .13 | .28 | .26 | .28 | .28 | .27 |
| Net realized and unrealized gain (loss) | 3.29 | (1.30) | 3.69 | 1.74 | (.10) | 2.09 |
| **Total from investment operations** | 3.42 | (1.02) | 3.95 | 2.02 | .18 | 2.36 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.34) | (.29) | (.29) | (.33) | (.26) | (.29) |
| Net realized gains | (1.05) | (1.97) | (1.05) | (1.51) | (.93) | (.66) |
| **Total distributions** | (1.39) | (2.26) | (1.34) | (1.84) | (1.19) | (.95) |
| **Net asset value, end of period** | **$20.93** | **$18.90** | **$22.18** | **$19.57** | **$19.39** | **$20.40** |
| Total Return (%)[b] | 18.16** | (5.00) | 21.06 | 11.20 | .76 | 13.00 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 17 | 15 | 17 | 17 | 17 | 19 |
| Ratio of expenses before expense reductions (%)[c] | .74* | .73 | .74 | .74 | .74 | .74 |
| Ratio of expenses after expense reductions (%)[c] | .67* | .70 | .72 | .71 | .68 | .68 |
| Ratio of net investment income (%) | 1.31* | 1.32 | 1.27 | 1.50 | 1.42 | 1.35 |
| Portfolio turnover rate (%) | 1** | 3 | 3 | 4 | 3 | 3 |

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 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 (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 recordkeeping 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, 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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $292,369,489. The net unrealized appreciation for all investments based on tax cost was $291,391,367. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $314,208,521 and aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $22,817,154.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, 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, 2019, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $4,885,000 to $13,543,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2019 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

| Asset Derivative | Futures Contracts |
|---|---|
| Equity Contracts (a) | $ 200,585 |

The above derivative is located in the following Statement of Assets and Liabilities account:

(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.

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the six months ended June 30, 2019 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) | $ 688,641 |

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) | $ 313,526 |

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, 2019, purchases and sales of investment securities (excluding short-term investments) aggregated $6,936,393 and $26,706,462, respectively.

## D. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through April 30, 2020, 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 | .28% |
| Class B | .65% |
| Class B2 | .75% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for each class are as follows:

| | |
|---|---|
| Class A | $ 163,860 |
| Class B | 8,156 |
| Class B2 | 5,128 |
| | **$ 177,144** |

**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, 2019, the Administration Fee was $277,288, of which $46,837 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, 2019, the Distribution Service Fees were as follows:

| Distribution Service Fees | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class B | $ 29,793 | $ 5,398 |
| Class B2 | 20,157 | 3,334 |
| | **$ 49,950** | **$ 8,732** |

**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, 2019, the amounts charged to the Fund by DSC were as follows:

| Services to Shareholders | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class A | $ 221 | $ 72 |
| Class B | 40 | 13 |
| Class B2 | 31 | 13 |
| | **$ 292** | **$ 98** |

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $7,865, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Securities Lending Agent Fees.** Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $81.

## 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, 2019.

## F. Ownership of the Fund

At June 30, 2019, 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 52% and 13%, respectively. At June 30, 2019, one participating insurance company was beneficial owner of record of 10% or more of the total outstanding Class B shares of the Fund, owning 87%. At June 30, 2019, one participating insurance company was a beneficial owner of record of 86% of the total outstanding Class B2 shares of the Fund.

# 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, 2019 to June 30, 2019).

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, 2019

| Actual Fund Return | Class A | Class B | Class B2 |
|---|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,184.30 | $ 1,181.70 | $ 1,181.60 |
| Expenses Paid per $1,000* | $ 1.52 | $ 3.52 | $ 3.62 |

| Hypothetical 5% Fund Return | Class A | Class B | Class B2 |
|---|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,023.41 | $ 1,021.57 | $ 1,021.47 |
| Expenses Paid per $1,000* | $ 1.40 | $ 3.26 | $ 3.36 |

* 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 | .28% | .65% | .67% |

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 DWS Equity 500 Index VIP's (the "Fund") investment management agreement (the "Agreement") with 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 2018.

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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, 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 equal to the median of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2017). 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, 2017, 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 DWS U.S. registered funds ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel. 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.

# Notes

vit-equ500-3 (R-028371-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

## DWS Global Equity VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

DWS

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**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.

# Performance Summary

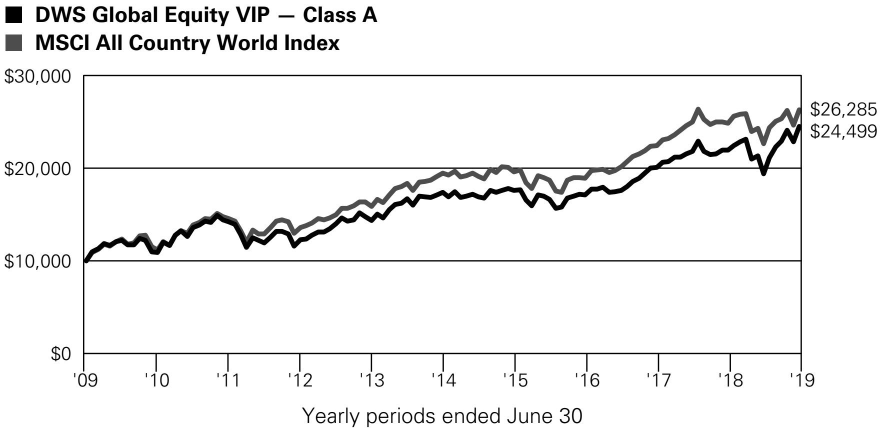
**June 30, 2019 (Unaudited)**

**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, 2019 is 1.22% 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 is an unmanaged equity index which captures large and mid-capitalization representation across 23 developed markets and 24 emerging markets countries. It covers approximately 85% of the global investable equity opportunity set.

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 | $12,615 | $11,156 | $14,332 | $14,072 | $24,499 |
| | Average annual total return | 26.15% | 11.56% | 12.75% | 7.07% | 9.37% |
| MSCI All Country World Index | Growth of $10,000 | $11,623 | $10,574 | $13,908 | $13,485 | $26,285 |
| | Average annual total return | 16.23% | 5.74% | 11.62% | 6.16% | 10.15% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 98% | 99% |
| Cash Equivalent | 2% | 1% |
| | 100% | 100% |

| **Sector Diversification** (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| Financials | 20% | 20% |
| Information Technology | 18% | 18% |
| Health Care | 16% | 15% |
| Consumer Discretionary | 11% | 11% |
| Industrials | 11% | 11% |
| Communication Services | 8% | 9% |
| Consumer Staples | 8% | 8% |
| Materials | 4% | 4% |
| Energy | 3% | 3% |
| Real Estate | 1% | 1% |
| | 100% | 100% |

| **Geographical Diversification** (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| United States | 51% | 51% |
| Germany | 9% | 10% |
| China | 7% | 7% |
| Canada | 7% | 7% |
| United Kingdom | 5% | 5% |
| Switzerland | 5% | 4% |
| Japan | 4% | 5% |
| France | 3% | 3% |
| Argentina | 2% | 2% |
| Ireland | 2% | 2% |
| Sweden | 2% | 2% |
| Luxembourg | 1% | 1% |
| Others | 2% | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Management Team

Sebastian P. Werner, PhD, Director
Mark Schumann, CFA, Director
Portfolio Managers

# Investment Portfolio

**as of June 30, 2019 (Unaudited)**

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 98.1%** | | |
| **Argentina 1.8%** | | |
| Globant SA * (Cost $274,381) | 5,300 | **535,565** |
| **Canada 6.6%** | | |
| Agnico Eagle Mines Ltd. | 4,650 | 238,266 |
| Alimentation Couche-Tard, Inc. "B" | 5,170 | 325,348 |
| Brookfield Asset Management, Inc. "A" | 18,200 | 870,704 |
| Canada Goose Holdings, Inc. * | 4,200 | 162,573 |
| Toronto-Dominion Bank | 6,300 | 368,124 |
| (Cost $1,122,368) | | **1,965,015** |
| **China 6.7%** | | |
| Alibaba Group Holding Ltd. (ADR) * | 2,650 | 449,042 |
| China Literature Ltd. 144A * | 14 | 66 |
| Luckin Coffee, Inc. (ADR) * | 5,942 | 115,810 |
| Momo, Inc. (ADR) | 5,500 | 196,900 |
| New Oriental Education & Technology Group, Inc. (ADR) * | 2,180 | 210,544 |
| Ping An Insurance (Group) Co. of China Ltd. "H" | 41,500 | 498,945 |
| Tencent Holdings Ltd. | 11,200 | 505,836 |
| (Cost $1,538,358) | | **1,977,143** |
| **France 3.1%** | | |
| LVMH Moet Hennessy Louis Vuitton SE | 275 | 117,091 |
| Total SA | 6,060 | 339,498 |
| VINCI SA | 4,400 | 450,716 |
| (Cost $901,371) | | **907,305** |
| **Germany 8.7%** | | |
| adidas AG | 485 | 149,855 |
| Allianz SE (Registered) | 2,300 | 554,707 |
| BASF SE | 3,800 | 276,740 |
| Deutsche Boerse AG | 3,650 | 516,498 |
| Evonik Industries AG | 10,000 | 291,942 |
| Fresenius Medical Care AG & Co. KGaA | 6,107 | 480,290 |
| Siemens AG (Registered) | 2,400 | 285,612 |
| (Cost $2,293,155) | | **2,555,644** |
| **Ireland 1.7%** | | |
| Kerry Group PLC "A" (a) | 3,721 | 444,021 |
| Kerry Group PLC "A" (a) | 379 | 45,308 |
| (Cost $278,106) | | **489,329** |
| **Japan 4.5%** | | |
| Kao Corp. | 3,700 | 282,760 |
| Keyence Corp. | 600 | 369,981 |
| Komatsu Ltd. | 7,400 | 178,969 |
| Mitsubishi UFJ Financial Group, Inc. | 31,100 | 147,971 |
| SMC Corp. | 900 | 337,270 |
| (Cost $1,432,816) | | **1,316,951** |
| **Luxembourg 1.1%** | | |
| Eurofins Scientific SE (b) (Cost $176,520) | 720 | **318,905** |
| **Malaysia 0.6%** | | |
| IHH Healthcare Bhd. (Cost $177,866) | 136,600 | **191,635** |
| **Norway 0.6%** | | |
| Mowi ASA (Cost $82,231)* | 7,200 | **168,416** |
| **Singapore 1.0%** | | |
| DBS Group Holdings Ltd. (Cost $279,300) | 15,200 | **291,600** |
| **Sweden 1.6%** | | |
| Assa Abloy AB "B" | 9,900 | 223,790 |
| Spotify Technology SA * (c) | 1,695 | 247,843 |
| (Cost $449,427) | | **471,633** |
| **Switzerland 4.8%** | | |
| Lonza Group AG (Registered) | 2,500 | 845,366 |
| Nestle SA (Registered) | 5,509 | 570,241 |
| (Cost $580,697) | | **1,415,607** |
| **United Kingdom 5.3%** | | |
| Aon PLC (c) | 1,750 | 337,715 |
| Compass Group PLC | 9,600 | 230,181 |
| Experian PLC | 15,300 | 463,612 |
| Halma PLC | 10,000 | 256,955 |
| Spirax-Sarco Engineering PLC | 2,500 | 291,996 |
| (Cost $881,161) | | **1,580,459** |
| **United States 50.0%** | | |
| A.O. Smith Corp. | 3,300 | 155,628 |
| Activision Blizzard, Inc. | 7,600 | 358,720 |
| Alphabet, Inc. "A" * | 580 | 628,024 |
| American Express Co. | 3,040 | 375,258 |
| AMETEK, Inc. | 5,250 | 476,910 |
| Amphenol Corp. "A" | 6,000 | 575,640 |
| Apple, Inc. | 1,155 | 228,598 |
| Applied Materials, Inc. | 6,300 | 282,933 |
| Becton, Dickinson & Co. | 2,705 | 681,687 |
| Boeing Co. | 780 | 283,928 |
| CBRE Group, Inc. "A" * | 4,500 | 230,850 |
| Danaher Corp. | 6,300 | 900,396 |
| Ecolab, Inc. | 1,740 | 343,546 |
| EOG Resources., Inc. | 3,800 | 354,008 |
| EPAM Systems, Inc. * | 2,550 | 441,405 |
| Eventbrite, Inc. "A" * | 4,500 | 72,900 |
| Evolent Health, Inc. "A" * | 13,400 | 106,530 |
| Fiserv, Inc. * | 4,200 | 382,872 |
| Intuit, Inc. | 1,600 | 418,128 |
| JPMorgan Chase & Co. | 6,200 | 693,160 |
| Las Vegas Sands Corp. | 2,460 | 145,361 |
| MasterCard, Inc. "A" | 2,950 | 780,363 |
| McDonald's Corp. | 2,710 | 562,758 |
| Microsoft Corp. | 4,000 | 535,840 |
| Mondelez International, Inc. "A" | 6,590 | 355,201 |
| NVIDIA Corp. | 600 | 98,538 |
| Pinterest, Inc. "A" * | 2,732 | 74,365 |
| Progressive Corp. | 15,200 | 1,214,936 |
| Schlumberger Ltd. | 5,000 | 198,700 |
| ServiceMaster Global Holdings, Inc. * | 6,000 | 312,540 |
| ServiceNow, Inc. * | 1,400 | 384,398 |
| T-Mobile U.S., Inc. * | 4,300 | 318,802 |

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

| | Shares | Value ($) |
|---|---|---|
| TJX Companies, Inc. | 5,491 | 290,364 |
| TransMedics Group, Inc. * | 8,300 | 240,617 |
| YETI Holdings, Inc. * (b) | 16,900 | 489,255 |
| Zoetis, Inc. | 6,900 | 783,081 |
| (Cost $9,072,521) | | **14,776,240** |
| **Total Common Stocks** (Cost $19,540,278) | | **28,961,447** |

## Securities Lending Collateral 2.4%

| | Shares | Value ($) |
|---|---|---|
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (d) (e) (Cost $718,950) | 718,950 | **718,950** |

## Cash Equivalents 1.6%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (d) (Cost $468,701) | 468,701 | **468,701** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $20,727,929) | 102.1 | **30,149,098** |
| **Other Assets and Liabilities, Net** | (2.1) | **(625,886)** |
| **Net Assets** | 100.0 | **29,523,212** |

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 2.4%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (d) (e) | | | | | | | | |
| 111,625 | 607,325(f) | — | — | — | 17,036 | — | 718,950 | 718,950 |
| **Cash Equivalents 1.6%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (d) | | | | | | | | |
| 238,530 | 2,618,033 | 2,387,862 | — | — | 2,806 | — | 468,701 | 468,701 |
| **350,155** | **3,225,358** | **2,387,862** | **—** | **—** | **19,842** | **—** | **1,187,651** | **1,187,651** |

* Non-income producing security.

(a) Securities with the same description are the same corporate entity but trade on different stock exchanges.

(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, 2019 amounted to $707,822, which is 2.4% of net assets.

(c) Listed on the New York Stock Exchange.

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

(e) Represents cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(f) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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, 2019 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 | $ 535,565 | $ — | $ — | $ 535,565 |
| Canada | 1,965,015 | — | — | 1,965,015 |
| China | 972,296 | 1,004,847 | — | 1,977,143 |
| France | — | 907,305 | — | 907,305 |
| Germany | — | 2,555,644 | — | 2,555,644 |
| Ireland | — | 489,329 | — | 489,329 |
| Japan | — | 1,316,951 | — | 1,316,951 |
| Luxembourg | — | 318,905 | — | 318,905 |
| Malaysia | — | 191,635 | — | 191,635 |
| Norway | — | 168,416 | — | 168,416 |
| Singapore | — | 291,600 | — | 291,600 |
| Sweden | 247,843 | 223,790 | — | 471,633 |
| Switzerland | — | 1,415,607 | — | 1,415,607 |
| United Kingdom | 337,715 | 1,242,744 | — | 1,580,459 |
| United States | 14,776,240 | — | — | 14,776,240 |
| Short-Term Investments (g) | 1,187,651 | — | — | 1,187,651 |
| **Total** | **$ 20,022,325** | **$ 10,126,773** | **$ —** | **$ 30,149,098** |

(g) 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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $19,540,278) — including $707,822 of securities loaned | $ 28,961,447 |
| Investment in DWS Government & Agency Securities Portfolio (cost $718,950)* | 718,950 |
| Investment in DWS Central Cash Management Government Fund (cost $468,701) | 468,701 |
| Foreign currency, at value (cost $131,762) | 131,487 |
| Receivable for Fund shares sold | 43 |
| Dividends receivable | 16,915 |
| Interest receivable | 2,194 |
| Foreign taxes recoverable | 25,907 |
| Other assets | 295 |
| Total assets | 30,325,939 |
| **Liabilities** | |
| Payable upon return of securities loaned | 718,950 |
| Payable for Fund shares redeemed | 18,851 |
| Accrued management fee | 8,453 |
| Accrued Trustees' fees | 195 |
| Other accrued expenses and payables | 56,278 |
| Total liabilities | 802,727 |
| **Net assets, at value** | **$ 29,523,212** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | 9,991,217 |
| Paid-in capital | 19,531,995 |
| **Net assets, at value** | **$ 29,523,212** |
| **Net Asset Value** | |
| **Class A** | |
| **Net asset value,** offering and redemption price per share ($29,523,212 ÷ 2,464,501 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 11.98** |

* Represents collateral on securities loaned.

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Dividends (net of foreign taxes withheld of $23,277) | $ 285,762 |
| Income distributions — DWS Central Cash Management Government Fund | 2,806 |
| Securities lending income, net of borrower rebates | 17,036 |
| Total income | 305,604 |
| Expenses:<br>Management fee | 90,092 |
| Administration fee | 13,860 |
| Services to shareholders | 207 |
| Custodian fee | 9,980 |
| Professional fees | 36,897 |
| Reports to shareholders | 9,670 |
| Trustees' fees and expenses | 1,823 |
| Other | 6,993 |
| Total expenses before expense reductions | 169,522 |
| Expense reductions | (46,165) |
| Total expenses after expense reductions | 123,357 |
| **Net investment income** | **182,247** |
| **Realized and Unrealized Gain (Loss)** | |
| Net realized gain (loss) from:<br>Investments | 484,251 |
| Foreign currency | (3,005) |
| | 481,246 |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 5,671,998 |
| Foreign currency | 5,132 |
| | 5,677,130 |
| **Net gain (loss)** | **6,158,376** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 6,340,623** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations:<br>Net investment income (loss) | 182,247 | $ 149,728 |
| Net realized gain (loss) | 481,246 | 2,189,088 |
| Change in net unrealized appreciation (depreciation) | 5,677,130 | (5,431,199) |
| Net increase (decrease) in net assets resulting from operations | 6,340,623 | (3,092,383) |
| Distributions to shareholders:<br>Class A | (2,329,682) | (219,217) |
| Fund share transactions:<br>**Class A**<br>Proceeds from shares sold | 217,394 | 730,055 |
| Reinvestment of distributions | 2,329,682 | 219,217 |
| Payments for shares redeemed | (1,963,478) | (3,317,394) |
| Net increase (decrease) in net assets from Class A share transactions | 583,598 | (2,368,122) |
| **Increase (decrease) in net assets** | 4,594,539 | (5,679,722) |
| Net assets at beginning of period | 24,928,673 | 30,608,395 |
| Net assets at end of period | **29,523,212** | **24,928,673** |

| **Other Information** | | |
|---|---|---|
| **Class A**<br>Shares outstanding at beginning of period | 2,415,204 | 2,616,821 |
| Shares sold | 18,287 | 62,443 |
| Shares issued to shareholders in reinvestment of distributions | 200,144 | 19,281 |
| Shares redeemed | (169,134) | (283,341) |
| Net increase (decrease) in Class A shares | 49,297 | (201,617) |
| Shares outstanding at end of period | **2,464,501** | **2,415,204** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 10.32** | **$ 11.70** | **$ 9.48** | **$9.00** | **$ 9.21** | **$9.27** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .08 | .06 | .05 | .04 | .05 | .06 |
| Net realized and unrealized gain (loss) | 2.59 | (1.35) | 2.22 | .51 | (.21) | .04 |
| **Total from investment operations** | 2.67 | (1.29) | 2.27 | .55 | (.16) | .10 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.06) | (.09) | (.05) | (.07) | (.05) | (.16) |
| Net realized gains | (.95) | — | — | — | — | — |
| **Total distributions** | (1.01) | (.09) | (.05) | (.07) | (.05) | (.16) |
| **Net asset value, end of period** | **$ 11.98** | **$ 10.32** | **$11.70** | **$9.48** | **$ 9.00** | **$9.21** |
| Total Return (%) | 26.15[b]** | (11.12)[b] | 24.04[b] | 6.11[b,c] | (1.75)[b] | 1.14 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 30 | 25 | 31 | 43 | 49 | 68 |
| Ratio of expenses before expense reductions (%)[d] | 1.22* | 1.22 | 1.06 | 1.03 | 1.00 | .95 |
| Ratio of expenses after expense reductions (%)[d] | .89* | .92 | .95 | .95 | .91 | .95 |
| Ratio of net investment income (%) | 1.31* | .51 | .49 | .49 | .58 | .59 |
| Portfolio turnover rate (%) | 6** | 43 | 19 | 46 | 79 | 78 |

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 0.31%.
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

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 (the "Fund") is a diversified series of Deutsche DWS 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government &

Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, the Fund had securities on loan, which were classified as common stocks 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'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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $20,792,859. The net unrealized appreciation for all investments based on tax cost was $9,356,239. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $10,174,637 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $818,398.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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 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, 2019, purchases and sales of investment transactions (excluding short-term investments) aggregated $1,756,946 and $3,544,408, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through April 30, 2020, 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 0.89%.

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed were $46,165.

**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, 2019, the Administration Fee was $13,860, of which $2,370 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, 2019, the amounts charged to the Fund by DSC aggregated $40, of which $13 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,331, of which $3,756 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Securities Lending Fees.** Deutsche Bank AG serves as lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred lending agent fees to Deutsche Bank AG in the amount of $1,303.

## D. Ownership of the Fund

At June 30, 2019, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 99%.

## 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,261.50 |
| Expenses Paid per $1,000* | $ 4.99 |

| **Hypothetical 5% Fund Return** | **Class A** |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,020.38 |
| Expenses Paid per $1,000* | $ 4.46 |

* 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 | .89% |

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 DWS Global Equity VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, the Fund's performance (Class A shares) was in the 3rd 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 outperformed its benchmark in the one-year period and has underperformed its benchmark in the three- and five-year periods ended December 31, 2017.

**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, 2017). 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, 2017, 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 DWS U.S. registered funds ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

VS2GE-3 (R-028380-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

## DWS Global Income Builder VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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.**

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.

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

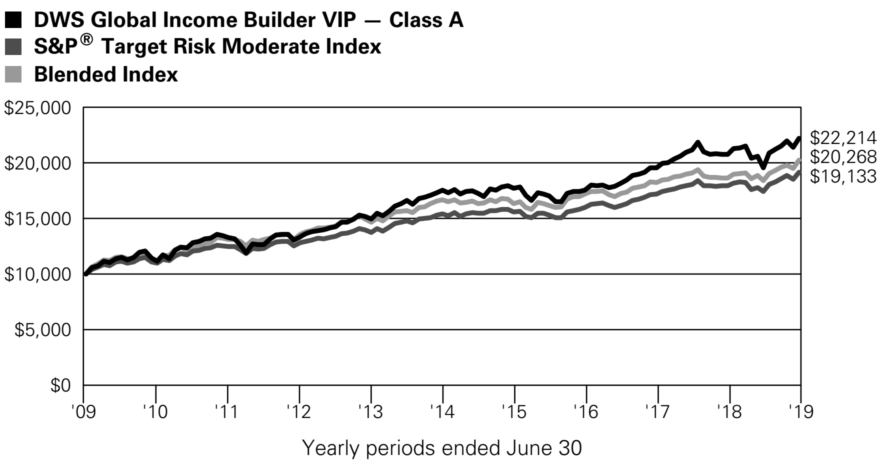
**June 30, 2019 (Unaudited)**

**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 ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2019 are 0.69% 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 Global Income Builder VIP




The S&P® Target Risk Moderate Index offers significant exposure to fixed income, while also increasing opportunities for higher returns through equities.

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 is based on the MSCI World Index, its parent index, and includes large and mid-capitalization stocks across 23 developed markets countries. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. The index also applies quality screens and reviews 12-month past performance to omit stocks with potentially deteriorating fundamentals that could force them to cut or reduce dividends.

Bloomberg Barclays U.S. Universal Index measures the performance of U.S. dollar-denominated taxable bonds that are rated either investment grade or high yield. The index includes U.S. Treasury bonds, investment-grade and high yield U.S. corporate bonds, mortgage-backed securities, and Eurodollar bonds.

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 | $11,353 | $10,687 | $12,642 | $12,670 | $22,214 |
| | Average annual total return | 13.53% | 6.87% | 8.13% | 4.85% | 8.31% |
| S&P® Target Risk Moderate Index | Growth of $10,000 | $10,993 | $10,676 | $11,986 | $12,390 | $19,133 |
| | Average annual total return | 9.93% | 6.76% | 6.22% | 4.38% | 6.70% |
| Blended Index | Growth of $10,000 | $11,021 | $10,871 | $11,798 | $12,153 | $20,268 |
| | Average annual total return | 10.21% | 8.71% | 5.67% | 3.98% | 7.32% |

The growth of $10,000 is cumulative.

| DWS Global Income Builder VIP | | 6-Month‡ | 1-Year | Life of Class* |
|---|---|---|---|---|
| **Class B** | Growth of $10,000 | $11,343 | $10,667 | $10,667 |
| | Average annual total return | 13.43% | 6.67% | 5.73% |
| S&P® Target Risk Moderate Index | Growth of $10,000 | $10,933 | $10,676 | $10,697 |
| | Average annual total return | 9.93% | 6.76% | 5.95% |
| Blended Index | Growth of $10,000 | $11,021 | $10,871 | $10,840 |
| | Average annual total return | 10.21% | 8.71% | 7.16% |

The growth of $10,000 is cumulative.

* Class B commenced operations on May 1, 2018.

‡ 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) | **6/30/19** | **12/31/18** |
|---|---|---|
| **Equity** | **63%** | **61%** |
| Common Stocks | 55% | 55% |
| Preferred Stocks | 5% | 6% |
| Exchange-Traded Funds | 3% | — |
| **Fixed Income** | **36%** | **37%** |
| Corporate Bonds | 13% | 13% |
| Asset-Backed | 9% | 6% |
| Collateralized Mortgage Obligations | 3% | 2% |
| Mortgage-Backed Securities Pass-Throughs | 3% | 0% |
| Commercial Mortgage-Backed Securities | 3% | 1% |
| Short-Term U.S. Treasury Obligations | 3% | 3% |
| Government & Agency Obligations | 2% | 9% |
| Convertible Bonds | 0% | 0% |
| Exchange-Traded Funds | — | 3% |
| **Cash Equivalents** | **1%** | **2%** |
| | 100% | 100% |

| **Sector Diversification** (As a % of Equities, Corporate Bonds, Preferred Securities and Convertible Bonds) | **6/30/19** | **12/31/18** |
|---|---|---|
| Financials | 18% | 17% |
| Information Technology | 13% | 12% |
| Communication Services | 12% | 12% |
| Energy | 11% | 13% |
| Consumer Discretionary | 10% | 9% |
| Health Care | 9% | 9% |
| Utilities | 7% | 5% |
| Industrials | 7% | 8% |
| Consumer Staples | 6% | 6% |
| Real Estate | 5% | 6% |
| Materials | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Management Team

Darwei Kung, Managing Director
Di Kumble, CFA, Managing Director
Thomas M. Farina, CFA, Managing Director
Dokyoung Lee, CFA, Director
Scott Agi, CFA, Director
Portfolio Managers

# Investment Portfolio

June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 56.4%** | | |
| **Communication Services 5.5%** | | |
| **Diversified Telecommunication Services 2.2%** | | |
| AT&T, Inc. | 19,448 | 651,703 |
| BCE, Inc. | 3,354 | 152,595 |
| Deutsche Telekom AG (Registered) | 8,895 | 153,912 |
| Nippon Telegraph & Telephone Corp. | 3,694 | 172,223 |
| Orange SA | 11,067 | 174,414 |
| Singapore Telecommunications Ltd. | 63,979 | 165,489 |
| Swisscom AG (Registered) | 317 | 159,237 |
| Telefonica SA | 18,171 | 149,254 |
| Telenor ASA | 7,216 | 153,138 |
| Telia Co. AB | 33,823 | 150,195 |
| TELUS Corp. | 6,071 | 224,426 |
| Verizon Communications, Inc. | 8,609 | 491,832 |
| | | **2,798,418** |
| **Entertainment 0.5%** | | |
| NetEase, Inc. (ADR) | 881 | 225,333 |
| Netflix, Inc.* | 393 | 144,357 |
| Walt Disney Co. | 2,526 | 352,731 |
| | | **722,421** |
| **Interactive Media & Services 1.6%** | | |
| Alphabet, Inc. "A"* | 433 | 468,853 |
| Alphabet, Inc. "C"* | 458 | 495,057 |
| Baidu, Inc. (ADR)* | 1,351 | 158,553 |
| Facebook, Inc. "A"* | 3,594 | 693,642 |
| Tencent Holdings Ltd. (ADR) | 5,200 | 235,352 |
| | | **2,051,457** |
| **Media 0.8%** | | |
| Comcast Corp. "A" | 6,840 | 289,195 |
| Interpublic Group of Companies, Inc. | 6,572 | 148,461 |
| ITV PLC | 107,329 | 147,166 |
| Omnicom Group, Inc. | 1,806 | 148,002 |
| Shaw Communications, Inc. "B" | 7,069 | 144,236 |
| WPP PLC | 12,837 | 161,668 |
| | | **1,038,728** |
| **Wireless Telecommunication Services 0.4%** | | |
| KDDI Corp. | 7,285 | 185,230 |
| NTT DoCoMo, Inc. | 7,730 | 180,294 |
| Vodafone Group PLC | 117,640 | 192,938 |
| | | **558,462** |
| **Consumer Discretionary 6.6%** | | |
| **Auto Components 0.3%** | | |
| Bridgestone Corp. (a) | 3,745 | 147,712 |
| Nokian Renkaat Oyj* | 6,259 | 195,527 |
| | | **343,239** |
| **Automobiles 1.2%** | | |
| Bayerische Motoren Werke AG | 2,022 | 149,618 |
| Daimler AG (Registered) | 2,858 | 158,877 |
| Ford Motor Co. | 21,189 | 216,763 |
| General Motors Co. | 4,609 | 177,585 |
| Honda Motor Co., Ltd. | 5,849 | 151,454 |
| Renault SA | 2,394 | 150,614 |
| Subaru Corp. | 7,354 | 179,051 |
| Toyota Motor Corp. | 5,062 | 314,854 |
| | | **1,498,816** |
| **Diversified Consumer Services 0.4%** | | |
| H&R Block, Inc. | 5,302 | 155,349 |
| New Oriental Education & Technology Group, Inc. (ADR)* | 1,744 | 168,435 |
| Tal Education Group (ADR)* | 5,558 | 211,760 |
| | | **535,544** |
| **Hotels, Restaurants & Leisure 0.8%** | | |
| Carnival Corp. | 2,798 | 130,247 |
| Darden Restaurants, Inc. | 1,187 | 144,494 |
| Las Vegas Sands Corp. | 2,993 | 176,856 |
| McDonald's Corp. | 1,440 | 299,030 |
| Starbucks Corp. | 2,008 | 168,331 |
| Yum! Brands, Inc. | 1,317 | 145,752 |
| | | **1,064,710** |
| **Household Durables 0.5%** | | |
| Garmin Ltd. | 1,872 | 149,386 |
| Leggett & Platt, Inc. | 3,776 | 144,885 |
| Newell Brands, Inc. | 11,065 | 170,622 |
| Sekisui House Ltd. | 10,808 | 178,515 |
| | | **643,408** |
| **Internet & Direct Marketing Retail 1.3%** | | |
| Alibaba Group Holding Ltd. (ADR)* | 961 | 162,842 |
| Amazon.com, Inc.* | 645 | 1,221,391 |
| Ctrip.com International Ltd. (ADR)* | 4,207 | 155,280 |
| JD.com, Inc. (ADR)* | 5,336 | 161,627 |
| | | **1,701,140** |
| **Leisure Products 0.1%** | | |
| Hasbro, Inc. | 1,416 | **149,643** |
| **Multiline Retail 0.6%** | | |
| Kohl's Corp. | 2,959 | 140,701 |
| Macy's, Inc. | 7,354 | 157,817 |
| Marks & Spencer Group PLC | 54,389 | 145,266 |
| Target Corp. | 1,889 | 163,606 |
| Wesfarmers Ltd. | 6,007 | 152,506 |
| | | **759,896** |
| **Specialty Retail 0.8%** | | |
| Hennes & Mauritz AB "B" | 8,975 | 159,592 |
| Home Depot, Inc. | 2,072 | 430,914 |
| Lowe's Companies, Inc. | 1,471 | 148,439 |
| The Gap, Inc. | 7,850 | 141,064 |
| TJX Companies, Inc. | 2,771 | 146,530 |
| | | **1,026,539** |
| **Textiles, Apparel & Luxury Goods 0.6%** | | |
| Cie Financiere Richemont SA (Registered) | 1,794 | 152,096 |
| LVMH Moet Hennessy Louis Vuitton SE | 353 | 150,301 |
| NIKE, Inc. "B" | 1,824 | 153,125 |
| Tapestry, Inc. | 4,722 | 149,829 |
| VF Corp. | 1,688 | 147,447 |
| | | **752,798** |

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

| | Shares | Value ($) |
|---|---|---|
| **Consumer Staples 3.9%** | | |
| **Beverages 0.8%** | | |
| Ambev SA (ADR) | 31,899 | 148,968 |
| Coca-Cola Co. | 7,012 | 357,051 |
| Diageo PLC | 3,397 | 146,290 |
| PepsiCo, Inc. | 2,549 | 334,250 |
| | | **986,559** |
| **Food & Staples Retailing 0.4%** | | |
| Costco Wholesale Corp. | 599 | 158,291 |
| Walgreens Boots Alliance, Inc. | 2,822 | 154,279 |
| Walmart, Inc. | 2,067 | 228,383 |
| | | **540,953** |
| **Food Products 1.2%** | | |
| Archer-Daniels-Midland Co. | 3,682 | 150,226 |
| Bunge Ltd. | 2,582 | 143,843 |
| General Mills, Inc. | 2,786 | 146,321 |
| Kellogg Co. | 2,619 | 140,300 |
| Mondelez International, Inc. "A" | 2,788 | 150,273 |
| Mowi ASA | 6,899 | 161,376 |
| Nestle SA (Registered) | 5,255 | 543,949 |
| The JM Smucker Co. | 1,197 | 137,882 |
| | | **1,574,170** |
| **Household Products 0.6%** | | |
| Colgate-Palmolive Co. | 2,014 | 144,343 |
| Kimberly-Clark Corp. | 1,234 | 164,468 |
| Procter & Gamble Co. | 4,402 | 482,679 |
| | | **791,490** |
| **Tobacco 0.9%** | | |
| Altria Group, Inc. | 6,624 | 313,646 |
| British American Tobacco PLC | 6,632 | 231,874 |
| Japan Tobacco, Inc. | 11,817 | 260,790 |
| Philip Morris International, Inc. | 4,507 | 353,935 |
| | | **1,160,245** |
| **Energy 4.5%** | | |
| **Oil, Gas & Consumable Fuels** | | |
| BP PLC | 55,166 | 384,939 |
| Chevron Corp. | 3,414 | 424,838 |
| Enbridge, Inc. | 6,151 | 222,153 |
| Eni SpA | 11,984 | 199,496 |
| Exxon Mobil Corp. | 8,852 | 678,329 |
| Gazprom PJSC (ADR) | 43,031 | 314,987 |
| Kinder Morgan, Inc. | 8,949 | 186,855 |
| LUKOIL PJSC (ADR) | 5,626 | 472,697 |
| Neste Oyj | 5,776 | 196,545 |
| Occidental Petroleum Corp. | 3,619 | 181,963 |
| ONEOK, Inc. | 3,295 | 226,729 |
| Pembina Pipeline Corp. | 4,177 | 155,495 |
| Petroleo Brasileiro SA (ADR) (Preferred) | 10,757 | 152,749 |
| Phillips 66 | 1,728 | 161,637 |
| Plains GP Holdings LP "A"* | 7,270 | 181,532 |
| Repsol SA | 9,138 | 143,444 |
| Royal Dutch Shell PLC "A" | 11,423 | 373,255 |
| Royal Dutch Shell PLC "B" | 10,265 | 336,344 |
| TC Energy Corp. (a) | 3,205 | 158,886 |
| Total SA | 5,013 | 280,842 |
| Valero Energy Corp. | 1,913 | 163,772 |
| Williams Companies, Inc. | 7,839 | 219,806 |
| | | **5,817,293** |

| | Shares | Value ($) |
|---|---|---|
| **Financials 8.7%** | | |
| **Banks 5.3%** | | |
| Aozora Bank Ltd. | 6,123 | 147,090 |
| Australia & New Zealand Banking Group Ltd. | 8,355 | 165,572 |
| Banco Bradesco SA (ADR) (Preferred) | 14,912 | 146,436 |
| Banco Santander SA | 31,787 | 147,167 |
| Bank of America Corp. | 14,406 | 417,774 |
| Bank of Montreal | 1,922 | 145,183 |
| Bank of Nova Scotia | 3,223 | 173,117 |
| BB&T Corp. | 3,016 | 148,176 |
| BNP Paribas SA | 4,159 | 197,586 |
| Canadian Imperial Bank of Commerce (a) | 1,902 | 149,569 |
| Citigroup, Inc. | 3,108 | 217,653 |
| Commonwealth Bank of Australia | 4,021 | 233,751 |
| HSBC Holdings PLC | 44,888 | 374,683 |
| ING Groep NV | 12,787 | 148,212 |
| Itau Unibanco Holding SA (ADR) (Preferred) | 38,240 | 360,221 |
| Japan Post Bank Co., Ltd. | 14,126 | 143,461 |
| JPMorgan Chase & Co. | 5,809 | 649,446 |
| KBC Group NV | 2,180 | 143,092 |
| Lloyds Banking Group PLC | 210,681 | 151,689 |
| Mitsubishi UFJ Financial Group, Inc. | 31,895 | 151,753 |
| Mizuho Financial Group, Inc. | 124,229 | 180,163 |
| National Australia Bank Ltd. | 11,560 | 216,922 |
| People's United Financial, Inc. | 8,998 | 150,986 |
| Royal Bank of Canada | 2,112 | 167,841 |
| Sberbank of Russia PJSC (ADR) | 32,964 | 503,690 |
| Skandinaviska Enskilda Banken AB "A" | 16,186 | 149,650 |
| Sumitomo Mitsui Financial Group, Inc. | 4,498 | 159,066 |
| Toronto-Dominion Bank | 3,039 | 177,576 |
| U.S. Bancorp. | 2,849 | 149,288 |
| Wells Fargo & Co. | 7,081 | 335,073 |
| Westpac Banking Corp. | 11,460 | 228,322 |
| | | **6,830,208** |
| **Capital Markets 0.4%** | | |
| CME Group, Inc. | 804 | 156,065 |
| Invesco Ltd. | 6,943 | 142,054 |
| UBS Group AG (Registered)* | 12,239 | 145,549 |
| | | **443,668** |
| **Diversified Financial Services 0.2%** | | |
| Berkshire Hathaway, Inc. "B"* | 1,438 | **306,538** |
| **Insurance 2.8%** | | |
| Admiral Group PLC | 6,979 | 195,909 |
| Ageas | 2,842 | 147,733 |
| Allianz SE (Registered) | 705 | 170,030 |
| American Financial Group, Inc. | 1,514 | 155,139 |
| Assicurazioni Generali SpA | 10,640 | 200,272 |
| Aviva PLC | 34,329 | 181,698 |
| AXA SA | 6,674 | 175,273 |
| Baloise Holding AG (Registered) | 822 | 145,505 |
| Chubb Ltd. | 994 | 146,406 |
| Great-West Lifeco, Inc. | 6,225 | 143,319 |
| Japan Post Holdings Co., Ltd. | 12,758 | 144,516 |
| Legal & General Group PLC | 42,093 | 144,221 |
| MetLife, Inc. | 3,006 | 149,308 |

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

| | Shares | Value ($) |
|---|---|---|
| Muenchener Rueckversicherungs-Gesellschaft AG (Registered) | 626 | 157,158 |
| Poste Italiane SpA 144A | 14,205 | 149,554 |
| Power Corp. of Canada | 6,789 | 146,247 |
| Power Financial Corp. | 7,176 | 165,050 |
| Sampo Oyj "A" | 6,448 | 304,458 |
| Swiss Life Holding AG (Registered) | 334 | 165,706 |
| Swiss Re AG | 2,308 | 234,475 |
| Zurich Insurance Group AG | 705 | 245,051 |
| | | **3,667,028** |
| **Health Care 5.3%** | | |
| **Biotechnology 0.7%** | | |
| AbbVie, Inc. | 5,161 | 375,308 |
| Amgen, Inc. | 1,560 | 287,477 |
| Gilead Sciences, Inc. | 4,197 | 283,549 |
| | | **946,334** |
| **Health Care Equipment & Supplies 0.3%** | | |
| Abbott Laboratories | 2,356 | 198,140 |
| Medtronic PLC | 2,128 | 207,246 |
| | | **405,386** |
| **Health Care Providers & Services 0.5%** | | |
| Anthem, Inc. | 530 | 149,571 |
| CVS Health Corp. | 2,731 | 148,812 |
| UnitedHealth Group, Inc. | 1,346 | 328,438 |
| | | **626,821** |
| **Life Sciences Tools & Services 0.1%** | | |
| Thermo Fisher Scientific, Inc. | 547 | **160,643** |
| **Pharmaceuticals 3.7%** | | |
| Allergan PLC | 1,129 | 189,028 |
| Astellas Pharma, Inc. | 10,586 | 151,036 |
| AstraZeneca PLC | 2,549 | 208,273 |
| Bayer AG (Registered) | 2,383 | 164,794 |
| Bristol-Myers Squibb Co. | 3,683 | 167,024 |
| Eli Lilly & Co. | 1,857 | 205,737 |
| GlaxoSmithKline PLC | 14,735 | 294,996 |
| Johnson & Johnson | 5,507 | 767,015 |
| Merck & Co., Inc. | 4,717 | 395,520 |
| Mitsubishi Tanabe Pharma Corp. | 12,245 | 136,397 |
| Novartis AG (Registered) | 4,596 | 419,490 |
| Novo Nordisk AS "B" | 3,039 | 155,042 |
| Pfizer, Inc. | 12,127 | 525,342 |
| Roche Holding AG (Genusschein) | 1,554 | 437,553 |
| Sanofi | 2,691 | 232,566 |
| Takeda Pharmaceutical Co., Ltd. | 7,097 | 252,185 |
| | | **4,701,998** |
| **Industrials 5.1%** | | |
| **Aerospace & Defense 0.9%** | | |
| BAE Systems PLC | 23,529 | 148,090 |
| Boeing Co. | 761 | 277,012 |
| General Dynamics Corp. | 838 | 152,365 |
| Lockheed Martin Corp. | 442 | 160,685 |
| Northrop Grumman Corp. | 442 | 142,815 |
| Raytheon Co. | 761 | 132,323 |
| United Technologies Corp. | 1,141 | 148,558 |
| | | **1,161,848** |
| **Air Freight & Logistics 0.1%** | | |
| United Parcel Service, Inc. "B" | 1,460 | **150,774** |
| **Airlines 0.1%** | | |
| easyJet PLC | 12,307 | **148,911** |
| **Building Products 0.3%** | | |
| Johnson Controls International PLC | 3,652 | 150,864 |
| LIXIL Group Corp. | 10,313 | 163,037 |
| | | **313,901** |
| **Commercial Services & Supplies 0.3%** | | |
| Quad Graphics, Inc. | 2 | 16 |
| Republic Services, Inc. | 1,645 | 142,523 |
| Secom Co., Ltd. | 1,693 | 145,980 |
| Waste Management, Inc. | 1,247 | 143,866 |
| | | **432,385** |
| **Construction & Engineering 0.2%** | | |
| Bouygues SA | 3,982 | 147,645 |
| Kajima Corp. | 10,141 | 139,512 |
| | | **287,157** |
| **Electrical Equipment 0.4%** | | |
| ABB Ltd. (Registered) | 7,388 | 148,466 |
| Eaton Corp. PLC | 1,812 | 150,903 |
| Emerson Electric Co. | 2,358 | 157,326 |
| | | **456,695** |
| **Industrial Conglomerates 0.4%** | | |
| 3M Co. | 854 | 148,033 |
| Honeywell International, Inc. | 1,175 | 205,143 |
| Siemens AG (Registered) | 1,209 | 143,877 |
| | | **497,053** |
| **Machinery 0.9%** | | |
| Caterpillar, Inc. | 1,357 | 184,945 |
| Cummins, Inc. | 882 | 151,122 |
| Illinois Tool Works, Inc. | 939 | 141,611 |
| Ingersoll-Rand PLC | 1,170 | 148,204 |
| Kone Oyj "B" | 2,558 | 150,892 |
| Mitsubishi Heavy Industries Ltd. | 3,318 | 144,735 |
| PACCAR, Inc. | 3,352 | 240,204 |
| | | **1,161,713** |
| **Marine 0.1%** | | |
| Kuehne + Nagel International AG (Registered) | 1,102 | **163,728** |
| **Professional Services 0.5%** | | |
| Adecco Group AG (Registered) | 2,954 | 177,590 |
| Nielsen Holdings PLC | 7,948 | 179,625 |
| RELX PLC | 5,983 | 145,287 |
| SGS SA (Registered) | 55 | 140,073 |
| | | **642,575** |
| **Road & Rail 0.3%** | | |
| Aurizon Holdings Ltd. | 39,101 | 148,346 |
| Union Pacific Corp. | 1,040 | 175,874 |
| | | **324,220** |
| **Trading Companies & Distributors 0.6%** | | |
| ITOCHU Corp. | 8,910 | 170,529 |
| Marubeni Corp. | 23,994 | 159,187 |
| Mitsubishi Corp. | 6,584 | 173,842 |
| Mitsui & Co., Ltd. | 9,235 | 150,624 |
| Sumitomo Corp. | 9,577 | 145,408 |
| | | **799,590** |

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

| | Shares | Value ($) |
|---|---|---|
| **Information Technology 9.2%** | | |
| **Communications Equipment 0.8%** | | |
| Cisco Systems, Inc. | 9,540 | 522,124 |
| Juniper Networks, Inc. | 5,507 | 146,651 |
| Motorola Solutions, Inc. | 868 | 144,722 |
| Nokia Oyj | 38,662 | 192,429 |
| | | **1,005,926** |
| **Electronic Equipment, Instruments & Components 0.3%** | | |
| Corning, Inc. | 4,817 | 160,069 |
| TE Connectivity Ltd. | 1,637 | 156,792 |
| | | **316,861** |
| **IT Services 2.4%** | | |
| Accenture PLC "A" | 1,304 | 240,940 |
| Automatic Data Processing, Inc. | 1,262 | 208,646 |
| Broadridge Financial Solutions, Inc. | 1,090 | 139,171 |
| Fidelity National Information Services, Inc. | 1,169 | 143,413 |
| Fujitsu Ltd. | 2,069 | 144,405 |
| Infosys Ltd. (ADR) | 19,405 | 207,634 |
| International Business Machines Corp. | 2,798 | 385,844 |
| Leidos Holdings, Inc. | 1,808 | 144,369 |
| MasterCard, Inc. "A" | 1,518 | 401,557 |
| Paychex, Inc. | 2,100 | 172,809 |
| PayPal Holdings, Inc.* | 1,385 | 158,527 |
| Visa, Inc. "A" | 2,951 | 512,146 |
| Western Union Co. | 10,597 | 210,774 |
| | | **3,070,235** |
| **Semiconductors & Semiconductor Equipment 1.8%** | | |
| Analog Devices, Inc. | 1,415 | 159,711 |
| Broadcom, Inc. | 933 | 268,573 |
| Intel Corp. | 9,449 | 452,324 |
| KLA-Tencor Corp. | 1,314 | 155,315 |
| Maxim Integrated Products, Inc. | 2,604 | 155,771 |
| QUALCOMM., Inc. | 2,642 | 200,977 |
| Taiwan Semiconductor Manufacturing Co., Ltd. (ADR) | 12,917 | 505,959 |
| Texas Instruments, Inc. | 2,462 | 282,539 |
| Tokyo Electron Ltd. | 1,180 | 166,010 |
| | | **2,347,179** |
| **Software 2.2%** | | |
| Adobe, Inc.* | 622 | 183,272 |
| Intuit, Inc. | 550 | 143,731 |
| Micro Focus International PLC | 5,776 | 151,518 |
| Microsoft Corp. | 12,796 | 1,714,152 |
| Oracle Corp. | 4,636 | 264,113 |
| salesforce.com, Inc.* | 889 | 134,888 |
| SAP SE | 1,161 | 159,506 |
| Trend Micro, Inc. | 3,130 | 139,485 |
| | | **2,890,665** |
| **Technology Hardware, Storage & Peripherals 1.7%** | | |
| Apple, Inc. | 7,741 | 1,532,099 |
| Canon, Inc. (a) | 8,175 | 238,746 |
| HP, Inc. | 7,555 | 157,068 |
| Samsung Electronics Co., Ltd. (GDR) | 157 | 159,669 |
| Seagate Technology PLC | 3,288 | 154,931 |
| | | **2,242,513** |

| | Shares | Value ($) |
|---|---|---|
| **Materials 1.2%** | | |
| **Chemicals 0.7%** | | |
| Air Products & Chemicals, Inc. | 635 | 143,745 |
| BASF SE | 2,056 | 149,731 |
| Dow, Inc.* | 2,805 | 138,315 |
| DuPont de Nemours, Inc. | 1,477 | 110,878 |
| GEO Specialty Chemicals, Inc.* (b) | 161,069 | 50,576 |
| Linde PLC | 821 | 164,857 |
| LyondellBasell Industries NV "A" | 1,796 | 154,689 |
| | | **912,791** |
| **Construction Materials 0.1%** | | |
| LafargeHolcim Ltd. (Registered)* | 2,910 | **142,256** |
| **Metals & Mining 0.3%** | | |
| JFE Holdings, Inc. | 10,227 | 150,849 |
| Rio Tinto PLC | 2,492 | 154,388 |
| | | **305,237** |
| **Paper & Forest Products 0.1%** | | |
| UPM-Kymmene Oyj | 5,927 | **157,663** |
| **Real Estate 2.5%** | | |
| **Equity Real Estate Investment Trusts (REITs)** | | |
| AvalonBay Communities, Inc. | 689 | 139,991 |
| Crown Castle International Corp. | 1,156 | 150,685 |
| HCP, Inc. | 4,882 | 156,126 |
| Kimco Realty Corp. | 10,005 | 184,893 |
| Land Securities Group PLC | 14,614 | 154,719 |
| Liberty Property Trust | 3,059 | 153,072 |
| Mid-America Apartment Communities, Inc. | 1,216 | 143,196 |
| National Retail Properties, Inc. | 2,814 | 149,170 |
| Prologis, Inc. | 1,955 | 156,596 |
| Public Storage | 658 | 156,716 |
| Realty Income Corp. | 2,168 | 149,527 |
| RioCan Real Estate Investment Trust | 7,622 | 151,270 |
| Simon Property Group, Inc. | 991 | 158,322 |
| Stockland (a) | 54,185 | 158,703 |
| Ventas, Inc. | 2,691 | 183,930 |
| VEREIT, Inc. | 24,627 | 221,889 |
| Vicinity Centres | 84,544 | 145,545 |
| Welltower, Inc. | 1,983 | 161,674 |
| Weyerhaeuser Co. | 6,003 | 158,119 |
| WP Carey, Inc. | 2,001 | 162,441 |
| | | **3,196,584** |
| **Utilities 3.9%** | | |
| **Electric Utilities 2.3%** | | |
| American Electric Power Co., Inc. | 2,004 | 176,372 |
| Duke Energy Corp. | 3,482 | 307,252 |
| EDP — Energias de Portugal SA | 54,758 | 208,053 |
| Endesa SA (a) | 5,674 | 145,884 |
| Enel SpA | 22,718 | 158,656 |
| Entergy Corp. | 1,523 | 156,762 |
| Evergy, Inc. | 2,514 | 151,217 |
| Exelon Corp. | 3,032 | 145,354 |
| FirstEnergy Corp. | 3,386 | 144,955 |
| Fortum Oyj | 7,646 | 169,006 |
| NextEra Energy, Inc. | 888 | 181,916 |
| OGE Energy Corp. | 3,523 | 149,939 |
| Pinnacle West Capital Corp. | 1,556 | 146,404 |
| Power Assets Holdings Ltd. | 21,549 | 155,008 |

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

| | Shares | Value ($) |
|---|---|---|
| PPL Corp. | 5,395 | 167,299 |
| Southern Co. | 3,836 | 212,054 |
| Xcel Energy, Inc. | 2,617 | 155,685 |
| | | **2,931,816** |
| **Gas Utilities 0.2%** | | |
| Enagas SA | 5,198 | 138,767 |
| Snam SpA | 29,114 | 144,668 |
| | | **283,435** |
| **Multi-Utilities 1.4%** | | |
| Ameren Corp. | 1,967 | 147,741 |
| CenterPoint Energy, Inc. | 6,556 | 187,698 |
| Consolidated Edison, Inc. | 1,678 | 147,127 |
| Dominion Energy, Inc | 4,314 | 333,558 |
| DTE Energy Co. | 1,146 | 146,550 |
| Engie SA | 9,871 | 149,597 |
| National Grid PLC | 23,196 | 246,145 |
| Public Service Enterprise Group, Inc. | 2,497 | 146,874 |
| Sempra Energy | 1,163 | 159,843 |
| WEC Energy Group, Inc. | 1,868 | 155,735 |
| | | **1,820,868** |
| **Total Common Stocks** (Cost $60,217,635) | | **72,769,132** |

## Preferred Stocks 4.8%

### Financials 3.2%

| | Shares | Value ($) |
|---|---|---|
| AGNC Investment Corp. Series C, 7.0% | 14,427 | 375,102 |
| AGNC Investment Corp. Series B, 7.75% | 18,000 | 460,440 |
| Bank of America Corp. Series Y, 6.5% | 15,000 | 382,800 |
| BB&T Corp. 5.625% | 10,000 | 257,400 |
| Capital One Financial Corp. Series G, 5.2% | 10,000 | 249,700 |
| Citigroup, Inc. Series S, 6.3% | 15,000 | 392,100 |
| Fifth Third Bancorp. Series I, 6.625% | 10,000 | 275,500 |
| JPMorgan Chase & Co. Series AA, 6.1% | 15,000 | 391,350 |
| KeyCorp Series E, 6.125% | 10,000 | 278,100 |
| Morgan Stanley Series K, 5.85% | 10,000 | 263,200 |
| The Goldman Sachs Group, Inc. Series J, 5.5% | 17,000 | 441,150 |
| Wells Fargo & Co. Series Y, 5.625% | 15,000 | 384,150 |
| | | **4,150,992** |

### Real Estate 1.0%

| | Shares | Value ($) |
|---|---|---|
| Kimco Realty Corp. Series L, 5.125% | 15,000 | 368,100 |
| Prologis, Inc. Series Q, 8.54% | 164 | 10,996 |
| Simon Property Group, Inc. Series J, 8.375% | 8,000 | 551,120 |
| VEREIT, Inc. Series F, 6.7% | 13,600 | 342,856 |
| | | **1,273,072** |

### Utilities 0.6%

| | Shares | Value ($) |
|---|---|---|
| Dominion Energy, Inc. Series A, 5.25% | 30,000 | **774,000** |
| **Total Preferred Stocks** (Cost $6,389,940) | | **6,198,064** |

## Rights 0.0%

### Energy

| | Shares | Value ($) |
|---|---|---|
| Repsol SA* (Cost $5,172) | 9,138 | **5,069** |

## Warrants 0.0%

### Materials

| | Shares | Value ($) |
|---|---|---|
| Hercules Trust II, Expiration Date 3/31/2029* (b) (Cost $30,284) | 170 | **7,552** |

## Corporate Bonds 13.7%

### Communication Services 3.1%

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| Altice Financing SA, 144A, 7.5%, 5/15/2026 | 200,000 | 201,020 |
| Cablevision Systems Corp., 5.875%, 9/15/2022 | 300,000 | 315,000 |
| CCO Holdings LLC, 144A,: | | |
| 5.375%, 6/1/2029 | 95,000 | 98,088 |
| 5.875%, 5/1/2027 | 250,000 | 263,750 |
| Charter Communications Operating LLC, 5.75%, 4/1/2048 | 125,000 | 138,253 |
| CSC Holdings LLC, 144A, 5.5%, 4/15/2027 | 200,000 | 210,000 |
| Expedia Group, Inc., 3.8%, 2/15/2028 | 180,000 | 183,220 |
| GrubHub Holdings, Inc., 144A, 5.5%, 7/1/2027 | 60,000 | 61,582 |
| Netflix, Inc.: | | |
| 4.375%, 11/15/2026 | 100,000 | 102,280 |
| 5.5%, 2/15/2022 | 365,000 | 383,706 |
| 5.875%, 11/15/2028 | 350,000 | 387,492 |
| Nexstar Escrow, Inc., 144A, 5.625%, 7/15/2027 (d) | 25,000 | 25,594 |
| Sirius XM Radio, Inc., 144A, 4.625%, 7/15/2024 (d) | 120,000 | 122,794 |
| Sprint Communications, Inc., 6.0%, 11/15/2022 | 275,000 | 286,687 |
| Sprint Corp., 7.625%, 2/15/2025 | 300,000 | 319,500 |
| Symantec Corp., 3.95%, 6/15/2022 | 275,000 | 278,502 |
| VeriSign, Inc.: | | |
| 4.625%, 5/1/2023 | 300,000 | 304,890 |
| 5.25%, 4/1/2025 | 300,000 | 320,250 |
| | | **4,002,608** |

### Consumer Discretionary 1.1%

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| 1011778 B.C. Unlimited Liability Co., 144A, 5.0%, 10/15/2025 | 200,000 | 201,560 |
| American Axle & Manufacturing, Inc., 6.25%, 4/1/2025 (a) | 350,000 | 348,250 |
| General Motors Co., 5.95%, 4/1/2049 | 75,000 | 78,577 |
| Hilton Domestic Operating Co., Inc., 144A, 4.875%, 1/15/2030 | 70,000 | 72,100 |
| Hilton Worldwide Finance LLC, 4.875%, 4/1/2027 | 300,000 | 310,035 |
| IAA, Inc., 144A, 5.5%, 6/15/2027 | 50,000 | 52,000 |
| MGM Resorts International, 5.5%, 4/15/2027 | 345,000 | 361,819 |
| | | **1,424,341** |

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

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| **Consumer Staples 0.2%** | | |
| Altria Group, Inc., 5.95%, 2/14/2049 | 70,000 | 79,898 |
| Anheuser-Busch InBev Worldwide, Inc., 5.55%, 1/23/2049 | 121,000 | 148,286 |
| Post Holdings, Inc., 144A, 5.5%, 12/15/2029 (d) | 55,000 | 55,138 |
| | | **283,322** |
| **Energy 3.4%** | | |
| Antero Midstream Partners LP, 144A, 5.75%, 1/15/2028 | 315,000 | 311,850 |
| Apache Corp., 4.25%, 1/15/2030 | 211,000 | 217,580 |
| Boardwalk Pipelines LP, 4.95%, 12/15/2024 | 125,000 | 133,311 |
| Cheniere Corpus Christi Holdings LLC, 5.875%, 3/31/2025 | 200,000 | 222,750 |
| Cheniere Energy Partners LP, 144A, 5.625%, 10/1/2026 | 350,000 | 369,250 |
| Crestwood Midstream Partners LP, 6.25%, 4/1/2023 | 700,000 | 714,000 |
| CrownRock LP, 144A, 5.625%, 10/15/2025 | 100,000 | 100,250 |
| Devon Energy Corp., 5.0%, 6/15/2045 | 110,000 | 126,197 |
| Empresa Nacional del Petroleo, 144A, 5.25%, 11/6/2029 | 200,000 | 226,588 |
| Energy Transfer Operating LP: | | |
| 5.5%, 6/1/2027 | 100,000 | 111,783 |
| 6.25%, 4/15/2049 | 70,000 | 82,939 |
| Enterprise Products Operating LP, 4.2%, 1/31/2050 (d) | 332,000 | 331,309 |
| Hess Corp., 5.8%, 4/1/2047 | 70,000 | 77,722 |
| Hilcorp Energy I LP, 144A, 5.75%, 10/1/2025 | 200,000 | 200,500 |
| Kinder Morgan, Inc., 5.2%, 3/1/2048 | 65,000 | 73,427 |
| MEG Energy Corp., 144A, 6.5%, 1/15/2025 | 200,000 | 201,000 |
| MPLX LP, 5.5%, 2/15/2049 | 70,000 | 79,504 |
| Parkland Fuel Corp., 5.875%, 7/15/2027 (d) | 180,000 | 180,000 |
| Plains All American Pipeline LP, 2.85%, 1/31/2023 | 55,000 | 54,778 |
| Range Resources Corp., 5.0%, 8/15/2022 | 200,000 | 189,750 |
| Targa Resources Partners LP, 5.375%, 2/1/2027 | 200,000 | 207,000 |
| WPX Energy, Inc., 5.25%, 9/15/2024 | 200,000 | 205,250 |
| | | **4,416,738** |
| **Financials 1.6%** | | |
| Banco Santander SA, 2.706%, 6/27/2024 | 200,000 | 200,380 |
| BPCE SA, 144A, 4.875%, 4/1/2026 | 500,000 | 537,848 |
| Citigroup, Inc., 3.98%, 3/20/2030 | 120,000 | 128,169 |
| FS KKR Capital Corp., 4.75%, 5/15/2022 | 70,000 | 70,726 |
| Morgan Stanley, 4.431%, 1/23/2030 | 94,000 | 103,988 |
| REC Ltd., 144A, 5.25%, 11/13/2023 | 200,000 | 213,266 |
| Royal Bank of Scotland Group PLC, 7.5%, Perpetual (e) | 400,000 | 410,000 |
| Synchrony Financial, 4.375%, 3/19/2024 | 90,000 | 94,243 |
| The Allstate Corp., 3.85%, 8/10/2049 | 30,000 | 31,378 |
| Wells Fargo & Co., 3.196%, 6/17/2027 | 100,000 | 101,910 |
| Westpac Banking Corp., 5.0%, Perpetual (e) | 200,000 | 192,900 |
| | | **2,084,808** |
| **Health Care 1.3%** | | |
| AbbVie, Inc., 4.875%, 11/14/2048 | 75,000 | 78,938 |
| Bristol-Myers Squibb Co., 144A, 4.25%, 10/26/2049 | 250,000 | 276,350 |
| CVS Health Corp., 5.05%, 3/25/2048 | 285,000 | 303,559 |
| HCA, Inc.: | | |
| 4.125%, 6/15/2029 | 110,000 | 113,078 |
| 5.25%, 6/15/2026 | 500,000 | 553,604 |
| 7.5%, 2/15/2022 | 350,000 | 385,875 |
| | | **1,711,404** |
| **Industrials 0.4%** | | |
| Clean Harbors, Inc., 144A, 4.875%, 7/15/2027 (d) | 55,000 | 55,899 |
| Park Aerospace Holdings Ltd., 144A, 5.25%, 8/15/2022 | 175,000 | 184,765 |
| Parker-Hannifin Corp., 3.25%, 6/14/2029 | 40,000 | 41,488 |
| Prime Security Services Borrower LLC, 144A, 5.25%, 4/15/2024 | 255,000 | 259,463 |
| | | **541,615** |
| **Information Technology 0.7%** | | |
| Broadcom, Inc., 144A, 4.75%, 4/15/2029 | 70,000 | 71,875 |
| Dell International LLC, 144A, 5.3%, 10/1/2029 | 65,000 | 68,497 |
| Fiserv, Inc.: | | |
| 3.5%, 7/1/2029 | 140,000 | 143,904 |
| 4.4%, 7/1/2049 | 50,000 | 52,604 |
| IQVIA, Inc., 144A, 5.0%, 5/15/2027 | 205,000 | 211,662 |
| NXP BV: | | |
| 144A, 3.875%, 6/18/2026 | 150,000 | 154,162 |
| 144A, 4.3%, 6/18/2029 | 100,000 | 103,088 |
| Oracle Corp., 4.0%, 11/15/2047 | 60,000 | 64,478 |
| | | **870,270** |
| **Materials 0.4%** | | |
| Ardagh Packaging Finance PLC, 144A, 7.25%, 5/15/2024 | 200,000 | 210,750 |
| Freeport-McMoRan, Inc., 4.55%, 11/14/2024 | 235,000 | 240,229 |
| | | **450,979** |
| **Real Estate 0.5%** | | |
| American Tower Corp., 3.8%, 8/15/2029 | 325,000 | 335,011 |
| Hospitality Properties Trust, (REIT), 3.95%, 1/15/2028 | 100,000 | 94,231 |
| Office Properties Income Trust: | | |
| (REIT), 4.15%, 2/1/2022 | 60,000 | 60,881 |
| (REIT), 4.25%, 5/15/2024 | 45,000 | 44,847 |
| Omega Healthcare Investors, Inc.: | | |
| (REIT), 4.5%, 4/1/2027 | 50,000 | 52,284 |
| (REIT), 4.75%, 1/15/2028 | 60,000 | 63,538 |
| | | **650,792** |

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

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| **Utilities 1.0%** | | |
| Israel Electric Corp. Ltd., REG S, 144A, 5.0%, 11/12/2024 | 200,000 | 216,440 |
| NextEra Energy Operating Partners LP, 144A, 4.25%, 7/15/2024 | 275,000 | 276,724 |
| NRG Energy, Inc., 144A, 5.25%, 6/15/2029 | 148,000 | 157,990 |
| Perusahaan Listrik Negara PT, 144A, 2.875%, 10/25/2025 | EUR 260,000 | 317,857 |
| Southern California Edison Co., Series E, 3.7%, 8/1/2025 | 270,000 | 279,181 |
| Vistra Operations Co. LLC, 144A, 5.0%, 7/31/2027 | 55,000 | 56,994 |
| | | **1,305,186** |
| **Total Corporate Bonds** (Cost $17,465,923) | | **17,742,063** |

## Asset-Backed 9.3%

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| **Automobile Receivables 1.7%** | | |
| AmeriCredit Automobile Receivables Trust, "C", Series 2019-2, 2.74%, 4/18/2025 | 720,000 | 723,029 |
| Avis Budget Rental Car Funding AESOP LLC, "C", Series 2019-1A, 144A, 4.53%, 3/20/2023 | 100,000 | 102,827 |
| CPS Auto Receivables Trust, "E", Series 2015-C, 144A, 6.54%, 8/16/2021 | 500,000 | 515,564 |
| Hertz Vehicle Financing II LP, "A", Series 2018-1A, 144A, 3.29%, 2/25/2024 | 500,000 | 508,705 |
| Santander Drive Auto Receivables Trust, "C", Series 2019-1, 3.42%, 4/15/2025 | 250,000 | 254,563 |
| | | **2,104,688** |
| **Credit Card Receivables 2.0%** | | |
| Chase Issuance Trust, "A1", Series 2018-A1, 2.594%**, 4/17/2023 | 1,600,000 | 1,601,600 |
| Citibank Credit Card Issuance Trust, "A7", Series 2017-A7, 2.782%**, 8/8/2024 | 1,000,000 | 1,002,298 |
| | | **2,603,898** |
| **Miscellaneous 5.6%** | | |
| Apidos CLO XXIX, "A2", Series 2018-29A, 144A, 3-month USD-LIBOR + 1.550%, 4.13%**, 7/25/2030 | 1,500,000 | 1,480,229 |
| DB Master Finance LLC, "A2I", Series 2019-1A, 144A, 3.787%, 5/20/2049 | 220,000 | 224,690 |
| Dell Equipment Finance Trust, "D", Series 2017-1, 144A, 3.44%, 4/24/2023 | 280,000 | 281,362 |
| Domino's Pizza Master Issuer LLC, "A23", Series 2017-1A, 144A, 4.118%, 7/25/2047 | 334,050 | 346,904 |
| Dryden 55 CLO Ltd., "B", Series 2018-55A, 144A, 3-month USD-LIBOR + 1.550%, 4.147%**, 4/15/2031 | 1,500,000 | 1,485,550 |
| GMF Floorplan Owner Revolving Trust, "C", Series 2019-1, 144A, 3.06%, 4/15/2024 | 260,000 | 263,427 |
| GoldenTree Loan Management CLO Ltd., "C1A", Series 2X, REG S, 3-month EURIBOR + 2.450% floor, 2.45%**, 1/20/2032 | EUR 480,000 | 548,073 |
| Hilton Grand Vacations Trust, "B", Series 2014-AA, 144A, 2.07%, 11/25/2026 | 84,181 | 83,539 |
| Jubilee CLO BV, "C1", Series 2018-21A, 144A, 3-month EURIBOR + 2.500% floor, 2.5%**, 1/15/2032 | EUR 500,000 | 565,415 |
| MVW Owner Trust, "A", Series 2019-1A, 144A, 2.89%, 11/20/2036 | 530,000 | 536,983 |
| Neuberger Berman CLO Ltd., "B", Series 2018-28A, 144A, USD-LIBOR + 1.600%, 4.192%**, 4/20/2030 | 750,000 | 740,475 |
| Taco Bell Funding LLC, "A2I", Series 2018-1A, 144A, 4.318%, 11/25/2048 | 497,500 | 516,052 |
| Wendy's Funding LLC, "A2I", Series 2018-1A, 144A, 3.573%, 3/15/2048 | 157,600 | 158,505 |
| | | **7,231,204** |
| **Total Asset-Backed** (Cost $11,916,792) | | **11,939,790** |

## Mortgage-Backed Securities Pass-Throughs 3.4%

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| Federal Home Loan Mortgage Corp.: | | |
| 4.0%, 8/1/2048 | 1,083,747 | 1,122,755 |
| 6.0%, 3/1/2038 | 2,798 | 3,098 |
| Federal National Mortgage Association: | | |
| 4.0%, 7/1/2049 (d) | 3,100,000 | 3,203,959 |
| 4.5%, 9/1/2035 | 5,423 | 5,668 |
| 6.0%, 1/1/2024 | 7,746 | 8,479 |
| **Total Mortgage-Backed Securities Pass-Throughs** (Cost $4,332,730) | | **4,343,959** |

## Commercial Mortgage-Backed Securities 2.7%

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| BX Commercial Mortgage Trust, "D", Series 2018-IND, 144A, 1-month USD-LIBOR + 1.300%, 3.694%**, 11/15/2035 | 203,031 | 202,968 |
| CSAIL Commercial Mortgage Trust, "B", Series 2019-C15, 4.476%, 3/15/2052 | 500,000 | 544,781 |
| DBWF Mortgage Trust, "C", Series 2018-GLKS, 144A, 1-month USD-LIBOR + 1.750%, 4.14%**, 11/19/2035 | 250,000 | 250,088 |
| FHLMC Multifamily Structured Pass-Through Certificates, "X1", Series K043, Interest Only, 0.668%**, 12/25/2024 | 4,898,922 | 127,786 |
| GMAC Commercial Mortgage Securities, Inc., "G", Series 2004-C1, 144A, 5.455%, 3/10/2038 | 394,448 | 375,293 |

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

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| GS Mortgage Securities Corp.: | | |
| "A4", Series 2019-GC40, 3.16%, 7/10/2052 (b) (d) | 400,000 | 411,984 |
| "C", Series 2018-FBLU, 144A, 1-month USD-LIBOR + 1.600%, 3.994%**, 11/15/2035 | 500,000 | 499,366 |
| MTRO Commercial Mortgage Trust, "C", Series 2019-TECH, 144A, 1-month USD-LIBOR + 1.300%, 3.694%**, 12/15/2033 | 250,000 | 250,313 |
| NYT Mortgage Trust, "B", Series 2019-NYT, 144A, 1-month USD-LIBOR + 1.400%, 3.794%**, 11/15/2035 | 350,000 | 351,423 |
| Wells Fargo Commercial Mortgage Trust, "A4", Series 2019-C51, 3.311%, 6/15/2052 (b) (d) | 400,000 | 411,972 |
| **Total Commercial Mortgage-Backed Securities** (Cost $3,409,912) | | **3,425,974** |

## Collateralized Mortgage Obligations 3.4%

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| Connecticut Avenue Securities Trust: | | |
| "1M2", Series 2019-R03, 144A, 1-month USD-LIBOR + 2.150%, 4.554%**, 9/25/2031 | 168,000 | 168,926 |
| "1M2", Series 2019-R02, 144A, 1-month USD-LIBOR + 2.300%, 4.704%**, 8/25/2031 | 256,667 | 258,878 |
| Fannie Mae Connecticut Avenue Securities: | | |
| "1M2", Series 2018-C06, 1-month USD-LIBOR + 2.000%, 4.404%**, 3/25/2031 | 187,500 | 187,735 |
| 1-month USD-LIBOR + 2.250%, 4.654%**, 7/25/2030 | 172,000 | 173,819 |
| "1M2", Series 2018-C05, 1-month USD-LIBOR + 2.350%, 4.754%**, 1/25/2031 | 500,000 | 504,442 |
| Federal Home Loan Mortgage Corp.: | | |
| "PI", Series 3843, Interest Only, 4.5%, 5/15/2038 | 122,762 | 4,781 |
| "C31", Series 303, Interest Only, 4.5%, 12/15/2042 | 974,615 | 183,460 |
| "H", Series 2278, 6.5%, 1/15/2031 | 110 | 112 |
| Federal National Mortgage Association: | | |
| "WO", Series 2013-27, Principal Only, Zero Coupon, 12/25/2042 | 220,000 | 140,013 |
| "AS", Series 4885, Principal Only, 3.656%, 6/15/2049 | 1,479,316 | 288,619 |
| "4", Series 406, Interest Only, 4.0%, 9/25/2040 | 87,916 | 15,577 |
| "I", Series 2003-84, Interest Only, 6.0%, 9/25/2033 | 95,911 | 14,380 |
| Freddie Mac Structured Agency Credit Risk Debt Notes: | | |
| "M2", Series 2019-DNA1, 144A, 1-month USD-LIBOR + 2.650%, 5.054%**, 1/25/2049 | 60,000 | 61,427 |
| "M2", Series 2019-DNA2, 144A, 1-month USD-LIBOR + 2.450%, 4.854%**, 3/25/2049 | 660,000 | 669,228 |
| Government National Mortgage Association: | | |
| "PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044 | 188,131 | 17,363 |
| "PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039 | 52,936 | 7,443 |
| "IP", Series 2014-11, Interest Only, 4.5%, 1/20/2043 | 130,825 | 13,365 |
| "IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039 | 157,764 | 26,533 |
| "IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039 | 153,384 | 25,716 |
| "IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039 | 104,713 | 17,009 |
| New Residential Mortgage Loan: | | |
| "A1", Series 2019-NQM3, 144A, 2.802%, 7/25/2049 | 500,000 | 500,884 |
| "A1", Series 2019-NQM2, 144A, 3.6%, 4/25/2049 | 191,269 | 194,029 |
| STACR Trust, "M2", Series 2018-DNA3, 144A, 1-month USD-LIBOR + 2.100%, 4.504%**, 9/25/2048 | 324,324 | 324,325 |
| Verus Securitization Trust, "A1", Series 2019-INV1, 144A, 3.402%, 12/25/2059 | 544,018 | 550,000 |
| **Total Collateralized Mortgage Obligations** (Cost $4,116,199) | | **4,348,064** |

## Government & Agency Obligations 2.1%

### Sovereign Bonds 0.7%

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| Republic of Indonesia, 4.45%, 2/11/2024 | 225,000 | 238,918 |
| Republic of Kazakhstan, 144A, 1.55%, 11/9/2023 | EUR 270,000 | 322,254 |
| Republic of South Africa, 4.875%, 4/14/2026 | 200,000 | 206,820 |
| State of Qatar, 144A, 3.25%, 6/2/2026 | 200,000 | 205,642 |
| | | **973,634** |

### U.S. Treasury Obligations 1.4%

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| U.S. Treasury Notes: | | |
| 0.5%, 4/15/2024 | 1,620,896 | 1,641,132 |
| 2.375%, 5/15/2029 | 153,000 | 158,110 |
| | | **1,799,242** |
| **Total Government & Agency Obligations** (Cost $2,726,345) | | **2,772,876** |

## Convertible Bonds 0.2%

### Materials

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.503%** PIK, 10/18/2025 (b) (Cost $272,093) | 273,418 | **306,501** |

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

| | Principal Amount ($)(c) | Value ($) |
|---|---|---|
| **Short-Term U.S. Treasury Obligations 2.6%** | | |
| U.S. Treasury Bills: | | |
| 2.362%***, 8/15/2019 (f) | 1,750,000 | 1,745,423 |
| 2.573%***, 10/10/2019 (g) | 1,660,000 | 1,650,243 |
| **Total Short-Term U.S. Treasury Obligations** (Cost $3,392,850) | | **3,395,666** |

| | Shares | Value ($) |
|---|---|---|
| **Exchange-Traded Funds 2.6%** | | |
| Vanguard Real Estate ETF (Cost $3,299,515) | 37,670 | **3,292,358** |
| **Commercial Paper 0.4%** | | |
| Ford Motor Credit Co. (Cost $496,593) | 500,000 | **496,408** |

| | Shares | Value ($) |
|---|---|---|
| **Securities Lending Collateral 1.0%** | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (h) (i) (Cost $1,292,302) | 1,292,302 | **1,292,302** |
| **Cash Equivalents 1.4%** | | |
| DWS Central Cash Management Government Fund, 2.40% (h) (Cost $1,858,043) | 1,858,043 | **1,858,043** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $121,222,328) | 104,1 | **134,193,821** |
| **Other Assets and Liabilities, Net** | (4.1) | **(5,223,979)** |
| **Net Assets** | 100.0 | **128,969,842** |

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 1.0%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (h) (i) | | | | | | | | |
| 2,070,696 | — | 778,394 (j) | — | — | 14,934 | — | 1,292,302 | 1,292,302 |
| **Cash Equivalents 1.4%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (h) | | | | | | | | |
| 2,297,660 | 34,754,860 | 35,194,477 | — | — | 59,454 | — | 1,858,043 | 1,858,043 |
| **4,368,356** | **34,754,860** | **35,972,871** | **—** | **—** | **74,388** | **—** | **3,150,345** | **3,150,345** |

* Non-income producing security.

** Variable or floating rate security. These securities are shown at their current rate as of June 30, 2019. 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, 2019 amounted to $1,232,073, which is 1.0% of net assets.

(b) Investment was valued using significant unobservable inputs.

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

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

(e) Perpetual, callable security with no stated maturity date.

(f) At June 30, 2019, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(g) At June 30, 2019, this security has been pledged, in whole or in part, to cover initial margin requirements for open centrally cleared swap contracts.

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

(i) Represents cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(j) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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

CLO: Collateralized Loan Obligation

EURIBOR: Euro Interbank Offered Rate

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.

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.

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

S&P: Standard & Poor's

At June 30, 2019, 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 | 9/19/2019 | 43 | 5,417,438 | 5,502,656 | 85,218 |
| 3 Month Euro Euribor Interest Rate | EUR | 9/14/2020 | 2 | 570,784 | 571,336 | 552 |
| 3 Month Euro Swiss Franc (Euroswiss) Interest Rate | CHF | 9/14/2020 | 2 | 516,548 | 516,800 | 252 |
| 3 Month Euroyen | JPY | 9/14/2020 | 2 | 464,113 | 464,036 | (77) |
| 3 Month Sterling (Short Sterling) Interest Rate | GBP | 9/16/2020 | 3 | 472,674 | 472,683 | 9 |
| 90 Day Eurodollar Time Deposit | USD | 9/14/2020 | 2 | 492,131 | 492,225 | 94 |
| ASX 90 Day Bank Accepted Bills | AUD | 9/10/2020 | 3 | 2,100,563 | 2,101,331 | 768 |
| MSCI Emerging Market Index | USD | 9/20/2019 | 57 | 2,884,720 | 3,002,190 | 117,470 |
| Ultra 10 Year U.S. Treasury Note | USD | 9/19/2019 | 46 | 6,265,018 | 6,353,750 | 88,732 |
| Ultra Long U.S. Treasury Bond | USD | 9/19/2019 | 22 | 3,812,490 | 3,906,375 | 93,885 |
| **Total net unrealized appreciation** | | | | | | **386,903** |

At June 30, 2019, open futures contracts sold were as follows:

| Futures | Currency | Expiration Date | Contracts | Notional Amount ($) | Notional Value ($) | Unrealized Depreciation ($) |
|---|---|---|---|---|---|---|
| Euro Stoxx 50 Index | EUR | 9/20/2019 | 67 | 2,528,356 | 2,640,597 | (112,241) |
| S&P 500 E-Mini Index | USD | 9/20/2019 | 10 | 1,400,095 | 1,472,100 | (72,005) |
| TOPIX Index | JPY | 9/12/2019 | 2 | 280,934 | 287,715 | (6,781) |
| U.S. Treasury Long Bond | USD | 9/19/2019 | 5 | 761,550 | 777,969 | (16,419) |
| **Total unrealized depreciation** | | | | | | **(207,446)** |

At June 30, 2019, 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) ($) | Unrealized Depreciation ($) |
|---|---|---|---|---|---|---|---|
| Fixed — 1.961% Semi-Annually | Floating — 3-Month LIBOR Quarterly | 6/28/2019 6/28/2029 | 400,000 | USD | (186) | — | (186) |
| Fixed — 2.636% Semi-Annually | Floating — 3-Month LIBOR Quarterly | 1/21/2020 1/21/2025 | 1,800,000 | USD | (77,939) | — | (77,939) |
| Fixed — 2.729% Semi-Annually | Floating — 3-Month LIBOR Quarterly | 3/4/2019 3/5/2029 | 400,000 | USD | (30,815) | — | (30,815) |
| **Total unrealized depreciation** | | | | | | | **(108,940)** |

LIBOR: London Interbank Offered Rate; 3-month LIBOR rate as of March 31, 2019 is 2.600%.

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

As of June 30, 2019, the Fund had the following open forward foreign currency contracts:

| Contracts to Deliver | | In Exchange For | | Settlement Date | Unrealized Appreciation ($) | Counterparty |
|---|---|---|---|---|---|---|
| USD | 1,104,663 | CAD | 1,480,000 | 8/7/2019 | 26,407 | State Street Bank and Trust |
| EUR | 1,983,000 | JPY | 245,548,074 | 8/8/2019 | 22,216 | Credit Agricole |
| EUR | 1,567,000 | USD | 1,798,820 | 9/26/2019 | 5,009 | JPMorgan Chase Securities, Inc. |
| **Total unrealized appreciation** | | | | | **53,632** | |

| Contracts to Deliver | | In Exchange For | | Settlement Date | Unrealized Depreciation ($) | Counterparty |
|---|---|---|---|---|---|---|
| CAD | 1,480,000 | USD | 1,100,790 | 8/7/2019 | (30,281) | Bank of America |
| AUD | 1,580,000 | USD | 1,102,836 | 8/8/2019 | (7,798) | State Street Bank and Trust |
| AUD | 1,580,000 | USD | 1,096,267 | 8/8/2019 | (14,366) | National Australia Bank Ltd. |
| EUR | 980,000 | USD | 1,099,156 | 8/30/2019 | (20,412) | Credit Agricole |
| USD | 6,681,472 | EUR | 5,830,000 | 9/12/2019 | (14,663) | Bank of America |
| EUR | 5,830,000 | USD | 6,640,247 | 9/12/2019 | (26,561) | Bank of America |
| **Total unrealized depreciation** | | | | | **(114,081)** | |

**Currency Abbreviations**

| | | | |
|---|---|---|---|
| AUD | Australian Dollar | GBP | British Pound |
| CHF | Swiss Franc | JPY | Japanese Yen |
| 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 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, 2019 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) | | | | |
| Communication Services | $ 5,024,328 | $ 2,145,158 | $ — | $ 7,169,486 |
| Consumer Discretionary | 6,089,750 | 2,385,983 | — | 8,475,733 |
| Consumer Staples | 3,709,138 | 1,344,279 | — | 5,053,417 |
| Energy | 3,902,428 | 1,914,865 | — | 5,817,293 |
| Financials | 5,402,155 | 5,845,287 | — | 11,247,442 |
| Health Care | 4,388,850 | 2,452,332 | — | 6,841,182 |
| Industrials | 3,484,791 | 3,055,759 | — | 6,540,550 |
| Information Technology | 10,681,280 | 1,192,099 | — | 11,873,379 |
| Materials | 712,484 | 754,887 | 50,576 | 1,517,947 |
| Real Estate | 2,737,617 | 458,967 | — | 3,196,584 |
| Utilities | 3,520,335 | 1,515,784 | — | 5,036,119 |
| Preferred Stocks (k) | 6,198,064 | — | — | 6,198,064 |
| Rights | — | 5,069 | — | 5,069 |
| Warrants | — | — | 7,552 | 7,552 |
| Fixed Income Investments (k) | | | | |
| Corporate Bonds | — | 17,742,063 | — | 17,742,063 |
| Asset-Backed | — | 11,939,790 | — | 11,939,790 |
| Mortgage-Backed Securities Pass-Throughs | — | 4,343,959 | — | 4,343,959 |
| Commercial Mortgage-Backed Securities | — | 2,602,018 | 823,956 | 3,425,974 |
| Collateralized Mortgage Obligations | — | 4,348,064 | — | 4,348,064 |
| Government & Agency Obligations | — | 2,772,876 | — | 2,772,876 |
| Convertible Bonds | — | — | 306,501 | 306,501 |
| Short-Term U.S. Treasury Obligations | — | 3,395,666 | — | 3,395,666 |
| Commercial papers | — | 496,408 | — | 496,408 |
| Exchange-Traded Funds | 3,292,358 | — | — | 3,292,358 |
| Short-Term Investments (k) | 3,150,345 | — | — | 3,150,345 |
| Derivatives (l) | | | | |
| Futures Contracts | 386,980 | — | — | 386,980 |
| Forward Foreign Currency Contracts | — | 53,632 | — | 53,632 |
| **Total** | **$ 62,680,903** | **$ 70,764,945** | **$ 1,188,585** | **$ 134,634,433** |

| **Liabilities** | **Level 1** | **Level 1** | **Level 1** | **Level 1** |
|---|---|---|---|---|
| Derivatives (l) | | | | |
| Futures Contracts | $ (207,523) | $ — | $ — | $ (207,523) |
| Interest Rate Swap Contracts | — | (108,940) | — | (108,940) |
| Forward Foreign Currency Contracts | — | (114,081) | — | (114,081) |
| **Total** | **$ (207,523)** | **$ (223,021)** | **$ —** | **$ (430,544)** |

(k) See Investment Portfolio for additional detailed categorizations.

(l) Derivatives include unrealized appreciation (depreciation) on open futures contracts, interest rate 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, 2019 (Unaudited)

| **Assets** | |
|---|---|
| Investments in non-affiliated securities, at value (cost $118,071,983) — including $1,232,073 of securities loaned | $131,043,476 |
| Investment in DWS Government & Agency Securities Portfolio (cost $1,292,302)* | 1,292,302 |
| Investment in DWS Central Cash Management Government Fund (cost $1,858,043) | 1,858,043 |
| Cash | 331,751 |
| Foreign currency, at value (cost $193,366) | 194,580 |
| Receivable for investments sold | 532,017 |
| Receivable for Fund shares sold | 5,446 |
| Dividends receivable | 244,347 |
| Interest receivable | 310,871 |
| Receivable for variation margin on centrally cleared swaps | 9,077 |
| Unrealized appreciation on forward foreign currency contracts | 53,632 |
| Foreign taxes recoverable | 113,790 |
| Other assets | 1,796 |
| Total assets | 135,991,128 |

| **Liabilities** | |
|---|---|
| Payable upon return of securities loaned | 1,292,302 |
| Payable for investments purchased | 472,093 |
| Payable for investments purchased — when-issued securities | 4,797,657 |
| Payable for Fund shares redeemed | 137,005 |
| Payable for variation margin on futures contracts | 40,229 |
| Unrealized depreciation on forward foreign currency contracts | 114,081 |
| Accrued management fee | 38,887 |
| Accrued Trustees' fees | 2,864 |
| Other accrued expenses and payables | 126,168 |
| Total liabilities | 7,021,286 |
| **Net assets, at value** | **$128,969,842** |

| **Net Assets Consist of** | |
|---|---|
| Distributable earnings (loss) | 15,962,636 |
| Paid-in capital | 113,007,206 |
| **Net assets, at value** | **$128,969,842** |

| **Net Asset Value** | |
|---|---|
| **Class A**<br>**Net Asset Value,** offering and redemption price per share ($128,959,171 ÷ 5,541,918 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 23.27** |
| **Class B**<br>**Net Asset Value,** offering and redemption price per share ($10,671 ÷ 458.6 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 23.27** |

* 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, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income: | |
| Dividends (net of foreign taxes withheld of $90,876) | $ 1,684,061 |
| Interest | 871,671 |
| Income distributions — DWS Central Cash Management Government Fund | 59,454 |
| Securities lending income, net of borrower rebates | 14,394 |
| Total income | 2,629,580 |
| Expenses: | |
| Management fee | 232,921 |
| Administration fee | 62,952 |
| Services to Shareholders | 669 |
| Distribution service fees (Class B) | 13 |
| Custodian fee | 27,643 |
| Professional fees | 53,282 |
| Reports to shareholders | 25,730 |
| Trustees' fees and expenses | 4,558 |
| Other | 23,681 |
| Total expenses before expense reductions | 431,449 |
| Expense reductions | (14) |
| Total expenses after expense reductions | 431,435 |
| **Net investment income** | **2,198,145** |
| **Realized and Unrealized Gain (Loss)** | |
| Net realized gain (loss) from: | |
| Investments | (454,731) |
| Swap contracts | 135,952 |
| Futures | 1,124,081 |
| Forward foreign currency contracts | (42,591) |
| Foreign currency | 16,365 |
| | 779,076 |
| Change in net unrealized appreciation (depreciation) on: | |
| Investments | 12,584,705 |
| Swap contracts | (605) |
| Futures | 374,421 |
| Forward foreign currency contracts | (20,843) |
| Foreign currency | 6,191 |
| | 12,943,869 |
| **Net gain (loss)** | **13,722,945** |
| **Net increase (decrease) in net assets resulting from operations** | **$15,921,090** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income | $ 2,198,145 | $ 4,562,853 |
| Net realized gain (loss) | 779,076 | 2,201,335 |
| Change in net unrealized appreciation (depreciation) | 12,943,869 | (16,929,613) |
| Net increase (decrease) in net assets resulting from operations | 15,921,090 | (10,165,425) |
| Distributions to shareholders: | | |
| Class A | (5,055,619) | (17,909,607) |
| Class B | (391) | — |
| Total distributions | (5,056,010) | (17,909,607) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 1,344,623 | 2,336,008 |
| Reinvestment of distributions | 5,055,619 | 17,909,607 |
| Payments for shares redeemed | (7,916,381) | (19,079,316) |
| Net increase (decrease) in net assets from Class A share transactions | (1,516,139) | 1,166,299 |
| **Class B** | | |
| Reinvestment of distributions | 391 | 10,000* |
| Net increase (decrease) in net assets from Class B share transactions | 391 | 10,000* |
| **Increase (decrease) in net assets** | 9,349,332 | (26,898,733) |
| Net assets at beginning of year | 119,620,510 | 146,519,243 |
| Net assets at end of year | **128,969,842** | **119,620,510** |
| **Other Information** | | |
| **Class A** | | |
| Shares outstanding at beginning of period | 5,608,755 | 5,517,134 |
| Shares sold | 57,896 | 97,250 |
| Shares issued to shareholders in reinvestment of distributions | 220,866 | 796,691 |
| Shares redeemed | (345,599) | (802,320) |
| Net increase (decrease) in Class A shares | (66,837) | 91,621 |
| Shares outstanding at end of period | **5,541,918** | **5,608,755** |
| **Class B** | | |
| Shares outstanding at beginning of period | 441.5 | — |
| Shares sold | 17.1 | 441.5* |
| Net increase (decrease) in Class B shares | 17.1 | 441.5* |
| Shares outstanding at end of period | **458.6** | **441.5*** |

* For the period from May 1, 2018 (commencement of operations of Class B) to December 31, 2018.

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 21.33** | **$26.56** | **$23.50** | **$22.93** | **$24.62** | **$27.30** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .40 | .80 | .71 | .61 | .68 | .72 |
| Net realized and unrealized gain (loss) | 2.47 | (2.67) | 3.10 | .91 | (.97) | .25 |
| **Total from investment operations** | 2.87 | (1.87) | 3.81 | 1.52 | (.29) | .97 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.90) | (.98) | (.75) | (.95) | (.76) | (.85) |
| Net realized gains | (.03) | (2.38) | — | — | (.64) | (2.80) |
| **Total distributions** | (.93) | (3.36) | (.75) | (.95) | (1.40) | (3.65) |
| **Net asset value, end of period** | **$ 23.27** | **$21.33** | **$26.56** | **$23.50** | **$22.93** | **$24.62** |
| Total Return (%) | 13.53** | (7.66)[b] | 16.54 | 6.81 | (1.44)[b] | 3.83 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 129 | 120 | 147 | 185 | 202 | 247 |
| Ratio of expenses before expense reductions (%)[c] | .69* | .69 | .63 | .62 | .60 | .62 |
| Ratio of expenses after expense reductions (%)[c] | .69* | .68 | .63 | .62 | .58 | .62 |
| Ratio of net investment income (loss) (%) | 3.49* | 3.34 | 2.85 | 2.66 | 2.85 | 2.83 |
| Portfolio turnover rate (%) | 108** | 70 | 122 | 135 | 92 | 88 |

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 6/30/19 (Unaudited) | Period Ended 12/31/18[a] |
|---|---|---|
| **Selected Per Share Data** | | |
| **Net asset value, beginning of period** | **$ 21.30** | **$ 22.65** |
| *Income (loss) from investment operations:* | | |
| Net investment income[b] | .38 | .50 |
| Net realized and unrealized gain (loss) | 2.48 | (1.85) |
| **Total from investment operations** | 2.86 | (1.35) |
| *Less distributions from:* | | |
| Net investment income | (.86) | — |
| Net realized gains | (.03) | — |
| **Total distributions** | (.89) | — |
| **Net asset value, end of period** | **$ 23.27** | **$ 21.30** |
| Total Return (%)[c] | 13.43** | (5.96)** |
| **Ratios to Average Net Assets and Supplemental Data** | | |
| Net assets, end of period ($ thousands) | 11 | 9 |
| Ratio of expenses before expense reductions (%)[d] | 1.14* | 1.15* |
| Ratio of expenses after expense reductions (%)[d] | .86* | .86* |
| Ratio of net investment income (loss) (%) | 3.32* | 3.30* |
| Portfolio turnover rate (%) | 108** | 70[e] |

a For the period from May 1, 2018 (commencement of operations) to December 31, 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 year ended December 31, 2018.
* 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 Global Income Builder VIP (the "Fund") is a diversified series of Deutsche DWS 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 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, the Fund had securities on loan, which were classified as common stocks and corporate bonds 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, 2019

| | Overnight and Continuous | <30 days | Between 30 & 90 days | >90 days | Total |
|---|---|---|---|---|---|
| **Securities Lending Transactions** | | | | | |
| Common Stocks | $ 933,862 | $ — | $ — | $ — | $ 933,862 |
| Corporate Bonds | 358,440 | — | — | — | 358,440 |
| **Total Borrowings** | **$1,292,302** | **$ —** | **$ —** | **$ —** | **$1,292,302** |
| Gross amount of recognized liabilities for securities lending transactions: | | | | | $1,292,302 |

**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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $121,660,745. The net unrealized appreciation for all investments based on tax cost was $12,518,426. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $14,767,500 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $2,249,074.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, 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 December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in interest rate swap contracts had a total notional amount generally indicative of a range from $2,200,000 to $26,400,000.

**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, 2019, 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.

There were no open credit default swap contracts as of June 30, 2019. For the six months ended June 30, 2019, the investment in credit default swap contracts purchased had a total USD equivalent notional value generally indicative of a range from $0 to approximately $6,437,000 and the investment in credit default swap contracts sold had a total USD equivalent notional value generally indicative of a range from $0 to approximately $10,819,000.

**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, 2019, 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, 2019 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $23,383,000 to $30,986,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $5,178,000 to $31,596,000.

**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, 2019, 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, 2019 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $8,597,000 to $19,036,000, and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from approximately $1,361,000 to $7,786,000. The investment in forward currency contracts long vs. other foreign currencies sold had a total contract value generally indicative of a range from $0 to approximately $2,222,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2019 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** |
|---|---|---|---|
| Equity Contracts (a) | $ — | $ 117,470 | $ 117,470 |
| Interest Rate Contracts (a) | — | 269,510 | 269,510 |
| Foreign Exchange Contracts (b) | 53,632 | — | 53,632 |
| | **$ 53,632** | **$ 386,980** | **$ 440,612** |

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** | **Swap Contracts** | **Futures Contracts** | **Total** |
|---|---|---|---|---|
| Equity Contracts (c) | $ — | $ — | $ (191,027) | $ (191,027) |
| Interest Rate Contracts (c) | — | (108,940) | (16,496) | (125,436) |
| Foreign Exchange Contracts (d) | (114,081) | — | — | (114,081) |
| | **$ (114,081)** | **$ (108,940)** | **$ (207,523)** | **$ (430,544)** |

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) 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, 2019, 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** |
|---|---|---|---|---|
| Equity Contracts (e) | $ — | $ — | $ 573,074 | $ 573,074 |
| Credit Contracts (e) | — | (64,515) | — | (64,515) |
| Interest Rate Contracts (e) | — | 200,467 | 551,007 | 751,474 |
| Foreign Exchange Contracts (f) | (42,591) | — | — | (42,591) |
| | **$ (42,591)** | **$ 135,952** | **$ 1,124,081** | **$ 1,217,442** |

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 |
|---|---|---|---|---|
| Equity Contracts (g) | $ — | $ — | $ 358,889 | $ 358,889 |
| Credit Contracts (g) | — | 307,357 | — | 307,357 |
| Interest Rate Contracts (g) | — | (307,962) | 15,532 | (292,430) |
| Foreign Exchange Contracts (h) | (20,843) | — | — | (20,843) |
| | **$ (20,843)** | **$ (605)** | **$ 374,421** | **$ 352,973** |

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, 2019, 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 | $ 22,216 | $ (20,412) | $ — | $ 1,804 |
| JPMorgan Chase Securities, Inc. | 5,009 | — | — | 5,009 |
| State Street Bank and Trust | 26,407 | (7,798) | — | 18,609 |
| | **$ 53,632** | **$ (28,210)** | **$ —** | **$ 25,422** |

| 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 | $ 71,505 | $ — | $ — | $ 71,505 |
| Credit Agricole | 20,412 | (20,412) | — | — |
| National Australia Bank Ltd. | 14,366 | — | — | 14,366 |
| State Street Bank and Trust | 7,798 | (7,798) | — | — |
| | **$ 114,081** | **$ (28,210)** | **$ —** | **$ 85,871** |

## C. Purchases and Sales of Securities

During the six months ended June 30, 2019, purchases and sales of investment transactions, excluding short-term investments, were as follows:

| | Purchases | Sales |
|---|---|---|
| Non-U.S. Treasury Obligations | $ 121,566,571 | $ 118,512,854 |
| U.S. Treasury Obligations | $ 11,293,517 | $ 12,276,542 |

## D. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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 May 16, 2019, DWS Alternatives Global Limited, also an indirect, wholly owned subsidiary of DWS Group, no longer serves as subadvisor for the Fund. DWS Alternatives Global Limited provided portfolio manager services to the Fund and pursuant to a sub-advisory agreement between DIMA and DWS Alternatives Global Limited, DIMA, not the Fund, compensated DWS Alternatives Global Limited for the services it provided 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, 2019, 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, 2019 through September 30, 2019 (and through April 30, 2020 for Class B shares), 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 | 0.73% |
| Class B | 0.86% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for Class B are $14.

**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, 2019, the Administration Fee was $62,952, of which $10,511 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 six months ended June 30, 2019, the Distribution Service Fee was as follows:

| **Distribution Fee** | **Total Aggregated** | **Unpaid at June 30, 2019** |
|---|---|---|
| Class B | $ 13 | $ 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, 2019, the amounts charged to the Fund by DSC were as follows:

| **Services to Shareholders** | **Total Aggregated** | **Unpaid at June 30, 2019** |
|---|---|---|
| Class A | $ 195 | $ 162 |
| Class B | 10 | 6 |
| | **$ 205** | **$ 168** |

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $7,478, of which $2,478 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Securities Lending Agent Fees.** Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $1,102.

## E. Ownership of the Fund

At June 30, 2019, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 70%.

## 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, 2019.

# 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, 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,135.30 | $ 1,134.30 |
| Expenses Paid per $1,000* | $ 3.65 | $ 4.55 |

| **Hypothetical 5% Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,021.37 | $ 1,020.53 |
| Expenses Paid per $1,000* | $ 3.46 | $ 4.31 |

* 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 Ratio** | **Class A** | **Class B** |
|---|---|---|
| Deutsche DWS Variable Series II — DWS Global Income Builder VIP | .69% | .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 DWS Global Income Builder VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") and sub-advisory agreement (the "Sub-Advisory Agreement" and together with the Agreement, the "Agreements") between DIMA and Deutsche Alternative Asset Management (Global) Limited (now known as DWS Alternatives Global Limited) ("DAAM Global"), an affiliate of DIMA, in September 2018 (effective May 16, 2019, DAAM Global no longer serves as sub-advisor to the Fund).

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. DIMA and DAAM Global are part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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 Agreements, including the scope of advisory services provided under the Agreements. The Board noted that, under the Agreements, 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, 2017, 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, 2017.

**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 lower than the median (1st quartile) of the applicable Broadridge peer group (based on Broadridge data provided as of December 31, 2017). With respect to the sub-advisory fee paid to DAAM Global, 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 lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2017, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees). 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 DWS U.S. registered fund ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

# Notes

VS2GIB-3 (R-028382-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series I

## DWS Global Small Cap VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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.

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

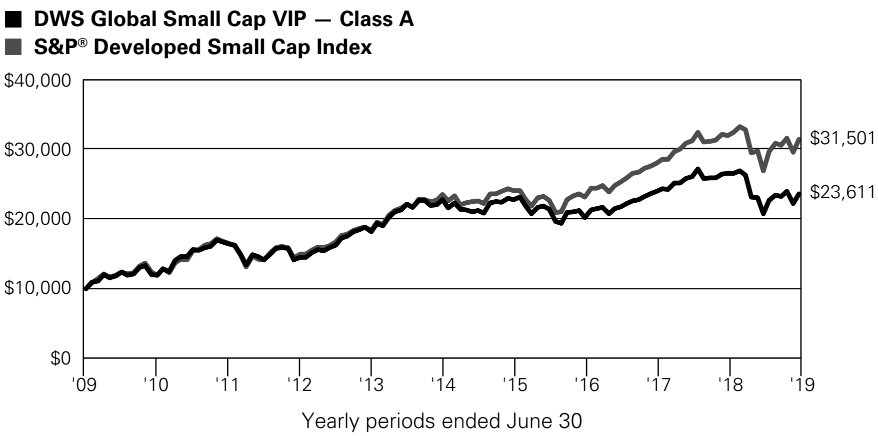
**June 30, 2019 (Unaudited)**

**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, 2019, are 1.10% and 1.39% 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 | $11,347 | $8,884 | $11,690 | $10,365 | $23,611 |
| | Average annual total return | 13.47% | –11.16% | 5.34% | 0.72% | 8.97% |
| S&P Developed Small Cap Index | Growth of $10,000 | $11,665 | $9,824 | $13,597 | $13,367 | $31,501 |
| | Average annual total return | 16.65% | –1.76% | 10.79% | 5.98% | 12.16% |
| **DWS Global Small Cap VIP** | | **6-Month‡** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| **Class B** | Growth of $10,000 | $11,330 | $8,851 | $11,590 | $10,220 | $23,014 |
| | Average annual total return | 13.30% | –11.49% | 5.04% | 0.44% | 8.69% |
| S&P Developed Small Cap Index | Growth of $10,000 | $11,665 | $9,824 | $13,597 | $13,367 | $31,501 |
| | Average annual total return | 16.65% | –1.76% | 10.79% | 5.98% | 12.16% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 89% | 88% |
| Cash Equivalents | 8% | 9% |
| Exchange-Traded Fund | 1% | 1% |
| Preferred Stock | 1% | 1% |
| Convertible Preferred Stock | 1% | 1% |
| Warrant | — | 0% |
| | 100% | 100% |

| **Geographical Diversification** (As of % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| United States | 61% | 60% |
| Japan | 10% | 10% |
| United Kingdom | 5% | 5% |
| Germany | 4% | 4% |
| France | 3% | 3% |
| Italy | 2% | 3% |
| Canada | 2% | 3% |
| Austria | 2% | 2% |
| Brazil | 2% | 2% |
| Others | 9% | 8% |
| | 100% | 100% |

| **Sector Diversification** (As of % of Investment Portfolio excluding Exchange-Traded Fund, Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| Industrials | 22% | 19% |
| Information Technology | 17% | 15% |
| Health Care | 15% | 16% |
| Consumer Discretionary | 12% | 16% |
| Financials | 11% | 13% |
| Real Estate | 8% | 4% |
| Materials | 6% | 6% |
| Communication Services | 3% | 3% |
| Energy | 3% | 5% |
| Consumer Staples | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Manager

Peter Barsa, Director
Portfolio Manager

# Investment Portfolio

as of June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 92.7%** | | |
| **Austria 2.0%** | | |
| Lenzing AG | 4,549 | 507,138 |
| Wienerberger AG | 37,769 | 931,626 |
| (Cost $1,631,948) | | **1,438,764** |
| **Bermuda 0.8%** | | |
| Lazard Ltd. "A" (a) (Cost $368,290) | 16,265 | **559,353** |
| **Brazil 1.1%** | | |
| Construtora Tenda SA (Cost $450,691) | 128,944 | **802,552** |
| **Canada 2.3%** | | |
| First Quantum Minerals Ltd. | 32,136 | 305,274 |
| Linamar Corp. | 9,738 | 363,479 |
| Quebecor, Inc. "B" | 39,795 | 947,811 |
| (Cost $1,483,639) | | **1,616,564** |
| **France 3.2%** | | |
| Altran Technologies SA | 48,584 | 772,000 |
| SMCP SA 144A* | 34,237 | 579,310 |
| SPIE SA | 35,802 | 666,425 |
| Synergie SA | 6,899 | 249,286 |
| (Cost $2,774,101) | | **2,267,021** |
| **Germany 3.6%** | | |
| Deutz AG | 82,411 | 804,479 |
| PATRIZIA AG | 58,865 | 1,219,260 |
| United Internet AG (Registered) | 16,617 | 548,538 |
| (Cost $1,455,836) | | **2,572,277** |
| **Hong Kong 1.7%** | | |
| Techtronic Industries Co., Ltd. (Cost $188,482) | 153,541 | **1,178,609** |
| **India 1.1%** | | |
| WNS Holdings Ltd. (ADR)* (Cost $383,960) | 13,120 | **776,704** |
| **Ireland 1.1%** | | |
| Avadel Pharmaceuticals PLC (ADR)* (b) | 29,655 | 85,703 |
| Dalata Hotel Group PLC | 87,758 | 469,704 |
| Ryanair Holdings PLC* | 21,445 | 246,864 |
| (Cost $798,062) | | **802,271** |
| **Italy 2.3%** | | |
| Buzzi Unicem SpA | 47,171 | 957,545 |
| Cerved Group SpA | 22,972 | 203,542 |
| Moncler SpA | 10,749 | 461,184 |
| (Cost $1,577,209) | | **1,622,271** |
| **Japan 9.1%** | | |
| Ai Holdings Corp. | 32,817 | 531,065 |
| Anicom Holdings, Inc. | 22,300 | 798,605 |
| BML, Inc. | 26,600 | 757,778 |
| Daikyonishikawa Corp. | 56,600 | 450,281 |
| Kura Sushi Inc | 4,600 | 196,571 |
| Kusuri No Aoki Holdings Co., Ltd. | 11,958 | 840,852 |
| Optex Group Co., Ltd. | 16,300 | 205,222 |
| Sawai Pharmaceutical Co., Ltd. | 11,100 | 599,735 |
| Syuppin Co., Ltd. | 47,300 | 356,708 |
| Topcon Corp. | 25,500 | 320,230 |
| UT Group Co., Ltd.* | 24,024 | 585,397 |
| Zenkoku Hosho Co., Ltd. | 21,500 | 826,815 |
| (Cost $4,804,268) | | **6,469,259** |
| **Korea 0.5%** | | |
| i-SENS, Inc. (Cost $551,966) | 18,101 | **380,942** |
| **Luxembourg 1.0%** | | |
| B&M European Value Retail SA (Cost $806,632) | 174,774 | **740,204** |
| **Spain 1.5%** | | |
| Talgo SA 144A* (Cost $908,527) | 176,324 | **1,100,923** |
| **Sweden 0.9%** | | |
| Nobina AB 144A (Cost $457,967) | 106,503 | **661,812** |
| **Switzerland 0.4%** | | |
| Transocean Ltd.* (c) (Cost $500,644) | 48,138 | **308,565** |
| **United Kingdom 3.6%** | | |
| accesso Technology Group PLC* | 15,640 | 137,245 |
| Arrow Global Group PLC | 92,019 | 266,204 |
| Clinigen Healthcare Ltd.* | 31,676 | 405,797 |
| Domino's Pizza Group PLC | 102,549 | 361,948 |
| Electrocomponents PLC | 126,844 | 1,020,261 |
| Scapa Group PLC | 156,907 | 370,843 |
| (Cost $2,133,623) | | **2,562,298** |
| **United States 56.5%** | | |
| Advanced Disposal Services, Inc.* | 30,893 | 985,796 |
| Affiliated Managers Group, Inc. | 5,645 | 520,130 |
| Americold Realty Trust (REIT) | 25,745 | 834,653 |
| Amicus Therapeutics, Inc.* | 12,813 | 159,906 |
| Anixter International, Inc.* | 2,196 | 131,123 |
| Arena Pharmaceuticals, Inc.* | 9,108 | 534,002 |
| BioScrip, Inc.* | 118,212 | 307,351 |
| Blucora, Inc.* | 12,887 | 391,378 |
| Cabot Microelectronics Corp. | 3,644 | 401,132 |
| California Resources Corp.* (b) | 12,651 | 248,972 |
| Cardiovascular Systems, Inc.* | 18,633 | 799,915 |
| Casey's General Stores, Inc. | 7,476 | 1,166,181 |
| Chart Industries, Inc.* | 9,905 | 761,496 |
| Cleveland-Cliffs, Inc. (b) | 35,707 | 380,994 |
| Contango Oil & Gas Co.* | 121,886 | 212,082 |
| Cornerstone OnDemand, Inc.* | 9,142 | 529,596 |
| Cypress Semiconductor Corp. | 31,724 | 705,542 |
| Dril-Quip, Inc.* | 15,940 | 765,120 |
| Ducommun, Inc.* | 28,526 | 1,285,667 |
| Eagle Bancorp., Inc. | 11,517 | 623,415 |
| Envestnet, Inc.* | 10,215 | 698,400 |
| Five9, Inc.* | 21,337 | 1,094,375 |
| Four Corners Property Trust, Inc. (REIT) | 26,865 | 734,220 |
| Fox Factory Holding Corp.* | 14,515 | 1,197,633 |
| Genomic Health, Inc.* | 3,770 | 219,301 |
| Green Dot Corp. "A"* | 5,310 | 259,659 |
| H&E Equipment Services, Inc. | 19,737 | 574,149 |
| Heron Therapeutics, Inc.* | 23,685 | 440,304 |
| Hillenbrand, Inc. | 9,854 | 389,923 |
| Hudson Pacific Properties, Inc. (REIT) | 21,051 | 700,367 |

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

| | Shares | Value ($) |
|---|---|---|
| Hyster-Yale Materials Handling, Inc. | 10,120 | 559,231 |
| Inphi Corp.* | 13,440 | 673,344 |
| iRhythm Technologies, Inc.* | 3,771 | 298,211 |
| Jack in the Box, Inc. | 5,198 | 423,065 |
| Jefferies Financial Group, Inc. | 27,159 | 522,268 |
| Lumentum Holdings, Inc.* | 12,292 | 656,516 |
| Masonite International Corp.* | 7,523 | 396,312 |
| Merit Medical Systems, Inc.* | 10,084 | 600,603 |
| Mistras Group, Inc.* | 16,254 | 233,570 |
| Molina Healthcare, Inc.* | 6,449 | 923,110 |
| National Storage Affiliates Trust (REIT) | 36,816 | 1,065,455 |
| Neurocrine Biosciences, Inc.* | 10,839 | 915,137 |
| Pacira BioSciences, Inc.* | 12,299 | 534,883 |
| Physicians Realty Trust (REIT) | 42,213 | 736,195 |
| Providence Service Corp.* | 14,314 | 820,765 |
| QAD, Inc. "A" | 16,510 | 663,867 |
| Retrophin, Inc.* | 43,471 | 873,332 |
| Rush Enterprises, Inc. "A" | 37,581 | 1,372,458 |
| Samsonite International SA 144A* (d) | 172,200 | 396,299 |
| SEACOR Marine Holdings, Inc.* | 36,767 | 550,034 |
| Sinclair Broadcast Group, Inc. "A" | 15,307 | 820,914 |
| South State Corp. | 12,450 | 917,191 |
| Synovus Financial Corp. | 21,205 | 742,175 |
| Tandem Diabetes Care, Inc.* | 3,895 | 251,305 |
| Tenneco, Inc. "A" | 10,506 | 116,512 |
| Thermon Group Holdings, Inc.* | 38,775 | 994,579 |
| Titan Machinery, Inc.* | 45,792 | 942,399 |
| TopBuild Corp.* | 5,574 | 461,304 |
| Trinseo SA | 10,591 | 448,423 |
| TriState Capital Holdings, Inc.* | 26,031 | 555,502 |
| Varonis Systems, Inc.* | 13,168 | 815,626 |
| WEX, Inc.* | 4,698 | 977,654 |
| YETI Holdings, Inc.* (b) | 18,352 | 531,290 |
| Zions Bancorp. NA | 10,533 | 484,307 |
| (Cost $32,493,597) | | **40,326,618** |
| **Total Common Stocks** (Cost $53,769,442) | | **66,187,007** |

| | Shares | Value ($) |
|---|---|---|
| **Convertible Preferred Stocks 0.4%** | | |
| **United States** | | |
| Providence Service Corp. (c) (Cost $196,900) | 1,969 | **283,105** |
| **Exchange-Traded Funds 1.1%** | | |
| **United States** | | |
| iShares Russell 2000 ETF (b) (Cost $746,667) | 5,044 | **784,342** |
| **Preferred Stocks 0.9%** | | |
| **Brazil** | | |
| Randon SA Implementos e Participacoes (Cost $694,203) | 261,457 | **615,521** |
| **Securities Lending Collateral 2.5%** | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (f) (g) (Cost $1,813,140) | 1,813,140 | **1,813,140** |
| **Cash Equivalents 8.6%** | | |
| DWS Central Cash Management Government Fund, 2.40% (f) (Cost $6,143,711) | 6,143,711 | **6,143,711** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $63,364,063) | 106.2 | **75,826,826** |
| **Other Assets and Liabilities, Net** | (6.2) | **(4,426,467)** |
| **Net Assets** | 100.0 | **71,400,359** |

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 2.5%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (f) (g) | | | | | | | | |
| 510,934 | 1,302,206 (h) | — | — | — | 21,835 | — | 1,813,140 | 1,813,140 |
| **Cash Equivalents 8.6%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (f) | | | | | | | | |
| 6,042,652 | 5,567,425 | 5,466,366 | — | — | 75,444 | — | 6,143,711 | 6,143,711 |
| **6,553,586** | **6,869,631** | **5,466,366** | **—** | **—** | **97,279** | **—** | **7,956,851** | **7,956,851** |

* Non-income producing security.

(a) Listed on the NASDAQ Stock Market, Inc.

(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, 2019 amounted to $1,798,210, which is 2.5% 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.

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

(g) Represents cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. In addition, the Fund held non-cash U.S. Treasury securities collateral having a value of $82,819.

(h) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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, 2019 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 | | | | |
| Austria | $ — | $ 1,438,764 | $ — | $ 1,438,764 |
| Bermuda | 559,353 | — | — | 559,353 |
| Brazil | 802,552 | — | — | 802,552 |
| Canada | 1,616,564 | — | — | 1,616,564 |
| France | — | 2,267,021 | — | 2,267,021 |
| Germany | — | 2,572,277 | — | 2,572,277 |
| Hong Kong | — | 1,178,609 | — | 1,178,609 |
| India | 776,704 | — | — | 776,704 |
| Ireland | 85,703 | 716,568 | — | 802,271 |
| Italy | — | 1,622,271 | — | 1,622,271 |
| Japan | — | 6,469,259 | — | 6,469,259 |
| Korea | 380,942 | — | — | 380,942 |
| Luxembourg | — | 740,204 | — | 740,204 |
| Spain | — | 1,100,923 | — | 1,100,923 |
| Sweden | — | 661,812 | — | 661,812 |
| Switzerland | 308,565 | — | — | 308,565 |
| United Kingdom | — | 2,562,298 | — | 2,562,298 |
| United States | 39,930,319 | 396,299 | — | 40,326,618 |
| Convertible Preferred Stocks | — | — | 283,105 | 283,105 |
| Exchange-Traded Funds | 784,342 | — | — | 784,342 |
| Preferred Stocks | 615,521 | — | — | 615,521 |
| Short-Term Investments (i) | 7,956,851 | — | — | 7,956,851 |
| **Total** | **$ 53,817,416** | **$ 21,726,305** | **$ 283,105** | **$ 75,826,826** |

(i) 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, 2019 (Unaudited)

| **Assets** | |
|---|---|
| Investments in non-affiliated securities, at value (cost $55,407,212) including — $1,798,210 of securities loaned | $67,869,975 |
| Investment in DWS Government & Agency Securities Portfolio (cost $1,813,140)* | 1,813,140 |
| Investment in DWS Central Cash Management Government Fund (cost $6,143,711) | 6,143,711 |
| Cash | 1,122 |
| Foreign currency, at value (cost $190,475) | 190,327 |
| Receivable for investments sold | 137,263 |
| Receivable for Fund shares sold | 19,379 |
| Dividends receivable | 84,983 |
| Interest receivable | 13,626 |
| Foreign taxes recoverable | 20,884 |
| Other assets | 1,433 |
| Total assets | 76,295,843 |

| **Liabilities** | |
|---|---|
| Payable upon return of securities loaned | 1,813,140 |
| Payable for investments purchased | 2,968,011 |
| Payable for Fund shares redeemed | 5,082 |
| Accrued management fee | 33,726 |
| Accrued Trustees' fees | 509 |
| Other accrued expenses and payables | 75,016 |
| Total liabilities | 4,895,484 |
| **Net assets, at value** | **$71,400,359** |

| **Net Assets Consist of** | |
|---|---|
| Distributable earnings (loss) | 11,491,652 |
| Paid-in capital | 59,908,707 |
| **Net assets, at value** | **$71,400,359** |

| **Net Asset Value** | |
|---|---|
| **Class A**<br>**Net Asset Value,** offering and redemption price per share ($69,218,786 ÷ 7,228,173 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized) | **$ 9.58** |
| **Class B**<br>**Net Asset Value,** offering and redemption price per share ($2,181,573 ÷ 237,625 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized) | **$ 9.18** |

* Represents collateral on securities loaned. In addition, the Fund held non-cash collateral having a value of $82,819.

## Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| **Investment Income** | |
|---|---|
| Income:<br>Dividends (net of foreign taxes withheld of $36,318) | $ 505,729 |
| Income distributions — DWS Central Cash Management Government Fund | 75,444 |
| Securities lending income, net of borrower rebates | 21,835 |
| Other income | 112 |
| Total income | 603,120 |
| Expenses:<br>Management fee | 280,979 |
| Administration fee | 35,122 |
| Services to shareholders | 987 |
| Recordkeeping fee (Class B) | 311 |
| Distribution service fee (Class B) | 2,701 |
| Custodian fee | 15,615 |
| Professional fees | 36,360 |
| Reports to shareholders | 16,720 |
| Trustees' fees and expenses | 2,715 |
| Other | 10,147 |
| Total expenses before expense reductions | 401,657 |
| Expense reductions | (116,522) |
| Total expenses after expense reductions | 285,135 |
| **Net investment income** | **317,985** |

| **Realized and Unrealized gain (loss)** | |
|---|---|
| Net realized gain (loss) from:<br>Investments | (1,022,623) |
| Foreign currency | 4,578 |
| | (1,018,045) |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 9,410,771 |
| Foreign currency | (692) |
| | 9,410,079 |
| **Net gain (loss)** | **8,392,034** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 8,710,019** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 317,985 | $ 163,692 |
| Net realized gain (loss) | (1,018,045) | 4,101,641 |
| Change in net unrealized appreciation (depreciation) | 9,410,079 | (21,204,229) |
| Net increase (decrease) in net assets resulting from operations | 8,710,019 | (16,938,896) |
| Distributions to shareholders: | | |
| Class A | (3,709,915) | (10,751,156) |
| Class B | (121,306) | (359,200) |
| Total distributions | (3,831,221) | (11,110,356) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 1,536,757 | 3,594,525 |
| Reinvestment of distributions | 3,709,915 | 10,751,156 |
| Payments for shares redeemed | (3,902,720) | (9,398,765) |
| Net increase (decrease) in net assets from Class A share transactions | 1,343,952 | 4,946,916 |
| **Class B** | | |
| Proceeds from shares sold | 120,374 | 125,220 |
| Reinvestment of distributions | 121,306 | 359,200 |
| Payments for shares redeemed | (302,379) | (387,600) |
| Net increase (decrease) in net assets from Class B share transactions | (60,699) | 96,820 |
| **Increase (decrease) in net assets** | 6,162,051 | (23,005,516) |
| Net assets at beginning of period | 65,238,308 | 88,243,824 |
| Net assets at end of period | **$ 71,400,359** | **$ 65,238,308** |

| Other Information | | |
|---|---|---|
| **Class A** | | |
| Shares outstanding at beginning of period | 7,090,435 | 6,616,392 |
| Shares sold | 158,818 | 323,813 |
| Shares issued to shareholders in reinvestment of distributions | 383,652 | 963,365 |
| Shares redeemed | (404,732) | (813,135) |
| Net increase (decrease) in Class A shares | 137,738 | 474,043 |
| Shares outstanding at end of period | **7,228,173** | **7,090,435** |
| **Class B** | | |
| Shares outstanding at beginning of period | 244,229 | 232,496 |
| Shares sold | 13,483 | 11,426 |
| Shares issued to shareholders in reinvestment of distributions | 13,086 | 33,383 |
| Shares redeemed | (33,173) | (33,076) |
| Net increase (decrease) in Class B shares | (6,604) | 11,733 |
| Shares outstanding at end of period | **237,625** | **244,229** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 8.91** | **$ 12.90** | **$11.78** | **$13.17** | **$14.61** | **$17.31** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .04 | .02 | .00*** | .03 | .06 | .04 |
| Net realized and unrealized gain (loss) | 1.17 | (2.32) | 2.21 | .15 | .21 | (.69) |
| **Total from investment operations** | 1.21 | (2.30) | 2.21 | .18 | .27 | (.65) |
| *Less distributions from:* | | | | | | |
| Net investment income | — | (.04) | — | (.05) | (.14) | (.15) |
| Net realized gains | (.54) | (1.65) | (1.09) | (1.52) | (1.57) | (1.90) |
| **Total distributions** | (.54) | (1.69) | (1.09) | (1.57) | (1.71) | (2.05) |
| **Net asset value, end of period** | **$ 9.58** | **$ 8.91** | **$12.90** | **$11.78** | **$13.17** | **$14.61** |
| Total Return (%)[b] | 13.47** | (20.51) | 20.02 | 1.57 | 1.16 | (4.13) |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 69 | 63 | 85 | 89 | 104 | 135 |
| Ratio of expenses before expense reductions (%)[c] | 1.13* | 1.10 | 1.15 | 1.17 | 1.12 | 1.13 |
| Ratio of expenses after expense reductions (%)[c] | .80* | .78 | .94 | 1.02 | .99 | .97 |
| Ratio of net investment income (loss) (%) | .92* | .21 | .03 | .22 | .41 | .27 |
| Portfolio turnover rate (%) | 13** | 32 | 42 | 41 | 27 | 33 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 8.57** | **$ 12.47** | **$11.45** | **$12.85** | **$14.29** | **$16.97** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .03 | (.01) | (.03) | (.03) | .02 | .00*** |
| Net realized and unrealized gain (loss) | 1.12 | (2.24) | 2.14 | .17 | .21 | (.67) |
| **Total from investment operations** | 1.15 | (2.25) | 2.11 | .14 | .23 | (.67) |
| *Less distributions from:* | | | | | | |
| Net investment income | — | — | — | (.02) | (.10) | (.11) |
| Net realized gains | (.54) | (1.65) | (1.09) | (1.52) | (1.57) | (1.90) |
| **Total distributions** | (.54) | (1.65) | (1.09) | (1.54) | (1.67) | (2.01) |
| **Net asset value, end of period** | **$ 9.18** | **$ 8.57** | **$12.47** | **$11.45** | **$12.85** | **$14.29** |
| Total Return (%)[b] | 13.30** | (20.74) | 19.60 | 1.34 | .86 | (4.33) |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 2 | 2 | 3 | 3 | 3 | 3 |
| Ratio of expenses before expense reductions (%)[c] | 1.42* | 1.39 | 1.44 | 1.47 | 1.41 | 1.41 |
| Ratio of expenses after expense reductions (%)[c] | 1.08* | 1.06 | 1.22 | 1.30 | 1.24 | 1.25 |
| Ratio of net investment income (loss) (%) | .63* | (.08) | (.26) | (.23) | .15 | .02 |
| Portfolio turnover rate (%) | 13** | 32 | 42 | 41 | 27 | 33 |

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 (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, DWS Capital Growth VIP, DWS Core Equity VIP, DWS CROCI® International VIP and DWS 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 and/or U.S. Treasury Securities 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, the Fund had securities on loan, which were classified as common stock 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, 2019

| | Overnight and Continuous | <30 days | Between 30 & 90 days | >90 days | Total |
|---|---|---|---|---|---|
| **Securities Lending Transactions** | | | | | |
| Common Stocks | $1,028,798 | $ — | $ — | $ 82,819 | $1,111,617 |
| Exchange-Traded Funds | 784,342 | — | — | — | 784,342 |
| **Total Borrowings** | **$1,813,140** | **$ —** | **$ —** | **$ 82,819** | **$1,895,959** |

Gross amount of recognized liabilities for securities lending transactions: $1,895,959

**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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $63,576,679. The net unrealized appreciation for all investments based on tax cost was $12,250,147. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $17,200,074 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $4,949,927.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, purchases and sales of investment securities (excluding short-term investments) aggregated $8,634,996 and $8,111,101, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019 through April 30, 2019, 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 certain classes as follows:

| | |
|---|---|
| Class A | .78% |
| Class B | 1.06% |

Effective May 1, 2019 through April 30, 2020, 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 | .85% |
| Class B | 1.11% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for each class are as follows:

| | |
|---|---|
| Class A | $ 112,807 |
| Class B | 3,715 |
| | **$ 116,522** |

**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, 2019, the Administration Fee was $35,122, of which $5,716 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, 2019, the amounts charged to the Fund by DSC were as follows:

| **Services to Shareholders** | **Total Aggregated** | **Unpaid at June 30, 2019** |
|---|---|---|
| Class A | $ 264 | $ 87 |
| Class B | 80 | 26 |
| | **$ 344** | **$ 113** |

**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, 2019, the Distribution Service Fee aggregated $2,701, of which $436 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,221, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

## D. Ownership of the Fund

At June 30, 2019, four participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 34%, 23%, 15% 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,134.70 | $ 1,133.00 |
| Expenses Paid per $1,000* | $ 4.23 | $ 5.71 |

| **Hypothetical 5% Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,020.83 | $ 1,019.44 |
| Expenses Paid per $1,000* | $ 4.01 | $ 5.41 |

* 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 | .80% | 1.08% |

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 DWS Global Small Cap VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, 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, 2017. 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 noted changes in the portfolio management team, effective April 19, 2018. The Board observed that the Fund had experienced improved relative performance during the first eight months of 2018. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the DWS 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, 2017). 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, 2017, 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 DWS U.S. registered fund ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group manages an institutional account comparable to the Fund, but that DWS Group does not manage any comparable DWS Europe Funds. The Board took note of the differences in services provided to DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

## Notes

# Notes

# Notes

VS1glosc-3 (R-028377-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

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## DWS Government & Agency Securities VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

DWS

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**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

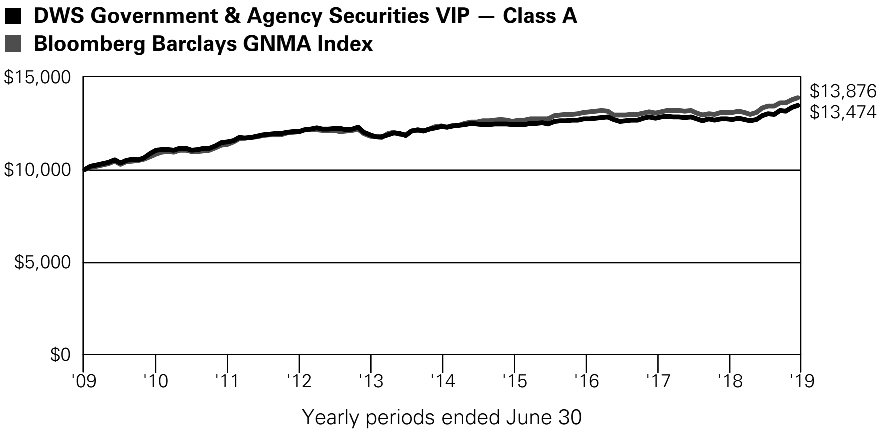
**June 30, 2019 (Unaudited)**

**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, 2019 are 0.93% and 1.28% 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 | $10,445 | $10,581 | $10,574 | $10,937 | $13,474 |
| | Average annual total return | 4.45% | 5.81% | 1.88% | 1.81% | 3.03% |
| Bloomberg Barclays GNMA Index | Growth of $10,000 | $10,411 | $10,608 | $10,598 | $11,226 | $13,876 |
| | Average annual total return | 4.11% | 6.08% | 1.95% | 2.34% | 3.33% |

| DWS Government & Agency Securities VIP | | 6-Month‡ | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| **Class B** | Growth of $10,000 | $10,417 | $10,533 | $10,462 | $10,746 | $13,006 |
| | Average annual total return | 4.17% | 5.33% | 1.52% | 1.45% | 2.66% |
| Bloomberg Barclays GNMA Index | Growth of $10,000 | $10,411 | $10,608 | $10,598 | $11,226 | $13,876 |
| | Average annual total return | 4.11% | 6.08% | 1.95% | 2.34% | 3.33% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Mortgage-Backed Securities Pass-Throughs | 79% | 82% |
| Collateralized Mortgage Obligations | 14% | 10% |
| Commercial Mortgage-Backed Securities | 7% | 4% |
| Asset-Backed | 7% | 3% |
| Government & Agency Obligations | 4% | 4% |
| Commercial Papers | 3% | — |
| Cash Equivalents and Other Assets and Liabilities, net | –14% | –3% |
| | 100% | 100% |

| **Coupons*** | **6/30/19** | **12/31/18** |
|---|---|---|
| Less than 3.5% | 28% | 25% |
| 3.5%–4.49% | 48% | 52% |
| 4.5%–5.49% | 19% | 17% |
| 5.5%–6.49% | 3% | 3% |
| 6.5%–7.49% | 2% | 3% |
| 7.5% and Greater | 0% | 0% |
| | 100% | 100% |

| **Interest Rate Sensitivity** | **6/30/19** | **12/31/18** |
|---|---|---|
| Effective Maturity | 5.2 years | 8.1 years |
| Effective Duration | 3.4 years | 4.7 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Management Team

Gregory M. Staples, CFA, Managing Director
Scott Agi, CFA, Director
Portfolio Managers

# Investment Portfolio

as of June 30, 2019 (Unaudited)

| | Principal Amount ($) | Value ($) |
|---|---|---|
| **Mortgage-Backed Securities Pass-Throughs 78.4%** | | |
| Federal Home Loan Mortgage Corp.: | | |
| 3.0%, 9/1/2047 | 715,258 | 723,116 |
| 3.5%, 9/1/2047 | 649,897 | 668,904 |
| 4.0%, with various maturities from 1/1/2045 until 12/1/2045 | 526,941 | 558,001 |
| Federal National Mortgage Association: | | |
| 3.0%, with various maturities from 3/1/2047 until 10/1/2047 | 1,240,270 | 1,253,729 |
| 3.5%, with various maturities from 8/1/2047 until 7/1/2049 (a) | 3,072,276 | 3,158,258 |
| 4.0%, with various maturities from 8/1/2047 until 7/1/2049 (a) | 4,256,809 | 4,409,776 |
| Government National Mortgage Association: | | |
| 3.0%, with various maturities from 4/20/2046 until 7/1/2049 (a) | 2,339,703 | 2,388,908 |
| 3.5%, with various maturities from 4/15/2042 until 7/1/2049 (a) | 6,531,926 | 6,765,575 |
| 4.0%, with various maturities from 6/20/2047 until 4/20/2049 | 1,320,758 | 1,371,867 |
| 4.5%, with various maturities from 4/20/2035 until 6/20/2049 | 3,150,726 | 3,326,576 |
| 4.55%, 1/15/2041 | 102,909 | 109,793 |
| 4.625%, 5/15/2041 | 96,332 | 101,528 |
| 5.0%, with various maturities from 12/15/2032 until 2/20/2049 | 2,249,853 | 2,364,886 |
| 5.5%, with various maturities from 1/15/2034 until 6/15/2042 | 517,282 | 577,364 |
| 6.0%, with various maturities from 5/20/2034 until 1/15/2038 | 257,849 | 294,607 |
| 6.5%, with various maturities from 9/15/2036 until 2/15/2039 | 204,894 | 236,325 |
| 7.0%, with various maturities from 2/20/2027 until 2/15/2038 | 59,786 | 60,751 |
| 7.5%, 10/20/2031 | 3,041 | 3,509 |
| **Total Mortgage-Backed Securities Pass-Throughs** (Cost $28,072,907) | | **28,373,473** |
| **Asset-Backed 6.9%** | | |
| **Automobile Receivables 3.2%** | | |
| AmeriCredit Automobile Receivables Trust: | | |
| "A3", Series 2017-1, 1.87%, 8/18/2021 | 73,249 | 73,127 |
| "C", Series 2019-2, 2.74%, 4/18/2025 | 330,000 | 331,388 |
| "D", Series 2017-3, 3.18%, 7/18/2023 | 210,000 | 212,334 |
| Hertz Vehicle Financing II LP, "A", Series 2018-1A, 144A, 3.29%, 2/25/2024 | 350,000 | 356,094 |
| United Auto Credit Securitization Trust, "A", Series 2019-1, 144A, 2.82%, 7/12/2021 | 167,342 | 167,545 |
| | | **1,140,488** |
| **Miscellaneous 3.7%** | | |
| Carbone CLO Ltd., "A1", Series 2017-1A, 144A, 3-month USD-LIBOR + 1.140%, 3.732%*, 1/20/2031 | 380,000 | 378,108 |
| GMF Floorplan Owner Revolving Trust, "B", Series 2019-2, 144A, 3.1%, 4/15/2026 | 440,000 | 449,424 |
| MVW Owner Trust, "A", Series 2019-1A, 144A, 2.89%, 11/20/2036 | 330,000 | 334,348 |
| NRZ Excess Spread-Collateralized Notes, "B", Series 2018-PLS1, 144A, 3.588%, 1/25/2023 | 191,936 | 192,851 |
| | | **1,354,731** |
| **Total Asset-Backed** (Cost $2,475,428) | | **2,495,219** |
| **Collateralized Mortgage Obligations 14.4%** | | |
| Federal Home Loan Mortgage Corp.: | | |
| "OA", Series 3179, Principal Only, Zero Coupon, 7/15/2036 | 66,137 | 59,370 |
| "CZ", Series 4113, 3.0%, 9/15/2042 | 329,106 | 330,598 |
| "PI", Series 3940, Interest Only, 4.0%, 2/15/2041 | 229,574 | 27,604 |
| "C1", Series 329, Interest Only, 4.0%, 12/15/2041 | 679,249 | 119,410 |
| "UA", Series 4298, 4.0%, 2/15/2054 | 53,835 | 55,106 |
| "C32", Series 303, Interest Only, 4.5%, 12/15/2042 | 693,459 | 140,974 |
| "C28", Series 303, Interest Only, 4.5%, 1/15/2043 | 806,649 | 160,359 |
| "MI", Series 3871, Interest Only, 6.0%, 4/15/2040 | 22,248 | 932 |
| "IJ", Series 4472, Interest Only, 6.0%, 11/15/2043 | 258,961 | 61,352 |
| "A", Series 172, Interest Only, 6.5%, 1/1/2024 | 4,664 | 491 |
| "C22", Series 324, Interest Only, 6.5%, 4/15/2039 | 375,972 | 94,145 |
| Federal National Mortgage Association: | | |
| "FE", Series 2018-94, 2.804%, 1/25/2049 | 363,774 | 363,541 |
| "Z", Series 2013-44, 3.0%, 5/25/2043 | 100,875 | 103,232 |
| "IO", Series 2012-146, Interest Only, 3.5%, 1/25/2043 | 911,464 | 159,822 |
| "4", Series 406, Interest Only, 4.0%, 9/25/2040 | 175,832 | 31,154 |
| "IO", Series 2016-26, Interest Only, 5.0%, 5/25/2046 | 736,021 | 138,092 |
| "UI", Series 2010-126, Interest Only, 5.5%, 10/25/2040 | 284,146 | 49,216 |
| "IO", Series 2014-70, Interest Only, 5.5%, 10/25/2044 | 387,070 | 80,569 |

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

| | Principal Amount ($) | Value ($) |
|---|---|---|
| "BI", Series 2015-97, Interest Only, 5.5%, 1/25/2046 | 321,662 | 65,075 |
| "WI", Series 2011-59, Interest Only, 6.0%, 5/25/2040 | 22,226 | 452 |
| "YT", Series 2013-35, 6.5%, 9/25/2032 | 426,712 | 494,191 |
| Government National Mortgage Association: | | |
| "JI", Series 2013-10, Interest Only, 3.5%, 1/20/2043 | 429,197 | 75,054 |
| "ID", Series 2013-70, Interest Only, 3.5%, 5/20/2043 | 198,987 | 35,768 |
| "IP", Series 2015-50, Interest Only, 4.0%, 9/20/2040 | 606,003 | 38,471 |
| "PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044 | 188,131 | 17,363 |
| "PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039 | 160,703 | 22,597 |
| "IP", Series 2014-115, Interest Only, 4.5%, 2/20/2044 | 109,314 | 15,419 |
| "GZ", Series 2005-24, 5.0%, 3/20/2035 | 682,082 | 797,743 |
| "AZ", Series 2019-31, 5.0%, 3/20/2049 | 291,959 | 327,795 |
| "IA", Series 2012-64, Interest Only, 5.5%, 5/16/2042 | 156,603 | 33,055 |
| "DI", Series 2009-10, Interest Only, 6.0%, 4/16/2038 | 82,715 | 10,025 |
| "IP", Series 2009-118, Interest Only, 6.5%, 12/16/2039 | 27,807 | 6,764 |
| "IC", Series 1997-4, Interest Only, 7.5%, 3/16/2027 | 194,480 | 120 |
| JP Morgan Mortgage Trust: | | |
| "A6", Series 2017-2, 144A, 3.0%, 5/25/2047 | 472,843 | 472,734 |
| "A5", Series 2017-4, 144A, 3.5%, 11/25/2048 | 303,694 | 308,154 |
| New Residential Mortgage Loan: | | |
| "A1", Series 2019-NQM3, 144A, 2.802%, 7/25/2049 | 300,000 | 300,531 |
| "A1", Series 2019-NQM2, 144A, 3.6%, 4/25/2049 | 215,177 | 218,283 |
| **Total Collateralized Mortgage Obligations** (Cost $5,061,401) | | **5,215,561** |

## Commercial Mortgage-Backed Securities 7.3%

| | | |
|---|---|---|
| Federal National Mortgage Association: | | |
| "A2", Series 2017-M15, 3.058%*, 9/25/2027 | 700,000 | 729,251 |
| "A2", Series 2018-M1, 3.086%*, 12/25/2027 | 500,000 | 518,849 |
| GS Mortgage Securities Trust, "A4", Series 2019-GC40, 3.16%, 7/10/2052 | 300,000 | 308,988 |

| | Principal Amount ($) | Value ($) |
|---|---|---|
| Wells Fargo Commercial Mortgage Trust: | | |
| "A4", Series 2016-NXS6, 2.918%, 11/15/2049 | 750,000 | 762,722 |
| "A4", Series 2019-C51, 3.311%, 6/15/2052 | 300,000 | 308,979 |
| **Total Commercial Mortgage-Backed Securities** (Cost $2,597,158) | | **2,628,789** |

## Government & Agency Obligations 1.6%

### U.S. Treasury Obligation

| | | |
|---|---|---|
| U.S. Treasury Inflation Indexed Note, 0.5%, 4/15/2024 (Cost $562,966) | 557,183 | **564,139** |

## Short-Term U.S. Treasury Obligations 2.4%

| | | |
|---|---|---|
| U.S. Treasury Bills: | | |
| 2.36%**, 8/15/2019 (b) | 380,000 | 379,006 |
| 2.582%**, 10/10/2019 (c) | 500,000 | 497,061 |
| **Total Short-Term U.S. Treasury Obligations** (Cost $875,257) | | **876,067** |

## Commercial Papers 2.8%

| | | |
|---|---|---|
| ENI Finance U.S.A., Inc., 2.739%, 7/26/2019 | 300,000 | 299,394 |
| Ford Motor Credit Co., 2.989%, 9/23/2019 | 400,000 | 397,126 |
| Nissan Motor Acceptance Corp., 2.747%, 7/15/2019 | 300,000 | 299,663 |
| **Total Commercial Paper** (Cost $996,399) | | **996,183** |

## Cash Equivalents 10.3%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (d) | 2,621,752 | 2,621,752 |
| DWS ESG Liquidity Fund "Capital Shares", 2.55% (d) | 1,111,203 | 1,111,315 |
| **Total Cash Equivalents** (Cost $3,732,848) | | **3,733,067** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $44,374,364) | 124.1 | **44,882,498** |
| **Other Assets and Liabilities, Net** | (24.1) | **(8,705,953)** |
| **Net Assets** | 100.0 | **36,176,545** |

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, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Cash Equivalents 10.3%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (d) | | | | | | | | |
| 3,485,215 | 16,670,863 | 17,534,326 | — | — | 31,338 | — | 2,621,752 | 2,621,752 |
| DWS ESG Liquidity Fund "Capital Shares", 2.55% (d) | | | | | | | | |
| 3,784,362 | 26,843 | 2,700,540 | 810 | (160) | 10,087 | — | 1,111,203 | 1,111,315 |
| **7,269,577** | **16,697,706** | **20,234,866** | **810** | **(160)** | **41,425** | **—** | **3,732,955** | **3,733,067** |

* Variable or floating rate security. These securities are shown at their current rate as of June 30, 2019. 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) When-issued, delayed delivery or forward commitment securities included.

(b) At June 30, 2019, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(c) At June 30, 2019, this security has been pledged, in whole or in part, to cover initial margin requirements for open centrally cleared swap contracts.

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

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

Principal Only: Principal Only (PO) bonds represent the "principal only" portion of payments on a pool of underlying mortgages or mortgage-backed securities.

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, 2019, open futures contracts purchased were as follows:

| Futures | Currency | Expiration Date | Contracts | Notional Amount ($) | Notional Value ($) | Unrealized Appreciation ($) |
|---|---|---|---|---|---|---|
| U.S. Treasury Long Bond | USD | 9/19/2019 | 2 | 303,318 | 311,188 | 7,870 |
| Ultra 10 Year U.S. Treasury Note | USD | 9/19/2019 | 35 | 4,780,435 | 4,834,375 | 53,940 |
| Ultra Long U.S. Treasury Bond | USD | 9/19/2019 | 9 | 1,556,041 | 1,598,063 | 42,022 |
| **Total unrealized appreciation** | | | | | | **103,832** |

At June 30, 2019, open futures contracts sold were as follows:

| Futures | Currency | Expiration Date | Contracts | Notional Amount ($) | Notional Value ($) | Unrealized Depreciation ($) |
|---|---|---|---|---|---|---|
| 5 Year U.S. Treasury Note | USD | 9/30/2019 | 42 | 4,946,995 | 4,962,563 | (15,568) |

At June 30, 2019, 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 ($) | Unrealized Depreciation ($) |
|---|---|---|---|---|---|---|---|
| Fixed — 1.961% Semi-Annually | Floating — 3-Month LIBOR Quarterly | 6/28/2019 6/28/2029 | 300,000 | USD | — | (189) | (189) |
| Fixed — 2.724% Semi-Annually | Floating — 3-Month LIBOR Quarterly | 3/4/2019 3/5/2029 | 700,000 | USD | — | (53,604) | (53,604) |
| Fixed — 2.085% Semi-Annually | Floating — 3-Month LIBOR Quarterly | 5/30/2019 5/31/2022 | 200,000 | USD | — | (1,843) | (1,843) |
| Fixed — 2.179% Semi-Annually | Floating — 3-Month LIBOR Quarterly | 5/21/2019 2/21/2023 | 300,000 | USD | — | (4,587) | (4,587) |

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

**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 ($) | Unrealized Depreciation ($) |
|---|---|---|---|---|---|---|---|
| Fixed — 2.45% Semi-Annually | Floating — 3-Month LIBOR Quarterly | 12/20/2017 12/20/2032 | 500,000 | USD | — | (21,583) | (21,583) |
| **Total unrealized depreciation** | | | | | | | **(81,806)** |

LIBOR: London Interbank Offered Rate; 3-Month LIBOR rate at June 30, 2019 is 2.320%.

At June 30, 2019, 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/ (Received) ($) | Value ($) | Unrealized Depreciation ($) |
|---|---|---|---|---|---|---|---|
| **Short Positions** | | | | | | | |
| Markit IOS INDEX FN30.400.10 | 4.0%/Monthly | Goldman Sachs & Co. 1/12/2041 | 326,684 | USD | — | (1,222) | **(1,222)** |

As of June 30, 2019, the Fund had the following open forward foreign currency contracts:

| Contracts to Deliver | | In Exchange For | | Settlement Date | Unrealized Appreciation ($) | Counterparty |
|---|---|---|---|---|---|---|
| EUR | 643,051 | JPY | 79,299,074 | 8/8/2019 | 4,144 | Citigroup, Inc. |

**Currency Abbreviations**

| | | | |
|---|---|---|---|
| EUR | Euro | USD | United States Dollar |
| JPY | Japanese Yen | | |

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.

## 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, 2019 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 (e) | | | | |
| Mortgage-Backed Securities Pass-Throughs | $ — | $ 28,373,473 | $ — | $ 28,373,473 |
| Asset-Backed | — | 2,495,219 | — | 2,495,219 |
| Collateralized Mortgage Obligations | — | 5,215,561 | — | 5,215,561 |
| Commercial Mortgage-Backed Securities | — | 2,628,789 | — | 2,628,789 |
| Government & Agency Obligations | — | 564,139 | — | 564,139 |
| Short-Term U.S. Treasury Obligations | — | 876,067 | — | 876,067 |
| Commercial Papers | — | 996,183 | — | 996,183 |
| Short-Term Investments (e) | 3,733,067 | — | — | 3,733,067 |
| Derivatives (f) | | | | |
| Futures Contracts | $ 103,832 | $ — | $ — | $ 103,832 |
| Forward Foreign Currency Contracts | — | 4,144 | — | 4,144 |
| **Total** | **$ 3,836,899** | **$ 41,153,575** | **$ —** | **$ 44,990,474** |

| Liabilities | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Derivatives (f) | | | | |
| Futures Contracts | $ (15,568) | $ — | $ — | $ (15,568) |
| Interest Rate Swap Contracts | — | (81,806) | — | (81,806) |
| Total Return Swap Contracts | — | (1,222) | — | (1,222) |
| **Total** | **$ (15,568)** | **$ (83,028)** | **$ —** | **$ (98,596)** |

(e) See Investment Portfolio for additional detailed categorizations.

(f) 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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $40,641,516) | $ 41,149,431 |
| Investment in affiliated securities, at value (cost $3,732,848) | 3,733,067 |
| Cash | 10,000 |
| Foreign currency, at value (cost $63,712) | 63,668 |
| Receivable for Fund shares sold | 3,876 |
| Interest receivable | 137,191 |
| Receivable for variation margin on centrally cleared swaps | 2,027 |
| Unrealized appreciation on forward foreign currency contracts | 4,144 |
| Other assets | 661 |
| Total assets | 45,104,065 |
| **Liabilities** | |
| Payable for investments purchased — forward commitments | 7,203,007 |
| Payable for investments purchased | 1,618,672 |
| Payable for Fund shares redeemed | 25,732 |
| Payable for variation margin on futures contracts | 1,288 |
| Unrealized depreciation on bilateral swap contracts | 1,222 |
| Accrued management fee | 1,294 |
| Accrued Trustees' fees | 236 |
| Other accrued expenses and payables | 76,069 |
| Total liabilities | 8,927,520 |
| **Net assets, at value** | **$ 36,176,545** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | 981,631 |
| Paid-in capital | 35,194,914 |
| **Net assets, at value** | **$ 36,176,545** |
| **Net Asset Value** | |
| **Class A** | |
| **Net Asset Value,** offering and redemption price per share ($34,732,416 ÷ 3,132,903 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 11.09** |
| **Class B** | |
| **Net Asset Value,** offering and redemption price per share ($1,444,129 ÷ 130,173 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 11.09** |

## Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income: | |
| Interest | $ 571,969 |
| Income distributions from affiliated securities | 41,425 |
| Total income | 613,394 |
| Expenses: | |
| Management fee | 81,078 |
| Administration fee | 18,017 |
| Services to Shareholders | 333 |
| Record keeping fee (Class B) | 719 |
| Distribution service fees (Class B) | 1,917 |
| Custodian fee | 8,600 |
| Professional fees | 42,625 |
| Reports to shareholders | 17,587 |
| Trustees' fees and expenses | 1,840 |
| Other | 7,643 |
| Total expenses before expense reductions | 180,359 |
| Expense reductions | (82,202) |
| Total expenses after expense reductions | 98,157 |
| **Net investment income** | **515,237** |
| **Realized and Unrealized Gain/(Loss)** | |
| Net realized gain (loss) from: | |
| Non-Affiliated investments | 178,416 |
| Affiliated investments | 810 |
| Swap contracts | (49,245) |
| Futures | 365,910 |
| Forward foreign currency contracts | 5,256 |
| Foreign currency | (10) |
| | 501,137 |
| Change in net unrealized appreciation (depreciation) on: | |
| Non-Affiliated investments | 627,753 |
| Affiliated investments | (160) |
| Swap contracts | (43,774) |
| Futures | (28,290) |
| Forward foreign currency contracts | (1,160) |
| Foreign currency | (409) |
| | 553,960 |
| **Net gain (loss)** | **1,055,097** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 1,570,334** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income | $ 515,237 | $ 1,004,300 |
| Net realized gain (loss) | 501,137 | (489,745) |
| Change in net unrealized appreciation (depreciation) | 553,960 | (391,353) |
| Net increase (decrease) in net assets resulting from operations | 1,570,334 | 123,202 |
| Distributions to shareholders | | |
| Class A | (931,223) | (1,045,563) |
| Class B | (36,052) | (40,012) |
| Total distributions | (967,275) | (1,085,575) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 2,025,372 | 2,638,856 |
| Reinvestment of distributions | 931,223 | 1,045,563 |
| Payments for shares redeemed | (3,708,020) | (8,226,521) |
| Net increase (decrease) in net assets from Class A share transactions | (751,425) | (4,542,102) |
| **Class B** | | |
| Proceeds from shares sold | 53,271 | 54,842 |
| Reinvestment of distributions | 36,052 | 40,012 |
| Payments for shares redeemed | (280,819) | (296,226) |
| Net increase (decrease) in net assets from Class B share transactions | (191,496) | (201,372) |
| **Increase (decrease) in net assets** | (339,862) | (5,705,847) |
| Net assets at beginning of period | 36,516,407 | 42,222,254 |
| Net assets at end of period | **$ 36,176,545** | **$ 36,516,407** |

| **Other Information** | | |
|---|---|---|
| **Class A** | | |
| Shares outstanding at beginning of period | 3,199,776 | 3,619,812 |
| Shares sold | 185,013 | 242,507 |
| Shares issued to shareholders in reinvestment of distributions | 85,985 | 97,716 |
| Shares redeemed | (337,871) | (760,259) |
| Net increase (decrease) in Class A shares | (66,873) | (420,036) |
| Shares outstanding at end of period | **3,132,903** | **3,199,776** |
| **Class B** | | |
| Shares outstanding at beginning of period | 147,546 | 165,975 |
| Shares sold | 4,833 | 5,073 |
| Shares issued to shareholders in reinvestment of distributions | 3,326 | 3,736 |
| Shares redeemed | (25,532) | (27,238) |
| Net increase (decrease) in Class B shares | (17,373) | (18,429) |
| Shares outstanding at end of period | **130,173** | **147,546** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 10.91** | **$11.15** | **$11.25** | **$11.48** | **$11.80** | **$11.47** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .16 | .28 | .23 | .25 | .27 | .29 |
| Net realized and unrealized gain (loss) | .32 | (.22) | (.04) | (.13) | (.26) | .31 |
| **Total from investment operations** | .48 | .06 | .19 | .12 | .01 | .60 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.30) | (.30) | (.29) | (.35) | (.33) | (.27) |
| **Net asset value, end of period** | **$ 11.09** | **$10.91** | **$11.15** | **$11.25** | **$11.48** | **$11.80** |
| Total Return (%)[b] | 4.45** | .55 | 1.67 | 1.06 | .06 | 5.29 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 35 | 35 | 40 | 52 | 66 | 87 |
| Ratio of expenses before expense reductions (%)[c] | .99* | .93 | .87 | .86 | .74 | .72 |
| Ratio of expenses after expense reductions (%)[c] | .53* | .55 | .61 | .58 | .68 | .70 |
| Ratio of net investment income (%) | 2.87* | 2.58 | 2.03 | 2.22 | 2.33 | 2.49 |
| Portfolio turnover rate (%) | 185** | 448 | 588 | 521 | 376 | 393 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 10.90** | **$11.14** | **$11.24** | **$11.46** | **$11.79** | **$11.46** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .14 | .24 | .19 | .21 | .23 | .25 |
| Net realized and unrealized gain (loss) | .31 | (.22) | (.04) | (.12) | (.27) | .31 |
| **Total from investment operations** | .45 | .02 | .15 | .09 | (.04) | .56 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.26) | (.26) | (.25) | (.31) | (.29) | (.23) |
| **Net asset value, end of period** | **$ 11.09** | **$10.90** | **$11.14** | **$11.24** | **$11.46** | **$11.79** |
| Total Return (%)[b] | 4.17** | .19 | 1.31 | .79 | (.36) | 4.95 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 1 | 2 | 2 | 2 | 3 | 3 |
| Ratio of expenses before expense reductions (%)[c] | 1.33* | 1.28 | 1.21 | 1.21 | 1.09 | 1.06 |
| Ratio of expenses after expense reductions (%)[c] | .88* | .90 | .95 | .93 | 1.03 | 1.03 |
| Ratio of net investment income (%) | 2.52* | 2.23 | 1.69 | 1.88 | 1.99 | 2.16 |
| Portfolio turnover rate (%) | 185** | 448 | 588 | 521 | 376 | 393 |

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 (the "Fund") is a diversified series of Deutsche DWS 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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.

During the period ended June 30, 2019, 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, 2018, the Fund had a net tax basis capital loss carryforward of approximately $431,000, which may be applied against realized net taxable capital gains indefinitely, including short-term losses ($329,000) and long-term losses ($102,000).

At June 30, 2019, the aggregate cost of investments for federal income tax purposes was $44,380,582. The net unrealized appreciation for all investments based on tax cost was $501,916. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $729,632 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $227,716.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, 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, 2019 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in total return swap contracts had a total notional amount generally indicative of a range from approximately $327,000 to $348,000.

**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, 2019, 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, 2019 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in interest rate swap contracts had a total USD equivalent notional amount generally indicative of a range from $1,600,000 to $4,700,000.

**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, 2019, 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, 2019, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $6,293,000 to $12,365,000 and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $579,000 to $4,963,000.

**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, 2019, 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. 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 hedged.

There were no open option contracts as of June 30, 2019. For the six months ended June 30, 2019, the investment in purchased option contracts had a total value generally indicative of a range from $0 to approximately $3,000.

**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, 2019, 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, 2019 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $0 to approximately $785,000 and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from $0 to approximately $780,000. The investment in forward currency contracts long vs. other foreign currencies sold had a total contract value generally indicative of a range from $0 to approximately $720,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2019 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) | $ — | $ 103,832 | $ 103,832 |
| Foreign Exchange Contracts (b) | 4,144 | — | 4,144 |
| | **$ 4,144** | **$ 103,832** | **$ 107,976** |

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 | Swap Contracts | Futures Contracts | Total |
|---|---|---|---|
| Interest Rate Contracts (c) (d) | $ (83,028) | $ (15,568) | $ (98,596) |

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

(c) Includes cumulative depreciation of swap contracts and 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 bilateral swap 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, 2019 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

| Realized Gain (Loss) | Purchased Options | Forward Contracts | Swap Contracts | Futures Contracts | Total |
|---|---|---|---|---|---|
| Interest Rate Contracts (e) | $ (2,750) | $ — | $ (49,245) | $ 365,910 | $ 313,915 |
| Foreign Exchange Contracts (f) | — | 5,256 | — | — | 5,256 |
| | **$ (2,750)** | **$ 5,256** | **$ (49,245)** | **$ 365,910** | **$ 319,171** |

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

(e) Net realized gain (loss) from investments (includes purchased options), 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) | $ — | $ (43,774) | $ (28,290) | $ (72,064) |
| Foreign Exchange Contracts (h) | (1,160) | — | — | (1,160) |
| | **$ (1,160)** | **$ (43,774)** | **$ (28,290)** | **$ (73,224)** |

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

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

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

As of June 30, 2019, 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 |
|---|---|---|---|---|
| Citigroup, Inc. | $ 4,144 | $ — | $ — | $ 4,144 |

| 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 |
|---|---|---|---|---|
| Goldman Sachs & Co. | $ 1,222 | $ — | $ — | $ 1,222 |

## C. Purchases and Sales of Securities

During the six months ended June 30, 2019, purchases and sales of investment securities, excluding short-term investments, were as follows:

| | Purchases | Sales |
|---|---|---|
| Non-U.S. Treasury Obligations | $ 72,515,680 | $ 70,611,263 |
| U.S. Treasury Obligations | $ 1,099,773 | $ 1,253,810 |

## D. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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.

For the period from January 1, 2019 through April 30, 2020, 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 | .53% |
| Class B | .88% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for each class are as follows:

| | |
|---|---|
| Class A | $ 78,711 |
| Class B | 3,491 |
| | **$ 82,202** |

**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, 2019, the Administration Fee was $18,017, of which $2,984 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, 2019, the amounts charged to the Fund by DSC were as follows:

| | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class A | $ 128 | $ 33 |
| Class B | 24 | 12 |
| | **$ 152** | **$ 45** |

**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, 2019, the Distribution Service Fee aggregated $1,917, of which $300 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,401, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Security Lending Fees.** Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2019, the Fund did not incur securities lending agent fees to Deutsche Bank AG.

## E. Ownership of the Fund

At June 30, 2019, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 50%, 33% and 14%. 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,044.50 | $ 1,041.70 |
| Expenses Paid per $1,000* | $ 2.69 | $ 4.45 |

| **Hypothetical 5% Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,022.17 | $ 1,020.43 |
| Expenses Paid per $1,000* | $ 2.66 | $ 4.41 |

* 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 | .53% | .88% |

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 DWS Government & Agency Securities VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, the Fund's performance (Class A shares) was in the 4th quartile, 4th quartile and 3rd 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, 2017. 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 2018. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the DWS 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, 2017). 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, 2017, 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 DWS U.S. registered funds ("DWS Funds"), noting that DIMA indicated that it does not provide services to any other comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

# Notes

# Notes

# Notes

DWS

VS2GAS-3 (R-028384-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

## DWS Government Money Market VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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.

# Portfolio Summary

**(Unaudited)**

| **Asset Allocation** (As a % of Investment Portfolio) | **6/30/19** | **12/31/18** |
|---|---|---|
| Government & Agency Obligations | 59% | 62% |
| Repurchase Agreement | 41% | 38% |
| | 100% | 100% |

| **Weighted Average Maturity** | **6/30/19** | **12/31/18** |
|---|---|---|
| Deutsche DWS Variable Series II — DWS Government Money Market VIP | 29 days | 25 days |
| Government & Agency Retail Money Fund Average* | 27 days | 28 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 4.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing was filed with the SEC on Form N-Q. Effective from and after the Fund's third fiscal quarter-end of 2019, Form N-Q is rescinded and will not be filed with the SEC. 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. The Fund's portfolio holdings are also posted on dws.com as of each month-end. 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.

# Investment Portfolio

June 30, 2019 (Unaudited)

| | Principal Amount ($) | Value ($) |
|---|---|---|
| **Government & Agency Obligations 59.8%** | | |
| **U.S. Government Sponsored Agencies 56.7%** | | |
| Federal Farm Credit Bank: | | |
| 1-month LIBOR minus 0.123%, 2.288%*, 8/13/2019 | 1,000,000 | 1,000,000 |
| 1-month LIBOR minus 0.095%, 2.309%*, 7/25/2019 | 1,000,000 | 999,999 |
| 1-month LIBOR minus 0.035%, 2.348%*, 8/20/2020 | 1,500,000 | 1,500,000 |
| 1-month LIBOR minus 0.050%, 2.354%*, 2/25/2020 | 500,000 | 499,985 |
| 1-month LIBOR minus 0.075%, 2.355%*, 11/5/2019 | 1,000,000 | 999,965 |
| 1-month LIBOR minus 0.050%, 2.381%*, 2/4/2020 | 1,180,000 | 1,180,000 |
| 3-month LIBOR minus 0.18%, 2.399%*, 11/1/2019 | 500,000 | 500,000 |
| 1-month LIBOR minus 0.025%, 2.403%*, 5/29/2020 | 500,000 | 499,977 |
| 1-month LIBOR minus 0.020%, 2.409%*, 4/30/2020 | 2,000,000 | 2,000,000 |
| 2.626%**, 8/21/2019 | 350,000 | 348,716 |
| Federal Home Loan Bank: | | |
| 3-month LIBOR minus 0.230%, 2.29%*, 12/3/2019 | 500,000 | 500,000 |
| 1-month LIBOR minus 0.085%, 2.326%*, 9/13/2019 | 1,300,000 | 1,300,000 |
| 3-month LIBOR minus 0.190%, 2.331%*, 8/28/2019 | 1,000,000 | 1,000,000 |
| 3-month LIBOR minus 0.195%, 2.333%*, 2/14/2020 | 1,000,000 | 1,000,000 |
| 1-month LIBOR minus 0.065%, 2.337%*, 8/28/2019 | 500,000 | 500,000 |
| 1-month LIBOR minus 0.055%, 2.346%*, 1/14/2020 | 500,000 | 500,000 |
| 1-month LIBOR minus 0.025%, 2.358%*, 4/20/2020 | 1,250,000 | 1,250,000 |
| 1-month LIBOR minus 0.060%, 2.361%*, 12/6/2019 | 500,000 | 500,000 |
| 3-month LIBOR minus 0.200%, 2.384%*, 1/10/2020 | 1,000,000 | 1,000,000 |
| 1-month LIBOR minus 0.020%, 2.393%*, 5/12/2020 | 750,000 | 750,000 |
| 3-month LIBOR minus 0.020%, 2.401%*, 1/16/2020 | 1,000,000 | 1,000,000 |
| 2.406%**, 11/15/2019 | 2,500,000 | 2,477,424 |
| 2.411%**, 8/14/2019 | 2,000,000 | 1,994,187 |
| 1-month LIBOR minus 0.010%, 2.43%*, 9/1/2020 | 650,000 | 650,000 |
| SOFR plus 0.040%, 2.44%*, 8/27/2019 | 1,000,000 | 1,000,000 |
| 2.443%**, 8/15/2019 | 2,000,000 | 1,993,975 |
| SOFR plus 0.025%, 2.445%*, 9/20/2019 | 1,500,000 | 1,500,000 |
| SOFR plus 0.030%, 2.45%*, 10/9/2019 | 1,000,000 | 1,000,000 |
| SOFR plus 0.035%, 2.455%*, 2/21/2020 | 1,000,000 | 1,000,000 |
| SOFR plus 0.035%, 2.455%*, 5/8/2020 | 1,000,000 | 1,000,000 |
| SOFR plus 0.035%, 2.455%*, 6/19/2020 | 1,250,000 | 1,250,000 |
| SOFR plus 0.060%, 2.48%*, 9/10/2019 | 500,000 | 500,000 |
| SOFR plus 0.065%, 2.485%*, 11/15/2019 | 750,000 | 750,000 |
| 2.486%**, 9/11/2019 | 2,000,000 | 1,990,192 |
| SOFR plus 0.105%, 2.525%*, 10/1/2020 | 500,000 | 500,000 |
| 2.58%, 3/30/2020 | 2,500,000 | 2,500,000 |
| 2.596%**, 7/29/2019 | 1,250,000 | 1,247,511 |
| Federal Home Loan Mortgage Corp.: | | |
| 1-month LIBOR minus 0.100%, 2.312%*, 8/8/2019 | 2,500,000 | 2,499,950 |
| 2.4%, 6/12/2020 | 500,000 | 500,000 |
| SOFR minus 0.010%, 2.41%*, 8/5/2019 | 1,500,000 | 1,500,000 |
| SOFR plus 0.010%, 2.43%*, 7/11/2019 | 1,000,000 | 1,000,000 |
| SOFR plus 0.010%, 2.43%*, 2/21/2020 | 1,500,000 | 1,500,000 |
| SOFR plus 0.020%, 2.44%*, 2/28/2020 | 1,000,000 | 1,000,000 |
| SOFR plus 0.030%, 2.45%*, 5/8/2020 | 750,000 | 750,000 |
| SOFR plus 0.030%, 2.45%*, 8/21/2020 | 2,250,000 | 2,250,000 |
| 2.5%, 5/22/2020 | 1,000,000 | 1,000,000 |
| Federal National Mortgage Association: | | |
| SOFR plus 0.060%, 2.48%*, 7/30/2020 | 400,000 | 400,000 |
| SOFR plus 0.070%, 2.49%*, 10/30/2019 | 250,000 | 250,000 |
| SOFR plus 0.075%, 2.495%*, 10/30/2020 | 750,000 | 750,000 |
| SOFR plus 0.10%, 2.52%*, 4/30/2020 | 250,000 | 250,000 |
| | | **53,831,881** |
| **U.S. Treasury Obligation 3.1%** | | |
| U.S. Treasury Bill, 2.312%**, 10/10/2019 | 3,000,000 | 2,980,810 |
| **Total Government & Agency Obligations** (Cost $56,812,691) | | **56,812,691** |
| **Repurchase Agreements 42.1%** | | |
| BNP Paribas, 2.48%, dated 6/29/2019, to be repurchased at $19,902,742 on 7/1/2019 (a) | 19,900,000 | 19,900,000 |
| Wells Fargo Bank, 2.52%, dated 6/29/2019, to be repurchased at $20,100,814 on 7/1/2019 (b) | 20,098,000 | 20,098,000 |
| **Total Repurchase Agreements** (Cost $39,998,000) | | **39,998,000** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $96,810,691) | 101.9 | **96,810,691** |
| **Other Assets and Liabilities, Net** | (1.9) | **(1,794,530)** |
| **Net Assets** | 100.0 | **95,016,161** |

* Floating rate security. These securities are shown at their current rate as of June 30, 2019.

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

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

(a) Collateralized by:

| Principal Amount ($) | Security | Rate (%) | Maturity Date | Collateral Value ($) |
|---|---|---|---|---|
| 600 | U.S. Treasury Bills | Zero Coupon | 07/18/2019 | 599 |
| 19,256,000 | U.S. Treasury Notes | 2.75 | 02/15/2024 | 20,297,434 |
| **Total Collateral Value** | | | | **20,298,033** |

(b) Collateralized by:

| Principal Amount ($) | Security | Rate (%) | Maturity Date | Collateral Value ($) |
|---|---|---|---|---|
| 2,508,258 | Federal Home Loan Mortgage Corp. | 3–4.5 | 4/1/2034–5/1/2049 | 2,578,487 |
| 17,400,891 | Federal National Mortgage Association | 2.5–5 | 6/1/2029–6/1/2049 | 17,921,473 |
| **Total Collateral Value** | | | | **20,499,960** |

LIBOR: London Interbank Offered Rate

SOFR : Secured Overnight Mortgage Association

## 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, 2019 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 (c) | $ — | $56,812,691 | $ — | $56,812,691 |
| Repurchase Agreements | — | 39,998,000 | — | 39,998,000 |
| **Total** | **$ —** | **$96,810,691** | **$ —** | **$96,810,691** |

(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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in securities, valued at amortized cost | $56,812,691 |
| Repurchase Agreements, valued at amortized cost | 39,998,000 |
| Cash | 6,201 |
| Receivable for Fund shares sold | 41,866 |
| Interest receivable | 124,816 |
| Other assets | 1,426 |
| Total assets | 96,985,000 |
| **Liabilities** | |
| Payable for Fund shares redeemed | 1,795,121 |
| Distributions payable | 67,740 |
| Accrued management fee | 18,928 |
| Accrued Trustees' fees | 518 |
| Other accrued expenses and payables | 86,532 |
| Total liabilities | 1,968,839 |
| **Net assets, at value** | **$95,016,161** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | 14,868 |
| Paid-in capital | 95,001,293 |
| **Net assets, at value** | **$95,016,161** |
| **Class A Net Asset Value** | |
| **Net asset value,** offering and redemption price per share ($95,016,161 ÷ 95,085,008 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 1.00** |

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Interest | $1,202,428 |
| Expenses:<br>Management fee | 114,948 |
| Administration fee | 48,914 |
| Services to Shareholders | 1,105 |
| Custodian fee | 3,020 |
| Professional fees | 27,611 |
| Reports to shareholders | 40,705 |
| Trustees' fees and expenses | 3,285 |
| Other | 5,943 |
| Total expenses before expense reductions | 245,531 |
| Expense reductions | (120) |
| Total expenses after expense reductions | 245,411 |
| **Net investment income** | **957,017** |
| **Net realized gain (loss) from investments** | **42** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 957,059** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 957,017 | $ 1,437,915 |
| Net realized gain (loss) | 42 | (141) |
| Net increase (decrease) in net assets resulting from operations | 957,059 | 1,437,774 |
| Distributions to shareholders : | | |
| Class A | (956,953) | (1,437,977) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 37,490,408 | 122,763,991 |
| Reinvestment of distributions | 968,351 | 1,393,905 |
| Payments for shares redeemed | (50,622,480) | (128,197,879) |
| Net increase (decrease) in net assets from Class A share transactions | (12,163,721) | (4,039,983) |
| **Increase (decrease) in net assets** | (12,163,615) | (4,040,186) |
| Net assets at beginning of period | 107,179,776 | 111,219,962 |
| Net assets at end of period | **$ 95,016,161** | **$ 107,179,776** |

| **Other Information:** | | |
|---|---|---|
| **Class A** | | |
| Shares outstanding at beginning of period | 107,248,730 | 111,288,713 |
| Shares sold | 37,490,407 | 122,763,991 |
| Shares issued to shareholders in reinvestment of distributions | 968,351 | 1,393,905 |
| Shares redeemed | (50,622,480) | (128,197,879) |
| Net increase (decrease) in Fund shares | (12,163,722) | (4,039,983) |
| Shares outstanding at end of period | **95,085,008** | **107,248,730** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **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 | .010 | .014 | .005 | .001[b] | .000*** | .000*** |
| Net realized gain (loss) | .000*** | (.000)*** | .000*** | .000*** | (.000)*** | .000*** |
| **Total from investment operations** | .010 | .014 | .005 | .001 | .000*** | .000*** |
| *Less distributions from:* | | | | | | |
| Net investment income | (.010) | (.014) | (.005) | (.001) | (.000)*** | (.000)*** |
| **Net asset value, end of period** | **$ 1.00** | **$ 1.00** | **$ 1.00** | **$ 1.00** | **$ 1.00** | **$ 1.00** |
| Total Return (%) | .97[a]** | 1.39[a] | .45 | .05[a,b] | .01[a] | .01[a] |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 95 | 107 | 111 | 122 | 134 | 177 |
| Ratio of expenses before expense reductions (%)[c] | .50* | .50 | .48 | .51 | .49 | .49 |
| Ratio of expenses after expense reductions (%)[c] | .50* | .50 | .48 | .44 | .25 | .18 |
| Ratio of net investment income (%) | 1.96* | 1.37 | .45 | .05[b] | .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 (the "Fund") is a diversified series of Deutsche DWS 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, 2019, the Fund held repurchase agreements with a gross value of $39,998,000. 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.

At December 31, 2018, the Fund had $141 of short-term tax basis capital loss carryforwards, which maybe applied against realized net taxable capital gains indefinitely.

At June 30, 2019, the aggregate cost of investments for federal income tax purposes was $96,810,691.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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. ("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, 2019, 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, 2019 through September 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 0.51%.

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed amounted to $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 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, 2019 the Administration Fee was $48,914, of which $8,055 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, 2019, the amounts charged to the Fund by DSC aggregated $923, of which $182 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,288, 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 to each committee Chairperson.

## C. Ownership of the Fund

At June 30, 2019, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 43%, 19% and 18%.

## 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| Actual Fund Return | Class A |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,009.70 |
| Expenses Paid per $1,000* | $ 2.49 |

| Hypothetical 5% Fund Return | Class A |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 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 DWS Government Money Market VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, 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, 2017). 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 (3rd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2017, and analyzing Broadridge expense universe Class A (net) expenses less any applicable 12b-1 fees). The Board noted the expense limitation agreed to by DIMA. The Board also noted the voluntary fee waivers implemented by DIMA prior to December 31, 2017 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 DWS U.S. registered funds ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

# Notes

# Notes

# Notes

VS2GMM-3 (R-028387-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

## DWS High Income VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

DWS

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**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.

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

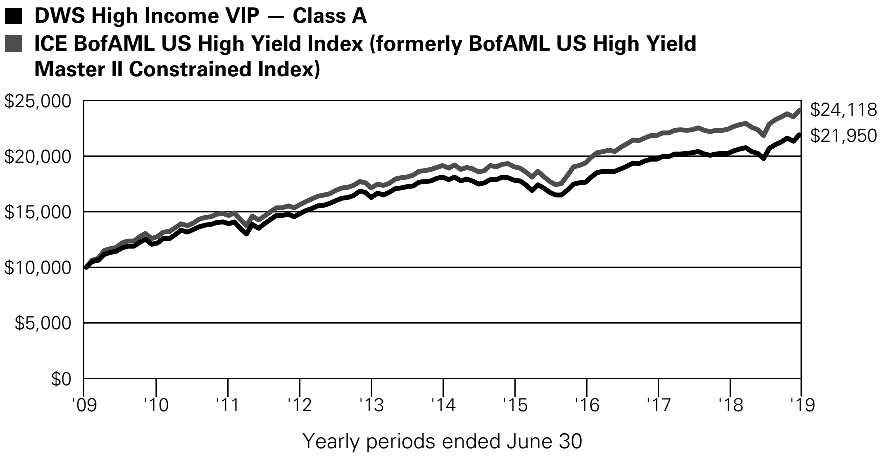
**June 30, 2019 (Unaudited)**

**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, 2019 are 0.94% and 1.34% 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 BofAML US High Yield Index (formerly BofAML 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 | $11,086 | $10,839 | $12,409 | $12,109 | $21,950 |
| | Average annual total return | 10.86% | 8.39% | 7.46% | 3.90% | 8.18% |
| ICE BofAML US High Yield Index (formerly BofAML US High Yield Master II Constrained Index) | Growth of $10,000 | $11,016 | $10,758 | $12,436 | $12,584 | $24,118 |
| | Average annual total return | 10.16% | 7.58% | 7.54% | 4.70% | 9.20% |

| DWS High Income VIP | | 6-Month‡ | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| **Class B** | Growth of $10,000 | $11,072 | $10,808 | $12,325 | $11,913 | $21,323 |
| | Average annual total return | 10.72% | 8.08% | 7.22% | 3.56% | 7.87% |
| ICE BofAML US High Yield Index (formerly BofAML US High Yield Master II Constrained Index) | Growth of $10,000 | $11,016 | $10,758 | $12,436 | $12,584 | $24,118 |
| | Average annual total return | 10.16% | 7.58% | 7.54% | 4.70% | 9.20% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Corporate Bonds | 84% | 83% |
| Cash Equivalent | 9% | 8% |
| Convertible Bonds | 3% | 3% |
| Loan Participations and Assignments | 3% | 6% |
| Common Stocks | 1% | 0% |
| Warrants | 0% | 0% |
| | 100% | 100% |

| **Sector Diversification** (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| Communication Services | 24% | 23% |
| Energy | 17% | 22% |
| Materials | 16% | 17% |
| Consumer Discretionary | 14% | 10% |
| Health Care | 7% | 10% |
| Industrials | 6% | 7% |
| Utilities | 5% | 3% |
| Real Estate | 3% | 3% |
| Consumer Staples | 3% | 2% |
| Information Technology | 3% | 2% |
| Financials | 2% | 1% |
| | 100% | 100% |

| **Quality** (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| BBB | 9% | 10% |
| BB | 58% | 56% |
| B | 26% | 28% |
| CCC | 3% | 2% |
| 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Management Team

Gary Russell, CFA, Managing Director
Thomas R. Bouchard, Director
Lonnie Fox, Director
Portfolio Managers

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| **Corporate Bonds 84.6%** | | |
| **Communication Services 20.3%** | | |
| Altice France SA: | | |
| 144A, 7.375%, 5/1/2026 | 910,000 | 932,750 |
| 144A, 8.125%, 2/1/2027 | 200,000 | 210,000 |
| Altice Luxembourg SA: | | |
| 144A, 7.75%, 5/15/2022 | 200,000 | 203,250 |
| 144A, 10.5%, 5/15/2027 | 200,000 | 205,500 |
| CCO Holdings LLC: | | |
| 144A, 5.0%, 2/1/2028 | 150,000 | 153,180 |
| 144A, 5.125%, 5/1/2027 | 125,000 | 129,420 |
| 144A, 5.375%, 6/1/2029 | 130,000 | 134,225 |
| 144A, 5.5%, 5/1/2026 | 210,000 | 219,776 |
| 144A, 5.875%, 4/1/2024 | 170,000 | 177,650 |
| 144A, 5.875%, 5/1/2027 | 200,000 | 211,000 |
| CenturyLink, Inc.: | | |
| 5.625%, 4/1/2025 (b) | 225,000 | 229,500 |
| Series W, 6.75%, 12/1/2023 | 45,000 | 48,544 |
| Clear Channel Worldwide Holdings, Inc.: | | |
| Series A, 6.5%, 11/15/2022 | 180,000 | 184,050 |
| 144A, 9.25%, 2/15/2024 | 15,000 | 16,275 |
| CommScope, Inc.: | | |
| 144A, 5.5%, 3/1/2024 | 230,000 | 236,037 |
| 144A, 8.25%, 3/1/2027 (b) | 130,000 | 132,581 |
| CSC Holdings LLC: | | |
| 144A, 5.5%, 4/15/2027 | 345,000 | 362,250 |
| 144A, 6.5%, 2/1/2029 | 200,000 | 218,250 |
| 144A, 7.5%, 4/1/2028 | 200,000 | 219,560 |
| 144A, 10.875%, 10/15/2025 | 230,000 | 263,637 |
| Cumulus Media New Holdings, Inc., 144A, 6.75%, 7/1/2026 | 55,000 | 54,852 |
| DISH DBS Corp.: | | |
| 5.875%, 7/15/2022 | 140,000 | 142,100 |
| 5.875%, 11/15/2024 | 231,000 | 218,584 |
| 7.75%, 7/1/2026 | 130,000 | 126,100 |
| Entercom Media Corp., 144A, 6.5%, 5/1/2027 | 26,000 | 27,040 |
| Frontier Communications Corp.: | | |
| 7.125%, 1/15/2023 | 90,000 | 53,775 |
| 144A, 8.0%, 4/1/2027 | 240,000 | 249,600 |
| 11.0%, 9/15/2025 | 80,000 | 49,600 |
| GrubHub Holdings, Inc., 144A, 5.5%, 7/1/2027 | 65,000 | 66,714 |
| Intelsat Connect Finance SA, 144A, 9.5%, 2/15/2023 | 90,000 | 79,650 |
| Intelsat Jackson Holdings SA: | | |
| 144A, 8.5%, 10/15/2024 | 390,000 | 386,100 |
| 144A, 9.75%, 7/15/2025 | 380,000 | 387,600 |
| Level 3 Financing, Inc.: | | |
| 5.25%, 3/15/2026 | 110,000 | 113,850 |
| 5.375%, 5/1/2025 | 100,000 | 103,250 |
| Netflix, Inc.: | | |
| 4.375%, 11/15/2026 | 180,000 | 184,104 |
| 144A, 4.625%, 5/15/2029 | EUR 130,000 | 167,934 |
| REG S, 4.625%, 5/15/2029 | EUR 100,000 | 129,180 |
| 5.875%, 2/15/2025 | 60,000 | 66,150 |
| 5.875%, 11/15/2028 | 71,000 | 78,606 |
| Nexstar Escrow, Inc., 144A, 5.625%, 7/15/2027 (c) | 55,000 | 56,306 |
| Sirius XM Radio, Inc.: | | |
| 144A, 3.875%, 8/1/2022 | 300,000 | 300,750 |
| 144A, 4.625%, 5/15/2023 | 111,000 | 112,110 |
| 144A, 4.625%, 7/15/2024 (c) | 115,000 | 117,677 |
| 144A, 5.375%, 7/15/2026 | 100,000 | 103,625 |
| SoftBank Group Corp., REG S, 5.0%, 4/15/2028 | EUR 100,000 | 128,869 |
| Sprint Capital Corp.: | | |
| 6.875%, 11/15/2028 | 265,000 | 272,367 |
| 8.75%, 3/15/2032 | 115,000 | 133,113 |
| Sprint Corp.: | | |
| 7.125%, 6/15/2024 | 335,000 | 355,200 |
| 7.625%, 3/1/2026 | 135,000 | 143,910 |
| T-Mobile U.S.A., Inc.: | | |
| 4.75%, 2/1/2028 | 215,000 | 221,203 |
| 6.5%, 1/15/2026 | 85,000 | 91,890 |
| T-Mobile USA, Inc., 5.125%, 4/15/2025 | 75,000 | 78,059 |
| Telecom Italia Capital SA, 6.375%, 11/15/2033 | 80,000 | 83,000 |
| Telecom Italia SpA, 144A, 5.303%, 5/30/2024 | 200,000 | 207,000 |
| Telefonica Europe BV, REG S, 7.625%, Perpetual (d) | EUR 100,000 | 130,771 |
| Telesat Canada, 144A, 8.875%, 11/15/2024 | 130,000 | 140,725 |
| Unitymedia Hessen GmbH & Co., KG, 144A, 5.0%, 1/15/2025 | 225,000 | 231,750 |
| ViaSat, Inc.: | | |
| 144A, 5.625%, 9/15/2025 | 55,000 | 54,038 |
| 144A, 5.625%, 4/15/2027 | 120,000 | 124,800 |
| Virgin Media Secured Finance PLC: | | |
| 144A, 5.25%, 1/15/2026 | 200,000 | 204,942 |
| 144A, 5.5%, 8/15/2026 | 215,000 | 222,794 |
| 144A, 5.5%, 5/15/2029 (c) | 345,000 | 350,071 |
| Wind Tre SpA, 144A, 5.0%, 1/20/2026 | 200,000 | 193,600 |
| Zayo Group LLC, 144A, 5.75%, 1/15/2027 | 240,000 | 244,531 |
| | | **11,475,325** |
| **Consumer Discretionary 12.0%** | | |
| Adient Global Holdings Ltd., REG S, 3.5%, 8/15/2024 | EUR 185,000 | 174,602 |
| Ally Financial, Inc., 5.75%, 11/20/2025 (b) | 485,000 | 536,483 |
| American Axle & Manufacturing, Inc.: | | |
| 6.25%, 4/1/2025 | 160,000 | 159,200 |
| 6.25%, 3/15/2026 | 145,000 | 143,187 |
| Asbury Automotive Group, Inc., 6.0%, 12/15/2024 | 219,000 | 226,665 |
| Ashtead Capital, Inc., 144A, 5.25%, 8/1/2026 | 240,000 | 250,200 |
| Boyd Gaming Corp.: | | |
| 6.0%, 8/15/2026 | 160,000 | 168,200 |
| 6.875%, 5/15/2023 | 100,000 | 103,250 |
| Cumberland Farms, Inc., 144A, 6.75%, 5/1/2025 | 48,000 | 50,880 |
| Dana Financing Luxembourg Sarl: | | |
| 144A, 5.75%, 4/15/2025 | 155,000 | 159,069 |
| 144A, 6.5%, 6/1/2026 | 160,000 | 168,400 |
| Dana, Inc., 5.5%, 12/15/2024 | 65,000 | 66,625 |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Eldorado Resorts, Inc., 6.0%, 9/15/2026 | 173,000 | 189,002 |
| Fiat Chrysler Automobiles NV, 5.25%, 4/15/2023 | 445,000 | 470,040 |
| HD Supply, Inc., 144A, 5.375%, 10/15/2026 | 190,000 | 200,450 |
| Hilton Domestic Operating Co., Inc.: | | |
| 144A, 4.875%, 1/15/2030 | 139,000 | 143,170 |
| 5.125%, 5/1/2026 | 260,000 | 271,375 |
| IAA, Inc., 144A, 5.5%, 6/15/2027 | 75,000 | 78,000 |
| Lennar Corp.: | | |
| 4.75%, 11/15/2022 | 110,000 | 115,088 |
| 4.75%, 11/29/2027 | 120,000 | 126,300 |
| 5.0%, 6/15/2027 | 50,000 | 52,563 |
| Mattel, Inc., 144A, 6.75%, 12/31/2025 | 215,000 | 221,181 |
| Meritage Homes Corp., 5.125%, 6/6/2027 | 15,000 | 15,225 |
| Meritor, Inc., 6.25%, 2/15/2024 | 75,000 | 77,156 |
| Merlin Entertainments PLC, 144A, 5.75%, 6/15/2026 | 200,000 | 210,500 |
| MGM Resorts International: | | |
| 5.5%, 4/15/2027 | 300,000 | 314,625 |
| 5.75%, 6/15/2025 | 190,000 | 206,682 |
| NCL Corp., Ltd., 144A, 4.75%, 12/15/2021 | 93,000 | 94,279 |
| Panther BF Aggregator 2 LP: | | |
| 144A, 4.375%, 5/15/2026 | EUR 100,000 | 117,406 |
| 144A, 6.25%, 5/15/2026 | 55,000 | 57,131 |
| Penn National Gaming, Inc., 144A, 5.625%, 1/15/2027 | 80,000 | 79,000 |
| Penske Automotive Group, Inc., 5.5%, 5/15/2026 | 165,000 | 172,012 |
| PetSmart, Inc., 144A, 7.125%, 3/15/2023 | 155,000 | 145,312 |
| PulteGroup, Inc.: | | |
| 5.5%, 3/1/2026 | 80,000 | 86,400 |
| 6.375%, 5/15/2033 | 100,000 | 106,625 |
| Rivers Pittsburgh Borrower LP, 144A, 6.125%, 8/15/2021 | 50,000 | 50,750 |
| Sonic Automotive, Inc., 6.125%, 3/15/2027 | 55,000 | 54,038 |
| Staples, Inc., 144A, 7.5%, 4/15/2026 | 150,000 | 149,116 |
| Stars Group Holdings BV, 144A, 7.0%, 7/15/2026 | 200,000 | 211,500 |
| Suburban Propane Partners LP, 5.75%, 3/1/2025 | 105,000 | 105,788 |
| Toll Brothers Finance Corp., 4.35%, 2/15/2028 | 127,000 | 126,683 |
| TRI Pointe Group, Inc., 5.25%, 6/1/2027 | 55,000 | 52,938 |
| Viking Cruises Ltd., 144A, 5.875%, 9/15/2027 | 205,000 | 207,562 |
| William Carter Co., 144A, 5.625%, 3/15/2027 | 10,000 | 10,475 |
| WMG Acquisition Corp., 144A, 5.0%, 8/1/2023 | 75,000 | 76,500 |
| | | **6,801,633** |

## Consumer Staples 2.8%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Cott Holdings, Inc., 144A, 5.5%, 4/1/2025 | 325,000 | 331,094 |
| Darling Ingredients, Inc., 144A, 5.25%, 4/15/2027 | 30,000 | 31,350 |
| JBS U.S.A. LUX SA: | | |
| 144A, 5.75%, 6/15/2025 | 210,000 | 218,400 |
| 144A, 6.5%, 4/15/2029 | 132,000 | 143,385 |
| 144A, 6.75%, 2/15/2028 | 235,000 | 255,269 |
| Pilgrim's Pride Corp.: | | |
| 144A, 5.75%, 3/15/2025 | 50,000 | 50,750 |
| 144A, 5.875%, 9/30/2027 | 150,000 | 155,437 |
| Post Holdings, Inc.: | | |
| 144A, 5.5%, 3/1/2025 | 250,000 | 258,125 |
| 144A, 5.5%, 12/15/2029 (c) | 110,000 | 110,275 |
| Simmons Foods, Inc., 144A, 5.75%, 11/1/2024 | 50,000 | 45,500 |
| | | **1,599,585** |

## Energy 15.8%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Antero Midstream Partners LP: | | |
| 5.375%, 9/15/2024 | 125,000 | 124,219 |
| 144A, 5.75%, 3/1/2027 | 155,000 | 155,000 |
| 144A, 5.75%, 1/15/2028 | 250,000 | 247,500 |
| Antero Resources Corp.: | | |
| 5.125%, 12/1/2022 | 100,000 | 96,000 |
| 5.625%, 6/1/2023 | 245,000 | 236,474 |
| Archrock Partners LP, 144A, 6.875%, 4/1/2027 | 110,000 | 114,961 |
| Carrizo Oil & Gas, Inc., 8.25%, 7/15/2025 | 100,000 | 98,500 |
| Cheniere Corpus Christi Holdings LLC: | | |
| 5.125%, 6/30/2027 | 230,000 | 249,837 |
| 5.875%, 3/31/2025 | 165,000 | 183,769 |
| 7.0%, 6/30/2024 | 110,000 | 126,511 |
| Cheniere Energy Partners LP, 144A, 5.625%, 10/1/2026 | 80,000 | 84,400 |
| Chesapeake Energy Corp.: | | |
| 8.0%, 1/15/2025 (b) | 165,000 | 153,037 |
| 8.0%, 6/15/2027 (b) | 165,000 | 145,406 |
| CNX Midstream Partners LP, 144A, 6.5%, 3/15/2026 | 107,000 | 101,650 |
| Crestwood Midstream Partners LP: | | |
| 144A, 5.625%, 5/1/2027 | 150,000 | 149,625 |
| 6.25%, 4/1/2023 | 245,000 | 249,900 |
| DCP Midstream Operating LP, 5.375%, 7/15/2025 | 387,000 | 407,801 |
| Endeavor Energy Resources LP: | | |
| 144A, 5.5%, 1/30/2026 | 35,000 | 36,269 |
| 144A, 5.75%, 1/30/2028 | 35,000 | 36,838 |
| EnLink Midstream LLC, 5.375%, 6/1/2029 | 45,000 | 46,125 |
| EnLink Midstream Partners LP, 4.4%, 4/1/2024 | 280,000 | 283,144 |
| Genesis Energy LP: | | |
| 6.25%, 5/15/2026 | 115,000 | 110,975 |
| 6.5%, 10/1/2025 | 85,000 | 83,088 |
| Gulfport Energy Corp., 6.0%, 10/15/2024 | 60,000 | 46,350 |
| Hilcorp Energy I LP: | | |
| 144A, 5.0%, 12/1/2024 | 105,000 | 104,475 |
| 144A, 5.75%, 10/1/2025 | 145,000 | 145,362 |
| 144A, 6.25%, 11/1/2028 | 105,000 | 105,525 |
| Holly Energy Partners LP, 144A, 6.0%, 8/1/2024 | 225,000 | 234,000 |
| Jagged Peak Energy LLC, 5.875%, 5/1/2026 | 174,000 | 171,390 |
| Matador Resources Co., 5.875%, 9/15/2026 | 134,000 | 135,340 |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| MEG Energy Corp., 144A, 6.5%, 1/15/2025 | 234,000 | 235,170 |
| Murphy Oil U.S.A., Inc., 5.625%, 5/1/2027 | 65,000 | 67,600 |
| Nabors Industries, Inc.: | | |
| 5.5%, 1/15/2023 | 15,000 | 14,025 |
| 5.75%, 2/1/2025 | 80,000 | 70,900 |
| NuStar Logistics LP, | | |
| 5.625%, 4/28/2027 | 236,000 | 237,770 |
| 6.0%, 6/1/2026 | 160,000 | 165,600 |
| Oasis Petroleum, Inc.: | | |
| 6.875%, 3/15/2022 | 138,000 | 137,655 |
| 6.875%, 1/15/2023 | 60,000 | 60,000 |
| Parkland Fuel Corp., 5.875%, 7/15/2027 | 170,000 | 170,000 |
| Parsley Energy LLC: | | |
| 144A, 5.25%, 8/15/2025 | 55,000 | 55,825 |
| 144A, 5.375%, 1/15/2025 | 185,000 | 189,625 |
| 144A, 5.625%, 10/15/2027 | 120,000 | 125,400 |
| Peabody Energy Corp., 144A, 6.0%, 3/31/2022 | 295,000 | 302,006 |
| Precision Drilling Corp., 144A, 7.125%, 1/15/2026 | 110,000 | 106,425 |
| Range Resources Corp., 5.0%, 8/15/2022 | 185,000 | 175,519 |
| Shelf Drilling Holdings Ltd., 144A, 8.25%, 2/15/2025 | 180,000 | 166,140 |
| Southwestern Energy Co.: | | |
| 6.2%, 1/23/2025 | 60,000 | 54,750 |
| 7.75%, 10/1/2027 (b) | 115,000 | 110,113 |
| Sunoco LP: | | |
| 5.5%, 2/15/2026 | 130,000 | 135,363 |
| 5.875%, 3/15/2028 | 35,000 | 36,269 |
| 144A, 6.0%, 4/15/2027 | 52,000 | 54,600 |
| Targa Resources Partners LP: | | |
| 4.25%, 11/15/2023 | 210,000 | 210,000 |
| 5.0%, 1/15/2028 | 235,000 | 235,587 |
| 5.375%, 2/1/2027 | 260,000 | 269,100 |
| 5.875%, 4/15/2026 | 113,000 | 119,780 |
| 144A, 6.5%, 7/15/2027 | 15,000 | 16,369 |
| Transocean Poseidon Ltd., 144A, 6.875%, 2/1/2027 | 95,000 | 100,403 |
| Transocean, Inc.: | | |
| 144A, 7.25%, 11/1/2025 | 80,000 | 75,800 |
| 144A, 9.0%, 7/15/2023 | 55,000 | 58,575 |
| USA Compression Partners LP, 6.875%, 4/1/2026 | 142,000 | 150,151 |
| Whiting Petroleum Corp.: | | |
| 5.75%, 3/15/2021 | 160,000 | 161,200 |
| 6.625%, 1/15/2026 (b) | 110,000 | 106,081 |
| WPX Energy, Inc.: | | |
| 5.25%, 9/15/2024 | 145,000 | 148,806 |
| 6.0%, 1/15/2022 | 43,000 | 44,828 |
| 8.25%, 8/1/2023 | 105,000 | 119,700 |
| | | **8,950,606** |
| **Financials 1.4%** | | |
| CNO Financial Group, Inc., | | |
| 5.25%, 5/30/2025 | 100,000 | 107,750 |
| 5.25%, 5/30/2029 | 65,000 | 70,363 |
| Intesa Sanpaolo Spa, 144A, 5.71%, 1/15/2026 | 200,000 | 202,408 |
| Lions Gate Capital Holdings LLC, 144A, 6.375%, 2/1/2024 | 80,000 | 84,100 |
| Navient Corp., 6.5%, 6/15/2022 | 100,000 | 106,224 |
| Springleaf Finance Corp.: | | |
| 6.125%, 3/15/2024 | 110,000 | 118,250 |
| 6.625%, 1/15/2028 | 35,000 | 36,750 |
| Tempo Acquisition LLC, 144A, 6.75%, 6/1/2025 | 75,000 | 77,250 |
| | | **803,095** |
| **Health Care 6.7%** | | |
| Avantor, Inc., 144A, 6.0%, 10/1/2024 | 70,000 | 74,480 |
| Bausch Health Americas, Inc.: | | |
| 144A, 8.5%, 1/31/2027 | 385,000 | 423,315 |
| 144A, 9.25%, 4/1/2026 | 85,000 | 95,098 |
| Bausch Health Companies, Inc.: | | |
| 144A, 5.75%, 8/15/2027 | 115,000 | 120,863 |
| 144A, 5.875%, 5/15/2023 | 71,000 | 71,825 |
| 144A, 6.125%, 4/15/2025 | 150,000 | 153,183 |
| 144A, 6.5%, 3/15/2022 | 105,000 | 108,806 |
| 144A, 7.0%, 3/15/2024 | 255,000 | 270,963 |
| Bausch Health Cos, Inc.: | | |
| 144A, 7.0%, 1/15/2028 | 40,000 | 41,450 |
| 144A, 7.25%, 5/30/2029 | 20,000 | 20,800 |
| Catalent Pharma Solutions, Inc., 144A, 5.0%, 7/15/2027 | 125,000 | 127,187 |
| Centene Corp., 144A, 5.375%, 6/1/2026 | 95,000 | 99,869 |
| Charles River Laboratories International, Inc., 144A, 5.5%, 4/1/2026 | 20,000 | 21,046 |
| DaVita, Inc.: | | |
| 5.0%, 5/1/2025 | 110,000 | 108,598 |
| 5.125%, 7/15/2024 | 110,000 | 110,033 |
| HCA, Inc.: | | |
| 5.375%, 9/1/2026 | 170,000 | 183,175 |
| 5.625%, 9/1/2028 | 270,000 | 292,275 |
| 5.875%, 2/15/2026 | 190,000 | 209,950 |
| MEDNAX, Inc., 144A, 6.25%, 1/15/2027 | 170,000 | 167,237 |
| Tenet Healthcare Corp.: | | |
| 5.125%, 5/1/2025 | 325,000 | 326,625 |
| 144A, 6.25%, 2/1/2027 | 120,000 | 124,200 |
| 6.75%, 6/15/2023 (b) | 45,000 | 45,169 |
| 7.0%, 8/1/2025 (b) | 85,000 | 84,681 |
| Teva Pharmaceutical Finance Netherlands III BV, 6.0%, 4/15/2024 | 320,000 | 301,800 |
| WellCare Health Plans, Inc., 144A, 5.375%, 8/15/2026 | 210,000 | 222,600 |
| | | **3,805,228** |
| **Industrials 5.4%** | | |
| Berry Global Escrow Corp., 144A, 5.625%, 7/15/2027 | 15,000 | 15,600 |
| Bombardier, Inc.: | | |
| 144A, 5.75%, 3/15/2022 | 115,000 | 116,581 |
| 144A, 6.0%, 10/15/2022 | 143,000 | 143,613 |
| 144A, 7.875%, 4/15/2027 | 164,000 | 164,205 |
| Builders Firstsource, Inc., 144A, 6.75%, 6/1/2027 | 15,000 | 15,825 |
| BWX Technologies, Inc., 144A, 5.375%, 7/15/2026 | 30,000 | 30,974 |
| Clean Harbors, Inc.: | | |
| 144A, 4.875%, 7/15/2027 (c) | 65,000 | 66,063 |
| 144A, 5.125%, 7/15/2029 (c) | 30,000 | 30,600 |

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| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Colfax Corp.: | | |
| 144A, 6.0%, 2/15/2024 | 25,000 | 26,438 |
| 144A, 6.375%, 2/15/2026 | 95,000 | 101,887 |
| Covanta Holding Corp.: | | |
| 5.875%, 3/1/2024 | 160,000 | 164,800 |
| 5.875%, 7/1/2025 | 205,000 | 213,200 |
| DAE Funding LLC: | | |
| 144A, 4.5%, 8/1/2022 | 8,000 | 8,120 |
| 144A, 5.0%, 8/1/2024 | 25,000 | 26,031 |
| 144A, 5.75%, 11/15/2023 | 115,000 | 120,750 |
| Energizer Holdings, Inc.: | | |
| 144A, 6.375%, 7/15/2026 | 120,000 | 123,300 |
| 144A, 7.75%, 1/15/2027 | 30,000 | 32,470 |
| Graphic Packaging International LLC, 144A, 4.75%, 7/15/2027 | 30,000 | 30,788 |
| Harsco Corp., 144A, 5.75%, 7/31/2027 | 35,000 | 36,448 |
| Itron, Inc., 144A, 5.0%, 1/15/2026 | 140,000 | 143,150 |
| Moog, Inc., 144A, 5.25%, 12/1/2022 | 120,000 | 122,100 |
| Novelis Corp., 144A, 5.875%, 9/30/2026 | 230,000 | 232,875 |
| Park Aerospace Holdings Ltd., 144A, 5.5%, 2/15/2024 | 245,000 | 264,105 |
| Prime Security Services Borrower LLC, 144A, 9.25%, 5/15/2023 | 2,000 | 2,100 |
| Summit Materials LLC, 6.125%, 7/15/2023 | 200,000 | 202,500 |
| Tennant Co., 5.625%, 5/1/2025 | 30,000 | 30,975 |
| TransDigm, Inc., 144A, 6.25%, 3/15/2026 | 170,000 | 178,925 |
| United Rentals North America, Inc., 6.5%, 12/15/2026 | 390,000 | 422,175 |
| | | **3,066,598** |

## Information Technology 2.2%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Cardtronics, Inc., 144A, 5.5%, 5/1/2025 | 95,000 | 94,525 |
| Cdk Global, Inc., 144A, 5.25%, 5/15/2029 | 85,000 | 88,081 |
| Change Healthcare Holdings LLC, 144A, 5.75%, 3/1/2025 | 210,000 | 213,150 |
| Fair Isaac Corp., 144A, 5.25%, 5/15/2026 | 130,000 | 136,500 |
| Go Daddy Operating Co. LLC, 144A, 5.25%, 12/1/2027 | 165,000 | 170,775 |
| IQVIA, Inc., 144A, 5.0%, 5/15/2027 | 220,000 | 227,150 |
| Refinitiv U.S. Holdings, Inc., 144A, 8.25%, 11/15/2026 | 85,000 | 87,423 |
| SS&C Technologies, Inc., 144A, 5.5%, 9/30/2027 | 85,000 | 88,187 |
| TTM Technologies, Inc., 144A, 5.625%, 10/1/2025 | 155,000 | 151,553 |
| | | **1,257,344** |

## Materials 10.3%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| AK Steel Corp., 7.5%, 7/15/2023 | 85,000 | 86,887 |
| Ardagh Packaging Finance PLC, 144A, 6.0%, 2/15/2025 | 220,000 | 227,975 |
| Axalta Coating Systems LLC, 144A, 4.875%, 8/15/2024 | 175,000 | 180,250 |
| Berry Global Escrow Corp., 144A, 4.875%, 7/15/2026 | 105,000 | 107,231 |
| Berry Global, Inc., 5.5%, 5/15/2022 | 315,000 | 318,544 |
| BWAY Holding Co.: | | |
| 144A, 5.5%, 4/15/2024 | 175,000 | 175,087 |
| 144A, 7.25%, 4/15/2025 | 90,000 | 86,850 |
| Cascades, Inc., 144A, 5.5%, 7/15/2022 | 26,000 | 26,098 |
| CF Industries, Inc.: | | |
| 3.45%, 6/1/2023 | 200,000 | 200,700 |
| 5.15%, 3/15/2034 | 105,000 | 102,637 |
| Chemours Co.: | | |
| 5.375%, 5/15/2027 | 115,000 | 109,537 |
| 6.625%, 5/15/2023 | 99,000 | 102,403 |
| 7.0%, 5/15/2025 | 60,000 | 62,700 |
| Clearwater Paper Corp., 144A, 5.375%, 2/1/2025 | 110,000 | 99,825 |
| Constellium NV: | | |
| 144A, 4.625%, 5/15/2021 | EUR 150,000 | 171,375 |
| 144A, 5.75%, 5/15/2024 | 250,000 | 256,250 |
| 144A, 6.625%, 3/1/2025 | 250,000 | 260,000 |
| Element Solutions, Inc., 144A, 5.875%, 12/1/2025 | 85,000 | 88,506 |
| First Quantum Minerals Ltd.: | | |
| 144A, 6.5%, 3/1/2024 | 245,000 | 229,075 |
| 144A, 6.875%, 3/1/2026 | 200,000 | 185,500 |
| Flex Acquisition Co., Inc, 144A, 7.875%, 7/15/2026 | 85,000 | 78,412 |
| Freeport-McMoRan, Inc.: | | |
| 3.55%, 3/1/2022 | 440,000 | 441,650 |
| 3.875%, 3/15/2023 | 200,000 | 200,000 |
| 4.0%, 11/14/2021 | 180,000 | 183,375 |
| Hexion, Inc., 144A, 7.875%, 7/15/2027 (c) | 35,000 | 35,263 |
| Hudbay Minerals, Inc.: | | |
| 144A, 7.25%, 1/15/2023 | 95,000 | 97,850 |
| 144A, 7.625%, 1/15/2025 | 75,000 | 77,438 |
| Kaiser Aluminum Corp., 5.875%, 5/15/2024 | 145,000 | 150,800 |
| Kronos International, Inc., REG S, 3.75%, 9/15/2025 | EUR 100,000 | 113,085 |
| LABL Escrow Issuer LLC, 144A, 6.75%, 7/15/2026 (c) | 100,000 | 100,875 |
| Mercer International, Inc., 6.5%, 2/1/2024 | 110,000 | 113,850 |
| NOVA Chemicals Corp.: | | |
| 144A, 4.875%, 6/1/2024 | 185,000 | 191,475 |
| 144A, 5.25%, 6/1/2027 | 140,000 | 148,925 |
| Novelis Corp., 144A, 6.25%, 8/15/2024 | 200,000 | 209,692 |
| Reynolds Group Issuer, Inc.: | | |
| 144A, 5.125%, 7/15/2023 | 290,000 | 295,437 |
| 144A, 7.0%, 7/15/2024 | 35,000 | 36,191 |
| Tronox Finance PLC, 144A, 5.75%, 10/1/2025 | 66,000 | 64,020 |
| Tronox, Inc., 144A, 6.5%, 4/15/2026 | 122,000 | 120,932 |
| United States Steel Corp., 6.25%, 3/15/2026 | 34,000 | 30,260 |
| WR Grace & Co-Conn, 144A, 5.125%, 10/1/2021 | 65,000 | 67,438 |
| | | **5,834,398** |

## Real Estate 3.2%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| CyrusOne LP: | | |
| (REIT), 5.0%, 3/15/2024 | 200,000 | 205,500 |
| (REIT), 5.375%, 3/15/2027 | 165,000 | 173,662 |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Iron Mountain, Inc.: | | |
| 144A, (REIT), 5.25%, 3/15/2028 | 50,000 | 50,063 |
| (REIT), 5.75%, 8/15/2024 | 320,000 | 323,245 |
| (REIT), 6.0%, 8/15/2023 | 300,000 | 308,250 |
| MGM Growth Properties Operating Partnership LP, 144A, (REIT), 5.75%, 2/1/2027 | 310,000 | 334,025 |
| MPT Operating Partnership LP, (REIT), 6.375%, 3/1/2024 | 170,000 | 178,075 |
| SBA Communications Corp., (REIT), 4.0%, 10/1/2022 | 215,000 | 217,956 |
| | | **1,790,776** |
| **Utilities 4.3%** | | |
| AES Corp., 4.875%, 5/15/2023 | 109,000 | 110,912 |
| AmeriGas Partners LP: | | |
| 5.5%, 5/20/2025 | 205,000 | 215,762 |
| 5.75%, 5/20/2027 | 110,000 | 115,500 |
| Calpine Corp.: | | |
| 144A, 5.25%, 6/1/2026 | 90,000 | 91,575 |
| 5.75%, 1/15/2025 | 45,000 | 44,663 |
| NextEra Energy Operating Partners LP, 144A, 4.25%, 7/15/2024 | 210,000 | 211,317 |
| NRG Energy, Inc.: | | |
| 144A, 5.25%, 6/15/2029 | 277,000 | 295,697 |
| 5.75%, 1/15/2028 | 200,000 | 214,500 |
| Vistra Energy Corp., 5.875%, 6/1/2023 | 70,000 | 71,575 |
| Vistra Operations Co. LLC: | | |
| 144A, 5.0%, 7/31/2027 | 220,000 | 227,975 |
| 144A, 5.5%, 9/1/2026 | 315,000 | 332,719 |
| 144A, 5.625%, 2/15/2027 | 495,000 | 524,081 |
| | | **2,456,276** |
| **Total Corporate Bonds** (Cost $46,591,768) | | **47,840,864** |

## Loan Participations and Assignments 2.6%

### Senior Loans**

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| CenturyLink, Inc., Term Loan B, 1-month USD LIBOR + 2.750%, 5.189%, 1/31/2025 | 364,040 | 356,255 |
| CSC Holdings LLC, First Lien Term Loan, 1-month USD LIBOR + 2.250%, 4.644%, 7/17/2025 | 236,977 | 233,589 |
| First Data Corp., Term Loan, 1-month USD LIBOR + 2.000%, 4.404%, 7/8/2022 | 198,388 | 198,383 |
| Mediacom Illinois LLC, Term Loan N, 1-week USD LIBOR + 1.750%, 4.11%, 2/15/2024 | 223,304 | 222,243 |
| SBA Senior Finance II LLC, Term Loan B, 1-month USD LIBOR + 2.000%, 4.44%, 4/11/2025 | 223,869 | 221,375 |
| TransDigm, Inc., Term Loan F, 1-month USD LIBOR + 2.500%, 4.939%, 6/9/2023 | 138,945 | 136,622 |
| Unitymedia Finance LLC, Term Loan D, 1-month USD LIBOR + 2.250%, 4.644%, 1/15/2026 | 88,493 | 88,352 |
| **Total Loan Participations and Assignments** (Cost $1,452,850) | | **1,456,819** |

## Convertible Bonds 3.4%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| **Communication Services 0.1%** | | |
| DISH Network Corp., 2.375%, 3/15/2024 | 35,000 | **32,332** |
| **Materials 3.3%** | | |
| GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.503%** PIK, 10/18/2025 (e) | 1,695,550 | **1,900,712** |
| **Total Convertible Bonds** (Cost $1,722,501) | | **1,933,044** |

## Common Stocks 0.6%

| | Shares | Value ($) |
|---|---|---|
| **Industrials 0.0%** | | |
| Quad Graphics, Inc. | 287 | **2,270** |
| **Materials 0.6%** | | |
| GEO Specialty Chemicals, Inc.* (e) | 1,023,015 | 321,226 |
| GEO Specialty Chemicals, Inc. 144A* (e) | 2,206 | 693 |
| | | **321,919** |
| **Total Common Stocks** (Cost $526,959) | | **324,189** |

## Warrants 0.1%

| | Shares | Value ($) |
|---|---|---|
| **Materials** | | |
| Hercules Trust II, Expiration Date 3/31/2029* (e) (Cost $244,286) | 1,100 | **48,864** |

## Securities Lending Collateral 2.6%

| | Shares | Value ($) |
|---|---|---|
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (f) (g) (Cost $1,505,350) | 1,505,350 | **1,505,350** |

## Cash Equivalents 9.1%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (f) (Cost $5,137,379) | 5,137,379 | **5,137,379** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $57,181,093) | 103.0 | **58,246,509** |
| **Other Assets and Liabilities, Net** | (3.0) | **(1,671,003)** |
| **Net Assets** | 100.0 | **56,575,506** |

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, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 2.6%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (f) (g) | | | | | | | | |
| 1,464,490 | 40,860(h) | — | — | — | 4,971 | — | 1,505,350 | 1,505,350 |
| **Cash Equivalents 9.1%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (f) | | | | | | | | |
| 4,341,875 | 14,882,978 | 14,087,474 | — | — | 30,797 | — | 5,137,379 | 5,137,379 |
| **5,806,365** | **14,923,838** | **14,087,474** | **—** | **—** | **35,768** | **—** | **6,642,729** | **6,642,729** |

* Non-income producing security.

** Variable or floating rate security. These securities are shown at their current rate as of June 30, 2019. 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.

(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, 2019 amounted to $1,448,921, which is 2.6% of net assets.

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

(d) Perpetual, callable security with no stated maturity date.

(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 cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(h) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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, 2019, the Fund had the following open forward foreign currency contracts:

| Contracts to Deliver | | In Exchange For | | Settlement Date | Unrealized Appreciation ($) | Counterparty |
|---|---|---|---|---|---|---|
| EUR | 1,008,169 | USD | 1,151,048 | 7/31/2019 | 1,715 | State Street Bank and Trust |

**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 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, 2019 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 | $ — | $ 47,840,864 | $ — | $ 47,840,864 |
| Loan Participations and Assignments | — | 1,456,819 | — | 1,456,819 |
| Convertible Bonds | — | 32,332 | 1,900,712 | 1,933,044 |
| Common Stocks (i) | 2,270 | — | 321,919 | 324,189 |
| Warrants | — | — | 48,864 | 48,864 |
| Short-Term Investments (i) | 6,642,729 | — | — | 6,642,729 |
| Derivatives (j) | | | | |
| Forward Foreign Currency Contracts | $ — | $ 1,715 | $ — | $ 1,715 |
| **Total** | **$ 6,644,999** | **$ 49,331,730** | **$ 2,271,495** | **$ 58,248,224** |

(i) See Investment Portfolio for additional detailed categorizations.

(j)) Derivatives include unrealized appreciation (depreciation) on open futures 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 Bond** | **Common Stocks** | **Warrant** | **Total** |
|---|---|---|---|---|
| **Balance as of December 31, 2018** | **$ 1,710,710** | **$116,277** | **$27,119** | **$1,854,106** |
| Realized gains (loss) | — | — | — | **—** |
| Change in unrealized appreciation (depreciation) | 79,780 | 181,656 | 21,745 | **283,181** |
| Amortization of premium/accretion of discount | 130 | — | — | **130** |
| Purchases/PIK | 110,092 | 23,986 | — | **134,078** |
| (Sales) | — | — | — | **—** |
| Transfer into Level 3 | — | — | — | **—** |
| Transfer (out) of Level 3 | — | — | — | **—** |
| **Balance as of June 30, 2019** | **$ 1,900,712** | **$321,919** | **$48,864** | **$2,271,495** |
| **Net change in unrealized appreciation (depreciation) from investments still held as of June 30, 2019** | **$ 79,780** | **$181,656** | **$21,745** | **$ 283,181** |

**Quantitative Disclosure About Significant Unobservable Inputs**

| **Asset Class** | **Fair Value at 6/30/19** | **Valuation Technique(s)** | **Unobservable Input** | **Range (Weighted Average)** |
|---|---|---|---|---|
| **Common Stocks** | | | | |
| Materials | $321,919 | Market Approach | Terms of merger agreement | N/A |
| | | | Illiquidity Discount | 5% |
| **Warrant** | | | | |
| Materials | $48,864 | Black Scholes Option Pricing Model | Implied Volatility of Option | 26.6% |
| | | | Illiquidity Discount | 20% |
| **Convertible Bond** | | | | |
| Materials | $1,900,712 | Market Approach | Terms of merger agreement | N/A |
| | | | Illiquidity Discount | 5% |

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

### Qualitative Disclosure About Unobservable Inputs

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's convertible bond investment include the terms of the merger agreement and an illiquidity discount. A significant change in the terms of the merger agreement is unlikely to have a material impact to the fair value measurement, while a significant change in the illiquidity discount is likely to have a material impact to the fair value measurement.

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's common stock investment include the terms of the merger agreement and an illiquidity discount. A significant change in the terms of the merger agreement is unlikely to have a material impact to the fair value measurement, while a significant change in the illiquidity discount is unlikely to have a material impact to the 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, 2019 (Unaudited)

| Assets | |
|---|---|
| Investments in non-affiliated securities, at value (cost $50,538,364) — including $1,448,921 of securities loaned | $ 51,603,780 |
| Investment in DWS Government & Agency Securities Portfolio (cost $1,505,350)* | 1,505,350 |
| Investment in DWS Central Cash Management Government Fund (cost $5,137,379) | 5,137,379 |
| Cash | 10,000 |
| Foreign currency, at value (cost $1,006) | 1,005 |
| Receivable for investments sold | 1,006,019 |
| Receivable for investments sold — when-issued securities | 220,900 |
| Receivable for Fund shares sold | 3,827 |
| Interest receivable | 811,513 |
| Unrealized appreciation on forward foreign currency contracts | 1,715 |
| Other assets | 619 |
| Total assets | 60,302,107 |

| Liabilities | |
|---|---|
| Payable upon return of securities loaned | 1,505,350 |
| Payable for investments purchased | 1,026,749 |
| Payable for investments purchased — when-issued securities | 1,083,620 |
| Payable for Fund shares redeemed | 12,948 |
| Accrued management fee | 10,852 |
| Accrued Trustees' fees | 711 |
| Other accrued expenses and payables | 86,371 |
| Total liabilities | 3,726,601 |
| **Net assets, at value** | **$ 56,575,506** |

| Net Assets Consist of | |
|---|---|
| Distributable earnings (loss) | (4,392,327) |
| Paid-in capital | 60,967,833 |
| **Net assets, at value** | **$ 56,575,506** |

| Net Asset Value | |
|---|---|
| **Class A**<br>**Net Asset Value,** offering and redemption price per share ($56,434,234 ÷ 9,435,585 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 5.98** |
| **Class B**<br>**Net Asset Value,** offering and redemption price per share ($141,272 ÷ 23,500 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 6.01** |

* Represents collateral on securities loaned.

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| Investment Income | |
|---|---|
| Income:<br>Interest | $ 1,638,732 |
| Income distributions — DWS Central Cash Management Government Fund | 30,797 |
| Securities lending income, net of borrower rebates | 4,971 |
| Total income | 1,674,500 |
| Expenses:<br>Management fee | 136,597 |
| Administration fee | 27,319 |
| Services to Shareholders | 432 |
| Record keeping fee (Class B) | 98 |
| Distribution service fees (Class B) | 170 |
| Custodian fee | 9,651 |
| Professional fees | 46,516 |
| Reports to shareholders | 22,363 |
| Trustees' fees and expenses | 2,444 |
| Pricing service fee | 15,413 |
| Other | 2,054 |
| Total expenses before expense reductions | 263,057 |
| Expense reductions | (77,026) |
| Total expenses after expense reductions | 186,031 |
| **Net investment income** | **1,488,469** |

| Realized and Unrealized Gain (Loss) | |
|---|---|
| Net realized gain (loss) from:<br>Investments | (374,540) |
| Forward foreign currency contracts | 13,763 |
| Foreign currency | (1,264) |
| | (362,041) |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 4,545,180 |
| Forward foreign currency contracts | 3,151 |
| Foreign currency | 155 |
| | 4,548,486 |
| **Net gain (loss)** | **4,186,445** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 5,674,914** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 1,488,469 | $ 3,142,998 |
| Net realized gain (loss) | (362,041) | (176,656) |
| Change in net unrealized appreciation (depreciation) | 4,548,486 | (4,256,326) |
| Net increase (decrease) in net assets resulting from operations | 5,674,914 | (1,289,984) |
| Distributions to shareholders: | | |
| Class A | (3,177,995) | (4,670,013) |
| Class B | (7,539) | (14,079) |
| Total distributions | (3,185,534) | (4,684,092) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 3,473,426 | 4,796,087 |
| Reinvestment of distributions | 3,177,995 | 4,670,013 |
| Payments for shares redeemed | (4,588,888) | (12,180,108) |
| Net increase (decrease) in net assets from Class A share transactions | 2,062,533 | (2,714,008) |
| **Class B** | | |
| Proceeds from shares sold | 429 | 63,056 |
| Reinvestment of distributions | 7,539 | 14,079 |
| Payments for shares redeemed | (7,356) | (64,199) |
| Net increase (decrease) in net assets from Class B share transactions | 612 | 12,936 |
| **Increase (decrease) in net assets** | 4,552,525 | (8,675,148) |
| Net assets at beginning of period | 52,022,981 | 60,698,129 |
| Net assets at end of period | **$ 56,575,506** | **$ 52,022,981** |
| **Other Information** | | |
| **Class A** | | |
| Shares outstanding at beginning of period | 9,081,584 | 9,527,083 |
| Shares sold | 584,209 | 775,176 |
| Shares issued to shareholders in reinvestment of distributions | 543,247 | 803,789 |
| Shares redeemed | (773,455) | (2,024,464) |
| Net increase (decrease) in Class A shares | 354,001 | (445,499) |
| Shares outstanding at end of period | **9,435,585** | **9,081,584** |
| **Class B** | | |
| Shares outstanding at beginning of period | 23,418 | 21,761 |
| Shares sold | 70 | 9,962 |
| Shares issued to shareholders in reinvestment of distributions | 1,282 | 2,411 |
| Shares redeemed | (1,270) | (10,716) |
| Net increase (decrease) in Class B shares | 82 | 1,657 |
| Shares outstanding at end of period | **23,500** | **23,418** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 5.71** | **$ 6.36** | **$6.28** | **$ 5.93** | **$ 6.60** | **$6.96** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .16 | .33 | .31 | .32 | .32 | .36 |
| Net realized and unrealized gain (loss) | .46 | (.48) | .15 | .41 | (.58) | (.25) |
| **Total from investment operations** | .62 | (.15) | .46 | .73 | (.26) | .11 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.35) | (.50) | (.38) | (.38) | (.41) | (.47) |
| **Net asset value, end of period** | **$ 5.98** | **$ 5.71** | **$6.36** | **$ 6.28** | **$ 5.93** | **$6.60** |
| Total Return (%)[b] | 10.86** | (2.52) | 7.51 | 12.87 | (4.44) | 1.47 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 56 | 52 | 61 | 100 | 101 | 135 |
| Ratio of expenses before expense reductions (%)[c] | .96* | .94 | .78 | .80 | .75 | .75 |
| Ratio of expenses after expense reductions (%)[c] | .68* | .69 | .72 | .72 | .72 | .73 |
| Ratio of net investment income (%) | 5.45* | 5.41 | 4.98 | 5.38 | 5.09 | 5.21 |
| Portfolio turnover rate (%) | 41** | 62 | 71 | 77 | 47 | 52 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 5.73** | **$ 6.38** | **$6.30** | **$ 5.94** | **$ 6.63** | **$6.99** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .15 | .31 | .31 | .31 | .32 | .35 |
| Net realized and unrealized gain (loss) | .47 | (.48) | .13 | .41 | (.61) | (.26) |
| **Total from investment operations** | .62 | (.17) | .44 | .72 | (.29) | .09 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.34) | (.48) | (.36) | (.36) | (.40) | (.45) |
| **Net asset value, end of period** | **$ 6.01** | **$ 5.73** | **$6.38** | **$ 6.30** | **$ 5.94** | **$6.63** |
| Total Return (%)[b] | 10.72** | (2.76) | 7.21 | 12.67 | (4.95) | 1.22 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | .1 | .1 | .1 | 2 | 3 | .03 |
| Ratio of expenses before expense reductions (%)[c] | 1.39* | 1.34 | 1.15 | 1.21 | 1.14 | 1.13 |
| Ratio of expenses after expense reductions (%)[c] | .94* | .96 | .98 | .98 | 1.02 | .97 |
| Ratio of net investment income (%) | 5.19* | 5.14 | 4.88 | 5.15 | 4.86 | 5.09 |
| Portfolio turnover rate (%) | 41** | 62 | 71 | 77 | 47 | 52 |

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 (the "Fund") is a diversified series of Deutsche DWS 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.

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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, 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.

**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, 2018, the Fund had a net tax basis capital loss carryforward of approximately $6,549,000, which may be applied against realized net taxable capital gains indefinitely, including short-term losses ($843,000) and long-term losses ($5,706,000).

At June 30, 2019, the aggregate cost of investments for federal income tax purposes was $57,178,132. The net unrealized appreciation for all investments based on tax cost was $1,068,377. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $1,817,945 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $749,568.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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 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

**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, 2019, 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, 2019 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $719,000 to $1,151,000.

The following table summarizes the value of the Fund's derivative instruments held as of June 30, 2019 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

| Asset Derivative | Forward Contract |
|---|---|
| Foreign Exchange Contract (a) | $ 1,715 |

The above derivative is located in the following Statement of Assets and Liabilities account:
(a) Unrealized appreciation 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, 2019 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 Contract |
|---|---|
| Foreign Exchange Contracts (b) | $ 13,763 |

The above derivatives is located in the following Statement of Operations accounts:
(b) Net realized gain (loss) from forward foreign currency contracts

| Change in Net Unrealized Appreciation (Depreciation) | Forward Contract |
|---|---|
| Foreign Exchange Contract (c) | $ 3,151 |

The above derivative is located in the following Statement of Operations accounts:
(c) Change in net unrealized appreciation (depreciation) on forward foreign currency contracts

As of June 30, 2019, 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 Assets Presented in the Statement of Assets and Liabilities | Financial Instruments and Derivatives Available for Offset | Collateral Pledged | Net Amount of Derivative Assets |
|---|---|---|---|---|
| State Street Bank and Trust | $ 1,715 | $ — | $ — | $ 1,715 |

## C. Purchases and Sales of Securities

During the six months ended June 30, 2019, purchases and sales of investment transactions (excluding short-term investments and U.S. Treasury securities) aggregated $21,223,244 and $21,949,008, respectively.

## D. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through April 30, 2020, 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 | .68% |
| Class B | .94% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for each class were as follows:

| | |
|---|---|
| Class A | $ 76,719 |
| Class B | 307 |
| | **$ 77,026** |

**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, 2019, the Administration Fee was $27,319, of which $4,549 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, 2019, the amounts charged to the Fund by DSC were as follows:

| Services to Shareholders | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class A | $ 133 | $ 45 |
| Class B | 25 | 8 |
| | **$ 158** | **$ 53** |

**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, 2019, the Distribution Service Fee was $170, of which $29 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,853, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Security Lending Fees.** Deutsche Bank AG serves as lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred lending agent fees to Deutsche Bank AG for the amount of $379.

## 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, 2019, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 72% and 19%. One participating insurance company was owner of record of 10% or more of the total outstanding Class B shares of the Fund, owning 94%.

## 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| Actual Fund Return | Class A | Class B |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,108.60 | $ 1,107.20 |
| Expenses Paid per $1,000* | $ 3.56 | $ 4.91 |

| Hypothetical 5% Fund Return | Class A | Class B |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,021.42 | $ 1,020.13 |
| Expenses Paid per $1,000* | $ 3.41 | $ 4.71 |

* 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 | .68% | .94% |

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 DWS High Income VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, the Fund's performance (Class A shares) was in the 2nd quartile, 4th quartile and 3rd 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-year period and has underperformed its benchmark in the three- and five-year periods ended December 31, 2017. 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 observed that the Fund had experienced improved relative performance in 2017 and during the first eight months of 2018. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the DWS 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, 2017). 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, 2017, 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 DWS U.S. registered funds ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

# Notes

VS2HI-3 (R-028385-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

# DWS International Growth VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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. 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.

# Performance Summary

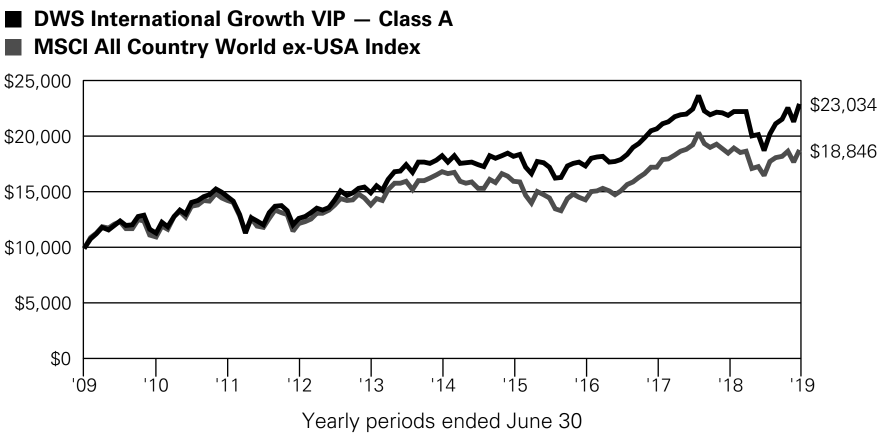
**June 30, 2019 (Unaudited)**

**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, 2019 are 1.72% and 2.07% 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 International 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.

## Comparative Results

| DWS International Growth VIP | | 6-Month‡ | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| **Class A** | Growth of $10,000 | $12,253 | $10,473 | $13,224 | $12,552 | $23,034 |
| | Average annual total return | 22.53% | 4.73% | 9.76% | 4.65% | 8.70% |
| MSCI All Country World ex-USA Index | Growth of $10,000 | $11,360 | $10,129 | $13,088 | $11,130 | $18,846 |
| | Average annual total return | 13.60% | 1.29% | 9.39% | 2.16% | 6.54% |

| DWS International Growth VIP | | 6-Month‡ | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| **Class B** | Growth of $10,000 | $12,236 | $10,437 | $13,135 | $12,366 | $22,307 |
| | Average annual total return | 22.36% | 4.37% | 9.52% | 4.34% | 8.35% |
| MSCI All Country World ex-USA Index | Growth of $10,000 | $11,360 | $10,129 | $13,088 | $11,130 | $18,846 |
| | Average annual total return | 13.60% | 1.29% | 9.39% | 2.16% | 6.54% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 98% | 99% |
| Cash Equivalents | 2% | 1% |
| Preferred Stocks | 0% | 0% |
| Warrants | — | 0% |
| | 100% | 100% |

| **Sector Diversification**<br>(As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| Financials | 19% | 20% |
| Information Technology | 19% | 14% |
| Industrials | 16% | 15% |
| Health Care | 15% | 14% |
| Consumer Discretionary | 13% | 15% |
| Consumer Staples | 8% | 7% |
| Materials | 5% | 6% |
| Communication Services | 3% | 7% |
| Energy | 2% | 2% |
| | 100% | 100% |

| **Geographical Diversification**<br>(As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| France | 13% | 11% |
| Germany | 12% | 13% |
| Canada | 10% | 10% |
| Japan | 10% | 12% |
| Switzerland | 9% | 9% |
| China | 8% | 8% |
| United Kingdom | 7% | 7% |
| United States | 6% | 7% |
| Netherlands | 4% | 4% |
| Sweden | 3% | 3% |
| Singapore | 2% | 2% |
| Argentina | 2% | 2% |
| Korea | 2% | 2% |
| Ireland | 2% | 1% |
| Other | 10% | 9% |
| | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Management Team

Sebastian P. Werner, PhD, Director
Mark Schumann, CFA, Director
Portfolio Managers

# Investment Portfolio

as of June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 96.9%** | | |
| **Argentina 2.1%** | | |
| Globant SA* (a) | 3,200 | 323,360 |
| Grupo Supervielle SA (ADR) (b) | 3,900 | 30,732 |
| (Cost $226,943) | | **354,092** |
| **Brazil 1.0%** | | |
| Pagseguro Digital Ltd. "A"* (a) (Cost $107,563) | 4,050 | **157,829** |
| **Canada 9.9%** | | |
| Agnico Eagle Mines Ltd. | 4,850 | 248,657 |
| Alimentation Couche-Tard, Inc. "B" | 4,081 | 256,817 |
| Brookfield Asset Management, Inc. "A" | 9,386 | 449,034 |
| Canada Goose Holdings, Inc.* (b) | 3,086 | 119,453 |
| Canadian National Railway Co. | 2,508 | 232,118 |
| Gildan Activewear, Inc. | 2,315 | 89,591 |
| Toronto-Dominion Bank | 4,295 | 250,967 |
| (Cost $1,038,892) | | **1,646,637** |
| **China 7.9%** | | |
| Alibaba Group Holding Ltd. (ADR)* | 1,500 | 254,175 |
| Luckin Coffee, Inc. (ADR)* (b) | 3,325 | 64,804 |
| Minth Group Ltd. | 26,870 | 72,563 |
| Momo, Inc. (ADR) | 3,200 | 114,560 |
| New Oriental Education & Technology Group, Inc. (ADR)* | 1,200 | 115,896 |
| Ping An Healthcare and Technology Co., Ltd. 144A* | 2,100 | 8,779 |
| Ping An Insurance (Group) Co. of China Ltd. "H" | 34,000 | 408,774 |
| Tencent Holdings Ltd. | 6,200 | 280,016 |
| (Cost $965,169) | | **1,319,567** |
| **Denmark 0.7%** | | |
| Chr Hansen Holding AS (Cost $100,652) | 1,148 | **107,825** |
| **Finland 0.9%** | | |
| Sampo Oyj "A" (Cost $144,794) | 3,010 | **142,125** |
| **France 12.9%** | | |
| Airbus SE | 1,186 | 168,287 |
| BNP Paribas SA | 1,785 | 84,802 |
| Capgemini SE | 2,140 | 265,927 |
| EssilorLuxottica SA | 793 | 103,420 |
| LVMH Moet Hennessy Louis Vuitton SE | 855 | 364,045 |
| Orpea | 700 | 84,516 |
| SMCP SA 144A* | 7,900 | 133,673 |
| Teleperformance | 1,174 | 235,300 |
| Total SA | 4,716 | 264,204 |
| VINCI SA | 2,630 | 269,405 |
| Vivendi SA | 5,950 | 163,692 |
| (Cost $1,886,969) | | **2,137,271** |
| **Germany 11.7%** | | |
| adidas AG | 310 | 95,783 |
| Allianz SE (Registered) | 1,125 | 271,324 |
| BASF SE | 2,275 | 165,680 |
| Continental AG | 557 | 81,166 |
| Deutsche Boerse AG | 2,693 | 381,077 |
| Deutsche Post AG (Registered) | 2,588 | 85,090 |
| Evonik Industries AG | 5,610 | 163,779 |
| Fresenius Medical Care AG & Co. KGaA | 3,000 | 235,938 |
| LANXESS AG | 2,149 | 127,985 |
| SAP SE | 1,621 | 222,703 |
| Siemens AG (Registered) | 1,000 | 119,005 |
| (Cost $1,923,654) | | **1,949,530** |
| **Hong Kong 1.0%** | | |
| Techtronic Industries Co., Ltd. (Cost $51,080) | 21,597 | **165,782** |
| **Ireland 1.4%** | | |
| Kerry Group PLC "A" (Cost $131,801) | 1,955 | **233,287** |
| **Japan 9.9%** | | |
| Daikin Industries Ltd. | 2,400 | 314,627 |
| Fast Retailing Co., Ltd. | 500 | 303,073 |
| Hoya Corp. | 2,700 | 207,552 |
| Kao Corp. | 1,500 | 114,632 |
| Keyence Corp. | 400 | 246,654 |
| Komatsu Ltd. | 3,500 | 84,647 |
| MISUMI Group, Inc. | 4,911 | 123,762 |
| Mitsubishi UFJ Financial Group, Inc. | 20,800 | 98,965 |
| Pigeon Corp. | 3,700 | 149,008 |
| (Cost $1,460,035) | | **1,642,920** |
| **Korea 1.4%** | | |
| Samsung Electronics Co., Ltd. (Cost $253,931) | 5,868 | **238,795** |
| **Luxembourg 1.1%** | | |
| Eurofins Scientific (Cost $98,434) | 400 | **177,170** |
| **Macau 0.9%** | | |
| Sands China Ltd. (Cost $163,702) | 30,800 | **147,395** |
| **Malaysia 0.9%** | | |
| IHH Healthcare Bhd. (Cost $154,924) | 111,500 | **156,423** |
| **Netherlands 3.6%** | | |
| Adyen NV 144A* | 11 | 8,498 |
| ASML Holding NV | 700 | 146,038 |
| Core Laboratories NV (a) (b) | 755 | 39,471 |
| ING Groep NV | 15,743 | 182,475 |
| Koninklijke Philips NV | 5,000 | 217,499 |
| (Cost $630,862) | | **593,981** |
| **Norway 0.6%** | | |
| Mowi ASA (Cost $46,840) | 4,065 | **95,085** |
| **Singapore 2.2%** | | |
| DBS Group Holdings Ltd. (Cost $305,399) | 19,100 | **366,419** |
| **South Africa 1.1%** | | |
| Naspers Ltd. "N" (Cost $167,905) | 745 | **181,149** |

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

| | Shares | Value ($) |
|---|---|---|
| **Sweden 3.1%** | | |
| Assa Abloy AB "B" | 6,440 | 145,577 |
| Hexagon AB "B" | 1,750 | 97,269 |
| Nobina AB 144A | 21,995 | 136,677 |
| Spotify Technology SA* (a) | 900 | 131,598 |
| (Cost $458,430) | | **511,121** |
| **Switzerland 8.8%** | | |
| Alcon, Inc.* | 615 | 38,081 |
| Julius Baer Group Ltd.* | 1,350 | 60,029 |
| Lonza Group AG (Registered)* | 1,538 | 520,069 |
| Nestle SA (Registered) | 3,349 | 346,657 |
| Novartis AG (Registered) | 3,078 | 280,938 |
| Roche Holding AG (Genusschein) | 783 | 220,466 |
| (Cost $960,198) | | **1,466,240** |
| **Taiwan 1.0%** | | |
| Taiwan Semiconductor Manufacturing Co., Ltd. (Cost $127,110) | 21,000 | **160,875** |
| **United Kingdom 6.8%** | | |
| Clinigen Healthcare Ltd.* | 9,300 | 119,141 |
| Compass Group PLC | 6,790 | 162,805 |
| Experian PLC | 12,839 | 389,040 |
| Farfetch Ltd. "A"* (a) | 3,940 | 81,952 |
| Halma PLC | 5,179 | 133,077 |
| Prudential PLC | 11,150 | 243,302 |
| (Cost $879,331) | | **1,129,317** |
| **United States 6.0%** | | |
| Activision Blizzard, Inc. | 2,482 | 117,150 |
| EPAM Systems, Inc.* | 1,310 | 226,761 |
| Marsh & McLennan Companies, Inc. | 1,730 | 172,568 |
| MasterCard, Inc. "A" | 780 | 206,333 |
| NVIDIA Corp. | 320 | 52,554 |
| Schlumberger Ltd. | 2,500 | 99,350 |
| Thermo Fisher Scientific, Inc. | 429 | 125,989 |
| (Cost $590,971) | | 1,000,705 |
| **Total Common Stocks** (Cost $12,875,589) | | **16,081,540** |

## Convertible Preferred Stocks 0.1%

| | Shares | Value ($) |
|---|---|---|
| **United States** | | |
| Providence Service Corp. (c) (Cost $13,600) | 136 | **19,554** |

## Securities Lending Collateral 1.5%

| | Shares | Value ($) |
|---|---|---|
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (d) (e) (Cost $246,161) | 246,161 | **246,161** |

## Cash Equivalents 2.2%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (d) (Cost $372,225) | 372,225 | **372,225** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $13,507,575) | 100.7 | **16,719,480** |
| **Other Assets and Liabilities, Net** | (0.7) | **(114,160)** |
| **Net Assets** | 100.0 | **16,605,320** |

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 1.5%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (d) (e) | | | | | | | | |
| 156,436 | 89,725 (f) | — | — | — | 5,733 | — | 246,161 | 246,161 |
| **Cash Equivalents 2.2%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (d) | | | | | | | | |
| 148,953 | 2,010,254 | 1,786,982 | — | — | 2,512 | — | 372,225 | 372,225 |
| **305,389** | **2,099,979** | **1,786,982** | **—** | **—** | **8,245** | **—** | **618,386** | **618,386** |

* 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, 2019 amounted to $247,286, which is 1.5% of net assets.

(c) Investment was valued using significant unobservable inputs.

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

(e) Represents cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(f) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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, 2019 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 | $ 354,092 | $ — | $ — | $ 354,092 |
| Brazil | 157,829 | — | — | 157,829 |
| Canada | 1,646,637 | — | — | 1,646,637 |
| China | 549,435 | 770,132 | — | 1,319,567 |
| Denmark | — | 107,825 | — | 107,825 |
| Finland | — | 142,125 | — | 142,125 |
| France | — | 2,137,271 | — | 2,137,271 |
| Germany | — | 1,949,530 | — | 1,949,530 |
| Hong Kong | — | 165,782 | — | 165,782 |
| Ireland | — | 233,287 | — | 233,287 |
| Japan | — | 1,642,920 | — | 1,642,920 |
| Korea | — | 238,795 | — | 238,795 |
| Luxembourg | — | 177,170 | — | 177,170 |
| Macau | — | 147,395 | — | 147,395 |
| Malaysia | — | 156,423 | — | 156,423 |
| Netherlands | 39,471 | 554,510 | — | 593,981 |
| Norway | — | 95,085 | — | 95,085 |
| Singapore | — | 366,419 | — | 366,419 |
| South Africa | — | 181,149 | — | 181,149 |
| Sweden | 131,598 | 379,523 | — | 511,121 |
| Switzerland | — | 1,466,240 | — | 1,466,240 |
| Taiwan | — | 160,875 | — | 160,875 |
| United Kingdom | 81,952 | 1,047,365 | — | 1,129,317 |
| United States | 1,000,705 | — | — | 1,000,705 |
| Convertible Preferred Stocks | — | — | 19,554 | 19,554 |
| Short-Term Investments (g) | 618,386 | — | — | 618,386 |
| **Total** | **$ 4,580,105** | **$ 12,119,821** | **$ 19,554** | **$ 16,719,480** |

(g) 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, 2019 (Unaudited)

| Assets | |
|---|---|
| Investments in non-affiliated securities, at value (cost $12,889,189) — including $247,286 of securities loaned | $ 16,101,094 |
| Investment in DWS Government & Agency Securities Portfolio (cost $246,161)* | 246,161 |
| Investment in DWS Central Cash Management Government Fund (cost $372,225) | 372,225 |
| Foreign currency, at value (cost $181,214) | 178,694 |
| Receivable for Fund shares sold | 192 |
| Dividends receivable | 12,482 |
| Interest receivable | 1,301 |
| Foreign taxes recoverable | 24,349 |
| Other assets | 693 |
| Total assets | 16,937,191 |

| Liabilities | |
|---|---|
| Payable upon return of securities loaned | 246,161 |
| Payable for Fund shares redeemed | 15,881 |
| Accrued Trustees' fees | 1,140 |
| Other accrued expenses and payables | 68,689 |
| Total liabilities | 331,871 |
| **Net assets, at value** | **$ 16,605,320** |

| Net Assets Consist of | |
|---|---|
| Distributable earnings (loss) | 3,254,584 |
| Paid-in capital | 13,350,736 |
| **Net assets, at value** | **$ 16,605,320** |

| Net Asset Value | | |
|---|---|---|
| **Class A**<br>**Net Asset Value,** offering and redemption price per share ($16,468,098 ÷ 1,204,760 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$** | **13.67** |
| **Class B**<br>**Net Asset Value,** offering and redemption price per share ($137,222 ÷ 10,008 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$** | **13.71** |

* Represents collateral on securities loaned.

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| Investment Income | |
|---|---|
| Income:<br>Dividends (net of foreign taxes withheld of $29,097) | $ 227,942 |
| Income distributions — DWS Central Cash Management Government Fund | 2,512 |
| Securities lending income, net of borrower rebates | 5,733 |
| Total income | 236,187 |
| Expenses:<br>Management fee | 48,416 |
| Administration fee | 7,809 |
| Services to Shareholders | 412 |
| Record keeping fee (Class B) | 34 |
| Distribution service fee (Class B) | 159 |
| Custodian fee | 14,058 |
| Professional fees | 39,229 |
| Reports to shareholders | 11,971 |
| Trustees' fees and expenses | 1,559 |
| Other | 9,690 |
| Total expenses before expense reductions | 133,337 |
| Expense reductions | (67,754) |
| Total expenses after expense reductions | 65,583 |
| **Net investment income (loss)** | **170,604** |

| Realized and Unrealized Gain (Loss) | |
|---|---|
| Net realized gain (loss) from:<br>Investments | (80,429) |
| Foreign currency | 1,855 |
| | (78,574) |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 3,046,267 |
| Foreign currency | 843 |
| | 3,047,110 |
| **Net gain (loss)** | **2,968,536** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 3,139,140** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 170,604 | $ 210,075 |
| Net realized gain (loss) | (78,574) | 228,637 |
| Change in net unrealized appreciation (depreciation) | 3,047,110 | (3,352,382) |
| Net increase (decrease) in net assets resulting from operations | 3,139,140 | (2,913,670) |
| Distributions to shareholders: | | |
| Class A | (445,123) | (169,762) |
| Class B | (3,307) | (1,806) |
| Total distributions | (448,430) | (171,568) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 638,262 | 1,452,220 |
| Reinvestment of distributions | 445,123 | 169,762 |
| Payments for shares redeemed | (1,374,085) | (3,127,727) |
| Net increase (decrease) in net assets from Class A share transactions | (290,700) | (1,505,745) |
| **Class B** | | |
| Proceeds from shares sold | 795 | 82,846 |
| Reinvestment of distributions | 3,307 | 1,806 |
| Payments for shares redeemed | (106,627) | (28,351) |
| Net increase (decrease) in net assets from Class B share transactions | (102,525) | 56,301 |
| **Increase (decrease) in net assets** | 2,297,485 | (4,534,682) |
| Net assets at beginning of period | 14,307,835 | 18,842,517 |
| **Net assets at end of period** | **$ 16,605,320** | **$ 14,307,835** |
| **Other Information** | | |
| **Class A** | | |
| Shares outstanding at beginning of period | 1,228,635 | 1,340,522 |
| Shares sold | 48,879 | 108,093 |
| Shares issued to shareholders in reinvestment of distributions | 33,594 | 12,631 |
| Shares redeemed | (106,348) | (232,611) |
| Net increase (decrease) in Class A shares | (23,875) | (111,887) |
| Shares outstanding at end of period | **1,204,760** | **1,228,635** |
| **Class B** | | |
| Shares outstanding at beginning of period | 19,045 | 14,862 |
| Shares sold | 61 | 6,136 |
| Shares issued to shareholders in reinvestment of distributions | 249 | 134 |
| Shares redeemed | (9,347) | (2,087) |
| Net increase (decrease) in Class B shares | (9,037) | 4,183 |
| Shares outstanding at end of period | **10,008** | **19,045** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 11.47** | **$ 13.90** | **$11.12** | **$10.81** | **$11.04** | **$11.13** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .14 | .16 | .08 | .06 | .07 | .08 |
| Net realized and unrealized gain (loss) | 2.43 | (2.46) | 2.75 | .34 | (.21) | (.06) |
| **Total from investment operations** | 2.57 | (2.30) | 2.83 | .40 | (.14) | .02 |
| *Less distribution from:* | | | | | | |
| Net investment income | (.17) | (.13) | (.05) | (.09) | (.09) | (.11) |
| Net realized gain | (.20) | — | — | — | — | — |
| **Total distributions** | (.37) | (.13) | (.05) | (.09) | (.09) | (.11) |
| **Net asset value, end of period** | **$ 13.67** | **$ 11.47** | **$13.90** | **$11.12** | **$10.81** | **$11.04** |
| Total Return (%)[b] | 22.53** | (16.69) | 25.47 | 3.72 | (1.32) | .21 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 16 | 14 | 19 | 27 | 34 | 47 |
| Ratio of expenses before expense reductions (%)[c] | 1.70* | 1.72 | 1.56 | 1.66 | 1.44 | 1.41 |
| Ratio of expenses after expense reductions (%)[c] | .84* | .81 | .92 | .95 | .90 | .82 |
| Ratio of net investment income (%) | 2.18* | 1.21 | .61 | .51 | .65 | .71 |
| Portfolio turnover rate (%) | 3** | 38 | 62 | 70 | 64 | 63 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 11.49** | **$ 13.93** | **$11.13** | **$10.82** | **$11.05** | **$11.14** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .12 | .12 | .02 | .02 | .05 | .02 |
| Net realized and unrealized gain (loss) | 2.44 | (2.46) | 2.79 | .35 | (.23) | (.04) |
| **Total from investment operations** | 2.56 | (2.34) | 2.81 | .37 | (.18) | (.02) |
| *Less distribution from:* | | | | | | |
| Net investment income | (.14) | (.10) | (.01) | (.06) | (.05) | (.07) |
| Net realized gain | (.20) | — | — | — | — | — |
| **Total distributions** | (.34) | (.10) | (.01) | (.06) | (.05) | (.07) |
| **Net asset value, end of period** | **$ 13.71** | **$ 11.49** | **$13.93** | **$11.13** | **$10.82** | **$11.05** |
| Total Return (%)[b] | 22.36** | (16.92) | 25.26 | 3.38 | (1.64) | (.15) |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | .1 | .2 | .2 | .07 | .1 | .1 |
| Ratio of expenses before expense reductions (%)[c] | 2.05* | 2.07 | 1.90 | 1.98 | 1.76 | 1.76 |
| Ratio of expenses after expense reductions (%)[c] | 1.11* | 1.06 | 1.15 | 1.24 | 1.22 | 1.15 |
| Ratio of net investment income (%) | 1.90* | .92 | .12 | .17 | .40 | .14 |
| Portfolio turnover rate (%) | 3** | 38 | 62 | 70 | 64 | 63 |

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 (the "Fund") is a diversified series of Deutsche DWS 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 and/or U.S. Treasury Securities 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, the Fund had securities on loan, which were classified as common stocks in the Investment Portfolio. Due to the increased market values of securities on loan on June 30, 2019, the value of the related collateral was less than the value of securities on loan at period end. On the next business day, additional collateral was received, and the value of collateral exceeded the value of the securities on loan. As of period end, the remaining contractual maturity of the collateral agreements was 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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $13,539,972. The net unrealized appreciation for all investments based on tax cost was $3,179,508. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $3,881,613 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $702,105.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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 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, 2019, purchases and sales of investment transactions (excluding short-term investments) aggregated $532,033 and $1,384,649, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019 through April 30, 2019, 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 each class as follows:

| | |
|---|---|
| Class A | .81% |
| Class B | 1.06% |

Effective May 1, 2019 through April 30, 2020, 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 | .89% |
| Class B | 1.21% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for each class are as follows:

| | |
|---|---|
| Class A | $ 67,158 |
| Class B | 596 |
| | $ 67,754 |

**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, 2019, the Administration Fee was $7,809, of which $1,326 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, 2019, the amounts charged to the Fund by DSC were as follows:

| Services to Shareholders | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class A | $ 116 | $ 43 |
| Class B | 25 | 9 |
| | $ 141 | $ 52 |

**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, 2019, the Distribution Service Fee aggregated $159, of which $27 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,783, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

## D. Ownership of the Fund

At June 30, 2019, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 86%. Two participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, owning 54%, and 46%.

## 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,225.30 | $ 1,223.60 |
| Expenses Paid per $1,000* | $ 4.63 | $ 6.12 |
| **Hypothetical 5% Fund Return** | | |
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,020.63 | $ 1,019.29 |
| Expenses Paid per $1,000* | $ 4.21 | $ 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 II — DWS International Growth VIP | .84% | 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 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 DWS International Growth VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, the Fund's performance (Class A shares) was in the 2nd quartile, 3rd quartile and 3rd 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, 2017. 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 further changed its investment strategy.

**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, 2017). 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 higher than the median (3rd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2017, 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 DWS U.S. registered fund ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

VS2IG-3 (R-028383-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

## DWS Multisector Income VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund’s shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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 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

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

# Performance Summary

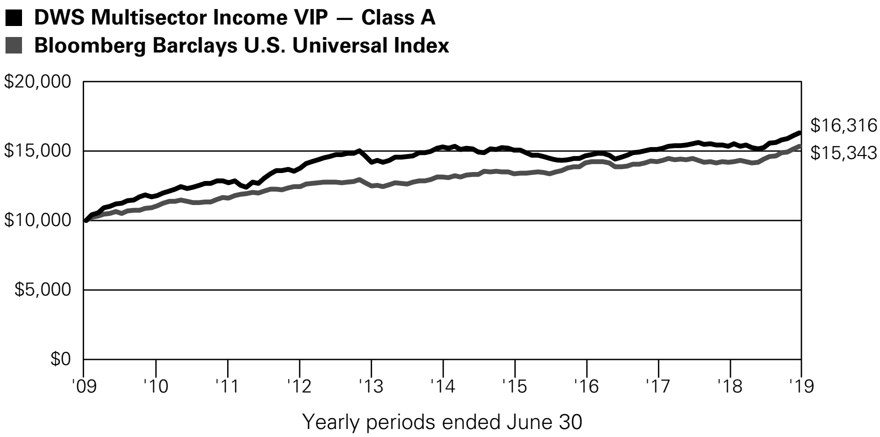
**June 30, 2019 (Unaudited)**

**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, 2019 is 2.19% 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 | $10,710 | $10,630 | $11,155 | $10,674 | $16,316 |
| | Average annual total return | 7.10% | 6.30% | 3.71% | 1.31% | 5.02% |
| Bloomberg Barclays U.S. Universal Index | Growth of $10,000 | $10,654 | $10,807 | $10,876 | $11,694 | $15,343 |
| | Average annual total return | 6.54% | 8.07% | 2.84% | 3.18% | 4.37% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Corporate Bonds | 30% | 11% |
| Government & Agency Obligations | 30% | 44% |
| Collateralized Mortgage Obligations | 13% | 17% |
| Mortgage-Backed Securities Pass-Throughs | 8% | 6% |
| Cash Equivalents | 5% | 5% |
| Commercial Mortgage-Backed Securities | 5% | 5% |
| Loan Participations and Assignments | 3% | 5% |
| Short-Term U.S. Treasury Obligations | 3% | 3% |
| Convertible Bonds | 2% | 2% |
| Asset-Backed | 1% | 2% |
| Common Stocks | 0% | 0% |
| Warrants | 0% | 0% |
| | 100% | 100% |

| **Quality** (Excludes Cash Equivalents) | **6/30/19** | **12/31/18** |
|---|---|---|
| AAA | 43% | 38% |
| AA | 2% | 0% |
| A | 9% | 8% |
| BBB | 18% | 12% |
| BB | 11% | 22% |
| B | 10% | 11% |
| CCC or Below | 1% | 2% |
| Non Rated | 6% | 7% |
| | 100% | 100% |

| **Interest Rate Sensitivity** | **6/30/19** | **12/31/18** |
|---|---|---|
| Effective Maturity | 6.7 years | 4.8 years |
| Effective Duration | 6.0 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Management Team

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

## Investment Portfolio

as of June 30, 2019 (Unaudited)

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| **Corporate Bonds 31.6%** | | |
| **Communication Services 5.3%** | | |
| CCO Holdings LLC, 144A, 5.375%, 6/1/2029 | 15,000 | 15,488 |
| Charter Communications Operating LLC, 5.75%, 4/1/2048 | 30,000 | 33,180 |
| Comcast Corp.: | | |
| 4.6%, 10/15/2038 | 20,000 | 22,901 |
| 4.95%, 10/15/2058 | 12,000 | 14,648 |
| GrubHub Holdings, Inc., 144A, 5.5%, 7/1/2027 | 10,000 | 10,264 |
| Netflix, Inc.: | | |
| 5.5%, 2/15/2022 | 60,000 | 63,075 |
| 5.875%, 11/15/2028 | 70,000 | 77,498 |
| Nexstar Escrow, Inc., 144A, 5.625%, 7/15/2027 (b) | 5,000 | 5,119 |
| Sirius XM Radio, Inc., 144A, 4.625%, 7/15/2024 (b) | 20,000 | 20,465 |
| Sprint Communications, Inc., 6.0%, 11/15/2022 | 50,000 | 52,125 |
| Symantec Corp., 3.95%, 6/15/2022 | 50,000 | 50,637 |
| VeriSign, Inc.: | | |
| 4.625%, 5/1/2023 | 50,000 | 50,815 |
| 5.25%, 4/1/2025 | 50,000 | 53,375 |
| | | **469,590** |
| **Consumer Discretionary 5.8%** | | |
| American Axle & Manufacturing, Inc., 6.25%, 4/1/2025 | 60,000 | 59,700 |
| Ford Motor Credit Co. LLC, 5.584%, 3/18/2024 | 200,000 | 214,676 |
| General Motors Co., 5.95%, 4/1/2049 | 12,000 | 12,572 |
| Hilton Domestic Operating Co., Inc., 144A, 4.875%, 1/15/2030 | 13,000 | 13,390 |
| Hilton Worldwide Finance LLC, 4.875%, 4/1/2027 | 50,000 | 51,673 |
| IAA, Inc., 144A, 5.5%, 6/15/2027 | 10,000 | 10,400 |
| Lowe's Companies, Inc., 2.5%, 4/15/2026 | 75,000 | 73,625 |
| MGM Resorts International, 5.5%, 4/15/2027 | 55,000 | 57,681 |
| Starbucks Corp., 4.5%, 11/15/2048 | 18,000 | 19,763 |
| | | **513,480** |
| **Consumer Staples 1.4%** | | |
| Altria Group, Inc., 5.95%, 2/14/2049 | 20,000 | 22,828 |
| Anheuser-Busch Companies LLC, 4.9%, 2/1/2046 | 11,000 | 12,248 |
| Anheuser-Busch InBev Worldwide, Inc.: | | |
| 4.75%, 4/15/2058 | 10,000 | 10,575 |
| 5.45%, 1/23/2039 | 12,000 | 14,281 |
| 5.55%, 1/23/2049 | 20,000 | 24,510 |
| Keurig Dr Pepper, Inc.: | | |
| 4.597%, 5/25/2028 | 11,000 | 12,043 |
| 5.085%, 5/25/2048 | 16,000 | 17,815 |
| Post Holdings, Inc., 144A, 5.5%, 12/15/2029 (b) | 10,000 | 10,025 |
| | | **124,325** |
| **Energy 4.1%** | | |
| Antero Midstream Partners LP, 144A, 5.75%, 1/15/2028 | 55,000 | 54,450 |
| Apache Corp., 4.25%, 1/15/2030 | 34,000 | 35,060 |
| Cheniere Energy Partners LP, 144A, 5.625%, 10/1/2026 | 100,000 | 105,500 |
| Devon Energy Corp., 5.0%, 6/15/2045 | 15,000 | 17,209 |
| Energy Transfer Operating LP, 6.25%, 4/15/2049 | 20,000 | 23,697 |
| Enterprise Products Operating LP, 4.2%, 1/31/2050 | 52,000 | 51,892 |
| Hess Corp., 5.8%, 4/1/2047 | 15,000 | 16,655 |
| Kinder Morgan, Inc., 5.2%, 3/1/2048 | 11,000 | 12,426 |
| MPLX LP, 5.5%, 2/15/2049 | 20,000 | 22,715 |
| Parkland Fuel Corp., 5.875%, 7/15/2027 | 30,000 | 30,000 |
| | | **369,604** |
| **Financials 4.4%** | | |
| Bank of America Corp., 3.974%, 2/7/2030 | 80,000 | 85,752 |
| Citigroup, Inc., 3.98%, 3/20/2030 | 58,000 | 61,948 |
| JPMorgan Chase & Co., 3.782%, 2/1/2028 | 35,000 | 37,104 |
| Morgan Stanley, 4.431%, 1/23/2030 | 60,000 | 66,376 |
| Synchrony Financial, 4.375%, 3/19/2024 | 20,000 | 20,943 |
| The Allstate Corp., 3.85%, 8/10/2049 | 10,000 | 10,459 |
| The Goldman Sachs Group, Inc., 4.223%, 5/1/2029 | 80,000 | 85,801 |
| Wells Fargo & Co., 3.196%, 6/17/2027 | 20,000 | 20,382 |
| | | **388,765** |
| **Health Care 2.4%** | | |
| AbbVie, Inc., 4.875%, 11/14/2048 | 15,000 | 15,788 |
| Bristol-Myers Squibb Co., 144A, 4.25%, 10/26/2049 | 40,000 | 44,216 |
| CVS Health Corp., 5.05%, 3/25/2048 | 45,000 | 47,930 |
| Eli Lilly & Co.: | | |
| 3.95%, 3/15/2049 | 10,000 | 10,825 |
| 4.15%, 3/15/2059 | 9,000 | 9,879 |
| HCA, Inc.: | | |
| 4.125%, 6/15/2029 | 20,000 | 20,560 |
| 7.5%, 2/15/2022 | 60,000 | 66,150 |
| | | **215,348** |
| **Industrials 2.2%** | | |
| Clean Harbors, Inc., 144A, 4.875%, 7/15/2027 (b) | 10,000 | 10,163 |
| General Electric Co., 4.5%, 3/11/2044 | 30,000 | 29,107 |
| Park Aerospace Holdings Ltd., 144A, 5.25%, 8/15/2022 | 60,000 | 63,348 |
| Parker-Hannifin Corp., 3.25%, 6/14/2029 | 10,000 | 10,372 |
| Prime Security Services Borrower LLC, 144A, 5.25%, 4/15/2024 | 50,000 | 50,875 |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| United Technologies Corp., 4.625%, 11/16/2048 | 25,000 | 29,154 |
| | | **193,019** |
| **Information Technology 1.4%** | | |
| Broadcom, Inc., 144A, 4.75%, 4/15/2029 | 11,000 | 11,295 |
| Dell International LLC, 144A, 5.3%, 10/1/2029 | 11,000 | 11,592 |
| Fiserv, Inc.: | | |
| 3.5%, 7/1/2029 | 30,000 | 30,836 |
| 4.4%, 7/1/2049 | 10,000 | 10,521 |
| NXP BV: | | |
| 144A, 3.875%, 6/18/2026 | 30,000 | 30,832 |
| 144A, 4.3%, 6/18/2029 | 20,000 | 20,618 |
| Oracle Corp., 4.0%, 11/15/2047 | 10,000 | 10,746 |
| | | **126,440** |
| **Materials 0.5%** | | |
| Freeport-McMoRan, Inc., 4.55%, 11/14/2024 | 40,000 | **40,890** |
| **Real Estate 1.7%** | | |
| American Tower Corp., (REIT), 3.8%, 8/15/2029 | 50,000 | 51,540 |
| Office Properties Income Trust: | | |
| (REIT), 4.0%, 7/15/2022 | 25,000 | 25,274 |
| (REIT), 4.15%, 2/1/2022 | 30,000 | 30,441 |
| (REIT), 4.25%, 5/15/2024 | 10,000 | 9,966 |
| Omega Healthcare Investors, Inc.: | | |
| (REIT), 4.5%, 4/1/2027 | 15,000 | 15,685 |
| (REIT), 4.75%, 1/15/2028 | 20,000 | 21,179 |
| | | **154,085** |
| **Utilities 2.4%** | | |
| NextEra Energy Operating Partners LP, 144A, 4.25%, 7/15/2024 | 45,000 | 45,282 |
| NRG Energy, Inc., 144A, 5.25%, 6/15/2029 | 25,000 | 26,687 |
| Southern California Edison Co., Series E, 3.7%, 8/1/2025 | 130,000 | 134,421 |
| Vistra Operations Co. LLC, 144A, 5.0%, 7/31/2027 | 10,000 | 10,363 |
| | | **216,753** |
| **Total Corporate Bonds** (Cost $2,753,622) | | **2,812,299** |

## Mortgage-Backed Securities Pass-Throughs 7.9%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Federal National Mortgage Association, 4.0%, 7/1/2049 (b) (Cost $677,157) | 670,366 | **699,219** |

## Asset-Backed 0.7%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| **Home Equity Loans 0.1%** | | |
| CIT Group Home Equity Loan Trust, "AF6", Series 2002-1, 6.2%, 2/25/2030 | 11,614 | **11,873** |
| **Miscellaneous 0.6%** | | |
| Hilton Grand Vacations Trust, "B", Series 2014-AA, 144A, 2.07%, 11/25/2026 | 50,509 | **50,124** |
| **Total Asset-Backed** (Cost $61,843) | | **61,997** |

## Commercial Mortgage-Backed Securities 5.4%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| GMAC Commercial Mortgage Securities, Inc., "G", Series 2004-C1, 144A, 5.455%, 3/10/2038 | 394,448 | 375,292 |
| GS Mortgage Securities Corp.,"A4", Series 2019-GC40, 1-month USD-LIBOR + 1.600%, 3.16%**, 7/10/2052 | 100,000 | 102,996 |
| **Total Commercial Mortgage-Backed Securities** (Cost $499,909) | | **478,288** |

## Collateralized Mortgage Obligations 13.5%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Banc of America Mortgage Securities, "2A2", Series 2004-A, 4.817%**, 2/25/2034 | 28,156 | 28,520 |
| Bear Stearns Adjustable Rate Mortgage Trust, "2A1", Series 2005-11, 5.233%**, 12/25/2035 | 28,181 | 29,088 |
| Countrywide Home Loans, "2A5", Series 2004-13, 5.75%, 8/25/2034 | 26,024 | 26,301 |
| Fannie Mae Connecticut Avenue Securities: | | |
| "1M2", Series 2018-C06, 1-month USD-LIBOR + 2.000%, 4.404%**, 3/25/2031 | 62,500 | 62,578 |
| "1M2", Series 2018-C01"1M2", Series 2018-C06"1M2", Series 2018-C01, 1-month USD-LIBOR + 2.250%, 4.654%**, 7/25/2030 | 250,000 | 252,643 |
| "1M2", Series 2019-R02, 144A, 1-month USD-LIBOR + 2.300%, 4.704%**, 8/25/2031 | 70,000 | 70,603 |
| "1M2", Series 2018-C05, 1-month USD-LIBOR + 2.350%, 4.754%**, 1/25/2031 | 100,000 | 100,889 |
| Federal Home Loan Mortgage Corp.: | | |
| "PI", Series 3843, Interest Only, 4.5%, 5/15/2038 | 77,805 | 3,030 |
| "C31", Series 303, Interest Only, 4.5%, 12/15/2042 | 369,682 | 69,588 |
| Federal National Mortgage Association, "4", Series 406, Interest Only, 4.0%, 9/25/2040 | 87,916 | 15,577 |
| Freddie Mac Structured Agency Credit Risk Debt Notes, "M2", Series 2019-DNA2, 144A, 1-month USD-LIBOR + 2.450%, 4.854%**, 3/25/2049 | 110,000 | 111,538 |

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

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Government National Mortgage Association: | | |
| "GI", Series 2014-146, Interest Only, 3.5%, 9/20/2029 | 743,905 | 80,768 |
| "PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044 | 94,065 | 8,682 |
| "HI", Series 2015-77, Interest Only, 4.0%, 5/20/2045 | 204,425 | 29,787 |
| "IP", Series 2014-115, Interest Only, 4.5%, 2/20/2044 | 31,233 | 4,405 |
| "IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039 | 105,176 | 17,689 |
| "IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039 | 102,256 | 17,144 |
| "IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039 | 87,697 | 14,245 |
| JPMorgan Mortgage Trust, "2A1", Series 2006-A2, 4.281%**, 4/25/2036 | 102,636 | 99,540 |
| Merrill Lynch Mortgage Investors Trust, "2A", Series 2003-A6, 4.577%**, 10/25/2033 | 22,783 | 23,069 |
| STACR Trust, "M2", Series 2018-DNA3, 144A, 1-month USD-LIBOR + 2.100%, 4.504%**, 9/25/2048 | 108,108 | 108,108 |
| Wells Fargo Mortgage-Backed Securities Trust, "2A3", Series 2004-EE, 4.959%**, 12/25/2034 | 25,613 | 26,023 |
| **Total Collateralized Mortgage Obligations** (Cost $958,947) | | **1,199,815** |

## Government & Agency Obligations 31.5%

### Sovereign Bonds 2.5%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| Republic of Argentina-Inflation Linked Bond, 5.83%, 12/31/2033 | ARS 476 | 97 |
| Republic of Kazakhstan, 144A, 1.55%, 11/9/2023 | EUR 100,000 | 119,353 |
| Republic of Slovenia, 144A, 5.5%, 10/26/2022 | 100,000 | 109,366 |
| | | **228,816** |

### U.S. Treasury Obligations 29.0%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| U.S. Treasury Bond, 3.0%, 2/15/2049 | 102,000 | 112,025 |
| U.S. Treasury Inflation Indexed Note, 0.625%, 4/15/2023 | 282,874 | 286,205 |
| U.S. Treasury Notes: | | |
| 1.625%, 12/31/2019 | 109,000 | 108,740 |
| 2.125%, 5/31/2026 | 272,000 | 276,547 |
| 2.375%, 5/15/2029 | 861,000 | 889,756 |
| 2.625%, 8/31/2020 | 900,000 | 907,383 |
| | | **2,580,656** |
| **Total Government & Agency Obligations** (Cost $2,752,511) | | **2,809,472** |

## Short-Term U.S. Treasury Obligations 2.7%

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| U.S. Treasury Bills: | | |
| 2.362%***, 8/15/2019 (c) | 200,000 | 199,477 |
| 2.573%***, 10/10/2019 | 40,000 | 39,765 |
| **Total Short-Term U.S. Treasury Obligations** (Cost $239,121) | | **239,242** |

## Loan Participations and Assignments 3.2%

### Senior Loans **

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| DaVita, Inc., Term Loan B, 1-week USD LIBOR + 2.750%, 5.135%, 6/24/2021 | 66,500 | 66,556 |
| Level 3 Financing, Inc., Term Loan B, 1-month USD LIBOR + 2.250%, 4.652%, 2/22/2024 | 60,000 | 59,603 |
| MEG Energy Corp., Term Loan B, 1-month USD LIBOR + 3.500%, 5.902%, 12/31/2023 | 5,254 | 5,258 |
| Quebecor Media, Inc., Term Loan B1, 1-month USD LIBOR + 2.250%, 4.651%, 8/17/2020 | 84,825 | 85,019 |
| Valeant Pharmaceuticals International, Inc., Term Loan B, 1-month USD LIBOR + 3.000%, 5.412%, 6/2/2025 | 68,498 | 68,548 |
| **Total Loan Participations and Assignments** (Cost $285,004) | | **284,984** |

## Convertible Bonds 1.9%

### Materials

| | Principal Amount ($)(a) | Value ($) |
|---|---|---|
| GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.503%** PIK 10/18/2025 (d) (Cost $156,151) | 156,998 | **175,995** |

## Common Stocks 0.3%

| | Shares | Value ($) |
|---|---|---|
| **Industrials 0.0%** | | |
| Quad Graphics, Inc. | 4 | **32** |
| **Materials 0.3%** | | |
| GEO Specialty Chemicals, Inc.* (d) | 94,587 | **29,700** |
| **Total Common Stocks** (Cost $41,676) | | **29,732** |

## Warrants 0.0%

### Materials

| | Shares | Value ($) |
|---|---|---|
| Hercules Trust II, Expiration Date 29/03/2031* (d) (Cost $17,432) | 85 | **3,776** |

## Cash Equivalents 5.6%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (e) (Cost $498,533) | 498,533 | **498,533** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $8,941,906) | 104.3 | **9,293,352** |
| **Other Assets and Liabilities, Net** | (4.3) | **(385,189)** |
| **Net Assets** | 100.0 | **8,908,163** |

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, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 0.0%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (e) (f) | | | | | | | | |
| 302,310 | — | 302,310 (g) | — | — | 2,307 | — | — | — |
| **Cash Equivalents 5.6%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (e) | | | | | | | | |
| 395,710 | 4,357,110 | 4,254,287 | — | — | 9,692 | — | 498,533 | 498,533 |
| **698,020** | **4,357,110** | **4,556,597** | **—** | **—** | **11,999** | **—** | **498,533** | **498,533** |

* Non-income producing security.

** Variable or floating rate security. These securities are shown at their current rate as of June 30, 2019. 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, 2019, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(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 cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(g) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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

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

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, 2019, open futures contracts purchased were as follows:

| Futures | Currency | Expiration Date | Contracts | Notional Amount ($) | Notional Value ($) | Unrealized Appreciation ($) |
|---|---|---|---|---|---|---|
| 2 Year U.S. Treasury Note | USD | 9/30/2019 | 9 | 1,927,498 | 1,936,617 | 9,119 |
| U.S. Treasury Long Bond | USD | 9/19/2019 | 2 | 305,606 | 311,188 | 5,582 |
| Ultra 10 Year U.S. Treasury Note | USD | 9/19/2019 | 10 | 1,359,586 | 1,381,250 | 21,664 |
| **Total unrealized appreciation** | | | | | | **36,365** |

As of June 30, 2019, the Fund had the following open forward foreign currency contracts:

| Contracts to Deliver | | In Exchange For | | Settlement Date | Unrealized Appreciation ($) | Counterparty |
|---|---|---|---|---|---|---|
| USD | 171,671 | CAD | 230,000 | 8/7/2019 | 4,104 | State Street Bank and Trust |
| EUR | 150,000 | JPY | 18,479,056 | 8/7/2019 | 799 | National Australia Bank Ltd. |
| EUR | 105,000 | USD | 120,534 | 9/26/2019 | 335 | JPMorgan Chase Securities, Inc. |
| **Total unrealized appreciation** | | | | | **5,238** | |

| Contracts to Deliver | | In Exchange For | | Settlement Date | Unrealized Depreciation ($) | Counterparty |
|---|---|---|---|---|---|---|
| CAD | 230,000 | USD | 171,069 | 8/7/2019 | (4,706) | Bank of America |
| EUR | 157,000 | JPY | 19,149,462 | 8/7/2019 | (949) | Credit Agricole |
| AUD | 245,000 | USD | 171,009 | 8/8/2019 | (1,209) | State Street Bank and Trust |
| AUD | 245,000 | USD | 169,991 | 8/8/2019 | (2,228) | National Australia Bank Ltd. |
| **Total unrealized depreciation** | | | | | **(9,092)** | |

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

**Currency Abbreviations**

| | | | |
|---|---|---|---|
| ARS | Argentine Peso | EUR | Euro |
| AUD | Australian Dollar | JPY | Japanese Yen |
| CAD | Canadian Dollar | 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 A 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, 2019 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 | $ — | $ 2,812,299 | $ — | $ 2,812,299 |
| Mortgage-Backed Securities Pass-Throughs | — | 699,219 | — | 699,219 |
| Asset-Backed | — | 61,997 | — | 61,997 |
| Commercial Mortgage-Backed Securities | — | 478,288 | — | 478,288 |
| Collateralized Mortgage Obligations | — | 1,199,815 | — | 1,199,815 |
| Government & Agency Obligations | — | 2,809,472 | — | 2,809,472 |
| Short-Term U.S. Treasury Obligations | — | 239,242 | — | 239,242 |
| Loan Participations and Assignments | — | 284,984 | — | 284,984 |
| Convertible Bonds | — | — | 175,995 | 175,995 |
| Common Stocks (h) | 32 | — | 29,700 | 29,732 |
| Warrants | — | — | 3,776 | 3,776 |
| Short-Term Investments | 498,533 | — | — | 498,533 |
| Derivatives (i) | | | | |
| Futures Contracts | $ 36,365 | $ — | $ — | $ 36,365 |
| Forward Foreign Currency Contracts | — | 5,238 | — | 5,238 |
| **Total** | **$ 534,930** | **$ 8,590,554** | **$ 209,471** | **$ 9,334,955** |

| **Liabilities** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Derivatives (i) | | | | |
| Forward Foreign Currency Contracts | $ — | $ (9,092) | $ — | $ (9,092) |
| **Total** | **$ —** | **$ (9,092)** | **$ —** | **$ (9,092)** |

(h) See Investment Portfolio for additional detailed categorizations.

(i) Derivatives include unrealized appreciation (depreciation) on open futures 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:

| | **Bank Loans** | **Convertible Bonds** | **Common Stocks** | **Warrants** | **Total** |
|---|---|---|---|---|---|
| **Balance as of December 31, 2018** | **$ 56,865** | **$ 158,403** | **$ 10,724** | **$ 2,096** | **$ 228,088** |
| Realized gains (loss) | (6) | — | — | — | (6) |
| Change in unrealized appreciation (depreciation) | 328 | 7,388 | 16,755 | 1,680 | 26,151 |
| Amortization premium/discount | 0 | 10 | — | — | 10 |
| Purchases/PIK | — | 10,194 | 2,221 | — | 12,415 |
| (Sales) | (57,187) | — | — | — | (57,187) |
| Transfers into Level 3 | — | — | — | — | — |
| Transfers (out) of Level 3 | — | — | — | — | — |
| **Balance as of June 30, 2019** | **$ —** | **$ 175,995** | **$ 29,700** | **$ 3,776** | **$ 209,471** |
| **Net change in unrealized appreciation (depreciation) from investments still held as of June 30, 2019** | **$ —** | **$ 7,388** | **$ 16,755** | **$ 1,680** | **$ 25,823** |

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

## Quantitative Disclosure About Significant Unobservable Inputs

| Asset Class | Fair Value at 6/30/19 | Valuation Technique(s) | Unobservable Input | Range (Weighted Average) |
|---|---|---|---|---|
| **Convertible Bond:** | | | | |
| Materials | $175,995 | Market Approach | Terms of merger agreement | N/A |
| | | | Illiquidity discount | 5% |
| **Common Stock:** | | | | |
| Materials | $29,700 | Market Approach | Terms of merger agreement | N/A |
| | | | Illiquidity discount | 5% |
| **Warrants:** | | | | |
| Materials | $3,776 | Black Scholes Option Pricing Model | Implied Volatility of Option | 26.06% |
| | | | 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 convertible bond investment include the terms of the merger agreement and an illiquidity discount. A significant change in the terms of the merger agreement is unlikely to have a material impact to the fair value measurement, while a significant change in the illiquidity discount is likely to have a material impact to the fair value measurement.

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's common stock investment include the terms of the merger agreement and an illiquidity discount. A significant change in the terms of the merger agreement is unlikely to have a material impact to the fair value measurement, while a significant change in the illiquidity discount is unlikely to have a material impact to the 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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $8,443,373) | $ 8,794,819 |
| Investment in DWS Central Cash Management Government Fund (cost $498,533) | 498,533 |
| Cash | 12,129 |
| Foreign currency, at value (cost $45,935) | 46,300 |
| Deposit with broker for future contracts | 485 |
| Receivable for investments sold | 70,873 |
| Interest receivable | 63,098 |
| Unrealized appreciation on forward foreign currency contracts | 5,238 |
| Foreign taxes recoverable | 627 |
| Due from Advisor | 7,423 |
| Other assets | 75 |
| Total assets | 9,499,600 |
| **Liabilities** | |
| Payable for investments purchased | 265,738 |
| Payable for investments purchased — when issued securities | 251,881 |
| Payable for Fund shares redeemed | 4,877 |
| Payable for variation margin on futures contracts | 558 |
| Unrealized depreciation on forward foreign currency contracts | 9,092 |
| Accrued Trustees' fees | 67 |
| Other accrued expenses and payables | 59,224 |
| Total liabilities | 591,437 |
| **Net assets, at value** | **$ 8,908,163** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | (4,167,584) |
| Paid-in capital | 13,075,747 |
| **Net assets, at value** | **$ 8,908,163** |
| **Net Asset Value** | |
| **Class A** | |
| **Net asset value,** offering and redemption price per share (8,908,163 ÷ 929,067 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 9.59** |

# Statement of Operations

for the six months ended June 30, 2019 (Unaudited)

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Interest | $ 163,541 |
| Income distributions — DWS Central Cash Management Government Fund | 9,692 |
| Securities lending income, net of borrower rebates | 2,307 |
| Total income | 175,540 |
| Expenses:<br>Management fee | 23,098 |
| Administration fee | 4,200 |
| Services to Shareholders | 113 |
| Custodian fee | 9,655 |
| Professional fees | 42,926 |
| Reports to shareholders | 15,083 |
| Trustees' fees and expenses | 1,116 |
| Pricing service fee | 5,250 |
| Other | 1,324 |
| Total expenses before expense reductions | 102,765 |
| Expense reductions | (75,322) |
| Total expenses after expense reductions | 27,443 |
| **Net investment income** | **148,097** |
| **Realized and Unrealized Gain (Loss)** | |
| Net realized gain (loss) from:<br>Investments | (109,392) |
| Futures | 105,087 |
| Forward foreign currency contracts | (144) |
| Foreign currency | 2,039 |
| | (2,410) |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 453,443 |
| Futures | (3,879) |
| Forward foreign currency contracts | (13,628) |
| Foreign currency | 549 |
| | 436,485 |
| **Net gain (loss)** | **434,075** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 582,172** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income | $ 148,097 | $ 309,384 |
| Net realized gain (loss) | (2,410) | (106,781) |
| Change in net unrealized appreciation (depreciation) | 436,485 | (345,745) |
| Net increase (decrease) in net assets resulting from operations | 582,172 | (143,142) |
| Distributions to shareholders: | | |
| Class A | (339,978) | (641,992) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 711,739 | 612,918 |
| Reinvestment of distributions | 339,978 | 641,992 |
| Payments for shares redeemed | (677,583) | (1,895,400) |
| Net increase (decrease) in net assets from Class A share transactions | 374,134 | (640,490) |
| **Increase (decrease) in net assets** | 616,328 | (1,425,624) |
| Net assets at beginning of period | 8,291,835 | 9,717,459 |
| Net assets at end of period | **$ 8,908,163** | **$ 8,291,835** |
| **Other Information** | | |
| **Class A** | | |
| Shares outstanding at beginning of period | 888,694 | 951,249 |
| Shares sold | 75,208 | 64,660 |
| Shares issued to shareholders in reinvestment of distributions | 36,596 | 68,080 |
| Shares redeemed | (71,431) | (195,295) |
| Net increase (decrease) in Class A shares | 40,373 | (62,555) |
| Shares outstanding at end of period | **929,067** | **888,694** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 9.33** | **$10.22** | **$ 9.65** | **$10.43** | **$11.20** | **$11.53** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .17 | .34 | .28 | .22 | .40 | .49 |
| Net realized and unrealized gain (loss) | .48 | (.50) | .37 | (.17) | (.72) | (.23) |
| **Total from investment operations** | .65 | (.16) | .65 | .05 | (.32) | .26 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.39) | (.73) | (.08) | (.83) | (.45) | (.59) |
| **Net asset value, end of period** | **$ 9.59** | **$ 9.33** | **$10.22** | **$ 9.65** | **$10.43** | **$11.20** |
| Total Return (%)[b] | 7.10** | (1.65) | 6.78 | .50 | (3.02) | 2.23 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 9 | 8 | 10 | 25 | 33 | 54 |
| Ratio of expenses before expense reductions (%)[c] | 2.45* | 2.19 | 1.37 | 1.31 | 1.15 | 1.08 |
| Ratio of expenses after expense reductions (%)[c] | .65* | .65 | .67 | .68 | .70 | .77 |
| Ratio of net investment income (%) | 3.53* | 3.50 | 2.81 | 2.19 | 3.67 | 4.23 |
| Portfolio turnover rate (%) | 114** | 85 | 96 | 159 | 185 | 185 |

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 (the "Fund") is a diversified series of Deutsche DWS 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. 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 3.

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.

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.

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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, the Fund had no securities on loan.

**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.

**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, 2018, the Fund had net tax basis capital loss carryforwards of approximately $4,643,000, which may be applied against realized net taxable capital gains indefinitely, including short-term losses ($1,959,000) and long-term losses ($2,684,000).

At June 30, 2019, the aggregate cost of investments for federal income tax purposes was $8,942,869. The net unrealized appreciation for all investments based on tax cost was $350,483. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $400,935 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $50,452.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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 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

**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, 2019, 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, 2019 is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $2,182,000 to $3,769,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from $0 to approximately $1,301,000.

**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, 2019, 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, 2019, is included in a table following the Fund's Investment Portfolio. For the six months ended June 30, 2019, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $380,000 to $785,000, and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from approximately $87,000 to $212,000. The investment in forward currency contracts long vs. other foreign currencies sold had a total contract value generally indicative of a range from $0 to approximately $342,000.

The following tables summarize the value of the Fund's derivative instruments held as of June 30, 2019 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) | $ — | $ 36,365 | $ 36,365 |
| Foreign Exchange Contracts (b) | 5,238 | — | 5,238 |
| | **$ 5,238** | **$ 36,365** | **$ 41,603** |

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 | Total |
|---|---|---|
| Foreign Exchange Contracts (c) | $ (9,092) | $ (9,092) |
| | **$ (9,092)** | **$ (9,092)** |

The above derivative is located in the following Statement of Assets and Liabilities accounts:

(c) 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, 2019 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 (d) | $ — | $ 105,087 | $ 105,087 |
| Foreign Exchange Contracts (e) | (144) | — | (144) |
| | **$ (144)** | **$ 105,087** | **$ 104,943** |

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

(d) Net realized gain (loss) from futures contracts

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

| Change in Net Unrealized Appreciation (Depreciation) | Forward Contracts | Futures Contracts | Total |
|---|---|---|---|
| Interest Rate Contracts (f) | $ — | $ (3,879) | $ (3,879) |
| Foreign Exchange Contracts (g) | (13,628) | — | (13,628) |
| | **$ (13,628)** | **$ (3,879)** | **$ (17,507)** |

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

(f) Change in net unrealized appreciation (depreciation) on futures

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

As of June 30, 2019, 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 |
|---|---|---|---|---|
| JPMorgan Chase Securities, Inc. | $ 335 | $ — | $ — | $ 335 |
| National Australia Bank Ltd. | 799 | (799) | — | — |
| State Street Bank and Trust | 4,104 | (1,209) | — | 2,895 |
| | **$ 5,238** | **$ (2,008)** | **$ –** | **$ 3,230** |

| 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 | $ 4,706 | $ — | $ — | $ 4,706 |
| Credit Agricole | 949 | — | — | 949 |
| National Australia Bank Ltd. | 2,228 | (799) | — | 1,429 |
| State Street Bank and Trust | 1,209 | (1,209) | — | — |
| | **$ 9,092** | **$ (2,008)** | **$ –** | **$ 7,084** |

## C. Purchases and Sales of Securities

During the six months ended June 30, 2019, purchases and sales of investment securities, excluding short-term investments, were as follows:

| | Purchases | Sales |
|---|---|---|
| Non-U.S. Treasury Obligations | $ 5,332,606 | $ 5,454,907 |
| U.S. Treasury Obligations | $ 3,965,434 | $ 3,267,834 |

## D. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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 May 16, 2019, DWS Alternatives Global Limited, also an indirect, wholly owned subsidiary of DWS Group, no longer serves as subadvisor for the Fund. DWS Alternatives Global Limited provided portfolio manager services to the Fund and pursuant to a sub-advisory agreement between DIMA and DWS Alternatives Global Limited, DIMA, not the Fund, compensated DWS Alternatives Global Limited for the services it provided 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, 2019, 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, 2019 through April 30, 2019, the Advisor had 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%.

Effective May 1, 2019 through April 30, 2020, 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 0.66%.

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed amounted to $75,322.

**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, 2019, the Administration Fee was $4,200, of which $727 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, 2019, the amounts charged to the Fund by DSC aggregated $56, of which $19 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing typesetting and certain regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $5,945, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Security Lending Fees.** Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $174.

## 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, 2019.

## 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, 2019, one participating insurance company was the owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 97%.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,071.00 |
| Expenses Paid per $1,000* | $ 3.34 |

| **Hypothetical 5% Fund Return** | **Class A** |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 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 DWS Multisector Income VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") and sub-advisory agreement (the "Sub-Advisory Agreement" and together with the Agreement, the "Agreements") between DIMA and Deutsche Alternative Asset Management (Global) Limited (now known as DWS Alternatives Global Limited) ("DAAM Global"), an affiliate of DIMA, in September 2018 (effective May 16, 2019, DAAM Global no longer serves as sub-advisor to the Fund).

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 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. DIMA and DAAM Global are part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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 Agreements, including the scope of advisory services provided under the Agreements. The Board noted that, under the Agreements, 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, 2017, the Fund's performance (Class A shares) was in the 1st 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 outperformed its benchmark in the one-year period and has underperformed its benchmark in the three- and five-year periods ended December 31, 2017. The Board noted the disappointing investment performance of the Fund in some past 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 in 2017. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the DWS fund complex.

**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, 2017). With respect to the sub-advisory fee paid to DAAM Global, 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 lower than the median (2nd quartile) of the applicable Broadridge expense universe (based on Broadridge data provided as of December 31, 2017, 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 DWS U.S. registered funds ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

# Notes

VS2MSI-3 (R-028389-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

## DWS Small Mid Cap Growth VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

# 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

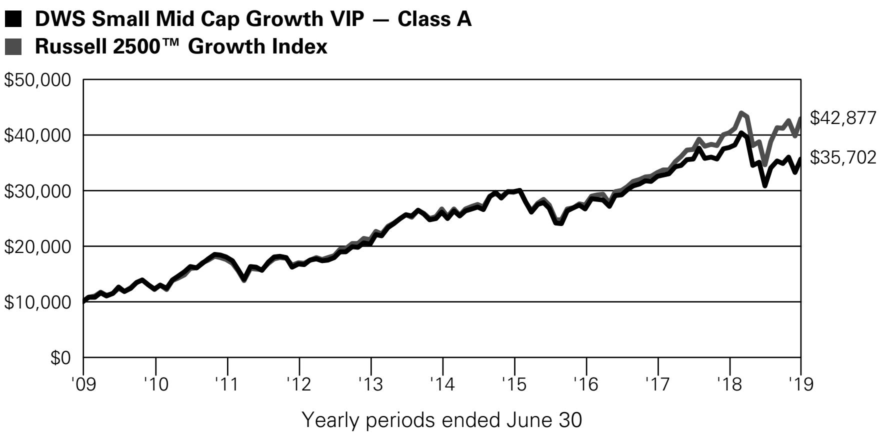
**June 30, 2019 (Unaudited)**

**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, 2019 is 0.81% 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 2500TM 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 | 11,569 | 9,446 | 13,357 | 13,701 | 35,702 |
| | Average annual total return | 15.69% | -5.54% | 10.13% | 6.50% | 13.57% |
| Russell 2500 Growth Index | Growth of $10,000 | 12,392 | 10,613 | 15,664 | 16,093 | 42,877 |
| | Average annual total return | 23.92% | 6.13% | 16.14% | 9.98% | 15.67% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 98% | 93% |
| Cash Equivalents | 1% | 6% |
| Convertible Preferred Stock | 1% | 1% |
| | 100% | 100% |

| **Sector Diversification**<br>(As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral) | **6/30/19** | **12/31/18** |
|---|---|---|
| Health Care | 24% | 25% |
| Information Technology | 24% | 22% |
| Industrials | 19% | 18% |
| Consumer Discretionary | 15% | 16% |
| Financials | 6% | 7% |
| Materials | 4% | 4% |
| Real Estate | 3% | 3% |
| Energy | 2% | 2% |
| Consumer Staples | 2% | 2% |
| Communication Services | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Management Team

Peter Barsa, Director

Michael A. Sesser, CFA, Director

Portfolio Managers

# Investment Portfolio

as of June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 98.3%** | | |
| **Communication Services 1.1%** | | |
| **Entertainment** | | |
| Cinemark Holdings, Inc. | 13,014 | 469,805 |
| Take-Two Interactive Software, Inc.* | 2,302 | 261,346 |
| | | **731,151** |
| **Consumer Discretionary 14.9%** | | |
| **Auto Components 0.8%** | | |
| Gentherm, Inc.* | 7,798 | 326,191 |
| Tenneco, Inc. "A" | 16,869 | 187,077 |
| | | **513,268** |
| **Diversified Consumer Services 2.8%** | | |
| Bright Horizons Family Solutions, Inc.* | 8,528 | 1,286,620 |
| ServiceMaster Global Holdings, Inc.* | 11,300 | 588,617 |
| | | **1,875,237** |
| **Hotels, Restaurants & Leisure 1.7%** | | |
| Hilton Grand Vacations, Inc.* | 15,442 | 491,365 |
| Jack in the Box, Inc. | 8,357 | 680,176 |
| | | **1,171,541** |
| **Household Durables 4.0%** | | |
| Helen of Troy Ltd.* | 6,902 | 901,332 |
| iRobot Corp.* (a) | 12,850 | 1,177,574 |
| TopBuild Corp.* | 7,521 | 622,438 |
| | | **2,701,344** |
| **Internet & Direct Marketing Retail 0.5%** | | |
| GrubHub, Inc.* (a) | 3,879 | **302,523** |
| **Leisure Products 0.8%** | | |
| YETI Holdings, Inc.* (a) | 17,273 | **500,053** |
| **Specialty Retail 3.4%** | | |
| Burlington Stores, Inc.* | 7,180 | 1,221,677 |
| Camping World Holdings, Inc. "A" (a) | 30,031 | 372,985 |
| The Children's Place, Inc. (a) | 7,548 | 719,928 |
| | | **2,314,590** |
| **Textiles, Apparel & Luxury Goods 0.9%** | | |
| Carter's, Inc. | 6,302 | **614,697** |
| **Consumer Staples 1.8%** | | |
| **Food & Staples Retailing 1.2%** | | |
| Casey's General Stores, Inc. | 5,389 | **840,630** |
| **Household Products 0.6%** | | |
| Spectrum Brands Holdings, Inc. | 7,393 | **397,522** |
| **Energy 1.9%** | | |
| **Energy Equipment & Services 1.2%** | | |
| Dril-Quip, Inc.* | 16,509 | **792,432** |
| **Oil, Gas & Consumable Fuels 0.7%** | | |
| California Resources Corp.* | 22,013 | 433,216 |
| Contango Oil & Gas Co.* | 41,553 | 72,302 |
| | | **505,518** |

| | Shares | Value ($) |
|---|---|---|
| **Financials 6.2%** | | |
| **Banks 4.5%** | | |
| Eagle Bancorp., Inc. | 9,086 | 491,825 |
| Pinnacle Financial Partners, Inc. | 7,734 | 444,551 |
| South State Corp. | 8,497 | 625,974 |
| SVB Financial Group* | 3,490 | 783,819 |
| Synovus Financial Corp. | 18,737 | 655,795 |
| | | **3,001,964** |
| **Capital Markets 1.2%** | | |
| Lazard Ltd. "A" | 14,525 | 499,515 |
| Moelis & Co. "A" | 9,674 | 338,106 |
| | | **837,621** |
| **Consumer Finance 0.5%** | | |
| Green Dot Corp. "A"* | 6,525 | **319,072** |
| **Health Care 23.0%** | | |
| **Biotechnology 8.2%** | | |
| Acceleron Pharma, Inc.* | 4,129 | 169,619 |
| Alkermes PLC* | 11,391 | 256,753 |
| Amicus Therapeutics, Inc.* | 18,313 | 228,546 |
| Arena Pharmaceuticals, Inc.* | 7,580 | 444,415 |
| Biohaven Pharmaceutical Holding Co., Ltd.* | 5,813 | 254,551 |
| Bluebird Bio, Inc.* | 2,454 | 312,149 |
| Blueprint Medicines Corp.* | 4,246 | 400,525 |
| Emergent BioSolutions, Inc.* | 12,303 | 594,358 |
| Genomic Health, Inc.* | 3,471 | 201,908 |
| Heron Therapeutics, Inc.* | 24,057 | 447,220 |
| Ligand Pharmaceuticals, Inc.* | 2,597 | 296,448 |
| Neurocrine Biosciences, Inc.* | 10,796 | 911,506 |
| Retrophin, Inc.* | 44,541 | 894,829 |
| Tocagen, Inc.* | 10,717 | 71,590 |
| | | **5,484,417** |
| **Health Care Equipment & Supplies 4.9%** | | |
| Cardiovascular Systems, Inc.* | 14,101 | 605,356 |
| Globus Medical, Inc. "A"* | 6,531 | 276,261 |
| iRhythm Technologies, Inc.* | 3,521 | 278,441 |
| Masimo Corp.* | 5,350 | 796,187 |
| Merit Medical Systems, Inc.* | 9,468 | 563,914 |
| Natus Medical, Inc.* | 13,683 | 351,516 |
| Tandem Diabetes Care, Inc.* | 6,409 | 413,509 |
| | | **3,285,184** |
| **Health Care Providers & Services 7.0%** | | |
| AMN Healthcare Services, Inc.* | 16,063 | 871,418 |
| BioScrip, Inc.* | 296,424 | 770,702 |
| Molina Healthcare, Inc.* | 8,313 | 1,189,923 |
| Providence Service Corp.* | 14,969 | 858,322 |
| RadNet, Inc.* | 58,745 | 810,094 |
| Tivity Health, Inc.* | 14,185 | 233,201 |
| | | **4,733,660** |
| **Health Care Technology 1.1%** | | |
| HMS Holdings Corp.* | 22,425 | **726,346** |
| **Pharmaceuticals 1.8%** | | |
| ANI Pharmaceuticals, Inc.* | 7,455 | 612,801 |
| Avadel Pharmaceuticals PLC (ADR)* (a) | 24,612 | 71,129 |
| Pacira BioSciences, Inc.* | 12,502 | 543,712 |
| | | **1,227,642** |

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

| | Shares | Value ($) |
|---|---|---|
| **Industrials 18.8%** | | |
| **Aerospace & Defense 1.5%** | | |
| HEICO Corp. | 7,424 | **993,405** |
| **Building Products 4.5%** | | |
| A.O. Smith Corp. | 14,715 | 693,959 |
| Allegion PLC | 11,168 | 1,234,622 |
| Fortune Brands Home & Security, Inc. | 12,443 | 710,869 |
| Masonite International Corp.* | 7,100 | 374,028 |
| | | **3,013,478** |
| **Commercial Services & Supplies 2.2%** | | |
| MSA Safety, Inc. | 3,811 | 401,641 |
| The Brink's Co. | 13,160 | 1,068,329 |
| | | **1,469,970** |
| **Construction & Engineering 0.8%** | | |
| MasTec, Inc.* | 10,594 | **545,909** |
| **Electrical Equipment 1.6%** | | |
| Thermon Group Holdings, Inc.* | 41,624 | **1,067,656** |
| **Machinery 2.4%** | | |
| Chart Industries, Inc.* | 9,241 | 710,448 |
| Hillenbrand, Inc. | 11,100 | 439,227 |
| IDEX Corp. | 2,649 | 455,999 |
| | | **1,605,674** |
| **Professional Services 1.5%** | | |
| Kforce, Inc. | 23,789 | 834,756 |
| Mistras Group, Inc.* | 15,322 | 220,177 |
| | | **1,054,933** |
| **Trading Companies & Distributors 4.3%** | | |
| H&E Equipment Services, Inc. | 28,818 | 838,316 |
| Rush Enterprises, Inc. "A" | 35,301 | 1,289,192 |
| Titan Machinery, Inc.* | 38,636 | 795,129 |
| | | **2,922,637** |
| **Information Technology 23.3%** | | |
| **Communications Equipment 0.8%** | | |
| Lumentum Holdings, Inc.* | 10,532 | **562,514** |
| **Electronic Equipment, Instruments & Components 1.2%** | | |
| Anixter International, Inc.* | 1,446 | 86,341 |
| Cognex Corp. | 8,337 | 400,009 |
| IPG Photonics Corp.* | 1,994 | 307,574 |
| | | **793,924** |
| **IT Services 5.0%** | | |
| Broadridge Financial Solutions, Inc. | 7,482 | 955,302 |
| MAXIMUS, Inc. | 9,060 | 657,212 |
| WEX, Inc.* | 4,517 | 939,988 |
| WNS Holdings Ltd. (ADR)* | 13,885 | 821,992 |
| | | **3,374,494** |
| **Semiconductors & Semiconductor Equipment 3.2%** | | |
| Advanced Energy Industries, Inc.* | 13,373 | 752,499 |
| Advanced Micro Devices, Inc.* | 11,848 | 359,824 |
| Cabot Microelectronics Corp. | 3,315 | 364,915 |
| Cypress Semiconductor Corp. | 16,165 | 359,510 |
| Entegris, Inc. | 8,714 | 325,206 |
| | | **2,161,954** |
| **Software 13.1%** | | |
| 2U, Inc.* (a) | 4,424 | 166,519 |
| Aspen Technology, Inc.* | 10,978 | 1,364,346 |
| Cision Ltd.* | 52,770 | 618,992 |
| Cornerstone OnDemand, Inc.* | 10,573 | 612,494 |
| Envestnet, Inc.* | 10,432 | 713,236 |
| Five9, Inc.* | 19,805 | 1,015,798 |
| New Relic, Inc.* | 3,459 | 299,238 |
| Proofpoint, Inc.* | 7,418 | 892,015 |
| QAD, Inc. "A" | 16,918 | 680,273 |
| Tyler Technologies, Inc.* | 6,090 | 1,315,562 |
| Varonis Systems, Inc.* | 17,800 | 1,102,532 |
| | | **8,781,005** |
| **Materials 4.3%** | | |
| **Chemicals 0.8%** | | |
| Trinseo SA | 12,784 | **541,275** |
| **Construction Materials 1.4%** | | |
| Eagle Materials, Inc. | 10,034 | **930,152** |
| **Containers & Packaging 0.6%** | | |
| Berry Global Group, Inc.* | 8,183 | **430,344** |
| **Metals & Mining 1.5%** | | |
| Cleveland-Cliffs, Inc. (a) | 71,240 | 760,131 |
| First Quantum Minerals Ltd. | 26,721 | 253,834 |
| | | **1,013,965** |
| **Real Estate 3.0%** | | |
| **Equity Real Estate Investment Trusts (REITs)** | | |
| Americold Realty Trust | 13,210 | 428,268 |
| Four Corners Property Trust, Inc. | 14,776 | 403,828 |
| National Storage Affiliates Trust | 24,731 | 715,715 |
| Urban Edge Properties | 27,384 | 474,565 |
| | | **2,022,376** |
| **Total Common Stocks** (Cost $48,303,433) | | **66,162,077** |

## Convertible Preferred Stocks 0.6%

| | Shares | Value ($) |
|---|---|---|
| **Health Care** | | |
| Providence Service Corp., 5.5% (b) (Cost $283,300) | 2,833 | **407,333** |

## Securities Lending Collateral 3.9%

| | Shares | Value ($) |
|---|---|---|
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (c) (d) (Cost $2,644,025) | 2,644,025 | **2,644,025** |

## Cash Equivalents 1.2%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (c) (Cost $834,095) | 834,095 | **834,095** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $52,064,853) | 104.0 | **70,047,530** |
| **Other Assets and Liabilities, Net** | (4.0) | **(2,710,091)** |
| **Net Assets** | 100.0 | **67,337,439** |

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, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 3.9%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (c) (d) | | | | | | | | |
| 2,032,950 | 611,075(e) | — | — | — | 28,329 | — | 2,644,025 | 2,644,025 |
| **Cash Equivalents 1.2%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (c) | | | | | | | | |
| 3,874,651 | 4,369,961 | 7,410,517 | — | — | 46,819 | — | 834,095 | 834,095 |
| **5,907,601** | **4,981,036** | **7,410,517** | **—** | **—** | **75,148** | **—** | **3,478,120** | **3,478,120** |

* 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, 2019 amounted to $2,617,404, which is 3.9% 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 cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(e) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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, 2019 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 (f) | $66,162,077 | $ — | $ — | $66,162,077 |
| Convertible Preferred Stocks | — | — | 407,333 | 407,333 |
| Short-Term Investments (f) | 3,478,120 | — | — | 3,478,120 |
| **Total** | **$69,640,197** | **$ —** | **$407,333** | **$70,047,530** |

(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, 2019 (Unaudited)

| | |
|---|---|
| **Assets** | |
| Investments in non-affiliated securities, at value (cost $48,586,733) — including $2,617,404 of securities loaned | $66,569,410 |
| Investment in DWS Government & Agency Securities Portfolio (cost $2,644,025)* | 2,644,025 |
| Investment in DWS Central Cash Management Government Fund (cost $834,095) | 834,095 |
| Cash | 10,065 |
| Foreign currency, at value (cost $167) | 168 |
| Dividends receivable | 20,833 |
| Interest receivable | 6,388 |
| Other assets | 818 |
| Total assets | 70,085,802 |
| **Liabilities** | |
| Payable upon return of securities loaned | 2,644,025 |
| Payable for Fund shares redeemed | 20,193 |
| Accrued management fee | 31,255 |
| Accrued Trustees' fees | 378 |
| Other accrued expenses and payables | 52,512 |
| Total liabilities | 2,748,363 |
| **Net assets, at value** | **$67,337,439** |
| **Net Assets Consist of** | |
| Distributable earnings (loss) | 18,445,052 |
| Paid-in capital | 48,892,387 |
| **Net assets, at value** | **$67,337,439** |
| **Net Asset Value** | |
| **Net Asset Value,** offering and redemption price per share ($67,337,439 ÷ 5,215,591 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 12.91** |

* Represents collateral on securities loaned.

# Statement of Operations

for the six months ended June 30, 2019

| | |
|---|---|
| **Investment Income** | |
| Income:<br>Dividends (net of foreign taxes withheld of $15) | $ 278,164 |
| Income distributions — DWS Central Cash Management Government Fund | 46,819 |
| Securities lending income, net of borrower rebates | 28,329 |
| Total income | 353,312 |
| Expenses:<br>Management fee | 193,000 |
| Administration fee | 35,091 |
| Services to Shareholders | 445 |
| Custodian fee | 1,603 |
| Professional fees | 36,865 |
| Reports to shareholders | 13,459 |
| Trustees' fees and expenses | 2,922 |
| Other | 3,862 |
| Total expenses before expense reductions | 287,247 |
| Expense reductions | (3,010) |
| Total expenses after expense reductions | 284,237 |
| **Net investment income (loss)** | **69,075** |
| **Realized and Unrealized Gain (Loss)** | |
| Net realized gain (loss) from investments | 760,672 |
| Change in net unrealized appreciation (depreciation) on:<br>Investments | 9,165,450 |
| Foreign currency | 5 |
| | 9,165,455 |
| **Net gain (loss)** | **9,926,127** |
| **Net increase (decrease) in net assets resulting from operations** | **$9,995,202** |

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, 2019 (Unaudited) | Years Ended December 31, 2018 |
|---|---|---|
| Operations:<br>Net investment income (loss) | $ 69,075 | $ (48,368) |
| Net realized gain (loss) | 760,672 | 8,989,403 |
| Change in net unrealized appreciation (depreciation) | 9,165,455 | (19,054,040) |
| Net increase (decrease) in net assets resulting from operations | 9,995,202 | (10,113,005) |
| Distributions to shareholders:<br>Class A | (8,788,523) | (25,334,744) |
| Fund share transactions:<br>**Class A**<br>Proceeds from shares sold | 1,756,896 | 6,446,792 |
| Reinvestment of distributions | 8,788,523 | 25,334,744 |
| Payments for shares redeemed | (8,788,776) | (9,303,196) |
| Net increase (decrease) in net assets from Class A share transactions | 1,756,643 | 22,478,340 |
| **Increase (decrease) in net assets** | **2,963,322** | **(12,969,409)** |
| Net assets at beginning of period | 64,374,117 | 77,343,526 |
| Net assets at end of period | **67,337,439** | **$ 64,374,117** |

| Other Information | | |
|---|---|---|
| **Class A**<br>Shares outstanding at beginning of period | 5,077,014 | 3,525,232 |
| Shares sold | 131,433 | 381,309 |
| Shares issued to shareholders in reinvestment of distributions | 680,753 | 1,711,807 |
| Shares redeemed | (673,609) | (541,334) |
| Net increase (decrease) in Class A shares | 138,577 | 1,551,782 |
| Shares outstanding at end of period | 5,215,591 | 5,077,014 |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$ 12.68** | **$ 21.94** | **$18.96** | **$20.90** | **$22.83** | **$21.59** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income (loss)[a] | .01 | (.01) | (.02) | .02 | (.04) | (.02) |
| Net realized and unrealized gain (loss) | 1.98 | (1.92) | 4.08 | 1.64 | (.00) | 1.26 |
| **Total from investment operations** | 1.99 | (1.93) | 4.06 | 1.66 | (.04) | 1.24 |
| *Less distributions from:* | | | | | | |
| Net investment income | — | — | (.02) | — | — | — |
| Net realized gains | (1.76) | (7.33) | (1.06) | (3.60) | (1.89) | — |
| **Total distributions** | (1.76) | (7.33) | (1.08) | (3.60) | (1.89) | — |
| **Net asset value, end of period** | **$ 12.91** | **$ 12.68** | **$21.94** | **$18.96** | **$20.90** | **$22.83** |
| Total Return (%) | 15.69[b]** | (13.59)[b] | 22.12 | 9.08 | (.90) | 5.74 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 67 | 64 | 77 | 118 | 135 | 172 |
| Ratio of expenses before expense reductions (%)[c] | .82* | .81 | .75 | .75 | .72 | .73 |
| Ratio of expenses after expense reductions (%)[c] | .81* | .80 | .75 | .75 | .72 | .73 |
| Ratio of net investment income (loss) (%) | .20* | (.06) | (.08) | .11 | (.19) | (.11) |
| Portfolio turnover rate (%) | 6** | 32 | 32 | 28 | 42 | 44 |

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 Small Mid Cap Growth VIP (the "Fund") is a diversified series of Deutsche DWS 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.

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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, 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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $52,385,935. The net unrealized appreciation for all investments based on tax cost was $17,661,595. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $21,795,433 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $4,133,838.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, purchases and sales of investment transactions (excluding short-term investments) aggregated $4,205,815 and $8,076,695, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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, 2019, 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, 2019 through September 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 0.81%.

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed were $3,010.

**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, 2019, the Administration Fee was $35,091, of which $5,626 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, 2019, the amounts charged to the Fund by DSC aggregated $196, of which $62 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30, 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under “Reports to shareholders” aggregated $4,706, 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

**Securities Lending Agent Fees.** Deutsche Bank AG serves as securities lending agent for the Fund. For the six months ended June 30, 2019, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $2,157.

## D. Ownership of the Fund

At June 30, 2019, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 91%.

## 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,156.90 |
| Expenses Paid per $1,000* | $ 4.33 |

| **Hypothetical 5% Fund Return** | **Class A** |
|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,020.78 |
| Expenses Paid per $1,000* | $ 4.06 |

* 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 | .81% |

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 DWS Small Mid Cap Growth VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, the Fund's performance (Class A shares) was in the 3rd quartile, 3rd 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, 2017. 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 noted changes in the portfolio management team, effective April 19, 2018. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the DWS 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, 2017). 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, 2017, 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 DWS U.S. registered funds ("DWS Funds"), noting that DIMA indicated that it does not provide services to any comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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-028388-8 8/19)

June 30, 2019

# Semiannual Report

Deutsche DWS Variable Series II

## DWS Small Mid Cap Value VIP

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from your insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a Web site, and your insurance company will notify you by mail each time a report is posted and provide you with a Web site link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from your insurance company electronically by following the instructions provided by your insurance company.

You may elect to receive all future reports in paper free of charge from your insurance company. If your insurance company informs you that future reports will be delivered via Web access, you can inform your insurance company that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by your insurance company.

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 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.

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

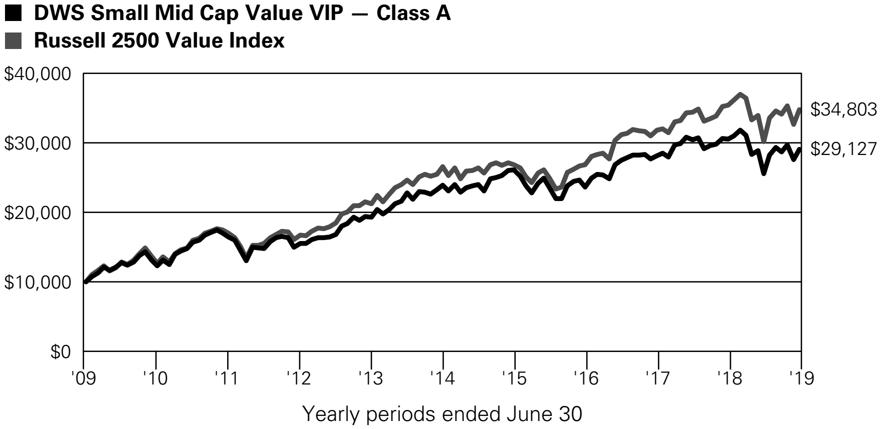
**June 30, 2019 (Unaudited)**

**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, 2019 are 0.87% and 1.24% 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 | $11,388 | $9,530 | $12,299 | $12,154 | $29,127 |
| | Average annual total return | 13.88% | –4.70% | 7.14% | 3.98% | 11.28% |
| Russell 2500 Value Index | Growth of $10,000 | $11,526 | $9,808 | $12,942 | $13,099 | $34,803 |
| | Average annual total return | 15.26% | –1.92% | 8.98% | 5.55% | 13.28% |
| **DWS Small Mid Cap Value VIP** | | **6-Month‡** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| **Class B** | Growth of $10,000 | $11,364 | $9,490 | $12,162 | $11,941 | $28,104 |
| | Average annual total return | 13.64% | –5.10% | 6.74% | 3.61% | 10.89% |
| Russell 2500 Value Index | Growth of $10,000 | $11,526 | $9,808 | $12,942 | $13,099 | $34,803 |
| | Average annual total return | 15.26% | –1.92% | 8.98% | 5.55% | 13.28% |

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) | **6/30/19** | **12/31/18** |
|---|---|---|
| Common Stocks | 98% | 97% |
| Cash Equivalent | 2% | 3% |
| Rights | 0% | — |
| | 100% | 100% |

| **Sector Diversification** (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending) | **6/30/19** | **12/31/18** |
|---|---|---|
| Financials | 23% | 22% |
| Real Estate | 17% | 13% |
| Industrials | 13% | 16% |
| Information Technology | 10% | 11% |
| Consumer Discretionary | 8% | 12% |
| Utilities | 7% | 6% |
| Health Care | 6% | 6% |
| Materials | 5% | 5% |
| Energy | 4% | 4% |
| Communication Services | 4% | 2% |
| Consumer Staples | 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 or Form N-PORT (available for filings after March 31, 2019). The Fund's Form N-Q or Form N-PORT will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please read the Fund's current prospectus for more information.

# Portfolio Manager

Pankaj Bhatnagar, PhD, Managing Director
Arno V. Puskar, Director

# Investment Portfolio

as of June 30, 2019 (Unaudited)

| | Shares | Value ($) |
|---|---|---|
| **Common Stocks 98.0%** | | |
| **Communication Services 3.4%** | | |
| **Entertainment 1.4%** | | |
| AMC Entertainment Holdings, Inc. "A" (a) | 55,055 | 513,663 |
| Eros International PLC* (a) | 49,271 | 66,516 |
| Walt Disney Co. | 5,032 | 702,669 |
| | | **1,282,848** |
| **Media 2.0%** | | |
| Interpublic Group of Companies, Inc. | 70,784 | 1,599,010 |
| Meredith Corp. | 5,811 | 319,954 |
| | | **1,918,964** |
| **Consumer Discretionary 7.5%** | | |
| **Automobiles 1.5%** | | |
| Winnebago Industries, Inc. | 36,298 | **1,402,918** |
| **Diversified Consumer Services 1.4%** | | |
| Regis Corp.* | 79,032 | **1,311,931** |
| **Hotels, Restaurants & Leisure 1.6%** | | |
| Aramark | 42,196 | **1,521,588** |
| **Leisure Products 0.7%** | | |
| Brunswick Corp. | 14,307 | **656,548** |
| **Multiline Retail 0.4%** | | |
| Kohl's Corp. | 8,100 | **385,155** |
| **Textiles, Apparel & Luxury Goods 1.9%** | | |
| Columbia Sportswear Co. | 17,354 | **1,738,177** |
| **Consumer Staples 3.1%** | | |
| **Food Products 1.5%** | | |
| Conagra Brands, Inc. | 17,736 | 470,359 |
| Lamb Weston Holdings, Inc. | 15,023 | 951,857 |
| | | **1,422,216** |
| **Household Products 1.6%** | | |
| Central Garden & Pet Co.* | 54,615 | **1,471,874** |
| **Energy 4.4%** | | |
| **Energy Equipment & Services 1.0%** | | |
| Apergy Corp.* | 8,300 | 278,382 |
| Patterson-UTI Energy, Inc. | 54,471 | 626,961 |
| | | **905,343** |
| **Oil, Gas & Consumable Fuels 3.4%** | | |
| Gulfport Energy Corp.* | 60,623 | 297,659 |
| HollyFrontier Corp. | 12,696 | 587,571 |
| Murphy Oil Corp. | 26,957 | 664,490 |
| Peabody Energy Corp. | 25,354 | 611,032 |
| SandRidge Energy, Inc.* | 61,148 | 423,144 |
| WPX Energy, Inc.* | 52,173 | 600,511 |
| | | **3,184,407** |
| **Financials 22.5%** | | |
| **Banks 12.9%** | | |
| Bank of America Corp. | 26,170 | 758,930 |
| Eagle Bancorp., Inc. | 28,517 | 1,543,625 |
| East West Bancorp., Inc. | 24,968 | 1,167,753 |
| Great Western Bancorp., Inc. | 58,045 | 2,073,368 |
| Hancock Whitney Corp. | 46,301 | 1,854,818 |
| JPMorgan Chase & Co. | 8,444 | 944,039 |

| | Shares | Value ($) |
|---|---|---|
| Pacific Premier Bancorp., Inc. | 33,715 | 1,041,119 |
| Sterling Bancorp. | 66,324 | 1,411,375 |
| UMB Financial Corp. | 18,452 | 1,214,511 |
| | | **12,009,538** |
| **Capital Markets 0.8%** | | |
| E*TRADE Financial Corp. | 16,234 | **724,036** |
| **Consumer Finance 0.4%** | | |
| EZCORP, Inc. "A"* | 38,163 | **361,404** |
| **Insurance 5.8%** | | |
| American Financial Group, Inc. | 5,290 | 542,066 |
| Assurant, Inc. | 13,300 | 1,414,854 |
| Brown & Brown, Inc. | 51,769 | 1,734,262 |
| MBIA, Inc.* | 99,772 | 928,877 |
| Torchmark Corp. | 9,200 | 823,032 |
| | | **5,443,091** |
| **Mortgage Real Estate Investment Trusts (REITs) 0.9%** | | |
| Blackstone Mortgage Trust, Inc., "A" | 24,538 | **873,062** |
| **Thrifts & Mortgage Finance 1.7%** | | |
| Walker & Dunlop, Inc. | 29,822 | **1,586,829** |
| **Health Care 5.8%** | | |
| **Health Care Equipment & Supplies 0.7%** | | |
| Invacare Corp. | 117,624 | **610,468** |
| **Health Care Providers & Services 1.1%** | | |
| Premier, Inc. "A"* | 26,798 | **1,048,070** |
| **Life Sciences Tools & Services 3.6%** | | |
| Bruker Corp. | 42,574 | 2,126,571 |
| PerkinElmer, Inc. | 12,605 | 1,214,366 |
| | | **3,340,937** |
| **Pharmaceuticals 0.4%** | | |
| Mallinckrodt PLC* (a) | 45,695 | **419,480** |
| **Industrials 12.7%** | | |
| **Building Products 1.4%** | | |
| Simpson Manufacturing Co., Inc. | 19,715 | **1,310,259** |
| **Commercial Services & Supplies 2.3%** | | |
| Interface, Inc. | 47,907 | 734,414 |
| The Brink's Co. | 17,413 | 1,413,588 |
| | | **2,148,002** |
| **Electrical Equipment 2.3%** | | |
| EnerSys | 31,967 | **2,189,739** |
| **Machinery 4.4%** | | |
| Douglas Dynamics, Inc. | 20,212 | 804,236 |
| Federal Signal Corp. | 70,555 | 1,887,346 |
| Hillenbrand, Inc. | 34,641 | 1,370,744 |
| | | **4,062,326** |
| **Professional Services 1.9%** | | |
| ICF International, Inc. | 13,149 | 957,247 |
| Nielsen Holdings PLC | 36,986 | 835,884 |
| | | **1,793,131** |
| **Road & Rail 0.4%** | | |
| Hertz Global Holdings, Inc.* (a) | 25,421 | **405,719** |

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

| | Shares | Value ($) |
|---|---|---|
| **Information Technology 10.2%** | | |
| **Electronic Equipment, Instruments & Components 4.3%** | | |
| Insight Enterprises, Inc.* | 37,400 | 2,176,680 |
| Rogers Corp.* | 10,470 | 1,806,913 |
| | | **3,983,593** |
| **IT Services 2.8%** | | |
| Euronet Worldwide, Inc.* | 7,789 | 1,310,421 |
| Leidos Holdings, Inc. | 15,800 | 1,261,630 |
| | | **2,572,051** |
| **Semiconductors & Semiconductor Equipment 0.9%** | | |
| Marvell Technology Group Ltd. | 36,100 | **861,707** |
| **Software 2.2%** | | |
| Verint Systems, Inc.* | 39,135 | **2,104,680** |
| **Materials 5.2%** | | |
| **Chemicals 0.4%** | | |
| Kraton Corp.* | 11,230 | **348,916** |
| **Metals & Mining 4.8%** | | |
| Cleveland-Cliffs, Inc. (a) | 142,611 | 1,521,659 |
| Coeur Mining, Inc.* | 134,562 | 583,999 |
| Steel Dynamics, Inc. | 43,769 | 1,321,824 |
| SunCoke Energy, Inc.* | 51,848 | 460,410 |
| Warrior Met Coal, Inc. | 24,621 | 643,101 |
| | | **4,530,993** |
| **Real Estate 16.6%** | | |
| **Equity Real Estate Investment Trusts (REITs)** | | |
| Agree Realty Corp. | 32,916 | 2,108,270 |
| Alexander & Baldwin, Inc.* | 19,251 | 444,698 |
| Colony Capital, Inc. | 82,585 | 412,925 |
| Community Healthcare Trust, Inc. | 53,193 | 2,096,336 |
| Duke Realty Corp. | 35,999 | 1,137,928 |
| Easterly Government Properties, Inc. | 71,737 | 1,299,157 |
| Gaming and Leisure Properties, Inc. | 28,066 | 1,094,013 |
| Highwoods Properties, Inc. | 28,870 | 1,192,331 |
| Pebblebrook Hotel Trust | 54,793 | 1,544,067 |
| SITE Centers Corp. | 71,120 | 941,629 |
| STAG Industrial, Inc. | 56,593 | 1,711,372 |
| WP Carey, Inc. | 19,000 | 1,542,420 |
| | | **15,525,146** |
| **Utilities 6.6%** | | |
| **Electric Utilities 4.8%** | | |
| Alliant Energy Corp. | 38,308 | 1,880,157 |
| IDACORP, Inc. | 18,329 | 1,840,781 |
| Pinnacle West Capital Corp. | 7,533 | 708,780 |
| | | **4,429,718** |
| **Gas Utilities 1.8%** | | |
| ONE Gas, Inc. | 18,958 | **1,711,907** |
| **Total Common Stocks** (Cost $83,388,775) | | **91,596,771** |

## Rights 0.1%

| | Shares | Value ($) |
|---|---|---|
| **Industrials** | | |
| Hertz Global Holdings, Inc.* (a) (Cost $68,353) | 25,421 | **49,571** |

## Securities Lending Collateral 2.7%

| | Shares | Value ($) |
|---|---|---|
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (b) (c) (Cost $2,531,242) | 2,531,242 | **2,531,242** |

## Cash Equivalents 1.9%

| | Shares | Value ($) |
|---|---|---|
| DWS Central Cash Management Government Fund, 2.40% (b) (Cost $1,764,543) | 1,764,543 | **1,764,543** |

| | % of Net Assets | Value ($) |
|---|---|---|
| **Total Investment Portfolio** (Cost $87,752,913) | 102.7 | **95,942,127** |
| **Other Assets and Liabilities, Net** | (2.7) | **(2,503,026)** |
| **Net Assets** | 100.0 | **93,439,101** |

A summary of the Fund's transactions with affiliated investments during the period ended June 30, 2019 are as follows:

| Value ($) at 12/31/2018 | Purchases Cost ($) | Sales Proceeds ($) | Net Realized Gain/ (Loss) ($) | Net Change in Unrealized Appreciation (Depreciation) ($) | Income ($) | Capital Gain Distributions ($) | Number of Shares at 6/30/2019 | Value ($) at 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Securities Lending Collateral 2.7%** | | | | | | | | |
| DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.28% (b) (c) | | | | | | | | |
| — | 2,531,242(d) | — | — | — | 1,903 | — | 2,531,242 | 2,531,242 |
| **Cash Equivalents 1.9%** | | | | | | | | |
| DWS Central Cash Management Government Fund, 2.40% (b) | | | | | | | | |
| 2,497,809 | 6,996,439 | 7,729,705 | — | — | 22,231 | — | 1,764,543 | 1,764,543 |
| **2,497,809** | **9,527,681** | **7,729,705** | **—** | **—** | **24,134** | **—** | **4,295,785** | **4,295,785** |

* 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, 2019 amounted to $2,454,280, which is 2.6% of net assets.

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

(c) Represents cash collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(d) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested in cash collateral for the period ended June 30, 2019.

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, 2019 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) | $91,596,771 | $ — | $ — | $91,596,771 |
| Rights | 49,571 | — | — | 49,571 |
| Short-Term Investments (e) | 4,295,785 | — | — | 4,295,785 |
| **Total** | **$95,942,127** | **$ —** | **$ —** | **$95,942,127** |

(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, 2019 (Unaudited)

| Assets | |
|---|---|
| Investments in non-affiliated securities, at value (cost $83,457,128) — including $2,454,280 of securities loaned | $ 91,646,342 |
| Investment in DWS Government & Agency Securities Portfolio (cost $2,531,242)* | 2,531,242 |
| Investment in DWS Central Cash Management Government Fund (cost $1,764,543) | 1,764,543 |
| Cash | 10,000 |
| Receivable for Fund shares sold | 74,100 |
| Dividends receivable | 126,369 |
| Interest receivable | 3,392 |
| Other assets | 1,063 |
| Total assets | 96,157,051 |

| Liabilities | |
|---|---|
| Payable upon return of securities loaned | 2,531,242 |
| Payable for Fund shares redeemed | 78,064 |
| Accrued management fee | 44,737 |
| Accrued Trustees' fees | 942 |
| Other accrued expenses and payables | 62,965 |
| Total liabilities | 2,717,950 |
| **Net assets, at value** | **$ 93,439,101** |

| Net Assets Consist of | |
|---|---|
| Distributable earnings (loss) | 9,996,127 |
| Paid-in capital | 83,442,974 |
| **Net assets, at value** | **$ 93,439,101** |

| Net Asset Value | |
|---|---|
| **Class A**<br>**Net Asset Value,** offering and redemption price per share ($77,046,485 ÷ 6,005,555 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 12.83** |
| **Class B**<br>**Net Asset Value,** offering and redemption price per share ($16,392,616 ÷ 1,276,409 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized) | **$ 12.84** |

* Represents collateral on securities loaned.

# Statement of Operations

for the six months ended June 30, 2019

| Investment Income | |
|---|---|
| Income:<br>Dividends | $ 1,085,956 |
| Income distributions — DWS Cash Management Government Fund | 22,231 |
| Securities lending income, net of borrower rebates | 1,903 |
| Total income | 1,110,090 |
| Expenses:<br>Management fee | 301,367 |
| Administration fee | 46,364 |
| Services to Shareholders | 1,269 |
| Record keeping fee (Class B) | 10,011 |
| Distribution service fees (Class B) | 20,528 |
| Custodian fee | 3,077 |
| Professional fees | 35,476 |
| Reports to shareholders | 16,614 |
| Trustees' fees and expenses | 3,620 |
| Other | 4,054 |
| Total expenses before expense reductions | 442,380 |
| Expense reductions | (31,627) |
| Total expenses after expense reductions | 410,753 |
| **Net investment income** | **699,337** |

| Realized and Unrealized gain (loss) | |
|---|---|
| Net realized gain (loss) from investments | 1,240,183 |
| Change in net unrealized appreciation (depreciation) on investments | 9,824,602 |
| **Net gain (loss)** | **11,064,785** |
| **Net increase (decrease) in net assets resulting from operations** | **$ 11,764,122** |

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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| Operations: | | |
| Net investment income (loss) | $ 699,337 | $ 620,637 |
| Net realized gain (loss) | 1,240,183 | 6,571,650 |
| Change in net unrealized appreciation (depreciation) | 9,824,602 | (23,519,638) |
| Net increase (decrease) in net assets resulting from operations | 11,764,122 | (16,327,351) |
| Distributions to shareholders: | | |
| Class A | (6,073,443) | (17,037,935) |
| Class B | (1,252,920) | (3,363,724) |
| Total distributions | (7,326,363) | (20,401,659) |
| Fund share transactions: | | |
| **Class A** | | |
| Proceeds from shares sold | 1,949,385 | 4,320,688 |
| Reinvestment of distributions | 6,073,443 | 17,037,935 |
| Payments for shares redeemed | (4,720,826) | (16,960,024) |
| Net increase (decrease) in net assets from Class A share transactions | 3,302,002 | 4,398,599 |
| **Class B** | | |
| Proceeds from shares sold | 908,338 | 2,796,123 |
| Reinvestment of distributions | 1,252,920 | 3,363,724 |
| Payments for shares redeemed | (1,755,660) | (3,194,564) |
| Net increase (decrease) in net assets from Class B share transactions | 405,598 | 2,965,283 |
| **Increase (decrease) in net assets** | 8,145,359 | (29,365,128) |
| Net assets at beginning of period | 85,293,742 | 114,658,870 |
| Net assets at end of period | **$ 93,439,101** | **$ 85,293,742** |

| Other Information | | |
|---|---|---|
| **Class A** | | |
| Shares outstanding at beginning of period | 5,742,711 | 5,375,574 |
| Shares sold | 148,875 | 286,538 |
| Shares issued to shareholders in reinvestment of distributions | 468,268 | 1,188,970 |
| Shares redeemed | (354,299) | (1,108,371) |
| Net increase (decrease) in Class A shares | 262,844 | 367,137 |
| Shares outstanding at end of period | **6,005,555** | **5,742,711** |
| **Class B** | | |
| Shares outstanding at beginning of period | 1,243,269 | 1,037,183 |
| Shares sold | 68,800 | 183,198 |
| Shares issued to shareholders in reinvestment of distributions | 96,453 | 234,243 |
| Shares redeemed | (132,113) | (211,355) |
| Net increase (decrease) in Class B shares | 33,140 | 206,086 |
| Shares outstanding at end of period | **1,276,409** | **1,243,269** |

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

# Financial Highlights

| Class A | Six Months Ended 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$12.21** | **$17.88** | **$16.65** | **$15.97** | **$17.79** | **$17.08** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .10 | .10 | .17 | .15 | .09 | .05 |
| Net realized and unrealized gain (loss) | 1.61 | (2.47) | 1.55 | 2.34 | (.31) | .88 |
| **Total from investment operations** | 1.71 | (2.37) | 1.72 | 2.49 | (.22) | .93 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.10) | (.24) | (.12) | (.10) | (.05) | (.14) |
| Net realized gains | (.99) | (3.06) | (.37) | (1.71) | (1.55) | (.08) |
| **Total distributions** | (1.09) | (3.30) | (.49) | (1.81) | (1.60) | (.22) |
| **Net asset value, end of period** | **$12.83** | **$12.21** | **$17.88** | **$16.65** | **$15.97** | **$17.79** |
| Total Return (%) | 13.88[b]** | (16.01)[b] | 10.52[b] | 16.89[b] | (1.91) | 5.53 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 77 | 70 | 96 | 153 | 161 | 205 |
| Ratio of expenses before expense reductions (%)[c] | .89* | .87 | .83 | .83 | .80 | .82 |
| Ratio of expenses after expense reductions (%)[c] | .82* | .81 | .83 | .82 | .80 | .82 |
| Ratio of net investment income (%) | 1.58* | .65 | .98 | .99 | .51 | .32 |
| Portfolio turnover rate (%) | 27** | 64 | 35 | 53 | 25 | 34 |

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 6/30/19 (Unaudited) | 2018 | Years Ended December 31, 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Selected Per Share Data** | | | | | | |
| **Net asset value, beginning of period** | **$12.20** | **$17.86** | **$16.63** | **$15.95** | **$17.77** | **$17.07** |
| *Income (loss) from investment operations:* | | | | | | |
| Net investment income[a] | .08 | .05 | .11 | .09 | .02 | (.01) |
| Net realized and unrealized gain (loss) | 1.60 | (2.48) | 1.55 | 2.34 | (.29) | .87 |
| **Total from investment operations** | 1.68 | (2.43) | 1.66 | 2.43 | (.27) | .86 |
| *Less distributions from:* | | | | | | |
| Net investment income | (.05) | (.17) | (.06) | (.04) | — | (.08) |
| Net realized gains | (.99) | (3.06) | (.37) | (1.71) | (1.55) | (.08) |
| **Total distributions** | (1.04) | (3.23) | (.43) | (1.75) | (1.55) | (.16) |
| **Net asset value, end of period** | **$12.84** | **$12.20** | **$17.86** | **$16.63** | **$15.95** | **$17.77** |
| Total Return (%) | 13.64[b]** | (16.32)[b] | 10.13[b] | 16.47[b] | (2.21) | 5.09 |
| **Ratios to Average Net Assets and Supplemental Data** | | | | | | |
| Net assets, end of period ($ millions) | 16 | 15 | 19 | 15 | 14 | 17 |
| Ratio of expenses before expense reductions (%)[c] | 1.26* | 1.24 | 1.19 | 1.19 | 1.16 | 1.17 |
| Ratio of expenses after expense reductions (%)[c] | 1.18* | 1.16 | 1.19 | 1.18 | 1.16 | 1.17 |
| Ratio of net investment income (loss) (%) | 1.21* | .30 | .65 | .57 | .14 | (.04) |
| Portfolio turnover rate (%) | 27** | 64 | 35 | 53 | 25 | 34 |

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 Small Mid Cap Value VIP (the "Fund") is a diversified series of Deutsche DWS 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 and/or U.S. Treasury Securities 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, 2019, the Fund invested the cash collateral into a joint trading account in DWS Government & Agency Securities Portfolio, an affiliated money market fund managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas Inc. receives a management/administration fee (0.11% annualized effective rate as of June 30, 2019) 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, 2019, the Fund had securities on loan, which were classified as common stock and rights 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, 2019

| | Overnight and Continuous | <30 days | Between 30 & 90 days | >90 days | Total |
|---|---|---|---|---|---|
| Common Stocks | $2,481,671 | $ — | $ — | $ — | $2,481,671 |
| Rights | 49,571 | — | — | — | 49,571 |
| **Total Borrowings** | **$2,531,242** | **$ —** | **$ —** | **$ —** | **$2,531,242** |

Gross amount of recognized liabilities for securities lending transactions: $2,531,242

**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 June 30, 2019, the aggregate cost of investments for federal income tax purposes was $87,843,109. The net unrealized appreciation for all investments based on tax cost was $8,099,018. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $14,884,826 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $6,785,808.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 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, 2019, purchases and sales of investment transactions (excluding short-term investments) aggregated $24,577,049 and $26,752,476, respectively.

## C. Related Parties

**Management Agreement.** Under the Investment Management Agreement with DWS 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 2019, 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, 2019 through April 30, 2019, 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 each class as follows:

| | |
|---|---|
| Class A | .81% |
| Class B | 1.16% |

Effective May 1, 2019 through April 30, 2020, 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 | .85% |
| Class B | 1.21% |

For the six months ended June 30, 2019, fees waived and/or expenses reimbursed for each class were as follows:

| | |
|---|---|
| Class A | $ 24,630 |
| Class B | 6,997 |
| | **$ 31,627** |

**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 2019, the Administration Fee was $46,364, of which $7,541 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 2019, the amounts charged to the Fund by DSC were as follows:

| Service to Shareholders | Total Aggregated | Unpaid at June 30, 2019 |
|---|---|---|
| Class A | $ 315 | $ 93 |
| Class B | 230 | 75 |
| | **$ 545** | **$ 168** |

**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 2019, the Distribution Service Fee aggregated $20,528, of which $3,308 is unpaid.

**Typesetting and Filing Service Fees.** Under an agreement with the Fund, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the six months ended June 30 2019, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $4,767, of which $4,388 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 to each committee Chairperson.

**Affiliated Cash Management Vehicles.** The Fund may invest uninvested cash balances in DWS Central Cash Management Government Fund and DWS ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity 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 ESG Liquidity Fund.

## D. Ownership of the Fund

At June 30, 2019, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 70%. Four participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 32%, 20%, 18% and 13%.

## 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, 2019.

# 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, 2019 to June 30, 2019).

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, 2019

| **Actual Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,138.80 | $ 1,136.40 |
| Expenses Paid per $1,000* | $ 4.35 | $ 6.25 |

| **Hypothetical 5% Fund Return** | **Class A** | **Class B** |
|---|---|---|
| Beginning Account Value 1/1/19 | $ 1,000.00 | $ 1,000.00 |
| Ending Account Value 6/30/19 | $ 1,020.73 | $ 1,018.94 |
| Expenses Paid per $1,000* | $ 4.11 | $ 5.91 |

* 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 | .82% | 1.18% |

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

**(Unaudited)**

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 DWS Small Mid Cap Value VIP's (the "Fund") investment management agreement (the "Agreement") with DWS Investment Management Americas, Inc. ("DIMA") in September 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 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. DIMA is part of DWS Group GmbH & Co. KGaA ("DWS Group"). DWS Group 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. In 2018, approximately 20% of DWS Group's shares were sold in an initial public offering, with Deutsche Bank AG owning the remaining shares.

As part of the contract review process, the Board carefully considered the fees and expenses of each DWS 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, 2017, the Fund's performance (Class A shares) was in the 4th quartile, 3rd quartile and 3rd 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-year period and has underperformed its benchmark in the three- and five-year periods ended December 31, 2017. 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 2018. The Board recognized the efforts by DIMA in recent years to enhance its investment platform and improve long-term performance across the DWS 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, 2017). 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, 2017, 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 DWS U.S. registered fund ("DWS Funds") and considered differences between the Fund and the comparable DWS 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 ("DWS Europe Funds") managed by DWS Group. The Board noted that DIMA indicated that DWS Group does not manage any institutional accounts or DWS 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 DWS 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 DWS 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 or "fall-out" 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 DWS 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 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 and (ii) the substantial commitment of resources by DIMA and its affiliates to compliance matters, including the retention of compliance personnel.

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.

# Notes

# Notes

# Notes

VS2SMCV-3 (R-028381-8 8/19)

Semiannual Report to Shareholders June 30, 2019

# Invesco V.I. Managed Volatility Fund

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, the insurance company that offers your variable annuity or variable life insurance contract may no longer send you paper copies of the Fund's shareholder reports by mail, unless you specifically request paper copies of the reports from the insurance company or your financial intermediary. Instead of delivering paper copies of the report, the insurance company may choose to make the reports available on a website, and will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If the insurance company offers electronic delivery, you may elect to receive shareholder reports and other communications about the Fund electronically by following the instructions provided by the insurance company or by contacting your financial intermediary. If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action.

You may elect to receive all future reports in paper free of charge from the insurance company. You can inform the insurance company or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by the insurance company or by contacting your financial intermediary. Your election to receive reports in paper will apply to all portfolio companies available under your contract with the insurance company.

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 semiannual 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. 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.**

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

# Fund Performance

## Performance summary

**Fund vs. Indexes**

*Cumulative total returns, December 31, 2018 to June 30, 2019, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.*

| | |
|---|---|
| Series I Shares | 12.05% |
| Series II Shares | 11.92 |
| Russell 1000 Value Index▼ (Broad Market Index) | 16.24 |
| Bloomberg Barclays U.S. Government/Credit Index■ (Style-Specific Index) | 6.90 |
| Lipper VUF Mixed-Asset Target Allocation Growth Funds Index◆ (Peer Group Index) | 13.11 |

Source(s): ▼RIMES Technologies Corp.;■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, 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 indexes described here, and consequently, the performance of the Fund may deviate significantly from the performance of the indexes.

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.

**Average Annual Total Returns**

*As of 6/30/19*

| | |
|---|---|
| **Series I Shares** | |
| Inception (12/30/94) | 7.00% |
| 10 Years | 8.89 |
| 5 Years | 4.10 |
| 1 Year | 1.75 |
| **Series II Shares** | |
| Inception (4/30/04) | 8.28% |
| 10 Years | 8.61 |
| 5 Years | 3.84 |
| 1 Year | 1.41 |

**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. Performance figures do not reflect deduction of taxes a shareholder would pay on Fund distributions or sale of Fund shares. Investment return and principal value will fluctuate so that you may have a gain or loss when you sell shares.**

**The net 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 1.13% and 1.38%, respectively.[1] 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.**

1 Total annual Fund operating expenses after any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2021. See current prospectus for more information.

# Schedule of Investments[a]

*June 30, 2019*
*(Unaudited)*

| | Shares | Value |
|---|---|---|
| **Common Stocks & Other Equity Interests-59.34%** | | |
| **Aerospace & Defense-1.33%** | | |
| General Dynamics Corp. | 2,746 | $ 499,278 |
| **Apparel, Accessories & Luxury Goods-0.81%** | | |
| Capri Holdings Ltd.[b] | 8,711 | 302,097 |
| **Asset Management & Custody Banks-0.26%** | | |
| State Street Corp. | 1,717 | 96,255 |
| **Automobile Manufacturers-1.68%** | | |
| General Motors Co. | 16,384 | 631,276 |
| **Biotechnology-0.54%** | | |
| Celgene Corp.[b] | 2,208 | 204,108 |
| **Broadcasting-0.52%** | | |
| CBS Corp., Class B | 3,934 | 196,307 |
| **Building Products-1.15%** | | |
| Johnson Controls International PLC | 10,432 | 430,946 |
| **Cable & Satellite-2.07%** | | |
| Charter Communications, Inc., Class A[b] | 1,319 | 521,242 |
| Comcast Corp., Class A | 5,985 | 253,046 |
| | | 774,288 |
| **Commodity Chemicals-0.45%** | | |
| Dow, Inc. | 3,390 | 167,161 |
| **Communications Equipment-1.10%** | | |
| Cisco Systems, Inc. | 7,548 | 413,102 |
| **Diversified Banks-8.58%** | | |
| Bank of America Corp. | 33,382 | 968,078 |
| Citigroup, Inc. | 16,467 | 1,153,184 |
| JPMorgan Chase & Co. | 6,452 | 721,334 |
| Wells Fargo & Co. | 7,860 | 371,935 |
| | | 3,214,531 |
| **Electric Utilities-0.67%** | | |
| Duke Energy Corp. | 1,376 | 121,418 |
| FirstEnergy Corp. | 3,045 | 130,357 |
| | | 251,775 |
| **Fertilizers & Agricultural Chemicals-1.02%** | | |
| Corteva, Inc.[b] | 6,854 | 202,673 |
| Nutrien Ltd. (Canada) | 3,329 | 177,968 |
| | | 380,641 |
| **Food Distributors-0.85%** | | |
| US Foods Holding Corp.[b] | 8,935 | 319,516 |
| **Health Care Distributors-0.96%** | | |
| McKesson Corp. | 2,678 | $ 359,896 |
| **Health Care Equipment-1.56%** | | |
| Medtronic PLC | 2,581 | 251,363 |
| Zimmer Biomet Holdings, Inc. | 2,839 | 334,264 |
| | | 585,627 |
| **Health Care Services-0.89%** | | |
| CVS Health Corp. | 6,102 | 332,498 |
| **Health Care Supplies-0.43%** | | |
| Alcon, Inc. (Switzerland)[b] | 2,629 | 162,599 |
| **Home Improvement Retail-0.61%** | | |
| Kingfisher PLC (United Kingdom) | 83,436 | 227,936 |
| **Hotels, Resorts & Cruise Lines-1.15%** | | |
| Carnival Corp. | 9,238 | 430,029 |
| **Industrial Machinery-0.88%** | | |
| Ingersoll-Rand PLC | 2,595 | 328,709 |
| **Insurance Brokers-1.07%** | | |
| Willis Towers Watson PLC | 2,097 | 401,659 |
| **Integrated Oil & Gas-3.64%** | | |
| BP PLC (United Kingdom) | 57,039 | 398,613 |
| Chevron Corp. | 2,630 | 327,277 |
| Occidental Petroleum Corp. | 2,818 | 141,689 |
| Royal Dutch Shell PLC, Class A (United Kingdom) | 15,153 | 496,181 |
| | | 1,363,760 |
| **Internet & Direct Marketing Retail-0.85%** | | |
| eBay, Inc. | 8,103 | 320,068 |
| **Investment Banking & Brokerage-2.45%** | | |
| Goldman Sachs Group, Inc. (The) | 1,783 | 364,802 |
| Morgan Stanley | 12,628 | 553,232 |
| | | 918,034 |
| **IT Consulting & Other Services-0.70%** | | |
| Cognizant Technology Solutions Corp., Class A | 4,135 | 262,118 |
| **Managed Health Care-0.61%** | | |
| Anthem, Inc. | 806 | 227,461 |
| **Multi-line Insurance-2.06%** | | |
| American International Group, Inc. | 14,530 | 774,158 |
| **Oil & Gas Equipment & Services-1.35%** | | |
| Schlumberger Ltd. | 4,346 | 172,710 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

| | Shares | Value |
|---|---|---|
| **Oil & Gas Equipment & Services-(continued)** | | |
| TechnipFMC PLC (United Kingdom) | 12,885 | $ 334,237 |
| | | 506,947 |
| **Oil & Gas Exploration & Production-2.48%** | | |
| Canadian Natural Resources Ltd. (Canada) | 7,748 | 208,913 |
| Devon Energy Corp. | 14,162 | 403,900 |
| Marathon Oil Corp. | 22,286 | 316,684 |
| | | 929,497 |
| **Other Diversified Financial Services-1.23%** | | |
| AXA Equitable Holdings, Inc. | 8,243 | 172,279 |
| Voya Financial, Inc. | 5,253 | 290,491 |
| | | 462,770 |
| **Packaged Foods & Meats-1.50%** | | |
| Mondelez International, Inc., Class A | 10,410 | 561,099 |
| **Pharmaceuticals-4.60%** | | |
| Bristol-Myers Squibb Co. | 6,799 | 308,335 |
| Johnson & Johnson | 5,398 | 751,833 |
| Novartis AG (Switzerland) | 4,549 | 416,083 |
| Sanofi (France) | 2,847 | 246,291 |
| | | 1,722,542 |
| **Railroads-0.87%** | | |
| CSX Corp. | 4,201 | 325,031 |
| **Regional Banks-1.99%** | | |
| Citizens Financial Group, Inc. | 13,298 | 470,217 |
| First Horizon National Corp. | 406 | 6,062 |
| PNC Financial Services Group, Inc. (The) | 1,978 | 271,540 |
| | | 747,819 |
| **Semiconductors-1.93%** | | |
| Intel Corp. | 8,796 | 421,065 |
| QUALCOMM, Inc. | 3,987 | 303,291 |
| | | 724,356 |
| **Specialty Chemicals-0.56%** | | |
| DuPont de Nemours, Inc. | 2,799 | 210,121 |
| **Systems Software-1.58%** | | |
| Oracle Corp. | 10,398 | 592,374 |
| **Technology Hardware, Storage & Peripherals-0.82%** | | |
| Apple, Inc. | 1,552 | 307,172 |
| **Tobacco-1.54%** | | |
| Philip Morris International, Inc. | 7,340 | 576,410 |
| Total Common Stocks & Other Equity Interests (Cost $18,654,698) | | 22,241,971 |

| | Principal Amount | Value |
|---|---|---|
| **U.S. Dollar Denominated Bonds & Notes-25.56%** | | |
| **Aerospace & Defense-0.05%** | | |
| General Dynamics Corp., 2.88%, 05/11/2020 | $ 10,000 | $ 10,052 |
| United Technologies Corp., 4.45%, 11/16/2038 | 9,000 | 10,107 |
| | | 20,159 |
| **Air Freight & Logistics-0.01%** | | |
| United Parcel Service, Inc., 3.40%, 11/15/2046 | 4,000 | 3,823 |
| **Airlines-0.18%** | | |
| American Airlines Pass Through Trust, Series 2014-1, Class A, 3.70%, 04/01/2028 | 18,798 | 19,463 |
| United Airlines Pass Through Trust, Series 2014-2, Class A, 3.75%, 09/03/2026 | 24,043 | 25,024 |
| Series 2018-1, Class AA, 3.50%, 03/01/2030 | 16,704 | 17,091 |
| Virgin Australia Pass Through Trust (Australia), Series 2013-1, Class A, 5.00%, 10/23/2023(c) | 4,304 | 4,434 |
| | | 66,012 |
| **Alternative Carriers-0.27%** | | |
| GCI Liberty, Inc., Conv., 1.75%, 10/05/2023(c)(d) | 85,000 | 99,784 |
| **Application Software-0.85%** | | |
| Nuance Communications, Inc., Conv., 1.00%, 12/15/2022(d) | 127,000 | 119,834 |
| 1.25%, 04/01/2025 | 49,000 | 48,260 |
| RealPage, Inc., Conv., 1.50%, 11/15/2022 | 24,000 | 36,043 |
| Workday, Inc., Conv., 0.25%, 10/01/2022 | 75,000 | 112,692 |
| | | 316,829 |
| **Asset Management & Custody Banks-0.90%** | | |
| Apollo Management Holdings L.P., 4.00%, 05/30/2024(c) | 40,000 | 41,569 |
| Blackstone Holdings Finance Co. LLC, 5.00%, 06/15/2044(c) | 150,000 | 170,340 |
| Brookfield Asset Management, Inc. (Canada), 4.00%, 01/15/2025 | 25,000 | 26,058 |
| Carlyle Holdings Finance LLC, 3.88%, 02/01/2023(c) | 5,000 | 5,159 |
| KKR Group Finance Co. III LLC, 5.13%, 06/01/2044(c) | 85,000 | 94,542 |
| | | 337,668 |
| **Automobile Manufacturers-0.64%** | | |
| Ford Motor Credit Co. LLC, 4.13%, 08/04/2025 | 200,000 | 200,429 |
| General Motors Co., 6.60%, 04/01/2036 | 16,000 | 17,739 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

| | Principal Amount | Value |
|---|---|---|
| **Automobile Manufacturers-(continued)** | | |
| General Motors Financial Co., Inc., 5.25%, 03/01/2026 | $ 21,000 | $ 22,544 |
| | | 240,712 |
| **Biotechnology-1.28%** | | |
| AbbVie, Inc., 4.50%, 05/14/2035 | 38,000 | 39,104 |
| BioMarin Pharmaceutical, Inc., Conv., 1.50%, 10/15/2020 | 117,000 | 131,479 |
| Celgene Corp., 4.63%, 05/15/2044 | 100,000 | 114,051 |
| Gilead Sciences, Inc., 2.55%, 09/01/2020 | 50,000 | 50,135 |
| 4.40%, 12/01/2021 | 25,000 | 26,142 |
| Medicines Co. (The), Conv., 2.75%, 07/15/2023 | 37,000 | 37,191 |
| Neurocrine Biosciences, Inc., Conv., 2.25%, 05/15/2024 | 62,000 | 81,654 |
| | | 479,756 |
| **Brewers-0.44%** | | |
| Anheuser-Busch Cos. LLC/Anheuser-Busch InBev Worldwide, Inc. (Belgium), 4.70%, 02/01/2036 | 45,000 | 49,562 |
| 4.90%, 02/01/2046 | 47,000 | 52,319 |
| Heineken N.V. (Netherlands), 3.50%, 01/29/2028[(c)] | 35,000 | 36,380 |
| Molson Coors Brewing Co., 1.45%, 07/15/2019 | 13,000 | 12,995 |
| 4.20%, 07/15/2046 | 16,000 | 15,467 |
| | | 166,723 |
| **Cable & Satellite-1.80%** | | |
| Charter Communications Operating, LLC/Charter Communications Operating Capital Corp., 4.46%, 07/23/2022 | 60,000 | 63,050 |
| Comcast Corp., 4.15%, 10/15/2028 | 30,000 | 33,094 |
| 3.90%, 03/01/2038 | 10,000 | 10,553 |
| 4.60%, 10/15/2038 | 10,000 | 11,459 |
| DISH Network Corp., Conv., 3.38%, 08/15/2026 | 147,000 | 143,278 |
| Liberty Latin America Ltd. (Chile), Conv., 2.00%, 07/15/2024[(c)] | 25,000 | 25,295 |
| Liberty Media Corp., Conv., 2.25%, 10/05/2021[(d)] | 55,000 | 29,669 |
| 1.38%, 10/15/2023 | 299,000 | 336,359 |
| Liberty Formula One, Conv., 1.00%, 01/30/2023 | 20,000 | 23,595 |
| | | 676,352 |
| **Communications Equipment-0.53%** | | |
| Finisar Corp., Conv., 0.50%, 12/15/2021[(d)] | 39,000 | 38,120 |

| | Principal Amount | Value |
|---|---|---|
| **Communications Equipment-(continued)** | | |
| Viavi Solutions, Inc., Conv., 1.75%, 06/01/2023 | $ 71,000 | $ 82,417 |
| 1.00%, 03/01/2024 | 68,000 | 80,070 |
| | | 200,607 |
| **Consumer Finance-0.12%** | | |
| American Express Co., 3.63%, 12/05/2024 | 18,000 | 18,903 |
| Capital One Financial Corp., 3.20%, 01/30/2023 | 15,000 | 15,384 |
| Synchrony Financial, 3.95%, 12/01/2027 | 10,000 | 9,993 |
| | | 44,280 |
| **Data Processing & Outsourced Services-0.10%** | | |
| Euronet Worldwide, Inc., Conv., 0.75%, 03/15/2025[(c)(d)] | 17,000 | 20,675 |
| Fiserv, Inc., 3.80%, 10/01/2023 | 15,000 | 15,802 |
| | | 36,477 |
| **Diversified Banks-1.86%** | | |
| Bank of America Corp., 3.25%, 10/21/2027 | 10,000 | 10,250 |
| Bank of Montreal (Canada), 2.10%, 12/12/2019 | 75,000 | 74,920 |
| Citigroup, Inc., 4.00%, 08/05/2024 | 60,000 | 63,262 |
| 3.67%, 07/24/2028 | 15,000 | 15,660 |
| 4.75%, 05/18/2046 | 15,000 | 17,021 |
| Commonwealth Bank of Australia (Australia), 2.25%, 03/10/2020[(c)] | 40,000 | 39,992 |
| JPMorgan Chase & Co., 3.20%, 06/15/2026 | 15,000 | 15,443 |
| 3.51%, 01/23/2029 | 15,000 | 15,627 |
| 4.26%, 02/22/2048 | 10,000 | 11,049 |
| 3.90%, 01/23/2049 | 15,000 | 15,746 |
| Series V, 5.64%[(e)] | 150,000 | 149,707 |
| Toronto-Dominion Bank (The) (Canada), 2.65%, 06/12/2024 | 15,000 | 15,138 |
| U.S. Bancorp, Series W, 3.10%, 04/27/2026 | 10,000 | 10,221 |
| Wells Fargo & Co., 3.55%, 09/29/2025 | 30,000 | 31,327 |
| 4.10%, 06/03/2026 | 95,000 | 100,729 |
| 4.65%, 11/04/2044 | 100,000 | 111,385 |
| | | 697,477 |
| **Diversified Capital Markets-0.65%** | | |
| Credit Suisse Group AG (Switzerland), Conv., 0.50%, 06/24/2024[(c)] | 260,000 | 244,842 |
| **Diversified Chemicals-0.03%** | | |
| Eastman Chemical Co., 2.70%, 01/15/2020 | 13,000 | 12,994 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

| | Principal Amount | Value |
|---|---|---|
| **Drug Retail-0.15%** | | |
| Walgreens Boots Alliance, Inc., 3.30%, 11/18/2021 | $ 32,000 | $ 32,646 |
| 4.50%, 11/18/2034 | 24,000 | 24,706 |
| | | 57,352 |
| **Electric Utilities-0.12%** | | |
| Georgia Power Co., 2.00%, 03/30/2020 | 35,000 | 34,870 |
| NextEra Energy Capital Holdings, Inc., 3.55%, 05/01/2027 | 11,000 | 11,488 |
| | | 46,358 |
| **Environmental & Facilities Services-0.07%** | | |
| Waste Management, Inc., 3.90%, 03/01/2035 | 25,000 | 26,740 |
| **Food Retail-0.01%** | | |
| Alimentation Couche-Tard, Inc. (Canada), 4.50%, 07/26/2047[(c)] | 2,000 | 2,015 |
| **General Merchandise Stores-0.05%** | | |
| Dollar General Corp., 3.25%, 04/15/2023 | 20,000 | 20,550 |
| **Health Care Equipment-1.93%** | | |
| Becton, Dickinson and Co., 2.68%, 12/15/2019 | 15,000 | 15,006 |
| 4.88%, 05/15/2044 | 86,000 | 92,553 |
| DexCom, Inc., Conv., 0.75%, 05/15/2022 | 88,000 | 140,646 |
| 0.75%, 12/01/2023[(c)] | 86,000 | 101,085 |
| Insulet Corp., Conv., 1.38%, 11/15/2024 | 13,000 | 18,517 |
| Medtronic, Inc., 3.15%, 03/15/2022 | 58,000 | 59,683 |
| 4.38%, 03/15/2035 | 20,000 | 23,046 |
| NuVasive, Inc., Conv., 2.25%, 03/15/2021 | 80,000 | 91,050 |
| Wright Medical Group N.V., Conv., 2.25%, 11/15/2021 | 39,000 | 57,866 |
| Wright Medical Group, Inc., Conv., 1.63%, 06/15/2023 | 113,000 | 124,512 |
| | | 723,964 |
| **Health Care REITs-0.07%** | | |
| HCP, Inc., 3.88%, 08/15/2024 | 25,000 | 26,215 |
| **Health Care Services-0.28%** | | |
| Cigna Corp., 4.80%, 08/15/2038[(c)] | 9,000 | 9,709 |
| CVS Health Corp., 3.38%, 08/12/2024 | 20,000 | 20,491 |
| 4.10%, 03/25/2025 | 16,000 | 16,877 |
| Laboratory Corp. of America Holdings, 3.20%, 02/01/2022 | 33,000 | 33,554 |
| 4.70%, 02/01/2045 | 22,000 | 22,777 |
| | | 103,408 |

| | Principal Amount | Value |
|---|---|---|
| **Home Improvement Retail-0.07%** | | |
| Home Depot, Inc. (The), 2.00%, 04/01/2021 | $ 27,000 | $ 26,989 |
| **Hotel & Resort REITs-0.03%** | | |
| Hospitality Properties Trust, 4.50%, 06/15/2023 | 10,000 | 10,359 |
| **Insurance Brokers-0.04%** | | |
| Marsh & McLennan Cos., Inc., 4.75%, 03/15/2039 | 10,000 | 11,480 |
| Willis North America, Inc., 3.60%, 05/15/2024 | 5,000 | 5,171 |
| | | 16,651 |
| **Integrated Oil & Gas-0.09%** | | |
| Occidental Petroleum Corp., 3.40%, 04/15/2026 | 15,000 | 15,290 |
| Suncor Energy, Inc. (Canada), 3.60%, 12/01/2024 | 18,000 | 18,786 |
| | | 34,076 |
| **Integrated Telecommunication Services-1.76%** | | |
| AT&T, Inc., 3.00%, 06/30/2022 | 28,000 | 28,489 |
| 3.40%, 05/15/2025 | 15,000 | 15,424 |
| 4.50%, 05/15/2035 | 25,000 | 26,218 |
| 5.15%, 03/15/2042 | 150,000 | 164,101 |
| 4.80%, 06/15/2044 | 40,000 | 42,267 |
| Orange S.A. (France), 1.63%, 11/03/2019 | 55,000 | 54,831 |
| Telefonica Emisiones S.A. (Spain), 7.05%, 06/20/2036 | 150,000 | 196,843 |
| Verizon Communications, Inc., 4.40%, 11/01/2034 | 120,000 | 133,138 |
| | | 661,311 |
| **Interactive Media & Services-0.14%** | | |
| YY, Inc. (China), 1.38%, 06/15/2024[(c)(d)] | 52,000 | 52,910 |
| **Internet & Direct Marketing Retail-0.74%** | | |
| Amazon.com, Inc., 2.60%, 12/05/2019 | 50,000 | 50,064 |
| 4.80%, 12/05/2034 | 9,000 | 11,052 |
| Ctrip.com International, Ltd. (China), Conv., 1.25%, 09/15/2019[(d)] | 113,000 | 112,539 |
| Liberty Expedia Holdings, Inc., Conv., 1.00%, 07/05/2022[(c)(d)] | 53,000 | 53,041 |
| QVC, Inc., 5.45%, 08/15/2034 | 50,000 | 49,284 |
| | | 275,980 |
| **Internet Services & Infrastructure-0.26%** | | |
| IAC Financeco 3, Inc., Conv., 2.00%, 01/15/2030[(c)] | 94,000 | 96,957 |
| **Investment Banking & Brokerage-1.15%** | | |
| Goldman Sachs Group, Inc. (The), 4.25%, 10/21/2025 | 27,000 | 28,655 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

| | Principal Amount | Value |
|---|---|---|
| **Investment Banking & Brokerage-(continued)** | | |
| GS Finance Corp., Series 0001, Conv., 0.25%, 07/08/2024 | $ 198,000 | $ 188,526 |
| Morgan Stanley, 2.38%, 07/23/2019 | 175,000 | 174,994 |
| 4.00%, 07/23/2025 | 35,000 | 37,497 |
| | | 429,672 |
| **Life & Health Insurance-0.41%** | | |
| Athene Global Funding, 4.00%, 01/25/2022(c) | 45,000 | 46,558 |
| Guardian Life Global Funding, 2.90%, 05/06/2024(c) | 20,000 | 20,529 |
| Jackson National Life Global Funding, 2.10%, 10/25/2021(c) | 10,000 | 9,930 |
| 3.25%, 01/30/2024(c) | 15,000 | 15,454 |
| Nationwide Financial Services, Inc., 5.30%, 11/18/2044(c) | 35,000 | 39,938 |
| Reliance Standard Life Global Funding II, 3.05%, 01/20/2021(c) | 20,000 | 20,171 |
| | | 152,580 |
| **Movies & Entertainment-0.20%** | | |
| Live Nation Entertainment, Inc., 2.50%, 03/15/2023 | 62,000 | 73,542 |
| **Multi-line Insurance-0.21%** | | |
| American Financial Group, Inc., 4.50%, 06/15/2047 | 20,000 | 20,305 |
| American International Group, Inc., 2.30%, 07/16/2019 | 20,000 | 19,998 |
| 4.38%, 01/15/2055 | 40,000 | 40,278 |
| | | 80,581 |
| **Multi-Utilities-0.05%** | | |
| NiSource, Inc., 4.38%, 05/15/2047 | 9,000 | 9,629 |
| Sempra Energy, 3.80%, 02/01/2038 | 8,000 | 7,767 |
| | | 17,396 |
| **Office REITs-0.47%** | | |
| Government Properties Income Trust, 4.00%, 07/15/2022 | 25,000 | 25,274 |
| Highwoods Realty L.P., 3.20%, 06/15/2021 | 150,000 | 151,069 |
| | | 176,343 |
| **Oil & Gas Equipment & Services-0.22%** | | |
| Helix Energy Solutions Group, Inc., Conv., 4.25%, 05/01/2022 | 40,000 | 40,342 |
| Oil States International, Inc., Conv., 1.50%, 02/15/2023 | 46,000 | 41,143 |
| | | 81,485 |
| **Oil & Gas Exploration & Production-0.12%** | | |
| Chesapeake Energy Corp., Conv., 5.50%, 09/15/2026 | 37,000 | 29,625 |
| ConocoPhillips Co., 4.15%, 11/15/2034 | 13,000 | 13,997 |
| | | 43,622 |

| | Principal Amount | Value |
|---|---|---|
| **Oil & Gas Storage & Transportation-0.48%** | | |
| Energy Transfer Operating L.P., 7.50%, 10/15/2020 | $ 20,000 | $ 21,218 |
| 4.20%, 09/15/2023 | 2,000 | 2,097 |
| 4.90%, 03/15/2035 | 19,000 | 19,143 |
| Enterprise Products Operating LLC, 2.55%, 10/15/2019 | 20,000 | 19,995 |
| 4.25%, 02/15/2048 | 10,000 | 10,362 |
| Kinder Morgan, Inc., 5.30%, 12/01/2034 | 23,000 | 26,031 |
| MPLX L.P., 4.50%, 07/15/2023 | 65,000 | 68,966 |
| 4.50%, 04/15/2038 | 11,000 | 11,115 |
| | | 178,927 |
| **Other Diversified Financial Services-0.13%** | | |
| ERAC USA Finance LLC, 2.35%, 10/15/2019(c) | 50,000 | 49,942 |
| **Packaged Foods & Meats-0.26%** | | |
| General Mills, Inc., 2.20%, 10/21/2019 | 45,000 | 44,944 |
| J. M. Smucker Co. (The), 2.50%, 03/15/2020 | 50,000 | 49,997 |
| Mead Johnson Nutrition Co. (United Kingdom), 4.13%, 11/15/2025 | 3,000 | 3,247 |
| | | 98,188 |
| **Pharmaceuticals-1.43%** | | |
| Allergan Funding SCS, 4.85%, 06/15/2044 | 150,000 | 155,851 |
| Bayer US Finance II LLC (Germany), 2.13%, 07/15/2019(c) | 15,000 | 14,997 |
| Bayer US Finance LLC (Germany), 3.00%, 10/08/2021(c) | 200,000 | 201,487 |
| Bristol-Myers Squibb Co., 4.13%, 06/15/2039(c) | 18,000 | 19,533 |
| Jazz Investments I Ltd., Conv., 1.88%, 08/15/2021 | 76,000 | 77,629 |
| Mylan N.V., 3.15%, 06/15/2021 | 17,000 | 17,005 |
| Pacira BioSciences Inc., Conv., 2.38%, 04/01/2022 | 26,000 | 26,685 |
| Supernus Pharmaceuticals, Inc., 0.63%, 04/01/2023 | 22,000 | 21,579 |
| | | 534,766 |
| **Property & Casualty Insurance-0.49%** | | |
| Allstate Corp. (The), 3.28%, 12/15/2026 | 10,000 | 10,455 |
| Liberty Mutual Group, Inc., 4.85%, 08/01/2044(c) | 115,000 | 126,293 |
| Markel Corp., 5.00%, 05/20/2049 | 15,000 | 16,350 |
| PartnerRe Finance B LLC, 3.70%, 07/02/2029 | 30,000 | 30,556 |
| | | 183,654 |
| **Railroads-0.07%** | | |
| Union Pacific Corp., 4.15%, 01/15/2045 | 25,000 | 26,383 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

| | Principal Amount | Value |
|---|---|---|
| **Regional Banks-0.10%** | | |
| Citizens Financial Group, Inc., 2.38%, 07/28/2021 | $ 15,000 | $ 14,989 |
| The PNC Financial Services Group, Inc., 3.45%, 04/23/2029 | 20,000 | 21,064 |
| | | 36,053 |
| **Renewable Electricity-0.42%** | | |
| Oglethorpe Power Corp., 4.55%, 06/01/2044 | 150,000 | 155,882 |
| **Restaurants-0.06%** | | |
| Starbucks Corp., 3.55%, 08/15/2029 | 20,000 | 20,937 |
| **Semiconductor Equipment-0.17%** | | |
| Applied Materials, Inc., 2.63%, 10/01/2020 | 65,000 | 65,358 |
| **Semiconductors-1.01%** | | |
| Broadcom Corp./Broadcom Cayman Finance Ltd., 3.63%, 01/15/2024 | 30,000 | 30,325 |
| Cree, Inc., Conv., 0.88%, 09/01/2023[c] | 98,000 | 113,673 |
| Microchip Technology, Inc., Conv., 1.63%, 02/15/2027 | 74,000 | 87,364 |
| NXP B.V./NXP Funding LLC (Netherlands), 5.35%, 03/01/2026[c] | 20,000 | 22,173 |
| ON Semiconductor Corp., Conv., 1.00%, 12/01/2020 | 76,000 | 93,556 |
| Silicon Laboratories, Inc., Conv., 1.38%, 03/01/2022 | 21,000 | 26,177 |
| Texas Instruments, Inc., 2.63%, 05/15/2024 | 5,000 | 5,093 |
| | | 378,361 |
| **Specialized Finance-0.89%** | | |
| Convertible Trust - Consumer, Series 2018-1, 0.25%, 01/17/2024 | 160,000 | 163,888 |
| Convertible Trust - Healthcare, Series 2018-1, 0.25%, 02/05/2024 | 168,000 | 168,907 |
| | | 332,795 |
| **Specialized REIT-0.04%** | | |
| Crown Castle International Corp., 3.80%, 02/15/2028 | 15,000 | 15,584 |
| **Specialty Chemicals-0.01%** | | |
| Sherwin-Williams Co. (The), 4.50%, 06/01/2047 | 3,000 | 3,201 |
| **Systems Software-0.50%** | | |
| FireEye, Inc., Series A, Conv., 1.00%, 06/01/2020[d] | 76,000 | 74,100 |
| Series B, Conv., 1.63%, 06/01/2022[d] | 77,000 | 72,765 |
| Microsoft Corp., 3.50%, 02/12/2035 | 37,000 | 39,442 |
| | | 186,307 |
| **Technology Distributors-0.08%** | | |
| Avnet, Inc., 4.63%, 04/15/2026 | 30,000 | 31,391 |

| | Principal Amount | Value |
|---|---|---|
| **Technology Hardware, Storage & Peripherals-0.68%** | | |
| Apple, Inc., 2.15%, 02/09/2022 | $ 39,000 | $ 39,156 |
| 3.35%, 02/09/2027 | 10,000 | 10,512 |
| Dell International LLC/EMC Corp., 5.45%, 06/15/2023[c] | 26,000 | 28,041 |
| SanDisk LLC, Conv., 0.50%, 10/15/2020 | 140,000 | 121,731 |
| Western Digital Corp., Conv., 1.50%, 02/01/2024[c] | 61,000 | 54,932 |
| | | 254,372 |
| **Tobacco-0.11%** | | |
| Altria Group, Inc., 5.80%, 02/14/2039 | 36,000 | 40,487 |
| **Trading Companies & Distributors-0.13%** | | |
| Air Lease Corp., 4.25%, 09/15/2024 | 35,000 | 37,017 |
| Aircastle Ltd., 4.40%, 09/25/2023 | 10,000 | 10,389 |
| | | 47,406 |
| **Trucking-0.11%** | | |
| Aviation Capital Group LLC, 4.88%, 10/01/2025[c] | 40,000 | 43,188 |
| **Wireless Telecommunication Services-0.04%** | | |
| Rogers Communications, Inc. (Canada), 4.30%, 02/15/2048 | 15,000 | 16,062 |
| Total U.S. Dollar Denominated Bonds & Notes (Cost $9,067,885) | | 9,580,795 |
| **U.S. Treasury Securities-7.43%** | | |
| **U.S. Treasury Bonds-0.87%** | | |
| 4.50%, 02/15/2036 | 75,000 | 98,895 |
| 3.00%, 02/15/2049 | 208,200 | 228,377 |
| | | 327,272 |
| **U.S. Treasury Notes-6.56%** | | |
| 2.13%, 05/31/2021 | 2,128,000 | 2,142,090 |
| 1.75%, 06/15/2022 | 290,000 | 290,334 |
| 2.00%, 05/31/2024 | 3,200 | 3,236 |
| 2.13%, 05/31/2026 | 19,300 | 19,612 |
| 2.38%, 05/15/2029 | 1,300 | 1,343 |
| | | 2,456,615 |
| Total U.S. Treasury Securities (Cost $2,756,043) | | 2,783,887 |
| | **Shares** | |
| **Preferred Stocks-0.22%** | | |
| **Asset Management & Custody Banks-0.22%** | | |
| AMG Capital Trust II, $2.58 Conv. Pfd. (Cost $106,269) | 1,700 | 82,500 |
| **Money Market Funds-6.94%** | | |
| Invesco Government & Agency Portfolio, Institutional Class, 2.26%[f] | 910,931 | 910,931 |
| Invesco Liquid Assets Portfolio, Institutional Class, 2.40%[f] | 650,440 | 650,700 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

| | Shares | Value |
|---|---|---|
| **Money Market Funds-(continued)** | | |
| Invesco Treasury Portfolio, Institutional Class, 2.22%[f] | 1,041,065 | $ 1,041,065 |
| Total Money Market Funds (Cost $2,602,632) | | 2,602,696 |
| TOTAL INVESTMENTS IN SECURITIES-99.49% (Cost $33,187,527) | | 37,291,849 |
| OTHER ASSETS LESS LIABILITIES-0.51% | | 192,280 |
| NET ASSETS-100.00% | | $37,484,129 |

Investment Abbreviations:

Conv. - Convertible
Pfd. - Preferred
REIT - Real Estate Investment Trust

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, 2019 was $1,925,568, which represented 5.14% 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, 2019.

**Open Forward Foreign Currency Contracts**

| Settlement Date | Counterparty | Contract to Deliver | | Contract to Receive | | Unrealized Appreciation (Depreciation) |
|---|---|---|---|---|---|---|
| **Currency Risk** | | | | | | |
| 07/05/2019 | State Street Bank & Trust Co. | GBP | 9,307 | USD | 11,863 | $ 42 |
| 07/05/2019 | State Street Bank & Trust Co. | USD | 9,435 | CAD | 12,599 | 186 |
| 07/05/2019 | State Street Bank & Trust Co. | USD | 5,361 | EUR | 4,740 | 31 |
| Subtotal—Appreciation | | | | | | 259 |
| **Currency Risk** | | | | | | |
| 07/05/2019 | Bank of New York Mellon (The) | CHF | 186,582 | USD | 187,417 | (3,770) |
| 07/05/2019 | Bank of New York Mellon (The) | EUR | 156,093 | USD | 175,283 | (2,256) |
| 07/05/2019 | Bank of New York Mellon (The) | GBP | 326,169 | USD | 413,131 | (1,151) |
| 07/05/2019 | State Street Bank & Trust Co. | CAD | 225,515 | USD | 167,512 | (4,709) |
| 07/05/2019 | State Street Bank & Trust Co. | CHF | 241,193 | USD | 242,376 | (4,768) |
| 07/05/2019 | State Street Bank & Trust Co. | EUR | 14,065 | USD | 15,928 | (70) |
| 07/05/2019 | State Street Bank & Trust Co. | GBP | 326,162 | USD | 413,125 | (1,149) |
| 07/05/2019 | State Street Bank & Trust Co. | USD | 6,124 | CHF | 5,947 | (30) |
| Subtotal—Depreciation | | | | | | (17,903) |
| Total Forward Foreign Currency Contracts | | | | | | $(17,644) |

Abbreviations:

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.

# Portfolio Composition

*By sector, based on Net Assets*
*as of June 30, 2019*

| | |
|---|---|
| Financials | 24.81% |
| Health Care | 14.51 |
| Information Technology | 10.05 |
| Energy | 8.38 |
| U.S. Treasury Securities | 7.43 |
| Consumer Discretionary | 6.92 |
| Communication Services | 6.80 |
| Consumer Staples | 4.86 |
| Industrials | 4.85 |
| Materials | 2.07 |
| Other Sectors, Each Less than 2% of Net Assets | 1.87 |
| Money Market Funds Plus Other Assets Less Liabilities | 7.45 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

# Statement of Assets and Liabilities

*June 30, 2019*

*(Unaudited)*

| | |
|---|---|
| **Assets:** | |
| Investments in securities, at value (Cost $30,584,895) | $34,689,153 |
| Investments in affiliated money market funds, at value (Cost $2,602,632) | 2,602,696 |
| Other investments: | |
| Unrealized appreciation on forward foreign currency contracts outstanding | 259 |
| Cash | 1,387 |
| Foreign currencies, at value (Cost $24,822) | 24,893 |
| Receivable for: | |
| Fund shares sold | 37,651 |
| Dividends | 48,814 |
| Interest | 74,348 |
| Investments sold | 123,010 |
| Investment for trustee deferred compensation and retirement plans | 68,806 |
| Total assets | 37,671,017 |
| **Liabilities:** | |
| Other investments: | |
| Unrealized depreciation on forward foreign currency contracts outstanding | 17,903 |
| Payable for: | |
| Investments purchased | 4,007 |
| Fund shares reacquired | 23,186 |
| Accrued fees to affiliates | 17,261 |
| Accrued trustees' and officers' fees and benefits | 437 |
| Accrued other operating expenses | 50,924 |
| Trustee deferred compensation and retirement plans | 73,170 |
| Total liabilities | 186,888 |
| Net assets applicable to shares outstanding | $37,484,129 |
| **Net assets consist of:** | |
| Shares of beneficial interest | $31,195,896 |
| Distributable earnings | 6,288,233 |
| | $37,484,129 |
| **Net Assets:** | |
| Series I | $36,178,466 |
| Series II | $ 1,305,663 |
| **Shares outstanding, no par value, with an unlimited number of shares authorized:** | |
| Series I | 2,924,479 |
| Series II | 106,893 |
| Series I: | |
| Net asset value per share | $ 12.37 |
| Series II: | |
| Net asset value per share | $ 12.21 |

# Statement of Operations

*For the six months ended June 30, 2019*

*(Unaudited)*

| | |
|---|---|
| **Investment income:** | |
| Dividends (net of foreign withholding taxes of $6,656) | $ 309,264 |
| Interest | 174,979 |
| Dividends from affiliated money market funds | 24,842 |
| Total investment income | 509,085 |
| **Expenses:** | |
| Advisory fees | 111,330 |
| Administrative services fees | 30,427 |
| Custodian fees | 6,424 |
| Distribution fees - Series II | 1,600 |
| Transfer agent fees | 9,914 |
| Trustees' and officers' fees and benefits | 11,618 |
| Reports to shareholders | 5,146 |
| Professional services fees | 27,890 |
| Other | 7,583 |
| Total expenses | 211,932 |
| Less: Fees waived | (1,108) |
| Net expenses | 210,824 |
| Net investment income | 298,261 |
| **Realized and unrealized gain (loss) from:** | |
| Net realized gain (loss) from: | |
| Investment securities | 621,364 |
| Foreign currencies | 3,461 |
| Forward foreign currency contracts | 22,376 |
| Futures contracts | (444,579) |
| | 202,622 |
| Change in net unrealized appreciation (depreciation) of: | |
| Investment securities | 3,561,517 |
| Foreign currencies | 145 |
| Forward foreign currency contracts | (14,755) |
| Futures contracts | 172,631 |
| | 3,719,538 |
| Net realized and unrealized gain | 3,922,160 |
| Net increase in net assets resulting from operations | $4,220,421 |

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, 2019 and the year ended December 31, 2018*

*(Unaudited)*

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Operations:** | | |
| Net investment income | $ 298,261 | $ 521,300 |
| Net realized gain | 202,622 | 1,584,562 |
| Change in net unrealized appreciation (depreciation) | 3,719,538 | (6,547,229) |
| Net increase (decrease) in net assets resulting from operations | 4,220,421 | (4,441,367) |
| **Distributions to shareholders from distributable earnings:** | | |
| Series I | – | (2,054,218) |
| Series II | – | (66,296) |
| Total distributions from distributable earnings | – | (2,120,514) |
| **Share transactions–net:** | | |
| Series I | (2,318,639) | (3,342,378) |
| Series II | (51,835) | (11,717) |
| Net increase (decrease) in net assets resulting from share transactions | (2,370,474) | (3,354,095) |
| Net increase (decrease) in net assets | 1,849,947 | (9,915,976) |
| **Net assets:** | | |
| Beginning of period | 35,634,182 | 45,550,158 |
| End of period | $37,484,129 | $35,634,182 |

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

# Financial Highlights

*June 30, 2019*

*(Unaudited)*

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 06/30/19 | $11.04 | $0.10 | $ 1.23 | $ 1.33 | $ – | $ – | $ – | $12.37 | 12.05% | $36,178 | 1.12%[(d)] | 1.13%[(d)] | 1.62%[(d)] | 45% |
| Year ended 12/31/18 | 13.06 | 0.16 | (1.51) | (1.35) | (0.22) | (0.45) | (0.67) | 11.04 | (11.00) | 34,420 | 1.23 | 1.24 | 1.24 | 111 |
| 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 |
| **Series II** | | | | | | | | | | | | | | |
| Six months ended 06/30/19 | 10.91 | 0.08 | 1.22 | 1.30 | – | – | – | 12.21 | 11.92 | 1,306 | 1.37[(d)] | 1.38[(d)] | 1.37[(d)] | 45 |
| Year ended 12/31/18 | 12.92 | 0.12 | (1.49) | (1.37) | (0.19) | (0.45) | (0.64) | 10.91 | (11.28) | 1,214 | 1.48 | 1.49 | 0.99 | 111 |
| 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 |

[(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 $36,127 and $1,290 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.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

# Notes to Financial Statements

*June 30, 2019*
*(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. 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 the 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 two parties ("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 at 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 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, 2020, to waive advisory fees and/or reimburse expenses of all shares 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, 2020. During its term, the fee waiver agreement cannot be terminated or amended to increase the 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, 2021, 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, 2019, the Adviser waived advisory fees of $1,108.

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, 2019, Invesco was paid $2,620 for accounting and fund administrative services and was reimbursed $27,807 for fees paid to insurance companies. Also, Invesco has entered into a sub-administration agreement whereby State Street Bank and Trust Company ("SSB") serves as custodian and fund accountant and provides certain administrative services to the Fund.

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, 2019, 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, 2019, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

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, 2019. 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.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Investments in Securities** | | | | |
| Common Stocks & Other Equity Interests | $20,456,867 | $ 1,785,104 | $– | $22,241,971 |
| U.S. Dollar Denominated Bonds & Notes | – | 9,580,795 | – | 9,580,795 |
| U.S. Treasury Securities | – | 2,783,887 | – | 2,783,887 |
| Preferred Stocks | – | 82,500 | – | 82,500 |
| Money Market Funds | 2,602,696 | – | – | 2,602,696 |
| **Total Investments in Securities** | 23,059,563 | 14,232,286 | – | 37,291,849 |
| **Other Investments - Assets*** | | | | |
| Forward Foreign Currency Contracts | – | 259 | – | 259 |
| **Other Investments - Liabilities*** | | | | |
| Forward Foreign Currency Contracts | – | (17,903) | – | (17,903) |
| **Total Other Investments** | – | (17,644) | – | (17,644) |
| **Total Investments** | $23,059,563 | $14,214,642 | $– | $37,274,205 |

* 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, 2019:

| Derivative Assets | Value<br>Currency Risk |
|---|---|
| Unrealized appreciation on forward foreign currency contracts outstanding | $ 259 |
| Derivatives not subject to master netting agreements | - |
| Total Derivative Assets subject to master netting agreements | $ 259 |

| Derivative Liabilities | Value<br>Currency Risk |
|---|---|
| Unrealized depreciation on forward foreign currency contracts outstanding | $(17,903) |
| Derivatives not subject to master netting agreements | - |
| Total Derivative Liabilities subject to master netting agreements | $(17,903) |

### 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, 2019.

| | 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) | $ - | $ (7,177) | $ (7,177) | $- | $- | $ (7,177) |
| State Street Bank & Trust Co. | 259 | (10,726) | (10,467) | - | - | (10,467) |
| Total | $259 | $(17,903) | $(17,644) | $- | $- | $(17,644) |

### Effect of Derivative Investments for the six months ended June 30, 2019

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 | $ 22,376 | $ - | $ 22,376 |
| Futures contracts | - | (444,579) | (444,579) |
| Change in Net Unrealized Appreciation (Depreciation): | | | |
| Forward foreign currency contracts | (14,755) | - | (14,755) |
| Futures contracts | - | 172,631 | 172,631 |
| Total | $ 7,621 | $(271,948) | $(264,327) |

The table below summarizes the average notional value of derivatives held during the period.

| | Forward Foreign Currency Contracts | Futures Contracts |
|---|---|---|
| Average notional value | $2,895,546 | $3,035,031 |

## NOTE 5—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 6—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 7—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, 2018.

## NOTE 8—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, 2019 was $13,236,279 and $16,428,466, respectively. During the same period, purchases and sales of U.S. Treasury obligations were $2,464,874 and $2,538,233, 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 | $ 5,214,328 |
| Aggregate unrealized (depreciation) of investments | (1,250,044) |
| Net unrealized appreciation of investments | $ 3,964,284 |

Cost of investments for tax purposes is $33,309,921.

## NOTE 9—Share Information

| | Summary of Share Activity | | | |
|---|---|---|---|---|
| | Six months ended June 30, 2019[(a)] | | Year ended December 31, 2018 | |
| | Shares | Amount | Shares | Amount |
| **Sold:** | | | | |
| Series I | 81,292 | $ 985,669 | 209,264 | $ 2,541,868 |
| Series II | 1,195 | 14,276 | 5,870 | 72,638 |
| **Issued as reinvestment of dividends:** | | | | |
| Series I | – | – | 162,517 | 2,054,218 |
| Series II | – | – | 5,304 | 66,295 |
| **Reacquired:** | | | | |
| Series I | (274,868) | (3,304,308) | (630,388) | (7,938,464) |
| Series II | (5,586) | (66,111) | (11,831) | (150,650) |
| Net increase (decrease) in share activity | (197,967) | $(2,370,474) | (259,264) | $(3,354,095) |

(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.

# 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, 2019 through June 30, 2019.

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) | | |
|---|---|---|---|---|---|---|
| | Beginning Account Value (01/01/19) | Ending Account Value (06/30/19)[1] | Expenses Paid During Period[2] | Ending Account Value (06/30/19) | Expenses Paid During Period[2] | Annualized Expense Ratio |
| Series I | $1,000.00 | $1,120.50 | $5.89 | $1,019.24 | $5.61 | 1.12% |
| Series II | 1,000.00 | 1,119.20 | 7.20 | 1,018.00 | 6.85 | 1.37 |

[1] The actual ending account value is based on the actual total return of the Fund for the period January 1, 2019 through June 30, 2019, 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 10, 2019, 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, 2019. 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). As part of a regularly scheduled basis of in-person Board meetings, 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 10, 2019.

## 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 received and reviewed information about Invesco Advisers' role as administrator of the Invesco Funds' liquidity risk management program. 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 reviewed and considered information about the resources that Invesco Advisers intends to continue to commit to managing the Invesco family of funds following Invesco Ltd.'s acquisition of OppenheimerFunds, Inc. and its subsidiaries. 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, 2018 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 and three year periods and the first 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 above the performance of the Index for the five year period. The Board noted that the Fund's value style of equity investing compared to its peers, including its underweight exposure to technology stocks and its overweight exposure to energy stocks, negatively 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 five funds (including the Fund) in the expense group. The Board also noted that the Fund's total expense ratio ranked fifth in its expense group and discussed with management reasons for such relative total expenses.

The Board noted that Invesco Advisers has contractually agreed to waive fees and/or limit expenses of the Fund for the term disclosed in the Fund's registration statement 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, 2018.

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 considered Invesco's reinvestment in its business, including investments in business infrastructure and cybersecurity. The Board noted that the Fund does not benefit from economies of scale through contractual breakpoints, but does share 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 considered information regarding the returns of the affiliated money market funds relative to comparable overnight investments, as well as the costs to the Fund of such investments. 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 may receive commissions for executing certain trades for the Fund. Invesco Advisers and the Affiliated Sub-Advisers may 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, 2019

# Janus Henderson VIT Forty Portfolio

## Janus Aspen Series

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, the insurance company that offers your variable life insurance contract or variable annuity contract, may determine that it will no longer send you paper copies of the Portfolio's shareholder reports, unless you specifically request paper copies of the reports. Beginning on January 1, 2021, for shareholders who are not insurance contract holders, paper copies of the Portfolio's shareholder reports will no longer be sent by mail unless you specifically request paper copies of the reports. Instead, the reports will be made available on a website, and your insurance company or plan sponsor, broker-dealer, or financial intermediary will notify you by mail each time a report is posted and provide you with a website link to access the report.  Instructions for requesting paper copies will be provided by your insurance company or plan sponsor, broker-dealer, or financial intermediary.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Portfolio electronically by contacting your insurance company or plan sponsor, broker-dealer, or other financial intermediary.

You may elect to receive all future reports in paper free of charge by contacting your insurance company or plan sponsor, broker dealer or other financial intermediary.  Your election to receive reports in paper will apply to all funds held in your account with your insurance company or plan sponsor, broker dealer or other financial intermediary.

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

# 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, 2019, the Portfolio’s Institutional Shares and Service Shares returned 23.50% and 23.36%, respectively, versus a return of 21.49% for the Portfolio’s primary benchmark, the Russell 1000® Growth Index. The Portfolio’s secondary benchmark, the S&P 500® Index, returned 18.54% for the period.

## INVESTMENT ENVIROMENT

Stocks rebounded in the first quarter after the Federal Reserve indicated it would take a cautious approach to raising interest rates while inflation remained low. Increasing hopes that the U.S. and China were making progress toward a trade deal also supported stocks in the first quarter. In the second quarter stocks were volatile. Equities lost ground in May as setbacks in U.S.-China trade negotiations raised fears that trade tensions will further dent global economic growth. Economic data also pointed to a weakening global economy during the period. Stocks then rebounded in June, driven in part by expectations of more accommodative monetary policy from central banks.

## 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.

Mastercard was our largest contributor to performance. The company is beginning to demonstrate how its business model can address business-to-business payment solutions. A decision by many upstart fintech companies to use Mastercard and Visa’s payments networks – instead of competing against them – has also reinforced the durability of the two global card networks’ values, and helped drive the stock’s appreciation. Mastercard has been a longtime holding in our Portfolio, and a large contributor to the Portfolio’s performance over the years. Our basic view is that Mastercard’s payments network among merchants is a competitive moat that positions the business as a key beneficiary as more transactions migrate from cash and check to plastic and electronic payments. We believe 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.

Microsoft was another top contributor. The stock was up after the company announced better-than-expected quarterly earnings results and offered a bullish outlook for fiscal year 2020. We’ve been impressed by the revenue growth of Microsoft’s commercial cloud business, which is now growing 40% annually. Those figures speak to the growth potential for Microsoft as it and Amazon continue to lead the buildout of enterprise cloud infrastructure globally. As we note in our outlook, we believe companies are still in the early innings of this shift.

Harris Corp. also contributed meaningfully to Portfolio performance. Strong earnings for both Harris and L3

Technologies Inc., which Harris merged with at the end of the period, improved the outlook for the combined company and drove the stock higher. We continue to see upside for the newly-merged company. Harris is the market leader in communications systems, which it sells to the U.S. military and its allies, and its acquisition of L3 only strengthens its leadership position. We expect the combined entity to realize significant synergies from its merger.

While pleased with the results of most companies in the Portfolio, we still held stocks that weighed on Portfolio performance. Humana was our largest detractor. A recent proposal to expand Medicare and eliminate private medical insurance in the U.S. led to a broad, significant pullback among managed care stocks, including Humana. We are cautious on the health care landscape given the scrutiny of the industry by politicians in Washington and sold the position, choosing to invest in companies we believe will be less subjected to reform.

Allergan was another detractor. We've been disappointed by what we view as several executional missteps by management that have weighed on the stock, and sold out of the position during the period.

The stock of Charles Schwab Corp. also drifted lower during the period. An outlook of lower interest rates weighed on the stock, but we continue to like the company. We believe the company's strong brand, which is trusted among retail investors and registered investment advisers that use its services, is a strong competitive advantage for the company. We also believe its size and digital focus gives it a cost structure advantage, allowing the company to offer trading and other financial services at lower costs than most competitors. Going forward, we believe the trends of investment advisors seeking independence from the large wirehouses and households seeking lower cost investing services are long-term secular growth trends that will benefit Charles Schwab.

## OUTLOOK

We acknowledge there are a few macroeconomic risks on the horizon. Geopolitical uncertainty could be a source of volatility in the coming months. So, too, could political rhetoric as the U.S. election season draws near. Meanwhile, the global economy has slowed, and while the U.S. economy remains on firm footing, we acknowledge we are late in the economic cycle. Despite these issues, we believe equities are fairly valued, particularly relative to fixed income.

While aware of the macroeconomic risks, it is not our primary focus. Our unwavering, long-term investment philosophy is that the market underestimates the duration of growth for companies that have built sustainable competitive advantages around their business. Inherent in that philosophy is a constant focus on assessing the competitive advantages our companies hold. In times of economic dislocation, these companies can often improve their strength by investing to extend their competitive advantages as competitors pull back. This is something we'll keep an eye on in the coming months.

Going forward, we like how our Portfolio is positioned for the current market backdrop. We believe there is less economic sensitivity in our Portfolio than the broader index. 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. We've mentioned these themes in the past and while they are well known, they are still early in their development. We remain confident in our companies' ability to grow earnings as these themes progress, even in an environment of slow economic growth.

Thank you for your investment in Janus Henderson VIT Forty Portfolio.

# Janus Henderson VIT Forty Portfolio (unaudited)
## Portfolio At A Glance
## June 30, 2019

### 5 Top Performers - Holdings

| | Contribution |
|---|---|
| Mastercard Inc | 2.35% |
| Microsoft Corp | 2.28% |
| Amazon.com Inc | 1.32% |
| L3 Technologies Inc | 0.94% |
| PayPal Holdings Inc | 0.91% |

### 5 Bottom Performers - Holdings

| | Contribution |
|---|---|
| Humana Inc | -0.41% |
| Allergan PLC | -0.27% |
| Charles Schwab Corp | -0.06% |
| ABIOMED Inc | -0.01% |
| Cognex Corp | 0.00% |

### 5 Top Performers - Sectors*

| | Portfolio Contribution | Portfolio Weighting (Average % of Equity) | Russell 1000 Growth Index Weighting |
|---|---|---|---|
| Industrials | 1.09% | 8.04% | 11.81% |
| Health Care | 0.66% | 15.92% | 13.19% |
| Information Technology | 0.61% | 32.92% | 32.55% |
| Materials | 0.46% | 5.34% | 1.82% |
| Consumer Staples | 0.32% | 0.00% | 5.74% |

### 5 Bottom Performers - Sectors*

| | Portfolio Contribution | Portfolio Weighting (Average % of Equity) | Russell 1000 Growth Index Weighting |
|---|---|---|---|
| Other** | -0.74% | 2.74% | 0.00% |
| Financials | -0.71% | 7.98% | 4.41% |
| Energy | 0.08% | 0.00% | 0.75% |
| Consumer Discretionary | 0.10% | 10.55% | 15.14% |
| Communication Services | 0.16% | 13.93% | 12.25% |

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, 2019

### 5 Largest Equity Holdings - (% of Net Assets)

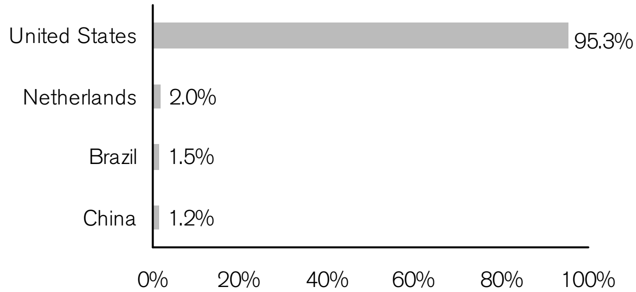
| | |
|---|---|
| Microsoft Corp | |
| Software | 7.8% |
| Mastercard Inc | |
| Information Technology Services | 6.8% |
| Amazon.com Inc | |
| Internet & Direct Marketing Retail | 4.7% |
| Walt Disney Co | |
| Entertainment | 4.4% |
| Alphabet Inc - Class C | |
| Interactive Media & Services | 4.3% |
| | 28.0% |

### Asset Allocation - (% of Net Assets)

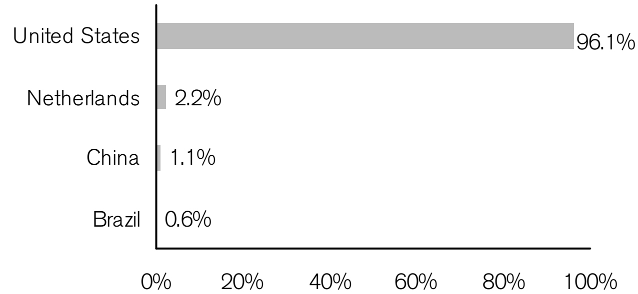
| | |
|---|---|
| Common Stocks | 96.5% |
| Investment Companies | 4.5% |
| Other | (1.0)% |
| | 100.0% |

### Top Country Allocations - Long Positions - (% of Investment Securities)

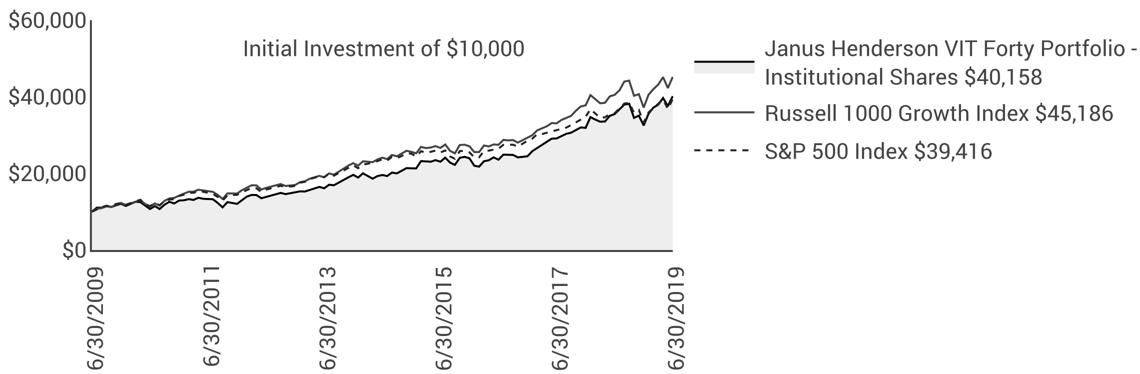
As of June 30, 2019




As of December 31, 2018



# Janus Henderson VIT Forty Portfolio (unaudited)
## Performance




| Average Annual Total Return - for the periods ended June 30, 2019 | Fiscal Year-to-Date | One Year | Five Year | Ten Year | Since Inception* | Expense Ratios - per the April 30, 2019 prospectuses<br>Total Annual Fund Operating Expenses |
|---|---|---|---|---|---|---|
| Institutional Shares | 23.50% | 13.15% | 15.45% | 14.92% | 11.78% | 0.71% |
| Service Shares | 23.36% | 12.84% | 15.16% | 14.63% | 11.47% | 0.96% |
| Russell 1000 Growth Index | 21.49% | 11.56% | 13.39% | 16.28% | 8.00% | |
| S&P 500 Index | 18.54% | 10.42% | 10.71% | 14.70% | 8.08% | |
| Morningstar Quartile - Institutional Shares | - | 1st | 1st | 2nd | 1st | |
| Morningstar Ranking - based on total returns for Large Growth Funds | - | 310/1,402 | 48/1,286 | 545/1,117 | 11/605 | |

*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.*

Returns do not reflect the deduction of fees, charges or expenses of any insurance product or qualified plan. If applied, returns would have been lower.

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 (1/1/19) | Ending Account Value (6/30/19) | Expenses Paid During Period (1/1/19 - 6/30/19)† | Beginning Account Value (1/1/19) | Ending Account Value (6/30/19) | Expenses Paid During Period (1/1/19 - 6/30/19)† | Net Annualized Expense Ratio (1/1/19 - 6/30/19) |
| Institutional Shares | $1,000.00 | $1,235.00 | $4.16 | $1,000.00 | $1,021.08 | $3.76 | 0.75% |
| Service Shares | $1,000.00 | $1,233.60 | $5.54 | $1,000.00 | $1,019.84 | $5.01 | 1.00% |

† 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, 2019

| | Shares | Value |
|---|---|---|
| Common Stocks – 96.5% | | |
| Aerospace & Defense – 6.0% | | |
| Boeing Co | 68,133 | $24,801,093 |
| Harris Corp* | 135,993 | 25,720,356 |
| | | 50,521,449 |
| Capital Markets – 5.4% | | |
| Charles Schwab Corp | 363,897 | 14,625,021 |
| Intercontinental Exchange Inc | 334,285 | 28,728,453 |
| Tradeweb Markets Inc | 58,077 | 2,544,353 |
| | | 45,897,827 |
| Chemicals – 4.2% | | |
| Air Products & Chemicals Inc | 73,312 | 16,595,638 |
| Sherwin-Williams Co | 41,967 | 19,233,057 |
| | | 35,828,695 |
| Construction Materials – 1.6% | | |
| Vulcan Materials Co | 97,030 | 13,323,189 |
| Electronic Equipment, Instruments & Components – 0.6% | | |
| Cognex Corp | 112,832 | 5,413,679 |
| Entertainment – 8.4% | | |
| Live Nation Entertainment Inc* | 131,809 | 8,732,346 |
| Netflix Inc* | 66,820 | 24,544,322 |
| Walt Disney Co | 267,755 | 37,389,308 |
| | | 70,665,976 |
| Equity Real Estate Investment Trusts (REITs) – 2.7% | | |
| American Tower Corp | 112,448 | 22,989,994 |
| Health Care Equipment & Supplies – 10.2% | | |
| Abbott Laboratories | 139,177 | 11,704,786 |
| Boston Scientific Corp (144A)* | 604,001 | 25,959,963 |
| Danaher Corp | 91,286 | 13,046,595 |
| Edwards Lifesciences Corp* | 56,931 | 10,517,433 |
| Intuitive Surgical Inc* | 47,909 | 25,130,666 |
| | | 86,359,443 |
| Information Technology Services – 11.1% | | |
| Mastercard Inc | 218,544 | 57,811,444 |
| Pagseguro Digital Ltd* | 320,657 | 12,496,003 |
| PayPal Holdings Inc* | 201,892 | 23,108,558 |
| | | 93,416,005 |
| Interactive Media & Services – 6.1% | | |
| Alphabet Inc - Class C* | 33,630 | 36,351,003 |
| Facebook Inc* | 79,485 | 15,340,605 |
| | | 51,691,608 |
| Internet & Direct Marketing Retail – 5.9% | | |
| Alibaba Group Holding Ltd (ADR)* | 60,526 | 10,256,131 |
| Amazon.com Inc* | 20,956 | 39,682,910 |
| | | 49,939,041 |
| Pharmaceuticals – 4.0% | | |
| Merck & Co Inc | 201,874 | 16,927,135 |
| Zoetis Inc | 150,402 | 17,069,123 |
| | | 33,996,258 |
| Professional Services – 1.7% | | |
| CoStar Group Inc* | 25,585 | 14,175,625 |
| Road & Rail – 1.4% | | |
| Uber Technologies Inc*,# | 253,936 | 11,777,552 |
| Semiconductor & Semiconductor Equipment – 5.7% | | |
| ASML Holding NV | 84,173 | 17,502,092 |
| NVIDIA Corp | 26,497 | 4,351,602 |
| Texas Instruments Inc | 225,865 | 25,920,267 |
| | | 47,773,961 |
| Software – 15.3% | | |
| Adobe Inc* | 59,840 | 17,631,856 |

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, 2019

| | Shares | Value |
|---|---|---|
| Common Stocks – (continued) | | |
| Software – (continued) | | |
| Intuit Inc | 42,779 | $11,179,436 |
| Microsoft Corp | 489,782 | 65,611,197 |
| salesforce.com Inc* | 227,248 | 34,480,339 |
| | | 128,902,828 |
| Specialty Retail – 2.7% | | |
| Home Depot Inc | 108,946 | 22,657,500 |
| Technology Hardware, Storage & Peripherals – 1.5% | | |
| Apple Inc | 65,088 | 12,882,217 |
| Textiles, Apparel & Luxury Goods – 2.0% | | |
| NIKE Inc | 202,681 | 17,015,070 |
| Total Common Stocks (cost $492,335,576) | | 815,227,917 |
| Investment Companies – 4.5% | | |
| Investments Purchased with Cash Collateral from Securities Lending – 1.0% | | |
| Janus Henderson Cash Collateral Fund LLC, 2.3576%∞,£ | 8,533,079 | 8,533,079 |
| Money Markets – 3.5% | | |
| Janus Henderson Cash Liquidity LLC, 2.5007%∞,£ | 29,526,495 | 29,526,495 |
| Total Investment Companies (cost $38,059,738) | | 38,059,574 |
| Total Investments (total cost $530,395,314) – 101.0% | | 853,287,491 |
| Liabilities, net of Cash, Receivables and Other Assets – (1.0)% | | (8,738,065) |
| Net Assets – 100% | | $844,549,426 |

***Summary of Investments by Country - (Long Positions) (unaudited)***

| Country | Value | % of Investment Securities |
|---|---|---|
| United States | $813,033,265 | 95.3 % |
| Netherlands | 17,502,092 | 2.0 |
| Brazil | 12,496,003 | 1.5 |
| China | 10,256,131 | 1.2 |
| Total | $853,287,491 | 100.0 % |

***Schedules of Affiliated Investments – (% of Net Assets)***

| | Dividend Income | Realized Gain/(Loss) | Change in Unrealized Appreciation/ Depreciation | Value at 6/30/19 |
|---|---|---|---|---|
| Investment Companies - 4.5% | | | | |
| Investments Purchased with Cash Collateral from Securities Lending - 1.0% | | | | |
| Janus Henderson Cash Collateral Fund LLC, 2.3576%∞ | $ 1,480Δ | $ - | $ - | $ 8,533,079 |
| Money Markets - 3.5% | | | | |
| Janus Henderson Cash Liquidity LLC, 2.5007%∞ | 258,498 | 30 | (164) | 29,526,495 |
| Total Affiliated Investments - 4.5% | $ 259,978 | $ 30 | $ (164) | $ 38,059,574 |

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, 2019

| | *Share Balance at 12/31/18* | *Purchases* | *Sales* | *Share Balance at 6/30/19* |
|---|---|---|---|---|
| Investment Companies - 4.5% | | | | |
| Investments Purchased with Cash Collateral from Securities Lending - 1.0% | | | | |
| Janus Henderson Cash Collateral Fund LLC, 2.3576%°° | - | 35,203,796 | (26,670,717) | 8,533,079 |
| Money Markets - 3.5% | | | | |
| Janus Henderson Cash Liquidity LLC, 2.5007%°° | 25,348,887 | 105,542,358 | (101,364,750) | 29,526,495 |

***Schedule of Total Return Swaps***

| *Counterparty/ Return Paid by the Portfolio* | *Return Received by the Portfolio* | *Payment Frequency* | *Termination Date* | *Notional Amount* | *Value and Unrealized Appreciation/ (Depreciation)* |
|---|---|---|---|---|---|
| *Goldman Sachs International:* | | | | | |
| ICE LIBOR USD Plus 75 basis points | Blackstone Group L.P. | Monthly | 5/26/20 | 22,414,940 USD | $ 10,097 |

The following table, grouped by derivative type, provides information about the fair value and location of derivatives within the Statement of Assets and Liabilities as of June 30, 2019.

**Fair Value of Derivative Instruments (not accounted for as hedging instruments) as of June 30, 2019**

| | *Equity Contracts* |
|---|---|
| *Asset Derivatives:* | |
| Outstanding swap contracts, at value | $ 10,097 |

The following tables provide information about the effect of derivatives and hedging activities on the Portfolio's Statement of Operations for the period ended June 30, 2019.

**The effect of Derivative Instruments (not accounted for as hedging instruments) on the Statement of Operations for the period ended June 30, 2019**

*Amount of Realized Gain/(Loss) Recognized on Derivatives*

| *Derivative* | *Equity Contracts* |
|---|---|
| Swap contracts | $1,823,853 |

*Amount of Change in Unrealized Appreciation/Depreciation Recognized on Derivatives*

| *Derivative* | *Equity Contracts* |
|---|---|
| Swap contracts | $ 10,097 |

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

Please see the "Net Realized Gain/(Loss) on Investments" and "Change in Unrealized Net Appreciation/Depreciation" sections of the Portfolio's Statement of Operations.

**Average Ending Monthly Market Value of Derivative Instruments During the Period Ended June 30, 2019**

| | *Market Value* |
|---|---|
| Total return swaps, long | $ (203,141) |

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

| | |
|---|---|
| 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 |
| ICE | Intercontinental Exchange |
| LIBOR | London Interbank Offered Rate |
| LLC | Limited Liability Company |
| LP | Limited Partnership |
| PLC | Public Limited Company |

144A Securities sold under Rule 144A of the Securities Act of 1933, as amended, are subject to legal and/or contractual restrictions on resale and may not be publicly sold without registration under the 1933 Act. Unless otherwise noted, these securities have been determined to be liquid under guidelines established by the Board of Trustees. The total value of 144A securities as of the period ended June 30, 2019 is $25,959,963, which represents 3.1% of net assets.

* Non-income producing security.

ºº Rate shown is the 7-day yield as of June 30, 2019.

# Loaned security; a portion of the security is on loan at June 30, 2019.

£ 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.

Δ Net of income paid to the securities lending agent and rebates paid to the borrowing counterparties.

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, 2019. See Notes to Financial Statements for more information.

### Valuation Inputs Summary

| | Level 1 - Quoted Prices | Level 2 - Other Significant Observable Inputs | Level 3 - Significant Unobservable Inputs |
|---|---|---|---|
| **Assets** | | | |
| **Investments In Securities:** | | | |
| *Common Stocks* | $ 815,227,917 | $ - | $ - |
| *Investment Companies* | - | 38,059,574 | - |
| Total Investments in Securities | $ 815,227,917 | $ 38,059,574 | $ - |
| **Other Financial Instruments[(a)]:** | | | |
| *Outstanding Swap Contracts, at Value* | - | 10,097 | - |
| **Total Assets** | $ 815,227,917 | $ 38,069,671 | $ - |

# Janus Henderson VIT Forty Portfolio
## Statement of Assets and Liabilities (unaudited)
## June 30, 2019

| | | |
|---|---|---|
| Assets: | | |
| Unaffiliated investments, at value[(1)(2)] | $ | 815,227,917 |
| Affiliated investments, at value[(3)] | | 38,059,574 |
| Cash | | 1,159 |
| Outstanding swap contracts, at value | | 10,097 |
| Non-interested Trustees' deferred compensation | | 21,371 |
| Receivables: | | |
| Investments sold | | 4,458,742 |
| Dividends | | 353,430 |
| Dividends from affiliates | | 55,383 |
| Portfolio shares sold | | 47,737 |
| Foreign tax reclaims | | 25,492 |
| Other assets | | 3,204 |
| Total Assets | | 858,264,106 |
| Liabilities: | | |
| Collateral for securities loaned (Note 3) | | 8,533,079 |
| Payables: | | |
| Investments purchased | | 3,939,175 |
| Portfolio shares repurchased | | 460,778 |
| Advisory fees | | 444,472 |
| 12b-1 Distribution and shareholder servicing fees | | 101,884 |
| Dividends and interest on swap contracts | | 50,773 |
| Transfer agent fees and expenses | | 35,292 |
| Non-interested Trustees' deferred compensation fees | | 21,371 |
| Professional fees | | 14,742 |
| Non-interested Trustees' fees and expenses | | 5,356 |
| Affiliated portfolio administration fees payable | | 1,714 |
| Custodian fees | | 1,561 |
| Accrued expenses and other payables | | 104,483 |
| Total Liabilities | | 13,714,680 |
| Net Assets | $ | 844,549,426 |
| Net Assets Consist of: | | |
| Capital (par value and paid-in surplus) | $ | 505,866,078 |
| Total distributable earnings (loss) | | 338,683,348 |
| Total Net Assets | $ | 844,549,426 |
| Net Assets - Institutional Shares | $ | 341,052,488 |
| Shares Outstanding, $0.01 Par Value (unlimited shares authorized) | | 8,529,419 |
| Net Asset Value Per Share | $ | 39.99 |
| Net Assets - Service Shares | $ | 503,496,938 |
| Shares Outstanding, $0.01 Par Value (unlimited shares authorized) | | 13,448,924 |
| Net Asset Value Per Share | $ | 37.44 |

(1) Includes cost of $492,335,576.
(2) Includes $8,326,440 of securities on loan. See Note 3 in Notes to Financial Statements.
(3) Includes cost of $38,059,738.

See Notes to Financial Statements.

# Janus Henderson VIT Forty Portfolio
## Statement of Operations (unaudited)
## For the period ended June 30, 2019

| | | |
|---|---|---|
| Investment Income: | | |
| Dividends | $ | 3,844,589 |
| Dividends from affiliates | | 258,498 |
| Affiliated securities lending income, net | | 1,480 |
| Foreign tax withheld | | (22,430) |
| Total Investment Income | | 4,082,137 |
| Expenses: | | |
| Advisory fees | | 2,670,834 |
| 12b-1 Distribution and shareholder servicing fees: | | |
| Service Shares | | 597,433 |
| Transfer agent administrative fees and expenses: | | |
| Institutional Shares | | 80,725 |
| Service Shares | | 119,487 |
| Other transfer agent fees and expenses: | | |
| Institutional Shares | | 3,900 |
| Service Shares | | 3,322 |
| Professional fees | | 24,268 |
| Shareholder reports expense | | 23,204 |
| Registration fees | | 11,740 |
| Non-interested Trustees' fees and expenses | | 9,884 |
| Affiliated portfolio administration fees | | 8,784 |
| Custodian fees | | 5,523 |
| Other expenses | | 44,028 |
| Total Expenses | | 3,603,132 |
| Net Investment Income/(Loss) | | 479,005 |
| Net Realized Gain/(Loss) on Investments: | | |
| Investments | | 13,675,826 |
| Investments in affiliates | | 30 |
| Swap contracts | | 1,823,853 |
| Total Net Realized Gain/(Loss) on Investments | | 15,499,709 |
| Change in Unrealized Net Appreciation/Depreciation: | | |
| Investments, foreign currency translations and non-interested Trustees' deferred compensation | | 149,953,761 |
| Investments in affiliates | | (164) |
| Swap contracts | | 10,097 |
| Total Change in Unrealized Net Appreciation/Depreciation | | 149,963,694 |
| Net Increase/(Decrease) in Net Assets Resulting from Operations | $ | 165,942,408 |

See Notes to Financial Statements.

# Janus Henderson VIT Forty Portfolio
## Statements of Changes in Net Assets

| | | Period ended June 30, 2019 (unaudited) | | Year ended December 31, 2018 |
|---|---|---|---|---|
| Operations: | | | | |
| Net investment income/(loss) | $ | 479,005 | $ | 131,716 |
| Net realized gain/(loss) on investments | | 15,499,709 | | 69,559,947 |
| Change in unrealized net appreciation/depreciation | | 149,963,694 | | (50,240,415) |
| Net Increase/(Decrease) in Net Assets Resulting from Operations | | 165,942,408 | | 19,451,248 |
| Dividends and Distributions to Shareholders | | | | |
| Institutional Shares | | (27,484,409) | | (44,744,555) |
| Service Shares | | (42,122,223) | | (70,046,355) |
| Net Decrease from Dividends and Distributions to Shareholders | | (69,606,632) | | (114,790,910) |
| Capital Share Transactions: | | | | |
| Institutional Shares | | 9,349,138 | | 19,835,832 |
| Service Shares | | 19,411,407 | | 18,730,103 |
| Net Increase/(Decrease) from Capital Share Transactions | | 28,760,545 | | 38,565,935 |
| Net Increase/(Decrease) in Net Assets | | 125,096,321 | | (56,773,727) |
| Net Assets: | | | | |
| Beginning of period | | 719,453,105 | | 776,226,832 |
| End of period | $ | 844,549,426 | $ | 719,453,105 |

See Notes to Financial Statements.

# Janus Henderson VIT Forty Portfolio
## Financial Highlights

### Institutional Shares

| For a share outstanding during the period ended June 30, 2019 (unaudited) and the year ended December 31 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Net Asset Value, Beginning of Period | $35.20 | $39.76 | $32.19 | $36.37 | $40.27 | $53.34 |
| Income/(Loss) from Investment Operations: | | | | | | |
| Net investment income/(loss)(1) | 0.05 | 0.07 | 0.02 | 0.05 | 0.03 | 0.03 |
| Net realized and unrealized gain/(loss) | 8.17 | 1.31 | 9.58 | 0.58 | 4.77 | 3.08 |
| Total from Investment Operations | 8.22 | 1.38 | 9.60 | 0.63 | 4.80 | 3.11 |
| Less Dividends and Distributions: | | | | | | |
| Dividends (from net investment income) | (0.03) | — | — | — | — | (0.09) |
| Distributions (from capital gains) | (3.40) | (5.94) | (2.03) | (4.81) | (8.70) | (16.09) |
| Total Dividends and Distributions | (3.43) | (5.94) | (2.03) | (4.81) | (8.70) | (16.18) |
| Net Asset Value, End of Period | $39.99 | $35.20 | $39.76 | $32.19 | $36.37 | $40.27 |
| Total Return* | 23.50% | 1.98% | 30.31% | 2.20% | 12.22% | 8.73% |
| Net Assets, End of Period (in thousands) | $341,052 | $292,132 | $309,258 | $257,009 | $295,725 | $299,546 |
| Average Net Assets for the Period (in thousands) | $327,174 | $327,962 | $297,125 | $273,374 | $298,904 | $307,359 |
| Ratios to Average Net Assets**: | | | | | | |
| Ratio of Gross Expenses | 0.75% | 0.71% | 0.82% | 0.72% | 0.69% | 0.57% |
| Ratio of Net Expenses (After Waivers and Expense Offsets) | 0.75% | 0.71% | 0.82% | 0.72% | 0.69% | 0.57% |
| Ratio of Net Investment Income/(Loss) | 0.27% | 0.17% | 0.05% | 0.15% | 0.08% | 0.07% |
| Portfolio Turnover Rate | 18% | 41% | 39% | 53% | 55% | 46% |

### Service Shares

| For a share outstanding during the period ended June 30, 2019 (unaudited) and the year ended December 31 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Net Asset Value, Beginning of Period | $33.15 | $37.84 | $30.79 | $35.08 | $39.21 | $52.40 |
| Income/(Loss) from Investment Operations: | | | | | | |
| Net investment income/(loss)(1) | —(2) | (0.03) | (0.07) | (0.03) | (0.06) | (0.07) |
| Net realized and unrealized gain/(loss) | 7.69 | 1.28 | 9.15 | 0.55 | 4.63 | 2.99 |
| Total from Investment Operations | 7.69 | 1.25 | 9.08 | 0.52 | 4.57 | 2.92 |
| Less Dividends and Distributions: | | | | | | |
| Dividends (from net investment income) | —(2) | — | — | — | — | (0.02) |
| Distributions (from capital gains) | (3.40) | (5.94) | (2.03) | (4.81) | (8.70) | (16.09) |
| Total Dividends and Distributions | (3.40) | (5.94) | (2.03) | (4.81) | (8.70) | (16.11) |
| Net Asset Value, End of Period | $37.44 | $33.15 | $37.84 | $30.79 | $35.08 | $39.21 |
| Total Return* | 23.36% | 1.72% | 29.99% | 1.94% | 11.94% | 8.47% |
| Net Assets, End of Period (in thousands) | $503,497 | $427,321 | $466,969 | $430,510 | $501,003 | $492,253 |
| Average Net Assets for the Period (in thousands) | $484,244 | $487,559 | $457,168 | $464,943 | $501,868 | $493,575 |
| Ratios to Average Net Assets**: | | | | | | |
| Ratio of Gross Expenses | 1.00% | 0.96% | 1.06% | 0.97% | 0.94% | 0.82% |
| Ratio of Net Expenses (After Waivers and Expense Offsets) | 1.00% | 0.96% | 1.06% | 0.97% | 0.94% | 0.82% |
| Ratio of Net Investment Income/(Loss) | 0.02% | (0.08)% | (0.19)% | (0.09)% | (0.17)% | (0.17)% |
| Portfolio Turnover Rate | 18% | 41% | 39% | 53% | 55% | 46% |

* Total return includes adjustments in accordance with generally accepted accounting principles required at the year or period end and are not annualized for periods of less than one full year. Total return 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, 2019 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.

**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 daily on the accrual basis and includes amortization of premiums and accretion of discounts. The Portfolio classifies gains and losses on prepayments received as an adjustment to interest income. Debt securities may be placed in non-accrual status and related interest income may be reduced by stopping current accruals and writing off interest receivables when collection of all or a portion of interest has become doubtful. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes.

**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.

### Foreign Currency Translations

The Portfolio does not isolate that portion of the results of operations resulting from the effect of changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held at the date of the financial statements. Net unrealized appreciation or depreciation of investments and foreign currency translations arise from changes in the value of assets and liabilities, including investments in securities held at the date of the financial statements, resulting from changes in the exchange rates and changes in market prices of securities held.

Currency gains and losses are also calculated on payables and receivables that are denominated in foreign currencies. The payables and receivables are generally related to foreign security transactions and income translations.

Foreign currency-denominated assets and forward currency contracts may involve more risks than domestic transactions, including currency risk, counterparty risk, political and economic risk, regulatory risk and equity risk. Risks may arise from unanticipated movements in the value of foreign currencies relative to the U.S. dollar.

### 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 Portfolio's intention to continue to qualify as a regulated investment company, which is generally not subject to U.S. federal income tax.

### 2. Derivative Instruments

The Portfolio may invest in various types of derivatives, which may at times result in significant derivative exposure. A derivative is a financial instrument whose performance is derived from the performance of another asset. The Portfolio may invest in derivative instruments including, but not limited to: futures contracts, put options, call options, options on future contracts, options on foreign currencies, options on recovery locks, options on security and commodity indices, swaps, forward contracts, structured investments, and other equity-linked derivatives. Each derivative instrument that was held by the Portfolio during the period ended June 30, 2019 is discussed in further detail below. A summary of derivative activity by the Portfolio is reflected in the tables at the end of the Schedule of Investments.

The Portfolio may use derivative instruments for hedging purposes (to offset risks associated with an investment, currency exposure, or market conditions), to adjust currency exposure relative to a benchmark index, or for speculative purposes (to earn income and seek to enhance returns). When the Portfolio invests in a derivative for speculative purposes, the Portfolio will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the derivative's cost. The Portfolio may not use any derivative to gain exposure to an asset or class of assets that it would be prohibited by its investment restrictions from purchasing directly. The Portfolio's ability to use derivative instruments may also be limited by tax considerations.

Investments in derivatives in general are subject to market risks that may cause their prices to fluctuate over time. Investments in derivatives may not directly correlate with the price movements of the underlying instrument. As a result, the use of derivatives may expose the Portfolio to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The use of derivatives may result in larger losses or smaller gains than otherwise would be the case. Derivatives can be volatile and may involve significant risks.

In pursuit of its investment objective, the Portfolio may seek to use derivatives to increase or decrease exposure to the following market risk factors:

- **Commodity Risk** – the risk related to the change in value of commodities or commodity-linked investments due to changes in the overall market movements, volatility of the underlying benchmark, changes in interest rates, or other factors affecting a particular industry or commodity such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.
- **Counterparty Risk** – the risk that the counterparty (the party on the other side of the transaction) on a derivative transaction will be unable to honor its financial obligation to the Portfolio.
- **Credit Risk** – the risk an issuer will be unable to make principal and interest payments when due, or will default on its obligations.
- **Currency Risk** – the risk that changes in the exchange rate between currencies will adversely affect the value (in U.S. dollar terms) of an investment.
- **Equity Risk** – the risk related to the change in value of equity securities as they relate to increases or decreases in the general market.
- **Index Risk** – if the derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index. If the index changes, the Portfolio could receive lower interest payments or experience a reduction in the value of the derivative to below what the Portfolio paid. Certain indexed securities, including inverse securities (which move in an opposite direction to the index), may create leverage, to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.
- **Interest Rate Risk** – the risk that the value of fixed-income securities will generally decline as prevailing interest rates rise, which may cause the Portfolio's NAV to likewise decrease.
- **Leverage Risk** – the risk associated with certain types of leveraged investments or trading strategies pursuant to which relatively small market movements may result in large changes in the value of an investment. The Portfolio creates leverage by investing in instruments, including derivatives, where the investment loss can exceed the original amount invested. Certain investments or trading strategies, such as short sales, that involve leverage can result in losses that greatly exceed the amount originally invested.
- **Liquidity Risk** – the risk that certain securities may be difficult or impossible to sell at the time that the seller would like or at the price that the seller believes the security is currently worth.

Derivatives may generally be traded OTC or on an exchange. Derivatives traded OTC are agreements that are individually negotiated between parties and can be tailored to meet a purchaser's needs. OTC derivatives are not guaranteed by a clearing agency and may be subject to increased credit risk.

In an effort to mitigate credit risk associated with derivatives traded OTC, the Portfolio may enter into collateral agreements with certain counterparties whereby, subject to certain minimum exposure requirements, the Portfolio may require the counterparty to post collateral if the Portfolio has a net aggregate unrealized gain on all OTC derivative contracts with a particular counterparty. Additionally, the Portfolio may deposit cash and/or treasuries as collateral with the counterparty and/or custodian daily (based on the daily valuation of the financial asset) if the Portfolio has a net aggregate unrealized loss on OTC derivative contracts with a particular counterparty. All liquid securities and restricted cash are considered to cover in an amount at all times equal to or greater than the Portfolio's commitment with respect to certain exchange-traded derivatives, centrally cleared derivatives, forward foreign currency exchange contracts, short sales, and/or securities with extended settlement dates. There is no guarantee that counterparty exposure is reduced and these arrangements are dependent on Janus Capital Management LLC's ("Janus Capital") ability to establish and maintain appropriate systems and trading.

**Swaps**

Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a day to more than one year to exchange one set of cash flows for another. The most significant factor in the performance of swap agreements is the change in value of the specific index, security, or currency, or other factors that determine the amounts of payments due to and from the Portfolio. The use of swaps is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Swap transactions may in some instances involve the delivery of securities or other underlying assets by the Portfolio or its counterparty to collateralize obligations under the swap. If the other party to a swap that is not collateralized defaults, the Portfolio would risk the loss of the net amount of the payments that it contractually is entitled to receive. Swap agreements entail the risk that a party will default on its payment obligations to the Portfolio. If the other party to a swap defaults, the Portfolio would risk the loss of the net amount of the payments that it contractually is entitled to receive. If the Portfolio utilizes a swap at the wrong time or judges market conditions incorrectly, the swap may result in a loss to the Portfolio and reduce the Portfolio's total return.

Swap agreements also bear the risk that the Portfolio will not be able to meet its obligation to the counterparty. Swap agreements are typically privately negotiated and entered into in the OTC market. However, certain swap agreements are required to be cleared through a clearinghouse and traded on an exchange or swap execution facility. Swaps that are required to be cleared are required to post initial and variation margins in accordance with the exchange requirements. Regulations enacted require the Portfolio to centrally clear certain interest rate and credit default index swaps through a clearinghouse or central counterparty ("CCP"). To clear a swap with a CCP, the Portfolio will submit the swap to, and post collateral with, a futures clearing merchant ("FCM") that is a clearinghouse member. Alternatively, the Portfolio may enter into a swap with a financial institution other than the FCM (the "Executing Dealer") and arrange for the swap to be transferred to the FCM for clearing. The Portfolio may also enter into a swap with the FCM itself. The CCP, the FCM, and the Executing Dealer are all subject to regulatory oversight by the U.S. Commodity Futures Trading Commission ("CFTC"). A default or failure by a CCP or an FCM, or the failure of a swap to be transferred from an Executing Dealer to the FCM for clearing, may expose the Portfolio to losses, increase its costs, or prevent the Portfolio from entering or exiting swap positions, accessing collateral, or fully implementing its investment strategies. The regulatory requirement to clear certain swaps could, either temporarily or permanently, reduce the liquidity of cleared swaps or increase the costs of entering into those swaps.

Index swaps, interest rate swaps, and credit default swaps are valued using an approved vendor supplied price. Basket swaps are valued using a broker supplied price. Equity swaps that consist of a single underlying equity are valued either at the closing price, the latest bid price, or the last sale price on the primary market or exchange it trades. The market value of swap contracts are aggregated by positive and negative values and are disclosed separately as an asset or liability on the Portfolio's Statement of Assets and Liabilities (if applicable). Realized gains and losses are reported on the Portfolio's Statement of Operations (if applicable). The change in unrealized net appreciation or depreciation during the period is included in the Statement of Operations (if applicable).

The Portfolio's maximum risk of loss from counterparty risk or credit risk is the discounted value of the payments to be received from/paid to the counterparty over the contract's remaining life, to the extent that the amount is positive. The risk is mitigated by having a netting arrangement between the Portfolio and the counterparty and by the posting of collateral by the counterparty to cover the Portfolio's exposure to the counterparty.

Total return swaps involve an exchange by two parties in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains over the payment period. A fixed-income total return swap may be written on many different kinds of underlying reference assets, and may include different indices for various kinds of debt securities (e.g., U.S. investment grade bonds, high-yield bonds, or emerging market bonds).

During the period, the Portfolio entered into total return swaps on equity indices to increase exposure to equity risk. These total return swaps require the Portfolio to pay a floating reference interest rate, and an amount equal to the negative price movement of securities or an index multiplied by the notional amount of the contract. The Portfolio will receive payments equal to the positive price movement of the same securities or index multiplied by the notional amount of the contract and, in some cases, dividends paid on the securities.

### 3. 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.

#### Counterparties

Portfolio transactions involving a counterparty are subject to the risk that the counterparty or a third party will not fulfill its obligation to the Portfolio ("counterparty risk"). Counterparty risk may arise because of the counterparty's financial condition (i.e., financial difficulties, bankruptcy, or insolvency), market activities and developments, or other reasons, whether foreseen or not. A counterparty's inability to fulfill its obligation may result in significant financial loss to the Portfolio. The Portfolio may be unable to recover its investment from the counterparty or may obtain a limited recovery, and/or recovery may be delayed. The extent of the Portfolio's exposure to counterparty risk with respect to financial assets and liabilities approximates its carrying value. See the "Offsetting Assets and Liabilities" section of this Note for further details.

The Portfolio may be exposed to counterparty risk through participation in various programs, including, but not limited to, lending its securities to third parties, cash sweep arrangements whereby the Portfolio's cash balance is invested in one or more types of cash management vehicles, as well as investments in, but not limited to, repurchase agreements, debt securities, and derivatives, including various types of swaps, futures and options. The Portfolio intends to enter into financial transactions with counterparties that Janus Capital believes to be creditworthy at the time of the transaction. There is always the risk that Janus Capital's analysis of a counterparty's creditworthiness is incorrect or may change due to market conditions. To the extent that the Portfolio focuses its transactions with a limited number of counterparties, it will have greater exposure to the risks associated with one or more counterparties.

### Offsetting Assets and Liabilities

The Portfolio presents gross and net information about transactions that are either offset in the financial statements or subject to an enforceable master netting arrangement or similar agreement with a designated counterparty, regardless of whether the transactions are actually offset in the Statement of Assets and Liabilities.

In order to better define its contractual rights and to secure rights that will help the Portfolio mitigate its counterparty risk, the Portfolio has entered into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with its derivative contract counterparties. An ISDA Master Agreement is a bilateral agreement between the Portfolio and a counterparty that governs OTC derivatives and forward foreign currency exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, in the event of a default and/or termination event, the Portfolio may offset with each counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment.

The following table presents gross amounts of recognized assets and/or liabilities and the net amounts after deducting collateral that has been pledged by counterparties or has been pledged to counterparties (if applicable). For corresponding information grouped by type of instrument, see the "Fair Value of Derivative Instruments (not accounted for as hedging instruments) as of June 30, 2019" table located in the Portfolio's Schedule of Investments.

#### Offsetting of Financial Assets and Derivative Assets

| *Counterparty* | *Gross Amounts of Recognized Assets* | *Offsetting Asset or Liability(a)* | *Collateral Pledged(b)* | *Net Amount* |
|---|---|---|---|---|
| Deutsche Bank AG | $ 8,326,440 | $ — | $ (8,326,440) | $ — |
| Goldman Sachs International | 10,097 | — | — | 10,097 |
| Total | $ 8,336,537 | $ — | $ (8,326,440) | $ 10,097 |

(a) Represents the amount of assets or liabilities that could be offset with the same counterparty under master netting or similar agreements that management elects not to offset on the Statement of Assets and Liabilities.

(b) Collateral pledged is limited to the net outstanding amount due to/from an individual counterparty. The actual collateral amounts pledged may exceed these amounts and may fluctuate in value.

Deutsche Bank AG acts as securities lending agent and a limited purpose custodian or subcustodian to receive and disburse cash balances and cash collateral, hold short-term investments, hold collateral, and perform other custodian functions in accordance with the Agency Securities Lending and Repurchase Agreement. For financial reporting purposes, the Portfolio does not offset financial instruments' payables and receivables and related collateral on the Statement of Assets and Liabilities. Securities on loan will be continuously secured by collateral which may consist of cash, U.S. Government securities, domestic and foreign short-term debt instruments, letters of credit, time deposits, repurchase agreements, money market mutual funds or other money market accounts, or such other collateral as permitted by the SEC. See "Securities Lending" in the notes to financial statements for additional information.

The Portfolio may require the counterparty to pledge securities as collateral daily (based on the daily valuation of the financial asset) if the Portfolio has a net aggregate unrealized gain on OTC derivative contracts with a particular counterparty. The Portfolio may deposit cash as collateral with the counterparty and/or custodian daily (based on the daily valuation of the financial asset) if the Portfolio has a net aggregate unrealized loss on OTC derivative contracts with a particular counterparty. The collateral amounts are subject to minimum exposure requirements and initial margin requirements. Collateral amounts are monitored and subsequently adjusted up or down as valuations fluctuate by at least the minimum exposure requirement. Collateral may reduce the risk of loss.

**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.

**Securities Lending**
Under procedures adopted by the Trustees, the Portfolio may seek to earn additional income by lending securities to certain qualified broker-dealers and institutions. Deutsche Bank AG acts as securities lending agent and a limited purpose custodian or subcustodian to receive and disburse cash balances and cash collateral, hold short-term investments, hold collateral, and perform other custodian functions in accordance with the Agency Securities Lending and Repurchase Agreement. The Portfolio may lend portfolio securities in an amount equal to up to 1/3 of its total assets as determined at the time of the loan origination. There is the risk of delay in recovering a loaned security or the risk of loss in collateral rights if the borrower fails financially. In addition, Janus Capital makes efforts to balance the benefits and risks from granting such loans. All loans will be continuously secured by collateral which may consist of cash, U.S. Government securities, domestic and foreign short-term debt instruments, letters of credit, time deposits, repurchase agreements, money market mutual funds or other money market accounts, or such other collateral as permitted by the SEC. If the Portfolio is unable to recover a security on loan, the Portfolio may use the collateral to purchase replacement securities in the market. There is a risk that the value of the collateral could decrease below the cost of the replacement security by the time the replacement investment is made, resulting in a loss to the Portfolio.

Upon receipt of cash collateral, Janus Capital may invest it in affiliated or non-affiliated cash management vehicles, whether registered or unregistered entities, as permitted by the 1940 Act and rules promulgated thereunder. Janus Capital currently intends to invest the cash collateral in a cash management vehicle for which Janus Capital serves as investment adviser, Janus Henderson Cash Collateral Fund LLC. An investment in Janus Henderson Cash Collateral Fund LLC is generally subject to the same risks that shareholders experience when investing in similarly structured vehicles, such as the potential for significant fluctuations in assets as a result of the purchase and redemption activity of the securities lending program, a decline in the value of the collateral, and possible liquidity issues. Such risks may delay the return of the cash collateral and cause the Portfolio to violate its agreement to return the cash collateral to a borrower in a timely manner. As adviser to the Portfolio and Janus Henderson Cash Collateral Fund LLC, Janus Capital has an inherent conflict of interest as a result of its fiduciary duties to both the Portfolio and Janus Henderson Cash Collateral Fund LLC. Additionally, Janus Capital receives an investment advisory fee of 0.05% for managing Janus Henderson Cash Collateral Fund LLC, but it may not receive a fee for managing certain other affiliated cash management vehicles in which the Portfolio may invest, and therefore may have an incentive to allocate preferred investment opportunities to investment vehicles for which it is receiving a fee.

The value of the collateral must be at least 102% of the market value of the loaned securities that are denominated in U.S. dollars and 105% of the market value of the loaned securities that are not denominated in U.S. dollars. Loaned securities and related collateral are marked-to-market each business day based upon the market value of the loaned securities at the close of business, employing the most recent available pricing information. Collateral levels are then adjusted based on this mark-to-market evaluation.

The cash collateral invested by Janus Capital is disclosed in the Schedule of Investments (if applicable).

Income earned from the investment of the cash collateral, net of rebates paid to, or fees paid by, borrowers and less the fees paid to the lending agent are included as "Affiliated securities lending income, net" on the Statement of Operations. As of June 30, 2019, securities lending transactions accounted for as secured borrowings with an overnight and continuous contractual maturity are $8,326,440. Gross amounts of recognized liabilities for securities lending (collateral received) as of June 30, 2019 is $8,533,079, resulting in the net amount due to the counterparty of $206,639.

### 4. Investment Advisory Agreements and Other Transactions with Affiliates

The Portfolio pays Janus Capital Management LLC ("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 investment performance of a Portfolio's Service Shares for the performance measurement period is used to calculate the Performance Adjustment. No Performance Adjustment is applied unless the difference between the Portfolio's investment performance and the cumulative investment record of the Portfolio's benchmark index is 0.50% or greater (positive or negative) during the applicable performance measurement period.

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, 2019, the performance adjusted investment advisory fee rate before any waivers and/or reimbursements of expenses is 0.67%.

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 is obligated to provide or arrange for the provision of certain administration, compliance, and accounting services to the Portfolio, including providing office space for the Portfolio, 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 $19,642 was paid to the Chief Compliance Officer and certain compliance staff by the Trust during the period ended June 30, 2019. The Portfolio's portion is reported as part of "Other expenses" 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, 2019 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, foreign currency translations and non-interested Trustees' deferred compensation" on the Statement of Assets and Liabilities. Deferred compensation expenses for the period ended June 30, 2019 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 $231,325 were paid by the Trust to the Trustees under the Deferred Plan during the period ended June 30, 2019.

Pursuant to the provisions of the 1940 Act and related rules, the Portfolio may participate in an affiliated or non-affiliated cash sweep program. In the cash sweep program, uninvested cash balances of the Portfolio may be used to purchase shares of affiliated or non-affiliated money market funds or cash management pooled investment vehicles that operate as money market funds. 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 (the "Sweep Vehicle") is an affiliated unregistered cash management pooled investment vehicle that invests primarily in highly-rated short-term fixed-income securities. The Sweep Vehicle operates as an "institutional" money market fund and prices its shares at NAV reflecting market-based values of its portfolio securities (i.e., a "floating" NAV) rounded to the fourth decimal place (e.g., $1.0000). The Sweep Vehicle is permitted to impose a liquidity fee (of up to 2%) on redemptions from the Sweep Vehicle or a redemption gate that temporarily suspends redemptions from the Sweep Vehicle for up to 10 business days during a 90 day period. There are no restrictions on the Portfolio's ability to withdraw investments from the Sweep Vehicle at will, and there are no unfunded capital commitments due from the Portfolio to the Sweep Vehicle. The units of the Sweep Vehicle 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, 2019 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, 2019, the Portfolio engaged in cross trades amounting to $2,096,751 in purchases.

### 5. 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, 2019 are noted below. The primary difference 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)* |
|---|---|---|---|
| $ 530,397,469 | $325,200,201 | $ (2,310,179) | $ 322,890,022 |

Information on the tax components of derivatives as of June 30, 2019 is as follows:

| *Federal Tax Cost* | *Unrealized Appreciation* | *Unrealized (Depreciation)* | *Net Tax Appreciation/ (Depreciation)* |
|---|---|---|---|
| $ - | $ 10,097 | $ - | $ 10,097 |

Tax cost of investments and unrealized appreciation/(depreciation) may also include timing differences that do not constitute adjustments to tax basis.

### 6. Capital Share Transactions

| | *Period ended June 30, 2019* | | *Year ended December 31, 2018* | |
|---|---|---|---|---|
| | *Shares* | *Amount* | *Shares* | *Amount* |
| Institutional Shares: | | | | |
| Shares sold | 586,146 | $23,816,453 | 809,869 | $33,052,337 |
| Reinvested dividends and distributions | 697,751 | 27,484,409 | 1,145,241 | 44,744,555 |
| Shares repurchased | (1,053,820) | (41,951,724) | (1,434,162) | (57,961,060) |
| Net Increase/(Decrease) | 230,077 | $ 9,349,138 | 520,948 | $19,835,832 |
| Service Shares: | | | | |
| Shares sold | 509,584 | $18,832,594 | 1,082,691 | $41,434,913 |
| Reinvested dividends and distributions | 1,141,833 | 42,122,223 | 1,900,851 | 70,046,355 |
| Shares repurchased | (1,091,983) | (41,543,410) | (2,434,969) | (92,751,165) |
| Net Increase/(Decrease) | 559,434 | $19,411,407 | 548,573 | $18,730,103 |

### 7. Purchases and Sales of Investment Securities

For the period ended June 30, 2019, 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* |
|---|---|---|---|
| $140,709,081 | $ 185,126,544 | $ - | $ - |

### 8. 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 portfolios with fiscal years ending after December 15, 2018. Management is currently evaluating the impacts of ASU 2017-08 on the Portfolio's financial statements.

The FASB issued Accounting Standards Update 2018-13, *Fair Value Measurement (Topic 820),* in August 2018. The new guidance removes, modifies and enhances the disclosures to Topic 820. For public entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. An entity is permitted, and Management has decided, to early adopt the removed and modified disclosures in these financial statements.

### 9. Subsequent Event

Management has evaluated whether any events or transactions occurred subsequent to June 30, 2019 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

The Trustees of Janus Aspen Series, each of whom serves as an "independent" Trustee (the "Trustees"), oversee the management of each Portfolio of Janus Aspen Series (each, a "VIT Portfolio," and collectively, the "VIT Portfolios"), as well as each Fund of Janus Investment Fund (together with the VIT Portfolios, the "Janus Henderson Funds," and each, a "Janus Henderson Fund"). As required by law, the Trustees determine annually whether to continue the investment advisory agreement for each Janus Henderson Fund and the subadvisory agreement for each Janus Henderson Funds that utilizes a subadviser.

In connection with their most recent consideration of those agreements for each Janus Henderson Fund, the Trustees received and reviewed information provided by Janus Capital and each subadviser 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 the information provided, and also met separately in executive session with their independent legal counsel and their independent fee consultant.

At a meeting held on December 6, 2018, 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 Janus Henderson 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 Janus Henderson Fund, and the subadvisory agreement for each subadvised Janus Henderson Fund, for the period from February 1, 2019 through February 1, 2020, 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, refer to actual annual advisory fees (and, for the purposes of peer comparisons any administration fees excluding out of pocket costs), net of any waivers, paid by a fund as a percentage of average net assets.

***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 Janus Henderson Funds, taking into account the investment objective, strategies and policies of each Janus Henderson 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 Janus Henderson 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 Janus Henderson Funds. The Trustees also considered other services provided to the Janus Henderson 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 Janus Henderson 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 Janus Henderson Funds' investment restrictions, providing support services for the Trustees and Trustee committees, and overseeing communications with fund shareholders and the activities of other service providers, including monitoring compliance with various policies and procedures of the Janus Henderson 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 Janus Henderson Funds and fund shareholders, ranging from investment management services to various other servicing functions, and that, in its view, Janus Capital is a capable provider of those services. The independent fee consultant also expressed the view 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 and the subadviser to each Janus Henderson Fund that utilizes a subadviser were appropriate and consistent with the terms of the respective investment advisory and subadvisory agreements, and that, taking into account steps taken to address those Janus Henderson Funds whose performance lagged that of their peers for certain periods, the Janus Henderson 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 Janus Henderson Funds effectively and had demonstrated its ability to attract well-qualified personnel.

***Performance of the Funds***

The Trustees considered the performance results of each Janus Henderson Fund over various time periods. They noted that they considered Janus Henderson Fund performance data throughout the year, including periodic meetings with each Janus Henderson Fund's portfolio manager(s), and also reviewed information comparing each Janus Henderson 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 Janus Henderson Fund's benchmark index. In this regard, the independent fee consultant found that the overall Janus Henderson Funds' performance has been reasonable: for the 36 months ended September 30, 2018, approximately 48% of the Janus Henderson Funds were in the top two quartiles of performance, as reported by Morningstar, and for the 12 months ended September 30, 2018, approximately 56% of the Janus Henderson Funds were in the top two quartiles of performance, as reported by Morningstar.

The Trustees considered the performance of each Janus Henderson Fund, noting that performance may vary by share class, and noted the following with respect to the VIT Portfolios:

- 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, 2018 and the first Broadridge quartile for the 12 months ended May 31, 2018.
- 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, 2018 and the second Broadridge quartile for the 12 months ended May 31, 2018.
- 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, 2018 and the bottom Broadridge quartile for the 12 months ended May 31, 2018. 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 third Broadridge quartile for the 36 months ended May 31, 2018 and the third Broadridge quartile for the 12 months ended May 31,

2018. 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 Research Portfolio, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2018 and the third Broadridge quartile for the 12 months ended May 31, 2018. 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 first Broadridge quartile for the 36 months ended May 31, 2018 and the first Broadridge quartile for the 12 months ended May 31, 2018.
- For Janus Henderson Global Unconstrained Bond Portfolio, the Trustees noted that the Fund's performance was in the bottom Broadridge quartile for the 36 months ended May 31, 2018 and the bottom Broadridge quartile for the 12 months ended May 31, 2018. 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 Mid Cap Value Portfolio, the Trustees noted that the Fund's performance was in the second Broadridge quartile for the 36 months ended May 31, 2018 and the bottom Broadridge quartile for the 12 months ended May 31, 2018.
- 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, 2018 and the second Broadridge quartile for the 12 months ended May 31, 2018. 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 third Broadridge quartile for the 36 months ended May 31, 2018 and the third Broadridge quartile for the 12 months ended May 31, 2018. 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 U.S. Low Volatility Portfolio, the Trustees noted that the Fund's performance was in the third Broadridge quartile for the 36 months ended May 31, 2018 and the bottom Broadridge quartile for the 12 months ended May 31, 2018. 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.

In consideration of each Janus Henderson 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 Janus Henderson Fund's performance warranted continuation of such Janus Henderson Fund's investment advisory and subadvisory agreement(s).

***Costs of Services Provided***

The Trustees examined information regarding the fees and expenses of each Janus Henderson 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 management fee rate (investment advisory and any administration fees, but excluding out-of-pocket costs) for many of the Janus Henderson Funds, net of waivers, was below the average management fee rate of the respective peer group of funds selected by Broadridge. 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 Janus Henderson Fund. The Trustees also considered the total expenses for each share class of each Janus Henderson 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 expressed the view that the management fees charged by Janus Capital to each of the Janus Henderson Funds under the current investment advisory and administration agreements are reasonable in relation to the services provided by Janus Capital. At the fund complex level, the independent fee consultant found: (1)

the total expenses and management fees of the Janus Henderson Funds to be reasonable relative to other mutual funds; (2) total expenses, on average, were 10% under the average total expenses for the respective Broadridge Expense Group peers and 19% under the average total expenses for the respective Broadridge Expense Universes; (3) management fees for the Janus Henderson Funds, on average, were 8% under the average management fees for the respective Expense Groups and 10% under the average for the respective Expense Universes; and (4) Janus Henderson Fund expenses by function for each asset and share class category were reasonable relative to peer benchmarks.

The independent fee consultant concluded that, based on its strategic review of expenses at the complex, category and individual share class level, Janus Henderson Fund expenses were found to be reasonable relative to peer benchmarks. Further, for certain Janus Henderson Funds, the independent fee consultant also performed a systematic "focus list" analysis of expenses in the context of the performance or service delivered to investors in each Janus Henderson Fund. Based on this analysis, the independent fee consultant found that the combination of service quality/performance and expenses on these individual Janus Henderson Funds were reasonable in light of performance trends, performance histories, and existence of performance fees, breakpoints, and expense waivers on such "focus list" 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 comparable subadvisory and separate account fee rates for various investment strategies were lower than management fee rates for Janus Henderson Funds having a similar strategy, while subadviser fee rates charged to the Janus Henderson Funds were generally within a reasonable range of the fee rates that the subadviser charges to comparable separate account clients or non-affiliated funds. The Trustees considered that Janus Capital noted that, under the terms of the management agreements with the Janus Henderson Funds, Janus Capital performs significant additional services for the Janus Henderson Funds that it does not provide to those other clients, including administration services, oversight of the Janus Henderson Funds' other service providers, trustee support, regulatory compliance and numerous other services, and that, in serving the Janus Henderson Funds, Janus Capital assumes many legal risks and other costs that it does not assume in servicing its other clients. Moreover, the Trustees noted that the independent fee consultant found that: (1) the management fees Janus Capital charges to the Janus Henderson 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 Henderson mutual fund investors enjoy reasonable fees relative to the fees charged to Janus Henderson institutional and subadvised fund investors; (4) in three of five product categories, the Janus Henderson Funds receive proportionally better pricing than the industry in relation to Janus Henderson institutional clients; and (5) in six of seven strategies, Janus Capital has lower management fees than the management fees charged to funds subadvised by Janus Capital.

The Trustees considered the fees for each Janus Henderson Fund for its fiscal year ended in 2017, including the VIT Portfolios, and noted the following with regard to each VIT Portfolio's total expenses, net of applicable fee waivers (the VIT Portfolio's "total expenses"):

- 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 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 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 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 Janus Henderson Funds, and considered profitability data of other publicly traded fund managers. 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, differences in complex size, differences in product mix, differences in types of business (mutual fund, institutional and other), differences in the methodology for allocating expenses, and the fund manager's capital structure and cost of capital.

Additionally, the Trustees considered the estimated profitability to Janus Capital from the investment management services it provides to each Janus Henderson Fund. In their review, the Trustees considered whether Janus Capital and each subadviser receive adequate incentives and resources to manage the Janus Henderson Funds effectively. In reviewing profitability, the Trustees noted that the estimated profitability for an individual Janus Henderson 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 Janus Henderson Fund was reasonable. The Trustees also considered that the estimated profitability for an individual Janus Henderson 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 Janus Henderson 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 Janus Henderson Fund was not unreasonable in relation to the services provided, and that the variation in the range of such estimated profitability among the Janus Henderson Funds was not a material factor in the Board's approval of the reasonableness of any Janus Henderson Fund's investment management fees.

The Trustees concluded that the management fees payable by each Janus Henderson Fund to Janus Capital, as well as the fees paid by Janus Capital to the subadvisers of subadvised Janus Henderson 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 Janus Henderson Funds. The Trustees also concluded that each Janus Henderson Fund's total expenses were reasonable, taking into account the size of the Janus Henderson Fund, the quality of services provided by Janus Capital and any subadviser, the investment performance of the Janus Henderson 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 Janus Henderson Funds increase. They noted the independent fee consultant's analysis of economies of scale in prior years. They also noted that, although many Janus Henderson Funds pay advisory fees at a base fixed rate as a percentage of net assets, without any breakpoints or performance fees, the independent fee consultant concluded that 74% of these Janus Henderson Funds' share classes have contractual management fees (gross of waivers) below their Broadridge Expense Group averages. They also noted that for those Janus Henderson Funds whose expenses are being reduced by contractual expense limitations with Janus Capital, Janus Capital is subsidizing certain of these Janus Henderson Funds because they have not reached adequate scale. Moreover, as the assets of some of the Janus Henderson Funds have declined in the past few years, certain Janus Henderson 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 Janus Henderson Funds that have caused the effective rate of advisory fees payable by such a Janus Henderson Fund to vary depending on the investment performance of the Janus Henderson Fund relative to its benchmark index over the measurement period; and a few Janus Henderson Funds have fee schedules with breakpoints and reduced fee rates above certain asset levels. The Trustees also noted that the Janus Henderson 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 Janus Henderson Funds.

The Trustees also considered information provided by the independent fee consultant, which 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 Henderson complex. The independent consultant further 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 Janus Henderson Funds which have not yet achieved those economies and (2) by setting lower fixed fees from the start on these Janus Henderson Funds, Janus Capital appeared to be investing to increase the likelihood that these Janus Henderson Funds will grow to a level to achieve any scale economies that may exist. Further, the independent fee consultant expressed the view that Janus Henderson Fund investors are well-served by the performance fee structures in place on the Janus Henderson Funds in light of any economies of scale that may be present at Janus Capital.

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 Janus Henderson Fund was reasonable and that the current rates of fees do reflect a sharing between Janus Capital and the Janus Henderson Fund of any economies of scale that may be present at the current asset level of the Janus Henderson Fund.

***Other Benefits to Janus Capital***

The Trustees also considered benefits that accrue to Janus Capital and its affiliates and subadvisers to the Janus Henderson Funds from their relationships with the Janus Henderson Funds. They recognized that two affiliates of Janus Capital separately serve the Janus Henderson Funds as transfer agent and distributor, respectively, and the transfer agent receives compensation directly from the non-money market funds for services provided, and that such compensation contributes to the overall profitability of Janus Capital and its affiliates that results from their relationship with the Janus Henderson Funds. The Trustees also considered Janus Capital's and each subadviser's past and proposed use of commissions paid by the Janus Henderson Funds on portfolio brokerage transactions to obtain proprietary and third-party research products and services benefiting the Janus Henderson Fund and/or other clients of Janus Capital and/or Janus Capital, and/or a subadviser to a Janus Henderson 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 likely to benefit each Janus Henderson 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 Janus Henderson Fund therefor, the Janus Henderson 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 its affiliates 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 the Janus Henderson Funds and other clients serviced by Janus Capital and its affiliates. They also concluded that Janus Capital and/or the subadvisers benefit from the receipt of research products and services acquired through commissions paid on portfolio transactions of the Janus Henderson Funds and that the Janus Henderson 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 certain other clients of Janus Capital and/or other clients of the subadvisers. They further concluded that the success of any Janus Henderson Fund could attract other business to Janus Capital, the subadvisers or other Janus Henderson funds, and that the success of Janus Capital and the subadvisers could enhance Janus Capital's and the subadvisers' ability to serve the Janus Henderson 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, 2019. 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.

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.*



Janus Henderson Distributors

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PIMCO

PIMCO VARIABLE INSURANCE TRUST

# Semiannual Report

June 30, 2019

PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Portfolio's annual and semi-annual shareholder reports will no longer be sent by mail from the insurance company that offers your contract unless you specifically request paper copies of the reports from the insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a website, and the insurance company will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the insurance company electronically by following the instructions provided by the insurance company.

You may elect to receive all future reports in paper free of charge from the insurance company. You should contact the insurance company if you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all portfolio companies available under your contract at the insurance company.

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* Prior to July 30, 2018, the PIMCO International Bond Portfolio (U.S. Dollar-Hedged) was named the PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged).

## Dear PIMCO Variable Insurance Trust Shareholder,

Following this letter is the PIMCO Variable Insurance Trust Semiannual Report, which covers the six-month reporting period ended June 30, 2019. On the subsequent pages you will find specific details regarding investment results and discussion of the factors that most affected performance during the reporting period.

## For the six-month reporting period ended June 30, 2019

The U.S. economy continued to expand during the reporting period. Looking back, U.S. gross domestic product ("GDP") grew at an annual pace of 2.2% during the fourth quarter of 2018. For the first quarter of 2019, GDP growth rose to an annual pace of 3.1%. Finally, the Commerce Department's initial reading for second quarter 2019 GDP, released after the reporting period ended, showed that the U.S. economy grew at a 2.1% annual pace.

After raising rates four times in 2018, the Federal Reserve (the "Fed") reversed course and had a "dovish pivot." With its December 2018 rate hike, the Fed increased the federal funds rate to a range between 2.25% and 2.50%. However, at its meeting in January 2019, the Fed tapered its expectations for the pace of rate hikes in 2019. Then, after the Fed's meeting in June 2019, Fed Chair Jerome Powell said, "The case for somewhat more accommodative policy has strengthened." This stance was partially attributed to trade tensions and signs of slowing global growth, including weakening manufacturing data. Finally, at its meeting that concluded on July 31, 2019, after the reporting period ended, the Fed lowered the federal funds rate to a range between 2.00% and 2.25%. This represented the Fed's first rate cut since 2008.

Growth outside the U.S. continued, but the pace generally moderated. According to the International Monetary Fund ("IMF"), global growth is projected to be 3.3% in 2019, versus 3.6% in 2018. From a regional perspective, the U.S. economy is expected to expand 2.3% in 2019, compared to 2.9% in the prior year. Elsewhere, the IMF anticipates 2019 GDP growth in the eurozone, UK and Japan will be 1.3%, 1.2% and 1.0%, respectively. For comparison purposes, these economies expanded 1.8%, 1.4% and 0.8%, respectively, in 2018.

Against this backdrop, the European Central Bank (the "ECB") and the Bank of Japan largely maintained their highly accommodative monetary policies. The ECB ended its quantitative easing program in December 2018 and indicated that it does not expect to raise interest rates, "at least through the first half of 2020." Meanwhile, the Bank of England kept rates on hold for the reporting period.

Both short- and long-term U.S. Treasury yields declined. In our view, falling rates were partially due to signs of moderating global growth, the Fed's dovish pivot and periods of investor risk aversion. The yield on the two-year U.S. Treasury note was 1.75% at the end of the reporting period, compared to 2.48% on December 31, 2018. Meanwhile, the yield on the benchmark 10-year U.S. Treasury note was 2.00% at the end of the reporting period, versus 2.69% on December 31, 2018. The Bloomberg Barclays Global Treasury Index (USD hedged), which tracks fixed-rate, local-currency government debt of investment grade countries, including both developed and emerging markets, returned 5.52%. Meanwhile, the Bloomberg Barclays Global Aggregate Credit Index (USD hedged), a widely used index of global investment grade credit bonds, returned 8.22%. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, also generated positive results. The ICE BofAML Developed Markets High Yield Constrained Index (USD hedged), a widely used index of below investment grade bonds, returned 10.05%, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global (USD hedged), returned 10.60%. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned 8.72%.

Global equities also produced strong results. Despite periods of volatility, U.S. equities moved sharply higher. We believe this rally was driven by a number of factors, including corporate profits that often exceeded expectations and a more accommodative Fed. All told, U.S. equities, as represented by the S&P 500 Index, returned 18.54%. Emerging market equities, as measured by the MSCI Emerging Markets Index, returned 10.59%, whereas global equities, as represented by the MSCI World Index, returned 16.98%. Meanwhile, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned 7.53%, and European equities, as represented by the MSCI Europe Index (in EUR), returned 16.24%.

Commodity prices fluctuated and largely moved higher. When the reporting period began, Brent crude oil was approximately $54 a barrel, but by the end, it was roughly $67 a barrel. Elsewhere, gold and copper prices also rose.

Finally, there were periods of volatility in the foreign exchange markets, due in part to signs of moderating global growth and changing central bank monetary policies, along with a number of geopolitical events. The U.S. dollar strengthened against a number of other major currencies. For example, the U.S. dollar returned 0.82% and 0.45% versus the euro and British pound, respectively. However, the U.S. dollar fell 1.71% versus the Japanese yen.

Thank you for the assets you have placed with us. We deeply value your trust, and we will continue to work diligently to meet your broad investment needs.

Sincerely,

Peter G. Strelow
Chairman of the Board
PIMCO Variable Insurance Trust

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 United States and many parts of the world, including certain European countries, are at or near historically low levels. Thus, the Portfolio currently faces a heightened level of interest rate risk, especially as the Federal Reserve Board ended its quantitative easing program in October 2014 and raised interest rates several times thereafter before lowering them in July 2019. Interest rates may change in the future depending upon the Federal Reserve Board's view of economic growth, inflation, employment and other market factors. To the extent the Federal Reserve Board raises 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.

With respect to certain securities, the Portfolio may make different asset class, sector or geographical classifications for the purpose of monitoring compliance with investment guidelines than the classifications disclosed in this report.

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.

The Portfolio may have significant exposure to issuers in the United Kingdom. The United Kingdom's decision to leave the European Union may impact Portfolio returns. This decision may cause substantial volatility in foreign exchange markets, lead to weakness in the exchange rate of the British pound, result in a sustained period of market uncertainty, and destabilize some or all of the other European Union member countries and/or the Eurozone.

The Portfolio may invest in certain instruments that rely in some fashion upon the London Interbank Offered Rate ("LIBOR"). LIBOR is an average interest rate, determined by the ICE Benchmark Administration, that banks charge one another for the use of short-term money. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, has announced plans to phase out the use of LIBOR by the end of 2021. There remains uncertainty regarding future utilization of LIBOR and the nature of any replacement rate, and any potential effects of the transition away from LIBOR on the Portfolio or on certain instruments in which the Portfolio invests are not known.

Under the direction of the Federal Housing Finance Agency, the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") have entered into a joint initiative to develop a common securitization platform for the issuance of a uniform mortgage-backed security (the "Single Security Initiative") that aligns the characteristics of FNMA and FHLMC certificates. The Single Security Initiative was implemented on June 3, 2019, and the effects it may have on the market for mortgage-backed securities are uncertain.

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 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.

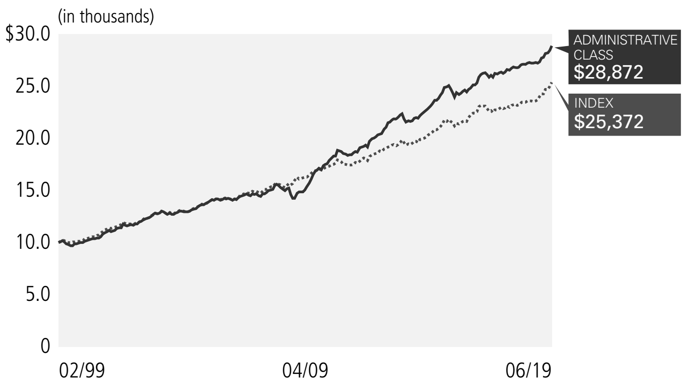
PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. 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 Portfolio files a complete schedule of its portfolio holdings with the SEC for the first and third quarters of its fiscal year on Form N-PORT. The Portfolio's Form N-PORT reports are available on the SEC's website at www.sec.gov and are available without charge, upon request by calling the Portfolio at (888) 87-PIMCO. Prior to its use of Form N-PORT, the Portfolio filed its complete schedule of its portfolio holdings with the SEC on Form N-Q, which is available online at www.sec.gov.

The SEC adopted a rule that, beginning in 2021, generally will allow shareholder reports to be delivered 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. Instructions for electing to receive paper copies of the Portfolio's shareholder reports going forward may be found on the front cover of this report.

The SEC adopted amendments to certain disclosure requirements relating to open-end investment companies' liquidity risk management programs. Effective December 1, 2019, large fund complexes will be required to include in their shareholder reports a discussion of their liquidity risk management programs' operations over the past year.

## Cumulative Returns Through June 30, 2019




$10,000 invested at the end of the month when the Portfolio's Administrative Class commenced operations.

## Geographic Breakdown as of 06/30/2019†§

| | |
|---|---|
| United States‡ | 43.3% |
| Japan | 10.8% |
| United Kingdom | 8.2% |
| Spain | 4.0% |
| Denmark | 3.6% |
| Sweden | 3.3% |
| Cayman Islands | 3.0% |
| China | 2.9% |
| Italy | 2.5% |
| France | 2.3% |
| Germany | 2.2% |
| Canada | 1.8% |
| South Korea | 1.7% |
| Netherlands | 1.4% |
| Qatar | 1.4% |
| Saudi Arabia | 1.2% |
| Ireland | 1.2% |
| Other | 4.8% |

† % of Investments, at value.

§ Geographic Breakdown and % of investments exclude securities sold short and 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, 2019

| | | 6 Months* | 1 Year | 5 Years | 10 Years | Inception≈ |
|---|---|---|---|---|---|---|
| | PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Institutional Class | 5.71% | 6.36% | 4.74% | 6.43% | 5.73% |
| — | PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Administrative Class | 5.64% | 6.20% | 4.58% | 6.27% | 5.33% |
| | PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Advisor Class | 5.58% | 6.10% | 4.48% | — | 4.65% |
| ..... | Bloomberg Barclays Global Aggregate ex-USD (USD Hedged) Index± | 5.79% | 7.61% | 4.43% | 4.44% | 4.68%♦ |

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 0.81% for Institutional Class shares, 0.96% for Administrative Class shares, and 1.06% 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 total 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:

» Overweight exposure to core eurozone duration contributed to relative performance, as core eurozone yields — as shown by the euro swaps curve — fell.

» Overweight exposure to duration in the United States contributed to relative performance, as yields fell.

» Holdings of emerging market external debt contributed to relative performance, as spreads tightened. The JP Morgan Emerging Market Bond Index, which generally tracks the spread of emerging market external debt, fell.

» Underweight exposure to duration in peripheral eurozone countries, specifically Italy, detracted from relative performance, as yields fell.

» Underweight exposure to duration in the United Kingdom and Japan detracted from relative performance, as yields fell.

# Expense Example PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

## Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including investment advisory fees, supervisory and administrative 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, 2019 to June 30, 2019 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 investment advisory fees and supervisory and administrative 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 (01/01/19)** | **Ending Account Value (06/30/19)** | **Expenses Paid During Period*** | **Beginning Account Value (01/01/19)** | **Ending Account Value (06/30/19)** | **Expenses Paid During Period*** | **Net Annualized Expense Ratio**** |
| Institutional Class | $ 1,000.00 | $ 1,057.20 | $ 4.11 | $ 1,000.00 | $ 1,020.66 | $ 4.04 | 0.81% |
| Administrative Class | 1,000.00 | 1,056.40 | 4.87 | 1,000.00 | 1,019.92 | 4.78 | 0.96 |
| Advisor Class | 1,000.00 | 1,055.90 | 5.37 | 1,000.00 | 1,019.43 | 5.28 | 1.06 |

* 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 180/365 (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 Gain | Less Distributions[(b)]: Total |
|---|---|---|---|---|---|---|---|
| Institutional Class | | | | | | | |
| 01/01/2019 - 06/30/2019+ | $ 10.84 | $ 0.11 | $ 0.51 | $ 0.62 | $ (0.11) | $ (0.08) | $ (0.19) |
| 12/31/2018 | 10.79 | 0.20 | 0.05 | 0.25 | (0.16) | (0.04) | (0.20) |
| 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) |
| Administrative Class | | | | | | | |
| 01/01/2019 - 06/30/2019+ | 10.84 | 0.10 | 0.51 | 0.61 | (0.10) | (0.08) | (0.18) |
| 12/31/2018 | 10.79 | 0.18 | 0.05 | 0.23 | (0.14) | (0.04) | (0.18) |
| 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) |
| Advisor Class | | | | | | | |
| 01/01/2019 - 06/30/2019+ | 10.84 | 0.10 | 0.51 | 0.61 | (0.10) | (0.08) | (0.18) |
| 12/31/2018 | 10.79 | 0.17 | 0.05 | 0.22 | (0.13) | (0.04) | (0.17) |
| 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 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 |
| $ 11.27 | 5.71% | $ 8,398 | 0.81%* | 0.81%* | 0.75%* | 0.75%* | 2.06%* | 117% |
| 10.84 | 2.27 | 7,483 | 0.81 | 0.81 | 0.75 | 0.75 | 1.85 | 185 |
| 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 |
| | | | | | | | | |
| 11.27 | 5.64 | 85,246 | 0.96* | 0.96* | 0.90* | 0.90* | 1.91* | 117 |
| 10.84 | 2.12 | 78,640 | 0.96 | 0.96 | 0.90 | 0.90 | 1.70 | 185 |
| 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 |
| | | | | | | | | |
| 11.27 | 5.58 | 470,128 | 1.06* | 1.06* | 1.00* | 1.00* | 1.80* | 117 |
| 10.84 | 2.02 | 444,881 | 1.06 | 1.06 | 1.00 | 1.00 | 1.59 | 185 |
| 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) June 30, 2019 (Unaudited)

| (Amounts in thousands†, except per share amounts) | |
|---|---|
| **Assets:** | |
| *Investments, at value* | |
| Investments in securities* | $ 667,977 |
| Investments in Affiliates | 29,045 |
| *Financial Derivative Instruments* | |
| Exchange-traded or centrally cleared | 1,149 |
| Over the counter | 2,468 |
| Cash | 1 |
| Deposits with counterparty | 2,515 |
| Foreign currency, at value | 3,422 |
| Receivable for investments sold | 13,522 |
| Receivable for TBA investments sold | 104,274 |
| Receivable for Portfolio shares sold | 308 |
| Interest and/or dividends receivable | 3,358 |
| Dividends receivable from Affiliates | 74 |
| Other assets | 1 |
| **Total Assets** | 828,114 |
| **Liabilities:** | |
| *Borrowings & Other Financing Transactions* | |
| Payable for reverse repurchase agreements | $ 25,664 |
| Payable for sale-buyback transactions | 1,070 |
| Payable for short sales | 9,636 |
| *Financial Derivative Instruments* | |
| Exchange-traded or centrally cleared | 324 |
| Over the counter | 6,023 |
| Payable for investments purchased | 20,466 |
| Payable for investments in Affiliates purchased | 74 |
| Payable for TBA investments purchased | 199,651 |
| Deposits from counterparty | 972 |
| Payable for Portfolio shares redeemed | 36 |
| Accrued investment advisory fees | 107 |
| Accrued supervisory and administrative fees | 215 |
| Accrued distribution fees | 89 |
| Accrued servicing fees | 10 |
| Other liabilities | 5 |
| **Total Liabilities** | 264,342 |
| **Net Assets** | $ 563,772 |
| **Net Assets Consist of:** | |
| Paid in capital | $ 539,532 |
| Distributable earnings (accumulated loss) | 24,240 |
| **Net Assets** | $ 563,772 |
| **Net Assets:** | |
| Institutional Class | $ 8,398 |
| Administrative Class | 85,246 |
| Advisor Class | 470,128 |
| **Shares Issued and Outstanding:** | |
| Institutional Class | 745 |
| Administrative Class | 7,567 |
| Advisor Class | 41,734 |
| **Net Asset Value Per Share Outstanding:** | |
| Institutional Class | $ 11.27 |
| Administrative Class | 11.27 |
| Advisor Class | 11.27 |
| Cost of investments in securities | $ 651,260 |
| Cost of investments in Affiliates | $ 29,142 |
| Cost of foreign currency held | $ 3,432 |
| Proceeds received on short sales | $ 9,380 |
| Cost or premiums of financial derivative instruments, net | $ 5,687 |
| * Includes repurchase agreements of: | $ 1,061 |

† 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, 2019 (Unaudited) |
|---|---|
| **Investment Income:** | |
| Interest, net of foreign taxes* | $ 7,223 |
| Dividends | 7 |
| Dividends from Investments in Affiliates | 461 |
| Total Income | 7,691 |
| **Expenses:** | |
| Investment advisory fees | 672 |
| Supervisory and administrative fees | 1,343 |
| Servicing fees - Administrative Class | 61 |
| Distribution and/or servicing fees - Advisor Class | 560 |
| Trustee fees | 4 |
| Interest expense | 154 |
| Miscellaneous expense | 1 |
| Total Expenses | 2,795 |
| **Net Investment Income (Loss)** | 4,896 |
| **Net Realized Gain (Loss):** | |
| Investments in securities | 1,262 |
| Investments in Affiliates | (5) |
| Exchange-traded or centrally cleared financial derivative instruments | 6,733 |
| Over the counter financial derivative instruments | 7,216 |
| Short sales | (891) |
| Foreign currency | (3,578) |
| **Net Realized Gain (Loss)** | 10,737 |
| **Net Change in Unrealized Appreciation (Depreciation):** | |
| Investments in securities | 19,193 |
| Investments in Affiliates | 9 |
| Exchange-traded or centrally cleared financial derivative instruments | (4,956) |
| Over the counter financial derivative instruments | (293) |
| Short sales | (309) |
| Foreign currency assets and liabilities | 294 |
| **Net Change in Unrealized Appreciation (Depreciation)** | 13,938 |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | $ 29,571 |
| * Foreign tax withholdings | $ 4 |

† 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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| **Increase (Decrease) in Net Assets from:** | | |
| **Operations:** | | |
| Net investment income (loss) | $ 4,896 | $ 8,604 |
| Net realized gain (loss) | 10,737 | 19,859 |
| Net change in unrealized appreciation (depreciation) | 13,938 | (17,696) |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | 29,571 | 10,767 |
| **Distributions to Shareholders:** | | |
| From net investment income and/or net realized capital gains | | |
| Institutional Class | (135) | (130) |
| Administrative Class | (1,346) | (1,265) |
| Advisor Class | (7,133) | (6,925) |
| **Total Distributions[(a)]** | (8,614) | (8,320) |
| **Portfolio Share Transactions:** | | |
| Net increase (decrease) resulting from Portfolio share transactions* | 11,811 | 13,318 |
| **Total Increase (Decrease) in Net Assets** | 32,768 | 15,765 |
| **Net Assets:** | | |
| Beginning of period | 531,004 | 515,239 |
| End of period | $ 563,772 | $ 531,004 |

† 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 118.5%** | | |
| **ARGENTINA 0.1%** | | |
| **SOVEREIGN ISSUES 0.1%** | | |
| **Argentina Government International Bond** | | |
| 3.375% due 01/15/2023 | EUR 200 | $ 178 |
| 52.006% (BADLARPP + 2.000%) due 04/03/2022 ~(a) | ARS 8,070 | 164 |
| 63.705% due 06/21/2020 ~(a) | 15,250 | 350 |
| **Total Argentina (Cost $1,390)** | | **692** |
| **AUSTRALIA 0.2%** | | |
| **ASSET-BACKED SECURITIES 0.1%** | | |
| **Driver Australia Trust** | | |
| 2.810% due 07/21/2026 | AUD 585 | 410 |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **Sydney Airport Finance Co. Pty. Ltd.** | | |
| 3.900% due 03/22/2023 | $ 300 | 313 |
| **SOVEREIGN ISSUES 0.0%** | | |
| **New South Wales Treasury Corp.** | | |
| 2.750% due 11/20/2025 (f) | AUD 131 | 107 |
| **Total Australia (Cost $892)** | | **830** |
| **BRAZIL 0.5%** | | |
| **CORPORATE BONDS & NOTES 0.5%** | | |
| **Petrobras Global Finance BV** | | |
| 5.999% due 01/27/2028 | $ 1,517 | 1,615 |
| 6.125% due 01/17/2022 | 102 | 109 |
| 7.375% due 01/17/2027 | 1,200 | 1,381 |
| **Total Brazil (Cost $2,874)** | | **3,105** |
| **CANADA 2.2%** | | |
| **CORPORATE BONDS & NOTES 1.6%** | | |
| **Air Canada Pass-Through Trust** | | |
| 3.300% due 07/15/2031 | $ 97 | 99 |
| **Bank of Nova Scotia** | | |
| 1.875% due 04/26/2021 | 1,200 | 1,196 |
| **Canadian Imperial Bank of Commerce** | | |
| 3.150% due 06/27/2021 | 500 | 510 |
| **Enbridge, Inc.** | | |
| 2.984% due 01/10/2020 ~ | 1,200 | 1,200 |
| 3.110% (US0003M + 0.700%) due 06/15/2020 ~ | 400 | 401 |
| **Fairfax Financial Holdings Ltd.** | | |
| 2.750% due 03/29/2028 | EUR 500 | 610 |
| **HSBC Bank Canada** | | |
| 3.300% due 11/28/2021 | $ 1,200 | 1,236 |
| **Royal Bank of Canada** | | |
| 2.200% due 09/23/2019 | 400 | 400 |
| 2.300% due 03/22/2021 | 800 | 804 |
| **Toronto-Dominion Bank** | | |
| 2.250% due 03/15/2021 | 800 | 802 |
| 2.500% due 01/18/2023 | 2,000 | 2,023 |
| | | 9,281 |
| **NON-AGENCY MORTGAGE-BACKED SECURITIES 0.2%** | | |
| **Canadian Mortgage Pools** | | |
| 2.078% due 06/01/2020 | CAD 149 | 114 |
| 2.278% due 07/01/2020 | 424 | 324 |
| 2.278% due 08/01/2020 | 166 | 127 |
| **Real Estate Asset Liquidity Trust** | | |
| 3.072% due 08/12/2053 | 539 | 419 |
| | | 984 |
| **SOVEREIGN ISSUES 0.4%** | | |
| **Canadian Government Real Return Bond** | | |
| 1.500% due 12/01/2044 (f) | CAD 471 | $ 461 |
| **Province of Alberta** | | |
| 1.250% due 06/01/2020 | 1,100 | 836 |
| **Province of Ontario** | | |
| 6.200% due 06/02/2031 | 100 | 108 |
| **Province of Quebec** | | |
| 3.000% due 09/01/2023 | 1,100 | 882 |
| | | 2,287 |
| **Total Canada (Cost $12,422)** | | **12,552** |
| **CAYMAN ISLANDS 3.7%** | | |
| **ASSET-BACKED SECURITIES 2.5%** | | |
| **Avery Point CLO Ltd.** | | |
| 3.721% due 01/18/2025 • | $ 536 | 537 |
| **Cent CLO Ltd.** | | |
| 3.667% due 10/15/2026 • | 1,400 | 1,400 |
| **Dryden Senior Loan Fund** | | |
| 3.497% due 10/15/2027 • | 1,200 | 1,198 |
| **Evans Grove CLO Ltd.** | | |
| 3.441% due 05/28/2028 • | 300 | 298 |
| **Flagship Ltd.** | | |
| 3.712% due 01/20/2026 • | 430 | 430 |
| **LCM LP** | | |
| 3.632% due 10/20/2027 • | 1,400 | 1,400 |
| **Marathon CLO Ltd.** | | |
| 3.392% due 11/21/2027 • | 1,300 | 1,295 |
| **Mountain View CLO Ltd.** | | |
| 3.397% due 10/15/2026 • | 276 | 275 |
| **Oaktree CLO Ltd.** | | |
| 3.812% due 10/20/2026 • | 1,732 | 1,734 |
| **Octagon Investment Partners Ltd.** | | |
| 3.697% due 04/15/2026 • | 515 | 515 |
| **Staniford Street CLO Ltd.** | | |
| 3.590% due 06/15/2025 • | 392 | 393 |
| **THL Credit Wind River CLO Ltd.** | | |
| 0.000% due 01/15/2026 •(b) | 1,400 | 1,400 |
| **Tralee CLO Ltd.** | | |
| 3.702% due 10/20/2028 • | 1,300 | 1,297 |
| **Venture CLO Ltd.** | | |
| 3.667% due 04/15/2027 | 300 | 299 |
| **WhiteHorse Ltd.** | | |
| 3.518% due 04/17/2027 • | 300 | 300 |
| **Zais CLO Ltd.** | | |
| 3.747% due 04/15/2028 • | 1,400 | 1,403 |
| | | 14,174 |
| **CORPORATE BONDS & NOTES 1.2%** | | |
| **Goodman HK Finance** | | |
| 4.375% due 06/19/2024 | 300 | 315 |
| **KSA Sukuk Ltd.** | | |
| 2.894% due 04/20/2022 | 500 | 506 |
| **QNB Finance Ltd.** | | |
| 3.872% due 05/31/2021 ~ | 4,500 | 4,562 |
| **Sands China Ltd.** | | |
| 4.600% due 08/08/2023 | 300 | 316 |
| 5.125% due 08/08/2025 | 200 | 215 |
| 5.400% due 08/08/2028 | 500 | 544 |
| **Tencent Holdings Ltd.** | | |
| 3.595% due 01/19/2028 | 200 | 204 |
| | | 6,662 |
| **Total Cayman Islands (Cost $20,725)** | | **20,836** |
| **CHINA 3.6%** | | |
| **SOVEREIGN ISSUES 3.6%** | | |
| **China Development Bank** | | |
| 3.050% due 08/25/2026 | CNY 5,200 | 723 |
| 3.180% due 04/05/2026 | CNY 16,800 | $ 2,362 |
| 3.680% due 02/26/2026 | 21,000 | 3,046 |
| 3.740% due 09/10/2025 | 10,200 | 1,487 |
| 4.040% due 04/10/2027 | 11,400 | 1,683 |
| 4.040% due 07/06/2028 | 3,300 | 488 |
| 4.150% due 10/26/2025 | 2,600 | 387 |
| 4.240% due 08/24/2027 | 30,200 | 4,520 |
| 4.880% due 02/09/2028 | 24,300 | 3,803 |
| **China Government Bond** | | |
| 4.400% due 12/12/2046 | 500 | 79 |
| **China Government International Bond** | | |
| 2.740% due 08/04/2026 | 800 | 112 |
| 2.950% due 06/16/2023 | 2,200 | 320 |
| 3.220% due 12/06/2025 | 2,200 | 320 |
| 3.290% due 10/18/2023 | 6,500 | 957 |
| **Total China (Cost $20,325)** | | **20,287** |
| **DENMARK 4.4%** | | |
| **CORPORATE BONDS & NOTES 4.4%** | | |
| **Jyske Realkredit A/S** | | |
| 1.500% due 10/01/2037 | DKK 7,209 | 1,140 |
| 1.500% due 10/01/2050 | 4,000 | 623 |
| 2.000% due 10/01/2047 | 9,084 | 1,430 |
| 2.500% due 10/01/2047 | 71 | 11 |
| **Nordea Kredit Realkreditaktieselskab** | | |
| 1.500% due 10/01/2037 | 970 | 153 |
| 1.500% due 10/01/2050 | 6,600 | 1,021 |
| 2.000% due 10/01/2047 | 26,703 | 4,200 |
| 2.000% due 10/01/2050 | 2,899 | 456 |
| **Nykredit Realkredit A/S** | | |
| 0.156% due 10/01/2022 ~ | EUR 1,400 | 1,612 |
| 1.500% due 10/01/2037 | DKK 2,159 | 342 |
| 1.500% due 10/01/2050 | 46,200 | 7,170 |
| 2.000% due 10/01/2047 | 14,964 | 2,357 |
| 2.000% due 10/01/2050 | 2,993 | 471 |
| 2.500% due 10/01/2036 | 250 | 41 |
| 2.500% due 10/01/2047 | 28 | 5 |
| **Realkredit Danmark A/S** | | |
| 2.000% due 10/01/2047 | 25,108 | 3,951 |
| 2.500% due 07/01/2036 | 173 | 28 |
| 2.500% due 07/01/2047 | 70 | 11 |
| **Total Denmark (Cost $23,782)** | | **25,022** |
| **FRANCE 2.8%** | | |
| **CORPORATE BONDS & NOTES 0.6%** | | |
| **Danone S.A.** | | |
| 1.691% due 10/30/2019 | $ 700 | 698 |
| **Dexia Credit Local S.A.** | | |
| 2.375% due 09/20/2022 | 600 | 606 |
| 2.500% due 01/25/2021 | 1,300 | 1,309 |
| **Electricite de France S.A.** | | |
| 4.600% due 01/27/2020 | 1,000 | 1,012 |
| | | 3,625 |
| **SOVEREIGN ISSUES 2.2%** | | |
| **France Government International Bond** | | |
| 2.000% due 05/25/2048 | EUR 7,400 | 10,836 |
| 3.250% due 05/25/2045 | 800 | 1,440 |
| | | 12,276 |
| **Total France (Cost $13,076)** | | **15,901** |
| **GERMANY 2.7%** | | |
| **CORPORATE BONDS & NOTES 2.7%** | | |
| **Deutsche Bank AG** | | |
| 2.700% due 07/13/2020 | $ 600 | 598 |
| 3.150% due 01/22/2021 | 500 | 497 |
| 3.407% due 01/22/2021 ~ | 1,300 | 1,283 |
| 4.250% due 10/14/2021 | 1,800 | 1,824 |
| **Deutsche Pfandbriefbank AG** | | |
| 1.625% due 08/30/2019 | 600 | 599 |
| 3.375% due 11/22/2021 | 600 | 617 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **IHO Verwaltungs GmbH (3.625% Cash or 4.375% PIK)** | | |
| 3.875% due 05/15/2027 (c) | EUR 200 | $ 231 |
| **IHO Verwaltungs GmbH (6.000% Cash and 6.750% PIK)** | | |
| 6.000% due 05/15/2027 (c) | $ 900 | 907 |
| **Kreditanstalt fuer Wiederaufbau** | | |
| 0.250% due 09/15/2025 | EUR 3,500 | 4,125 |
| 0.625% due 02/22/2027 | 3,500 | 4,236 |
| **Volkswagen Bank GmbH** | | |
| 1.250% due 08/01/2022 | 400 | 467 |
| **Total Germany (Cost $15,046)** | | **15,384** |
| **GUERNSEY, CHANNEL ISLANDS 0.1%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **Credit Suisse Group Funding Guernsey Ltd.** | | |
| 3.800% due 06/09/2023 | $ 800 | 830 |
| **Total Guernsey, Channel Islands (Cost $799)** | | **830** |
| **HONG KONG 0.1%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **AIA Group Ltd.** | | |
| 3.900% due 04/06/2028 | $ 400 | 425 |
| **Total Hong Kong (Cost $399)** | | **425** |
| **INDIA 0.1%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **ICICI Bank Ltd.** | | |
| 3.500% due 03/18/2020 | $ 200 | 201 |
| **State Bank of India** | | |
| 4.000% due 01/24/2022 | 200 | 205 |
| **Total India (Cost $399)** | | **406** |
| **INDONESIA 0.1%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **Indonesia Asahan Aluminium Persero PT** | | |
| 5.230% due 11/15/2021 | $ 300 | 316 |
| **Total Indonesia (Cost $298)** | | **316** |
| **IRELAND 1.4%** | | |
| **ASSET-BACKED SECURITIES 0.8%** | | |
| **Arbour CLO DAC** | | |
| 0.870% due 01/15/2030 • | EUR 1,200 | 1,364 |
| **Black Diamond CLO Designated Activity Co.** | | |
| 0.650% due 10/03/2029 • | 650 | 740 |
| **CVC Cordatus Loan Fund Ltd.** | | |
| 0.970% due 04/22/2030 • | 800 | 914 |
| **Toro European CLO DAC** | | |
| 0.900% due 10/15/2030 • | 1,300 | 1,482 |
| | | 4,500 |
| **CORPORATE BONDS & NOTES 0.4%** | | |
| **AerCap Ireland Capital DAC** | | |
| 4.625% due 10/30/2020 | $ 800 | 820 |
| **AIB Group PLC** | | |
| 4.750% due 10/12/2023 | 200 | 210 |
| **Iberdrola Finance Ireland DAC** | | |
| 5.000% due 09/11/2019 | 400 | 402 |
| **Shire Acquisitions Investments Ireland DAC** | | |
| 1.900% due 09/23/2019 | 700 | 699 |
| **SumitG Guaranteed Secured Obligation Issuer DAC** | | |
| 2.251% due 11/02/2020 | 400 | 400 |
| | | 2,531 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **SOVEREIGN ISSUES 0.2%** | | |
| **Ireland Government International Bond** | | |
| 5.400% due 03/13/2025 | EUR 700 | $ 1,054 |
| **Total Ireland (Cost $7,960)** | | **8,085** |
| **ISRAEL 0.1%** | | |
| **SOVEREIGN ISSUES 0.1%** | | |
| **Israel Government International Bond** | | |
| 3.250% due 01/17/2028 | $ 500 | 529 |
| 4.125% due 01/17/2048 | 300 | 329 |
| **Total Israel (Cost $794)** | | **858** |
| **ITALY 3.0%** | | |
| **CORPORATE BONDS & NOTES 0.2%** | | |
| **UniCredit SpA** | | |
| 7.830% due 12/04/2023 | $ 1,200 | 1,372 |
| **SOVEREIGN ISSUES 2.8%** | | |
| **Italy Buoni Poliennali Del Tesoro** | | |
| 0.350% due 11/01/2021 | EUR 2,600 | 2,952 |
| 1.450% due 11/15/2024 | 400 | 457 |
| 1.750% due 07/01/2024 | 3,000 | 3,481 |
| 2.450% due 09/01/2033 | 400 | 461 |
| 2.500% due 11/15/2025 | 1,900 | 2,283 |
| 2.950% due 09/01/2038 | 1,200 | 1,424 |
| 3.000% due 08/01/2029 | 3,300 | 4,070 |
| 3.450% due 03/01/2048 | 150 | 188 |
| **Italy Government International Bond** | | |
| 6.000% due 08/04/2028 | GBP 400 | 598 |
| | | 15,914 |
| **Total Italy (Cost $16,763)** | | **17,286** |
| **JAPAN 13.4%** | | |
| **CORPORATE BONDS & NOTES 1.5%** | | |
| **Central Nippon Expressway Co. Ltd.** | | |
| 2.091% due 09/14/2021 | $ 700 | 693 |
| 3.105% (US0003M + 0.540%) due 08/04/2020 ~ | 2,600 | 2,604 |
| **Chugoku Electric Power Co., Inc.** | | |
| 2.701% due 03/16/2020 | 600 | 601 |
| **Meiji Yasuda Life Insurance Co.** | | |
| 5.100% due 04/26/2048 • | 200 | 218 |
| **Mitsubishi UFJ Financial Group, Inc.** | | |
| 2.950% due 03/01/2021 | 230 | 232 |
| 3.455% due 03/02/2023 | 600 | 617 |
| **Mizuho Financial Group, Inc.** | | |
| 3.331% due 09/11/2022 ~ | 700 | 704 |
| 3.451% due 09/11/2024 ~ | 900 | 909 |
| 3.922% due 09/11/2024 • | 500 | 524 |
| **ORIX Corp.** | | |
| 3.250% due 12/04/2024 | 200 | 206 |
| **Sumitomo Mitsui Financial Group, Inc.** | | |
| 4.133% (US0003M + 1.680%) due 03/09/2021 ~ | 600 | 613 |
| **Takeda Pharmaceutical Co. Ltd.** | | |
| 1.125% due 11/21/2022 | EUR 500 | 589 |
| | | 8,510 |
| **SOVEREIGN ISSUES 11.9%** | | |
| **Development Bank of Japan, Inc.** | | |
| 1.625% due 09/01/2021 | $ 1,200 | 1,189 |
| **Japan Bank for International Cooperation** | | |
| 2.375% due 07/21/2022 | 300 | 303 |
| 2.375% due 11/16/2022 | 200 | 202 |
| 3.250% due 07/20/2023 | 700 | 732 |
| 3.375% due 10/31/2023 | 300 | 316 |
| **Japan Finance Organization for Municipalities** | | |
| 2.125% due 04/13/2021 | 2,100 | 2,098 |
| 2.625% due 04/20/2022 | 1,600 | 1,621 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Japan Government International Bond** | | |
| 0.100% due 03/10/2028 (f) | JPY 454,469 | $ 4,403 |
| 0.100% due 03/20/2029 | 3,100,000 | 29,505 |
| 0.300% due 06/20/2046 | 620,000 | 5,708 |
| 0.500% due 09/20/2046 | 452,000 | 4,376 |
| 0.500% due 03/20/2049 | 568,000 | 5,474 |
| 0.700% due 12/20/2048 | 972,000 | 9,871 |
| **Tokyo Metropolitan Government** | | |
| 2.000% due 05/17/2021 | $ 700 | 698 |
| 2.500% due 06/08/2022 | 600 | 606 |
| | | 67,102 |
| **Total Japan (Cost $73,089)** | | **75,612** |
| **KUWAIT 0.6%** | | |
| **SOVEREIGN ISSUES 0.6%** | | |
| **Kuwait International Government Bond** | | |
| 2.750% due 03/20/2022 | $ 200 | 203 |
| 3.500% due 03/20/2027 | 2,800 | 2,985 |
| **Total Kuwait (Cost $2,977)** | | **3,188** |
| **LITHUANIA 0.2%** | | |
| **SOVEREIGN ISSUES 0.2%** | | |
| **Lithuania Government International Bond** | | |
| 6.125% due 03/09/2021 | $ 1,000 | 1,063 |
| **Total Lithuania (Cost $1,043)** | | **1,063** |
| **LUXEMBOURG 0.3%** | | |
| **ASSET-BACKED SECURITIES 0.0%** | | |
| **Bavarian Sky S.A.** | | |
| 0.012% due 10/20/2024 • | EUR 124 | 142 |
| **CORPORATE BONDS & NOTES 0.3%** | | |
| **Aroundtown S.A.** | | |
| 1.625% due 01/31/2028 | 700 | 804 |
| **Blackstone Property Partners Europe Holdings SARL** | | |
| 1.400% due 07/06/2022 | 400 | 466 |
| **Emerald Bay S.A.** | | |
| 0.000% due 10/08/2020 (d) | 289 | 318 |
| | | 1,588 |
| **Total Luxembourg (Cost $1,702)** | | **1,730** |
| **MULTINATIONAL 0.2%** | | |
| **CORPORATE BONDS & NOTES 0.2%** | | |
| **Preferred Term Securities Ltd.** | | |
| 2.810% (US0003M + 0.400%) due 06/23/2035 ~ | $ 937 | 900 |
| **Total Multinational (Cost $702)** | | **900** |
| **NETHERLANDS 1.8%** | | |
| **ASSET-BACKED SECURITIES 0.4%** | | |
| **Chapel BV** | | |
| 0.050% due 07/17/2066 • | EUR 46 | 52 |
| **Dryden Euro CLO BV** | | |
| 0.880% due 01/15/2030 • | 1,200 | 1,366 |
| **Penta CLO BV** | | |
| 0.790% due 08/04/2028 • | 600 | 683 |
| | | 2,101 |
| **CORPORATE BONDS & NOTES 1.4%** | | |
| **Cooperatieve Rabobank UA** | | |
| 3.125% due 04/26/2021 | $ 400 | 406 |
| 5.500% due 06/29/2020 •(g)(h) | EUR 200 | 237 |
| 6.875% due 03/19/2020 (h) | 700 | 836 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **ING Bank NV** | | |
| 2.625% due 12/05/2022 | $ 3,600 | $ 3,673 |
| **Mondelez International Holdings Netherlands BV** | | |
| 2.000% due 10/28/2021 | 500 | 495 |
| **NXP BV** | | |
| 4.125% due 06/01/2021 | 800 | 821 |
| **Stichting AK Rabobank Certificaten** | | |
| 6.500% due 12/29/2049 (g) | EUR 150 | 209 |
| **Syngenta Finance NV** | | |
| 3.698% due 04/24/2020 | $ 700 | 705 |
| **Teva Pharmaceutical Finance Netherlands BV** | | |
| 3.250% due 04/15/2022 | EUR 300 | 337 |
| **Vonovia Finance BV** | | |
| 5.000% due 10/02/2023 | $ 100 | 106 |
| | | 7,825 |
| **Total Netherlands (Cost $9,815)** | | **9,926** |
| **NORWAY 0.3%** | | |
| **CORPORATE BONDS & NOTES 0.3%** | | |
| **DNB Boligkreditt A/S** | | |
| 2.500% due 03/28/2022 | $ 1,100 | 1,114 |
| 3.250% due 06/28/2023 | 500 | 522 |
| | | 1,636 |
| **SOVEREIGN ISSUES 0.0%** | | |
| **Norway Government International Bond** | | |
| 3.750% due 05/25/2021 | NOK 1,800 | 221 |
| **Total Norway (Cost $1,848)** | | **1,857** |
| **PERU 0.7%** | | |
| **SOVEREIGN ISSUES 0.7%** | | |
| **Peru Government International Bond** | | |
| 5.940% due 02/12/2029 | PEN 1,800 | 597 |
| 6.350% due 08/12/2028 | 9,400 | 3,206 |
| **Total Peru (Cost $3,589)** | | **3,803** |
| **POLAND 0.3%** | | |
| **SOVEREIGN ISSUES 0.3%** | | |
| **Poland Government International Bond** | | |
| 2.250% due 04/25/2022 | PLN 6,600 | 1,794 |
| **Total Poland (Cost $1,659)** | | **1,794** |
| **QATAR 1.7%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **Ras Laffan Liquefied Natural Gas Co. Ltd.** | | |
| 6.750% due 09/30/2019 | $ 400 | 404 |
| **SOVEREIGN ISSUES 1.6%** | | |
| **Qatar Government International Bond** | | |
| 3.375% due 03/14/2024 | 400 | 414 |
| 3.875% due 04/23/2023 | 3,800 | 3,990 |
| 4.000% due 03/14/2029 | 2,200 | 2,374 |
| 4.500% due 04/23/2028 | 1,800 | 2,017 |
| 4.817% due 03/14/2049 | 200 | 230 |
| | | 9,025 |
| **Total Qatar (Cost $8,795)** | | **9,429** |
| **SAUDI ARABIA 1.5%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **Saudi Arabian Oil Co.** | | |
| 2.750% due 04/16/2022 | $ 400 | 404 |
| **SOVEREIGN ISSUES 1.4%** | | |
| **Saudi Government International Bond** | | |
| 2.375% due 10/26/2021 | $ 3,700 | $ 3,698 |
| 2.875% due 03/04/2023 | 1,000 | 1,013 |
| 3.250% due 10/26/2026 | 400 | 409 |
| 3.625% due 03/04/2028 | 500 | 515 |
| 4.000% due 04/17/2025 | 1,900 | 2,025 |
| 4.375% due 04/16/2029 | 400 | 433 |
| | | 8,093 |
| **Total Saudi Arabia (Cost $8,252)** | | **8,497** |
| **SINGAPORE 0.6%** | | |
| **CORPORATE BONDS & NOTES 0.6%** | | |
| **BOC Aviation Ltd.** | | |
| 2.375% due 09/15/2021 | $ 1,000 | 989 |
| 3.500% due 09/18/2027 | 300 | 299 |
| **Clifford Capital Pte. Ltd.** | | |
| 3.380% due 03/07/2028 | 600 | 634 |
| **DBS Bank Ltd.** | | |
| 3.300% due 11/27/2021 | 400 | 410 |
| **Oversea-Chinese Banking Corp. Ltd.** | | |
| 2.975% due 05/17/2021 ~ | 700 | 700 |
| **PSA Treasury Pte. Ltd.** | | |
| 2.500% due 04/12/2026 | 400 | 396 |
| **Total Singapore (Cost $3,353)** | | **3,428** |
| **SLOVENIA 0.3%** | | |
| **SOVEREIGN ISSUES 0.3%** | | |
| **Slovenia Government International Bond** | | |
| 5.250% due 02/18/2024 | $ 1,419 | 1,597 |
| **Total Slovenia (Cost $1,483)** | | **1,597** |
| **SOUTH KOREA 2.2%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **Kookmin Bank** | | |
| 2.125% due 10/21/2020 | $ 400 | 398 |
| **SOVEREIGN ISSUES 2.1%** | | |
| **Korea Government International Bond** | | |
| 2.125% due 06/10/2027 | KRW 1,225,000 | 1,103 |
| 2.375% due 12/10/2027 | 1,350,000 | 1,242 |
| 2.375% due 12/10/2028 | 5,820,000 | 5,388 |
| 2.625% due 06/10/2028 | 2,450,000 | 2,305 |
| 5.500% due 03/10/2028 | 1,350,000 | 1,558 |
| **Korea Hydro & Nuclear Power Co. Ltd.** | | |
| 3.750% due 07/25/2023 | $ 200 | 209 |
| | | 11,805 |
| **Total South Korea (Cost $12,137)** | | **12,203** |
| **SPAIN 4.9%** | | |
| **ASSET-BACKED SECURITIES 0.0%** | | |
| **Driver Espana** | | |
| 0.009% due 12/21/2028 • | EUR 110 | 125 |
| **CORPORATE BONDS & NOTES 0.8%** | | |
| **Banco Bilbao Vizcaya Argentaria S.A.** | | |
| 5.875% due 09/24/2023 •(g)(h) | 200 | 236 |
| 6.750% due 02/18/2020 •(g)(h) | 400 | 468 |
| **Banco Santander S.A.** | | |
| 3.848% due 04/12/2023 | $ 200 | 208 |
| 4.750% due 03/19/2025 •(g)(h) | EUR 200 | 216 |
| 6.250% due 09/11/2021 •(g)(h) | 400 | 479 |
| **Merlin Properties Socimi S.A.** | | |
| 2.225% due 04/25/2023 | 200 | 243 |
| **Telefonica Emisiones S.A.** | | |
| 5.134% due 04/27/2020 | $ 800 | 816 |
| 5.877% due 07/15/2019 | $ 2,000 | $ 2,002 |
| | | 4,668 |
| **SOVEREIGN ISSUES 4.1%** | | |
| **Autonomous Community of Catalonia** | | |
| 4.220% due 04/26/2035 | EUR 200 | 274 |
| 4.900% due 09/15/2021 | 1,000 | 1,230 |
| 4.950% due 02/11/2020 | 1,370 | 1,602 |
| **Autonomous Community of Valencia** | | |
| 4.900% due 03/17/2020 | 600 | 706 |
| **Spain Government International Bond** | | |
| 0.250% due 07/30/2024 | 2,200 | 2,555 |
| 0.600% due 10/31/2029 | 4,400 | 5,080 |
| 1.400% due 07/30/2028 | 6,400 | 7,983 |
| 1.450% due 04/30/2029 | 500 | 627 |
| 2.700% due 10/31/2048 | 400 | 599 |
| 2.900% due 10/31/2046 | 1,600 | 2,474 |
| | | 23,130 |
| **Total Spain (Cost $26,306)** | | **27,923** |
| **SUPRANATIONAL 0.1%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **European Investment Bank** | | |
| 0.500% due 06/21/2023 | AUD 500 | 337 |
| 0.500% due 08/10/2023 | 400 | 269 |
| **Total Supranational (Cost $674)** | | **606** |
| **SWEDEN 4.1%** | | |
| **CORPORATE BONDS & NOTES 4.1%** | | |
| **Danske Hypotek AB** | | |
| 1.000% due 12/21/2022 | SEK 18,000 | 2,003 |
| **Lansforsakringar Hypotek AB** | | |
| 1.250% due 09/20/2023 | 20,600 | 2,324 |
| 1.500% due 03/18/2021 | EUR 700 | 822 |
| 2.250% due 09/21/2022 | SEK 14,300 | 1,652 |
| **Nordea Hypotek AB** | | |
| 1.000% due 04/08/2022 | 38,900 | 4,311 |
| **Skandinaviska Enskilda Banken AB** | | |
| 1.500% due 12/15/2021 | 12,000 | 1,343 |
| **Stadshypotek AB** | | |
| 1.500% due 12/15/2021 | 31,000 | 3,469 |
| 2.500% due 04/05/2022 | $ 300 | 303 |
| 4.500% due 09/21/2022 | SEK 22,000 | 2,713 |
| **Sveriges Sakerstallda Obligationer AB** | | |
| 1.250% due 06/15/2022 | 25,000 | 2,795 |
| 2.000% due 06/17/2026 | 6,000 | 712 |
| **Swedbank Hypotek AB** | | |
| 1.000% due 09/15/2021 | 3,900 | 430 |
| **Total Sweden (Cost $23,534)** | | **22,877** |
| **SWITZERLAND 0.7%** | | |
| **CORPORATE BONDS & NOTES 0.6%** | | |
| **Credit Suisse AG** | | |
| 0.750% due 09/17/2021 | EUR 200 | 233 |
| 6.500% due 08/08/2023 (h) | $ 200 | 221 |
| **Credit Suisse Group AG** | | |
| 3.628% due 12/14/2023 ~ | 800 | 802 |
| **UBS AG** | | |
| 2.200% due 06/08/2020 | 900 | 900 |
| 3.000% due 12/01/2020 ~ | 1,200 | 1,204 |
| | | 3,360 |
| **SOVEREIGN ISSUES 0.1%** | | |
| **Switzerland Government International Bond** | | |
| 3.500% due 04/08/2033 | CHF 300 | 472 |
| **Total Switzerland (Cost $3,767)** | | **3,832** |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **UNITED ARAB EMIRATES 0.4%** | | |
| **CORPORATE BONDS & NOTES 0.1%** | | |
| **First Abu Dhabi Bank PJSC** | | |
| 2.250% due 02/11/2020 | $ 500 | $ 499 |
| 3.000% due 03/30/2022 | 200 | 202 |
| | | 701 |
| **SOVEREIGN ISSUES 0.3%** | | |
| **Emirate of Abu Dhabi Government International Bond** | | |
| 2.500% due 10/11/2022 | 500 | 505 |
| 3.125% due 10/11/2027 | 900 | 935 |
| | | 1,440 |
| **Total United Arab Emirates (Cost $2,090)** | | **2,141** |
| **UNITED KINGDOM 10.2%** | | |
| **CORPORATE BONDS & NOTES 5.9%** | | |
| **Barclays Bank PLC** | | |
| 7.625% due 11/21/2022 (h) | $ 3,300 | 3,606 |
| **Barclays PLC** | | |
| 3.650% due 03/16/2025 | 600 | 604 |
| 3.948% due 02/15/2023 ~ | 700 | 697 |
| 4.610% due 02/15/2023 • | 1,300 | 1,348 |
| 4.655% (US0003M + 2.110%) due 08/10/2021 ~ | 600 | 613 |
| 6.500% due 09/15/2019 •(g)(h) | EUR 1,000 | 1,151 |
| 7.000% due 09/15/2019 •(g)(h) | GBP 200 | 256 |
| 7.125% due 06/15/2025 •(g)(h) | 500 | 664 |
| 7.750% due 09/15/2023 •(g)(h) | $ 300 | 308 |
| 8.000% due 12/15/2020 •(g)(h) | EUR 200 | 246 |
| 8.000% due 06/15/2024 •(g)(h) | $ 400 | 420 |
| **BAT International Finance PLC** | | |
| 1.625% due 09/09/2019 | 400 | 399 |
| **Co-operative Group Holdings Ltd.** | | |
| 6.875% due 07/08/2020 þ | GBP 400 | 536 |
| **FCE Bank PLC** | | |
| 1.660% due 02/11/2021 | EUR 200 | 232 |
| **Frontier Finance PLC** | | |
| 8.000% due 03/23/2022 | GBP 1,500 | 1,990 |
| **HSBC Holdings PLC** | | |
| 3.120% due 05/18/2021 ~ | $ 600 | 601 |
| 3.520% due 05/18/2024 ~ | 300 | 301 |
| 4.583% due 06/19/2029 • | 800 | 874 |
| 4.750% due 07/04/2029 •(g)(h) | EUR 200 | 239 |
| 5.875% due 09/28/2026 •(g)(h) | GBP 300 | 401 |
| **Imperial Brands Finance PLC** | | |
| 2.950% due 07/21/2020 | $ 800 | 802 |
| **Lloyds Bank PLC** | | |
| 4.875% due 03/30/2027 | GBP 500 | 792 |
| 5.125% due 03/07/2025 | 700 | 1,073 |
| **Nationwide Building Society** | | |
| 3.766% due 03/08/2024 • | $ 1,200 | 1,225 |
| **Natwest Markets PLC** | | |
| 0.625% due 03/02/2022 | EUR 300 | 343 |
| **RAC Bond Co. PLC** | | |
| 4.870% due 05/06/2046 | GBP 300 | 375 |
| **Reckitt Benckiser Treasury Services PLC** | | |
| 2.375% due 06/24/2022 | $ 600 | 599 |
| **Royal Bank of Scotland Group PLC** | | |
| 3.875% due 09/12/2023 | 300 | 308 |
| 3.899% due 06/25/2024 ~ | 1,000 | 999 |
| 4.269% due 03/22/2025 • | 1,100 | 1,138 |
| 4.519% due 06/25/2024 • | 1,000 | 1,042 |
| 7.500% due 08/10/2020 •(g)(h) | 500 | 514 |
| 8.625% due 08/15/2021 •(g)(h) | 500 | 540 |
| **Santander UK Group Holdings PLC** | | |
| 0.505% due 03/27/2024 ~ | EUR 1,800 | 2,012 |
| 2.875% due 10/16/2020 | $ 1,700 | 1,705 |
| 2.875% due 08/05/2021 | 400 | 401 |
| 7.375% due 06/24/2022 •(g)(h) | GBP 200 | 270 |
| **Santander UK PLC** | | |
| 4.250% due 04/12/2021 | EUR 300 | 369 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Tesco PLC** | | |
| 6.125% due 02/24/2022 | GBP 50 | $ 71 |
| **Tesco Property Finance PLC** | | |
| 5.411% due 07/13/2044 | 192 | 312 |
| 5.661% due 10/13/2041 | 98 | 161 |
| **Virgin Media Secured Finance PLC** | | |
| 5.000% due 04/15/2027 | 500 | 656 |
| **Virgin Money PLC** | | |
| 2.250% due 04/21/2020 | 700 | 896 |
| **Vodafone Group PLC** | | |
| 3.591% due 01/16/2024 ~ | $ 500 | 502 |
| 3.750% due 01/16/2024 | 400 | 419 |
| | | 33,010 |
| **NON-AGENCY MORTGAGE-BACKED SECURITIES 3.5%** | | |
| **Brunel Residential Mortgage Securitisation PLC** | | |
| 1.041% due 01/13/2039 • | GBP 1,075 | 1,340 |
| **Business Mortgage Finance PLC** | | |
| 2.806% due 02/15/2041 • | 222 | 278 |
| **Dukinfield PLC** | | |
| 1.806% due 08/15/2045 • | 586 | 746 |
| **Eurohome UK Mortgages PLC** | | |
| 0.936% due 06/15/2044 • | 359 | 440 |
| **Eurosail PLC** | | |
| 0.946% due 06/10/2044 • | 11 | 14 |
| 1.739% due 06/13/2045 • | 524 | 661 |
| **Finsbury Square PLC** | | |
| 1.743% due 09/12/2068 • | 967 | 1,232 |
| **Harben Finance PLC** | | |
| 1.604% due 08/20/2056 • | 1,091 | 1,385 |
| **Lanark Master Issuer PLC** | | |
| 1.619% due 12/22/2069 ~ | 1,000 | 1,275 |
| **Mansard Mortgages PLC** | | |
| 1.436% due 12/15/2049 • | 144 | 179 |
| **Newgate Funding PLC** | | |
| 0.953% due 12/01/2050 • | 288 | 347 |
| 1.786% due 12/15/2050 • | 253 | 310 |
| **Paragon Mortgages PLC** | | |
| 1.061% due 01/15/2039 • | 708 | 853 |
| **Residential Mortgage Securities PLC** | | |
| 1.732% due 12/20/2046 • | 939 | 1,194 |
| 1.982% due 09/20/2065 • | 918 | 1,172 |
| **Ripon Mortgages PLC** | | |
| 1.604% due 08/20/2056 • | 2,422 | 3,073 |
| **RMAC Securities PLC** | | |
| 0.943% due 06/12/2044 • | 446 | 536 |
| **Thrones PLC** | | |
| 1.656% due 11/15/2049 • | 210 | 267 |
| **Towd Point Mortgage Funding PLC** | | |
| 1.823% due 04/20/2045 • | 572 | 727 |
| 1.855% due 10/20/2051 ~ | 1,700 | 2,167 |
| 2.004% due 02/20/2054 • | 1,023 | 1,302 |
| | | 19,498 |
| | SHARES | |
| **PREFERRED SECURITIES 0.0%** | | |
| **Nationwide Building Society** | | |
| 10.250% ~ | 960 | 185 |
| | PRINCIPAL AMOUNT (000S) | |
| **SOVEREIGN ISSUES 0.8%** | | |
| **United Kingdom Gilt** | | |
| 3.250% due 01/22/2044 | $ 1,200 | 2,081 |
| 4.250% due 12/07/2040 | 1,200 | 2,325 |
| | | 4,406 |
| **Total United Kingdom (Cost $56,983)** | | **57,099** |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **UNITED STATES 48.3%** | | |
| **ASSET-BACKED SECURITIES 6.3%** | | |
| **ACE Securities Corp. Home Equity Loan Trust** | | |
| 2.544% due 07/25/2036 • | $ 1,380 | $ 1,127 |
| **Amortizing Residential Collateral Trust** | | |
| 3.104% due 10/25/2031 • | 1 | 1 |
| **AMRESCO Residential Securities Corp. Mortgage Loan Trust** | | |
| 3.344% due 06/25/2029 • | 1 | 1 |
| **Argent Mortgage Loan Trust** | | |
| 2.884% due 05/25/2035 • | 1,762 | 1,702 |
| **Argent Securities, Inc. Asset-Backed Pass-Through Certificates** | | |
| 2.784% due 02/25/2036 • | 587 | 481 |
| **Bayview Opportunity Master Fund Trust** | | |
| 4.090% due 02/28/2034 þ | 1,276 | 1,301 |
| **Citigroup Mortgage Loan Trust** | | |
| 2.564% due 12/25/2036 • | 568 | 386 |
| 2.664% due 03/25/2036 • | 598 | 555 |
| **Citigroup Mortgage Loan Trust, Inc.** | | |
| 2.664% due 06/25/2037 • | 2,700 | 2,629 |
| 3.064% due 07/25/2035 • | 1,200 | 1,191 |
| **Countrywide Asset-Backed Certificates** | | |
| 2.534% due 12/25/2036 ^• | 412 | 388 |
| 2.544% due 06/25/2035 • | 385 | 353 |
| 2.544% due 03/25/2037 • | 1,800 | 1,673 |
| 2.544% due 06/25/2037 • | 503 | 477 |
| 2.544% due 07/25/2037 • | 357 | 325 |
| 2.544% due 06/25/2047 ^• | 391 | 353 |
| 2.544% due 06/25/2047 • | 1,232 | 1,165 |
| 2.554% due 04/25/2047 ^• | 356 | 346 |
| 2.694% due 07/25/2036 • | 365 | 361 |
| 4.758% due 08/25/2035 ^~ | 469 | 430 |
| **Countrywide Asset-Backed Certificates Trust** | | |
| 3.754% due 04/25/2035 • | 1,000 | 1,014 |
| **Credit Suisse First Boston Mortgage Securities Corp.** | | |
| 3.024% due 01/25/2032 • | 1 | 1 |
| **First Franklin Mortgage Loan Trust** | | |
| 2.519% due 07/25/2036 • | 1,296 | 1,232 |
| **GSAMP Trust** | | |
| 3.049% due 11/25/2035 ^• | 1,337 | 1,021 |
| **Home Equity Mortgage Loan Asset-Backed Trust** | | |
| 2.644% due 04/25/2037 • | 585 | 448 |
| **HSI Asset Securitization Corp. Trust** | | |
| 2.664% due 04/25/2037 • | 788 | 534 |
| **Long Beach Mortgage Loan Trust** | | |
| 2.964% due 10/25/2034 • | 12 | 12 |
| **Merrill Lynch Mortgage Investors Trust** | | |
| 2.554% due 08/25/2037 • | 1,423 | 922 |
| **Morgan Stanley ABS Capital, Inc. Trust** | | |
| 2.534% due 10/25/2036 • | 152 | 147 |
| **Morgan Stanley Home Equity Loan Trust** | | |
| 2.504% due 12/25/2036 • | 1,022 | 596 |
| 2.634% due 04/25/2037 • | 852 | 581 |
| **Morgan Stanley Mortgage Loan Trust** | | |
| 5.919% due 09/25/2046 ^þ | 168 | 76 |
| **Nomura Home Equity Loan, Inc. Home Equity Loan Trust** | | |
| 2.694% due 03/25/2036 • | 700 | 690 |
| **NovaStar Mortgage Funding Trust** | | |
| 2.534% due 03/25/2037 • | 750 | 570 |
| **Option One Mortgage Loan Trust** | | |
| 2.544% due 01/25/2037 • | 446 | 336 |
| **Renaissance Home Equity Loan Trust** | | |
| 4.954% due 12/25/2032 • | 387 | 381 |
| 5.294% due 01/25/2037 þ | 641 | 339 |
| 5.675% due 06/25/2037 ^þ | 1,053 | 455 |
| 5.731% due 11/25/2036 þ | 1,010 | 558 |
| **Residential Asset Mortgage Products Trust** | | |
| 2.624% due 12/25/2035 • | 394 | 364 |
| 2.864% due 12/25/2035 • | 964 | 827 |
| **Residential Asset Securities Corp. Trust** | | |
| 2.654% due 11/25/2036 ^• | 2,023 | 1,793 |

| | | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|---|
| **Saxon Asset Securities Trust** | | | |
| 4.154% due 12/25/2037 • | $ | 396 | $ 376 |
| 4.204% due 05/25/2031 • | | 647 | 647 |
| **SLM Student Loan Trust** | | | |
| 1.339% due 03/15/2038 • | GBP | 594 | 727 |
| **Soundview Home Loan Trust** | | | |
| 2.554% due 06/25/2037 • | $ | 87 | 62 |
| 2.654% due 11/25/2036 • | | 1,400 | 1,320 |
| **Structured Asset Investment Loan Trust** | | | |
| 2.534% due 07/25/2036 • | | 497 | 392 |
| 2.714% due 01/25/2036 • | | 1,365 | 1,310 |
| **Terwin Mortgage Trust** | | | |
| 3.344% due 11/25/2033 • | | 24 | 24 |
| **Towd Point Mortgage Trust** | | | |
| 3.404% due 05/25/2058 • | | 1,309 | 1,319 |
| **Toyota Auto Loan Extended Note Trust** | | | |
| 2.560% due 11/25/2031 | | 1,400 | 1,418 |
| | | | 35,737 |

**CORPORATE BONDS & NOTES 13.5%**

| | | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|---|
| **AIG Global Funding** | | | |
| 2.300% due 07/01/2022 (b) | | 900 | 900 |
| 2.800% (US0003M + 0.480%) due 07/02/2020 ~ | | 1,000 | 1,003 |
| **Allergan Sales LLC** | | | |
| 5.000% due 12/15/2021 | | 600 | 627 |
| **American Honda Finance Corp.** | | | |
| 2.915% due 11/05/2021 ~ | | 200 | 200 |
| **American Tower Corp.** | | | |
| 2.950% due 01/15/2025 | | 800 | 807 |
| 3.450% due 09/15/2021 | | 500 | 510 |
| **AT&T, Inc.** | | | |
| 1.800% due 09/05/2026 | EUR | 1,000 | 1,233 |
| 3.270% due 06/01/2021 ~ | $ | 2,700 | 2,714 |
| 3.547% (US0003M + 0.950%) due 07/15/2021 ~ | | 1,400 | 1,413 |
| 3.616% due 06/12/2024 ~ | | 1,600 | 1,621 |
| **AXA Equitable Holdings, Inc.** | | | |
| 3.900% due 04/20/2023 | | 100 | 104 |
| 4.350% due 04/20/2028 | | 200 | 210 |
| **Bank of America Corp.** | | | |
| 5.875% due 03/15/2028 •(g) | | 700 | 731 |
| **BAT Capital Corp.** | | | |
| 3.118% due 08/14/2020 ~ | | 400 | 401 |
| 3.222% due 08/15/2024 | | 200 | 202 |
| 3.557% due 08/15/2027 | | 700 | 697 |
| **Bayer U.S. Finance LLC** | | | |
| 2.979% due 06/25/2021 ~ | | 300 | 298 |
| 3.420% due 12/15/2023 ~ | | 500 | 491 |
| 3.875% due 12/15/2023 | | 300 | 311 |
| 4.250% due 12/15/2025 | | 300 | 317 |
| 4.375% due 12/15/2028 | | 700 | 738 |
| **BMW U.S. Capital LLC** | | | |
| 2.898% due 08/14/2020 ~ | | 2,500 | 2,507 |
| **Brandywine Operating Partnership LP** | | | |
| 3.950% due 11/15/2027 | | 500 | 516 |
| **Campbell Soup Co.** | | | |
| 3.300% due 03/15/2021 | | 200 | 203 |
| 3.650% due 03/15/2023 | | 800 | 824 |
| **CenterPoint Energy Resources Corp.** | | | |
| 3.550% due 04/01/2023 | | 200 | 206 |
| **Charter Communications Operating LLC** | | | |
| 3.750% due 02/15/2028 | | 100 | 101 |
| 4.464% due 07/23/2022 | | 1,300 | 1,366 |
| 5.125% due 07/01/2049 (b) | | 700 | 712 |
| **Citibank N.A.** | | | |
| 2.844% due 05/20/2022 • | | 900 | 907 |
| 3.123% due 05/20/2022 ~ | | 1,900 | 1,903 |
| **Citizens Bank N.A.** | | | |
| 3.091% (US0003M + 0.570%) due 05/26/2020 ~ | | 1,100 | 1,103 |
| **Conagra Brands, Inc.** | | | |
| 3.092% due 10/09/2020 ~ | | 900 | 898 |
| **Continental Resources, Inc.** | | | |
| 4.375% due 01/15/2028 | $ | 200 | $ 211 |
| **CVS Health Corp.** | | | |
| 3.350% due 03/09/2021 | | 200 | 203 |
| 3.700% due 03/09/2023 | | 400 | 413 |
| **D.R. Horton, Inc.** | | | |
| 4.000% due 02/15/2020 | | 1,200 | 1,209 |
| **Daimler Finance North America LLC** | | | |
| 2.250% due 03/02/2020 | | 400 | 400 |
| **Delta Air Lines, Inc.** | | | |
| 2.875% due 03/13/2020 | | 1,400 | 1,402 |
| **DISH DBS Corp.** | | | |
| 5.125% due 05/01/2020 | | 600 | 605 |
| **Dominion Energy Gas Holdings LLC** | | | |
| 3.010% due 06/15/2021 ~ | | 1,000 | 1,005 |
| **Duke Energy Corp.** | | | |
| 3.101% due 03/11/2022 ~ | | 1,300 | 1,307 |
| **eBay, Inc.** | | | |
| 2.150% due 06/05/2020 | | 900 | 898 |
| **EQT Corp.** | | | |
| 2.500% due 10/01/2020 | | 500 | 499 |
| 3.000% due 10/01/2022 | | 400 | 397 |
| **ERAC USA Finance LLC** | | | |
| 2.600% due 12/01/2021 | | 1,200 | 1,203 |
| **Fidelity National Information Services, Inc.** | | | |
| 0.400% due 01/15/2021 | EUR | 200 | 229 |
| 0.750% due 05/21/2023 | | 300 | 348 |
| 1.700% due 06/30/2022 | GBP | 200 | 256 |
| **Ford Motor Credit Co. LLC** | | | |
| 0.100% due 12/07/2022 ~ | EUR | 100 | 109 |
| 1.897% due 08/12/2019 | $ | 1,800 | 1,798 |
| 3.592% (US0003M + 1.000%) due 01/09/2020 ~ | | 700 | 701 |
| **GATX Corp.** | | | |
| 3.285% due 11/05/2021 ~ | | 1,200 | 1,195 |
| **General Mills, Inc.** | | | |
| 3.200% due 04/16/2021 | | 100 | 102 |
| 3.700% due 10/17/2023 | | 100 | 105 |
| **General Motors Financial Co., Inc.** | | | |
| 3.550% due 07/08/2022 | | 700 | 713 |
| **Georgia-Pacific LLC** | | | |
| 3.163% due 11/15/2021 | | 400 | 406 |
| **Goldman Sachs Group, Inc.** | | | |
| 3.752% (US0003M + 1.160%) due 04/23/2020 ~ | | 400 | 403 |
| 4.223% due 05/01/2029 • | | 100 | 107 |
| **Goodman U.S. Finance Three LLC** | | | |
| 3.700% due 03/15/2028 | | 600 | 607 |
| **Harley-Davidson Financial Services, Inc.** | | | |
| 3.460% due 03/02/2021 ~ | | 400 | 400 |
| **Harris Corp.** | | | |
| 3.063% due 04/30/2020 ~ | | 600 | 600 |
| **International Lease Finance Corp.** | | | |
| 8.250% due 12/15/2020 | | 500 | 540 |
| **Jackson National Life Global Funding** | | | |
| 2.375% due 09/15/2022 «(b) | | 1,400 | 1,402 |
| **JPMorgan Chase Bank N.A.** | | | |
| 2.926% due 04/26/2021 ~ | | 400 | 401 |
| 3.086% due 04/26/2021 • | | 800 | 804 |
| **Kilroy Realty LP** | | | |
| 3.450% due 12/15/2024 | | 100 | 103 |
| **Kinder Morgan, Inc.** | | | |
| 5.000% due 02/15/2021 | | 400 | 415 |
| **KLA-Tencor Corp.** | | | |
| 4.125% due 11/01/2021 | | 400 | 414 |
| **Kraft Heinz Foods Co.** | | | |
| 3.115% due 02/10/2021 ~ | | 900 | 899 |
| **MassMutual Global Funding** | | | |
| 2.250% due 07/01/2022 (b) | | 1,400 | 1,401 |
| **McDonald's Corp.** | | | |
| 3.012% due 10/28/2021 ~ | | 700 | 701 |
| **Metropolitan Life Global Funding** | | | |
| 2.400% due 06/17/2022 | | 600 | 603 |
| **Mid-America Apartments LP** | | | |
| 4.200% due 06/15/2028 | $ | 600 | $ 645 |
| **MUFG Americas Holdings Corp.** | | | |
| 3.000% due 02/10/2025 | | 560 | 567 |
| **Navient Corp.** | | | |
| 8.000% due 03/25/2020 | | 300 | 311 |
| **Newmont Goldcorp Corp.** | | | |
| 5.125% due 10/01/2019 | | 800 | 805 |
| **NextEra Energy Capital Holdings, Inc.** | | | |
| 2.835% due 09/03/2019 ~ | | 1,100 | 1,100 |
| 2.921% due 08/21/2020 ~ | | 500 | 500 |
| 3.241% due 02/25/2022 ~ | | 1,000 | 1,006 |
| **Nissan Motor Acceptance Corp.** | | | |
| 3.020% due 09/28/2022 ~ | | 1,000 | 994 |
| **Northwell Healthcare, Inc.** | | | |
| 4.260% due 11/01/2047 | | 400 | 427 |
| **Penske Truck Leasing Co. LP** | | | |
| 3.950% due 03/10/2025 | | 1,400 | 1,470 |
| **Protective Life Global Funding** | | | |
| 2.262% due 04/08/2020 | | 2,200 | 2,197 |
| **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 | 396 |
| **Rockwell Collins, Inc.** | | | |
| 2.800% due 03/15/2022 | | 900 | 909 |
| **Sempra Energy** | | | |
| 2.860% due 03/15/2021 ~ | | 800 | 797 |
| **SL Green Operating Partnership LP** | | | |
| 3.250% due 10/15/2022 | | 500 | 507 |
| **Southern Co.** | | | |
| 2.350% due 07/01/2021 | | 500 | 500 |
| **Southern Power Co.** | | | |
| 2.937% due 12/20/2020 ~ | | 600 | 600 |
| **Spectra Energy Partners LP** | | | |
| 3.179% (US0003M + 0.700%) due 06/05/2020 ~ | | 100 | 100 |
| **Spirit AeroSystems, Inc.** | | | |
| 3.950% due 06/15/2023 | | 600 | 619 |
| **Sprint Communications, Inc.** | | | |
| 7.000% due 03/01/2020 | | 200 | 206 |
| **Sprint Spectrum Co. LLC** | | | |
| 3.360% due 03/20/2023 | | 338 | 338 |
| 4.738% due 09/20/2029 | | 300 | 312 |
| **Textron, Inc.** | | | |
| 3.095% due 11/10/2020 ~ | | 700 | 700 |
| **Time Warner Cable LLC** | | | |
| 5.000% due 02/01/2020 | | 300 | 304 |
| **UDR, Inc.** | | | |
| 4.625% due 01/10/2022 | | 200 | 209 |
| **United Technologies Corp.** | | | |
| 3.175% due 08/16/2021 ~ | | 300 | 300 |
| **Verizon Communications, Inc.** | | | |
| 3.618% due 05/15/2025 ~ | | 700 | 710 |
| 4.329% due 09/21/2028 | | 1,012 | 1,120 |
| **Volkswagen Group of America Finance LLC** | | | |
| 2.450% due 11/20/2019 | | 1,100 | 1,100 |
| 3.305% due 11/13/2020 ~ | | 300 | 301 |
| 3.475% due 11/12/2021 ~ | | 300 | 303 |
| 3.875% due 11/13/2020 | | 200 | 204 |
| 4.000% due 11/12/2021 | | 300 | 310 |
| **WRKCo, Inc.** | | | |
| 3.750% due 03/15/2025 | | 300 | 312 |
| **Zimmer Biomet Holdings, Inc.** | | | |
| 2.700% due 04/01/2020 | | 300 | 300 |
| 3.150% due 04/01/2022 | | 2,100 | 2,136 |
| | | | 76,109 |

**LOAN PARTICIPATIONS AND ASSIGNMENTS 0.2%**

| | | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|---|
| **CenturyLink, Inc.** | | | |
| 5.152% (LIBOR03M + 2.750%) due 01/31/2025 ~ | | 493 | 482 |

See Accompanying Notes

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Charter Communications Operating LLC** | | |
| 4.330% (LIBOR03M + 2.000%) due 04/30/2025 ~ | $ 582 | $ 582 |
| | | 1,064 |
| **NON-AGENCY MORTGAGE-BACKED SECURITIES 1.5%** | | |
| **American Home Mortgage Investment Trust** | | |
| 4.044% due 09/25/2045 • | 17 | 17 |
| **Banc of America Alternative Loan Trust** | | |
| 6.500% due 04/25/2036 ^ | 418 | 413 |
| **Banc of America Mortgage Trust** | | |
| 4.479% due 02/25/2036 ^~ | 49 | 47 |
| **Bear Stearns Adjustable Rate Mortgage Trust** | | |
| 4.345% due 08/25/2033 ~ | 1 | 1 |
| **Bear Stearns ALT-A Trust** | | |
| 2.564% due 02/25/2034 • | 38 | 39 |
| 4.016% due 08/25/2036 ^~ | 36 | 25 |
| 4.159% due 11/25/2035 ^~ | 25 | 22 |
| 4.253% due 03/25/2036 ^~ | 112 | 96 |
| 4.294% due 09/25/2035 ^~ | 22 | 19 |
| **Bear Stearns Structured Products, Inc. Trust** | | |
| 3.801% due 12/26/2046 ^~ | 24 | 21 |
| **Chase Mortgage Finance Trust** | | |
| 3.799% due 07/25/2037 ~ | 49 | 45 |
| **Citigroup Mortgage Loan Trust, Inc.** | | |
| 2.754% due 10/25/2035 • | 1,913 | 1,470 |
| 4.680% due 09/25/2035 • | 4 | 4 |
| **Citigroup Mortgage Loan Trust, Inc. Mortgage Pass-Through Certificates** | | |
| 4.243% due 09/25/2035 ^~ | 251 | 235 |
| **Countrywide Alternative Loan Trust** | | |
| 2.593% due 03/20/2046 • | 60 | 56 |
| 2.684% due 02/25/2037 • | 45 | 42 |
| 3.504% due 12/25/2035 • | 51 | 47 |
| 4.004% due 11/25/2035 • | 11 | 10 |
| 5.250% due 06/25/2035 ^ | 7 | 7 |
| **Countrywide Home Loan Mortgage Pass-Through Trust** | | |
| 2.864% due 05/25/2035 • | 22 | 21 |
| 3.044% due 03/25/2035 • | 41 | 38 |
| 3.064% due 02/25/2035 • | 5 | 5 |
| 3.927% due 08/25/2034 ^~ | 12 | 12 |
| 4.280% due 11/25/2034 ~ | 6 | 6 |
| 5.500% due 01/25/2035 | 341 | 354 |
| **Credit Suisse First Boston Mortgage Securities Corp.** | | |
| 6.500% due 04/25/2033 | 0 | 1 |
| **Credit Suisse Mortgage Capital Mortgage-Backed Trust** | | |
| 5.500% due 08/25/2036 ^ | 1,459 | 1,408 |
| 5.863% due 02/25/2037 ^~ | 183 | 85 |
| **DBUBS Mortgage Trust** | | |
| 0.385% due 11/10/2046 ~(a) | 400 | 2 |
| 0.885% due 11/10/2046 ~(a) | 263 | 2 |
| **Deutsche ALT-A Securities, Inc. Mortgage Loan Trust** | | |
| 3.154% due 10/25/2047 • | 820 | 782 |
| **GSR Mortgage Loan Trust** | | |
| 2.734% due 12/25/2034 • | 38 | 36 |
| 4.396% due 01/25/2036 ^~ | 39 | 40 |
| 4.739% due 04/25/2035 ~ | 217 | 223 |
| **IndyMac Mortgage Loan Trust** | | |
| 2.614% due 05/25/2046 • | 456 | 446 |
| 2.884% due 07/25/2035 • | 19 | 19 |
| **JPMorgan Mortgage Trust** | | |
| 3.722% due 07/27/2037 ~ | 77 | 79 |
| 4.304% due 02/25/2036 ^~ | 22 | 19 |
| **Mellon Residential Funding Corp. Mortgage Pass-Through Trust** | | |
| 2.834% due 12/15/2030 • | 5 | 5 |
| **Morgan Stanley Bank of America Merrill Lynch Trust** | | |
| 1.125% due 12/15/2048 ~(a) | 930 | 26 |
| **Morgan Stanley Mortgage Loan Trust** | | |
| 4.485% due 06/25/2036 ~ | 25 | 26 |
| **Residential Accredit Loans, Inc. Trust** | | |
| 2.554% due 02/25/2047 • | 31 | 18 |
| 2.584% due 06/25/2046 • | 280 | 113 |
| 2.614% due 04/25/2046 • | 458 | 212 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Structured Adjustable Rate Mortgage Loan Trust** | | |
| 4.714% due 04/25/2034 ~ | $ 3 | $ 3 |
| **Structured Asset Mortgage Investments Trust** | | |
| 2.614% due 05/25/2036 • | 11 | 10 |
| 2.624% due 05/25/2036 • | 78 | 73 |
| 2.624% due 09/25/2047 • | 112 | 109 |
| 2.864% due 05/25/2045 • | 17 | 17 |
| 2.970% due 07/19/2034 • | 1 | 1 |
| 3.050% due 09/19/2032 • | 1 | 1 |
| 3.090% due 03/19/2034 • | 3 | 3 |
| 4.004% due 08/25/2047 ^• | 33 | 32 |
| **Structured Asset Securities Corp.** | | |
| 2.684% due 01/25/2036 • | 246 | 229 |
| **Structured Asset Securities Corp. Mortgage Loan Trust** | | |
| 2.694% due 10/25/2036 • | 509 | 453 |
| **TBW Mortgage-Backed Trust** | | |
| 5.970% due 09/25/2036 ^þ | 189 | 16 |
| **Thornburg Mortgage Securities Trust** | | |
| 3.452% due 06/25/2047 ^• | 30 | 28 |
| 3.452% due 06/25/2047 • | 4 | 3 |
| **Wachovia Mortgage Loan Trust LLC** | | |
| 4.604% due 10/20/2035 ^~ | 71 | 72 |
| **WaMu Mortgage Pass-Through Certificates Trust** | | |
| 2.345% due 02/27/2034 • | 3 | 3 |
| 2.714% due 01/25/2045 • | 85 | 85 |
| 3.484% due 06/25/2046 • | 34 | 34 |
| 3.504% due 02/25/2046 • | 78 | 80 |
| 3.833% due 12/25/2036 ^~ | 173 | 163 |
| 4.266% due 04/25/2035 ~ | 28 | 29 |
| 4.458% due 03/25/2035 ~ | 39 | 40 |
| 4.541% due 03/25/2033 ~ | 8 | 9 |
| **Washington Mutual Mortgage Pass-Through Certificates Trust** | | |
| 3.444% due 07/25/2046 ^• | 23 | 17 |
| **Wells Fargo Mortgage-Backed Securities Trust** | | |
| 4.934% due 04/25/2036 ~ | 1 | 1 |
| 4.966% due 03/25/2036 ^~ | 97 | 98 |
| 4.992% due 07/25/2036 ^~ | 26 | 27 |
| 5.085% due 03/25/2035 ~ | 46 | 47 |
| 5.750% due 02/25/2037 | 55 | 53 |
| | | 8,330 |
| **U.S. GOVERNMENT AGENCIES 19.8%** | | |
| **Fannie Mae** | | |
| 2.524% due 03/25/2034 • | $ 3 | 3 |
| 2.554% due 08/25/2034 • | 2 | 2 |
| 2.804% due 06/25/2036 • | 24 | 24 |
| 2.827% due 09/25/2042 • | 12 | 12 |
| 3.500% due 11/01/2021 | 86 | 88 |
| 3.682% due 10/01/2044 • | 12 | 12 |
| 4.291% due 12/01/2034 • | 2 | 2 |
| 4.393% due 05/25/2035 | 7 | 7 |
| 4.743% due 11/01/2034 • | 19 | 20 |
| 6.000% due 07/25/2044 | 8 | 9 |
| **Fannie Mae UMBS** | | |
| 3.500% due 03/01/2048 | 9,080 | 9,341 |
| **Fannie Mae UMBS, TBA** | | |
| 3.500% due 08/01/2049 - 09/01/2049 | 66,400 | 67,847 |
| 4.000% due 08/01/2049 | 27,400 | 28,306 |
| **Freddie Mac** | | |
| 1.854% due 01/15/2038 ~(a) | 347 | 23 |
| 2.859% due 01/15/2038 | 347 | 346 |
| 2.894% due 12/15/2032 • | 5 | 5 |
| 2.994% due 12/15/2037 • | 7 | 7 |
| 3.704% due 10/25/2044 • | 34 | 35 |
| 4.629% due 04/01/2035 • | 41 | 43 |
| 4.744% due 02/01/2029 • | 1 | 1 |
| 4.750% due 03/01/2035 • | 5 | 5 |
| **Ginnie Mae** | | |
| 3.267% due 06/20/2066 • | 1,590 | 1,603 |
| 3.309% due 05/20/2066 | 2,299 | 2,317 |
| 3.359% due 11/20/2066 | 662 | 668 |
| 3.625% due 04/20/2028 - 06/20/2030 • | 2 | 2 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **NCUA Guaranteed Notes** | | |
| 2.889% due 11/05/2020 • | $ 594 | $ 595 |
| 2.979% due 12/08/2020 • | 179 | 180 |
| | | 111,503 |
| **U.S. TREASURY OBLIGATIONS 7.0%** | | |
| **U.S. Treasury Inflation Protected Securities (f)** | | |
| 0.125% due 01/15/2022 (n) | 113 | 112 |
| 0.125% due 04/15/2022 (l)(n) | 2,311 | 2,294 |
| 0.125% due 07/15/2024 (n) | 75 | 75 |
| 0.375% due 07/15/2025 (j)(l) | 8,964 | 9,067 |
| 0.500% due 01/15/2028 (j) | 9,219 | 9,374 |
| 0.625% due 04/15/2023 (l) | 617 | 625 |
| 0.625% due 01/15/2026 (n) | 215 | 220 |
| 1.000% due 02/15/2048 (j) | 2,487 | 2,619 |
| 1.375% due 02/15/2044 (n) | 877 | 997 |
| 2.000% due 01/15/2026 (n) | 129 | 143 |
| 2.500% due 01/15/2029 (n) | 1,250 | 1,504 |
| 3.875% due 04/15/2029 (n) | 777 | 1,041 |
| **U.S. Treasury Notes** | | |
| 2.250% due 11/15/2025 (n) | 100 | 102 |
| 2.625% due 06/15/2021 | 300 | 305 |
| 2.875% due 04/30/2025 (j)(l)(n) | 10,600 | 11,214 |
| | | 39,692 |
| **Total United States (Cost $266,375)** | | **272,435** |
| **SHORT-TERM INSTRUMENTS 0.6%** | | |
| **REPURCHASE AGREEMENTS (i) 0.2%** | | |
| | | 1,061 |
| **SOUTH AFRICA TREASURY BILLS 0.4%** | | |
| 7.511% due 12/04/2019 (d)(e) | ZAR 31,300 | 2,161 |
| **Total Short-Term Instruments (Cost $3,143)** | | **3,222** |
| **Total Investments in Securities (Cost $651,260)** | | **667,977** |
| | **SHARES** | |
| **INVESTMENTS IN AFFILIATES 5.1%** | | |
| **SHORT-TERM INSTRUMENTS 5.1%** | | |
| **CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 5.1%** | | |
| **PIMCO Short Asset Portfolio** | 2,862,325 | 28,469 |
| **PIMCO Short-Term Floating NAV Portfolio III** | 58,281 | 576 |
| **Total Short-Term Instruments (Cost $29,142)** | | **29,045** |
| **Total Investments in Affiliates (Cost $29,142)** | | **29,045** |
| **Total Investments 123.6% (Cost $680,402)** | | **$ 697,022** |
| **Financial Derivative Instruments (k)(m) (0.4)% (Cost or Premiums, net $5,687)** | | **(2,730)** |
| **Other Assets and Liabilities, net (23.2)%** | | **(130,520)** |
| **Net Assets 100.0%** | | **$ 563,772** |

## 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.
- þ Coupon represents a rate which changes periodically based on a predetermined schedule or event. Rate shown is the rate in effect as of period end.
- (a) Interest only security.
- (b) When-issued security.
- (c) Payment in-kind security.
- (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 | 2.000% | 06/28/2019 | 07/01/2019 | $ 1,061 | U.S. Treasury Notes 2.250% due 03/31/2021 | $ (1,084) | $ 1,061 | $ 1,061 |
| **Total Repurchase Agreements** | | | | | | **$ (1,084)** | **$ 1,061** | **$ 1,061** |

### REVERSE REPURCHASE AGREEMENTS:

| Counterparty | Borrowing Rate[2] | Settlement Date | Maturity Date | Amount Borrowed[2] | Payable for Reverse Repurchase Agreements |
|---|---|---|---|---|---|
| CIB | 2.600% | 05/30/2019 | 07/10/2019 | $ (3,697) | $ (3,706) |
| GRE | 2.610 | 05/29/2019 | 07/10/2019 | (7,799) | (7,817) |
| RCY | 2.610 | 06/05/2019 | 08/02/2019 | (14,114) | (14,141) |
| **Total Reverse Repurchase Agreements** | | | | | **$ (25,664)** |

### SALE-BUYBACK TRANSACTIONS:

| Counterparty | Borrowing Rate[2] | Borrowing Date | Maturity Date | Amount Borrowed[2] | Payable for Sale-Buyback Transactions[3] |
|---|---|---|---|---|---|
| UBS | 2.600% | 06/11/2019 | 07/30/2019 | $ (1,068) | $ (1,070) |
| **Total Sale-Buyback Transactions** | | | | | **$ (1,070)** |

### SHORT SALES:

| Description | Coupon | Maturity Date | Principal Amount | Proceeds | Payable for Short Sales[4] |
|---|---|---|---|---|---|
| Canada (1.7)% | | | | | |
| Sovereign Issues (1.7)% | | | | | |
| Canadian Government Bond | 2.750% | 12/01/2048 | CAD 10,100 | $ (9,380) | $ (9,636) |
| **Total Short Sales (1.7)%** | | | | **$ (9,380)** | **$ (9,636)** |

## 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, 2019:

| Counterparty | Repurchase Agreement Proceeds to be Received[(1)] | Payable for Reverse Repurchase Agreements | Payable for Sale-Buyback Transactions | Payable for Short Sales[(4)] | Total Borrowings and Other Financing Transactions | Collateral Pledged/(Received) | Net Exposure[(5)] |
|---|---|---|---|---|---|---|---|
| Global/Master Repurchase Agreement | | | | | | | |
| CIB | $ 0 | $ (3,706) | $ 0 | $ 0 | $ (3,706) | $ 3,742 | $ 36 |
| FICC | 1,061 | 0 | 0 | 0 | 1,061 | (1,084) | (23) |
| GRE | 0 | (7,817) | 0 | 0 | (7,817) | 7,969 | 152 |
| RCY | 0 | (14,141) | 0 | 0 | (14,141) | 14,132 | (9) |
| Master Securities Forward Transaction Agreement | | | | | | | |
| TDM | 0 | 0 | 0 | (9,636) | (9,636) | 0 | (9,636) |
| UBS | 0 | 0 | (1,070) | 0 | (1,070) | 1,072 | 2 |
| **Total Borrowings and Other Financing Transactions** | **$ 1,061** | **$ (25,664)** | **$ (1,070)** | **$ (9,636)** | | | |

## 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. Treasury Obligations | $ 0 | $ (11,523) | $ (14,141) | $ 0 | $ (25,664) |
| **Total** | **$ 0** | **$ (11,523)** | **$ (14,141)** | **$ 0** | **$ (25,664)** |
| **Sale-Buyback Transactions** | | | | | |
| U.S. Treasury Obligations | 0 | (1,070) | 0 | 0 | (1,070) |
| **Total** | **$ 0** | **$ (1,070)** | **$ 0** | **$ 0** | **$ (1,070)** |
| **Total Borrowings** | **$ 0** | **$ (12,593)** | **$ (14,141)** | **$ 0** | **$ (26,734)** |
| **Payable for reverse repurchase agreements and sale-buyback financing transactions** | | | | | **$ (26,734)** |

**(j) Securities with an aggregate market value of $27,185 have been pledged as collateral under the terms of the above master agreements as of June 30, 2019.**

(1) Includes accrued interest.

(2) The average amount of borrowings outstanding during the period ended June 30, 2019 was $(8,420) at a weighted average interest rate of 2.321%. Average borrowings may include reverse repurchase agreements and sale-buyback transactions, if held during the period.

(3) Payable for sale-buyback transactions includes $(2) of deferred price drop.

(4) Payable for short sales includes $22 of accrued interest.

(5) 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

### 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 10-Year Note September 2019 Futures | $ 115.000 | 08/23/2019 | 146 | $ 146 | $ 1 | $ 0 |
| **Total Purchased Options** | | | | | **$ 1** | **$ 0** |

### 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 2019 Futures | $ 125.500 | 07/26/2019 | 72 | $ 72 | $ (24) | $ (4) |
| Call - CBOT U.S. Treasury 10-Year Note August 2019 Futures | 127.000 | 07/26/2019 | 37 | 37 | (15) | (45) |
| Call - CBOT U.S. Treasury 10-Year Note August 2019 Futures | 129.000 | 07/26/2019 | 72 | 72 | (25) | (19) |
| **Total Written Options** | | | | | **$ (64)** | **$ (68)** |

## FUTURES CONTRACTS:

### LONG FUTURES CONTRACTS

| Description | Expiration Month | # of Contracts | Notional Amount | Unrealized Appreciation/ (Depreciation) | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|
| Australia Government 3-Year Note September Futures | 09/2019 | 242 | $ 19,538 | $ 33 | $ 5 | $ (28) |
| Australia Government 10-Year Bond September Futures | 09/2019 | 23 | 2,320 | 11 | 5 | (13) |
| Canada Government 10-Year Bond September Futures | 09/2019 | 86 | 9,386 | 177 | 22 | (3) |
| Euro-Bobl September Futures | 09/2019 | 188 | 28,740 | 162 | 26 | 0 |
| Euro-BTP Italy Government Bond September Futures | 09/2019 | 17 | 2,596 | 95 | 12 | 0 |
| Euro-Bund 10-Year Bond September Futures | 09/2019 | 2 | 393 | 4 | 1 | 0 |
| Euro-Buxl 30-Year Bond September Futures | 09/2019 | 20 | 4,614 | 128 | 4 | (4) |
| Euro-Schatz September Futures | 09/2019 | 349 | 44,560 | 64 | 12 | 0 |
| Put Options Strike @ EUR 160.000 on Euro-Bund 10-Year Bond September 2019 Futures(1) | 08/2019 | 2 | 0 | 0 | 0 | 0 |
| U.S. Treasury 5-Year Note September Futures | 09/2019 | 441 | 52,107 | 745 | 0 | 0 |
| U.S. Treasury 10-Year Note September Futures | 09/2019 | 216 | 27,641 | 329 | 7 | 0 |
| U.S. Treasury Ultra Long-Term Bond September Futures | 09/2019 | 27 | 4,794 | 182 | 0 | (5) |
| United Kingdom 90-Day LIBOR Sterling Interest Rate September Futures | 09/2019 | 741 | 116,706 | 424 | 0 | 0 |
| United Kingdom Long Gilt September Futures | 09/2019 | 82 | 13,569 | 30 | 0 | (26) |
| | | | | $ 2,384 | $ 94 | $ (79) |

### SHORT FUTURES CONTRACTS

| Description | Expiration Month | # of Contracts | Notional Amount | Unrealized Appreciation/ (Depreciation) | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|
| Euro-OAT France Government 10-Year Bond September Futures | 09/2019 | 235 | $ (44,056) | $ (898) | $ 0 | $ (64) |
| U.S. Treasury 2-Year Note September Futures | 09/2019 | 25 | (5,379) | (38) | 1 | 0 |
| United Kingdom 90-Day LIBOR Sterling Interest Rate September Futures | 09/2020 | 741 | (116,753) | (770) | 23 | (6) |
| | | | | $ (1,706) | $ 24 | $ (70) |
| **Total Futures Contracts** | | | | **$ 678** | **$ 118** | **$ (149)** |

## SWAP AGREEMENTS:

### CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - BUY PROTECTION(2)

| Reference Entity | Fixed (Pay) Rate | Payment Frequency | Maturity Date | Implied Credit Spread at June 30, 2019(4) | Notional Amount(5) | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Market Value(6) | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|---|---|---|---|
| BASF SE | (1.000)% | Quarterly | 12/20/2020 | 0.074% | EUR 200 | $ (6) | $ 3 | $ (3) | $ 0 | $ 0 |
| Reynolds American, Inc. | (1.000) | Quarterly | 12/20/2020 | 0.141 | $ 700 | (15) | 6 | (9) | 0 | 0 |
| United Utilities PLC | (1.000) | Quarterly | 12/20/2020 | 0.140 | EUR 200 | (5) | 2 | (3) | 0 | 0 |
| | | | | | | $ (26) | $ 11 | $ (15) | $ 0 | $ 0 |

### CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION(3)

| Reference Entity | Fixed Receive Rate | Payment Frequency | Maturity Date | Implied Credit Spread at June 30, 2019(4) | Notional Amount(5) | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Market Value(6) | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|---|---|---|---|
| Berkshire Hathaway, Inc. | 1.000% | Quarterly | 12/20/2022 | 0.285% | $ 700 | $ 13 | $ 4 | $ 17 | $ 0 | $ 0 |
| Daimler AG | 1.000 | Quarterly | 12/20/2020 | 0.173 | EUR 200 | 5 | (2) | 3 | 0 | 0 |
| Shell International Finance BV | 1.000 | Quarterly | 12/20/2026 | 0.494 | 500 | 18 | 4 | 22 | 1 | 0 |
| Tesco PLC | 1.000 | Quarterly | 06/20/2022 | 0.459 | 800 | 0 | 15 | 15 | 0 | 0 |
| Tesco PLC | 1.000 | Quarterly | 06/20/2025 | 1.213 | 400 | (13) | 7 | (6) | 0 | 0 |
| | | | | | | $ 23 | $ 28 | $ 51 | $ 1 | $ 0 |

### CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION(2)

| Index/Tranches | Fixed (Pay) Rate | Payment Frequency | Maturity Date | Notional Amount(5) | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Market Value(6) | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|---|---|---|
| CDX.IG-32 10-Year Index | (1.000)% | Quarterly | 06/20/2029 | $ 21,500 | $ 87 | $ (36) | $ 51 | $ 0 | $ (14) |

### CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION(3)

| Index/Tranches | Fixed Receive Rate | Payment Frequency | Maturity Date | Notional Amount(5) | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Market Value(6) | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|---|---|---|
| CDX.IG-32 5-Year Index | 1.000% | Quarterly | 06/20/2024 | $ 14,500 | $ 286 | $ 27 | $ 313 | $ 7 | $ 0 |
| iTraxx Crossover 31 5-Year Index | 5.000 | Quarterly | 06/20/2024 | EUR 1,000 | 126 | 5 | 131 | 7 | 0 |
| iTraxx Europe Main 31 5-Year Index | 1.000 | Quarterly | 06/20/2024 | 8,000 | 194 | 26 | 220 | 14 | 0 |
| | | | | | $ 606 | $ 58 | $ 664 | $ 28 | $ 0 |

### INTEREST RATE SWAPS - BASIS SWAPS

| Pay Floating Rate Index | Receive Floating Rate Index | Payment Frequency | Maturity Date | Notional Amount | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Market Value | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|---|---|---|
| 3-Month USD-LIBOR | 01-Month USD-LIBOR + 0.117% | Quarterly | 03/02/2020 | $ 33,900 | $ 0 | $ 10 | $ 10 | $ 2 | $ 0 |
| 3-Month USD-LIBOR(7) | 01-Month USD-LIBOR + 0.091% | Quarterly | 03/18/2022 | 132,700 | (1) | 14 | 13 | 12 | 0 |
| 3-Month USD-LIBOR(7) | 01-Month USD-LIBOR + 0.084% | Quarterly | 04/26/2022 | 30,400 | 0 | 6 | 6 | 4 | 0 |
| 3-Month USD-LIBOR | 01-Month USD-LIBOR + 0.070% | Quarterly | 06/12/2022 | 3,900 | 0 | 4 | 4 | 1 | 0 |
| 3-Month USD-LIBOR | 01-Month USD-LIBOR + 0.084% | Quarterly | 06/12/2022 | 5,100 | 0 | 4 | 4 | 1 | 0 |
| 3-Month USD-LIBOR | 01-Month USD-LIBOR + 0.085% | Quarterly | 06/19/2022 | 19,800 | (2) | 16 | 14 | 4 | 0 |
| 3-Month USD-LIBOR(7) | 01-Month USD-LIBOR + 0.086% | Quarterly | 04/12/2023 | 12,500 | 0 | 3 | 3 | 3 | 0 |
| 3-Month USD-LIBOR(7) | 01-Month USD-LIBOR + 0.073% | Quarterly | 04/27/2023 | 17,000 | 0 | 3 | 3 | 2 | 0 |
| 3-Month USD-LIBOR(7) | 01-Month USD-LIBOR + 0.088% | Quarterly | 05/23/2029 | 4,800 | 0 | (1) | (1) | 0 | 0 |
| | | | | | $ (3) | $ 59 | $ 56 | $ 29 | $ 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 | $ (69) | $ (69) | $ 1 | $ 0 |
| Receive | 1-Day USD-Federal Funds Rate Compounded-OIS | 2.683 | Annual | 04/30/2025 | 3,500 | 1 | (224) | (223) | 5 | 0 |
| Receive | 1-Day USD-Federal Funds Rate Compounded-OIS | 2.684 | Annual | 04/30/2025 | 1,200 | 0 | (76) | (76) | 2 | 0 |
| Receive | 1-Day USD-Federal Funds Rate Compounded-OIS | 2.696 | Annual | 04/30/2025 | 1,100 | 0 | (71) | (71) | 1 | 0 |
| Receive | 1-Day USD-Federal Funds Rate Compounded-OIS | 2.710 | Annual | 04/30/2025 | 1,200 | 0 | (78) | (78) | 2 | 0 |
| Receive | 1-Day USD-Federal Funds Rate Compounded-OIS | 2.714 | Annual | 04/30/2025 | 2,300 | 0 | (150) | (150) | 3 | 0 |
| Receive | 1-Year BRL-CDI | 6.370 | Maturity | 01/02/2020 | BRL 110,800 | 0 | (50) | (50) | 0 | (4) |
| Receive | 1-Year BRL-CDI | 6.450 | Maturity | 01/02/2020 | 169,000 | (2) | (101) | (103) | 0 | (6) |
| Pay | 1-Year BRL-CDI | 8.880 | Maturity | 01/04/2021 | 800 | 1 | 12 | 13 | 0 | 0 |
| Pay | 3-Month CAD-Bank Bill | 2.500 | Semi-Annual | 06/19/2029 | CAD 24,200 | 301 | 824 | 1,125 | 65 | 0 |
| Pay | 3-Month CAD-Bank Bill | 1.750 | Semi-Annual | 12/16/2046 | 600 | (86) | 51 | (35) | 5 | 0 |
| Pay | 3-Month CAD-Bank Bill | 2.750 | Semi-Annual | 12/18/2048 | 11,000 | 7 | 1,281 | 1,288 | 97 | 0 |
| Pay | 3-Month CHF-LIBOR | 0.050 | Annual | 03/16/2026 | CHF 1,400 | (24) | 81 | 57 | 2 | 0 |
| Pay | 3-Month NZD-BBR | 2.500 | Semi-Annual | 02/14/2020 | NZD 7,520 | 9 | 59 | 68 | 0 | 0 |
| Pay | 3-Month PLN-WIBOR | 2.405 | Annual | 01/30/2029 | PLN 1,700 | 0 | 14 | 14 | 0 | 0 |
| Receive | 3-Month USD-LIBOR | 2.000 | Semi-Annual | 12/20/2019 | $ 25,300 | 220 | (189) | 31 | 2 | 0 |
| Receive | 3-Month USD-LIBOR | 1.750 | Semi-Annual | 06/20/2020 | 63,700 | 1,091 | (903) | 188 | 14 | 0 |
| Receive | 3-Month USD-LIBOR | 2.750 | Semi-Annual | 12/19/2020 | 46,900 | 319 | (904) | (585) | 15 | 0 |
| Receive | 3-Month USD-LIBOR | 2.000 | Semi-Annual | 06/20/2023 | 2,800 | 128 | (156) | (28) | 3 | 0 |
| Receive | 3-Month USD-LIBOR | 1.750 | Semi-Annual | 12/21/2023 | 9,200 | 479 | (477) | 2 | 9 | 0 |
| Receive | 3-Month USD-LIBOR | 2.460 | Semi-Annual | 04/09/2024 | 4,500 | (8) | (134) | (142) | 4 | 0 |
| Receive | 3-Month USD-LIBOR | 3.000 | Semi-Annual | 06/19/2024 | 5,200 | (280) | (28) | (308) | 5 | 0 |
| Receive | 3-Month USD-LIBOR | 3.000 | Semi-Annual | 06/19/2026 | 5,900 | (168) | (284) | (452) | 7 | 0 |
| Receive | 3-Month USD-LIBOR | 1.750 | Semi-Annual | 12/21/2026 | 7,200 | 580 | (523) | 57 | 10 | 0 |
| Receive | 3-Month USD-LIBOR | 2.250 | Semi-Annual | 06/20/2028 | 34,600 | 1,832 | (2,777) | (945) | 57 | 0 |
| Receive | 3-Month USD-LIBOR | 3.000 | Semi-Annual | 06/19/2029 | 22,300 | (753) | (1,373) | (2,126) | 41 | 0 |
| Receive | 3-Month USD-LIBOR | 2.750 | Semi-Annual | 12/20/2047 | 8,700 | 269 | (1,239) | (970) | 52 | 0 |
| Receive | 3-Month USD-LIBOR | 2.500 | Semi-Annual | 06/20/2048 | 4,000 | 445 | (674) | (229) | 24 | 0 |
| Receive | 3-Month USD-LIBOR | 3.000 | Semi-Annual | 12/19/2048 | 7,100 | 195 | (1,401) | (1,206) | 46 | 0 |
| Receive(7) | 3-Month USD-LIBOR | 2.953 | Semi-Annual | 11/12/2049 | 800 | (5) | (123) | (128) | 5 | 0 |
| Receive(7) | 3-Month USD-LIBOR | 2.955 | Semi-Annual | 11/12/2049 | 2,900 | (20) | (446) | (466) | 19 | 0 |
| Receive(7) | 3-Month USD-LIBOR | 3.000 | Semi-Annual | 12/18/2049 | 400 | (73) | 2 | (71) | 3 | 0 |
| Pay | 3-Month ZAR-JIBAR | 7.250 | Quarterly | 06/20/2023 | ZAR 7,600 | 4 | 3 | 7 | 1 | 0 |
| Pay | 6-Month CZK-PRIBOR | 1.913 | Annual | 01/30/2029 | CZK 13,900 | 0 | 18 | 18 | 1 | 0 |

| 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(7) | 6-Month EUR-EURIBOR | 0.000% | Annual | 09/18/2021 | EUR | 60,900 | $ (384) | $ (170) | $ (554) | $ 0 | $ (35) |
| Receive(7) | 6-Month EUR-EURIBOR | 0.000 | Annual | 12/18/2021 | | 31,100 | (260) | (20) | (280) | 0 | (17) |
| Pay(7) | 6-Month EUR-EURIBOR | 0.250 | Annual | 09/18/2024 | | 60,400 | 252 | 1,371 | 1,623 | 125 | 0 |
| Pay(7) | 6-Month EUR-EURIBOR | 0.000 | Annual | 12/18/2024 | | 20,400 | 123 | 98 | 221 | 41 | 0 |
| Pay(7) | 6-Month EUR-EURIBOR | 1.000 | Annual | 03/08/2029 | | 11,500 | (55) | 368 | 313 | 24 | 0 |
| Pay(7) | 6-Month EUR-EURIBOR | 1.310 | Annual | 06/19/2029 | | 23,500 | 768 | 228 | 996 | 48 | 0 |
| Pay(7) | 6-Month EUR-EURIBOR | 0.750 | Annual | 09/18/2029 | | 26,400 | 232 | 1,446 | 1,678 | 106 | 0 |
| Pay(7) | 6-Month EUR-EURIBOR | 0.500 | Annual | 12/18/2029 | | 20,700 | 401 | 239 | 640 | 79 | 0 |
| Pay(7) | 6-Month EUR-EURIBOR | 1.250 | Annual | 09/18/2049 | | 500 | 77 | 7 | 84 | 4 | 0 |
| Pay(7) | 6-Month GBP-LIBOR | 1.000 | Semi-Annual | 09/18/2021 | GBP | 17,400 | (63) | 137 | 74 | 0 | 0 |
| Pay(7) | 6-Month GBP-LIBOR | 1.000 | Semi-Annual | 12/18/2024 | | 19,300 | 78 | 22 | 100 | 0 | (13) |
| Pay(7) | 6-Month GBP-LIBOR | 1.000 | Semi-Annual | 12/18/2029 | | 1,100 | (5) | (4) | (9) | 0 | (1) |
| Pay(7) | 6-Month GBP-LIBOR | 1.500 | Semi-Annual | 09/18/2049 | | 3,200 | (51) | 327 | 276 | 0 | (15) |
| Pay(7) | 6-Month GBP-LIBOR | 1.250 | Semi-Annual | 12/18/2049 | | 400 | 8 | (7) | 1 | 0 | (2) |
| Pay | 6-Month JPY-LIBOR | 0.380 | Semi-Annual | 06/18/2028 | JPY | 164,000 | 47 | 7 | 54 | 1 | 0 |
| Pay | 6-Month JPY-LIBOR | 0.200 | Semi-Annual | 06/19/2029 | | 420,000 | 45 | 26 | 71 | 4 | 0 |
| Pay | 6-Month JPY-LIBOR | 0.400 | Semi-Annual | 06/19/2039 | | 130,881 | (2) | 30 | 28 | 2 | 0 |
| Pay | 6-Month JPY-LIBOR | 0.500 | Semi-Annual | 06/19/2049 | | 960,000 | (80) | 369 | 289 | 19 | 0 |
| Pay | 28-Day MXN-TIIE | 7.278 | Lunar | 03/22/2022 | MXN | 21,800 | (5) | 3 | (2) | 6 | 0 |
| Pay | 28-Day MXN-TIIE | 7.317 | Lunar | 03/23/2022 | | 18,100 | (3) | 2 | (1) | 5 | 0 |
| Pay | 28-Day MXN-TIIE | 5.825 | Lunar | 01/12/2023 | | 27,400 | (95) | 26 | (69) | 8 | 0 |
| | | | | | | | $ 5,490 | $ (5,600) | $ (110) | $ 973 | $ (93) |
| **Total Swap Agreements** | | | | | | | **$ 6,177** | **$ (5,480)** | **$ 697** | **$ 1,031** | **$ (107)** |

## 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, 2019:

| | 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** | **$ 118** | **$ 1,031** | **$ 1,149** | **$ (68)** | **$ (149)** | **$ (107)** | **$ (324)** |

**(l) Securities with an aggregate market value of $7,018 and cash of $2,515 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of June 30, 2019. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.**

(1) Future styled option.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) The prices and resulting values for credit default swap agreements 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.

(7) 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.

## (m) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

### FORWARD FOREIGN CURRENCY CONTRACTS:

| | | | | | | Unrealized Appreciation/ (Depreciation) | |
|---|---|---|---|---|---|---|---|
| Counterparty | Settlement Month | Currency to be Delivered | | Currency to be Received | | Asset | Liability |
| BOA | 07/2019 | AUD | 791 | $ | 543 | $ 0 | $ (13) |
| | 07/2019 | CAD | 1,486 | | 1,118 | 0 | (17) |
| | 07/2019 | EUR | 1,466 | | 1,662 | 0 | (5) |
| | 07/2019 | JPY | 66,600 | | 615 | 0 | (3) |
| | 07/2019 | $ | 2,258 | AUD | 3,241 | 17 | 0 |
| | 07/2019 | | 3,587 | CAD | 4,718 | 16 | 0 |
| | 07/2019 | | 41 | EUR | 36 | 0 | 0 |
| | 07/2019 | | 540 | GBP | 425 | 0 | 0 |
| | 07/2019 | | 19 | NOK | 166 | 0 | 0 |
| | 07/2019 | | 2,773 | NZD | 4,264 | 91 | 0 |
| | 08/2019 | CAD | 4,718 | $ | 3,590 | 0 | (16) |
| | 09/2019 | SGD | 3,731 | | 2,726 | 0 | (35) |
| | 09/2019 | $ | 2,050 | IDR | 30,185,831 | 66 | 0 |
| | 03/2020 | RON | 1,843 | EUR | 371 | 0 | (9) |
| BPS | 07/2019 | AUD | 3,232 | $ | 2,250 | 0 | (19) |
| | 07/2019 | CAD | 2,869 | | 2,154 | 0 | (37) |
| | 07/2019 | CHF | 1,547 | | 1,579 | 3 | (10) |
| | 07/2019 | DKK | 3,665 | | 558 | 0 | (1) |
| | 07/2019 | EUR | 9,602 | | 10,810 | 7 | (116) |
| | 07/2019 | GBP | 579 | | 738 | 3 | 0 |
| | 07/2019 | JPY | 58,619 | | 549 | 5 | 0 |
| | 07/2019 | NOK | 2,269 | | 260 | 0 | (6) |
| | 07/2019 | $ | 7 | ARS | 355 | 1 | 0 |
| | 07/2019 | | 834 | CNH | 5,716 | 0 | (2) |
| | 07/2019 | | 8,581 | EUR | 7,608 | 73 | (3) |
| | 07/2019 | | 36,775 | GBP | 28,997 | 51 | 0 |
| | 07/2019 | | 5,403 | JPY | 581,785 | 0 | (7) |
| | 07/2019 | | 3,053 | NOK | 26,090 | 6 | (1) |
| | 08/2019 | EUR | 1,980 | $ | 2,261 | 3 | 0 |
| | 08/2019 | GBP | 28,549 | | 36,265 | 0 | (47) |
| | 08/2019 | JPY | 301,985 | | 2,812 | 4 | 0 |
| | 08/2019 | NOK | 14,275 | | 1,676 | 1 | 0 |
| | 08/2019 | $ | 194 | ARS | 8,661 | 0 | (1) |
| | 08/2019 | | 4,020 | MXN | 78,882 | 60 | 0 |
| | 08/2019 | | 2,837 | SEK | 26,270 | 0 | (1) |
| | 09/2019 | CNH | 21,018 | $ | 3,057 | 0 | (1) |
| | 09/2019 | EUR | 52 | TRY | 353 | 0 | (1) |
| | 09/2019 | KRW | 136,005 | $ | 115 | 0 | (3) |
| | 09/2019 | $ | 2,644 | CNH | 18,338 | 24 | 0 |
| | 09/2019 | | 780 | IDR | 11,259,890 | 9 | 0 |
| | 09/2019 | | 77 | PEN | 260 | 2 | 0 |
| | 10/2019 | INR | 147,634 | $ | 2,098 | 0 | (13) |
| | 03/2020 | RON | 1,606 | EUR | 323 | 0 | (9) |
| | 05/2020 | $ | 4,740 | INR | 348,248 | 121 | 0 |
| BRC | 07/2019 | DKK | 13,035 | $ | 1,985 | 1 | (1) |
| | 07/2019 | $ | 630 | CLP | 437,472 | 16 | 0 |
| | 07/2019 | | 582 | PEN | 1,945 | 8 | 0 |
| | 08/2019 | | 691 | HKD | 5,405 | 1 | 0 |
| | 12/2019 | HKD | 5,405 | $ | 691 | 0 | (2) |
| | 04/2020 | INR | 349,803 | | 4,822 | 0 | (65) |
| CBK | 07/2019 | AUD | 1,847 | | 1,287 | 0 | (10) |
| | 07/2019 | CAD | 1,630 | | 1,209 | 0 | (36) |
| | 07/2019 | CHF | 1,672 | | 1,677 | 0 | (36) |
| | 07/2019 | CNH | 6,175 | | 916 | 17 | 0 |
| | 07/2019 | DKK | 28,750 | | 4,374 | 3 | (8) |
| | 07/2019 | EUR | 19,747 | | 22,389 | 3 | (78) |
| | 07/2019 | GBP | 565 | | 715 | 0 | (2) |
| | 07/2019 | NOK | 35,360 | | 4,110 | 7 | (41) |
| | 07/2019 | PEN | 1,945 | | 590 | 0 | 0 |
| | 07/2019 | SEK | 21,286 | | 2,265 | 0 | (28) |
| | 07/2019 | $ | 1,678 | AUD | 2,412 | 16 | 0 |
| | 07/2019 | | 1,121 | CAD | 1,476 | 7 | (1) |
| | 07/2019 | | 834 | CNH | 5,716 | 0 | (2) |
| | 07/2019 | | 23,241 | DKK | 152,810 | 38 | 0 |
| | 07/2019 | | 115,440 | EUR | 101,645 | 141 | 0 |
| | 07/2019 | | 2,409 | GBP | 1,898 | 3 | (2) |

| Counterparty | Settlement Month | Currency to be Delivered | | Currency to be Received | | Unrealized Appreciation/ (Depreciation) Asset | Unrealized Appreciation/ (Depreciation) Liability |
|---|---|---|---|---|---|---|---|
| | 07/2019 | $ | 570 | JPY | 61,638 | $ 2 | $ 0 |
| | 07/2019 | | 2,110 | PLN | 7,873 | 0 | 0 |
| | 07/2019 | | 4,508 | SEK | 42,232 | 41 | (1) |
| | 07/2019 | | 232 | TRY | 1,350 | 0 | 0 |
| | 08/2019 | CAD | 741 | $ | 567 | 1 | 0 |
| | 08/2019 | EUR | 87,848 | | 100,094 | 0 | (55) |
| | 08/2019 | MXN | 60,492 | | 3,056 | 0 | (73) |
| | 08/2019 | $ | 1,286 | HKD | 10,068 | 3 | 0 |
| | 08/2019 | | 2,459 | NOK | 20,895 | 0 | (7) |
| | 09/2019 | CNH | 46,098 | $ | 6,642 | 0 | (64) |
| | 09/2019 | EUR | 188 | TRY | 1,277 | 0 | (2) |
| | 09/2019 | $ | 2,645 | COP | 8,925,642 | 119 | 0 |
| | 09/2019 | | 588 | PEN | 1,945 | 0 | 0 |
| | 10/2019 | DKK | 152,810 | $ | 23,420 | 0 | (38) |
| | 10/2019 | $ | 1,137 | PEN | 3,823 | 19 | 0 |
| | 10/2019 | | 1,207 | RON | 5,174 | 35 | 0 |
| | 12/2019 | HKD | 10,068 | $ | 1,287 | 0 | (4) |
| | 03/2020 | RON | 1,618 | EUR | 326 | 0 | (9) |
| DUB | 07/2019 | $ | 570 | TRY | 3,301 | 0 | (1) |
| | 09/2019 | | 461 | CNH | 3,193 | 4 | 0 |
| | 09/2019 | | 10 | IDR | 144,360 | 0 | 0 |
| FBF | 11/2019 | | 201 | TWD | 6,280 | 3 | 0 |
| | 12/2019 | ZAR | 30,170 | $ | 1,999 | 0 | (102) |
| GLM | 07/2019 | CHF | 534 | | 550 | 3 | 0 |
| | 07/2019 | CLP | 826,216 | | 1,219 | 0 | (1) |
| | 07/2019 | DKK | 1,130 | | 171 | 0 | (2) |
| | 07/2019 | EUR | 66,999 | | 74,800 | 0 | (1,384) |
| | 07/2019 | $ | 82 | CLP | 57,023 | 2 | 0 |
| | 07/2019 | | 559 | NZD | 849 | 12 | 0 |
| | 08/2019 | MXN | 17,912 | $ | 901 | 0 | (25) |
| | 08/2019 | $ | 2,926 | BRL | 11,243 | 0 | (6) |
| | 08/2019 | | 4,784 | RUB | 314,972 | 157 | 0 |
| | 09/2019 | CNH | 3,193 | $ | 460 | 0 | (4) |
| | 09/2019 | JPY | 1,210,000 | | 11,248 | 0 | (37) |
| | 09/2019 | $ | 1,219 | CLP | 826,216 | 1 | 0 |
| | 03/2020 | EUR | 242 | RON | 1,178 | 1 | 0 |
| HUS | 07/2019 | CNH | 39,550 | $ | 5,793 | 37 | 0 |
| | 07/2019 | EUR | 2,196 | RON | 10,413 | 4 | 0 |
| | 07/2019 | KRW | 1,165 | $ | 1 | 0 | 0 |
| | 07/2019 | NZD | 1,708 | | 1,131 | 0 | (16) |
| | 07/2019 | $ | 1,828 | CAD | 2,440 | 35 | 0 |
| | 07/2019 | | 5,999 | CNH | 41,175 | 0 | (6) |
| | 07/2019 | | 50,658 | JPY | 5,451,600 | 0 | (94) |
| | 07/2019 | | 2,227 | NOK | 19,401 | 48 | 0 |
| | 07/2019 | | 705 | TRY | 4,080 | 0 | (2) |
| | 08/2019 | JPY | 5,451,600 | $ | 50,778 | 92 | 0 |
| | 08/2019 | $ | 1,523 | HKD | 11,929 | 5 | 0 |
| | 08/2019 | | 408 | MXN | 7,860 | 0 | (1) |
| | 09/2019 | CNH | 124,454 | $ | 17,910 | 0 | (196) |
| | 09/2019 | $ | 4,475 | CNH | 30,811 | 14 | (7) |
| | 09/2019 | | 297 | IDR | 4,291,410 | 4 | 0 |
| | 10/2019 | INR | 119,147 | $ | 1,621 | 0 | (83) |
| | 10/2019 | MXN | 7,860 | | 404 | 1 | 0 |
| | 10/2019 | RON | 10,413 | EUR | 2,176 | 0 | (4) |
| | 10/2019 | $ | 3,681 | INR | 266,780 | 134 | 0 |
| | 10/2019 | | 1,210 | RON | 5,162 | 29 | 0 |
| | 11/2019 | TWD | 67,162 | $ | 2,146 | 0 | (36) |
| | 11/2019 | $ | 801 | TWD | 24,971 | 10 | 0 |
| | 12/2019 | HKD | 20,714 | $ | 2,649 | 0 | (5) |
| | 04/2020 | $ | 4,767 | INR | 349,802 | 120 | 0 |
| IND | 07/2019 | SEK | 230,182 | $ | 24,013 | 0 | (775) |
| JPM | 07/2019 | CHF | 1,115 | | 1,114 | 0 | (29) |
| | 07/2019 | CNH | 1,835 | | 270 | 3 | 0 |
| | 07/2019 | DKK | 109,464 | | 16,711 | 41 | (6) |
| | 07/2019 | EUR | 17,228 | | 19,459 | 0 | (131) |
| | 07/2019 | GBP | 1,728 | | 2,175 | 0 | (19) |
| | 07/2019 | INR | 334,170 | | 4,764 | 0 | (78) |
| | 07/2019 | JPY | 5,787,747 | | 53,122 | 0 | (560) |
| | 07/2019 | KRW | 361,088 | | 310 | 0 | (2) |

| Counterparty | Settlement Month | Currency to be Delivered | | Currency to be Received | | Unrealized Appreciation/ (Depreciation) Asset | Unrealized Appreciation/ (Depreciation) Liability |
|---|---|---|---|---|---|---|---|
| | 07/2019 | $ | 150 | CAD | 200 | $ 3 | $ 0 |
| | 07/2019 | | 5,079 | CHF | 4,981 | 27 | (3) |
| | 07/2019 | | 272 | CLP | 189,149 | 7 | 0 |
| | 07/2019 | | 390 | DKK | 2,570 | 2 | 0 |
| | 07/2019 | | 1,681 | GBP | 1,334 | 13 | 0 |
| | 07/2019 | | 2,498 | INR | 173,974 | 23 | 0 |
| | 07/2019 | | 1,312 | NOK | 11,155 | 0 | (4) |
| | 07/2019 | | 655 | PLN | 2,446 | 0 | 0 |
| | 07/2019 | | 562 | SEK | 5,339 | 13 | 0 |
| | 07/2019 | | 252 | TRY | 1,463 | 0 | 0 |
| | 07/2019 | | 2,673 | ZAR | 38,921 | 89 | 0 |
| | 08/2019 | CHF | 2,737 | $ | 2,816 | 3 | 0 |
| | 08/2019 | MXN | 8,566 | | 432 | 0 | (11) |
| | 09/2019 | CNH | 4,605 | | 664 | 0 | (6) |
| | 09/2019 | $ | 1,093 | IDR | 15,778,468 | 13 | 0 |
| | 10/2019 | PEN | 7,574 | $ | 2,272 | 0 | (18) |
| | 10/2019 | $ | 1,271 | DKK | 8,275 | 0 | (1) |
| | 10/2019 | | 401 | MXN | 7,860 | 2 | 0 |
| | 11/2019 | TWD | 7,895 | $ | 252 | 0 | (5) |
| | 05/2020 | INR | 173,974 | | 2,414 | 0 | (14) |
| MSB | 07/2019 | CNH | 5,047 | | 739 | 4 | 0 |
| | 07/2019 | EUR | 87 | RON | 414 | 0 | 0 |
| | 07/2019 | RUB | 136,534 | $ | 2,103 | 0 | (52) |
| | 09/2019 | $ | 1,443 | RUB | 95,464 | 51 | 0 |
| | 03/2020 | RON | 1,621 | EUR | 326 | 0 | (9) |
| MYI | 07/2019 | AUD | 1,621 | $ | 1,130 | 0 | (8) |
| | 07/2019 | CHF | 577 | | 579 | 0 | (12) |
| | 07/2019 | NOK | 19,183 | | 2,261 | 12 | 0 |
| | 08/2019 | $ | 806 | HKD | 6,312 | 2 | 0 |
| | 12/2019 | HKD | 6,312 | $ | 807 | 0 | (2) |
| | 06/2021 | $ | 38 | EUR | 30 | 0 | (3) |
| NGF | 09/2019 | TRY | 1,633 | | 240 | 2 | 0 |
| RBC | 09/2019 | $ | 11,298 | JPY | 1,210,000 | 0 | (12) |
| RYL | 07/2019 | | 11 | EUR | 10 | 0 | 0 |
| | 09/2019 | CNH | 548 | $ | 80 | 0 | 0 |
| SCX | 07/2019 | CAD | 3,113 | | 2,327 | 0 | (51) |
| | 07/2019 | GBP | 30,517 | | 38,634 | 4 | (124) |
| | 07/2019 | JPY | 303,881 | | 2,801 | 0 | (18) |
| | 07/2019 | KRW | 1,484,210 | | 1,274 | 0 | (9) |
| | 07/2019 | $ | 2,767 | GBP | 2,191 | 15 | 0 |
| | 07/2019 | | 1,125 | JPY | 121,824 | 5 | 0 |
| | 07/2019 | | 1,453 | RUB | 96,380 | 69 | 0 |
| | 07/2019 | | 24,821 | SEK | 230,182 | 0 | (34) |
| | 08/2019 | SEK | 230,182 | $ | 24,879 | 33 | 0 |
| | 08/2019 | $ | 1,694 | GBP | 1,329 | 0 | (4) |
| | 09/2019 | CNH | 5,340 | $ | 770 | 0 | (7) |
| | 09/2019 | $ | 1,120 | CNH | 7,744 | 7 | 0 |
| | 11/2019 | TWD | 9,851 | $ | 315 | 0 | (5) |
| | 11/2019 | $ | 1,709 | TWD | 53,149 | 18 | 0 |
| SOG | 07/2019 | PLN | 6,770 | $ | 1,798 | 0 | (16) |
| | 07/2019 | RON | 10,827 | EUR | 2,223 | 0 | (73) |
| SSB | 07/2019 | $ | 3,962 | | 3,500 | 27 | 0 |
| | 07/2019 | | 2,305 | INR | 160,196 | 16 | 0 |
| | 08/2019 | HKD | 42,331 | $ | 5,412 | 0 | (8) |
| | 05/2020 | INR | 174,274 | | 2,424 | 0 | (8) |
| TOR | 07/2019 | $ | 206 | CLP | 142,573 | 4 | 0 |
| UAG | 07/2019 | NZD | 3,393 | $ | 2,247 | 0 | (33) |
| | 07/2019 | SEK | 26,285 | | 2,835 | 4 | 0 |
| | 07/2019 | TRY | 10,194 | | 1,711 | 0 | (45) |
| | 07/2019 | $ | 2,310 | EUR | 2,059 | 31 | 0 |
| | 08/2019 | HKD | 7,482 | $ | 957 | 0 | (1) |
| | 08/2019 | $ | 2,842 | SEK | 26,285 | 0 | (4) |
| | 09/2019 | KRW | 8,148,451 | $ | 7,057 | 2 | (1) |
| | 03/2020 | EUR | 1,132 | RON | 5,509 | 3 | 0 |
| **Total Forward Foreign Currency Contracts** | | | | | | **$ 2,308** | **$ (5,154)** |

## PURCHASED OPTIONS:

### FOREIGN CURRENCY OPTIONS

| Counterparty | Description | Strike Price | Expiration Date | Notional Amount[1] | Cost | Market Value |
|---|---|---|---|---|---|---|
| HUS | Call - OTC AUD versus CAD | CAD 0.940 | 09/13/2019 | 4,000 | $ 11 | $ 9 |
| | Call - OTC USD versus INR | INR 82.000 | 10/16/2019 | 8,600 | 61 | 1 |
| | | | | | $ 72 | $ 10 |

### INTEREST RATE SWAPTIONS

| Counterparty | Description | Floating Rate Index | Pay/Receive Floating Rate | Exercise Rate | Expiration Date | Notional Amount[1] | Cost | Market Value |
|---|---|---|---|---|---|---|---|---|
| MYC | Put - OTC 2-Year Interest Rate Swap | 3-Month JPY-LIBOR | Receive | 0.147% | 06/29/2020 | 459,000 | $ 5 | $ 5 |
| **Total Purchased Options** | | | | | | | **$ 77** | **$ 15** |

## WRITTEN OPTIONS:

### CREDIT DEFAULT SWAPTIONS ON CREDIT INDICES

| Counterparty | Description | Buy/Sell Protection | Exercise Rate | Expiration Date | Notional Amount[1] | Premiums (Received) | Market Value |
|---|---|---|---|---|---|---|---|
| BOA | Put - OTC CDX.IG-32 5-Year Index | Sell | 0.900% | 08/21/2019 | 1,000 | $ (1) | $ 0 |
| CBK | Put - OTC CDX.IG-32 5-Year Index | Sell | 0.950 | 08/21/2019 | 1,200 | (1) | 0 |
| DUB | Put - OTC CDX.IG-32 5-Year Index | Sell | 0.950 | 09/18/2019 | 1,100 | (1) | 0 |
| FBF | Put - OTC CDX.IG-32 5-Year Index | Sell | 1.050 | 09/18/2019 | 300 | (1) | 0 |
| GST | Put - OTC CDX.IG-31 5-Year Index | Sell | 2.400 | 09/18/2019 | 1,200 | (2) | 0 |
| | Put - OTC CDX.IG-32 5-Year Index | Sell | 0.900 | 08/21/2019 | 2,300 | (2) | (1) |
| | Put - OTC CDX.IG-32 5-Year Index | Sell | 0.950 | 09/18/2019 | 1,400 | (2) | (1) |
| | Put - OTC iTraxx Europe 30 5-Year Index | Sell | 2.400 | 09/18/2019 | 1,400 | (3) | 0 |
| MYC | Put - OTC CDX.IG-32 5-Year Index | Sell | 0.900 | 08/21/2019 | 1,100 | (1) | 0 |
| | | | | | | $ (14) | $ (2) |

### FOREIGN CURRENCY OPTIONS

| Counterparty | Description | Strike Price | Expiration Date | Notional Amount[1] | Premiums (Received) | Market Value |
|---|---|---|---|---|---|---|
| GLM | Put - OTC USD versus COP | COP 3,165.000 | 08/29/2019 | 1,830 | $ (15) | $ (14) |
| | Put - OTC USD versus ZAR | ZAR 14.200 | 07/18/2019 | 1,370 | (8) | (23) |
| HUS | Put - OTC AUD versus CAD | CAD 0.905 | 09/13/2019 | 4,000 | (12) | (14) |
| | Put - OTC USD versus CNH | CNH 6.795 | 07/22/2019 | 2,810 | (7) | (7) |
| | Call - OTC USD versus CNH | 6.945 | 07/22/2019 | 2,810 | (5) | (8) |
| | | | | | $ (47) | $ (66) |

### INTEREST RATE SWAPTIONS

| Counterparty | Description | Floating Rate Index | Pay/Receive Floating Rate | Exercise Rate | Expiration Date | Notional Amount[1] | Premiums (Received) | Market Value |
|---|---|---|---|---|---|---|---|---|
| MYC | Put - OTC 2-Year Interest Rate Swap | 3-Month JPY-LIBOR | Pay | 0.047% | 06/29/2020 | 918,000 | $ (3) | $ (3) |
| **Total Written Options** | | | | | | | **$ (64)** | **$ (71)** |

## SWAP AGREEMENTS:

### CREDIT DEFAULT SWAPS ON SOVEREIGN ISSUES - BUY PROTECTION[2]

| Counterparty | Reference Entity | Fixed (Pay) Rate | Payment Frequency | Maturity Date | Implied Credit Spread at June 30, 2019[4] | Notional Amount[5] | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Swap Agreements, at Value[6] Asset | Liability |
|---|---|---|---|---|---|---|---|---|---|---|
| BOA | Japan Government International Bond | (1.000)% | Quarterly | 06/20/2022 | 0.103% | $ 200 | $ (7) | $ 2 | $ 0 | $ (5) |
| BPS | Japan Government International Bond | (1.000) | Quarterly | 06/20/2022 | 0.103 | 1,700 | (61) | 16 | 0 | (45) |
| | South Korea Government International Bond | (1.000) | Quarterly | 06/20/2023 | 0.245 | 3,000 | (73) | (15) | 0 | (88) |
| BRC | China Government International Bond | (1.000) | Quarterly | 06/20/2023 | 0.329 | 800 | (15) | (6) | 0 | (21) |
| | Japan Government International Bond | (1.000) | Quarterly | 06/20/2022 | 0.103 | 1,200 | (41) | 9 | 0 | (32) |

| Counterparty | Reference Entity | Fixed (Pay) Rate | Payment Frequency | Maturity Date | Implied Credit Spread at June 30, 2019(4) | Notional Amount(5) | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Swap Agreements, at Value(6) Asset | Liability |
|---|---|---|---|---|---|---|---|---|---|---|
| | South Korea Government International Bond | (1.000)% | Quarterly | 06/20/2023 | 0.245% | $ 2,000 | $ (51) | $ (8) | $ 0 | $ (59) |
| CBK | Japan Government International Bond | (1.000) | Quarterly | 06/20/2022 | 0.103 | 1,000 | (35) | 8 | 0 | (27) |
| GST | China Government International Bond | (1.000) | Quarterly | 06/20/2023 | 0.329 | 1,600 | (31) | (11) | 0 | (42) |
| | Japan Government International Bond | (1.000) | Quarterly | 06/20/2022 | 0.103 | 1,700 | (60) | 15 | 0 | (45) |
| HUS | South Korea Government International Bond | (1.000) | Quarterly | 06/20/2023 | 0.245 | 800 | (20) | (4) | 0 | (24) |
| JPM | South Korea Government International Bond | (1.000) | Quarterly | 06/20/2023 | 0.245 | 200 | (5) | (1) | 0 | (6) |
| | | | | | | | $ (399) | $ 5 | $ 0 | $ (394) |

## CREDIT DEFAULT SWAPS ON SOVEREIGN ISSUES - SELL PROTECTION(3)

| Counterparty | Reference Entity | Fixed Receive Rate | Payment Frequency | Maturity Date | Implied Credit Spread at June 30, 2019(4) | Notional Amount(5) | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Swap Agreements, at Value(6) Asset | Liability |
|---|---|---|---|---|---|---|---|---|---|---|
| GST | South Africa Government International Bond | 1.000% | Quarterly | 06/20/2024 | 1.673% | $ 900 | $ (40) | $ 12 | $ 0 | $ (28) |
| JPM | South Africa Government International Bond | 1.000 | Quarterly | 06/20/2023 | 1.389 | 400 | (20) | 15 | 0 | (5) |
| | | | | | | | $ (60) | $ 27 | $ 0 | $ (33) |

## 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| BPS | Pay | 1-Year ILS-TELBOR | 1.180% | Annual | 01/30/2024 | ILS 8,500 | $ 0 | $ 61 | $ 61 | $ 0 |
| | Pay | 1-Year ILS-TELBOR | 1.786 | Annual | 05/01/2029 | 1,400 | 0 | 12 | 12 | 0 |
| CBK | Pay | 1-Year ILS-TELBOR | 1.755 | Annual | 04/29/2029 | 2,100 | 0 | 16 | 16 | 0 |
| GLM | Pay | 1-Year ILS-TELBOR | 1.780 | Annual | 04/22/2029 | 1,800 | 0 | 16 | 16 | 0 |
| | Pay | 1-Year ILS-TELBOR | 1.779 | Annual | 04/30/2029 | 1,800 | 0 | 15 | 15 | 0 |
| HUS | Pay | 1-Year ILS-TELBOR | 1.785 | Annual | 04/25/2029 | 800 | 0 | 7 | 7 | 0 |
| JPM | Pay | 1-Year ILS-TELBOR | 1.775 | Annual | 04/25/2029 | 2,100 | 1 | 17 | 18 | 0 |
| | | | | | | | $ 1 | $ 144 | $ 145 | $ 0 |

## TOTAL RETURN SWAPS ON INTEREST RATE INDICES

| Counterparty | Pay/Receive(7) | Underlying Reference | # of Units | Financing Rate | Payment Frequency | Maturity Date | Notional Amount | Premiums Paid/(Received) | Unrealized Appreciation/ (Depreciation) | Swap Agreements, at Value Asset | Liability |
|---|---|---|---|---|---|---|---|---|---|---|---|
| BRC | Receive | iBoxx USD Liquid High Yield Index | N/A | 2.387% (3-Month USD-LIBOR) | Maturity | 03/20/2020 | $ 2,600 | $ 16 | $ (89) | $ 0 | $ (73) |
| GST | Receive | iBoxx USD Liquid High Yield Index | N/A | 2.387% (3-Month USD-LIBOR) | Maturity | 09/20/2019 | 1,800 | 0 | (133) | 0 | (133) |
| | Receive | iBoxx USD Liquid High Yield Index | N/A | 2.387% (3-Month USD-LIBOR) | Maturity | 12/20/2019 | 1,000 | 0 | (61) | 0 | (61) |
| JPM | Receive | iBoxx USD Liquid High Yield Index | N/A | 2.387% (3-Month USD-LIBOR) | Maturity | 09/20/2019 | 1,200 | 1 | (70) | 0 | (69) |
| MYC | Receive | iBoxx USD Liquid High Yield Index | N/A | 2.387% (3-Month USD-LIBOR) | Maturity | 09/20/2019 | 600 | 1 | (36) | 0 | (35) |
| | | | | | | | | $ 18 | $ (389) | $ 0 | $ (371) |
| **Total Swap Agreements** | | | | | | | | **$ (440)** | **$ (213)** | **$ 145** | **$ (798)** |

## 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, 2019:

| | 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[8]** |
| BOA | $ 190 | $ 0 | $ 0 | $ 190 | $ (98) | $ 0 | $ (5) | $ (103) | $ 87 | $ 0 | $ 87 |
| BPS | 373 | 0 | 73 | 446 | (278) | 0 | (133) | (411) | 35 | (270) | (235) |
| BRC | 26 | 0 | 0 | 26 | (68) | 0 | (185) | (253) | (227) | 0 | (227) |
| CBK | 455 | 0 | 16 | 471 | (497) | 0 | (27) | (524) | (53) | 0 | (53) |
| DUB | 4 | 0 | 0 | 4 | (1) | 0 | 0 | (1) | 3 | 0 | 3 |
| FBF | 3 | 0 | 0 | 3 | (102) | 0 | 0 | (102) | (99) | 0 | (99) |
| GLM | 176 | 0 | 31 | 207 | (1,459) | (37) | 0 | (1,496) | (1,289) | 1,374 | 85 |
| GST | 0 | 0 | 0 | 0 | 0 | (2) | (309) | (311) | (311) | 284 | (27) |
| HUS | 533 | 10 | 7 | 550 | (450) | (29) | (24) | (503) | 47 | 140 | 187 |
| IND | 0 | 0 | 0 | 0 | (775) | 0 | 0 | (775) | (775) | 759 | (16) |
| JPM | 239 | 0 | 18 | 257 | (887) | 0 | (80) | (967) | (710) | 764 | 54 |
| MSB | 55 | 0 | 0 | 55 | (61) | 0 | 0 | (61) | (6) | 0 | (6) |
| MYC | 0 | 5 | 0 | 5 | 0 | (3) | (35) | (38) | (33) | (397) | (430) |
| MYI | 14 | 0 | 0 | 14 | (25) | 0 | 0 | (25) | (11) | 0 | (11) |
| NGF | 2 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 2 |
| RBC | 0 | 0 | 0 | 0 | (12) | 0 | 0 | (12) | (12) | 0 | (12) |
| SCX | 151 | 0 | 0 | 151 | (252) | 0 | 0 | (252) | (101) | 0 | (101) |
| SOG | 0 | 0 | 0 | 0 | (89) | 0 | 0 | (89) | (89) | 0 | (89) |
| SSB | 43 | 0 | 0 | 43 | (16) | 0 | 0 | (16) | 27 | 0 | 27 |
| TOR | 4 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 4 | 0 | 4 |
| UAG | 40 | 0 | 0 | 40 | (84) | 0 | 0 | (84) | (44) | 0 | (44) |
| **Total Over the Counter** | **$ 2,308** | **$ 15** | **$ 145** | **$ 2,468** | **$ (5,154)** | **$ (71)** | **$ (798)** | **$ (6,023)** | | | |

**(n) Securities with an aggregate market value of $3,354 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of June 30, 2019.**

(1) Notional Amount represents the number of contracts.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) The prices and resulting values for credit default swap agreements 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.

(7) Receive represents that the Portfolio receives payments for any positive net return on the underlying reference. The Portfolio makes payments for any negative net return on such underlying reference. Pay represents that the Portfolio receives payments for any negative net return on the underlying reference. The Portfolio makes payments for any positive net return on such underlying reference.

(8) 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, 2019:

| | 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 | $ 118 | $ 118 |
| Swap Agreements | 0 | 29 | 0 | 0 | 1,002 | 1,031 |
| | $ 0 | $ 29 | $ 0 | $ 0 | $ 1,120 | $ 1,149 |
| Over the counter | | | | | | |
| Forward Foreign Currency Contracts | $ 0 | $ 0 | $ 0 | $ 2,308 | $ 0 | $ 2,308 |
| Purchased Options | 0 | 0 | 0 | 10 | 5 | 15 |
| Swap Agreements | 0 | 0 | 0 | 0 | 145 | 145 |
| | $ 0 | $ 0 | $ 0 | $ 2,318 | $ 150 | $ 2,468 |
| | $ 0 | $ 29 | $ 0 | $ 2,318 | $ 1,270 | $ 3,617 |
| **Financial Derivative Instruments - Liabilities** | | | | | | |
| Exchange-traded or centrally cleared | | | | | | |
| Written Options | $ 0 | $ 0 | $ 0 | $ 0 | $ 68 | $ 68 |
| Futures | 0 | 0 | 0 | 0 | 149 | 149 |
| Swap Agreements | 0 | 14 | 0 | 0 | 93 | 107 |
| | $ 0 | $ 14 | $ 0 | $ 0 | $ 310 | $ 324 |
| Over the counter | | | | | | |
| Forward Foreign Currency Contracts | $ 0 | $ 0 | $ 0 | $ 5,154 | $ 0 | $ 5,154 |
| Written Options | 0 | 2 | 0 | 66 | 3 | 71 |
| Swap Agreements | 0 | 427 | 0 | 0 | 371 | 798 |
| | $ 0 | $ 429 | $ 0 | $ 5,220 | $ 374 | $ 6,023 |
| | $ 0 | $ 443 | $ 0 | $ 5,220 | $ 684 | $ 6,347 |

The effect of Financial Derivative Instruments on the Statement of Operations for the period ended June 30, 2019:

| | 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 | $ (3) | $ (3) |
| Written Options | 0 | 0 | 0 | 0 | 61 | 61 |
| Futures | 0 | 0 | 0 | 0 | 652 | 652 |
| Swap Agreements | 0 | (379) | 0 | 0 | 6,402 | 6,023 |
| | $ 0 | $ (379) | $ 0 | $ 0 | $ 7,112 | $ 6,733 |
| Over the counter | | | | | | |
| Forward Foreign Currency Contracts | $ 0 | $ 0 | $ 0 | $ 11,479 | $ 0 | $ 11,479 |
| Purchased Options | 0 | 0 | 0 | (59) | 0 | (59) |
| Written Options | 0 | 51 | 0 | 140 | 9 | 200 |
| Swap Agreements | 0 | (130) | 0 | (4,442) | 168 | (4,404) |
| | $ 0 | $ (79) | $ 0 | $ 7,118 | $ 177 | $ 7,216 |
| | $ 0 | $ (458) | $ 0 | $ 7,118 | $ 7,289 | $ 13,949 |

| | Derivatives not accounted for as hedging instruments | | | | | |
|---|---|---|---|---|---|---|
| | Commodity Contracts | Credit Contracts | Equity Contracts | Foreign Exchange Contracts | Interest Rate Contracts | Total |
| **Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments** | | | | | | |
| Exchange-traded or centrally cleared | | | | | | |
| Purchased Options | $ 0 | $ 0 | $ 0 | $ 0 | $ 1 | $ 1 |
| Written Options | 0 | 0 | 0 | 0 | (4) | (4) |
| Futures | 0 | 0 | 0 | 0 | 1,238 | 1,238 |
| Swap Agreements | 0 | (1,536) | 0 | 0 | (4,655) | (6,191) |
| | $ 0 | $ (1,536) | $ 0 | $ 0 | $ (3,420) | $ (4,956) |
| Over the counter | | | | | | |
| Forward Foreign Currency Contracts | $ 0 | $ 0 | $ 0 | $ (905) | $ 0 | $ (905) |
| Purchased Options | 0 | 0 | 0 | (51) | 0 | (51) |
| Written Options | 0 | 20 | 0 | 13 | 0 | 33 |
| Swap Agreements | 0 | 44 | 0 | 736 | (150) | 630 |
| | $ 0 | $ 64 | $ 0 | $ (207) | $ (150) | $ (293) |
| | $ 0 | $ (1,472) | $ 0 | $ (207) | $ (3,570) | $ (5,249) |

## FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of June 30, 2019 in valuing the Portfolio's assets and liabilities:

| Category and Subcategory | Level 1 | Level 2 | Level 3 | Fair Value at 06/30/2019 |
|---|---|---|---|---|
| **Investments in Securities, at Value** | | | | |
| Argentina | | | | |
| Sovereign Issues | $ 0 | $ 692 | $ 0 | $ 692 |
| Australia | | | | |
| Asset-Backed Securities | 0 | 410 | 0 | 410 |
| Corporate Bonds & Notes | 0 | 313 | 0 | 313 |
| Sovereign Issues | 0 | 107 | 0 | 107 |
| Brazil | | | | |
| Corporate Bonds & Notes | 0 | 3,105 | 0 | 3,105 |
| Canada | | | | |
| Corporate Bonds & Notes | 0 | 9,281 | 0 | 9,281 |
| Non-Agency Mortgage-Backed Securities | 0 | 984 | 0 | 984 |
| Sovereign Issues | 0 | 2,287 | 0 | 2,287 |
| Cayman Islands | | | | |
| Asset-Backed Securities | 0 | 14,174 | 0 | 14,174 |
| Corporate Bonds & Notes | 0 | 6,662 | 0 | 6,662 |
| China | | | | |
| Sovereign Issues | 0 | 20,287 | 0 | 20,287 |
| Denmark | | | | |
| Corporate Bonds & Notes | 0 | 25,022 | 0 | 25,022 |
| France | | | | |
| Corporate Bonds & Notes | 0 | 3,625 | 0 | 3,625 |
| Sovereign Issues | 0 | 12,276 | 0 | 12,276 |
| Germany | | | | |
| Corporate Bonds & Notes | 0 | 15,384 | 0 | 15,384 |
| Guernsey, Channel Islands | | | | |
| Corporate Bonds & Notes | 0 | 830 | 0 | 830 |
| Hong Kong | | | | |
| Corporate Bonds & Notes | 0 | 425 | 0 | 425 |
| India | | | | |
| Corporate Bonds & Notes | 0 | 406 | 0 | 406 |
| Indonesia | | | | |
| Corporate Bonds & Notes | 0 | 316 | 0 | 316 |
| Ireland | | | | |
| Asset-Backed Securities | 0 | 4,500 | 0 | 4,500 |
| Corporate Bonds & Notes | 0 | 2,531 | 0 | 2,531 |
| Sovereign Issues | 0 | 1,054 | 0 | 1,054 |
| Israel | | | | |
| Sovereign Issues | 0 | 858 | 0 | 858 |
| Italy | | | | |
| Corporate Bonds & Notes | 0 | 1,372 | 0 | 1,372 |
| Sovereign Issues | 0 | 15,914 | 0 | 15,914 |
| Japan | | | | |
| Corporate Bonds & Notes | 0 | 8,510 | 0 | 8,510 |
| Sovereign Issues | 0 | 67,102 | 0 | 67,102 |

| Category and Subcategory | Level 1 | Level 2 | Level 3 | Fair Value at 06/30/2019 |
|---|---|---|---|---|
| Kuwait | | | | |
| Sovereign Issues | $ 0 | $ 3,188 | $ 0 | $ 3,188 |
| Lithuania | | | | |
| Sovereign Issues | 0 | 1,063 | 0 | 1,063 |
| Luxembourg | | | | |
| Asset-Backed Securities | 0 | 142 | 0 | 142 |
| Corporate Bonds & Notes | 0 | 1,588 | 0 | 1,588 |
| Multinational | | | | |
| Corporate Bonds & Notes | 0 | 900 | 0 | 900 |
| Netherlands | | | | |
| Asset-Backed Securities | 0 | 2,101 | 0 | 2,101 |
| Corporate Bonds & Notes | 0 | 7,825 | 0 | 7,825 |
| Norway | | | | |
| Corporate Bonds & Notes | 0 | 1,636 | 0 | 1,636 |
| Sovereign Issues | 0 | 221 | 0 | 221 |
| Peru | | | | |
| Sovereign Issues | 0 | 3,803 | 0 | 3,803 |
| Poland | | | | |
| Sovereign Issues | 0 | 1,794 | 0 | 1,794 |
| Qatar | | | | |
| Corporate Bonds & Notes | 0 | 404 | 0 | 404 |
| Sovereign Issues | 0 | 9,025 | 0 | 9,025 |
| Saudi Arabia | | | | |
| Corporate Bonds & Notes | 0 | 404 | 0 | 404 |
| Sovereign Issues | 0 | 8,093 | 0 | 8,093 |
| Singapore | | | | |
| Corporate Bonds & Notes | 0 | 3,428 | 0 | 3,428 |
| Slovenia | | | | |
| Sovereign Issues | 0 | 1,597 | 0 | 1,597 |
| South Korea | | | | |
| Corporate Bonds & Notes | 0 | 398 | 0 | 398 |
| Sovereign Issues | 0 | 11,805 | 0 | 11,805 |
| Spain | | | | |
| Asset-Backed Securities | 0 | 125 | 0 | 125 |
| Corporate Bonds & Notes | 0 | 4,668 | 0 | 4,668 |
| Sovereign Issues | 0 | 23,130 | 0 | 23,130 |
| Supranational | | | | |
| Corporate Bonds & Notes | 0 | 606 | 0 | 606 |
| Sweden | | | | |
| Corporate Bonds & Notes | 0 | 22,877 | 0 | 22,877 |
| Switzerland | | | | |
| Corporate Bonds & Notes | 0 | 3,360 | 0 | 3,360 |
| Sovereign Issues | 0 | 472 | 0 | 472 |
| United Arab Emirates | | | | |
| Corporate Bonds & Notes | 0 | 701 | 0 | 701 |
| Sovereign Issues | 0 | 1,440 | 0 | 1,440 |

| Category and Subcategory | Level 1 | Level 2 | Level 3 | Fair Value at 06/30/2019 |
|---|---|---|---|---|
| United Kingdom | | | | |
| Corporate Bonds & Notes | $ 0 | $ 33,010 | $ 0 | $ 33,010 |
| Non-Agency Mortgage-Backed Securities | 0 | 19,498 | 0 | 19,498 |
| Preferred Securities | 0 | 185 | 0 | 185 |
| Sovereign Issues | 0 | 4,406 | 0 | 4,406 |
| United States | | | | |
| Asset-Backed Securities | 0 | 35,737 | 0 | 35,737 |
| Corporate Bonds & Notes | 0 | 74,707 | 1,402 | 76,109 |
| Loan Participations and Assignments | 0 | 1,064 | 0 | 1,064 |
| Non-Agency Mortgage-Backed Securities | 0 | 8,330 | 0 | 8,330 |
| U.S. Government Agencies | 0 | 111,503 | 0 | 111,503 |
| U.S. Treasury Obligations | 0 | 39,692 | 0 | 39,692 |
| Short-Term Instruments | | | | |
| Repurchase Agreements | 0 | 1,061 | 0 | 1,061 |
| South Africa Treasury Bills | 0 | 2,161 | 0 | 2,161 |
| | $ 0 | $ 666,575 | $ 1,402 | $ 667,977 |
| **Investments in Affiliates, at Value** | | | | |
| Short-Term Instruments | | | | |
| Central Funds Used for Cash Management Purposes | $ 29,045 | $ 0 | $ 0 | $ 29,045 |
| Total Investments | $ 29,045 | $ 666,575 | $ 1,402 | $ 697,022 |

| Category and Subcategory | Level 1 | Level 2 | Level 3 | Fair Value at 06/30/2019 |
|---|---|---|---|---|
| **Short Sales, at Value - Liabilities** | | | | |
| Canada | | | | |
| Sovereign Issues | $ 0 | $ (9,636) | $ 0 | $ (9,636) |
| **Financial Derivative Instruments - Assets** | | | | |
| Exchange-traded or centrally cleared | 118 | 1,031 | 0 | 1,149 |
| Over the counter | 0 | 2,468 | 0 | 2,468 |
| | $ 118 | $ 3,499 | $ 0 | $ 3,617 |
| **Financial Derivative Instruments - Liabilities** | | | | |
| Exchange-traded or centrally cleared | (153) | (171) | 0 | (324) |
| Over the counter | 0 | (6,023) | 0 | (6,023) |
| | $ (153) | $ (6,194) | $ 0 | $ (6,347) |
| Total Financial Derivative Instruments | $ (35) | $ (2,695) | $ 0 | $ (2,730) |
| Totals | $ 29,010 | $ 654,244 | $ 1,402 | $ 684,656 |

There were no significant transfers into or out of Level 3 during the period ended June 30, 2019.

## 1. ORGANIZATION

PIMCO Variable Insurance Trust (the "Trust") is a Delaware statutory trust established under a trust instrument dated 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) (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) Foreign Currency Translation 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) Multi-Class 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 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 at the Portfolio's fiscal year end, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital on the Statement of Assets and Liabilities. In addition, other amounts have been reclassified between distributable earnings (accumulated loss) and paid in capital on the Statement of Assets and Liabilities to more appropriately conform U.S. GAAP to tax characterizations of distributions.

**(e) New Accounting Pronouncements** In August 2018, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"), ASU 2018-13, which modifies certain disclosure requirements for fair value measurements in Accounting Standards Codification ("ASC") 820. The ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. At this time, management has elected to early adopt the amendments that allow for removal of certain disclosure requirements. Management plans to adopt the amendments that require additional fair value measurement disclosures for annual periods beginning after December 15, 2019, and interim periods within those annual periods. Management is currently evaluating the impact of these changes on the 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 (normally 4:00 p.m., Eastern time) ("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 U.S. Securities and Exchange Commission ("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 are 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 are 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 Board. 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 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. A complete schedule of portfolio holdings for each affiliate fund is filed with the SEC for the first and third quarters of each fiscal year on Form N-PORT and is available at the SEC's website at www.sec.gov. A copy of each affiliate fund's shareholder report is also available at the SEC's website at www.sec.gov, on the Funds' website at www.pimco.com, or upon request, as applicable. The tables below show the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended June 30, 2019 (amounts in thousands†):

### Investment in PIMCO Short Asset Portfolio

| Market Value 12/31/2018 | Purchases at Cost | Proceeds from Sales | Net Realized Gain (Loss) | Change in Unrealized Appreciation (Depreciation) | Market Value 06/30/2019 | Dividend Income[(1)] | Realized Net Capital Gain Distributions[(1)] |
|---|---|---|---|---|---|---|---|
| $ 10,988 | $ 19,486 | $ (1,999) | $ (16) | $ 10 | $ 28,469 | $ 285 | $ 0 |

### Investment in PIMCO Short-Term Floating NAV Portfolio III

| Market Value 12/31/2018 | Purchases at Cost | Proceeds from Sales | Net Realized Gain (Loss) | Change in Unrealized Appreciation (Depreciation) | Market Value 06/30/2019 | Dividend Income[(1)] | Realized Net Capital Gain Distributions[(1)] |
|---|---|---|---|---|---|---|---|
| $ 7,191 | $ 112,176 | $ (118,801) | $ 11 | $ (1) | $ 576 | $ 176 | $ 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.

Loans and Other Indebtedness, Loan Participations and Assignments 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.

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, but not limited to, auto loans, accounts receivable, such as credit card receivables and hospital account receivables, home equity loans, student loans, boat loans, mobile home loans, recreational vehicle loans, manufactured housing loans, aircraft leases, computer leases and syndicated bank 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 risk that 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.

**Payment In-Kind Securities** ("PIKs") may give the issuer the option at each interest payment date of making interest payments in either cash and/or additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a dirty price) and require a pro rata adjustment from the unrealized appreciation (depreciation) on investments to interest receivable on the Statement of Assets and Liabilities.

**Perpetual Bonds** are fixed income securities with no maturity date but pay a coupon in perpetuity (with no specified ending or maturity date). Unlike typical fixed income securities, there is no obligation for perpetual bonds to repay principal. The coupon payments, however, are mandatory. While perpetual bonds have no maturity date, they may have a callable date in which the perpetuity is eliminated and the issuer may return the principal received on the specified call date. Additionally, a perpetual bond may have additional features, such as interest rate increases at periodic dates or an increase as of a predetermined point in the future.

**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 which do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities of similar maturities.

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) 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.

(d) 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 and are traded on an exchange. 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"). Futures Variation Margins, if any, are disclosed within centrally cleared financial derivative instruments on the Statement of Assets and Liabilities. 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.

Interest Rate Swaptions may be written or purchased to enter into a pre-defined swap agreement or to shorten, extend, cancel or otherwise modify an existing swap agreement, by some specified date in the future. The writer of the swaption becomes the counterparty to the swap if the buyer exercises. 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.

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.

Total Return Swap Agreements are entered into to gain or mitigate exposure to the underlying reference asset. Total return swap agreements involve commitments where single or multiple cash flows are exchanged based on the price of an underlying reference asset and on a fixed or variable interest rate. Total return swap agreements may involve commitments to pay interest in exchange for a market-linked return. One counterparty pays out the total return of a specific underlying reference asset, which may include a single security, a basket of securities, or an index, and in return receives a fixed or variable rate. At the maturity date, a net cash flow is exchanged where the total return is equivalent to the return of the underlying reference asset less a financing rate, if any. As a receiver, the Portfolio would receive payments based on any net positive total return and would owe payments in the event of a net negative total return. As the payer, the Portfolio would owe payments on any net positive total return, and would receive payments in the event of a net negative total return.

## 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, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as 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 investments 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 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 certain 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 certain 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.

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 amounts waived pursuant to the Expense Limitation Agreement in future periods, not to exceed thirty-six months after the waiver. At June 30, 2019, 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. Purchases and sales of securities pursuant to Rule 17a-7 under the Act for the period ended June 30, 2019, were as follows (amounts in thousands†):

| Purchases | Sales |
|---|---|
| $ 8,368 | $ 1,534 |

† 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, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities, which are borne by the Portfolio. 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 when distributed to shareholders). The transaction costs 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, 2019, were as follows (amounts in thousands†):

| U.S. Government/Agency | | All Other | |
|---|---|---|---|
| Purchases | Sales | Purchases | Sales |
| $ 593,951 | $ 581,807 | $ 186,207 | $ 88,341 |

† 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 06/30/2019 | | Year Ended 12/31/2018 | |
|---|---|---|---|---|
| | Shares | Amount | Shares | Amount |
| **Receipts for shares sold** | | | | |
| Institutional Class | 62 | $ 681 | 124 | $ 1,359 |
| Administrative Class | 1,496 | 16,539 | 3,018 | 32,763 |
| Advisor Class | 1,117 | 12,382 | 2,955 | 32,037 |
| **Issued as reinvestment of distributions** | | | | |
| Institutional Class | 12 | 135 | 12 | 130 |
| Administrative Class | 121 | 1,346 | 116 | 1,264 |
| Advisor Class | 639 | 7,133 | 638 | 6,925 |
| **Cost of shares redeemed** | | | | |
| Institutional Class | (19) | (205) | (68) | (743) |
| Administrative Class | (1,305) | (14,432) | (3,016) | (32,728) |
| Advisor Class | (1,068) | (11,768) | (2,552) | (27,689) |
| **Net increase (decrease) resulting from Portfolio share transactions** | 1,055 | $ 11,811 | 1,227 | $ 13,318 |

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of June 30, 2019, one shareholder owned 10% or more of the Portfolio's total outstanding shares comprising 84% 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, 2019, 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, a fund 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, 2018, 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, 2019, 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) |
|---|---|---|---|
| $ 677,707 | $ 31,701 | $ (24,270) | $ 7,431 |

† 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.

**Counterparty Abbreviations:**

| | | | | | |
|---|---|---|---|---|---|
| **BOA** | Bank of America N.A. | **GST** | Goldman Sachs International | **RCY** | Royal Bank of Canada |
| **BPS** | BNP Paribas S.A. | **HUS** | HSBC Bank USA N.A. | **RYL** | Royal Bank of Scotland PLC |
| **BRC** | Barclays Bank PLC | **IND** | Crédit Agricole Corporate and Investment Bank S.A. | **SCX** | Standard Chartered Bank |
| **CBK** | Citibank N.A. | **JPM** | JP Morgan Chase Bank N.A. | **SOG** | Societe Generale Paris |
| **CIB** | Canadian Imperial Bank of Commerce | **MSB** | Morgan Stanley Bank, N.A | **SSB** | State Street Bank and Trust Co. |
| **DUB** | Deutsche Bank AG | **MYC** | Morgan Stanley Capital Services, Inc. | **TDM** | TD Securities (USA) LLC |
| **FBF** | Credit Suisse International | **MYI** | Morgan Stanley & Co. International PLC | **TOR** | Toronto Dominion Bank |
| **FICC** | Fixed Income Clearing Corporation | **NGF** | Nomura Global Financial Products, Inc. | **UAG** | UBS AG Stamford |
| **GLM** | Goldman Sachs Bank USA | **RBC** | Royal Bank of Canada | **UBS** | UBS Securities LLC |
| **GRE** | RBS Securities, Inc. | | | | |

**Currency Abbreviations:**

| | | | | | |
|---|---|---|---|---|---|
| **ARS** | Argentine Peso | **EUR** | Euro | **PEN** | Peruvian New Sol |
| **AUD** | Australian Dollar | **GBP** | British Pound | **PLN** | Polish Zloty |
| **BRL** | Brazilian Real | **HKD** | Hong Kong Dollar | **RON** | Romanian New Leu |
| **CAD** | Canadian Dollar | **IDR** | Indonesian Rupiah | **RUB** | Russian Ruble |
| **CHF** | Swiss Franc | **ILS** | Israeli Shekel | **SEK** | Swedish Krona |
| **CLP** | Chilean Peso | **INR** | Indian Rupee | **SGD** | Singapore Dollar |
| **CNH** | Chinese Renminbi (Offshore) | **JPY** | Japanese Yen | **TRY** | Turkish New Lira |
| **CNY** | Chinese Renminbi (Mainland) | **KRW** | South Korean Won | **TWD** | Taiwanese Dollar |
| **COP** | Colombian Peso | **MXN** | Mexican Peso | **USD (or $)** | United States Dollar |
| **CZK** | Czech Koruna | **NOK** | Norwegian Krone | **ZAR** | South African Rand |
| **DKK** | Danish Krone | **NZD** | New Zealand Dollar | | |

**Exchange Abbreviations:**

| | | | |
|---|---|---|---|
| **CBOT** | Chicago Board of Trade | **OTC** | Over the Counter |

**Index/Spread Abbreviations:**

| | | | | | |
|---|---|---|---|---|---|
| **BADLARPP** | Argentina Badlar Floating Rate Notes | **LIBOR03M** | 3 Month USD-LIBOR | **US0003M** | 3 Month USD Swap Rate |
| **CDX.IG** | Credit Derivatives Index - Investment Grade | | | | |

**Other Abbreviations:**

| | | | | | |
|---|---|---|---|---|---|
| **ABS** | Asset-Backed Security | **EURIBOR** | Euro Interbank Offered Rate | **PIK** | Payment-in-Kind |
| **ALT** | Alternate Loan Trust | **JIBAR** | Johannesburg Interbank Agreed Rate | **PRIBOR** | Prague Interbank Offered Rate |
| **BBR** | Bank Bill Rate | **LIBOR** | London Interbank Offered Rate | **TBA** | To-Be-Announced |
| **BTP** | Buoni del Tesoro Poliennali | **Lunar** | Monthly payment based on 28-day periods. One year consists of 13 periods. | **TELBOR** | Tel Aviv Inter-Bank Offered Rate |
| **CDI** | Brazil Interbank Deposit Rate | **NCUA** | National Credit Union Administration | **TIIE** | Tasa de Interés Interbancaria de Equilibrio "Equilibrium Interbank Interest Rate" |
| **CLO** | Collateralized Loan Obligation | **OAT** | Obligations Assimilables du Trésor | **UMBS** | Uniform Mortgage-Backed Security |
| **DAC** | Designated Activity Company | **OIS** | Overnight Index Swap | **WIBOR** | Warsaw Interbank Offered 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 PIMCO Variable Insurance Trust.

pimco.com/pvit

PIMCO

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PIMCO

PIMCO VARIABLE INSURANCE TRUST

# Semiannual Report

June 30, 2019

PIMCO Low Duration Portfolio

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Portfolio's annual and semi-annual shareholder reports will no longer be sent by mail from the insurance company that offers your contract unless you specifically request paper copies of the reports from the insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a website, and the insurance company will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the insurance company electronically by following the instructions provided by the insurance company.

You may elect to receive all future reports in paper free of charge from the insurance company. You should contact the insurance company if you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all portfolio companies available under your contract at the insurance company.

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# Table of Contents

## Dear PIMCO Variable Insurance Trust Shareholder,

Following this letter is the PIMCO Variable Insurance Trust Semiannual Report, which covers the six-month reporting period ended June 30, 2019. On the subsequent pages you will find specific details regarding investment results and discussion of the factors that most affected performance during the reporting period.

## For the six-month reporting period ended June 30, 2019

The U.S. economy continued to expand during the reporting period. Looking back, U.S. gross domestic product ("GDP") grew at an annual pace of 2.2% during the fourth quarter of 2018. For the first quarter of 2019, GDP growth rose to an annual pace of 3.1%. Finally, the Commerce Department's initial reading for second quarter 2019 GDP, released after the reporting period ended, showed that the U.S. economy grew at a 2.1% annual pace.

After raising rates four times in 2018, the Federal Reserve (the "Fed") reversed course and had a "dovish pivot." With its December 2018 rate hike, the Fed increased the federal funds rate to a range between 2.25% and 2.50%. However, at its meeting in January 2019, the Fed tapered its expectations for the pace of rate hikes in 2019. Then, after the Fed's meeting in June 2019, Fed Chair Jerome Powell said, "The case for somewhat more accommodative policy has strengthened." This stance was partially attributed to trade tensions and signs of slowing global growth, including weakening manufacturing data. Finally, at its meeting that concluded on July 31, 2019, after the reporting period ended, the Fed lowered the federal funds rate to a range between 2.00% and 2.25%. This represented the Fed's first rate cut since 2008.

Growth outside the U.S. continued, but the pace generally moderated. According to the International Monetary Fund ("IMF"), global growth is projected to be 3.3% in 2019, versus 3.6% in 2018. From a regional perspective, the U.S. economy is expected to expand 2.3% in 2019, compared to 2.9% in the prior year. Elsewhere, the IMF anticipates 2019 GDP growth in the eurozone, UK and Japan will be 1.3%, 1.2% and 1.0%, respectively. For comparison purposes, these economies expanded 1.8%, 1.4% and 0.8%, respectively, in 2018.

Against this backdrop, the European Central Bank (the "ECB") and the Bank of Japan largely maintained their highly accommodative monetary policies. The ECB ended its quantitative easing program in December 2018 and indicated that it does not expect to raise interest rates, "at least through the first half of 2020." Meanwhile, the Bank of England kept rates on hold for the reporting period.

Both short- and long-term U.S. Treasury yields declined. In our view, falling rates were partially due to signs of moderating global growth, the Fed's dovish pivot and periods of investor risk aversion. The yield on the two-year U.S. Treasury note was 1.75% at the end of the reporting period, compared to 2.48% on December 31, 2018. Meanwhile, the yield on the benchmark 10-year U.S. Treasury note was 2.00% at the end of the reporting period, versus 2.69% on December 31, 2018. The Bloomberg Barclays Global Treasury Index (USD hedged), which tracks fixed-rate, local-currency government debt of investment grade countries, including both developed and emerging markets, returned 5.52%. Meanwhile, the Bloomberg Barclays Global Aggregate Credit Index (USD hedged), a widely used index of global investment grade credit bonds, returned 8.22%. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, also generated positive results. The ICE BofAML Developed Markets High Yield Constrained Index (USD hedged), a widely used index of below investment grade bonds, returned 10.05%, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global (USD hedged), returned 10.60%. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned 8.72%.

Global equities also produced strong results. Despite periods of volatility, U.S. equities moved sharply higher. We believe this rally was driven by a number of factors, including corporate profits that often exceeded expectations and a more accommodative Fed. All told, U.S. equities, as represented by the S&P 500 Index, returned 18.54%. Emerging market equities, as measured by the MSCI Emerging Markets Index, returned 10.59%, whereas global equities, as represented by the MSCI World Index, returned 16.98%. Meanwhile, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned 7.53%, and European equities, as represented by the MSCI Europe Index (in EUR), returned 16.24%.

Commodity prices fluctuated and largely moved higher. When the reporting period began, Brent crude oil was approximately $54 a barrel, but by the end, it was roughly $67 a barrel. Elsewhere, gold and copper prices also rose.

Finally, there were periods of volatility in the foreign exchange markets, due in part to signs of moderating global growth and changing central bank monetary policies, along with a number of geopolitical events. The U.S. dollar strengthened against a number of other major currencies. For example, the U.S. dollar returned 0.82% and 0.45% versus the euro and British pound, respectively. However, the U.S. dollar fell 1.71% versus the Japanese yen.

Thank you for the assets you have placed with us. We deeply value your trust, and we will continue to work diligently to meet your broad investment needs.

Sincerely,

Peter G. Strelow
Chairman of the Board
PIMCO Variable Insurance Trust

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 United States and many parts of the world, including certain European countries, are at or near historically low levels. Thus, the Portfolio currently faces a heightened level of interest rate risk, especially as the Federal Reserve Board ended its quantitative easing program in October 2014 and raised interest rates several times thereafter before lowering them in July 2019. Interest rates may change in the future depending upon the Federal Reserve Board's view of economic growth, inflation, employment and other market factors. To the extent the Federal Reserve Board raises 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.

With respect to certain securities, the Portfolio may make different asset class, sector or geographical classifications for the purpose of monitoring compliance with investment guidelines than the classifications disclosed in this report.

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.

The Portfolio may have significant exposure (or negative exposure) to issuers in the United Kingdom. The United Kingdom's decision to leave the European Union may impact Portfolio returns. This decision may cause substantial volatility in foreign exchange markets, lead to weakness in the exchange rate of the British pound, result in a sustained period of market uncertainty, and destabilize some or all of the other European Union member countries and/or the Eurozone.

The Portfolio may invest in certain instruments that rely in some fashion upon the London Interbank Offered Rate ("LIBOR"). LIBOR is an average interest rate, determined by the ICE Benchmark Administration, that banks charge one another for the use of short-term money. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, has announced plans to phase out the use of LIBOR by the end of 2021. There remains uncertainty regarding future utilization of LIBOR and the nature of any replacement rate, and any potential effects of the transition away from LIBOR on the Portfolio or on certain instruments in which the Portfolio invests are not known.

Under the direction of the Federal Housing Finance Agency, the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") have entered into a joint initiative to develop a common securitization platform for the issuance of a uniform mortgage-backed security (the "Single Security Initiative") that aligns the characteristics of FNMA and FHLMC certificates. The Single Security Initiative was implemented on June 3, 2019, and the effects it may have on the market for mortgage-backed securities are uncertain.

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 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.

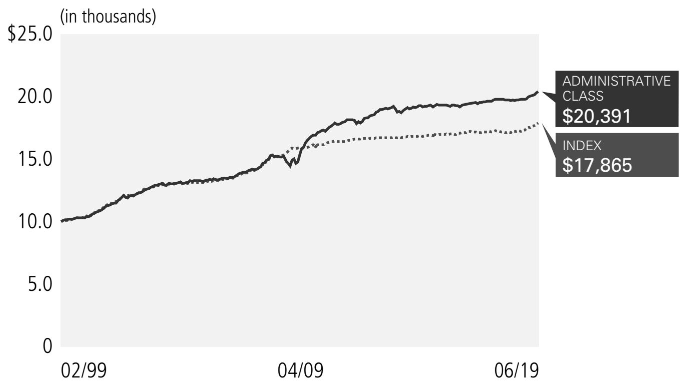
PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. 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 Portfolio files a complete schedule of its portfolio holdings with the SEC for the first and third quarters of its fiscal year on Form N-PORT. The Portfolio's Form N-PORT reports are available on the SEC's website at www.sec.gov and are available without charge, upon request by calling the Portfolio at (888) 87-PIMCO. Prior to its use of Form N-PORT, the Portfolio filed its complete schedule of its portfolio holdings with the SEC on Form N-Q, which is available online at www.sec.gov.

The SEC adopted a rule that, beginning in 2021, generally will allow shareholder reports to be delivered 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. Instructions for electing to receive paper copies of the Portfolio's shareholder reports going forward may be found on the front cover of this report.

The SEC adopted amendments to certain disclosure requirements relating to open-end investment companies' liquidity risk management programs. Effective December 1, 2019, large fund complexes will be required to include in their shareholder reports a discussion of their liquidity risk management programs' operations over the past year.

## Cumulative Returns Through June 30, 2019




$10,000 invested at the end of the month when the Portfolio's Administrative Class commenced operations.

## Allocation Breakdown as of 06/30/2019†§

| | |
|---|---|
| Corporate Bonds & Notes | 30.8% |
| U.S. Government Agencies | 26.9% |
| Short-Term Instruments‡ | 13.7% |
| U.S. Treasury Obligations | 13.3% |
| Asset-Backed Securities | 7.9% |
| Sovereign Issues | 4.2% |
| Non-Agency Mortgage-Backed Securities | 2.7% |
| Other | 0.5% |

† % 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, 2019

| | | 6 Months* | 1 Year | 5 Years | 10 Years | Inception≈ |
|---|---|---|---|---|---|---|
| | PIMCO Low Duration Portfolio Institutional Class | 2.91% | 3.77% | 1.32% | 2.66% | 3.70% |
| — | PIMCO Low Duration Portfolio Administrative Class | 2.84% | 3.61% | 1.16% | 2.51% | 3.54% |
| | PIMCO Low Duration Portfolio Advisor Class | 2.79% | 3.51% | 1.06% | 2.41% | 3.11% |
| ····· | ICE BofAML 1-3 Year U.S. Treasury Index± | 2.44% | 3.96% | 1.21% | 1.20% | 2.88%◆ |

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 0.59% for Institutional Class shares, 0.74% for Administrative Class shares, and 0.84% 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:

» Holdings of investment grade corporate credit contributed to performance, as the asset class posted positive total returns.

» Overweight exposure to agency mortgage-backed securities bolstered performance, as the asset class delivered positive returns.

» Positions in non-agency mortgage-backed securities contributed to performance, as these securities generated positive total return.

» Underweight exposure to U.K. duration detracted from performance, as yields fell across U.K. treasuries.

» Underweight exposure to Australian duration detracted from performance as Australian treasury yields declined substantially.

## Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including investment advisory fees, supervisory and administrative 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, 2019 to June 30, 2019 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 investment advisory fees and supervisory and administrative 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 (01/01/19)** | **Ending Account Value (06/30/19)** | **Expenses Paid During Period*** | **Beginning Account Value (01/01/19)** | **Ending Account Value (06/30/19)** | **Expenses Paid During Period*** | **Net Annualized Expense Ratio**** |
| Institutional Class | $ 1,000.00 | $ 1,029.10 | $ 4.55 | $ 1,000.00 | $ 1,020.17 | $ 4.53 | 0.91% |
| Administrative Class | 1,000.00 | 1,028.40 | 5.30 | 1,000.00 | 1,019.43 | 5.28 | 1.06 |
| Advisor Class | 1,000.00 | 1,027.90 | 5.80 | 1,000.00 | 1,018.94 | 5.77 | 1.16 |

* 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 180/365 (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 | Less Distributions[(b)]: Tax Basis Return of Capital | Less Distributions[(b)]: Total |
|---|---|---|---|---|---|---|---|---|
| Institutional Class | | | | | | | | |
| 01/01/2019 - 06/30/2019+ | $ 10.08 | $ 0.17 | $ 0.12 | $ 0.29 | $ (0.16) | $ 0.00 | $ 0.00 | $ (0.16) |
| 12/31/2018 | 10.24 | 0.20 | (0.15) | 0.05 | (0.21) | 0.00 | 0.00 | (0.21) |
| 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) |
| Administrative Class | | | | | | | | |
| 01/01/2019 - 06/30/2019+ | 10.08 | 0.15 | 0.13 | 0.28 | (0.15) | 0.00 | 0.00 | (0.15) |
| 12/31/2018 | 10.24 | 0.20 | (0.17) | 0.03 | (0.19) | 0.00 | 0.00 | (0.19) |
| 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) |
| Advisor Class | | | | | | | | |
| 01/01/2019 - 06/30/2019+ | 10.08 | 0.15 | 0.13 | 0.28 | (0.15) | 0.00 | 0.00 | (0.15) |
| 12/31/2018 | 10.24 | 0.19 | (0.17) | 0.02 | (0.18) | 0.00 | 0.00 | (0.18) |
| 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) |

^ 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.

| | | 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 |
| | | | | | | | | |
| $ 10.21 | 2.91% | $ 10,747 | 0.91%* | 0.91%* | 0.50%* | 0.50%* | 3.31%* | 192% |
| 10.08 | 0.49 | 8,588 | 0.59 | 0.59 | 0.50 | 0.50 | 2.02 | 624 |
| 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 |
| | | | | | | | | |
| 10.21 | 2.84 | 1,009,775 | 1.06* | 1.06* | 0.65* | 0.65* | 3.08* | 192 |
| 10.08 | 0.34 | 1,197,654 | 0.74 | 0.74 | 0.65 | 0.65 | 1.94 | 624 |
| 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 |
| | | | | | | | | |
| 10.21 | 2.79 | 763,112 | 1.16* | 1.16* | 0.75* | 0.75* | 3.01* | 192 |
| 10.08 | 0.24 | 757,166 | 0.84 | 0.84 | 0.75 | 0.75 | 1.85 | 624 |
| 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 |

(Amounts in thousands†, except per share amounts)

| | |
|---|---|
| **Assets:** | |
| *Investments, at value* | |
| Investments in securities* | $ 1,970,144 |
| Investments in Affiliates | 281,844 |
| *Financial Derivative Instruments* | |
| Exchange-traded or centrally cleared | 693 |
| Over the counter | 3,179 |
| Deposits with counterparty | 13,929 |
| Foreign currency, at value | 3,528 |
| Receivable for investments sold | 5,642 |
| Receivable for TBA investments sold | 905,870 |
| Receivable for Portfolio shares sold | 374 |
| Interest and/or dividends receivable | 7,074 |
| Dividends receivable from Affiliates | 646 |
| **Total Assets** | 3,192,923 |
| **Liabilities:** | |
| *Borrowings & Other Financing Transactions* | |
| Payable for reverse repurchase agreements | $ 398,642 |
| Payable for sale-buyback transactions | 15,087 |
| Payable for short sales | 170,032 |
| *Financial Derivative Instruments* | |
| Exchange-traded or centrally cleared | 667 |
| Over the counter | 3,971 |
| Payable for investments in Affiliates purchased | 646 |
| Payable for TBA investments purchased | 812,557 |
| Deposits from counterparty | 4,321 |
| Payable for Portfolio shares redeemed | 2,413 |
| Accrued investment advisory fees | 342 |
| Accrued supervisory and administrative fees | 342 |
| Accrued distribution fees | 147 |
| Accrued servicing fees | 116 |
| Other liabilities | 6 |
| **Total Liabilities** | 1,409,289 |
| **Net Assets** | $ 1,783,634 |
| **Net Assets Consist of:** | |
| Paid in capital | $ 1,833,195 |
| Distributable earnings (accumulated loss) | (49,561) |
| **Net Assets** | $ 1,783,634 |
| **Net Assets:** | |
| Institutional Class | $ 10,747 |
| Administrative Class | 1,009,775 |
| Advisor Class | 763,112 |
| **Shares Issued and Outstanding:** | |
| Institutional Class | 1,053 |
| Administrative Class | 98,900 |
| Advisor Class | 74,741 |
| **Net Asset Value Per Share Outstanding:** | |
| Institutional Class | $ 10.21 |
| Administrative Class | 10.21 |
| Advisor Class | 10.21 |
| Cost of investments in securities | $ 1,946,270 |
| Cost of investments in Affiliates | $ 283,065 |
| Cost of foreign currency held | $ 3,507 |
| Proceeds received on short sales | $ 169,908 |
| Cost or premiums of financial derivative instruments, net | $ 2,365 |
| * Includes repurchase agreements of: | $ 3,196 |

† 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, 2019 (Unaudited) |
|---|---|
| **Investment Income:** | |
| Interest | $ 33,950 |
| Dividends from Investments in Affiliates | 3,918 |
| Total Income | 37,868 |
| **Expenses:** | |
| Investment advisory fees | 2,278 |
| Supervisory and administrative fees | 2,278 |
| Servicing fees - Administrative Class | 810 |
| Distribution and/or servicing fees - Advisor Class | 919 |
| Trustee fees | 12 |
| Interest expense | 3,739 |
| Miscellaneous expense | 4 |
| Total Expenses | 10,040 |
| **Net Investment Income (Loss)** | 27,828 |
| **Net Realized Gain (Loss):** | |
| Investments in securities | 8,739 |
| Investments in Affiliates | 23 |
| Exchange-traded or centrally cleared financial derivative instruments | (15,507) |
| Over the counter financial derivative instruments | 2,594 |
| Foreign currency | 259 |
| **Net Realized Gain (Loss)** | (3,892) |
| **Net Change in Unrealized Appreciation (Depreciation):** | |
| Investments in securities | 21,528 |
| Investments in Affiliates | 500 |
| Exchange-traded or centrally cleared financial derivative instruments | 8,111 |
| Over the counter financial derivative instruments | (2,694) |
| Foreign currency assets and liabilities | 81 |
| **Net Change in Unrealized Appreciation (Depreciation)** | 27,526 |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | $ 51,462 |

† 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, 2019 (Unaudited) | Year Ended December 31, 2018 |
|---|---|---|
| **Increase (Decrease) in Net Assets from:** | | |
| **Operations:** | | |
| Net investment income (loss) | $ 27,828 | $ 38,242 |
| Net realized gain (loss) | (3,892) | (20,945) |
| Net change in unrealized appreciation (depreciation) | 27,526 | (12,956) |
| **Net Increase (Decrease) in Net Assets Resulting from Operations** | 51,462 | 4,341 |
| **Distributions to Shareholders:** | | |
| From net investment income and/or net realized capital gains | | |
| Institutional Class | (133) | (269) |
| Administrative Class | (16,547) | (23,503) |
| Advisor Class | (10,995) | (13,801) |
| **Total Distributions[(a)]** | (27,675) | (37,573) |
| **Portfolio Share Transactions:** | | |
| Net increase (decrease) resulting from Portfolio share transactions* | (203,561) | (52,757) |
| **Total Increase (Decrease) in Net Assets** | (179,774) | (85,989) |
| **Net Assets:** | | |
| Beginning of period | 1,963,408 | 2,049,397 |
| End of period | $ 1,783,634 | $ 1,963,408 |

† 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 110.5%** | | |
| **LOAN PARTICIPATIONS AND ASSIGNMENTS 0.7%** | | |
| **State Of Qatar** | | |
| 2.983% (LIBOR03M + 2.183%) due 12/21/2020 «~ | $ 6,000 | $ 5,985 |
| **Toyota Motor Credit Corp.** | | |
| 2.910% (LIBOR03M + 0.580%) due 11/08/2019 «~ | 6,000 | 5,994 |
| **Total Loan Participations and Assignments (Cost $11,953)** | | **11,979** |
| **CORPORATE BONDS & NOTES 39.0%** | | |
| **BANKING & FINANCE 24.0%** | | |
| **ABN AMRO Bank NV** | | |
| 3.091% (BP0003M + 0.570%) due 08/27/2021 ~ | 5,100 | 5,122 |
| **AIG Global Funding** | | |
| 2.809% (US0003M + 0.460%) due 06/25/2021 ~ | 3,000 | 3,012 |
| **Ally Financial, Inc.** | | |
| 7.500% due 09/15/2020 | 100 | 106 |
| 8.000% due 03/15/2020 | 200 | 207 |
| **American Express Co.** | | |
| 3.165% (US0003M + 0.600%) due 11/05/2021 ~ | 5,000 | 5,027 |
| 3.375% due 05/17/2021 | 3,000 | 3,057 |
| 3.700% due 11/05/2021 | 5,000 | 5,152 |
| **American Express Credit Corp.** | | |
| 2.375% due 05/26/2020 | 5,400 | 5,403 |
| **American Tower Corp.** | | |
| 2.800% due 06/01/2020 | 9,900 | 9,924 |
| **Australia & New Zealand Banking Group Ltd.** | | |
| 2.985% (US0003M + 0.460%) due 05/17/2021 ~ | 4,650 | 4,666 |
| 3.300% due 05/17/2021 | 5,000 | 5,091 |
| **AvalonBay Communities, Inc.** | | |
| 3.625% due 10/01/2020 | 3,000 | 3,041 |
| **Aviation Capital Group LLC** | | |
| 3.253% (US0003M + 0.950%) due 07/30/2021 ~ | 3,100 | 3,090 |
| 3.470% (US0003M + 0.670%) due 06/01/2021 ~ | 4,900 | 4,926 |
| **Banco Santander S.A.** | | |
| 3.724% (US0003M + 1.120%)due 04/12/2023 ~ | 2,400 | 2,392 |
| **Bank of America Corp.** | | |
| 2.969% (US0003M + 0.650%) due 10/01/2021 ~ | 900 | 903 |
| 3.499% due 05/17/2022 • | 4,000 | 4,080 |
| 3.552% (US0003M + 0.960%) due 07/23/2024 ~ | 1,200 | 1,208 |
| 3.752% (US0003M + 1.160%) due 01/20/2023 ~ | 200 | 202 |
| **Bank of Nova Scotia** | | |
| 1.875s% due 04/26/2021 | 3,900 | 3,887 |
| **Barclays PLC** | | |
| 4.655% (US0003M + 2.110%) due 08/10/2021 ~ | 4,900 | 5,009 |
| **Brixmor Operating Partnership LP** | | |
| 3.629% (US0003M + 1.050%) due 02/01/2022 ~ | 5,000 | 5,002 |
| **Citibank N.A.** | | |
| 3.123% (US0003M + 0.600%) due 05/20/2022 ~ | 4,400 | 4,407 |
| 3.162% (US0003M + 0.570%) due 07/23/2021 ~ | 4,900 | 4,915 |
| **Citigroup, Inc.** | | |
| 2.700% due 10/27/2022 | 1,000 | 1,008 |
| 2.750% due 04/25/2022 | 1,100 | 1,111 |
| 3.272% (US0003M + 0.690%) due 10/27/2022 ~ | 5,000 | 5,008 |
| 3.710% (US0003M + 1.380%) due 03/30/2021 ~ | 4,300 | 4,371 |
| **Compass Bank** | | |
| 3.181% (US0003M + 0.730%) due 06/11/2021 ~ | $ 5,000 | $ 4,997 |
| **Credit Suisse Group Funding Guernsey Ltd.** | | |
| 4.891% (US0003M + 2.290%) due 04/16/2021 ~ | 5,800 | 5,987 |
| **Danske Bank A/S** | | |
| 5.000% due 01/12/2022 | 4,800 | 5,021 |
| **DBS Bank Ltd.** | | |
| 3.300% due 11/27/2021 | 5,900 | 6,047 |
| **Deutsche Bank AG** | | |
| 0.180% (US0003M + 0.500%) due 12/07/2020 ~ | EUR 5,000 | 5,622 |
| 3.855% (US0003M + 1.290%) due 02/04/2021 ~ | $ 5,000 | 4,960 |
| 4.250% due 10/14/2021 | 2,500 | 2,534 |
| **Ford Motor Credit Co. LLC** | | |
| 3.273% (US0003M + 0.930) due 09/24/2020 ~ | 5,000 | 4,996 |
| 3.408% (US0003M + 0.810) due 04/05/2021 ~ | 3,900 | 3,850 |
| 3.495% (US0003M + 0. due 11/04/2019 ~ | 6,000 | 6,008 |
| 5.085% due 01/07/2021 | 2,600 | 2,680 |
| 5.139% (US0003M + 2.550%) due 01/07/2021 ~ | 5,900 | 6,007 |
| 5.750% due 02/01/2021 | 600 | 625 |
| 8.125% due 01/15/2020 | 300 | 309 |
| **GE Capital European Funding Unlimited Co.** | | |
| 4.350% due 11/03/2021 | EUR 1,300 | 1,626 |
| **General Motors Financial Co., Inc.** | | |
| 3.200% due 07/13/2020 | $ 7,000 | 7,026 |
| 3.527% (US0003M + 0.930%) due 04/13/2020 ~ | 3,860 | 3,872 |
| 4.157% (US0003M + 1.560%) due 01/15/2020 ~ | 3,900 | 3,923 |
| **Goldman Sachs Group, Inc.** | | |
| 3.041% (US0003M + 0.730%) due 12/27/2020 ~ | 4,600 | 4,608 |
| 3.274% (US0003M + 0.750%) due 02/23/2023 ~ | 6,200 | 6,184 |
| 3.610% (US0003M + 1.200%) due 09/15/2020 ~ | 4,500 | 4,545 |
| 3.752% (US0003M + 1.160%) due 04/23/2020 ~ | 5,684 | 5,720 |
| 3.940% (US0003M + 1.360%) due 04/23/2021 ~ | 1,300 | 1,320 |
| 6.000% due 06/15/2020 | 2,000 | 2,067 |
| **Harley-Davidson Financial Services, Inc.** | | |
| 3.022% (US0003M + 0.500%) due 05/21/2020 ~ | 5,100 | 5,106 |
| 3.460% (US0003M + 0.940%) due 03/02/2021 ~ | 4,900 | 4,895 |
| **HSBC Holdings PLC** | | |
| 3.086% (US0003M + 0.650%) due 09/11/2021 ~ | 4,800 | 4,805 |
| 3.120% (US0003M + 0.600%) due 05/18/2021 ~ | 4,800 | 4,805 |
| **Jackson National Life Global Funding** | | |
| 2.897% (US0003M + 0.300%) due 10/15/2020 ~ | 5,000 | 5,010 |
| **JPMorgan Chase & Co.** | | |
| 3.012% (US0003M + 0.610%) due 06/18/2022 ~ | 3,000 | 3,007 |
| 3.787% (US0003M + 1.205%) due 10/29/2020 ~ | 5,800 | 5,867 |
| **JPMorgan Chase Bank N.A.** | | |
| 2.926% (US0003M + 0.340%) due 04/26/2021 ~ | 5,000 | 5,007 |
| **Lloyds Bank PLC** | | |
| 3.055% (US0003M + 0.490%) due 05/07/2021 ~ | 5,000 | 5,000 |
| **Lloyds Banking Group PLC** | | |
| 3.186% (US0003M + 0.800%) due 06/21/2021 ~ | 4,000 | 4,003 |
| **Logicor Financing SARL** | | |
| 1.500% due 11/14/2022 | EUR 5,200 | 6,121 |
| **Macquarie Bank Ltd.** | | |
| 3.702% (US0003M + 1.120%) due 07/29/2020 ~ | $ 8,900 | $ 8,994 |
| **Marsh & McLennan Cos., Inc.** | | |
| 3.500% due 12/29/2020 | 4,600 | 4,677 |
| 3.519% (US0003M + 1.200%) due 12/29/2021 ~ | 2,400 | 2,407 |
| **Metropolitan Life Global Funding** | | |
| 1.950% due 09/15/2021 | 2,500 | 2,480 |
| **Mitsubishi UFJ Financial Group, Inc.** | | |
| 3.260% (US0003M + 0.740%) due 03/02/2023 ~ | 10,200 | 10,202 |
| 4.400% (US0003M + 1.880%) due 03/01/2021 ~ | 535 | 548 |
| **Mizuho Financial Group, Inc.** | | |
| 3.086% (BBSW3M + 1.400%) due 07/19/2023 ~ | AUD 6,700 | 4,741 |
| **Natwest Markets PLC** | | |
| 0.080% (EUR003M + 0.400%) due 03/02/2020 ~ | EUR 4,400 | 5,008 |
| **Navient Corp.** | | |
| 8.000% due 03/25/2020 | $ 300 | 311 |
| **Oversea-Chinese Banking Corp. Ltd.** | | |
| 2.975% (US0003M + 0.450%) due 05/17/2021 ~ | 6,000 | 6,004 |
| **Regions Bank** | | |
| 3.035% (US0003M + 0.500%) due 08/13/2021 ~ | 5,600 | 5,597 |
| **Reliance Standard Life Global Funding** | | |
| 2.500% due 01/15/2020 | 1,000 | 1,000 |
| **Royal Bank of Canada** | | |
| 3.350% due 10/22/2021 | 10,000 | 10,284 |
| **Royal Bank of Scotland Group PLC** | | |
| 6.400% due 10/21/2019 | 5,000 | 5,058 |
| **Santander UK PLC** | | |
| 3.140% (US0003M + 0.620%) due 06/01/2021 ~ | 5,000 | 5,013 |
| 3.178% (US0003M + 0.660%) due 11/15/2021 ~ | 5,900 | 5,919 |
| **SBA Tower Trust** | | |
| 2.877% due 07/15/2046 | 1,400 | 1,404 |
| **Skandinaviska Enskilda Banken AB** | | |
| 2.955% (US0003M + 0.430%) due 05/17/2021 ~ | 5,000 | 5,014 |
| **SL Green Operating Partnership LP** | | |
| 3.505% (US0003M + 0.980%) due 08/16/2021 ~ | 6,000 | 6,002 |
| **Sumitomo Mitsui Banking Corp.** | | |
| 2.971% (US0003M + 0.370%) due 10/16/2020 ~ | 6,000 | 6,009 |
| **Svenska Handelsbanken AB** | | |
| 2.995% (US0003M + 0.470%) due 05/24/2021 ~ | 4,900 | 4,924 |
| **Synchrony Bank** | | |
| 3.650% due 05/24/2021 | 5,200 | 5,287 |
| **Synchrony Financial** | | |
| 3.806% (US0003M + 1.230%) due 02/03/2020 ~ | 5,600 | 5,623 |
| **Toronto-Dominion Bank** | | |
| 3.350% due 10/22/2021 | 6,000 | 6,176 |
| **U.S. Bank N.A.** | | |
| 2.906% (US0003M + 0.320%) due 04/26/2021 ~ | 4,000 | 4,007 |
| 3.150% due 04/26/2021 | 6,100 | 6,211 |
| **UBS AG** | | |
| 2.450% due 12/01/2020 | 3,850 | 3,856 |
| **UBS Group Funding Switzerland AG** | | |
| 4.377% (US0003M + 1.780%) due 04/14/2021 ~• | 9,900 | 10,142 |
| **UniCredit SpA** | | |
| 6.497% (US0003M + 3.900%) due 01/14/2022 ~ | 5,100 | 5,307 |
| 7.830% due 12/04/2023 | 10,700 | 12,231 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Volkswagen Bank GmbH** | | |
| 0.102% (EUR003M + 0.420%) | | |
| due 06/15/2021 ~ | EUR 1,400 | $ 1,590 |
| **Wells Fargo & Co.** | | |
| 3.843% (US0003M + 1.340%) | | |
| due 03/04/2021 ~ | $ 4,000 | 4,062 |
| **Wells Fargo Bank N.A.** | | |
| 3.092% (US0003M + 0.500%) | | |
| due 07/23/2021 ~ | 5,000 | 5,006 |
| 3.102% (US0003M + 0.510%) | | |
| due 10/22/2021 ~ | 2,000 | 2,004 |
| | | 428,585 |
| **INDUSTRIALS 12.9%** | | |
| **AbbVie, Inc.** | | |
| 2.300% due 05/14/2021 | 3,200 | 3,190 |
| 3.375% due 11/14/2021 | 3,100 | 3,153 |
| **Adani Ports & Special Economic Zone Ltd.** | | |
| 3.500% due 07/29/2020 | 4,300 | 4,328 |
| **BAT Capital Corp.** | | |
| 3.118% due 08/14/2020 ~• | 6,200 | 6,216 |
| **Bayer U.S. Finance LLC** | | |
| 2.979% (US0003M + 0.630%) | | |
| due 06/25/2021 ~ | 6,100 | 6,061 |
| **Broadcom Corp.** | | |
| 2.375% due 01/15/2020 | 4,000 | 3,994 |
| **Broadcom, Inc.** | | |
| 3.125% due 04/15/2021 | 4,800 | 4,833 |
| **Caesars Resort Collection LLC** | | |
| 5.250% due 10/15/2025 | 750 | 752 |
| **Campbell Soup Co.** | | |
| 2.910% (US0003M + 0.500%) | | |
| due 03/16/2020 ~ | 9,000 | 9,008 |
| 3.040% (US0003M + 0.630%) | | |
| due 03/15/2021 ~ | 4,100 | 4,093 |
| **Charter Communications Operating LLC** | | |
| 3.579% due 07/23/2020 | 4,900 | 4,944 |
| 4.464% due 07/23/2022 | 2,100 | 2,207 |
| **Comcast Corp.** | | |
| 2.649% (US0003M + 0.330%) | | |
| due 10/01/2020 ~ | 1,700 | 1,703 |
| 2.759% (US0003M + 0.440%) | | |
| due 10/01/2021 ~ | 500 | 502 |
| **Conagra Brands, Inc.** | | |
| 3.092% (US0003M + 0.500%) | | |
| due 10/09/2020 ~ | 2,500 | 2,495 |
| **Constellation Brands, Inc.** | | |
| 2.250% due 11/06/2020 | 2,310 | 2,307 |
| **CVS Health Corp.** | | |
| 3.083% (US0003M + 0.630%) | | |
| due 03/09/2020 ~ | 6,100 | 6,116 |
| 3.125% due 03/09/2020 | 5,100 | 5,120 |
| **Daimler Finance North America LLC** | | |
| 3.115% (US0003M + 0.550%) | | |
| due 05/04/2021 ~ | 5,000 | 5,003 |
| 3.235% (US0003M + 0.670%) | | |
| due 11/05/2021 ~ | 900 | 903 |
| 3.400% due 02/22/2022 | 4,800 | 4,897 |
| **Diageo Capital PLC** | | |
| 3.000% due 05/18/2020 | 2,600 | 2,615 |
| **DISH DBS Corp.** | | |
| 7.875% due 09/01/2019 | 2,190 | 2,204 |
| **Dominion Energy Gas Holdings LLC** | | |
| 2.500% due 12/15/2019 | 2,300 | 2,298 |
| **DXC Technology Co.** | | |
| 3.470% (US0003M + 0.950) | | |
| due 03/01/2021 ~ | 1,231 | 1,231 |
| **Energy Transfer Partners LP** | | |
| 5.750% due 09/01/2020 | 1,630 | 1,676 |
| **General Electric Co.** | | |
| 0.000% (EUR003M + 0.300%) | | |
| due 05/28/2020 ~• | EUR 700 | 796 |
| 0.375% due 05/17/2022 | 400 | 458 |
| 6.000% due 08/07/2019 | $ 2,500 | 2,508 |
| **General Mills, Inc.** | | |
| 3.141% (US0003M + 0.540%) | | |
| due 04/16/2021 ~ | $ 2,100 | $ 2,102 |
| **Georgia-Pacific LLC** | | |
| 5.400% due 11/01/2020 | 6,800 | 7,073 |
| **GlaxoSmithKline Capital PLC** | | |
| 2.878% (US0003M + 0.350%) | | |
| due 05/14/2021 ~ | 5,100 | 5,112 |
| **Harris Corp.** | | |
| 3.063% (US0003M + 0.480%) | | |
| due 04/30/2020 ~ | 4,400 | 4,399 |
| **Hewlett Packard Enterprise Co.** | | |
| 3.318% (US0003M + 0.720%) | | |
| due 10/05/2021 ~ | 3,900 | 3,901 |
| **Hyundai Capital America** | | |
| 3.202% due 09/18/2020 ~• | 6,700 | 6,705 |
| **Keurig Dr Pepper, Inc.** | | |
| 3.551% due 05/25/2021 | 7,100 | 7,252 |
| **Kinder Morgan, Inc.** | | |
| 5.000% due 02/15/2021 | 300 | 311 |
| **Kraft Heinz Foods Co.** | | |
| 2.800% due 07/02/2020 | 3,300 | 3,305 |
| 3.375% due 06/15/2021 | 3,200 | 3,254 |
| **Local Initiatives Support Corp.** | | |
| 3.005% due 03/01/2022 | 1,300 | 1,318 |
| **Marathon Oil Corp.** | | |
| 2.700% due 06/01/2020 | 1,850 | 1,852 |
| **Marriott International, Inc.** | | |
| 3.120% (US0003M + 0.600%) | | |
| due 12/01/2020 ~ | 4,900 | 4,920 |
| **Masco Corp.** | | |
| 3.500% due 04/01/2021 | 2,887 | 2,930 |
| **McDonald's Corp.** | | |
| 3.012% (US0003M + 0.430%) | | |
| due 10/28/2021 ~ | 5,000 | 5,005 |
| **Mondelez International, Inc.** | | |
| 3.000% due 05/07/2020 | 7,000 | 7,029 |
| **Mylan NV** | | |
| 3.750% due 12/15/2020 | 4,600 | 4,644 |
| **NTT Finance Corp.** | | |
| 1.900% due 07/21/2021 | 2,800 | 2,777 |
| **Oracle Corp.** | | |
| 1.900% due 09/15/2021 | 9,900 | 9,849 |
| **Pacific National Finance Pty. Ltd.** | | |
| 4.625% due 09/23/2020 | 1,800 | 1,836 |
| **Penske Truck Leasing Co. LP** | | |
| 3.300% due 04/01/2021 | 2,900 | 2,936 |
| **Reckitt Benckiser Treasury Services PLC** | | |
| 2.903% (US0003M + 0.560%) | | |
| due 06/24/2022 ~ | 400 | 399 |
| **Sabine Pass Liquefaction LLC** | | |
| 5.625% due 02/01/2021 | 1,000 | 1,039 |
| **Sprint Spectrum Co. LLC** | | |
| 3.360% due 03/20/2023 | 1,163 | 1,166 |
| **Takeda Pharmaceutical Co. Ltd.** | | |
| 3.800% due 11/26/2020 | 3,900 | 3,971 |
| **Thermo Fisher Scientific, Inc.** | | |
| 4.700% due 05/01/2020 | 600 | 611 |
| **Time Warner Cable LLC** | | |
| 4.125% due 02/15/2021 | 2,900 | 2,954 |
| **United Technologies Corp.** | | |
| 3.175% (US0003M + 0.650%) | | |
| due 08/16/2021 ~ | 5,200 | 5,203 |
| **Volkswagen Group of America Finance LLC** | | |
| 3.305% (US0003M + 0.770%) | | |
| due 11/13/2020 ~ | 5,900 | 5,925 |
| 3.475% due (US0003M + | | |
| 0.940%) 11/12/2021 ~ | 5,900 | 5,949 |
| 3.875% due 11/13/2020 | 5,900 | 6,026 |
| 4.000% due 11/12/2021 | 5,900 | 6,090 |
| **Volkswagen International Finance NV** | | |
| 1.239% (EUR003M + 1.550%) | | |
| due 11/16/2024 ~ | EUR 800 | 929 |
| **Zimmer Biomet Holdings, Inc.** | | |
| 2.700% due 04/01/2020 | $ 2,300 | $ 2,302 |
| 3.169% (US0003M + 0.750%) | | |
| due 03/19/2021 ~ | 2,300 | 2,298 |
| | | 228,983 |
| **UTILITIES 2.1%** | | |
| **AT&T, Inc.** | | |
| 3.547% (US0003M + 0.950%) | | |
| due 07/15/2021 ~ | 1,600 | 1,615 |
| **Chugoku Electric Power Co., Inc.** | | |
| 2.701% due 03/16/2020 | 1,200 | 1,201 |
| **Consolidated Edison Co. of New York, Inc.** | | |
| 2.749% (US0003M + 0.400%) | | |
| due 06/25/2021 ~ | 5,200 | 5,215 |
| **DTE Energy Co.** | | |
| 2.400% due 12/01/2019 | 3,700 | 3,700 |
| **LG&E & KU Energy LLC** | | |
| 3.750% due 11/15/2020 | 900 | 913 |
| **National Rural Utilities Cooperative Finance Corp.** | | |
| 2.694% (US0003M + 0.375%) | | |
| due 06/30/2021 ~ | 5,400 | 5,415 |
| **NextEra Energy Capital Holdings, Inc.** | | |
| 2.921% (US0003M + 0.400%) | | |
| due 08/21/2020 ~ | 6,000 | 5,998 |
| 3.241% (US0003M + 0.720%) | | |
| due 02/25/2022 ~ | 4,800 | 4,829 |
| **Sempra Energy** | | |
| 2.860% due (US0003M + | | |
| 0.450%) 03/15/2021 ~ | 5,000 | 4,981 |
| **Verizon Communications, Inc.** | | |
| 3.410% (US0003M + 1.000%) | | |
| due 03/16/2022 ~ | 3,500 | 3,554 |
| | | 37,421 |
| **Total Corporate Bonds & Notes (Cost $688,190)** | | **694,989** |
| **U.S. GOVERNMENT AGENCIES 34.0%** | | |
| **Fannie Mae** | | |
| 1.000% due 01/25/2043 | 137 | 130 |
| 2.537% due 12/25/2036 • | 40 | 40 |
| 2.754% due 03/25/2044 • | 36 | 36 |
| 2.757% due 07/25/2037 • | 184 | 181 |
| 2.827% due 09/25/2042 • | 181 | 180 |
| 2.904% due 12/25/2022 • | 2 | 2 |
| 3.204% due 04/25/2023 • | 16 | 16 |
| 3.294% due 06/17/2027 • | 17 | 17 |
| 3.682% due 07/01/2042 - | | |
| 06/01/2043 • | 158 | 159 |
| 3.732% due 09/01/2041 • | 111 | 111 |
| 3.882% due 09/01/2040 • | 0 | 1 |
| 4.241% due 12/01/2036 • | 5 | 6 |
| 4.263% due 11/01/2035 • | 23 | 23 |
| 4.281% due 09/01/2035 • | 111 | 115 |
| 4.561% due 07/01/2035 • | 10 | 11 |
| 4.607% due 05/01/2038 • | 1,923 | 2,018 |
| 5.000% due 04/25/2033 | 7 | 8 |
| 5.100% due 09/01/2034 • | 2 | 2 |
| 5.349% due 12/25/2042 ~ | 5 | 6 |
| **Fannie Mae UMBS** | | |
| 3.500% due 07/01/2047 - | | |
| 12/01/2047 | 72,436 | 75,081 |
| 4.000% due 08/01/2044 - | | |
| 11/01/2048 | 75,806 | 78,822 |
| 4.000% due 10/01/2048 - | | |
| 12/01/2048 (g) | 113,445 | 117,290 |
| 4.500% due 01/01/2020 - | | |
| 08/01/2046 | 6,913 | 7,316 |
| 5.000% due 05/01/2027 - | | |
| 06/01/2028 | 103 | 110 |
| 5.500% due 12/01/2028 | 15 | 16 |
| 6.000% due 02/01/2033 - | | |
| 01/01/2039 | 1,345 | 1,524 |
| 6.500% due 04/01/2036 | 73 | 81 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Fannie Mae UMBS, TBA** | | |
| 3.000% due 09/01/2049 | $ 19,600 | $ 19,729 |
| 4.500% due 08/01/2049 | 8,300 | 8,671 |
| 5.500% due 07/01/2049 | 500 | 533 |
| **Freddie Mac** | | |
| 2.000% due 11/15/2026 | 3,482 | 3,481 |
| 2.470% due 12/25/2036 • | 61 | 61 |
| 2.534% due 08/25/2031 • | 78 | 77 |
| 2.886% due 12/15/2042 • | 5,342 | 5,335 |
| 3.488% due 02/25/2045 • | 150 | 150 |
| 4.000% due 08/01/2048 - 09/01/2048 | 89,402 | 93,001 |
| 4.521% due 09/01/2035 • | 138 | 145 |
| 4.542% due 07/01/2035 • | 34 | 36 |
| 5.849% due 08/15/2044 • | 3,137 | 3,550 |
| 6.500% due 07/25/2043 | 38 | 44 |
| **Ginnie Mae** | | |
| 2.953% due 06/20/2065 • | 3,001 | 3,000 |
| 3.007% due 07/20/2063 • | 3,138 | 3,143 |
| 3.029% due 10/20/2065 | 8,650 | 8,665 |
| 3.309% due 05/20/2066 | 1,022 | 1,030 |
| 3.359% due 04/20/2066 | 6,857 | 6,925 |
| 3.524% due 07/20/2067 | 7,606 | 7,751 |
| 4.500% due 06/20/2048 - 05/20/2049 | 33,752 | 35,360 |
| 5.000% due 02/20/2041 (a) | 12 | 1 |
| 5.000% due 12/20/2048 - 06/20/2049 | 70,273 | 73,801 |
| **Ginnie Mae, TBA** | | |
| 4.500% due 08/01/2049 | 17,100 | 17,816 |
| 5.000% due 07/01/2049 | 29,800 | 31,154 |
| **Total U.S. Government Agencies (Cost $594,278)** | | **606,761** |

## U.S. TREASURY OBLIGATIONS 16.8%

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **U.S. Treasury Inflation Protected Securities (e)** | | |
| 0.125% due 04/15/2022 (h)(k) | 79,321 | 78,713 |
| 0.125% due 01/15/2023 (g) | 38,632 | 38,424 |
| 0.250% due 01/15/2025 (g)(k) | 12,837 | 12,857 |
| 0.375% due 07/15/2023 (g) | 69,278 | 69,861 |
| 0.625% due 04/15/2023 (g)(i) | 67,992 | 68,809 |
| 0.875% due 01/15/2029 (g)(k) | 28,737 | 30,265 |
| **Total U.S. Treasury Obligations (Cost $295,001)** | | **298,929** |

## NON-AGENCY MORTGAGE-BACKED SECURITIES 3.3%

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Adjustable Rate Mortgage Trust** | | |
| 4.446% due 09/25/2035 ^~ | 346 | 334 |
| **American Home Mortgage Investment Trust** | | |
| 4.213% due 10/25/2034 • | 20 | 20 |
| 4.544% due 02/25/2045 • | 57 | 58 |
| **Banc of America Funding Trust** | | |
| 4.648% due 01/20/2047 ^~ | 231 | 225 |
| **Banc of America Mortgage Trust** | | |
| 4.658% due 08/25/2034 ~ | 619 | 643 |
| 4.689% due 07/25/2034 ~ | 291 | 304 |
| 5.168% due 05/25/2033 ~ | 113 | 118 |
| 6.500% due 10/25/2031 | 3 | 4 |
| **BCAP LLC Trust** | | |
| 2.880% due 01/26/2036 • | 1,653 | 1,639 |
| **Bear Stearns Adjustable Rate Mortgage Trust** | | |
| 4.314% due 07/25/2034 ~ | 102 | 101 |
| 4.427% due 01/25/2035 ~ | 72 | 72 |
| 4.434% due 01/25/2035 ~ | 1,560 | 1,569 |
| 4.886% due 01/25/2034 ~ | 10 | 10 |
| 5.026% due 04/25/2033 ~ | 2 | 2 |
| **Bear Stearns ALT-A Trust** | | |
| 2.564% due 02/25/2034 • | 240 | 244 |
| **Bear Stearns Structured Products, Inc. Trust** | | |
| 3.801% due 12/26/2046 ^~ | 313 | 272 |
| 4.284% due 01/26/2036 ^~ | 497 | 442 |
| **Chevy Chase Funding LLC Mortgage-Backed Certificates** | | |
| 2.684% due 01/25/2035 • | 31 | 30 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Citigroup Global Markets Mortgage Securities, Inc.** | | |
| 7.000% due 06/25/2033 þ | $ 1 | $ 1 |
| **Citigroup Mortgage Loan Trust** | | |
| 4.552% due 08/25/2035 ^~ | 206 | 184 |
| 4.810% due 05/25/2035 • | 51 | 52 |
| **Countrywide Alternative Loan Trust** | | |
| 6.000% due 10/25/2033 | 8 | 8 |
| **Countrywide Home Loan Mortgage Pass-Through Trust** | | |
| 4.269% due 11/20/2034 ~ | 503 | 516 |
| 4.280% due 11/25/2034 ~ | 278 | 281 |
| 4.285% due 02/20/2035 ~ | 193 | 195 |
| 4.667% due 02/20/2036 ^• | 279 | 260 |
| **Credit Suisse First Boston Mortgage Securities Corp.** | | |
| 3.133% due 03/25/2032 ~ | 1 | 1 |
| **Credit Suisse Mortgage Capital Certificates** | | |
| 4.018% due 09/26/2047 ~ | 30 | 30 |
| **Eurosail PLC** | | |
| 0.000% due 12/10/2044 • | EUR 67 | 76 |
| 1.739% (BP0003M + 0.950%) due 06/13/2045 ~ | GBP 7,459 | 9,449 |
| **First Horizon Alternative Mortgage Securities Trust** | | |
| 4.377% due 09/25/2034 ~ | $ 391 | 391 |
| **First Horizon Mortgage Pass-Through Trust** | | |
| 4.518% due 08/25/2035 ~ | 104 | 87 |
| **FirstMac Mortgage Funding Trust** | | |
| 2.418% due 03/08/2049 • | AUD 3,451 | 2,416 |
| 2.668% due 03/08/2049 • | 6,100 | 4,261 |
| **GMAC Mortgage Corp. Loan Trust** | | |
| 4.659% due 11/19/2035 ~ | $ 67 | 67 |
| **Great Hall Mortgages PLC** | | |
| 2.532% due 06/18/2039 • | 1,263 | 1,230 |
| **GS Mortgage Securities Corp. Trust** | | |
| 3.980% due 02/10/2029 | 5,000 | 5,070 |
| **GS Mortgage Securities Trust** | | |
| 2.111% due 11/10/2045 ~(a) | 2,143 | 117 |
| **GSR Mortgage Loan Trust** | | |
| 4.500% due 09/25/2035 ~ | 217 | 224 |
| 4.674% due 09/25/2034 ~ | 58 | 61 |
| **HarborView Mortgage Loan Trust** | | |
| 2.830% due 05/19/2035 • | 66 | 65 |
| 4.422% due 07/19/2035 ^~ | 307 | 292 |
| **Holmes Master Issuer PLC** | | |
| 2.957% due 10/15/2054 • | 3,631 | 3,628 |
| **Impac CMB Trust** | | |
| 3.404% due 07/25/2033 • | 70 | 68 |
| **JPMorgan Chase Commercial Mortgage Securities Trust** | | |
| 1.924% due 10/15/2045 ~(a) | 13,829 | 628 |
| **JPMorgan Mortgage Trust** | | |
| 5.750% due 01/25/2036 ^ | 16 | 12 |
| **Juno Eclipse Ltd.** | | |
| 0.000% due 11/20/2022 • | EUR 471 | 525 |
| **Merrill Lynch Mortgage Investors Trust** | | |
| 2.654% due 11/25/2035 • | $ 70 | 67 |
| 3.064% due 09/25/2029 • | 445 | 448 |
| **Opteum Mortgage Acceptance Corp. Asset-Backed Pass-Through Certificates** | | |
| 2.684% due 12/25/2035 • | 374 | 353 |
| **PHHMC Trust** | | |
| 5.531% due 07/18/2035 ~ | 233 | 243 |
| **Prime Mortgage Trust** | | |
| 2.804% due 02/25/2034 • | 4 | 4 |
| **Residential Funding Mortgage Securities, Inc. Trust** | | |
| 4.485% due 09/25/2035 ^~ | 542 | 451 |
| **Silverstone Master Issuer PLC** | | |
| 3.148% due 01/21/2070 | 3,600 | 3,612 |
| **Structured Adjustable Rate Mortgage Loan Trust** | | |
| 3.904% due 01/25/2035 ^• | 150 | 146 |
| 4.329% due 08/25/2035 ~ | 139 | 141 |
| 4.566% due 02/25/2034 ~ | 141 | 143 |
| 4.614% due 08/25/2034 ~ | 185 | 188 |
| **Structured Asset Mortgage Investments Trust** | | |
| 2.684% due 02/25/2036 ^• | 106 | 101 |
| 3.050% due 09/19/2032 • | 1 | 1 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **Towd Point Mortgage Funding PLC** | | |
| 1.855% due 10/20/2051 ~• | GBP 11,500 | $ 14,660 |
| **WaMu Mortgage Pass-Through Certificates Trust** | | |
| 2.674% due 12/25/2045 • | $ 78 | 79 |
| 3.084% due 01/25/2045 • | 495 | 491 |
| 3.904% due 06/25/2042 • | 14 | 14 |
| **Wells Fargo Commercial Mortgage Trust** | | |
| 1.933% due 10/15/2045 ~(a) | 3,637 | 170 |
| **Wells Fargo Mortgage-Backed Securities Trust** | | |
| 4.856% due 09/25/2034 ~ | 1,809 | 1,884 |
| 4.973% due 12/25/2034 ~ | 91 | 95 |
| 4.986% due 01/25/2035 ~ | 110 | 114 |
| 4.991% due 03/25/2036 ~ | 115 | 119 |
| 5.140% due 03/25/2035 ~ | 76 | 78 |
| **Total Non-Agency Mortgage-Backed Securities (Cost $63,011)** | | **59,884** |

## ASSET-BACKED SECURITIES 9.9%

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **ACE Securities Corp. Home Equity Loan Trust** | | |
| 2.464% due 10/25/2036 • | 61 | 32 |
| 3.304% due 12/25/2034 • | 1,266 | 1,256 |
| **Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates** | | |
| 2.904% due 09/25/2035 • | 6,985 | 7,024 |
| **Asset-Backed Funding Certificates Trust** | | |
| 3.079% due 06/25/2035 • | 3,303 | 3,315 |
| **Asset-Backed Securities Corp. Home Equity Loan Trust** | | |
| 4.044% due 03/15/2032 • | 72 | 73 |
| **Bear Stearns Asset-Backed Securities Trust** | | |
| 3.404% due 10/25/2037 • | 1,154 | 1,162 |
| **Black Diamond CLO Ltd.** | | |
| 3.638% due 02/06/2026 • | 1,968 | 1,969 |
| **CARDS Trust** | | |
| 2.744% due 04/17/2023 • | 10,000 | 10,010 |
| 3.047% due 04/17/2023 | 10,000 | 10,057 |
| **Chesapeake Funding LLC** | | |
| 2.859% due 08/15/2030 | 7,099 | 7,094 |
| 3.230% due 08/15/2030 | 5,324 | 5,396 |
| **Citigroup Mortgage Loan Trust, Inc.** | | |
| 3.124% due 09/25/2035 ^• | 1,201 | 1,207 |
| **Countrywide Asset-Backed Certificates** | | |
| 3.104% due 12/25/2033 • | 968 | 961 |
| **Countrywide Asset-Backed Certificates, Inc.** | | |
| 3.204% due 03/25/2033 • | 558 | 555 |
| **Credit Suisse First Boston Mortgage Securities Corp.** | | |
| 3.024% due 01/25/2032 • | 5 | 5 |
| **Crown Point CLO Ltd.** | | |
| 3.713% due 07/17/2028 | 3,000 | 2,986 |
| **Discover Card Execution Note Trust** | | |
| 1.900% due 10/17/2022 | 5,100 | 5,088 |
| **Edsouth Indenture LLC** | | |
| 3.554% due 09/25/2040 • | 701 | 702 |
| **Enterprise Fleet Financing LLC** | | |
| 3.380% due 05/20/2024 | 5,000 | 5,072 |
| **Evans Grove CLO Ltd.** | | |
| 3.441% due 05/28/2028 • | 5,000 | 4,973 |
| **Exeter Automobile Receivables Trust** | | |
| 2.900% due 01/18/2022 | 1,629 | 1,631 |
| **Figueroa CLO Ltd.** | | |
| 3.497% due 01/15/2027 • | 4,822 | 4,818 |
| **Ford Credit Auto Owner Trust** | | |
| 2.440% due 01/15/2027 | 4,000 | 4,006 |
| **Ford Credit Floorplan Master Owner Trust** | | |
| 2.674% due 05/15/2023 • | 5,100 | 5,095 |
| 2.840% due 03/15/2024 | 4,700 | 4,791 |
| **Gallatin CLO Ltd.** | | |
| 3.642% due 01/21/2028 • | 5,000 | 4,996 |
| **GE-WMC Mortgage Securities Trust** | | |
| 2.444% due 08/25/2036 • | 9 | 6 |
| **GMF Floorplan Owner Revolving Trust** | | |
| 2.864% due 03/15/2023 | 3,900 | 3,904 |
| **Gracechurch Card Funding PLC** | | |
| 2.794% due 07/15/2022 • | 5,000 | 5,001 |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **GSAMP Trust** | | |
| 2.794% due 01/25/2036 • | $ 1,067 | $ 1,067 |
| **Hertz Fleet Lease Funding LP** | | |
| 3.230% due 05/10/2032 | 5,000 | 5,025 |
| **Massachusetts Educational Financing Authority** | | |
| 3.530% due 04/25/2038 • | 238 | 239 |
| **MMAF Equipment Finance LLC** | | |
| 2.920% due 07/12/2021 | 2,822 | 2,829 |
| **NovaStar Mortgage Funding Trust** | | |
| 2.724% due 05/25/2036 • | 3,804 | 3,757 |
| **Octagon Investment Partners Ltd.** | | |
| 3.697% due 04/15/2026 • | 1,872 | 1,873 |
| **OSCAR U.S. Funding Trust LLC** | | |
| 3.150% due 08/10/2021 | 3,301 | 3,312 |
| **Palmer Square CLO Ltd.** | | |
| 3.368% due 08/15/2026 • | 4,156 | 4,140 |
| **Palmer Square Loan Funding Ltd.** | | |
| 3.247% due 07/15/2026 • | 3,924 | 3,901 |
| **Panhandle-Plains Higher Education Authority, Inc.** | | |
| 3.722% due 10/01/2035 • | 732 | 734 |
| **Penarth Master Issuer PLC** | | |
| 2.762% due 03/18/2022 • | 5,100 | 5,100 |
| **RAAC Trust** | | |
| 2.884% due 03/25/2037 • | 150 | 150 |
| **Renaissance Home Equity Loan Trust** | | |
| 3.404% due 12/25/2033 • | 2,316 | 2,285 |
| **Residential Asset Securities Corp. Trust** | | |
| 3.289% due 01/25/2034 • | 2,384 | 2,389 |
| **SLC Student Loan Trust** | | |
| 2.510% due 09/15/2026 • | 1,633 | 1,630 |
| 2.520% due 03/15/2027 • | 3,516 | 3,500 |
| **SLM Student Loan Trust** | | |
| 2.670% due 10/25/2024 • | 818 | 817 |
| 2.730% due 10/25/2029 • | 3,939 | 3,896 |
| 3.080% due 04/25/2024 • | 1,092 | 1,092 |
| **SoFi Consumer Loan Program LLC** | | |
| 2.200% due 11/25/2026 | 339 | 339 |
| 3.050% due 12/26/2025 | 1,200 | 1,206 |
| **Sound Point CLO Ltd.** | | |
| 3.482% due 01/20/2028 • | 5,000 | 4,994 |
| **Structured Asset Investment Loan Trust** | | |
| 3.109% due 03/25/2034 • | 439 | 439 |
| 3.379% due 10/25/2033 • | 217 | 219 |
| **TICP CLO Ltd.** | | |
| 3.601% due 04/20/2028 | 6,100 | 6,050 |
| **Wells Fargo Home Equity Asset-Backed Securities Trust** | | |
| 2.664% due 05/25/2036 • | $ 191 | $ 191 |
| **Westlake Automobile Receivables Trust** | | |
| 2.840% due 09/15/2021 | 2,768 | 2,771 |
| **WhiteHorse Ltd.** | | |
| 3.518% due 04/17/2027 • | 5,000 | 4,992 |
| **Zais CLO Ltd.** | | |
| 3.747% due 04/15/2028 • | 5,000 | 5,011 |
| **Total Asset-Backed Securities (Cost $174,050)** | | **177,133** |

| | PRINCIPAL AMOUNT (000S) | MARKET VALUE (000S) |
|---|---|---|
| **SOVEREIGN ISSUES 5.3%** | | |
| **Brazil Letras do Tesouro Nacional** | | |
| 0.000% due 10/01/2019 (d) | BRL 72,000 | 18,456 |
| 0.000% due 01/01/2020 (d) | 119,800 | 30,280 |
| 0.000% due 04/01/2020 (d) | 128,700 | 32,096 |
| **Provincia de Buenos Aires** | | |
| 54.501% due 04/12/2025 ~(a) | ARS 2,763 | 52 |
| **Spain Government International Bond** | | |
| 4.000% due 04/30/2020 | EUR 11,600 | 13,674 |
| **Total Sovereign Issues (Cost $93,919)** | | **94,558** |

| | SHARES | |
|---|---|---|
| **CONVERTIBLE PREFERRED SECURITIES 0.0%** | | |
| **INDUSTRIALS 0.0%** | | |
| **Motors Liquidation Co.** | | |
| 5.250% due 03/06/2032 «(b) | 4,000 | 0 |
| **Total Convertible Preferred Securities (Cost $0)** | | **0** |

| | PRINCIPAL AMOUNT (000S) | |
|---|---|---|
| **SHORT-TERM INSTRUMENTS 1.5%** | | |
| **CERTIFICATES OF DEPOSIT 1.2%** | | |
| **Barclays Bank PLC** | | |
| 2.980% (US0003M + 0.400%) due 10/25/2019 ~ | $ 10,000 | 10,010 |
| **Lloyds Bank Corporate Markets PLC** | | |
| 2.843% (US0003M + 0.500%) due 09/24/2020 ~ | 6,000 | 6,018 |
| 3.092% (US0003M + 0.500%) due 10/26/2020 ~ | $ 5,000 | $ 5,015 |
| | | 21,043 |
| **REPURCHASE AGREEMENTS (f) 0.2%** | | |
| | | 3,196 |
| **U.S. TREASURY BILLS 0.1%** | | |
| 2.105% due 07/16/2019 - 08/20/2019 (c)(d)(i)(k) | 1,675 | 1,672 |
| **Total Short-Term Instruments (Cost $25,868)** | | **25,911** |
| **Total Investments in Securities (Cost $1,946,270)** | | **1,970,144** |

| | SHARES | |
|---|---|---|
| **INVESTMENTS IN AFFILIATES 15.8%** | | |
| **SHORT-TERM INSTRUMENTS 15.8%** | | |
| **CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 15.8%** | | |
| **PIMCO Short Asset Portfolio (f)** | 21,056,260 | 209,426 |
| **PIMCO Short-Term Floating NAV Portfolio III** | 7,320,914 | 72,418 |
| **Total Short-Term Instruments (Cost $283,065)** | | **281,844** |
| **Total Investments in Affiliates (Cost $283,065)** | | **281,844** |
| **Total Investments 126.3% (Cost $2,229,335)** | | **$ 2,251,988** |
| **Financial Derivative Instruments (h)(j) (0.0)% (Cost or Premiums, net $2,365)** | | **(766)** |
| **Other Assets and Liabilities, net (26.3)%** | | **(467,588)** |
| **Net Assets 100.0%** | | **$ 1,783,634** |

## 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.

þ Coupon represents a rate which changes periodically based on a predetermined schedule or event. Rate shown is the rate in effect as of period end.

(a) Interest only security.

(b) Security did not produce income within the last twelve months.

(c) Coupon represents a weighted average yield to maturity.

(d) Zero coupon security.

(e) Principal amount of security is adjusted for inflation.

## 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 | 2.000% | 06/28/2019 | 07/01/2019 | $ 3,196 | U.S. Treasury Notes 2.250% due 03/31/2021 | $ (3,262) | $ 3,196 | $ 3,197 |
| **Total Repurchase Agreements** | | | | | | **$ (3,262)** | **$ 3,196** | **$ 3,197** |

### REVERSE REPURCHASE AGREEMENTS:

| Counterparty | Borrowing Rate[2] | Settlement Date | Maturity Date | Amount Borrowed[2] | Payable for Reverse Repurchase Agreements |
|---|---|---|---|---|---|
| BOS | 2.570% | 05/08/2019 | 08/08/2019 | $ (19,656) | $ (19,732) |
| BSN | 2.540 | 04/04/2019 | 07/02/2019 | (25,041) | (25,196) |
| | 2.550 | 04/09/2019 | 07/09/2019 | (3,383) | (3,402) |
| | 2.560 | 06/07/2019 | 07/11/2019 | (33,486) | (33,544) |
| | 2.620 | 04/10/2019 | 07/15/2019 | (72,395) | (72,827) |
| | 2.620 | 05/13/2019 | 07/10/2019 | (44,951) | (45,111) |
| | 2.620 | 06/27/2019 | 07/26/2019 | (4,430) | (4,431) |
| DEU | 2.620 | 06/04/2019 | 07/05/2019 | (106,973) | (107,184) |
| GRE | 2.580 | 05/22/2019 | 07/18/2019 | (55,356) | (55,515) |
| | 2.610 | 04/30/2019 | 07/22/2019 | (18,414) | (18,497) |
| JPS | 2.560 | 05/07/2019 | 07/09/2019 | (13,152) | (13,203) |
| **Total Reverse Repurchase Agreements** | | | | | **$ (398,642)** |

### SALE-BUYBACK TRANSACTIONS:

| Counterparty | Borrowing Rate[2] | Borrowing Date | Maturity Date | Amount Borrowed[2] | Payable for Sale-Buyback Transactions[3] |
|---|---|---|---|---|---|
| BPG | 2.530% | 06/24/2019 | 08/26/2019 | $ (10,699) | $ (10,704) |
| | 2.650 | 05/28/2019 | 07/09/2019 | (4,372) | (4,383) |
| **Total Sale-Buyback Transactions** | | | | | **$ (15,087)** |

### SHORT SALES:

| Description | Coupon | Maturity Date | Principal Amount | Proceeds | Payable for Short Sales |
|---|---|---|---|---|---|
| U.S. Government Agencies (9.5)% | | | | | |
| Fannie Mae UMBS, TBA | 4.000% | 08/01/2049 | $ 163,000 | $ (168,281) | $ (168,390) |
| Fannie Mae UMBS, TBA | 6.000 | 07/01/2049 | 1,500 | (1,627) | (1,642) |
| **Total Short Sales (9.5)%** | | | | **$ (169,908)** | **$ (170,032)** |

### 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, 2019:

| Counterparty | Repurchase Agreement Proceeds to be Received[1] | Payable for Reverse Repurchase Agreements | Payable for Sale-Buyback Transactions[3] | Total Borrowings and Other Financing Transactions | Collateral Pledged/(Received) | Net Exposure[4] |
|---|---|---|---|---|---|---|
| Global/Master Repurchase Agreement | | | | | | |
| BOS | $ 0 | $ (19,732) | $ 0 | $ (19,732) | $ 19,727 | $ (5) |
| BSN | 0 | (184,511) | 0 | (184,511) | 187,373 | 2,862 |
| DEU | 0 | (107,184) | 0 | (107,184) | 106,884 | (300) |
| FICC | 3,197 | 0 | 0 | 3,197 | (3,262) | (65) |
| GRE | 0 | (74,012) | 0 | (74,012) | 74,041 | 29 |
| JPS | 0 | (13,203) | 0 | (13,203) | 13,345 | 142 |
| Master Securities Forward Transaction Agreement | | | | | | |
| BPG | 0 | 0 | (15,087) | (15,087) | 15,103 | 16 |
| **Total Borrowings and Other Financing Transactions** | **$ 3,197** | **$ (398,642)** | **$ (15,087)** | | | |

## 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 | $ (117,938) | $ 0 | $ 0 | $ (117,938) |
| U.S. Treasury Obligations | 0 | (260,972) | (19,732) | 0 | (280,704) |
| **Total** | **$ 0** | **$ (378,910)** | **$ (19,732)** | **$ 0** | **$ (398,642)** |
| **Sale-Buyback Transactions** | | | | | |
| U.S. Treasury Obligations | 0 | (4,383) | (10,704) | 0 | (15,087) |
| **Total** | **$ 0** | **$ (4,383)** | **$ (10,704)** | **$ 0** | **$ (15,087)** |
| **Total Borrowings** | **$ 0** | **$ (383,293)** | **$ (30,436)** | **$ 0** | **$ (413,729)** |
| **Payable for reverse repurchase agreements and sale-buyback financing transactions** | | | | | **$ (413,729)** |

**(g) Securities with an aggregate market value of $418,375 and cash of $480 have been pledged as collateral under the terms of the above master agreements as of June 30, 2019.**

(1) Includes accrued interest.

(2) The average amount of borrowings outstanding during the period ended June 30, 2019 was $(277,744) at a weighted average interest rate of 2.619%. Average borrowings may include reverse repurchase agreements and sale-buyback transactions, if held during the period.

(3) Payable for sale-buyback transactions includes $(45) of deferred price drop.

(4) 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 2019 Futures | $ 103.750 | 08/23/2019 | 248 | $ 496 | $ 2 | $ 0 |
| Put - CBOT U.S. Treasury 2-Year Note September 2019 Futures | 103.875 | 08/23/2019 | 561 | 1,122 | 5 | 1 |
| Put - CBOT U.S. Treasury 2-Year Note September 2019 Futures | 104.000 | 08/23/2019 | 248 | 496 | 2 | 0 |
| Put - CBOT U.S. Treasury 2-Year Note September 2019 Futures | 104.125 | 08/23/2019 | 1,641 | 3,282 | 14 | 1 |
| Put - CBOT U.S. Treasury 5-Year Note September 2019 Futures | 108.000 | 08/23/2019 | 1,641 | 1,641 | 14 | 2 |
| Call - CBOT U.S. Treasury 10-Year Note September 2019 Futures | 145.500 | 08/23/2019 | 794 | 794 | 7 | 1 |
| Call - CBOT U.S. Treasury 10-Year Note September 2019 Futures | 146.000 | 08/23/2019 | 159 | 159 | 2 | 0 |
| Call - CBOT U.S. Treasury 10-Year Note September 2019 Futures | 147.000 | 08/23/2019 | 23 | 23 | 0 | 0 |
| **Total Purchased Options** | | | | | **$ 46** | **$ 5** |

### FUTURES CONTRACTS:

#### LONG FUTURES CONTRACTS

| Description | Expiration Month | # of Contracts | Notional Amount | Unrealized Appreciation/ (Depreciation) | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|
| Euro-Bund 10-Year Bond September Futures | 09/2019 | 374 | $ 73,462 | $ 878 | $ 102 | $ 0 |
| U.S. Treasury 2-Year Note September Futures | 09/2019 | 4,755 | 1,023,179 | 5,509 | 0 | (185) |
| U.S. Treasury 5-Year Note September Futures | 09/2019 | 2,796 | 330,365 | 3,155 | 0 | 0 |
| | | | | $ 9,542 | $ 102 | $ (185) |

#### SHORT FUTURES CONTRACTS

| Description | Expiration Month | # of Contracts | Notional Amount | Unrealized Appreciation/ (Depreciation) | Variation Margin Asset | Variation Margin Liability |
|---|---|---|---|---|---|---|
| Australia Government 3-Year Note September Futures | 09/2019 | 1,362 | $ (109,960) | $ (147) | $ 154 | $ (31) |
| Australia Government 10-Year Bond September Futures | 09/2019 | 132 | (13,312) | (81) | 75 | (27) |
| Canada Government 10-Year Bond September Futures | 09/2019 | 113 | (12,333) | (171) | 4 | (28) |
| Euro-OAT France Government 10-Year Bond September Futures | 09/2019 | 351 | (65,803) | (1,341) | 0 | (96) |
| U.S. Treasury 10-Year Note September Futures | 09/2019 | 192 | (24,570) | (431) | 0 | (6) |
| United Kingdom Long Gilt September Futures | 09/2019 | 75 | (12,411) | (93) | 24 | 0 |
| | | | | $ (2,264) | $ 257 | $ (188) |
| **Total Futures Contracts** | | | | **$ 7,278** | **$ 359** | **$ (373)** |

## 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, 2019[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 | 0.379% | $ 1,000 | $ 23 | $ 4 | $ 27 | $ 0 | $ 0 |
| General Electric Co. | 1.000 | Quarterly | 12/20/2020 | 0.244 | 2,000 | (59) | 82 | 23 | 0 | (1) |
| | | | | | | $ (36) | $ 86 | $ 50 | $ 0 | $ (1) |

### 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 | 3-Month USD-LIBOR | 2.500% | Semi-Annual | 12/20/2027 | $ | 33,500 | $ 1,064 | $ (2,618) | $ (1,554) | $ 47 | $ 0 |
| Receive | 3-Month USD-LIBOR | 2.250 | Semi-Annual | 06/20/2028 | | 24,100 | 1,289 | (1,947) | (658) | 40 | 0 |
| Receive[5] | 6-Month GBP-LIBOR | 1.500 | Semi-Annual | 09/18/2029 | GBP | 30,800 | (218) | (1,460) | (1,678) | 30 | 0 |
| Pay | 6-Month JPY-LIBOR | 0.100 | Semi-Annual | 03/20/2024 | JPY | 10,270,000 | 321 | 681 | 1,002 | 23 | 0 |
| Receive | 6-Month JPY-LIBOR | 0.300 | Semi-Annual | 03/18/2026 | | 9,450,000 | (114) | (2,206) | (2,320) | 0 | (41) |
| Pay | 6-Month JPY-LIBOR | 0.380 | Semi-Annual | 06/18/2028 | | 1,640,000 | 201 | 342 | 543 | 12 | 0 |
| Receive | 6-Month JPY-LIBOR | 0.750 | Semi-Annual | 03/20/2038 | | 3,120,000 | 69 | (2,777) | (2,708) | 0 | (58) |
| Receive | 6-Month JPY-LIBOR | 1.000 | Semi-Annual | 03/21/2048 | | 340,000 | (11) | (545) | (556) | 0 | (7) |
| Pay | 28-Day MXN-TIIE | 8.700 | Lunar | 11/02/2020 | MXN | 244,900 | (14) | 165 | 151 | 29 | 0 |
| Pay | 28-Day MXN-TIIE | 8.735 | Lunar | 11/06/2020 | | 222,200 | 0 | 143 | 143 | 27 | 0 |
| Pay | 28-Day MXN-TIIE | 8.748 | Lunar | 11/06/2020 | | 988,300 | 0 | 647 | 647 | 121 | 0 |
| Receive | 28-Day MXN-TIIE | 8.720 | Lunar | 11/13/2020 | | 432,700 | 49 | (330) | (281) | 0 | (55) |
| Receive | 28-Day MXN-TIIE | 8.683 | Lunar | 11/27/2020 | | 453,700 | 0 | (299) | (299) | 0 | (60) |
| Receive | 28-Day MXN-TIIE | 8.855 | Lunar | 12/03/2020 | | 524,200 | 0 | (419) | (419) | 0 | (72) |
| | | | | | | | $ 2,636 | $ (10,623) | $ (7,987) | $ 329 | $ (293) |
| **Total Swap Agreements** | | | | | | | **$ 2,600** | **$ (10,537)** | **$ (7,937)** | **$ 329** | **$ (294)** |

## 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, 2019:

| | 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** | **$ 5** | **$ 359** | **$ 329** | **$ 693** | **$ 0** | **$ (373)** | **$ (294)** | **$ (667)** |

**(i) Securities with an aggregate market value of $1,454 and cash of $13,449 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of June 30, 2019. 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 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 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 | 07/2019 | CAD | 20,086 | $ | 14,978 | $ 0 | $ (361) |
| | 07/2019 | $ | 12,677 | AUD | 18,153 | 67 | 0 |
| | 07/2019 | | 20,022 | CAD | 26,772 | 422 | 0 |
| | 08/2019 | AUD | 18,153 | $ | 12,690 | 0 | (68) |
| | 08/2019 | EUR | 565 | | 639 | 0 | (6) |
| BPS | 07/2019 | GBP | 14,530 | | 18,429 | 0 | (23) |
| | 07/2019 | TRY | 631 | | 107 | 0 | (2) |
| | 08/2019 | ARS | 3,817 | | 86 | 1 | 0 |
| | 08/2019 | GBP | 20,526 | | 26,502 | 381 | 0 |
| | 08/2019 | $ | 18,457 | GBP | 14,530 | 24 | 0 |
| | 08/2019 | | 18,643 | JPY | 2,030,000 | 247 | 0 |
| | 10/2019 | BRL | 23,500 | $ | 6,182 | 116 | 0 |
| | 04/2020 | | 85,700 | | 20,807 | 0 | (965) |
| BRC | 07/2019 | CAD | 8,428 | | 6,287 | 0 | (149) |
| CBK | 07/2019 | ARS | 52,641 | | 1,080 | 0 | (105) |
| | 07/2019 | AUD | 17,154 | | 11,875 | 0 | (168) |
| | 07/2019 | CAD | 149 | | 110 | 0 | (3) |
| | 08/2019 | EUR | 462 | | 520 | 0 | (7) |
| | 08/2019 | GBP | 24,663 | | 31,601 | 216 | (1) |
| | 08/2019 | JPY | 754,400 | | 6,927 | 0 | (93) |
| | 08/2019 | $ | 1,007 | EUR | 894 | 13 | 0 |
| | 08/2019 | | 21,067 | GBP | 16,603 | 62 | 0 |
| | 01/2020 | BRL | 52,500 | $ | 12,960 | 0 | (483) |
| | 04/2020 | | 43,000 | | 10,434 | 0 | (490) |
| GLM | 07/2019 | CAD | 19,515 | | 14,653 | 0 | (249) |
| HUS | 07/2019 | $ | 1,061 | ARS | 52,641 | 124 | 0 |
| | 07/2019 | | 10,233 | CAD | 13,794 | 300 | 0 |
| | 08/2019 | MXN | 322,107 | $ | 16,411 | 0 | (252) |
| JPM | 07/2019 | AUD | 999 | | 689 | 0 | (12) |
| | 07/2019 | $ | 5,355 | CAD | 7,177 | 125 | 0 |
| | 08/2019 | GBP | 6,607 | $ | 8,469 | 61 | 0 |
| | 08/2019 | JPY | 1,393,900 | | 12,814 | 0 | (158) |
| | 08/2019 | MXN | 74 | | 4 | 0 | 0 |
| | 08/2019 | $ | 48,175 | JPY | 5,174,500 | 0 | (23) |
| | 09/2019 | THB | 10,231 | $ | 323 | 0 | (12) |
| | 10/2019 | BRL | 48,500 | | 12,803 | 284 | 0 |
| MSB | 01/2020 | | 67,300 | | 17,662 | 429 | 0 |
| SCX | 07/2019 | $ | 18,391 | GBP | 14,530 | 62 | 0 |
| TOR | 08/2019 | | 16,420 | MXN | 322,107 | 244 | 0 |
| UAG | 08/2019 | EUR | 33,262 | $ | 37,638 | 0 | (318) |
| | 09/2019 | $ | 125 | MYR | 520 | 1 | 0 |
| **Total Forward Foreign Currency Contracts** | | | | | | **$ 3,179** | **$ (3,948)** |

### PURCHASED OPTIONS:

#### OPTIONS ON SECURITIES

| Counterparty | Description | Strike Price | Expiration Date | Notional Amount[1] | Cost | Market Value |
|---|---|---|---|---|---|---|
| FAR | Put - OTC Fannie Mae UMBS, TBA 3.500% due 08/01/2049 | $ 72.500 | 08/06/2019 | 10,700 | $ 0 | $ 0 |
| SAL | Put - OTC Fannie Mae UMBS, TBA 3.000% due 08/01/2049 | 70.000 | 08/06/2019 | 19,600 | 1 | 0 |
| **Total Purchased Options** | | | | | **$ 1** | **$ 0** |

### WRITTEN OPTIONS:

#### FOREIGN CURRENCY OPTIONS

| Counterparty | Description | Strike Price | Expiration Date | Notional Amount[1] | Premiums (Received) | Market Value |
|---|---|---|---|---|---|---|
| BOA | Call - OTC USD versus MXN | MXN 19.600 | 07/03/2019 | 8,800 | $ (76) | $ (2) |
| HUS | Call - OTC USD versus MXN | 20.300 | 07/18/2019 | 9,900 | (81) | (6) |
| MYI | Call - OTC USD versus MXN | 19.800 | 07/10/2019 | 3,900 | (33) | (3) |
| | Call - OTC USD versus MXN | 20.410 | 08/01/2019 | 9,200 | (92) | (12) |
| **Total Written Options** | | | | | **$ (282)** | **$ (23)** |



See Accompanying Notes

## 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, 2019:

| | 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[(2)] |
| BOA | $ 489 | $ 0 | $ 0 | $ 489 | $ (435) | $ (2) | $ 0 | $ (437) | $ 52 | $ 0 | $ 52 |
| BPS | 769 | 0 | 0 | 769 | (990) | 0 | 0 | (990) | (221) | 349 | 128 |
| BRC | 0 | 0 | 0 | 0 | (149) | 0 | 0 | (149) | (149) | 0 | (149) |
| CBK | 291 | 0 | 0 | 291 | (1,350) | 0 | 0 | (1,350) | (1,059) | 901 | (158) |
| GLM | 0 | 0 | 0 | 0 | (249) | 0 | 0 | (249) | (249) | 266 | 17 |
| HUS | 424 | 0 | 0 | 424 | (252) | (6) | 0 | (258) | 166 | 284 | 450 |
| JPM | 470 | 0 | 0 | 470 | (205) | 0 | 0 | (205) | 265 | (310) | (45) |
| MSB | 429 | 0 | 0 | 429 | 0 | 0 | 0 | 0 | 429 | 0 | 429 |
| MYI | 0 | 0 | 0 | 0 | 0 | (15) | 0 | (15) | (15) | (400) | (415) |
| SCX | 62 | 0 | 0 | 62 | 0 | 0 | 0 | 0 | 62 | 0 | 62 |
| TOR | 244 | 0 | 0 | 244 | 0 | 0 | 0 | 0 | 244 | (320) | (76) |
| UAG | 1 | 0 | 0 | 1 | (318) | 0 | 0 | (318) | (317) | 389 | 72 |
| **Total Over the Counter** | **$ 3,179** | **$ 0** | **$ 0** | **$ 3,179** | **$ (3,948)** | **$ (23)** | **$ 0** | **$ (3,971)** | | | |

**(k) Securities with an aggregate market value of $2,189 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of June 30, 2019.**

(1) Notional Amount represents the number of contracts.

(2) 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, 2019:

| | 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 | $ 5 | $ 5 |
| Futures | 0 | 0 | 0 | 0 | 359 | 359 |
| Swap Agreements | 0 | 0 | 0 | 0 | 329 | 329 |
| | $ 0 | $ 0 | $ 0 | $ 0 | $ 693 | $ 693 |
| Over the counter | | | | | | |
| Forward Foreign Currency Contracts | $ 0 | $ 0 | $ 0 | $ 3,179 | $ 0 | $ 3,179 |
| | $ 0 | $ 0 | $ 0 | $ 3,179 | $ 693 | $ 3,872 |
| **Financial Derivative Instruments - Liabilities** | | | | | | |
| Exchange-traded or centrally cleared | | | | | | |
| Futures | $ 0 | $ 0 | $ 0 | $ 0 | $ 373 | $ 373 |
| Swap Agreements | 0 | 1 | 0 | 0 | 293 | 294 |
| | $ 0 | $ 1 | $ 0 | $ 0 | $ 666 | $ 667 |
| Over the counter | | | | | | |
| Forward Foreign Currency Contracts | $ 0 | $ 0 | $ 0 | $ 3,948 | $ 0 | $ 3,948 |
| Written Options | 0 | 0 | 0 | 23 | 0 | 23 |
| | $ 0 | $ 0 | $ 0 | $ 3,971 | $ 0 | $ 3,971 |
| | $ 0 | $ 1 | $ 0 | $ 3,971 | $ 666 | $ 4,638 |

The effect of Financial Derivative Instruments on the Statement of Operations for the period ended June 30, 2019:

| | 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 | $ (125) | $ (125) |
| Written Options | 0 | 0 | 0 | 0 | 63 | 63 |
| Futures | 0 | 0 | 0 | 0 | (14,506) | (14,506) |
| Swap Agreements | 0 | 38 | 0 | 0 | (977) | (939) |
| | $ 0 | $ 38 | $ 0 | $ 0 | $ (15,545) | $ (15,507) |
| Over the counter | | | | | | |
| Forward Foreign Currency Contracts | $ 0 | $ 0 | $ 0 | $ 1,439 | $ 0 | $ 1,439 |
| Purchased Options | 0 | 0 | 0 | 0 | (3) | (3) |
| Written Options | 0 | 42 | 0 | 1,116 | 0 | 1,158 |
| | $ 0 | $ 42 | $ 0 | $ 2,555 | $ (3) | $ 2,594 |
| | $ 0 | $ 80 | $ 0 | $ 2,555 | $ (15,548) | $ (12,913) |
| **Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments** | | | | | | |
| Exchange-traded or centrally cleared | | | | | | |
| Purchased Options | $ 0 | $ 0 | $ 0 | $ 0 | $ (20) | $ (20) |
| Futures | 0 | 0 | 0 | 0 | 14,227 | 14,227 |
| Swap Agreements | 0 | 70 | 0 | 0 | (6,166) | (6,096) |
| | $ 0 | $ 70 | $ 0 | $ 0 | $ 8,041 | $ 8,111 |
| Over the counter | | | | | | |
| Forward Foreign Currency Contracts | $ 0 | $ 0 | $ 0 | $ (2,984) | $ 0 | $ (2,984) |
| Purchased Options | 0 | 0 | 0 | 0 | 1 | 1 |
| Written Options | 0 | 29 | 0 | 260 | 0 | 289 |
| | $ 0 | $ 29 | $ 0 | $ (2,724) | $ 1 | $ (2,694) |
| | $ 0 | $ 99 | $ 0 | $ (2,724) | $ 8,042 | $ 5,417 |

## FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of June 30, 2019 in valuing the Portfolio's assets and liabilities:

| Category and Subcategory | Level 1 | Level 2 | Level 3 | Fair Value at 06/30/2019 |
|---|---|---|---|---|
| **Investments in Securities, at Value** | | | | |
| Loan Participations and Assignments | $ 0 | $ 0 | $ 11,979 | $ 11,979 |
| Corporate Bonds & Notes | | | | |
| Banking & Finance | 0 | 428,585 | 0 | 428,585 |
| Industrials | 0 | 228,983 | 0 | 228,983 |
| Utilities | 0 | 37,421 | 0 | 37,421 |
| U.S. Government Agencies | 0 | 606,761 | 0 | 606,761 |
| U.S. Treasury Obligations | 0 | 298,929 | 0 | 298,929 |
| Non-Agency Mortgage-Backed Securities | 0 | 59,884 | 0 | 59,884 |
| Asset-Backed Securities | 0 | 177,133 | 0 | 177,133 |
| Sovereign Issues | 0 | 94,558 | 0 | 94,558 |
| Short-Term Instruments | | | | |
| Certificates of Deposit | 0 | 21,043 | 0 | 21,043 |
| Repurchase Agreements | 0 | 3,196 | 0 | 3,196 |
| U.S. Treasury Bills | 0 | 1,672 | 0 | 1,672 |
| | $ 0 | $ 1,958,165 | $ 11,979 | $ 1,970,144 |
| **Investments in Affiliates, at Value** | | | | |
| Short-Term Instruments | | | | |
| Central Funds Used for Cash Management Purposes | $ 281,844 | $ 0 | $ 0 | $ 281,844 |
| Total Investments | $ 281,844 | $ 1,958,165 | $ 11,979 | $ 2,251,988 |

| Category and Subcategory | Level 1 | Level 2 | Level 3 | Fair Value at 06/30/2019 |
|---|---|---|---|---|
| **Short Sales, at Value - Liabilities** | | | | |
| U.S. Government Agencies | $ 0 | $ (170,032) | $ 0 | $ (170,032) |
| **Financial Derivative Instruments - Assets** | | | | |
| Exchange-traded or centrally cleared | 359 | 334 | 0 | 693 |
| Over the counter | 0 | 3,179 | 0 | 3,179 |
| | $ 359 | $ 3,513 | $ 0 | $ 3,872 |
| **Financial Derivative Instruments - Liabilities** | | | | |
| Exchange-traded or centrally cleared | (373) | (294) | 0 | (667) |
| Over the counter | 0 | (3,971) | 0 | (3,971) |
| | $ (373) | $ (4,265) | $ 0 | $ (4,638) |
| Total Financial Derivative Instruments | $ (14) | $ (752) | $ 0 | $ (766) |
| Totals | $ 281,830 | $ 1,787,381 | $ 11,979 | $ 2,081,190 |

There were no significant transfers into or out of Level 3 during the period ended June 30, 2019.

## 1. ORGANIZATION

PIMCO Variable Insurance Trust (the "Trust") is a Delaware statutory trust established under a trust instrument dated 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) Foreign Currency Translation 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) Multi-Class 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 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 at the Portfolio's fiscal year end, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital on the Statement of Assets and Liabilities. In addition, other amounts have been reclassified between distributable earnings (accumulated loss) and paid in capital on the Statement of Assets and Liabilities to more appropriately conform U.S. GAAP to tax characterizations of distributions.

**(e) New Accounting Pronouncements** In August 2018, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"), ASU 2018-13, which modifies certain disclosure requirements for fair value measurements in Accounting Standards Codification ("ASC") 820. The ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. At this time, management has elected to early adopt the amendments that allow for removal of certain disclosure requirements. Management plans to adopt the amendments that require additional fair value measurement disclosures for annual periods beginning after December 15, 2019, and interim periods within those annual periods. Management is currently evaluating the impact of these changes on the 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 (normally 4:00 p.m., Eastern time) ("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 U.S. Securities and Exchange Commission ("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 are 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 are 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 Board. 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 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. A complete schedule of portfolio holdings for each affiliate fund is filed with the SEC for the first and third quarters of each fiscal year on Form N-PORT and is available at the SEC's website at www.sec.gov. A copy of each affiliate fund's shareholder report is also available at the SEC's website at www.sec.gov, on the Funds' website at www.pimco.com, or upon request, as applicable. The tables below show the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended June 30, 2019 (amounts in thousands†):

**Investment in PIMCO Short Asset Portfolio**

| Market Value 12/31/2018 | Purchases at Cost | Proceeds from Sales | Net Realized Gain (Loss) | Change in Unrealized Appreciation (Depreciation) | Market Value 06/30/2019 | Dividend Income(1) | Realized Net Capital Gain Distributions(1) |
|---|---|---|---|---|---|---|---|
| $ 205,767 | $ 3,162 | $ 0 | $ 0 | $ 497 | $ 209,426 | $ 3,161 | $ 0 |

**Investment in PIMCO Short-Term Floating NAV Portfolio III**

| Market Value 12/31/2018 | Purchases at Cost | Proceeds from Sales | Net Realized Gain (Loss) | Change in Unrealized Appreciation (Depreciation) | Market Value 06/30/2019 | Dividend Income(1) | Realized Net Capital Gain Distributions(1) |
|---|---|---|---|---|---|---|---|
| $ 64,236 | $ 329,457 | $ (321,301) | $ 23 | $ 3 | $ 72,418 | $ 757 | $ 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.

**Bank Obligations** in which the Portfolio may invest include certificates of deposit, bankers' acceptances, and fixed time deposits. Certificates of deposit are negotiable certificates issued against Portfolio deposited in a commercial bank for a definite period of time and earning a specified return. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are "accepted" by a bank, meaning, in effect, that the bank unconditionally agrees to pay the face value of the instrument on maturity. Fixed time deposits are bank obligations payable at a stated maturity date and bearing interest at a fixed rate. Fixed time deposits may be withdrawn on demand by the investor, but may be subject to early withdrawal penalties which vary depending upon market conditions and the remaining maturity of the obligation.

**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.

**Loans and Other Indebtedness, Loan Participations and Assignments** 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.

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, but not limited to, auto loans, accounts receivable, such as credit card receivables and hospital account receivables, home equity loans, student loans, boat loans, mobile home loans, recreational vehicle loans, manufactured housing loans, aircraft leases, computer leases and syndicated bank 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 risk that 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 which do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities of similar maturities.

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.

(d) 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 and are traded on an exchange. 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"). Futures Variation Margins, if any, are disclosed within centrally cleared financial derivative instruments on the Statement of Assets and Liabilities. 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, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as 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 investments 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 managers 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 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 certain 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 certain 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.

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 amounts waived pursuant to the Expense Limitation Agreement in future periods, not to exceed thirty-six months after the waiver. At June 30, 2019, 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. Purchases and sales of securities pursuant to Rule 17a-7 under the Act for the period ended June 30, 2019, were as follows (amounts in thousands†):

| Purchase | Sales |
|---|---|
| $ 13,281 | $ 46,092 |

† 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, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities, which are borne by the Portfolio. 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 when distributed to shareholders). The transaction costs 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, 2019, were as follows (amounts in thousands†):

| U.S. Government/Agency | | All Other | |
|---|---|---|---|
| Purchases | Sales | Purchases | Sales |
| $ 3,911,358 | $ 4,061,401 | $ 109,211 | $ 269,020 |

† 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 06/30/2019 | | Year Ended 12/31/2018 | |
|---|---|---|---|---|
| | Shares | Amount | Shares | Amount |
| **Receipts for shares sold** | | | | |
| Institutional Class | 660 | $ 6,678 | 704 | $ 7,161 |
| Administrative Class | 10,240 | 103,815 | 21,599 | 218,880 |
| Advisor Class | 6,224 | 63,116 | 12,624 | 128,015 |
| **Issued as reinvestment of distributions** | | | | |
| Institutional Class | 13 | 133 | 27 | 269 |
| Administrative Class | 1,629 | 16,547 | 2,322 | 23,503 |
| Advisor Class | 1,082 | 10,995 | 1,364 | 13,801 |
| **Cost of shares redeemed** | | | | |
| Institutional Class | (472) | (4,773) | (1,379) | (13,956) |
| Administrative Class | (31,819) | (322,127) | (29,282) | (296,700) |
| Advisor Class | (7,702) | (77,945) | (13,197) | (133,730) |
| **Net increase (decrease) resulting from Portfolio share transactions** | (20,145) | $ (203,561) | (5,218) | $ (52,757) |

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of June 30, 2019, two shareholders each owned 10% or more of the Portfolio's total outstanding shares comprising 43% 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, 2019, 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, a fund 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, 2018, the Portfolio had the following post-effective capital losses with no expiration (amounts in thousands†):

| | Short-Term | Long-Term |
|---|---|---|
| PIMCO Low Duration Portfolio | $ 36,558 | $ 25,577 |

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of June 30, 2019, 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) |
|---|---|---|---|
| $ 2,061,891 | $ 44,625 | $ (26,006) | $ 18,619 |

† 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)

**Counterparty Abbreviations:**

| | |
|---|---|
| **BOA** | Bank of America N.A. |
| **BOS** | Merrill Lynch, Pierce, Fenner & Smith, Inc. |
| **BPG** | BNP Paribas Securities Corp. |
| **BPS** | BNP Paribas S.A. |
| **BRC** | Barclays Bank PLC |
| **BSN** | Bank of Nova Scotia |
| **CBK** | Citibank N.A. |
| **DEU** | Deutsche Bank Securities, Inc. |
| **FAR** | Wells Fargo Bank National Association |
| **FICC** | Fixed Income Clearing Corporation |
| **GLM** | Goldman Sachs Bank USA |
| **GRE** | RBS Securities, Inc. |
| **HUS** | HSBC Bank USA N.A. |
| **JPM** | JP Morgan Chase Bank N.A. |
| **JPS** | JP Morgan Securities, Inc. |
| **MSB** | Morgan Stanley Bank, N.A |
| **MYI** | Morgan Stanley & Co. International PLC |
| **RYL** | Royal Bank of Scotland PLC |
| **SAL** | Citigroup Global Markets, Inc. |
| **SCX** | Standard Chartered Bank |
| **TOR** | Toronto Dominion Bank |
| **UAG** | UBS AG Stamford |

**Currency Abbreviations:**

| | |
|---|---|
| **ARS** | Argentine Peso |
| **AUD** | Australian Dollar |
| **BRL** | Brazilian Real |
| **CAD** | Canadian Dollar |
| **EUR** | Euro |
| **GBP** | British Pound |
| **JPY** | Japanese Yen |
| **MXN** | Mexican Peso |
| **MYR** | Malaysian Ringgit |
| **THB** | Thai Baht |
| **TRY** | Turkish New Lira |
| **USD (or $)** | United States Dollar |

**Exchange Abbreviations:**

| | |
|---|---|
| **CBOT** | Chicago Board of Trade |
| **OTC** | Over the Counter |

**Index/Spread Abbreviations:**

| | |
|---|---|
| **BP0003M** | 3 Month GBP-LIBOR |
| **EUR003M** | 3 Month EUR Swap Rate |
| **LIBOR03M** | 3 Month USD-LIBOR |
| **US0003M** | 3 Month USD Swap Rate |

**Other Abbreviations:**

| | |
|---|---|
| **ALT** | Alternate Loan Trust |
| **BBSW** | Bank Bill Swap Reference Rate |
| **CLO** | Collateralized Loan Obligation |
| **LIBOR** | London Interbank Offered Rate |
| **Lunar** | Monthly payment based on 28-day periods. One year consists of 13 periods. |
| **OAT** | Obligations Assimilables du Trésor |
| **TBA** | To-Be-Announced |
| **TIIE** | Tasa de Interés Interbancaria de Equilibrio "Equilibrium Interbank Interest Rate" |
| **UMBS** | Uniform Mortgage-Backed Security |

## 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.

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