ZURICH

February 28, 2019

Dear Contract Owner:

Zurich American Life Insurance Company is pleased to continue with our customized process for producing and distributing 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 annual report is enclosed. The report provides an update on the relevant funds' performance as of December 31, 2018. Fund performance does not take into account the fees charged by your contract. If these fees had been included, the performance would have been lower. As always, past performance cannot predict or guarantee future returns.

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

Thank you for placing your variable annuity contract with us.

Sincerely,

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

Summary and Statutory Prospectus Supplement dated February 21, 2019

The purpose of this notice is to supplement the current Summary and Statutory Prospectuses for Series I and Series II shares of each Fund listed below (each, the "Fund"):

Invesco V.I. American Franchise Fund
Invesco V.I. American Value Fund
Invesco V.I. Balanced-Risk Allocation Fund
Invesco V.I. Comstock Fund
Invesco V.I. Core Equity Fund
Invesco V.I. Core Plus Bond Fund
Invesco V.I. Diversified Dividend Fund
Invesco V.I. Equally-Weighted S&P 500 Fund
Invesco V.I. Equity and Income Fund
Invesco V.I. Global Core Equity Fund
Invesco V.I. Global Real Estate Fund
Invesco V.I. Government Money Market Fund
Invesco V.I. Government Securities Fund
Invesco V.I. Growth and Income Fund
Invesco V.I. Health Care Fund
Invesco V.I. High Yield Fund
Invesco V.I. International Growth Fund
Invesco V.I. Managed Volatility Fund
Invesco V.I. Mid Cap Core Equity Fund
Invesco V.I. Mid Cap Growth Fund
Invesco V.I. S&P 500 Index Fund
Invesco V.I. Small Cap Equity Fund
Invesco V.I. Technology Fund
Invesco V.I. Value Opportunities 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.

SUPPLEMENT TO THE CURRENTLY EFFECTIVE SUMMARY PROSPECTUSES

DWS Small Mid Cap Value VIP

The following information replaces similar disclosure contained under the "Management process" sub-heading of the "PRINCIPAL INVESTMENT STRATEGY" section of the fund's summary prospectuses.

Management process. In choosing stocks, portfolio management focuses on individual security selection rather than industry selection. Portfolio management uses an active process based upon a wide set of financial metrics and analysis to evaluate company operating performance and valuation. Company research lies at the heart of the investment process.

The following information replaces the existing disclosure contained under the "Portfolio Manager(s)" sub-heading of the "MANAGEMENT" section of the fund's summary prospectuses.

Pankaj Bhatnagar, PhD, Managing Director. Portfolio Manager of the fund. Began managing the fund in 2019.

Arno V. Puskar, Director. Portfolio Manager of the fund. Began managing the fund in 2019.

Please Retain This Supplement for Future Reference

February 14, 2019
PROSTKR-15

January 3, 2019

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

Supplement to Summary Prospectus and Prospectus
dated May 1, 2018

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 and Raj Shant are the fund's primary portfolio managers. Mr. Munroe has held that position since May 2017 and Mr. Shant has held that position since October 2018. Messrs. Munroe and Shant are members of Newton's global equities team. Mr. Munroe is the investment leader of the global equities team at Newton.

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

Jeff Munroe and Raj Shant are the fund's primary portfolio managers. Mr. Munroe has held that position since May 2017 and Mr. Shant has held that position since October 2018. Messrs. Munroe and Shant are members of Newton's global equities team. Mr. Munroe is the investment leader of the global equities team at Newton, where he has been employed since 1993. Mr. Shant joined Newton in 2002. In addition, Newton's responsible investment team, led by Rob Stewart, is responsible for the fund's fundamental ESG research and analysis, controversy monitoring, company engagement and active proxy voting. Mr. Stewart, one of Newton's senior investment leaders, joined Newton in 2003 and has over 25 years of investment experience.

SUPPLEMENT TO THE CURRENTLY EFFECTIVE SUMMARY PROSPECTUSES

DWS Global Income Builder VIP

The following information replaces the existing disclosure contained under the "Portfolio Manager(s)" sub-heading of the "MANAGEMENT" section of the fund's summary prospectuses.

John D. Ryan, Managing Director. Portfolio Manager of the fund. Began managing the fund in 2012.

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.

Kevin Bliss, Director. Portfolio Manager of the fund. Began managing the fund in 2017.

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

Please Retain This Supplement for Future Reference

December 6, 2018
PROSTKR-1106

DWS

Janus Aspen Series

Janus Henderson Balanced Portfolio
Janus Henderson Enterprise Portfolio
Janus Henderson Flexible Bond Portfolio
Janus Henderson Forty Portfolio
Janus Henderson Global Bond Portfolio
Janus Henderson Global Research Portfolio
Janus Henderson Global Technology Portfolio
Janus Henderson Mid Cap Value Portfolio
Janus Henderson Overseas Portfolio
Janus Henderson Research Portfolio
Janus Henderson U.S. Low Volatility Portfolio

(each, a "Portfolio" and collectively, the "Portfolios")

Supplement dated December 3, 2018
to Currently Effective Prospectuses

Effective December 1, 2018, the Securities and Exchange Commission (the "Commission") has adopted a new rule, Rule 22e-4 under the Investment Company Act of 1940, as amended ("1940 Act"), that requires registered open-end management investment companies to establish a liquidity risk management program. The Commission also adopted amendments to other rules under the 1940 Act relating to a portfolio's limitation on illiquid investments.

In response to the above changes, the Portfolios' Prospectuses will be revised as follows:

1. In the **Additional Investment Strategies and General Portfolio Policies** section of the Portfolios' Prospectuses, the following replaces the paragraph under "**Illiquid Investments**" in its entirety:

   Each Portfolio will not acquire any illiquid investment if, immediately after the acquisition, a Portfolio would have invested more than 15% of its net assets in illiquid investments that are assets. An illiquid investment is any investment that a Portfolio reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. For example, some securities are not registered under U.S. securities laws and cannot be sold to the U.S. public because of Securities and Exchange Commission regulations (these are known as "restricted securities").

Please retain this Supplement with your records.

109-31-69982 12-18

ALGER

THE ALGER PORTFOLIOS

Alger Balanced Portfolio

ANNUAL REPORT

DECEMBER 31, 2018

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,

Year Ends with Downturn, but Reasons for Optimism Remain

Volatility during the final quarter of 2018 illustrated investors' increased focus on growing trade tension, moderating earnings growth and a potential slowdown of global economic expansion. Investors, we believe, shifted their focus from solid current corporate fundamentals and a strong trend of innovative sectors benefiting from the ongoing digital revolution, health care advancements and other new developments. For the one-year period ended December 31, 2018, the S&P 500 Index generated a negative 4.38% return despite having produced strong gains earlier in the year. The rapidity of the fourth quarter market selloff reminds us at Alger of past "bouts of doubt" that in recent years have been excellent buying opportunities in equities. Based on observations of past periods of moderating earnings growth and weakening economic expansion, I believe that growth equities have strong potential to outperform in the foreseeable future and that valuations are currently highly attractive. In the near term, I believe concerns about the economy and earnings growth may create additional downside market volatility, but I believe investors may be well served by taking a long-term approach to equities.

Economic Growth and Equity Performance

The U.S. Federal Reserve in December lowered its 2018 GDP growth rate estimate from 3.1% to 3% and its 2019 estimate from 2.5% to 2.3%. The move followed the International Monetary Fund, which in October lowered its global growth projection 20 basis points to 3.7% for both 2018 and 2019. We believe 2017 U.S. tax reform is continuing to stimulate the country's economy even though the dramatic initial benefits of tax reform appear to be moderating. With that in mind, we note that equities have historically posted positive returns when economic growth has moderated.

In the past 35 years, there have been 15 years when U.S. GDP growth materially slowed. The S&P 500 Index generated positive returns during every one of those years except for four years that were associated with three recessions that started in 1990, 2000 and 2008. We maintain that economic growth is likely to slow, but we think a recession is unlikely in the foreseeable future with many data points that we follow, such as changes in the yield curve, the real fed funds rate, capacity utilization, jobless claims and the Conference Board's Leading Economic Index continuing to imply that a period of negative economic growth in the near term is unlikely.

Navigating Periods of Moderating Earnings Growth

During the reporting period, corporate earnings growth continued to benefit from high levels of innovation, including the digitization of business operations, and tax reform, which has lowered taxes on corporate profits. Based on a combination of reported fourth quarter earnings and estimated earnings for companies that had not yet reported results as of the end of the year, FactSet Research Systems has estimated that 2018 S&P 500 earnings are expected to have grown 20.3%, the highest rate since 2010, during which earnings grew 39.6%. The 2010 rate, of course, was in large part a result of 2009 earnings being extremely low due to the Great Recession of 2008 and 2009. As of the end of the reporting period, FactSet had estimated that S&P 500 earnings growth will moderate to 7.6% in 2019.

Equities, and more specifically, growth equities, have frequently outperformed during similar periods of earnings growth moderation. From 1982 to 2018, eight such periods occurred during which the Russell 1000 Growth Index generated a median return of 15.8% compared to the 14.1% return of the Russell 1000 Value Index. 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. During such periods, strong growth among corporations is scarce, which enhances the appeal of growth equities.

Earnings Growth, Equity Valuations and Market Performance

We also note that only modest earnings growth is required to support equity valuations. Assuming the S&P 500 Index's price-to-earnings ratio (P/E) based on forward earnings estimates remains constant next year and earnings for 2020 are expected to increase at a mid-to-upper single-digit rate, we believe the index price would increase by approximately the same amount. The potential price increase combined with the index's 2% dividend yield would produce a return in the upper single-digit range.

We also believe that the combination of strong earnings growth in 2018 and the fourth quarter decline of stock prices has resulted in equities having attractive valuations. As of December 31, 2018, the S&P 500 Index forward P/E was only 14.4 compared to the five-year historical average of 16.4 and the 10-year average of 14.6, according to FactSet Research. More specifically, the forward P/E of the S&P 500 declined 21% in 2018, which could imply that equities may generate gains in 2019, with equities having averaged 19% returns following double-digit declines that have occurred since 1987. Equities are also attractive relative to bonds. The "earnings yield" of equities, or the inverse of the P/E, has traditionally been just slightly higher than the yield of a 10-year Treasury. Since 2008 the earnings yield has widened and was more than 400 basis points as of the end of 2018.

Winners and Losers of the New Economy

While 2018 included some signs of weakness, often related to trade tensions and slow growth in other regions of the world, they were in many cases confined to specific industries. Innovation in the U.S. remains high and the growth drivers of the continuing digital and internet revolution, medical advances and breakthroughs to meet the demands of our large and aging population remain strong and we believe are likely to continue to support an extended economic expansion into 2019. From a historical perspective, innovative industries have outperformed even during periods of economic weakness as illustrated by the 30% growth in revenues generated by digital advertising and e-commerce during the Great Recession while retail sales and other measures of economic activity stagnated.

Looking Ahead

We acknowledge that the issues that have driven volatility may strengthen and drive additional market declines in the near future. We note that some of the rapid selling during the fourth quarter appears to have been driven by quantitative trading and also closure of hedge funds with poor performance. We believe that, as in the past, the best long-term investment strategy is to approach such market volatility, if it continues to the downside, as an opportunity to add to or initiate new investments in high quality growth companies, especially those that are either innovation or disruption leaders in their industries or have proven management with durable business models that have established their resiliency in past cycles. We strongly advise against "timing the market" by attempting to sell out near term and buy back in "when it's all clear." Time and time again academic research has shown that many investors are very poor at making two such dramatic decisions. We have talked to countless investors who, up until September 30 of this year, bemoaned that they had "missed" the many opportunities to buy the leading growth stocks of this time. We are specifically not advising that today is the time to buy any individual member of that group (or the many other stocks our Alger team identifies as high quality growth franchises). However, we firmly believe the recent selloff has likely already created a buying opportunity in these types of companies if one holds the long-term view and, whatever further short-term volatility or decline may occur, one holds through the cycle to the next leg of growth for these companies and the market. As the economic recovery continues, we urge investors to focus on the long-term outlook for the U.S. economy and the world, and on a long-term strategy for investing. In closing, we remain optimistic regarding the outlook for equities, although we acknowledge that additional declines may occur in the near future. Our firm was started in 1964 and we have considerable experience in dealing with different phases of economic cycles. We believe that investing in high quality innovative companies with attractive products and maintaining a long-term, patient approach is the best way to weather the ebb and flow of economic cycles.

Portfolio Matters

Alger Balanced Portfolio

The Alger Balanced Portfolio returned -3.32% during the fiscal 12-month period ended December 31, 2018. The equity portion of the Portfolio underperformed the -1.51% return of the Russell 1000 Growth Index and the fixed income portion outperformed the -0.42% 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 Health Care and Communication Services sectors provided the greatest contributions to relative performance.

Among individual positions, Microsoft Corp.; Eli Lilly & Co.; CME Group, Inc., Cl. A; Pfizer Inc.; and The Boeing Co. were top contributors to performance. Microsoft is well known for creating the world's leading desktop operating system. The company is transitioning its products to the cloud under the guidance of CEO Satya Nadella. Its stock performance was supported by investors' enthusiasm about Microsoft's positive life cycle change as the company has reported strong success in moving its products and customer base to the cloud. Microsoft also generates very strong free cash flow that the company is returning to shareholders through dividends and share repurchases.

Detractors from Performance

The Consumer Discretionary and Financials sectors were among the sectors that detracted from results. Regarding individual positions, Altria Group, Inc.; Morgan Stanley; Facebook, Inc., Cl. A; BlackRock, Inc.; and Comcast Corp., Cl A were among the top detractors from performance. Morgan Stanley offers investment banking, asset management and trading services. We believe the company is a positive lifecycle change beneficiary because it is emphasizing asset management, which is more profitable, less volatile and importantly, more highly valued than proprietary banking and trading services. Shares of Morgan Stanley underperformed because a flattening yield curve hurt the company's profits. Less than robust growth in the company's loan business and trading volumes failed to offset the impact of the flattening yield curve on profits.

At the end of the reporting period, the fixed income portion of the portfolio consisted of 11 corporate bonds, the same number as at the start of the reporting period. The option-adjusted spread of the Bloomberg Barclays U.S. Corporate Bond Index reached its tightest levels of the past five years early in 2018 and reversed to erase the spread tightening of the previous 18 months by year end as yields moved up to new five year highs. As a result total returns for corporate bonds were negative for the 12-month reporting period ended December 31, 2018.

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.

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 12-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 a 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 a 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 a 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 a 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 December 31, 2018. Securities mentioned in the Shareholders' Letter, if not found in the Schedule of Investments, may have been held by the Portfolio during the 12-month fiscal period.

Risk Disclosure

Investing in the stock market involves 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 a Portfolio, please see the Portfolio's Prospectus.

Before investing, carefully consider a 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.

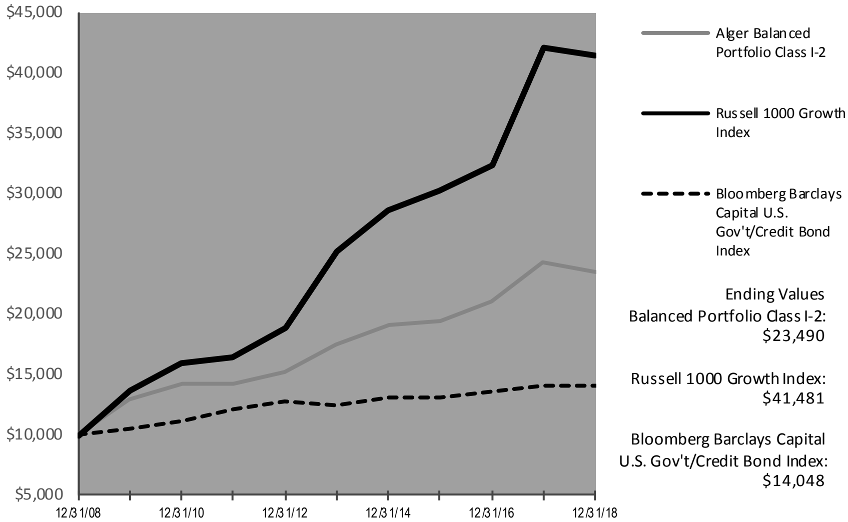
Definitions:

- S&P 500 Index: An index of large company stocks considered to be representative of the U.S. stock market.
- Russell 1000 Growth Index: An unmanaged index designed to measure the performance of the largest 1000 capitalization companies in the Russell 3000 Index with higher price-to-book ratios and higher forecasted growth values.
- 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 Board's Leading Economic Index is based on a variety of economic data and is part of the Conference Board's analytic system that seeks to signal peaks and troughs in the business cycle.
- FactSet Research Systems provides data and research for investment managers, hedge funds, investment bankers and other financial professionals.
- The 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 U.S. Corporate Bond Index: An index that measures the investment grade, fixed-rate, taxable corporate bond market. It includes

USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

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

— 10 years ended 12/31/18



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 (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 December 31, 2018. Figures for each of the Alger Balanced Portfolio Class I-2 shares, the Russell 1000 Growth Index and the Bloomberg Barclays Capital U.S. Gov't/Credit Bond Index include reinvestment of dividends. Figures for the Alger Balanced Portfolio Class I-2 shares also include reinvestment of capital gains.

PERFORMANCE COMPARISON AS OF 12/31/18

AVERAGE ANNUAL TOTAL RETURNS

	1 YEAR	5 YEARS	10 YEARS	Since 9/5/1989
Class I-2 (Inception 9/5/89)	(3.32)%	6.10%	8.92%	7.32%
Russell 1000 Growth Index	(1.51)%	10.40%	15.29%	9.19%
Bloomberg Barclays Capital U.S. Gov't/Credit Bond Index	(0.42)%	2.53%	3.46%	5.91%

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†
December 31, 2018 (Unaudited)

SECTORS/SECURITY TYPES	Alger Balanced Portfolio
Communication Services	6.6%
Consumer Discretionary	6.5
Consumer Staples	5.0
Energy	3.6
Financials	9.6
Health Care	9.9
Industrials	5.4
Information Technology	10.3
Materials	1.1
Real Estate	2.1
Utilities	0.8
Total Equity Securities	60.9
Corporate Bonds	37.6
Total Debt Securities	37.6
Short-Term Investments and Net Other Assets	1.5
	100.0%

† *Based on net assets for the Portfolio.*

COMMON STOCKS—57.1%	SHARES		VALUE
AEROSPACE & DEFENSE—2.5%			
General Dynamics Corp.	1,394	$	219,151
The Boeing Co.	2,122		684,345
United Technologies Corp.	1,561		166,215
			1,069,711
AIR FREIGHT & LOGISTICS—0.3%			
United Parcel Service, Inc., Cl. B	1,221		**119,084**
APPAREL ACCESSORIES & LUXURY GOODS—0.4%			
Tapestry, Inc.	5,220		**176,175**
APPAREL RETAIL—0.4%			
The Gap, Inc.	6,808		**175,374**
ASSET MANAGEMENT & CUSTODY BANKS—1.0%			
BlackRock, Inc., Cl. A	1,072		**421,103**
BIOTECHNOLOGY—1.4%			
AbbVie, Inc.	2,364		217,937
Amgen, Inc.	1,070		208,297
Gilead Sciences, Inc.	2,516		157,376
			583,610
BUILDING PRODUCTS—0.3%			
Johnson Controls International PLC.	4,406		130,638
Resideo Technologies, Inc.*	791		16,255
			146,893
CABLE & SATELLITE—0.9%			
Comcast Corp., Cl. A	11,412		**388,579**
COMMUNICATIONS EQUIPMENT—1.0%			
Cisco Systems, Inc.	9,257		**401,106**
CONSUMER ELECTRONICS—0.4%			
Garmin Ltd.	2,432		**153,994**
DEPARTMENT STORES—0.3%			
Kohl's Corp.	1,856		**123,127**
DIVERSIFIED BANKS—3.9%			
Bank of America Corp.	15,332		377,780
JPMorgan Chase & Co.	10,532		1,028,134
Wells Fargo & Co.	5,357		246,851
			1,652,765
DIVERSIFIED CHEMICALS—0.5%			
DowDuPont, Inc.	4,272		**228,467**
ELECTRIC UTILITIES—0.4%			
NextEra Energy, Inc.	875		**152,092**
ELECTRICAL COMPONENTS & EQUIPMENT—0.4%			
Eaton Corp., PLC.	2,452		**168,354**
FINANCIAL EXCHANGES & DATA—1.6%			
CME Group, Inc., Cl. A	3,567		**671,024**
HEALTH CARE EQUIPMENT—0.5%			
Medtronic PLC.	2,374		**215,939**

COMMON STOCKS—57.1% (CONT.)	SHARES		VALUE
HEALTH CARE SERVICES—0.7%			
CVS Health Corp.	4,376	$	**286,715**
HOME IMPROVEMENT RETAIL—1.6%			
The Home Depot, Inc.	3,864		**663,912**
HOTELS RESORTS & CRUISE LINES—0.7%			
Extended Stay America, Inc.	9,124		141,422
Royal Caribbean Cruises Ltd.	1,641		160,473
			301,895
HOUSEHOLD PRODUCTS—1.1%			
The Procter & Gamble Co.	4,838		**444,709**
HYPERMARKETS & SUPER CENTERS—0.7%			
Walmart, Inc.	3,080		**286,902**
INDUSTRIAL CONGLOMERATES—1.5%			
Honeywell International, Inc.	4,747		**627,174**
INDUSTRIAL GASES—0.6%			
Air Products & Chemicals, Inc.	1,525		**244,076**
INTEGRATED OIL & GAS—2.0%			
Chevron Corp.	2,090		227,371
Exxon Mobil Corp.	5,204		354,861
TOTAL SA#	4,838		252,447
			834,679
INTEGRATED TELECOMMUNICATION SERVICES—2.2%			
AT&T, Inc.	12,887		367,795
Verizon Communications, Inc.	9,896		556,353
			924,148
INTERACTIVE MEDIA & SERVICES—3.5%			
Alphabet, Inc., Cl. A*	531		554,874
Alphabet, Inc., Cl. C*	527		545,766
Facebook, Inc., Cl. A*	2,895		379,506
			1,480,146
INTERNET & DIRECT MARKETING RETAIL—0.8%			
Amazon.com, Inc.*	228		**342,449**
INVESTMENT BANKING & BROKERAGE—1.3%			
Morgan Stanley	13,629		**540,390**
LEISURE FACILITIES—0.7%			
Six Flags Entertainment Corp.	2,669		148,476
Vail Resorts, Inc.	719		151,580
			300,056
MANAGED HEALTH CARE—1.5%			
UnitedHealth Group, Inc.	2,500		**622,800**
MULTI-LINE INSURANCE—0.5%			
The Hartford Financial Services Group, Inc.	4,439		**197,314**
MULTI-UTILITIES—0.4%			
Sempra Energy	1,710		**185,005**

COMMON STOCKS—57.1% (CONT.)	SHARES	VALUE
OIL & GAS EXPLORATION & PRODUCTION—0.7%		
ConocoPhillips	4,449	$ **277,395**
OIL & GAS REFINING & MARKETING—0.2%		
Valero Energy Corp.	1,282	**96,112**
OIL & GAS STORAGE & TRANSPORTATION—0.3%		
ONEOK, Inc.	2,180	**117,611**
PACKAGED FOODS & MEATS—0.2%		
The Kraft Heinz Co.	2,280	**98,131**
PHARMACEUTICALS—5.8%		
AstraZeneca PLC.#	5,078	192,862
Bristol-Myers Squibb Co.	4,712	244,930
Eli Lilly & Co.	4,725	546,777
GlaxoSmithKline PLC.#	5,896	225,286
Johnson & Johnson	4,224	545,107
Pfizer, Inc.	15,789	689,190
		2,444,152
RAILROADS—0.4%		
Union Pacific Corp.	1,159	**160,209**
RESTAURANTS—1.2%		
Darden Restaurants, Inc.	1,279	127,721
Dunkin' Brands Group, Inc.	2,116	135,678
McDonald's Corp.	1,378	244,691
		508,090
SEMICONDUCTOR EQUIPMENT—0.6%		
KLA-Tencor Corp.	2,816	**252,004**
SEMICONDUCTORS—2.1%		
Broadcom, Inc.	1,835	466,604
Intel Corp.	5,057	237,325
QUALCOMM, Inc.	3,192	181,657
		885,586
SOFT DRINKS—1.8%		
PepsiCo, Inc.	4,565	504,341
The Coca-Cola Co.	5,379	254,696
		759,037
SYSTEMS SOFTWARE—4.2%		
Microsoft Corp.	17,163	**1,743,246**
TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—2.4%		
Apple, Inc.	6,454	**1,018,054**
TOBACCO—1.2%		
Altria Group, Inc.	10,043	**496,024**
TOTAL COMMON STOCKS (Cost $16,279,350)		**23,985,418**

MASTER LIMITED PARTNERSHIP—1.2%	SHARES	VALUE
ASSET MANAGEMENT & CUSTODY BANKS—0.8%		
The Blackstone Group LP.	11,087	**330,503**

MASTER LIMITED PARTNERSHIP—1.2% (CONT.)	SHARES	VALUE
OIL & GAS STORAGE & TRANSPORTATION—0.4%		
Cheniere Energy Partners LP.	4,546	$ **164,111**
TOTAL MASTER LIMITED PARTNERSHIP (Cost $420,199)		**494,614**

REAL ESTATE INVESTMENT TRUST—2.6%	SHARES	VALUE
HEALTH CARE—0.5%		
Welltower, Inc.	2,947	**204,551**
MORTGAGE—0.5%		
Blackstone Mortgage Trust, Inc., Cl. A	6,717	**214,004**
SPECIALIZED—1.6%		
Crown Castle International Corp.	2,997	325,564
CyrusOne, Inc.	3,124	165,197
Lamar Advertising Co., Cl. A	2,823	195,295
		686,056
TOTAL REAL ESTATE INVESTMENT TRUST (Cost $974,348)		**1,104,611**

CORPORATE BONDS—37.6%	PRINCIPAL AMOUNT	VALUE
AGRICULTURAL & FARM MACHINERY—4.1%		
John Deere Capital Corp., 2.75%, 3/15/22	1,750,000	**1,724,063**
DIVERSIFIED BANKS—4.7%		
JPMorgan Chase & Co., 4.35%, 8/15/21	1,000,000	1,023,704
Wells Fargo & Co., 3.30%, 9/9/24	1,000,000	968,084
		1,991,788
INDUSTRIAL CONGLOMERATES—4.8%		
General Electric Co., 6.00%, 8/7/19	2,000,000	**2,021,836**
INTEGRATED OIL & GAS—2.4%		
Total Capital SA, 4.45%, 6/24/20	1,000,000	**1,020,747**
INTEGRATED TELECOMMUNICATION SERVICES—3.3%		
Verizon Communications, Inc., 5.15%, 9/15/23	1,300,000	**1,385,107**
PACKAGED FOODS & MEATS—4.5%		
Campbell Soup Co., 2.50%, 8/2/22	2,000,000	**1,895,866**
SEMICONDUCTORS—3.7%		
Altera Corp., 4.10%, 11/15/23	1,500,000	**1,554,020**
SYSTEMS SOFTWARE—2.4%		
Microsoft Corp., 1.85%, 2/12/20	1,000,000	**991,655**
TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—7.7%		
Apple, Inc., 1.80%, 5/11/20	1,200,000	1,185,120
HP, Inc., 4.38%, 9/15/21	2,000,000	2,041,396
		3,226,516
TOTAL CORPORATE BONDS (Cost $16,053,822)		**15,811,598**

			VALUE
Total Investments			
(Cost $33,727,719)	98.5%	**$**	**41,396,241**
Unaffiliated Securities (Cost $33,727,719)			41,396,241
Other Assets in Excess of Liabilities	1.5%		640,872
NET ASSETS	100.0%	**$**	**42,037,113**

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

See Notes to Financial Statements.

ALGER BALANCED PORTFOLIO
Statement of Assets and Liabilities December 31, 2018

		Alger Balanced Portfolio
ASSETS:		
Investments in unaffiliated securities, at value (Identified cost below)* see accompanying schedule of investments	$	41,396,241
Cash and cash equivalents		570,372
Receivable for shares of beneficial interest sold		14,430
Dividends and interest receivable		223,889
Prepaid expenses		16,955
Total Assets		42,221,887
LIABILITIES:		
Payable for shares of beneficial interest redeemed		100,933
Accrued investment advisory fees		25,601
Accrued printing fees		16,357
Accrued custodian fees		15,391
Accrued professional fees		14,525
Accrued transfer agent fees		2,360
Accrued administrative fees		992
Accrued shareholder administrative fees		361
Accrued other expenses		8,254
Total Liabilities		184,774
NET ASSETS	**$**	**42,037,113**
NET ASSETS CONSIST OF:		
Paid in capital (par value of $.001 per share)		34,064,969
Distributable earnings		7,972,144
NET ASSETS	**$**	**42,037,113**
* Identified cost	$	33,727,719(a)

See Notes to Financial Statements.

(a) *At December 31, 2018, the net unrealized appreciation on investments, based on cost for federal income tax purposes of $33,637,037, amounted to $7,759,204 which consisted of aggregate gross unrealized appreciation of $8,758,454 and aggregate gross unrealized depreciation of $999,250.*

		Alger Balanced Portfolio
NET ASSETS BY CLASS:		
Class I-2	$	42,037,113
SHARES OF BENEFICIAL INTEREST OUTSTANDING — NOTE 6:		
Class I-2		3,074,450
NET ASSET VALUE PER SHARE:		
Class I-2 — Net Asset Value Per Share Class I-2	$	13.67

See Notes to Financial Statements.

ALGER BALANCED PORTFOLIO
Statement of Operations for the year ended December 31, 2018

		Alger Balanced Portfolio
INCOME:		
Dividends (net of foreign withholding taxes*)	$	804,203
Interest from unaffiliated securities		461,920
Total Income		1,266,123
EXPENSES:		
Advisory fees — Note 3(a)		327,418
Shareholder administrative fees — Note 3(f)		4,612
Administration fees — Note 3(b)		12,682
Custodian fees		53,098
Interest expenses		19
Transfer agent fees and expenses — Note 3(f)		13,340
Printing fees		28,610
Professional fees		41,412
Registration fees		22,472
Trustee fees — Note 3(g)		1,253
Fund accounting fees		8,032
Miscellaneous		11,243
Total Expenses		524,191
NET INVESTMENT INCOME		741,932
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain on unaffiliated investments		1,153,673
Net change in unrealized (depreciation) on unaffiliated investments		(3,274,025)
Net realized and unrealized (loss) on investments		(2,120,352)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	**$**	**(1,378,420)**
* Foreign withholding taxes	$	(877)

See Notes to Financial Statements.

	Alger Balanced Portfolio For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Net investment income	$ 741,932	$ 1,219,903
Net realized gain on investments and foreign currency	1,153,673	11,474,588
Net change in unrealized depreciation on investments	(3,274,025)	(2,801,193)
Net increase (decrease) in net assets resulting from operations	(1,378,420)	9,893,298
Dividends and distributions to shareholders:*		
Class I-2	(7,553,651)	(1,315,911)
Total dividends and distributions to shareholders	(7,553,651)	(1,315,911)
Increase (decrease) from shares of beneficial interest transactions — Note 6:		
Class I-2	3,468,329	(32,610,726)
Total decrease	(5,463,742)	(24,033,339)
Net Assets:		
Beginning of period	47,500,855	71,534,194
END OF PERIOD**	**$ 42,037,113**	**$ 47,500,855**

See Notes to Financial Statements.

* *For the year ended December 31, 2017, the source of distributions was from net investment income.*
** *For the year ended December 31, 2017, the undistributed net investment income was $1,131,099.*

Alger Balanced Portfolio

	Class I-2				
	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	$ 17.20	$ 15.32	$ 14.39	$ 14.48	$ 13.49
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income(i)	0.28	0.29	0.29	0.29	0.29
Net realized and unrealized gain (loss) on investments	(0.84)	2.08	0.94	(0.08)	0.98
Total from investment operations	(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	$ 13.67	$ 17.20	$ 15.32	$ 14.39	$ 14.48
Total return	(3.32)%	15.44%	8.51%	1.47%	9.43%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	$ 42,037	$ 47,501	$ 71,534	$ 75,350	$ 96,563
Ratio of net expenses to average net assets	1.14%	0.96%	0.96%	0.92%	0.92%
Ratio of net investment income to average net assets	1.61%	1.77%	1.97%	1.97%	2.09%
Portfolio turnover rate	5.04%	10.89%	3.58%	9.64%	24.89%

See Notes to Financial Statements.

(i) *Amount was computed based on average shares outstanding during the period.*

NOTE 1 — General:

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

NOTE 2 — Significant Accounting Policies:

(a) Investment Valuation: The Portfolio values its financial instruments at fair value using independent dealers or pricing services under policies approved by the Fund's Board of Trustees ("Board"). Investments 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).

Investments in money market funds and short-term securities held by the Portfolio having a remaining maturity of sixty days or less are valued at amortized cost which approximates market value.

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 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, as defined in its prospectus. The Portfolio earns fees on the securities loaned, which are included in interest income in the accompanying Statement of Operations. In order to protect against the risk of failure by the borrower to return the securities loaned or any delay in the delivery of such securities, the loan is collateralized by cash or securities that are maintained with Brown Brothers Harriman & Company, the Portfolio's Custodian ("BBH" or the "Custodian"), in an amount equal to at least 102 percent of the current market value of U.S. loaned securities or 105 percent for non-U.S. loaned securities. The market value of the loaned securities is determined at the close of business of the Portfolio. Any required additional collateral is delivered to the Custodian and any excess collateral is returned to the borrower on the next business day. In the event the borrower fails to return the loaned securities when due, the Portfolio may take the collateral to replace the securities. If the value of the collateral is less than the purchase cost of replacement securities, the Custodian shall be responsible for any shortfall, but only to the extent that the shortfall is not due to any diminution in collateral value, as defined in the securities lending agreement. The Portfolio is required to maintain the collateral in a segregated account and determine its value each day until the loaned securities are returned. Cash collateral may be invested as determined by the Portfolio. Collateral is returned to the borrower upon settlement of the loan. There were no securities loaned as of December 31,

2018.

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

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

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

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

Financial Accounting Standards Board Accounting Standards Codification 740 – Income Taxes ("ASC 740") requires the Portfolio to measure and recognize in its financial statements the benefit of a tax position taken (or expected to be taken) on an income tax return if such position will more likely than not be sustained upon examination based on the technical merits of the position. No tax years are currently under investigation. The Portfolio files income tax returns in the U.S. Federal jurisdiction, as well as the New York State and New York City jurisdictions. The statute of limitations on the Portfolio's tax returns remains open for the tax years 2015-2018. 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. Actual results may differ from those estimates. All such estimates are of normal recurring nature.

(k) Recent Accounting Pronouncement: On 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 year ended December 31, 2018, 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 year ended December 31, 2018, the Portfolio paid Fred Alger & Company, Incorporated, the Fund's distributor (the "Distributor" or "Alger Inc.") and an affiliate of Alger Management, $682 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 year ended December 31, 2018.

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

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

(g) Trustee Fees: For 2018, each Independent Trustee received a fee of $112,000 per annum, paid pro rata 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 by each fund in the Alger Fund Complex. Additionally, each member of the Audit Committee receives a fee of $11,000 per annum, paid pro rata by each fund in the Alger Fund Complex.

On December 18, 2018, the Board of Trustees approved the following increase in Trustee compensation. Effective January 1, 2019, each Independent Trustee receives a fee of $122,000 per annum, paid pro rata by each fund in the Alger Fund Complex, plus travel expenses incurred for attending board meetings. The Independent Trustee appointed as Chairman of the Board of Trustees receives additional compensation of $30,000 per annum paid pro rata by each fund in the Alger Fund Complex. Additionally, each member of the Audit Committee receives a fee of $11,000 per annum, paid pro rata by each fund in the Alger Fund Complex.

(h) Interfund Trades: The Portfolio may engage in purchase and sale transactions with other funds advised by Alger Management. There were no interfund trades for the year ended December 31, 2018.

NOTE 4 — Securities Transactions:

Purchases and sales of securities, other than U.S. Government securities and short-term securities, for the year ended December 31, 2018, were as follows:

	PURCHASES	SALES
Alger Balanced Portfolio	$2,280,464	$5,695,421

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 year ended December 31, 2018, the Portfolio had no borrowings from the Custodian and other funds.

NOTE 6 — Share Capital:

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

	FOR THE YEAR ENDED DECEMBER 31, 2018		FOR THE YEAR ENDED DECEMBER 31, 2017	
	SHARES	AMOUNT	SHARES	AMOUNT
Alger Balanced Portfolio				
Class I-2:				
Shares sold	208,207	$ 3,600,652	323,131	$ 5,291,541
Dividends reinvested	549,357	7,553,651	76,462	1,315,911
Shares redeemed	(445,232)	(7,685,974)	(2,307,794)	(39,218,178)
Net increase (decrease)	**312,332**	**$ 3,468,329**	**(1,908,201)**	**$ (32,610,726)**

NOTE 7 — Income Tax Information:

The tax character of distributions paid during the year ended December 31, 2018 and the year ended December 31, 2017 were as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2018	FOR THE YEAR ENDED DECEMBER 31, 2017
Alger Balanced Portfolio		
Distributions paid from:		
Ordinary Income	$ 1,824,401	$ 1,315,911
Long-term capital gain	5,729,250	—
Total distributions paid	**$ 7,553,651**	**$ 1,315,911**

As of December 31, 2018, the components of accumulated gains (losses) on a tax basis were as follows:

Alger Balanced Portfolio	
Undistributed ordinary income	—
Undistributed long-term gains	$ 212,940
Net accumulated earnings	212,940
Capital loss carryforwards	—
Net unrealized appreciation	7,759,204
Total accumulated earnings	$ 7,972,144

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.

No reclassification has been made among the Portfolio's components of net assets at December 31, 2018.

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 December 31, 2018, 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	$ 2,792,873	$ 2,792,873	—	—
Consumer Discretionary	2,745,072	2,745,072	—	—
Consumer Staples	2,084,803	2,084,803	—	—
Energy	1,325,797	1,325,797	—	—
Financials	3,482,596	3,482,596	—	—
Health Care	4,153,216	4,153,216	—	—
Industrials	2,291,425	2,291,425	—	—
Information Technology	4,299,996	4,299,996	—	—
Materials	472,543	472,543	—	—
Utilities	337,097	337,097	—	—
TOTAL COMMON STOCKS	**$ 23,985,418**	**$ 23,985,418**	**—**	**—**
MASTER LIMITED PARTNERSHIP				
Energy	164,111	164,111	—	—
Financials	330,503	330,503	—	—
TOTAL MASTER LIMITED PARTNERSHIP	**$ 494,614**	**$ 494,614**	**—**	**—**
REAL ESTATE INVESTMENT TRUST				
Financials	214,004	214,004	—	—
Real Estate	890,607	890,607	—	—
TOTAL REAL ESTATE INVESTMENT TRUST	**$ 1,104,611**	**$ 1,104,611**	**—**	**—**
CORPORATE BONDS				
Communication Services	1,385,107	—	$ 1,385,107	—
Consumer Staples	1,895,866	—	1,895,866	—
Energy	1,020,747	—	1,020,747	—
Financials	1,991,788	—	1,991,788	—
Industrials	3,745,899	—	3,745,899	—
Information Technology	5,772,191	—	5,772,191	—
TOTAL CORPORATE BONDS	**$ 15,811,598**	**—**	**$ 15,811,598**	**—**
TOTAL INVESTMENTS IN SECURITIES	**$ 41,396,241**	**$ 25,584,643**	**$ 15,811,598**	**—**

As of December 31, 2018, there were no transfers of securities between Level 1 and Level 2.

Certain of the Portfolio's assets and liabilities are held at carrying amount or face value, which approximates fair value for financial statement purposes. As of December 31, 2018, such assets were categorized within the ASC 820 disclosure hierarchy as follows:

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash and cash equivalents	$ 570,372	—	$ 570,372	—

NOTE 9 — Derivatives:

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

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

There were no derivative instruments throughout the year or as of December 31, 2018.

NOTE 10 — Risk Disclosures:

Investing in the stock market involves 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 preferred securities include sensitivity to interest-rate and credit rating changes, greater risk of default, less liquidity, increased volatility for lower rated securities, and pre-payment risk. In addition, preferred securities may be impacted by changes in government regulations and suspension of U.S. government support of U.S. government sponsored instrumentalities.

NOTE 11 — Subsequent Events:

Management of the Portfolio has evaluated events that have occurred subsequent to December 31, 2018, through the issuance date of the Financial Statements. No such events have been identified which require recognition and/or disclosure.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Alger Balanced Portfolio and the Board of Trustees of The Alger Portfolios:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Alger Balanced Portfolio, one of the portfolios constituting The Alger Portfolios (the "Fund"), including the schedule of investments, as of December 31, 2018, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP
New York, New York
February 26, 2019

We have served as the auditor of one or more investment companies within the group of investment companies since 2009.

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 July 1, 2018 and ending December 31, 2018.

Actual Expenses

The first line for each class of shares in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you would have paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Six Months Ended December 31, 2018" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

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

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

		Beginning Account Value July 1, 2018	Ending Account Value December 31, 2018	Expenses Paid During the Six Months Ended December 31, 2018[(a)]	Annualized Expense Ratio For the Six Months Ended December 31, 2018[(b)]
Alger Balanced Portfolio					
Class I-2	Actual	$ 1,000.00	$ 973.50	$ 5.67	1.14%
	Hypothetical[(c)]	1,000.00	1,019.46	5.80	1.14

[(a)] *Expenses are equal to the annualized expense ratio of the share class, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).*
[(b)] *Annualized.*
[(c)] *5% annual return before expenses.*

Trustees and Officers of the Fund

Information about the trustees and officers of the Fund is set forth below. In the table the term "Alger Fund Complex" refers to the Fund, The Alger Funds, The Alger Institutional Funds, Alger Global Focus Fund and The Alger Funds II, each of which is a registered investment company managed by Alger Management. Each Trustee serves until an event of termination, such as death or resignation, or until his or her successor is duly elected; each officer's term of office is one year. Unless otherwise noted, the address of each person named below is 360 Park Avenue South, New York, NY 10010.

Name, Age, Position with the Fund	Principal Occupations	Trustee and/or Officer Since	Number of Funds in the Alger Fund Complex which are Overseen by Trustee
INTERESTED TRUSTEE			
Hilary M. Alger (57)	Director of Development, Pennsylvania Ballet 2004-2013; Associate Director of Development, College of Arts and Science and Graduate School, University of Virginia 1999-2003.	2003	26
NON-INTERESTED TRUSTEES			
Charles F. Baird, Jr. (65)	Managing Director of North Castle Partners, a private equity securities group; Chairman of Elizabeth Arden Red Door Spas and Barry's Bootcamp, former Chairman of Cascade Helmets, gloProfessional (makeup and skincare business), Contigo (manufacturer of mugs and water bottles), and International Fitness.	2000	26
Roger P. Cheever (73)	Associate Vice President for Principal Gifts and Senior Associate Dean for Development in the Faculty of Arts and Sciences at Harvard University; Formerly Deputy Director of the Harvard College Fund.	2000	26
Stephen E. O'Neil (85)	Attorney. Private Investor since 1981. Formerly of Counsel to the law firm of Kohler & Barnes.	1986	26
David Rosenberg (56)	Associate Professor of Law since January 2006 (Assistant Professor 2000-2005), Zicklin School of Business, Baruch College, City University of New York.	2007	26
Nathan E. Saint-Amand M.D. (80)	Medical doctor in private practice; Member of the Board of the Manhattan Institute (non-profit policy research) since 1988; Formerly Co-Chairman, Special Projects Committee, Memorial Sloan Kettering.	1986	26

Ms. Alger is an "interested person" (as defined in the Investment Company Act) of the Fund because of her affiliations with Alger Management. No Trustee is a director of any public company except as indicated under "Principal Occupations".

Name, Age, Position with the Fund	Principal Occupations	Trustee and/or Officer Since	Number of Funds in the Alger Fund Complex which are Overseen by Trustee
OFFICERS			
Hal Liebes (54) President	Executive Vice President, Chief Operating Officer and Secretary of Alger Management and Alger Inc.; Director since 2006 of Alger Management, Alger Inc. and Analyst Resources, Inc.	2005	N/A
Tina Payne (44) Secretary, Chief Compliance Officer	Senior Vice President, General Counsel and Chief Compliance Officer of Alger Management since 2017. Formerly, Senior Vice President and Associate General Counsel, Cohen & Steers Capital Management, from 2007 to 2017	2017	N/A
Christopher E. Ullman (33) Assistant Secretary	Associate Counsel of Alger Management since 2016. Formerly, Associate, Legal and Compliance, BlackRock from 2015 to 2016; Compliance Associate, Bridgewater Associates, from 2013 to 2014; and full-time student from 2010 to 2013.	2016	N/A
Michael D. Martins (53) Treasurer	Senior Vice President of Alger Management.	2005	N/A
Anthony S. Caputo (63) Assistant Treasurer	Vice President of Alger Management.	2007	N/A
Sergio M. Pavone (57) Assistant Treasurer	Vice President of Alger Management.	2007	N/A

The Statement of Additional Information contains additional information about the Fund's Trustees and is available without charge upon request by calling (800) 992-3863.

Investment Management Agreement Renewal and Approval

At an in-person meeting held on September 17, 2018 (Meeting), the Board of Trustees (Board) of The Alger Portfolios (Trust), including a majority of the trustees who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the Trust (Independent Trustees), reviewed and approved the continuance of the investment advisory agreement between Fred Alger Management, Inc. (Fred Alger Management) and the Trust, on behalf of the Fund (the Management Agreement), for an additional one-year period. The Independent Trustees received advice from, and met separately with, Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement. The Board considered the information provided to it about the series of the Trust together, and each series separately, as the Board deemed appropriate. Fred Alger Management is referred to herein as the "Manager."

In considering the continuation of the Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed request for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. The materials for the Meeting included a presentation and analysis of the Fund and the Manager's services by FUSE Research Network LLC (FUSE), an independent consulting firm that has no material relationship with the Trustees, the Manager or any of its affiliates. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred among themselves and Independent Trustee counsel about contract renewal matters. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of the Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of the Fund; (iii) the costs of the services provided and profits realized; (iv) the extent to which economies of scale are realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of the Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of the Management Agreement is in the interests of the Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the professional personnel who perform services for the Fund; the structure of investment professional compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on fees and payments to intermediaries for transfer agency or shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and the range of management fees charged by the Manager and its affiliates to other funds and accounts, including management's explanation of differences among accounts where relevant. The Board noted the Manager's history of expertise in the "growth" style of investment management and management's ongoing efforts to develop strategies and adjust portfolios to express conviction in portfolio investments, and to address areas of heightened concern in the mutual fund industry, such as liquidity risk as well as market conditions. The Board noted the length of time the Manager had provided services as an investment adviser to the Fund and also noted FUSE's analysis that successful flagship offerings should sustain growth and maintain interest in the Manager's investment capabilities.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a Fund that is part of the Alger family of funds. The Board noted the financial position of the Manager and its commitment to the mutual fund business as evidenced by its work to increase the number of offerings in focused strategies. The Board also noted that certain administrative, compliance, reporting and accounting services necessary for the conduct of the Fund's affairs are provided separately under a Fund Administration Agreement and a Shareholder Administrative Services Agreement with the Manager.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by the Manager and its affiliates to the Fund and its shareholders.

Fund Performance

The Board reviewed and considered the performance results of the Fund over various time periods. The Board considered the performance returns for the Fund in comparison to the performance returns of a universe of mutual funds deemed comparable to the Fund based on various investment, operational, and pricing characteristics (Peer Universe), a group of mutual funds from within such Peer Universe deemed comparable to the Fund based primarily on investment strategy similarity (Peer Group), each as selected by FUSE, as well as the Fund's benchmark index. Class I-2 shares were used as the representative share class for the Fund's performance results. The Board received a description of the methodology FUSE used to select the mutual funds included in the Peer Universe and Peer Group.

The Board also reviewed and considered Fund performance reports provided and discussions that occurred with investment personnel at Board meetings throughout the year. As had been the practice at every quarterly meeting of Trustees throughout the year, representatives of the Manager discussed with the Trustees the recent performance of the Fund and the measures that the firm was in the process of instituting, or had instituted, to improve the performance of funds within the Alger Funds' complex that had consistently underperformed. In expanding orally on the written materials they had provided to the Trustees, the FUSE representatives commented further on the performance of the Fund.

The Peer Group for the Fund included the Fund and 14 other funds with a 50% to 70% portfolio allocation to equities. The Peer Universe for this Fund included the Fund, the other funds of the Peer Group, and other funds with a 50% to 70% portfolio allocation to equities. The Board noted that the Fund's annualized total return for the three- and five-year periods outperformed the median of its Peer Group and the 50th percentile of its Peer Universe, and for the one- and 10-year periods underperformed the median of its Peer Group and the 50th percentile of its Peer Universe. The Board also noted that that the Fund's rank within its Peer Universe for the one-year period was 32/55. The Board concluded that the Fund's performance was acceptable.

Comparative Fees and Expenses

The Board reviewed and considered information regarding the Fund's total expense ratio and its various components, including, as applicable, management fees, operating expenses, and Rule 12b-1 fees. The Board considered the total net expense ratio and, separately, the contractual management fee rate without the effect of fee waivers or expense reimbursements, if any (Management Rate), of the Fund in comparison to the median expense ratio and median Management Rate, respectively, of the Fund's Peer Group. FUSE fee data is based upon information taken from each Peer Group fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by FUSE to be an appropriate measure of comparative fees and expenses. The FUSE Management Rate includes administrative charges, and the total net expense ratio, for comparative consistency, was shown for Class I-2 for the Fund and for similarly structured share classes for funds in the Peer Group with multiple classes of shares. The Board received a description of the methodology used by FUSE to select the mutual funds included in a Peer Group.

The Board noted that the Management Rate for the Fund was below the median of its Peer Group and the total net expense ratio for the Fund was above the median of its Peer Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability, as well as the profits, of the Manager and its affiliates in providing investment management and other services to the Fund during the year ended June 30, 2018. The Board also reviewed the profitability methodology and the changes thereto, noting that management attempts to apply its methods consistently from year to year.

The Board noted that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also noted management's expenditures related to additional regulatory and compliance requirements resulting from recent SEC and other regulatory developments.

The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by the Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, extent and quality of services provided to the Fund.

Economies of Scale

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. The Board noted the existence of management fee breakpoints for the Fund, which operate to share economies of scale with the Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that the overall size of the Manager allows it to realize other economies of scale, such as with office space, purchases of technology, and other general business expenses. The Board concluded that for the Fund, to the extent economies of scale may be realized by the Manager and its affiliates, the benefits of such economies of scale would be shared with the Fund and its shareholders as the Fund grows.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of the Management Agreement for an additional one-year period.

Privacy Policy

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

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

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

Who we are	
Who is providing this notice?	Alger includes Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios, and Alger Global 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: • Open an account or • Make deposits or withdrawals from your account or • Give us your contact information or • Provide account information or • Pay us by check.
Why can't I limit all sharing?	Federal law gives you the right to limit some but not all sharing related to: • sharing for affiliates' everyday business purposes — information about your credit worthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • Our affiliates include Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios and Alger Global 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 service providers who provide necessary or beneficial services when such service providers need access to this information in the performance of their services and are subject to duties of confidentiality (1) imposed by law, including a duty not to trade on non-public information, and/or (2) pursuant to an agreement that confidential information is not to be disclosed or used (including trading on such information) other than as required by law. From time to time, the Fund will communicate with these service providers to confirm that they understand the Portfolio's policies and procedures regarding such disclosure. This agreement must be approved by the Portfolio's Chief Compliance Officer, President, Secretary or Assistant Secretary.

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

In addition to material the Portfolio routinely provides to shareholders, the Investment Manager may make additional statistical information available regarding the Portfolio. Such information may include, but not be limited to, 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.
P.O. Box 219432
Kansas City, MO 64121-9432

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.

ALGER

Inspired by Change, Driven by Growth.

PRINTED WITH SOY INK™

Trademark of American Soybean Association

Printed on recycled paper

BalancedAR

ALGER

THE ALGER PORTFOLIOS

Alger Capital Appreciation Portfolio

ANNUAL REPORT

DECEMBER 31, 2018

Table of Contents

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,

Year Ends with Downturn, but Reasons for Optimism Remain

Volatility during the final quarter of 2018 illustrated investors' increased focus on growing trade tension, moderating earnings growth and a potential slowdown of global economic expansion. Investors, we believe, shifted their focus from solid current corporate fundamentals and a strong trend of innovative sectors benefiting from the ongoing digital revolution, health care advancements and other new developments. For the one-year period ended December 31, 2018, the S&P 500 Index generated a negative 4.38% return despite having produced strong gains earlier in the year. The rapidity of the fourth quarter market selloff reminds us at Alger of past "bouts of doubt" that in recent years have been excellent buying opportunities in equities. Based on observations of past periods of moderating earnings growth and weakening economic expansion, I believe that growth equities have strong potential to outperform in the foreseeable future and that valuations are currently highly attractive. In the near term, I believe concerns about the economy and earnings growth may create additional downside market volatility, but I believe investors may be well served by taking a long-term approach to equities.

Economic Growth and Equity Performance

The U.S. Federal Reserve in December lowered its 2018 GDP growth rate estimate from 3.1% to 3% and its 2019 estimate from 2.5% to 2.3%. The move followed the International Monetary Fund, which in October lowered its global growth projection 20 basis points to 3.7% for both 2018 and 2019. We believe 2017 U.S. tax reform is continuing to stimulate the country's economy even though the dramatic initial benefits of tax reform appear to be moderating. With that in mind, we note that equities have historically posted positive returns when economic growth has moderated.

In the past 35 years, there have been 15 years when U.S. GDP growth materially slowed. The S&P 500 Index generated positive returns during every one of those years except for four years that were associated with three recessions that started in 1990, 2000 and 2008. We maintain that economic growth is likely to slow, but we think a recession is unlikely in the foreseeable future with many data points that we follow, such as changes in the yield curve, the real fed funds rate, capacity utilization, jobless claims and the Conference Board's Leading Economic Index continuing to imply that a period of negative economic growth in the near term is unlikely.

Navigating Periods of Moderating Earnings Growth

During the reporting period, corporate earnings growth continued to benefit from high levels of innovation, including the digitization of business operations, and tax reform, which has lowered taxes on corporate profits. Based on a combination of reported fourth quarter earnings and estimated earnings for companies that had not yet reported results as of the end of the year, FactSet Research Systems has estimated that 2018 S&P 500 earnings are expected to have grown 20.3%, the highest rate since 2010, during which earnings grew 39.6%. The 2010 rate, of course, was in large part a result of 2009 earnings being extremely low due to the Great Recession of 2008 and 2009. As of the end of the reporting period, FactSet had estimated that S&P 500 earnings growth will moderate to 7.6% in 2019.

Equities, and more specifically, growth equities, have frequently outperformed during similar periods of earnings growth moderation. From 1982 to 2018, eight such periods occurred during which the Russell 1000 Growth Index generated a median return of 15.8% compared to the 14.1% return of the Russell 1000 Value Index. 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. During such periods, strong growth among corporations is scarce, which enhances the appeal of growth equities.

Earnings Growth, Equity Valuations and Market Performance

We also note that only modest earnings growth is required to support equity valuations. Assuming the S&P 500 Index's price-to-earnings ratio (P/E) based on forward earnings estimates remains constant next year and earnings for 2020 are expected to increase at a mid-to-upper single-digit rate, we believe the index price would increase by approximately the same amount. The potential price increase combined with the index's 2% dividend yield would produce a return in the upper single-digit range.

We also believe that the combination of strong earnings growth in 2018 and the fourth quarter decline of stock prices has resulted in equities having attractive valuations. As of December 31, 2018, the S&P 500 Index forward P/E was only 14.4 compared to the five-year historical average of 16.4 and the 10-year average of 14.6, according to FactSet Research. More specifically, the forward P/E of the S&P 500 declined 21% in 2018, which could imply that equities may generate gains in 2019, with equities having averaged 19% returns following double-digit declines that have occurred since 1987. Equities are also attractive relative to bonds. The "earnings yield" of equities, or the inverse of the P/E, has traditionally been just slightly higher than the yield of a 10-year Treasury. Since 2008 the earnings yield has widened and was more than 400 basis points as of the end of 2018.

Winners and Losers of the New Economy

While 2018 included some signs of weakness, often related to trade tensions and slow growth in other regions of the world, they were in many cases confined to specific industries. Innovation in the U.S. remains high and the growth drivers of the continuing digital and internet revolution, medical advances and breakthroughs to meet the demands of our large and aging population remain strong and we believe are likely to continue to support an extended economic expansion into 2019. From a historical perspective, innovative industries have outperformed even during periods of economic weakness as illustrated by the 30% growth in revenues generated by digital advertising and e-commerce during the Great Recession while retail sales and other measures of economic activity stagnated.

Looking Ahead

We acknowledge that the issues that have driven volatility may strengthen and drive additional market declines in the near future. We note that some of the rapid selling during the fourth quarter appears to have been driven by quantitative trading and also closure of hedge funds with poor performance. We believe that, as in the past, the best long-term investment strategy is to approach such market volatility, if it continues to the downside, as an opportunity to add to or initiate new investments in high quality growth companies, especially those that are either innovation or disruption leaders in their industries or have proven management with durable business models that have established their resiliency in past cycles. We strongly advise against "timing the market" by attempting to sell out near term and buy back in "when it's all clear." Time and time again academic research has shown that many investors are very poor at making two such dramatic decisions. We have talked to countless investors who, up until September 30 of this year, bemoaned that they had "missed" the many opportunities to buy the leading growth stocks of this time. We are specifically not advising that today is the time to buy any individual member of that group (or the many other stocks our Alger team identifies as high quality growth franchises). However, we firmly believe the recent selloff has likely already created a buying opportunity in these types of companies if one holds the long-term view and, whatever further short-term volatility or decline may occur, one holds through the cycle to the next leg of growth for these companies and the market. As the economic recovery continues, we urge investors to focus on the long-term outlook for the U.S. economy and the world, and on a long-term strategy for investing. In closing, we remain optimistic regarding the outlook for equities, although we acknowledge that additional declines may occur in the near future. Our firm was started in 1964 and we have considerable experience in dealing with different phases of economic cycles. We believe that investing in high quality innovative companies with attractive products and maintaining a long-term, patient approach is the best way to weather the ebb and flow of economic cycles.

Portfolio Matters

Alger Capital Appreciation Portfolio

The Alger Capital Appreciation Portfolio generated a -0.10% return for the fiscal 12-month period ended December 31, 2018, compared to the -1.51% return of its benchmark, the Russell 1000 Growth Index.

Contributors to Performance

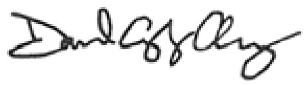
During the reporting period, the largest sector weightings were Information Technology and Consumer Discretionary. The largest sector overweight was Consumer Discretionary and the largest underweight was Industrials. The Information Technology and Industrials sectors provided the largest contributions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

Detractors from Performance

The Communication Services and Materials sectors were among the sectors that detracted from results. Among individual positions, Facebook, Inc., Cl. A; Applied Materials, Inc.; Alibaba Group Holding Ltd.; Vulcan Materials Co.; and Conagra Brands, Inc. were the largest detractors from results. Facebook's social network that bears the company's name is the world's largest social media platform. Facebook also owns the Instagram social network and WhatsApp, a messaging service. We are excited about the growth of user activity within Instagram and WhatsApp. Facebook is also benefiting from the growth of digital marketing and it continues to take market share of advertising dollars from print, radio and TV mediums because the company's platforms provide robust returns on spending for advertisers. Facebook shares underperformed because investors became concerned about weakening consumer engagement at the company's Facebook property and increasing operating costs associated with improving data privacy and content quality.

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.

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 12-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 a 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 a 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 a 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 a 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 December 31, 2018. Securities mentioned in the Shareholders'

Letter, if not found in the Schedule of Investments, may have been held by the Portfolio during the 12-month fiscal period.

Risk Disclosure

Investing in the stock market involves 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 a 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.

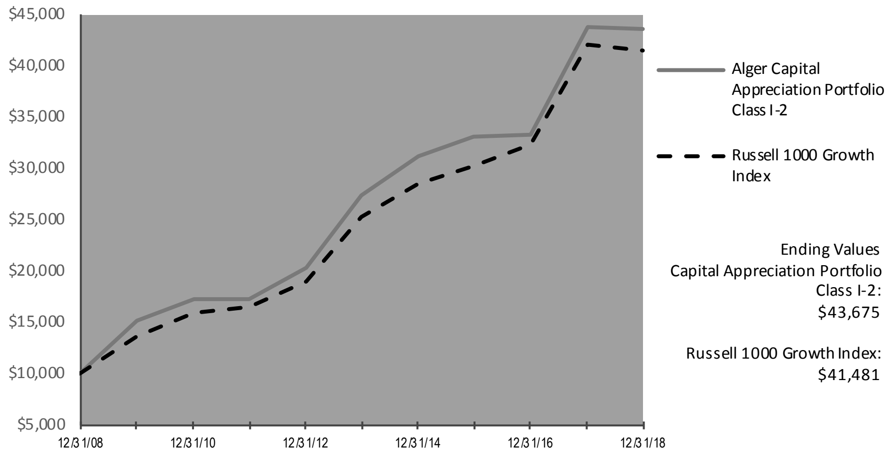
NOT FDIC INSURED. NOT BANK GUARANTEED. MAY LOSE VALUE.

Definitions:

- S&P 500 Index: An index of large company stocks considered to be representative of the U.S. stock market.
- Russell 1000 Growth Index: An unmanaged index designed to measure the performance of the largest 1000 capitalization companies in the Russell 3000 Index with higher price-to-book ratios and higher forecasted growth values.
- 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 Board's Leading Economic Index is based on a variety of economic data and is part of the Conference Board's analytic system that seeks to signal peaks and troughs in the business cycle.
- FactSet Research Systems provides data and research for investment managers, hedge funds, investment bankers and other financial professionals.
- The 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 12/31/18



The chart above illustrates the change in value of a hypothetical $10,000 investment made in Alger Capital Appreciation Portfolio Class I-2 shares and the Russell 1000 Growth Index (an unmanaged index of common stocks) for the ten years ended December 31, 2018. 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 12/31/18

AVERAGE ANNUAL TOTAL RETURNS

	1 YEAR	5 YEARS	10 YEARS	Since 1/25/1995
Class I-2 (Inception 1/25/95)	(0.10)%	9.72%	15.88%	12.69%
Class S (Inception 5/1/02)(i)	(0.37)%	9.42%	15.54%	12.42%
Russell 1000 Growth Index	(1.51)%	10.40%	15.29%	9.14%

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†
December 31, 2018 (Unaudited)

SECTORS/SECURITY TYPES	Alger Capital Appreciation Portfolio
Communication Services	12.4%
Consumer Discretionary	17.0
Consumer Staples	0.8
Energy	0.4
Financials	3.8
Health Care	20.7
Industrials	5.9
Information Technology	30.3
Materials	3.7
Real Estate	1.5
Total Equity Securities	96.5
Short-Term Investments and Net Other Assets	3.5
	100.0%

† *Based on net assets for the Portfolio.*

COMMON STOCKS—94.7%	SHARES		VALUE
AEROSPACE & DEFENSE—2.3%			
L3 Technologies, Inc.	5,230	$	908,242
The Boeing Co.	24,332		7,847,070
United Technologies Corp.	15,454		1,645,542
			10,400,854
AGRICULTURAL & FARM MACHINERY—0.4%			
Deere & Co.	11,986		**1,787,952**
APPAREL ACCESSORIES & LUXURY GOODS—0.6%			
Lululemon Athletica, Inc.*	13,586		1,652,193
PVH Corp.	11,903		1,106,384
			2,758,577
APPLICATION SOFTWARE—7.5%			
Adobe, Inc.*	69,677		15,763,724
Palantir Technologies, Inc., Cl. A*,@,(a)	41,286		237,394
RealPage, Inc.*	42,699		2,057,665
salesforce.com, Inc.*	116,148		15,908,792
			33,967,575
AUTO PARTS & EQUIPMENT—0.5%			
Aptiv PLC.	37,640		**2,317,495**
BIOTECHNOLOGY—3.5%			
Biogen, Inc.*	6,103		1,836,515
BioMarin Pharmaceutical, Inc.*	20,064		1,708,450
Sarepta Therapeutics, Inc.*	35,883		3,915,912
Vertex Pharmaceuticals, Inc.*	51,723		8,571,018
			16,031,895
CABLE & SATELLITE—0.7%			
Charter Communications, Inc., Cl. A*	10,705		**3,050,604**
CASINOS & GAMING—0.0%			
Wynn Resorts Ltd.	2,246		**222,152**
COMMUNICATIONS EQUIPMENT—0.7%			
Palo Alto Networks, Inc.*	17,218		**3,243,010**
CONSTRUCTION MATERIALS—1.6%			
Vulcan Materials Co.	75,796		**7,488,645**
DATA PROCESSING & OUTSOURCED SERVICES—6.9%			
Automatic Data Processing, Inc.	5,184		679,726
PayPal Holdings, Inc.*	94,563		7,951,803
Visa, Inc., Cl. A	172,998		22,825,356
			31,456,885
DIVERSIFIED BANKS—0.3%			
Citigroup, Inc.	23,062		1,200,608
JPMorgan Chase & Co.	2,193		214,080
			1,414,688
DIVERSIFIED CHEMICALS—0.3%			
DowDuPont, Inc.	24,192		**1,293,788**
DIVERSIFIED SUPPORT SERVICES—1.0%			
Cintas Corp.	27,438		**4,609,310**

COMMON STOCKS—94.7% (CONT.)	SHARES	VALUE
FINANCIAL EXCHANGES & DATA—2.0%		
Intercontinental Exchange, Inc.	82,860	$ 6,241,844
S&P Global, Inc.	15,197	2,582,578
		8,824,422
HEALTH CARE EQUIPMENT—8.1%		
Abbott Laboratories	123,296	8,918,000
Boston Scientific Corp.*	326,922	11,553,423
Danaher Corp.	73,231	7,551,581
Intuitive Surgical, Inc.*	8,381	4,013,828
Medtronic PLC.	34,732	3,159,223
Zimmer Biomet Holdings, Inc.	15,561	1,613,987
		36,810,042
HOME IMPROVEMENT RETAIL—1.7%		
The Home Depot, Inc.	43,707	**7,509,737**
HOTELS RESORTS & CRUISE LINES—1.1%		
Norwegian Cruise Line Holdings Ltd.*	59,926	2,540,263
Royal Caribbean Cruises Ltd.	24,215	2,367,985
		4,908,248
HYPERMARKETS & SUPER CENTERS—0.4%		
Costco Wholesale Corp.	8,816	**1,795,907**
INDUSTRIAL CONGLOMERATES—1.5%		
Honeywell International, Inc.	52,578	**6,946,605**
INDUSTRIAL GASES—0.8%		
Air Products & Chemicals, Inc.	23,260	**3,722,763**
INTERACTIVE HOME ENTERTAINMENT—0.2%		
Activision Blizzard, Inc.	20,455	**952,589**
INTERACTIVE MEDIA & SERVICES—8.3%		
Alphabet, Inc., Cl. C*	24,072	24,929,204
Facebook, Inc., Cl. A*	99,281	13,014,746
		37,943,950
INTERNET & DIRECT MARKETING RETAIL—11.4%		
Alibaba Group Holding Ltd.#,*	52,452	7,189,596
Altaba, Inc.*	73,194	4,240,860
Amazon.com, Inc.*	26,539	39,860,782
GrubHub, Inc.*	7,801	599,195
		51,890,433
INVESTMENT BANKING & BROKERAGE—0.4%		
Morgan Stanley	44,562	**1,766,883**
LEISURE FACILITIES—0.9%		
Vail Resorts, Inc.	19,363	**4,082,108**
LIFE SCIENCES TOOLS & SERVICES—3.0%		
Illumina, Inc.*	22,960	6,886,393
Thermo Fisher Scientific, Inc.	29,540	6,610,756
		13,497,149
MANAGED HEALTH CARE—5.3%		
Cigna Corp.	20,434	3,880,825

COMMON STOCKS—94.7% (CONT.)	SHARES	VALUE
MANAGED HEALTH CARE—5.3% (CONT.)		
UnitedHealth Group, Inc.	80,409	$ 20,031,490
		23,912,315
MOVIES & ENTERTAINMENT—2.3%		
Netflix, Inc.*	13,786	3,689,961
The Walt Disney Co.	62,850	6,891,502
		10,581,463
OIL & GAS EXPLORATION & PRODUCTION—0.4%		
Pioneer Natural Resources Co.	12,584	**1,655,048**
PACKAGED FOODS & MEATS—0.4%		
Conagra Brands, Inc.	81,674	**1,744,557**
PHARMACEUTICALS—0.7%		
Allergan PLC.	5,803	775,629
Bristol-Myers Squibb Co.	11,357	590,337
GW Pharmaceuticals PLC.#,*	16,732	1,629,529
		2,995,495
PROPERTY & CASUALTY INSURANCE—1.1%		
The Progressive Corp.	82,216	**4,960,091**
RAILROADS—0.7%		
Union Pacific Corp.	22,092	**3,053,777**
RESTAURANTS—0.5%		
McDonald's Corp.	13,350	**2,370,560**
SEMICONDUCTOR EQUIPMENT—1.4%		
Applied Materials, Inc.	191,587	**6,272,558**
SEMICONDUCTORS—1.1%		
Broadcom, Inc.	19,331	**4,915,487**
SPECIALTY CHEMICALS—1.0%		
The Sherwin-Williams Co.	11,782	**4,635,746**
SPECIALTY STORES—0.3%		
Tiffany & Co.	18,835	**1,516,406**
SYSTEMS SOFTWARE—9.8%		
Microsoft Corp.	414,002	42,050,183
Red Hat, Inc.*	13,877	2,437,356
		44,487,539
TECHNOLOGY HARDWARE STORAGE & PERIPHERALS—2.7%		
Apple, Inc.	78,638	**12,404,358**
WIRELESS TELECOMMUNICATION SERVICES—0.9%		
T-Mobile US, Inc.*	66,531	**4,232,037**
TOTAL COMMON STOCKS (Cost $355,502,911)		**430,431,703**

PREFERRED STOCKS—0.3%	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

PREFERRED STOCKS—0.3% (CONT.)	SHARES		VALUE
PHARMACEUTICALS—0.1%			
Intarcia Therapeutics, Inc., Series DD*,@,(a)	20,889	$	**205,130**
TOTAL PREFERRED STOCKS (Cost $1,933,274)			**1,299,407**

REAL ESTATE INVESTMENT TRUST—1.5%	SHARES		VALUE
SPECIALIZED—1.5%			
Equinix, Inc.	7,542		2,659,008
SBA Communications Corp., Cl. A*	25,562		4,138,232
			6,797,240
TOTAL REAL ESTATE INVESTMENT TRUST (Cost $7,178,366)			**6,797,240**
Total Investments (Cost $364,614,551)	96.5%	$	**438,528,350**
Unaffiliated Securities (Cost $364,614,551)			438,528,350
Other Assets in Excess of Liabilities	3.5%		16,057,828
NET ASSETS	100.0%	$	**454,586,178**

American Depositary Receipts.

(a) *Security is valued in good faith at fair value determined using significant unobservable inputs pursuant to procedures established by the Board.*

* *Non-income producing security.*

@ *Restricted security - Investment in security not registered under the Securities Act of 1933. The investment is deemed to not be liquid and may be sold only to qualified buyers.*

Security	*Acquisition Date(s)*	*Acquisition Cost*	*% of net assets (Acquisition Date)*	*Market Value*	*% of net assets as of 12/31/2018*
Intarcia Therapeutics, Inc., Series DD	*03/27/14*	*$676,595*	*0.14%*	*$205,130*	*0.05%*
Palantir Technologies, Inc., Cl. A	*10/07/14*	*268,648*	*0.05%*	*237,394*	*0.05%*
Palantir Technologies, Inc., Cl. B	*10/07/14*	*1,111,840*	*0.22%*	*968,145*	*0.21%*
Palantir Technologies, Inc., Cl. D	*10/14/14*	*144,839*	*0.03%*	*126,132*	*0.03%*
Total				*$1,536,801*	*0.34%*

See Notes to Financial Statements.

ALGER CAPITAL APPRECIATION PORTFOLIO
Statement of Assets and Liabilities December 31, 2018

		Alger Capital Appreciation Portfolio
ASSETS:		
Investments in unaffiliated securities, at value (Identified cost below)* see accompanying schedule of investments	$	438,528,350
Cash and cash equivalents		20,032,632
Receivable for investment securities sold		834,495
Receivable for shares of beneficial interest sold		1,108,857
Dividends and interest receivable		254,895
Prepaid expenses		32,902
Total Assets		460,792,131
LIABILITIES:		
Payable for investment securities purchased		5,567,005
Payable for shares of beneficial interest redeemed		157,198
Accrued investment advisory fees		320,746
Accrued transfer agent fees		14,453
Accrued distribution fees		9,062
Accrued administrative fees		10,890
Accrued shareholder administrative fees		3,960
Accrued other expenses		122,639
Total Liabilities		6,205,953
NET ASSETS	**$**	**454,586,178**
NET ASSETS CONSIST OF:		
Paid in capital (par value of $.001 per share)		371,206,935
Distributable earnings		83,379,243
NET ASSETS	**$**	**454,586,178**
* Identified cost	$	364,614,551[a]

See Notes to Financial Statements.

[a] At December 31, 2018, the net unrealized appreciation on investments, based on cost for federal income tax purposes of $369,397,014, amounted to $69,131,336 which consisted of aggregate gross unrealized appreciation of $90,609,813 and aggregate gross unrealized depreciation of $21,478,477.

		Alger Capital Appreciation Portfolio
NET ASSETS BY CLASS:		
Class I-2	$	412,728,143
Class S	$	41,858,035
SHARES OF BENEFICIAL INTEREST OUTSTANDING — NOTE 6:		
Class I-2		6,063,011
Class S		649,601
NET ASSET VALUE PER SHARE:		
Class I-2 — Net Asset Value Per Share Class I-2	$	68.07
Class S — Net Asset Value Per Share Class S	$	64.44

See Notes to Financial Statements.

ALGER CAPITAL APPRECIATION PORTFOLIO
Statement of Operations for the year ended December 31, 2018

		Alger Capital Appreciation Portfolio
INCOME:		
Dividends (net of foreign withholding taxes*)	$	5,027,151
Interest from unaffiliated securities		196,174
Total Income		5,223,325
EXPENSES:		
Advisory fees — Note 3(a)		4,288,391
Distribution fees — Note 3(c)		
Class S		119,870
Shareholder administrative fees — Note 3(f)		52,943
Administration fees — Note 3(b)		145,593
Custodian fees		78,872
Interest expenses		2,377
Transfer agent fees and expenses — Note 3(f)		85,880
Printing fees		120,025
Professional fees		89,294
Registration fees		27,000
Trustee fees — Note 3(g)		17,420
Fund accounting fees		73,022
Miscellaneous		66,352
Total Expenses		5,167,039
NET INVESTMENT INCOME		56,286
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:		
Net realized gain on unaffiliated investments		75,294,707
Net realized (loss) on foreign currency transactions		(5,852)
Net change in unrealized (depreciation) on unaffiliated investments		(72,467,934)
Net realized and unrealized gain on investments and foreign currency		2,820,921
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	**$**	**2,877,207**
* Foreign withholding taxes	$	1,025

See Notes to Financial Statements.

	Alger Capital Appreciation Portfolio For the Year Ended December 31, 2018	Alger Capital Appreciation Portfolio For the Year Ended December 31, 2017
Net investment income	$ 56,286	$ 618,023
Net realized gain on investments and foreign currency	75,288,855	59,047,887
Net change in unrealized appreciation (depreciation) on investments	(72,467,934)	88,517,821
Net increase in net assets resulting from operations	2,877,207	148,183,731
Dividends and distributions to shareholders:*		
Class I-2	(74,212,851)	(29,165,378)
Class S	(7,812,703)	(3,100,713)
Total dividends and distributions to shareholders	(82,025,554)	(32,266,091)
Increase (decrease) from shares of beneficial interest transactions:		
Class I-2	15,321,109	(115,794,419)
Class S	(567,138)	1,516,510
Net increase (decrease) from shares of beneficial interest transactions — Note 6	14,753,971	(114,277,909)
Total increase (decrease)	(64,394,376)	1,639,731
Net Assets:		
Beginning of period	518,980,554	517,340,823
END OF PERIOD**	**$ 454,586,178**	**$ 518,980,554**

See Notes to Financial Statements.

* *For the year ended December 31, 2017, the source of distributions for Class I-2 shares from net investment income was $(731,262) and from net realized gains was $(28,434,116), and for Class S shares from net realized gains was $(3,100,713).*

** *For the year ended December 31, 2017, the undistributed net investment income was $215,605.*

Alger Capital Appreciation Portfolio	Class I-2				
	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	$ 82.64	$ 67.11	$ 67.42	$ 71.35	$ 73.41
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income[(i)]	0.03	0.11	0.22	0.13	0.12
Net realized and unrealized gain on investments	0.10	20.76	0.13	4.37	10.04
Total from investment operations	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	$ 68.07	$ 82.64	$ 67.11	$ 67.42	$ 71.35
Total return	(0.10)%	31.08%	0.50%	6.19%	13.75%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	$ 412,728	$ 468,883	$ 477,771	$ 559,298	$ 499,123
Ratio of net expenses to average net assets	0.95%	0.94%	0.94%	0.93%	0.94%
Ratio of net investment income to average net assets	0.03%	0.13%	0.33%	0.18%	0.16%
Portfolio turnover rate	67.68%	61.90%	89.78%	142.01%	143.20%

See Notes to Financial Statements.

[(i)] *Amount was computed based on average shares outstanding during the period.*

Alger Capital Appreciation Portfolio

	Class S				
	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	$ 79.13	$ 64.50	$ 64.87	$ 69.08	$ 71.54
INCOME FROM INVESTMENT OPERATIONS:					
Net investment income (loss)[(i)]	(0.19)	(0.09)	0.04	(0.06)	(0.08)
Net realized and unrealized gain on investments	0.12	19.93	0.12	4.22	9.76
Total from investment operations	(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	$ 64.44	$ 79.13	$ 64.50	$ 64.87	$ 69.08
Total return	(0.37)%	30.74%	0.22%	5.91%	13.45%
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000's omitted)	$ 41,858	$ 50,097	$ 39,570	$ 39,681	$ 27,987
Ratio of net expenses to average net assets	1.21%	1.21%	1.21%	1.20%	1.21%
Ratio of net investment income (loss) to average net assets	(0.23)%	(0.13)%	0.06%	(0.09)%	(0.11)%
Portfolio turnover rate	67.68%	61.90%	89.78%	142.01%	143.20%

See Notes to Financial Statements.

(i) *Amount was computed based on average shares outstanding during the period.*

NOTE 1 — General:

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

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

NOTE 2 — Significant Accounting Policies:

(a) Investment Valuation: The Portfolio values its financial instruments at fair value using independent dealers or pricing services under policies approved by the Fund's Board of Trustees ("Board"). Investments 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).

Investments in money market funds and short-term securities held by the Portfolio having a remaining maturity of sixty days or less are valued at amortized cost which approximates market value.

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 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 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, as defined in its prospectus. The Portfolio earns fees on the securities loaned, which are included in interest income in the accompanying Statement of Operations. In order to protect against the risk of failure by the borrower to return the securities loaned or any delay in the delivery of such securities, the loan is collateralized by cash or securities that are maintained with Brown Brothers Harriman & Company, the Portfolio's Custodian ("BBH" or the "Custodian"), in an amount equal to at least 102 percent of the current market value of U.S. loaned securities or 105 percent for non-U.S. loaned securities. The market value of the loaned securities is determined at the close of business of the Portfolio. Any required additional collateral is delivered to the Custodian and any excess collateral is returned to the borrower on the next business day. In the event the borrower fails to return the loaned securities when due, the Portfolio may take the collateral to replace the securities. If the value of the collateral is less than the purchase cost of replacement securities, the Custodian shall be responsible for any shortfall, but only to the extent that the shortfall is not due to any diminution in collateral value, as defined in the securities lending agreement. The Portfolio is required to maintain the collateral in a segregated account and determine its value each day until the loaned securities are returned. Cash collateral may be invested as determined by the Portfolio. Collateral is returned to the

borrower upon settlement of the loan. There were no securities loaned as of December 31, 2018.

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

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

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

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

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

Financial Accounting Standards Board Accounting Standards Codification 740 – Income Taxes ("ASC 740") requires the Portfolio to measure and recognize in its financial statements the benefit of a tax position taken (or expected to be taken) on an income tax return if such position will more likely than not be sustained upon examination based on the technical merits of the position. No tax years are currently under investigation. The Portfolio files income tax returns in the U.S. Federal jurisdiction, as well as the New York State and New York City jurisdictions. The statute of limitations on the Portfolio's tax returns remains open for the tax years 2015-2018. 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. Actual results may differ from those estimates. All such estimates are of normal recurring nature.

(k) Recent Accounting Pronouncement: On 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 year ended December 31, 2018, is set forth below under the heading "Actual Rate."

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Actual Rate
Alger Capital Appreciation Portfolio[(a)]	0.81%	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 the Class S shares. The fees paid may be more or less than the expenses incurred by Alger Inc.

(d) Brokerage Commissions: During the year ended December 31, 2018, the Portfolio paid Alger Inc. $55,334 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 December 31, 2018.

During the year ended December 31, 2018, the Portfolio incurred interfund loan interest expense of $1,959 which is included in the interest expenses in the accompanying Statement of Operations.

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

(g) Trustee Fees: For 2018, each Independent Trustee received a fee of $112,000 per annum, paid pro rata 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 by each fund in the Alger Fund Complex. Additionally, each member of the Audit Committee receives a fee of $11,000 per annum, paid pro rata by each fund in the Alger Fund Complex.

On December 18, 2018, the Board of Trustees approved the following increase in Trustee compensation. Effective January 1, 2019, each Independent Trustee receives a fee of $122,000 per annum, paid pro rata by each fund in the Alger Fund Complex, plus travel expenses incurred for attending board meetings. The Independent Trustee appointed as Chairman of the Board of Trustees receives additional compensation of $30,000 per annum paid pro rata by each fund in the Alger Fund Complex. Additionally, each member of the Audit Committee receives a fee of $11,000 per annum, paid pro rata by each fund in the Alger Fund Complex.

(h) Interfund Trades: The Portfolio may engage in purchase and sale transactions with other funds advised by Alger Management. There were no interfund trades during the year ended December 31, 2018.

(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 year ended December 31, 2018, were as follows:

	PURCHASES	SALES
Alger Capital Appreciation Portfolio	$345,532,776	$427,932,869

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 year ended December 31, 2018, the Portfolio had the following borrowings from the Custodian and other funds:

	AVERAGE DAILY BORROWING	WEIGHTED AVERAGE INTEREST RATE
Alger Capital Appreciation Portfolio	$ 97,027	2.27%

The highest amount borrowed from the Custodian and other funds during the year ended December 31, 2018, for the Portfolio was as follows:

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

NOTE 6 — Share Capital:

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

	FOR THE YEAR ENDED DECEMBER 31, 2018		FOR THE YEAR ENDED DECEMBER 31, 2017	
	SHARES	AMOUNT	SHARES	AMOUNT
Alger Capital Appreciation Portfolio				
Class I-2:				
Shares sold	790,811	$ 70,463,292	789,951	$ 61,835,176
Dividends reinvested	1,074,459	74,212,851	345,242	28,613,610
Shares redeemed	(1,475,903)	(129,355,034)	(2,581,109)	(206,243,205)
Net increase (decrease)	**389,367**	**$ 15,321,109**	**(1,445,916)**	**$ (115,794,419)**
Class S:				
Shares sold	51,787	$ 4,427,872	69,536	$ 5,219,421
Dividends reinvested	119,479	7,812,703	39,066	3,100,714
Shares redeemed	(154,741)	(12,807,713)	(89,041)	(6,803,625)
Net increase (decrease)	**16,525**	**$ (567,138)**	**19,561**	**$ 1,516,510**

NOTE 7 — Income Tax Information:

The tax character of distributions paid during the year ended December 31, 2018 and the year ended December 31, 2017 were as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2018	FOR THE YEAR ENDED DECEMBER 31, 2017
Alger Capital Appreciation Portfolio		
Distributions paid from:		
Ordinary Income	$ 4,492,526	$ 4,070,913
Long-term capital gain	77,533,028	28,195,178
Total distributions paid	**$ 82,025,554**	**$ 32,266,091**

As of December 31, 2018, the components of accumulated gains (losses) on a tax basis were as follows:

Alger Capital Appreciation Portfolio	
Undistributed ordinary income	$ 1,626,126
Undistributed long-term gains	12,639,552
Net accumulated earnings	14,265,678
Capital loss carryforwards	—
Net unrealized appreciation	69,113,565
Total accumulated earnings	$ 83,379,243

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.

Permanent differences, primarily from net operating losses and real estate investment trusts and partnership investments sold by the Portfolio, resulted in the following reclassifications among the Portfolio's components of net assets at December 31, 2018:

Alger Capital Appreciation Portfolio		
Distributable earnings	$	1
Paid-in Capital	$	(1)

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 December 31, 2018, 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	$ 56,760,643	$ 56,760,643	—	—
Consumer Discretionary	77,575,716	77,575,716	—	—
Consumer Staples	3,540,464	3,540,464	—	—
Energy	1,655,048	1,655,048	—	—
Financials	16,966,084	16,966,084	—	—
Health Care	93,246,896	93,246,896	—	—
Industrials	26,798,498	26,798,498	—	—
Information Technology	136,747,412	136,510,018	—	$ 237,394
Materials	17,140,942	17,140,942	—	—
TOTAL COMMON STOCKS	**$ 430,431,703**	**$ 430,194,309**	**—**	**$ 237,394**
PREFERRED STOCKS				
Health Care	205,130	—	—	205,130
Information Technology	1,094,277	—	—	1,094,277
TOTAL PREFERRED STOCKS	**$ 1,299,407**	**—**	**—**	**$ 1,299,407**
REAL ESTATE INVESTMENT TRUST				
Real Estate	6,797,240	6,797,240	—	—
TOTAL INVESTMENTS IN SECURITIES	**$ 438,528,350**	**$ 436,991,549**	**—**	**$ 1,536,801**

Alger Capital Appreciation Portfolio	FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) Common Stocks
Opening balance at January 1, 2018	$ 237,394
Transfers into Level 3	—
Transfers out of Level 3	—
Total gains or losses	
Included in net realized gain (loss) on investments	—
Included in net change in unrealized appreciation (depreciation) on investments	—
Purchases and sales	
Purchases	—
Sales	—
Closing balance at December 31, 2018	237,394
Net change in unrealized appreciation (depreciation) attributable to investments still held at December 31, 2018	$ —

	FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Alger Capital Appreciation Portfolio	**Preferred Stocks**
Opening balance at January 1, 2018	$ 2,293,932
Transfers into Level 3	—
Transfers out of Level 3	—
Total gains or losses	
Included in net realized gain (loss) on investments	—
Included in net change in unrealized appreciation (depreciation) on investments	(994,525)
Purchases and sales	
Purchases	–
Sales	–
Closing balance at December 31, 2018	1,299,407
Net change in unrealized appreciation (depreciation) attributable to investments still held at December 31, 2018	$ (994,525)

The following table provides quantitative information about our Level 3 fair value measurements of our investments as of December 31, 2018. In addition to the techniques and inputs noted in the table below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value measurements. The table below is not intended to be all-inclusive, but rather provides information on the Level 3 inputs as they relate to our fair value measurements.

	Fair Value December 31, 2018	Valuation Methodology	Unobservable Input	Input/ Range	Weighted Average
Alger Capital Appreciation Portfolio					
Common Stocks	$ 237,394	Market Approach	Transaction Price	N/A*	N/A
Preferred Stocks	1,299,407	Market Approach	Volatility	74.50%	N/A
			Time to Exit	2.75 years	N/A
			Transaction Price	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 December 31, 2018.*

The significant unobservable inputs used in the fair value measurement of the Portfolio's securities are revenue and EBITDA multiples, discount rates, and the probabilities of success of certain outcomes. Significant increases and decreases in these inputs in isolation and interrelationships between those inputs could result in significantly higher or lower fair value measurements as noted in the table above. Generally, increases in revenue and EBITDA multiples, decreases in discount rates, and increases in the probabilities of success 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 December 31, 2018, there were no transfers of securities between Level 1 and Level 2.

Certain of the Portfolio's assets and liabilities are held at carrying amount or face value, which approximates fair value for financial statement purposes. As of December 31, 2018, such assets were categorized within the ASC 820 disclosure hierarchy as follows:

	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash and cash equivalents	$ 20,032,632	—	$ 20,032,632	—

NOTE 9 — Derivatives:

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

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

There were no derivative instruments throughout the year or as of December 31, 2018.

NOTE 10 — Risk Disclosures:

Investing in the stock market involves 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 December 31, 2018, through the issuance date of the Financial Statements. No such events have been identified which require recognition and/or disclosure.

To the Shareholders of Alger Capital Appreciation Portfolio and the Board of Trustees of The Alger Portfolios:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Alger Capital Appreciation Portfolio, one of the portfolios constituting The Alger Portfolios (the "Fund"), including the schedule of investments, as of December 31, 2018, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP
New York, New York
February 26, 2019

We have served as the auditor of one or more investment companies within the group of investment companies since 2009.

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 July 1, 2018 and ending December 31, 2018.

Actual Expenses

The first line for each class of shares in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you would have paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During the Six Months Ended December 31, 2018" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

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

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

		Beginning Account Value July 1, 2018	Ending Account Value December 31, 2018	Expenses Paid During the Six Months Ended December 31, 2018[(a)]	Annualized Expense Ratio For the Six Months Ended December 31, 2018[(b)]
Alger Capital Appreciation Portfolio					
Class I-2	Actual	$ 1,000.00	$ 909.30	$ 4.57	0.95%
	Hypothetical[(c)]	1,000.00	1,020.42	4.84	0.95
Class S	Actual	1,000.00	908.10	5.82	1.21
	Hypothetical[(c)]	1,000.00	1,019.11	6.16	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 184/365 (to reflect the one-half year period).*

(b) *Annualized.*

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

Trustees and Officers of the Fund

Information about the trustees and officers of the Fund is set forth below. In the table the term "Alger Fund Complex" refers to the Fund, The Alger Funds, The Alger Institutional Funds, Alger Global Focus Fund and The Alger Funds II, each of which is a registered investment company managed by Alger Management. Each Trustee serves until an event of termination, such as death or resignation, or until his or her successor is duly elected; each officer's term of office is one year. Unless otherwise noted, the address of each person named below is 360 Park Avenue South, New York, NY 10010.

Name, Age, Position with the Fund	Principal Occupations	Trustee and/or Officer Since	Number of Funds in the Alger Fund Complex which are Overseen by Trustee
INTERESTED TRUSTEE			
Hilary M. Alger (57)	Director of Development, Pennsylvania Ballet 2004-2013; Associate Director of Development, College of Arts and Science and Graduate School, University of Virginia 1999-2003.	2003	26
NON-INTERESTED TRUSTEES			
Charles F. Baird, Jr. (65)	Managing Director of North Castle Partners, a private equity securities group; Chairman of Elizabeth Arden Red Door Spas and Barry's Bootcamp, former Chairman of Cascade Helmets, gloProfessional (makeup and skincare business), Contigo (manufacturer of mugs and water bottles), and International Fitness.	2000	26
Roger P. Cheever (73)	Associate Vice President for Principal Gifts and Senior Associate Dean for Development in the Faculty of Arts and Sciences at Harvard University; Formerly Deputy Director of the Harvard College Fund.	2000	26
Stephen E. O'Neil (85)	Attorney. Private Investor since 1981. Formerly of Counsel to the law firm of Kohler & Barnes.	1986	26
David Rosenberg (56)	Associate Professor of Law since January 2006 (Assistant Professor 2000-2005), Zicklin School of Business, Baruch College, City University of New York.	2007	26
Nathan E. Saint-Amand M.D. (80)	Medical doctor in private practice; Member of the Board of the Manhattan Institute (non-profit policy research) since 1988; Formerly Co-Chairman, Special Projects Committee, Memorial Sloan Kettering.	1986	26

Ms. Alger is an "interested person" (as defined in the Investment Company Act) of the Fund because of her affiliations with Alger Management. No Trustee is a director of any public company except as indicated under "Principal Occupations".

Name, Age, Position with the Fund	Principal Occupations	Trustee and/or Officer Since	Number of Funds in the Alger Fund Complex which are Overseen by Trustee
OFFICERS			
Hal Liebes (54) President	Executive Vice President, Chief Operating Officer and Secretary of Alger Management and Alger Inc.; Director since 2006 of Alger Management, Alger Inc. and Analyst Resources, Inc.	2005	N/A
Tina Payne (44) Secretary, Chief Compliance Officer	Senior Vice President, General Counsel and Chief Compliance Officer of Alger Management since 2017. Formerly, Senior Vice President and Associate General Counsel, Cohen & Steers Capital Management, from 2007 to 2017	2017	N/A
Christopher E. Ullman (33) Assistant Secretary	Associate Counsel of Alger Management since 2016. Formerly, Associate, Legal and Compliance, BlackRock from 2015 to 2016; Compliance Associate, Bridgewater Associates, from 2013 to 2014; and full-time student from 2010 to 2013.	2016	N/A
Michael D. Martins (53) Treasurer	Senior Vice President of Alger Management.	2005	N/A
Anthony S. Caputo (63) Assistant Treasurer	Vice President of Alger Management.	2007	N/A
Sergio M. Pavone (57) Assistant Treasurer	Vice President of Alger Management.	2007	N/A

The Statement of Additional Information contains additional information about the Fund's Trustees and is available without charge upon request by calling (800) 992-3863.

Investment Management Agreement Renewal and Approval

At an in-person meeting held on September 17, 2018 (Meeting), the Board of Trustees (Board) of The Alger Portfolios (Trust), including a majority of the trustees who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the Trust (Independent Trustees), reviewed and approved the continuance of the investment advisory agreement between Fred Alger Management, Inc. (Fred Alger Management) and the Trust, on behalf of the Fund (the Management Agreement), for an additional one-year period. The Independent Trustees received advice from, and met separately with, Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement. The Board considered the information provided to it about the series of the Trust together, and each series separately, as the Board deemed appropriate. Fred Alger Management is referred to herein as the "Manager."

In considering the continuation of the Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed request for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. The materials for the Meeting included a presentation and analysis of the Fund and the Manager's services by FUSE Research Network LLC (FUSE), an independent consulting firm that has no material relationship with the Trustees, the Manager or any of its affiliates. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred among themselves and Independent Trustee counsel about contract renewal matters. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of the Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of the Fund; (iii) the costs of the services provided and profits realized; (iv) the extent to which economies of scale are realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of the Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of the Management Agreement is in the interests of the Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the professional personnel who perform services for the Fund; the structure of investment professional compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on fees and payments to intermediaries for transfer agency or shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and the range of management fees charged by the Manager and its affiliates to other funds and accounts, including management's explanation of differences among accounts where relevant. The Board noted the Manager's history of expertise in the "growth" style of investment management and management's ongoing efforts to develop strategies and adjust portfolios to express conviction in portfolio investments, and to address areas of heightened concern in the mutual fund industry, such as liquidity risk as well as market conditions. The Board noted the length of time the Manager had provided services as an investment adviser to the Fund and also noted FUSE's analysis that successful flagship offerings should sustain growth and maintain interest in the Manager's investment capabilities.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a Fund that is part of the Alger family of funds. The Board noted the financial position of the Manager and its commitment to the mutual fund business as evidenced by its work to increase the number of offerings in focused strategies. The Board also noted that certain administrative, compliance, reporting and accounting services necessary for the conduct of the Fund's affairs are provided separately under a Fund Administration Agreement and a Shareholder Administrative Services Agreement with the Manager.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by the Manager and its affiliates to the Fund and its shareholders.

Fund Performance

The Board reviewed and considered the performance results of the Fund over various time periods. The Board considered the performance returns for the Fund in comparison to the performance returns of a universe of mutual funds deemed comparable to the Fund based on various investment, operational, and pricing characteristics (Peer Universe), a group of mutual funds from within such Peer Universe deemed comparable to the Fund based primarily on investment strategy similarity (Peer Group), each as selected by FUSE, as well as the Fund's benchmark index. Class I-2 shares were used as the representative share class for the Fund's performance results. It was noted that each class of the Fund would have substantially similar returns because the shares are invested in the same portfolio of securities and the returns would differ only to the extent that the classes do not have the same expenses. The Board received a description of the methodology FUSE used to select the mutual funds included in the Peer Universe and Peer Group.

The Board also reviewed and considered Fund performance reports provided and discussions that occurred with investment personnel at Board meetings throughout the year. As had been the practice at every quarterly meeting of Trustees throughout the year, representatives of the Manager discussed with the Trustees the recent performance of the Fund and the measures that the firm was in the process of instituting, or had instituted, to improve the performance of funds within the Alger Funds' complex that had consistently underperformed. In expanding orally on the written materials they had provided to the Trustees, the FUSE representatives commented further on the performance of the Fund.

The Peer Group for the Fund consisted of the Fund and 14 other large cap growth funds. The Peer Universe for this Fund included the Fund, the other funds of the Peer Group, and other large cap growth funds. The Board noted that the Fund's annualized total return for the one- and 10-year periods outperformed the median of its Peer Group, and for the three- and five-year periods underperformed the median of its Peer Group. The Board noted that the Fund's rank within its Peer Group for the five-year period was 9/15. The Board also noted that the annualized total return for the one-, five-, and 10-year periods outperformed the 50th percentile of its Peer Universe, and for the three-year period underperformed the 50th percentile of its Peer Universe. The Board noted that the Fund's rank within its Peer Universe for the three-year period was 72/125. The Board concluded that the Fund's performance was acceptable.

Comparative Fees and Expenses

The Board reviewed and considered information regarding the Fund's total expense ratio and its various components, including, as applicable, management fees, operating expenses, and Rule 12b-1 fees. The Board considered the total net expense ratio and, separately, the contractual management fee rate without the effect of fee waivers or expense reimbursements, if any (Management Rate), of the Fund in comparison to the median expense ratio and median Management Rate, respectively, of the Fund's Peer Group. FUSE fee data is based upon information taken from each Peer Group fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by FUSE to be an appropriate measure of comparative fees and expenses. The FUSE Management Rate includes administrative charges, and the total net expense ratio, for comparative consistency, was shown for Class I-2 for the Fund and for similarly structured share classes for funds in the Peer Group with multiple classes of shares. The Board received a description of the methodology used by FUSE to select the mutual funds included in a Peer Group.

The Board noted that the Management Rate and total net expense ratio for the Fund were above the medians of its Peer Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability, as well as the profits, of the Manager and its affiliates in providing investment management and other services to the Fund during the year ended June 30, 2018. The Board also reviewed the profitability methodology and the changes thereto, noting that management attempts to apply its methods consistently from year to year.

The Board noted that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also noted management's expenditures related to additional regulatory and compliance requirements resulting from recent SEC and other regulatory developments.

The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by the Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, extent and quality of services provided to the Fund.

Economies of Scale

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. The Board noted the existence of management fee breakpoints for the Fund, which operate to share economies of scale with the Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that the overall size of the Manager allows it to realize other economies of scale, such as with office space, purchases of technology, and other general business expenses. The Board concluded that for the Fund, to the extent economies of scale may be realized by the Manager and its affiliates, the benefits of such economies of scale would be shared with the Fund and its shareholders as the Fund grows.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of the Management Agreement for an additional one-year period.

Privacy Policy

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

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

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

Who we are	
Who is providing this notice?	Alger includes Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios, and Alger Global 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: • Open an account or • Make deposits or withdrawals from your account or • Give us your contact information or • Provide account information or • Pay us by check.
Why can't I limit all sharing?	Federal law gives you the right to limit some but not all sharing related to: • sharing for affiliates' everyday business purposes — information about your credit worthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • Our affiliates include Fred Alger Management, Inc. and Fred Alger & Company, Incorporated as well as the following funds: The Alger Funds, The Alger Funds II, The Alger Institutional Funds, The Alger Portfolios and Alger Global 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 service providers who provide necessary or beneficial services when such service providers need access to this information in the performance of their services and are subject to duties of confidentiality (1) imposed by law, including a duty not to trade on non-public information, and/or (2) pursuant to an agreement that confidential information is not to be disclosed or used (including trading on such information) other than as required by law. From time to time, the Fund will communicate with these service providers to confirm that they understand the Portfolio's policies and procedures regarding such disclosure. This agreement must be approved by the Portfolio's Chief Compliance Officer, President, Secretary or Assistant Secretary.

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

In addition to material the Portfolio routinely provides to shareholders, the Investment Manager may make additional statistical information available regarding the Portfolio. Such information may include, but not be limited to, 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.
P.O. Box 219432
Kansas City, MO 64121-9432

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.

PRINTED WITH SOY INK

Trademark of American Soybean Association

Printed on recycled paper

CapAppAR

Dreyfus Investment Portfolios, MidCap Stock Portfolio

ANNUAL REPORT
December 31, 2018

BNY MELLON | Dreyfus

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

Contents

THE FUND

FOR MORE INFORMATION

A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Investment Portfolios, MidCap Stock Portfolio, covering the 12-month period from January 1, 2018 through December 31, 2018. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The reporting period began with major global economies achieving above-trend growth. In the United States, a robust economy and strong labor market encouraged the Federal Reserve to continue moving away from its accommodative monetary policy while other major central banks began to consider monetary tightening. Both U.S. and non-U.S. equity markets remained on an uptrend. Interest rates rose across the yield curve, putting pressure on bond prices.

A few months into the reporting period, global growth trends began to diverge and market volatility returned. While the U.S. economy continued to grow at a healthy rate, other developed markets began to weaken. However, robust growth and strong corporate earnings continued to support U.S. stock returns while other developed markets declined throughout the summer. In the fall, a broad sell-off occurred, partially offsetting earlier U.S. gains. Emerging markets remained under pressure as weakness in their currencies relative to the U.S. dollar added to investors' uneasiness. Global equities continued their general decline through the end of the period.

Fixed income markets struggled during the first half of the period as interest rates rose and favorable U.S. equity markets fed investor risk appetites. However, in autumn volatility crept in, the yield curve began a flattening trend that continued through the end of December. As long-term debt yields fell, prices rose for many bonds, leading to moderately positive returns for several fixed income market sectors.

Despite continuing political variables, U.S. inflationary pressures and flagging growth rates, we are optimistic that the U.S. economy will remain strong in the near term. However, we remain attentive to signs that point to potential changes on the horizon. 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
The Dreyfus Corporation
January 15, 2019

DISCUSSION OF FUND PERFORMANCE (Unaudited)

For the period from January 1, 2018 through December 31, 2018, as provided by C. Wesley Boggs, William S. Cazalet, CAIA, Peter D. Goslin, CFA, and Syed A. Zamil, CFA, Portfolio Managers

Market and Fund Performance Overview

For the 12-month period ended December 31, 2018, Dreyfus Investment Portfolios, MidCap Stock Portfolio's Initial shares produced a total return of -15.49%, and its Service shares produced a total return of -15.69%.[1] In comparison, the fund's benchmark, the S&P MidCap 400® Index (the "Index"), produced a total return of -11.08% for the same period.[2]

Mid-cap stocks lost value in a volatile market over the reporting period amid escalating trade tensions and slowing global economic growth rates. The fund lagged the Index, primarily due to security selection shortfalls in the materials, consumer discretionary, information technology and consumer staples 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.

Positive U.S. Economic Indicators Amid Volatility

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

In the first few months of 2018, volatility entered the picture, as concerns over inflation and the potential for trade disputes roiled markets. However, U.S. markets were able to stabilize, and the upward trend continued on the back of continued positive economic data, corporate balance sheet strength and robust consumer spending. However, non-U.S. markets retreated as the rate of economic improvement in areas such as the Eurozone stalled. In late summer, continued political rhetoric in the U.S. regarding trade and midterm elections, and concerns over issues abroad in areas such as Italy, Turkey, Argentina and the United Kingdom, weighed on sentiment. Despite strong underlying fundamentals, volatility crept back into the picture in U.S. markets. Firm labor markets, tightening monetary policy and the possibility of slowing growth provoked a defensive sentiment among investors. In October, markets reversed and started to move lower. Continued worries over rising rates, trade disputes and falling commodity prices pressured equity markets throughout the rest of the period.

In this environment, large-cap stocks generally outperformed their mid- and small-cap counterparts.

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, chemicals company Westlake Chemical hurt relative results when the stock fell after the company reported earnings in August that were below consensus expectations. While the company reported earnings that exceeded analyst estimates in November, concerns about the macroeconomic environment continued to weigh on the stock. Westlake was one of the largest detractors from overall performance during the period. Within the consumer discretionary sector, the selection effect was also negative, particularly among the home builders within the household durables industry. Stock selection in the semiconductor and semiconductor equipment industry within the information technology sector also detracted. The industry proved challenging and ended as one of the worst detractors from performance for the year. Selection in the food products industry within the consumer staples sector also weighed on results. Elsewhere in the portfolio, results in the health care sector were constrained by lack of exposure to medical devices maker ABIOMED, which more than doubled in value, "graduating" out of the benchmark during the period. ABIOMED was one of the largest detractors from relative results during the year. A position in insurance company CNO Financial Group underperformed the broader market due to weak growth and its exposure to the long-term care insurance market.

The fund achieved better results in several other areas. Our stock selection in energy benefited from an overweight to refining companies and largely avoided reserve and equipment companies, which lost significant value. Stock selection and allocation within the utilities sector also helped relative results. Independent power and renewable energy company NRG Energy was a top contributor to overall performance during the period. Within health care, a relative overweight was additive. Successful stock selection also benefited returns, particularly within the pharmaceutical industry. In addition, a position in biotechnology company Exelixis, which was added to the fund during the fourth quarter, was a top contributor as the stock rose through the end of the year on the back of a strong third-quarter earnings report. Outdoor apparel and shoe manufacturer Deckers Outdoor was also among the top overall contributors. This consumer discretionary sector company beat earnings and raised guidance each quarter of the reporting period.

A Disciplined Approach to Stock Picking

As of the reporting period's end, our quantitative models have continued to identify what we believe are attractive investment opportunities across a broad spectrum of mid-cap companies and industry groups. Stock market volatility experienced this 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.

January 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.*

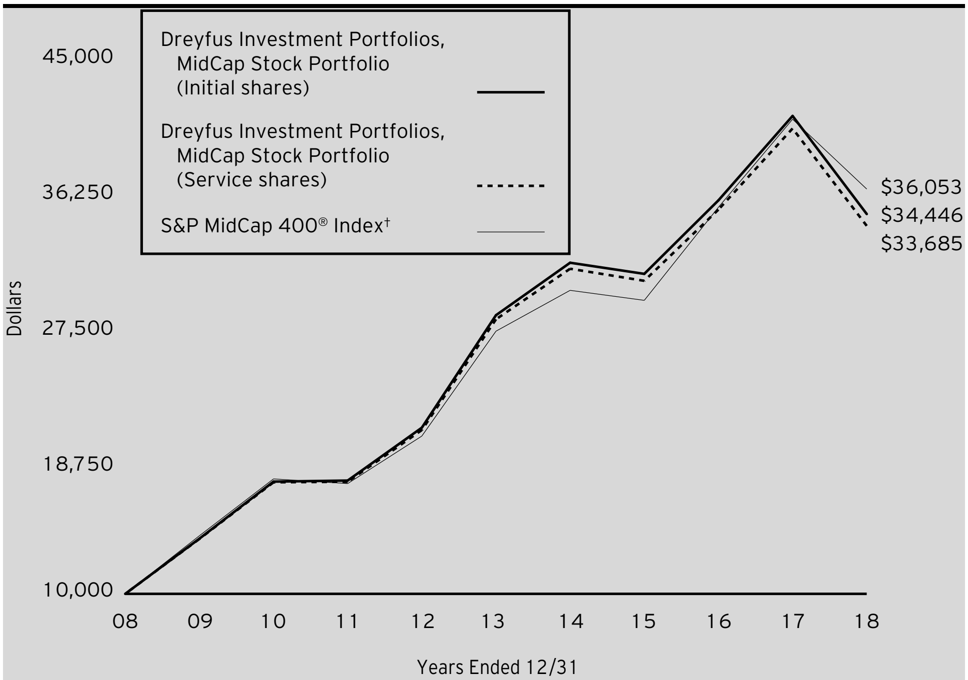
[2] *Source: Lipper Inc. — The S&P MidCap 400® Index provides investors with a benchmark for mid-sized companies. The index measures the performance of mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment. Investors cannot invest directly in any index.*

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

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

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

FUND PERFORMANCE (Unaudited)



Comparison of change in value of $10,000 investment in Dreyfus Investment Portfolios, MidCap Stock Portfolio Initial shares and Service shares and the S&P MidCap 400® Index (the "Index")

† *Source: Lipper Inc.*

Past performance is not predictive of future performance. 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 above graph compares a $10,000 investment made in Initial and Service shares of Dreyfus Investment Portfolios, MidCap Stock Portfolio on 12/31/08 to a $10,000 investment made in the Index on that date.

The fund's performance shown in the line graph above takes into account all applicable fees and expenses. The 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. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.

Average Annual Total Returns as of 12/31/18

	1 Year	5 Years	10 Years
Initial shares	**-15.49%**	**4.28%**	**13.17%**
Service shares	**-15.69%**	**4.01%**	**12.91%**
S&P MidCap 400® Index	**-11.08%**	**6.03%**	**13.68%**

The performance data quoted represents past performance, which is no guarantee of future results. Share price and investment return fluctuate and an investor's shares may be worth more or less than original cost upon redemption. Current performance may be lower or higher than the performance quoted. Go to Dreyfus.com for the fund's most recent month-end returns.

The fund's Initial shares are not subject to a Rule 12b-1 fee. The fund's Service shares are subject to a 0.25% annual Rule 12b-1 fee. All dividends and capital gain distributions are reinvested.

The fund's performance shown in the graph and table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

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

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in Dreyfus Investment Portfolios, MidCap Stock Portfolio from July 1, 2018 to December 31, 2018. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended December 31, 2018

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.07	$ 5.24
Ending value (after expenses)	$ 858.00	$ 856.90

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

Using the SEC's method to compare expenses

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

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended December 31, 2018

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 4.43	$ 5.70
Ending value (after expenses)	$ 1,020.82	$ 1,019.56

† *Expenses are equal to the fund's annualized expense ratio of .87% for Initial shares and 1.12% for Service shares, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS
December 31, 2018

Description	Shares	Value ($)
Common Stocks - 99.3%		
Automobiles & Components - 1.4%		
Gentex	91,930	**1,857,905**
Banks - 8.2%		
BancorpSouth Bank	26,300 [a]	687,482
Cathay General Bancorp	63,255	2,120,940
Comerica	24,300	1,669,167
Commerce Bancshares	5,199 [a]	293,068
East West Bancorp	17,095	744,145
Popular	35,340	1,668,755
Synovus Financial	54,850 [a]	1,754,651
TCF Financial	93,540	1,823,095
Washington Federal	12,120 [a]	323,725
		11,085,028
Capital Goods - 8.2%		
Allison Transmission Holdings	25,740	1,130,243
Curtiss-Wright	16,680	1,703,362
EMCOR Group	32,000	1,910,080
Kennametal	55,180	1,836,390
MSC Industrial Direct, Cl. A	1,960	150,763
Oshkosh	2,300	141,013
Pentair	3,700	139,786
Spirit AeroSystems Holdings, Cl. A	8,615	621,055
Teledyne Technologies	9,040 [b]	1,871,913
Terex	57,600 [a]	1,588,032
		11,092,637
Commercial & Professional Services - 1.4%		
Copart	29,660 [b]	1,417,155
HNI	12,060	427,286
		1,844,441
Consumer Durables & Apparel - 5.1%		
Brunswick	28,980	1,346,121
Deckers Outdoor	19,550 [b]	2,501,422
KB Home	73,050	1,395,255
NVR	560 [b]	1,364,714
TRI Pointe	25,360 [a,b]	277,185
		6,884,697
Consumer Services - 2.1%		
Hyatt Hotels, Cl. A	5,800	392,080
International Speedway, Cl. A	7,240	317,546
Weight Watchers International	23,020 [a,b]	887,421
Wendy's	82,540 [a]	1,288,449
		2,885,496

Description	Shares	Value ($)
Common Stocks - 99.3% (continued)		
Diversified Financials - 3.0%		
Evercore, Cl. A	4,280	306,277
Federated Investors, Cl. B	75,800 [a]	2,012,490
SEI Investments	38,440	1,775,928
		4,094,695
Energy - 3.3%		
HollyFrontier	32,520	1,662,422
Marathon Petroleum	2,500	147,525
Murphy Oil	38,460	899,579
PBF Energy, Cl. A	54,700	1,787,049
		4,496,575
Food, Beverage & Tobacco - 1.5%		
Ingredion	22,740	**2,078,436**
Health Care Equipment & Services - 4.9%		
Cantel Medical	17,230	1,282,773
Haemonetics	24,300 [b]	2,431,215
ICU Medical	5,820 [b]	1,336,447
Masimo	6,860 [b]	736,558
Varian Medical Systems	6,160 [b]	697,990
West Pharmaceutical Services	1,900	186,257
		6,671,240
Household & Personal Products - .6%		
Edgewell Personal Care	18,050 [a,b]	674,168
Energizer Holdings	2,700 [a]	121,905
		796,073
Insurance - 7.4%		
Brown & Brown	15,540	428,282
CNO Financial Group	101,390	1,508,683
Kemper	11,920	791,250
Old Republic International	97,380	2,003,107
Primerica	22,375	2,186,261
Reinsurance Group of America	11,805	1,655,415
Torchmark	20,500	1,527,865
		10,100,863
Materials - 4.9%		
CF Industries Holdings	11,780	512,548
Chemours	52,210	1,473,366
Greif, Cl. A	17,960	666,496
Huntsman	68,690	1,325,030
Louisiana-Pacific	90,690	2,015,132
United States Steel	4,700	85,728
Westlake Chemical	7,640 [a]	505,539
		6,583,839

Description	Shares	Value ($)
Common Stocks - 99.3% (continued)		
Media & Entertainment - .7%		
John Wiley & Sons, Cl. A	20,700	**972,279**
Pharmaceuticals Biotechnology & Life Sciences - 7.7%		
Agilent Technologies	11,080	747,457
Bio-Rad Laboratories	4,560 [b]	1,058,923
Charles River Laboratories International	20,550 [b]	2,325,849
Exelixis	124,530 [b]	2,449,505
Mettler-Toledo International	1,080 [b]	610,826
United Therapeutics	5,665 [b]	616,919
Waters	3,660 [b]	690,459
Zoetis	22,670	1,939,192
		10,439,130
Real Estate - 7.2%		
CubeSmart	6,100 [c]	175,009
First Industrial Realty Trust	80,020 [c]	2,309,377
Highwoods Properties	24,600 [c]	951,774
Hospitality Properties Trust	16,075 [c]	383,871
Kilroy Realty	15,055 [a,c]	946,658
Lamar Advertising, Cl. A	34,605 [c]	2,393,974
Piedmont Office Realty Trust, Cl. A	17,880 [a,c]	304,675
Tanger Factory Outlet Centers	7,680 [a,c]	155,290
Weingarten Realty Investors	85,650 [c]	2,124,976
		9,745,604
Retailing - 4.2%		
American Eagle Outfitters	100,260 [a]	1,938,026
Best Buy	10,810	572,498
Dick's Sporting Goods	63,300 [a]	1,974,960
Foot Locker	5,960	317,072
Signet Jewelers	27,710 [a]	880,347
		5,682,903
Semiconductors & Semiconductor Equipment - .5%		
ON Semiconductor	31,830 [b]	525,513
Silicon Laboratories	2,450 [b]	193,085
		718,598
Software & Services - 11.1%		
Aspen Technology	9,960 [b]	818,513
Broadridge Financial Solutions	11,870	1,142,488
CDK Global	43,630	2,089,004
CoreLogic	44,200 [b]	1,477,164
Fair Isaac	6,470 [b]	1,209,890
j2 Global	29,800 [a]	2,067,524
Manhattan Associates	47,470 [a,b]	2,011,304
MAXIMUS	34,500	2,245,605
Science Applications International	21,460	1,367,002

Description	1-Day Yield (%)	Shares	Value ($)
Common Stocks - 99.3% (continued)			
Software & Services - 11.1% (continued)			
WEX		4,610 [b]	645,677
			15,074,171
Technology Hardware & Equipment - 5.7%			
F5 Networks		6,750 [b]	1,093,703
Lumentum Holdings		46,660 [b]	1,960,187
Vishay Intertechnology		105,770 [a]	1,904,918
Zebra Technologies, Cl. A		17,140 [b]	2,729,202
			7,688,010
Transportation - 3.3%			
Old Dominion Freight Line		18,100	2,235,169
United Continental Holdings		12,600 [b]	1,054,998
Werner Enterprises		40,800 [a]	1,205,232
			4,495,399
Utilities - 6.9%			
IDACORP		10,000	930,600
MDU Resources Group		97,680	2,328,691
New Jersey Resources		19,870	907,463
NorthWestern		8,730 [a]	518,911
NRG Energy		48,750	1,930,500
OGE Energy		68,710 [a]	2,692,745
			9,308,910
Total Common Stocks (cost $137,815,932)			**134,596,929**
Investment Companies - .8%			
Registered Investment Companies - .8%			
Dreyfus Institutional Preferred Government Plus Money Market Fund (cost $1,087,825)	2.32	1,087,825 [d]	**1,087,825**

Description	1-Day Yield (%)	Shares	Value ($)
Investment of Cash Collateral for Securities Loaned - 1.5%			
Registered Investment Companies - 1.5%			
Dreyfus Institutional Preferred Government Money Market Fund, Institutional Shares (cost $2,039,430)	2.69	2,039,430 [d]	**2,039,430**
Total Investments (cost $140,943,187)		**101.6%**	**137,724,184**
Liabilities, Less Cash and Receivables		**(1.6%)**	**(2,148,828)**
Net Assets		**100.0%**	**135,575,356**

[a] *Security, or portion thereof, on loan. At December 31, 2018, the value of the fund's securities on loan was $20,173,671 and the value of the collateral held by the fund was $20,564,327, consisting of cash collateral of $2,039,430 and U.S. Government & Agency securities valued at $18,524,897.*

[b] *Non-income producing security.*

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

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

Portfolio Summary (Unaudited) †	Value (%)
Financials	18.6
Information Technology	17.3
Industrials	12.9
Consumer Discretionary	12.8
Health Care	12.6
Real Estate	7.2
Utilities	6.9
Materials	4.9
Energy	3.3
Investment Companies	2.3
Consumer Staples	2.1
Communication Services	.7
	101.6

† *Based on net assets.*

See notes to financial statements.

STATEMENT OF INVESTMENTS IN AFFILIATED ISSUERS

Registered Investment Companies	Value 12/31/17($)	Purchases($)	Sales($)	Value 12/31/18($)	Net Assets(%)	Dividends/ Distributions($)
Dreyfus Institutional Preferred Government Plus Money Market Fund	1,813,429	14,623,301	15,348,905	1,087,825	.8	12,762
Dreyfus Institutional Preferred Government Money Market Fund, Institutional Shares	5,638,451	29,098,345	32,697,366	2,039,430	1.5	-
Total	**7,451,880**	**43,721,646**	**48,046,271**	**3,127,255**	**2.3**	**12,762**

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2018

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments		
(including securities on loan, valued at $20,173,671)—Note 1(b):		
Unaffiliated issuers	137,815,932	134,596,929
Affiliated issuers	3,127,255	3,127,255
Dividends and securities lending income receivable		147,635
Receivable for shares of Beneficial Interest subscribed		28,058
Prepaid expenses		2,810
		137,902,687
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(b)		111,219
Liability for securities on loan—Note 1(b)		2,039,430
Payable for shares of Beneficial Interest redeemed		99,944
Trustees fees and expenses payable		3,090
Accrued expenses		73,648
		2,327,331
Net Assets ($)		**135,575,356**
Composition of Net Assets ($):		
Paid-in capital		127,170,641
Total distributable earnings (loss)		8,404,715
Net Assets ($)		**135,575,356**

Net Asset Value Per Share	Initial Shares	Service Shares
Net Assets ($)	72,373,840	63,201,516
Shares Outstanding	4,307,092	3,781,643
Net Asset Value Per Share ($)	**16.80**	**16.71**

See notes to financial statements.

STATEMENT OF OPERATIONS

Year Ended December 31, 2018

Investment Income ($):	
Income:	
Cash dividends (net of $883 foreign taxes withheld at source):	
Unaffiliated issuers	2,322,008
Affiliated issuers	12,762
Income from securities lending—Note 1(b)	22,103
Total Income	**2,356,873**
Expenses:	
Management fee—Note 3(a)	1,215,760
Distribution fees—Note 3(b)	185,722
Professional fees	88,726
Prospectus and shareholders' reports	37,564
Trustees' fees and expenses—Note 3(c)	7,848
Custodian fees—Note 3(b)	3,871
Loan commitment fees—Note 2	2,881
Shareholder servicing costs—Note 3(b)	1,253
Miscellaneous	39,237
Total Expenses	**1,582,862**
Investment Income—Net	**774,011**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments	10,954,767
Net unrealized appreciation (depreciation) on investments	(36,858,835)
Net Realized and Unrealized Gain (Loss) on Investments	**(25,904,068)**
Net (Decrease) in Net Assets Resulting from Operations	**(25,130,057)**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2018	2017[a]
Operations ($):		
Investment income—net	774,011	776,876
Net realized gain (loss) on investments	10,954,767	19,205,766
Net unrealized appreciation (depreciation) on investments	(36,858,835)	5,929,234
Net Increase (Decrease) in Net Assets Resulting from Operations	**(25,130,057)**	**25,911,876**
Distributions ($):		
Distributions to shareholders:		
Initial Shares	(10,986,089)	(3,265,870)
Service Shares	(9,034,600)	(1,619,581)
Total Distributions	**(20,020,689)**	**(4,885,451)**
Beneficial Interest Transactions ($):		
Net proceeds from shares sold:		
Initial Shares	6,689,007	7,641,567
Service Shares	11,050,270	16,117,819
Distributions reinvested:		
Initial Shares	10,986,089	3,265,870
Service Shares	9,034,600	1,619,581
Cost of shares redeemed:		
Initial Shares	(13,668,427)	(54,096,819)
Service Shares	(13,088,711)	(13,049,664)
Increase (Decrease) in Net Assets from Beneficial Interest Transactions	**11,002,828**	**(38,501,646)**
Total Increase (Decrease) in Net Assets	**(34,147,918)**	**(17,475,221)**
Net Assets ($):		
Beginning of Period	169,723,274	187,198,495
End of Period	**135,575,356**	**169,723,274**
Capital Share Transactions (Shares):		
Initial Shares		
Shares sold	327,514	360,786
Shares issued for distributions reinvested	551,234	163,702
Shares redeemed	(684,648)	(2,544,770)
Net Increase (Decrease) in Shares Outstanding	**194,100**	**(2,020,282)**
Service Shares		
Shares sold	553,063	781,309
Shares issued for distributions reinvested	454,915	81,427
Shares redeemed	(653,885)	(633,009)
Net Increase (Decrease) in Shares Outstanding	**354,093**	**229,727**

[a] *Distributions to shareholders include $1,318,278 Initial shares and $571,428 Service shares of distributions from net investment income and $1,947,592 Initial shares and $1,048,153 Service shares of distributions from net realized gains. Undistributed investment income—net was $798,237 in 2017 and is no longer presented as a result of the adoption of SEC's Disclosure Update and Simplification Rule.*

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.

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

[a] *Based on average shares outstanding.*
See notes to financial statements.

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

[a] *Based on average shares outstanding.*
See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—Significant Accounting Policies:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following is a summary of the inputs used as of December 31, 2018 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 – Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	**Total**
Assets ($)				
Investments in Securities:				
Equity Securities-Common Stocks†	134,596,929	-	-	**134,596,929**
Registered Investment Companies	3,127,255	-	-	**3,127,255**

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

At December 31, 2018, there were no transfers between levels of the fair value hierarchy. It is the fund's policy to recognize transfers between levels at the end of the reporting period.

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

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the fund may lend securities to qualified institutions. It is the fund's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by Dreyfus, or U.S. Government and Agency securities. The fund is entitled to receive all dividends, interest and distributions on securities loaned, in addition to income earned as a result of the lending transaction. Should a borrower fail to return the securities in a timely manner, The Bank of New York Mellon is required to replace the securities for the benefit of the fund or credit the fund with the market value of the unreturned securities and is subrogated to the fund's rights against the borrower and the collateral. Additionally, the contractual maturity of security lending transactions are on an overnight and continuous basis. During the period ended December 31, 2018, The Bank of New York Mellon earned $4,132 from lending portfolio securities, pursuant to the securities lending agreement.

(c) Affiliated issuers: Investments in other investment companies advised by Dreyfus 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 December 31, 2018, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended December 31, 2018, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended December 31, 2018 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At December 31, 2018, the components of accumulated earnings on a tax basis were as follows: undistributed ordinary income $792,943, undistributed capital gains $10,846,386 and unrealized depreciation $3,243,416.

The tax character of distributions paid to shareholders during the fiscal periods ended December 31, 2018 and December 31, 2017 were as follows: ordinary income $4,070,215 and $1,889,706, and long-term capital gains $15,950,474 and $2,995,745, respectively.

(f) New Accounting Pronouncements: In August 2018, the FASB issued 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. ASU 2018-13 will be effective for annual periods beginning after December 15, 2019. Management is currently assessing the potential impact of these changes to future financial statements.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed long-term open-end funds 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 the Dreyfus Floating Rate Income Fund, a series of The Dreyfus/Laurel Funds, Inc. Prior to October 3, 2018, the unsecured credit facility with Citibank, N.A. was $830 million. 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 December 31, 2018, the fund did not borrow under the Facilities.

NOTE 3—Management Fee and Other Transactions with Affiliates:

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

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended December 31, 2018, Service shares were charged $185,722 pursuant to the Distribution Plan.

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

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended December 31, 2018, the fund was charged $1,178 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 December 31, 2018, the fund was charged $3,871 pursuant to the custody agreement.

During the period ended December 31, 2018, the fund was charged $12,774 for services performed by the Chief Compliance Officer and his staff. These fees are included in Miscellaneous in the Statement of Operations.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees $88,653, Distribution Plan fees $13,734, custodian fees $2,400, Chief Compliance Officer fees $6,289 and transfer agency fees $143.

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

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended December 31, 2018, amounted to $109,253,021 and $116,542,591, respectively.

At December 31, 2018, the cost of investments for federal income tax purposes was $140,967,600; accordingly, accumulated net unrealized depreciation on investments was $3,243,416, consisting of $13,211,579 gross unrealized appreciation and $16,454,995 gross unrealized depreciation.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Trustees of MidCap Stock Portfolio

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of MidCap Stock Portfolio (the "Fund") (one of the funds constituting Dreyfus Investment Portfolios), including the statements of investments and investments in affiliated issuers, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Dreyfus Investment Portfolios) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more Dreyfus investment companies since at least 1957, but we are unable to determine the specific year.

New York, New York
February 11, 2019

IMPORTANT TAX INFORMATION (Unaudited)

For federal tax purposes, the portfolio hereby reports 65.57% of the ordinary dividends paid during the fiscal year ended December 31, 2018 as qualifying for the corporate dividends received deduction. Shareholders will receive notification in early 2019 of the percentage applicable to the preparation of their 2018 income tax returns. Also, the fund hereby reports $0.44 per share as a short-term capital gain distribution and $2.123 per share as a long-term capital gain distribution paid on March 21, 2018.

INFORMATION ABOUT THE RENEWAL OF THE FUND'S INVESTMENT ADVISORY AGREEMENT (Unaudited)

At a meeting of the fund's Board of Trustees held on July 18-19, 2018, the Board considered the renewal of the fund's Management Agreement pursuant to which Dreyfus provides the fund with investment advisory and administrative services (the "Agreement"). 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 Dreyfus representatives. In considering the renewal of the Agreement, 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 them at the meeting and in previous presentations from Dreyfus representatives regarding the nature, extent, and quality of the services provided to funds in the Dreyfus fund complex. Dreyfus provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. Dreyfus also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the Dreyfus fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or Dreyfus) and Dreyfus' 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 Dreyfus 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 Dreyfus' extensive administrative, accounting and compliance infrastructures. 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 (the "Performance Group") and with a broader group of funds (the "Performance Universe"), all for various periods ended May 31, 2018, and (2) the fund's actual and contractual management fees and total expenses with those of a group of comparable funds (the "Expense Group") and with a broader group of funds (the "Expense Universe"), the information for which was derived in part from fund financial statements available to Broadridge as of the date of its analysis. Dreyfus previously had furnished the Board with a description of the methodology Broadridge used to select the Performance Group and Performance Universe and the Expense Group and Expense Universe.

Dreyfus representatives stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations that may be applicable to the fund and comparison funds. The Board discussed with representatives of Dreyfus and/or its affiliates the results of the comparisons and considered that the fund's total return performance was above the Performance Group and Performance Universe medians for all periods except the two-year period when it was slightly below the Performance Universe median. Dreyfus also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index.

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 at the Expense Group median and the fund's actual management fee and total expenses were above the Expense Group and Expense Universe medians.

Dreyfus representatives reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by Dreyfus that are in the same Lipper category as the fund and (2) paid to Dreyfus or the Dreyfus-affiliated primary employer of the fund's primary portfolio manager(s) 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.

Analysis of Profitability and Economies of Scale. Dreyfus representatives reviewed the expenses allocated and profit received by Dreyfus and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to Dreyfus and its affiliates for managing the funds in the Dreyfus 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 Dreyfus. The Board also had been provided with information prepared by an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus 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 Agreement, considered in relation to the mix of services provided by Dreyfus, including the nature, extent and quality of such services, supported the renewal of the Agreement 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. Dreyfus representatives 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 Dreyfus may have realized any economies of scale would be less. Dreyfus representatives also stated that, as a result of shared and allocated costs among funds in the Dreyfus 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 Dreyfus from acting as investment adviser 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 Agreement. 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 Dreyfus are adequate and appropriate.
- The Board was satisfied with the fund's performance.
- The Board concluded that the fee paid to Dreyfus 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 Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus 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 Agreement, the Board considered these conclusions and determinations and also relied on its previous knowledge, gained through meetings and other interactions with Dreyfus and its affiliates, of Dreyfus and the services provided to the fund by Dreyfus. 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 Agreement, 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 Agreement for the fund, or substantially similar agreements for other Dreyfus funds that the Board oversees, during which lengthy discussions took place between the Board and Dreyfus representatives. 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 Dreyfus funds that the Board oversees, in prior years. The Board determined to renew the Agreement.

BOARD MEMBERS INFORMATION (Unaudited)
INDEPENDENT BOARD MEMBERS

Joseph S. DiMartino (75)
Chairman of the Board (1995)

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee (1995-present)

Other Public Company Board Memberships During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (1997-present)

No. of Portfolios for which Board Member Serves: 122

Francine J. Bovich (67)
Board Member (2015)

Principal Occupation During Past 5 Years:

- Trustee, The Bradley Trusts, private trust funds (2011-present)

Other Public Company Board Memberships During Past 5 Years:

- Annaly Capital Management, Inc., a real estate investment trust, Director (2014-present)

No. of Portfolios for which Board Member Serves: 70

Gordon J. Davis (77)
Board Member (2012)

Principal Occupation During Past 5 Years:

- Partner in the law firm of Venable LLP (2012-present)

Other Public Company Board Memberships During Past 5 Years:

- Consolidated Edison, Inc., a utility company, Director (1997-2014)
- The Phoenix Companies, Inc., a life insurance company, Director (2000-2014)

No. of Portfolios for which Board Member Serves: 54

Isabel P. Dunst (71)
Board Member (2014)

Principal Occupation During Past 5 Years:

- Senior Counsel, Hogan Lovells LLP (2018-present; previously, Of Counsel, 2015-2018, Partner, 1990-2014)

No. of Portfolios for which Board Member Serves: 33

Nathan Leventhal (75)
Board Member (2009)

Principal Occupation During Past 5 Years:

- President Emeritus of Lincoln Center for the Performing Arts (2001-present)
- Chairman of the Avery Fisher Artist Program (1997-2014)

Other Public Company Board Memberships During Past 5 Years:

- Movado Group, Inc., Director (2003-present)

No. of Portfolios for which Board Member Serves: 47

Robin A. Melvin (55)
Board Member (2014)

Principal Occupation During Past 5 Years:

- Co-chairman, Illinois Mentoring Partnership, non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois (2014-present; board member since 2013)

No. of Portfolios for which Board Member Serves: 99

Roslyn M. Watson (69)
Board Member (2014)

Principal Occupation During Past 5 Years:

- Principal, Watson Ventures, Inc., a real estate investment company (1993-present)

No. of Portfolios for which Board Member Serves: 56

Benaree Pratt Wiley (72)
Board Member (2009)

Principal Occupation During Past 5 Years:

- Principal, The Wiley Group, a firm specializing in strategy and business development (2005-present)

Other Public Company Board Memberships During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (2008-present)

No. of Portfolios for which Board Member Serves: 77

J. Charles Cardona (63)
Board Member (2014)

Principal Occupation During Past 5 Years:

- Retired. President and a Director of the Manager (2008-2016), Chairman of the Distributor (2013-2016, Executive Vice President, 1997-2013)

No. of Portfolios for which Board Member Serves: 33

J. Charles Cardona is deemed to be an "interested person" (as defined under the Act) of the Company as a result of his previous affiliation with The Dreyfus Corporation.

Once elected all Board Members serve for an indefinite term, but achieve Emeritus status upon reaching age 80. The address of the Board Members and Officers is c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166. Additional information about the Board Members is available in the fund's Statement of Additional Information which can be obtained from Dreyfus free of charge by calling this toll free number: 1-800-DREYFUS.

Clifford L. Alexander, Jr., Emeritus Board Member
Whitney I. Gerard, Emeritus Board Member
George L. Perry, Emeritus Board Member

OFFICERS OF THE FUND (Unaudited)

BRADLEY J. SKAPYAK, President since January 2010.

Chief Operating Officer and a director of the Manager since June 2009, Chairman of Dreyfus Transfer, Inc., an affiliate of the Manager and the transfer agent of the funds, since May 2011 and Chief Executive Officer of MBSC Securities Corporation since August 2016. He is an officer of 62 investment companies (comprised of 122 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since February 1988.

BENNETT A. MACDOUGALL, Chief Legal Officer since October 2015.

Chief Legal Officer of the Manager and Associate General Counsel and Managing Director of BNY Mellon since June 2015; from June 2005 to June 2015, he served in various capacities with Deutsche Bank – Asset & Wealth Management Division, including as Director and Associate General Counsel, and Chief Legal Officer of Deutsche Investment Management Americas Inc. from June 2012 to May 2015. He is an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 47 years old and has been an employee of the Manager since June 2015.

JAMES BITETTO, Vice President since August 2005 and Secretary since February 2018.

Managing Counsel of BNY Mellon and Secretary of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 52 years old and has been an employee of the Manager since December 1996.

SONALEE CROSS, Vice President and Assistant Secretary since March 2018.

Counsel of BNY Mellon since October 2016; Associate at Proskauer Rose LLP from April 2016 to September 2016; Attorney at EnTrust Capital from August 2015 to February 2016; Associate at Sidley Austin LLP from September 2013 until August 2015. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by Dreyfus. She is 31 years old and has been an employee of the Manager since October 2016.

SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.

Managing Counsel of BNY Mellon since December 2017, from March 2013 to December 2017, Senior Counsel of BNY Mellon. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. She is 43 years old and has been an employee of the Manager since March 2013.

JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.

Senior Managing Counsel of BNY Mellon, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 53 years old and has been an employee of the Manager since October 1990.

NATALYA ZELENSKY, Vice President and Assistant Secretary since March 2017.

Counsel of BNY Mellon since May 2016; Attorney at Wildermuth Endowment Strategy Fund/Wildermuth Advisory, LLC from November 2015 until May 2016; Assistant General Counsel at RCS Advisory Services from July 2014 until November 2015; Associate at Sutherland, Asbill & Brennan from January 2013 until January 2014. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by Dreyfus. She is 33 years old and has been an employee of the Manager since May 2016.

JAMES WINDELS, Treasurer since November 2001.

Director – Mutual Fund Accounting of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since April 1985.

GAVIN C. REILLY, Assistant Treasurer since December 2005.

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 50 years old and has been an employee of the Manager since April 1991.

ROBERT S. ROBOL, Assistant Treasurer since August 2002.

Senior Accounting Manager – Dreyfus Financial Reporting of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 54 years old and has been an employee of the Manager since October 1988.

ROBERT SALVIOLO, Assistant Treasurer since July 2007.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since June 1989.

ROBERT SVAGNA, Assistant Treasurer since December 2002.

Senior Accounting Manager – Fixed Income and Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since November 1990.

JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.

Chief Compliance Officer of the Manager, the Dreyfus Family of Funds and BNY Mellon Funds Trust (63 investment companies, comprised of 147 portfolios). He is 61 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

CARIDAD M. CAROSELLA, Anti-Money Laundering Compliance Officer since January 2016.

Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust since January 2016; from May 2015 to December 2015, Interim Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust and the Distributor; from January 2012 to May 2015, AML Surveillance Officer of the Distributor and from 2007 to December 2011, Financial Processing Manager of the Distributor. She is an officer of 57 investment companies (comprised of 141 portfolios) managed by the Manager. She is 50 years old and has been an employee of the Distributor since 1997.

NOTES

For More Information

Dreyfus Investment Portfolios, MidCap Stock Portfolio

200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

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

Transfer Agent & Dividend Disbursing Agent

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

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

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

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

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

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

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

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

0174AR1218

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

ANNUAL REPORT
December 31, 2018

BNY MELLON | Dreyfus

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

Contents

THE FUND

FOR MORE INFORMATION

A LETTER FROM THE PRESIDENT OF DREYFUS

Dear Shareholder:

We are pleased to present this annual report for The Dreyfus Sustainable U.S. Equity Portfolio, Inc., covering the 12-month period from January 1, 2018 through December 31, 2018. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

The reporting period began with major global economies achieving above-trend growth. In the United States, a robust economy and strong labor market encouraged the Federal Reserve to continue moving away from its accommodative monetary policy while other major central banks began to consider monetary tightening. Both U.S. and non-U.S. equity markets remained on an uptrend. Interest rates rose across the yield curve, putting pressure on bond prices.

A few months into the reporting period, global growth trends began to diverge and market volatility returned. While the U.S. economy continued to grow at a healthy rate, other developed markets began to weaken. However, robust growth and strong corporate earnings continued to support U.S. stock returns while other developed markets declined throughout the summer. In the fall, a broad sell-off occurred, partially offsetting earlier U.S. gains. Emerging markets remained under pressure as weakness in their currencies relative to the U.S. dollar added to investors' uneasiness. Global equities continued their general decline through the end of the period.

Fixed income markets struggled during the first half of the period as interest rates rose and favorable U.S. equity markets fed investor risk appetites. However, in autumn volatility crept in, the yield curve began a flattening trend that continued through the end of December. As long-term debt yields fell, prices rose for many bonds, leading to moderately positive returns for several fixed income market sectors.

Despite continuing political variables, U.S. inflationary pressures and flagging growth rates, we are optimistic that the U.S. economy will remain strong in the near term. However, we remain attentive to signs that point to potential changes on the horizon. 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
The Dreyfus Corporation
January 15, 2019

DISCUSSION OF FUND PERFORMANCE (Unaudited)

For the period from January 1, 2018 through December 31, 2018, as provided by portfolio managers John Gilmore, Jeff Munroe and Raj Shant of Newton Investment Management (North America) Limited, Sub-Investment Adviser

Market and Fund Performance Overview

For the 12-month period ended December 31, 2018, The Dreyfus Sustainable U.S. Equity Portfolio, Inc.'s Initial shares produced a total return of -4.41%, and the fund's Service shares returned -4.64%.[1] In comparison, the fund's benchmark, the S&P 500® Index (the "Index"), produced a total return of -4.38% for the same period.[2]

U.S. equities lost value over the reporting period amid escalating trade tensions and slowing global economic growth rates. The fund slightly underperformed the Index, mainly due to security selection shortfalls in the financials and consumer discretionary sectors, as well as an overweight to consumer staples.

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.

A Show of Strength Ends in Volatility

Despite some volatility early in the year, U.S. equities exhibited strength for much of the review period. Gains were largely attributable to robust corporate earnings, which benefited from the tailwind of 2017's fiscal stimulus allied with solid economic growth. These factors overwhelmed broader concerns pertaining to higher interest rates and trade tensions, although, with hindsight, only temporarily. Indeed, the aforementioned equity strength proved unsustainable over the whole 12 months, as U.S. equities, which had, to some degree, decoupled from the weaker performance of European and emerging-market indices during the first 9 months of the year, played catch-up in the final quarter. Consequently, the Index delivered a negative annual return.

The volatility witnessed over the latter part of the review period was symptomatic of equity markets coming to terms with a less supportive economic environment and less accommodative monetary policy. One specific contributing factor was the poor performance of the high-profile "FAANG" quintet of technology stocks (Facebook, Apple, Amazon.com, Netflix, and Google/Alphabet). Increasingly, the brief foray of Apple's market capitalization above $1 trillion earlier in the year looks like having marked the peak in the euphoria that had, until recently, surrounded these companies.

Security Selections Dampened Fund Performance

Stock picking within financials and consumer discretionary disappointed, while an overweight to consumer staples also weighed on performance. Citigroup's share-price performance was lackluster for much of the year, with initial underperformance driven by some disappointing revenues in the North American consumer business and some slower-than-expected progress on cost reductions. Also, market volatility looked to have taken its toll, as the bank warned that fixed-income trading revenue could fall short of expectations for the fourth quarter. Beauty-products manufacturer Coty performed poorly, as investors focused on weakness in its consumer-beauty division, following its acquisition of the *Procter & Gamble* cosmetics business. Concern around a potential change in lithium-supply dynamics weighed on shares in *Albemarle*, the global specialty chemicals company, at the start of 2018 in particular. An announcement of planned production expansion by its competitors, leading to a potential increase in lithium supply, proved detrimental and we chose to exit the position.

Stock selection was particularly strong in health care, while higher relative positioning to information technology and utilities was also supportive. Avoidance of and underweight exposure to the energy and industrials sectors, respectively, provided an additional boost. Merck & Co.'s defensive characteristics appeared to be of benefit, as the share price rose over the review period. The large pharmaceutical benefited from an increased interest in the sector, with additional impetus created by Keytruda. Sales in its largest cancer drug have continued to grow, as the drug is approved for wider use. Abbott Laboratories announced sales and earnings above market consensus for the second quarter, raising its full-year guidance for each in the process. The company continued to exhibit strong momentum across its businesses, as all four divisions contributed to growth. We are optimistic that this could be maintained. The particularly strong momentum enjoyed by Microsoft in the cloud space encouraged the share price higher—we believe the growth opportunity remains substantial, given that they are still in the early stages of platform adoption.

Finding Opportunities in Volatile Markets

Gently rising federal funds rates, a flattening yield curve, and the move from quantitative easing to quantitative tightening all contribute to the fact that financial conditions are much more challenging now than they were in 2017. While growth remains robust, trade policy does create a variety of risks to global supply chains. Thus, financial markets are returning to levels of volatility more consistent with the longer term and we would expect this to continue in the coming years.

In such an environment, we remain focused on the individual characteristics of each business we invest in and continue to avoid excess balance-sheet leverage or models that rely on debt and credit to drive demand growth. We believe that the current holdings should do well against an increasingly uncertain macroeconomic backdrop, caused by a combination of rising rates, increasing inflationary pressure, and geopolitical risk.

January 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 The Dreyfus Corporation pursuant to an agreement in effect through May 1, 2019, at which time it may be extended, terminated, or modified.*

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

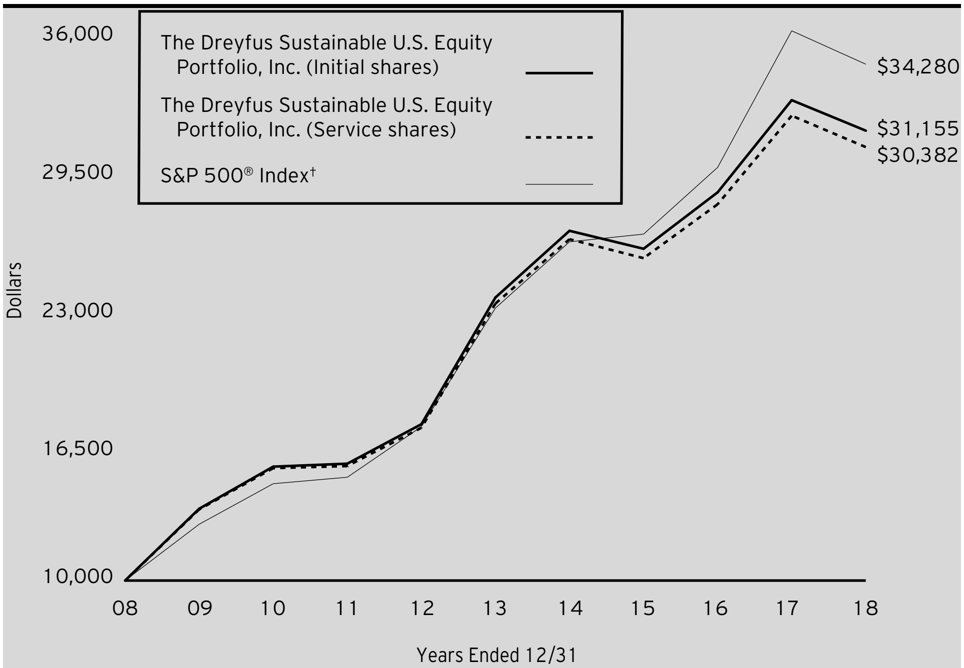
Please note: the position in any security highlighted with italicized typeface was sold during the reporting period.

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

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

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

FUND PERFORMANCE (Unaudited)



Comparison of change in value of $10,000 investment in The Dreyfus Sustainable U.S. Equity Portfolio, Inc. Initial shares and Service shares and the S&P 500® Index (the "Index")

† *Source: Lipper Inc.*

Past performance is not predictive of future performance. 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 above graph compares a $10,000 investment made in Initial and Service shares of The Dreyfus Sustainable U.S. Equity Portfolio, Inc. on 12/31/08 to a $10,000 investment made in the Index on that date.

The fund's performance shown in the line graph above takes into account all applicable fund fees and expenses for Initial and Service shares (after any expense reimbursements). The 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. Unlike a mutual fund, the Index is not subject to charges, fees and other expenses. Investors cannot invest directly in any index. Further information relating to fund performance, including expense reimbursements, if applicable, is contained in the Financial Highlights section of the prospectus and elsewhere in this report.

Average Annual Total Returns as of 12/31/18			
	1 Year	5 Years	10 Years
Initial shares	**-4.41%**	**5.97%**	**12.04%**
Service shares	**-4.64%**	**5.70%**	**11.75%**
S&P 500® Index	**-4.38%**	**8.49%**	**13.11%**

The performance data quoted represents past performance, which is no guarantee of future results. Share price and investment return fluctuate and an investor's shares may be worth more or less than original cost upon redemption. Current performance may be lower or higher than the performance quoted. Go to Dreyfus.com for the fund's most recent month-end returns.

The fund's Initial shares are not subject to a Rule 12b-1 fee. The fund's Service shares are subject to a 0.25% annual Rule 12b-1 fee. All dividends and capital gain distributions are reinvested.

The fund's performance shown in the graph and table does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

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

Review your fund's expenses

The table below shows the expenses you would have paid on a $1,000 investment in The Dreyfus Sustainable U.S. Equity Portfolio, Inc. from July 1, 2018 to December 31, 2018. It also shows how much a $1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

Expenses and Value of a $1,000 Investment
assuming actual returns for the six months ended December 31, 2018

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 3.45	$ 4.68
Ending value (after expenses)	$ 954.00	$ 952.80

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

Using the SEC's method to compare expenses

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

Expenses and Value of a $1,000 Investment
assuming a hypothetical 5% annualized return for the six months ended December 31, 2018

	Initial Shares	Service Shares
Expenses paid per $1,000†	$ 3.57	$ 4.84
Ending value (after expenses)	$ 1,021.68	$ 1,020.42

† *Expenses are equal to the fund's annualized expense ratio of .70% for Initial shares and .95% for Service shares, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).*

STATEMENT OF INVESTMENTS
December 31, 2018

Description	Shares	Value ($)
Common Stocks - 98.2%		
Banks - 5.7%		
Citigroup	143,184	7,454,159
First Republic Bank	48,082	4,178,326
		11,632,485
Capital Goods - 3.5%		
Acuity Brands	21,163	2,432,687
Ferguson	35,793	2,292,396
General Electric	301,979	2,285,981
		7,011,064
Consumer Durables & Apparel - 4.4%		
Lennar, Cl. A	39,480	1,545,642
Newell Brands	67,495	1,254,732
NIKE, Cl. B	45,447	3,369,441
PulteGroup	46,561	1,210,120
Under Armour, Cl. A	92,761 [a]	1,639,087
		9,019,022
Diversified Financials - 1.2%		
Redwood Trust	165,076 [b]	**2,487,695**
Food & Staples Retailing - 3.6%		
Costco Wholesale	17,215	3,506,868
Walgreens Boots Alliance	55,646	3,802,291
		7,309,159
Food, Beverage & Tobacco - 2.6%		
PepsiCo	47,691	**5,268,902**
Health Care Equipment & Services - 7.4%		
Abbott Laboratories	107,654	7,786,614
Medtronic	79,233	7,207,034
		14,993,648
Household & Personal Products - 3.8%		
Colgate-Palmolive	114,765	6,830,813
Coty	126,445	829,479
		7,660,292
Insurance - 5.0%		
Intact Financial	97,198	7,062,020
Principal Financial Group	71,271	3,148,040
		10,210,060
Materials - 4.5%		
Ecolab	39,305	5,791,592
International Flavors & Fragrances	24,704	3,317,006
		9,108,598
Media & Entertainment - 5.0%		
Alphabet, Cl. A	9,710 [a]	**10,146,562**

Description	Shares	Value ($)
Common Stocks - 98.2% (continued)		
Pharmaceuticals Biotechnology & Life Sciences - 8.9%		
Gilead Sciences	112,342	7,026,992
Merck & Co.	143,328	10,951,692
		17,978,684
Retailing - 9.1%		
Amazon.com	4,098 [a]	6,155,073
Dollar General	47,646	5,149,580
eBay	184,050 [a]	5,166,283
The TJX Companies	44,268	1,980,550
		18,451,486
Semiconductors & Semiconductor Equipment - 3.9%		
Applied Materials	120,501	3,945,203
NXP Semiconductors	23,343	1,710,575
Qualcomm	38,163	2,171,856
		7,827,634
Software & Services - 10.6%		
Accenture	47,704	6,726,741
Intuit	10,956	2,156,689
Microsoft	125,194	12,715,955
		21,599,385
Technology Hardware & Equipment - 9.7%		
Apple	59,410	9,371,333
Cisco Systems	188,550	8,169,871
Samsung SDI, GDR	44,187 [c]	2,168,163
		19,709,367
Transportation - 2.1%		
CH Robinson Worldwide	50,535	**4,249,488**
Utilities - 7.2%		
CMS Energy	131,210	6,514,576
Eversource Energy	124,864	8,121,155
		14,635,731
Total Common Stocks (cost $192,612,471)		**199,299,262**

Description	1-Day Yield (%)	Shares	Value ($)
Investment Companies - 1.8%			
Registered Investment Companies - 1.8%			
Dreyfus Institutional Preferred Government Plus Money Market Fund (cost $3,602,935)	2.32	3,602,935 [d]	**3,602,935**
Total Investments (cost $196,215,406)		**100.0%**	**202,902,197**
Cash and Receivables (Net)		**.0%**	**45,926**
Net Assets		**100.0%**	**202,948,123**

GDR—Global Depository Receipt

[a] *Non-income producing security.*
[b] *Investment in real estate investment trust.*
[c] *Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2018, these securities were valued at $2,168,163 or 1.07% of net assets.*
[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 (%)
Information Technology	24.2
Health Care	16.2
Consumer Discretionary	13.5
Financials	12.0
Consumer Staples	10.0
Utilities	7.2
Industrials	5.6
Communication Services	5.0
Materials	4.5
Investment Companies	1.8
	100.0

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

STATEMENT OF INVESTMENTS IN AFFILIATED ISSUERS

Registered Investment Company	Value 12/31/17($)	Purchases($)	Sales($)	Value 12/31/18($)	Net Assets(%)	Dividends/ Distributions($)
Dreyfus Institutional Preferred Government Plus Money Market Fund	4,831,655	33,908,349	35,137,069	3,602,935	1.8	44,710

See notes to financial statements.

STATEMENT OF FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS December 31, 2018

Counterparty/ Purchased Currency	Purchased Currency Amounts	Currency Sold	Sold Currency Amounts	Settlement Date	Unrealized Appreciation ($)
State Street Bank and Trust Company					
United States Dollar	42,483	Canadian Dollar	57,833	1/2/19	119
Gross Unrealized Appreciation					**119**

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES
December 31, 2018

	Cost	Value
Assets ($):		
Investments in securities—See Statement of Investments:		
Unaffiliated issuers	192,612,471	199,299,262
Affiliated issuers	3,602,935	3,602,935
Cash denominated in foreign currency	42,342	42,362
Dividends and interest receivable		227,313
Receivable for shares of Common Stock subscribed		58,717
Unrealized appreciation on forward foreign currency exchange contracts—Note 4		119
Prepaid expenses		6,877
		203,237,585
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates—Note 3(c)		117,940
Payable for shares of Common Stock redeemed		85,674
Directors fees and expenses payable		26,735
Accrued expenses		59,113
		289,462
Net Assets ($)		**202,948,123**
Composition of Net Assets ($):		
Paid-in capital		186,126,831
Total distributable earnings (loss)		16,821,292
Net Assets ($)		**202,948,123**

Net Asset Value Per Share	Initial Shares	Service Shares
Net Assets ($)	193,538,202	9,409,921
Shares Outstanding	6,298,842	310,584
Net Asset Value Per Share ($)	**30.73**	**30.30**

See notes to financial statements.

STATEMENT OF OPERATIONS
Year Ended December 31, 2018

Investment Income ($):	
Income:	
Cash dividends (net of $49,496 foreign taxes withheld at source):	
Unaffiliated issuers	4,299,888
Affiliated issuers	44,710
Total Income	**4,344,598**
Expenses:	
Management fee—Note 3(a)	1,375,803
Prospectus and shareholders' reports	141,331
Professional fees	87,658
Directors' fees and expenses—Note 3(d)	30,496
Distribution fees—Note 3(b)	25,930
Shareholder servicing costs—Note 3(c)	6,922
Custodian fees—Note 3(c)	6,707
Loan commitment fees—Note 2	5,023
Miscellaneous	42,788
Total Expenses	**1,722,658**
Less—reduction in expenses due to undertaking—Note 3(a)	(84,659)
Less—reduction in fees due to earnings credits—Note 3(c)	(294)
Net Expenses	**1,637,705**
Investment Income—Net	**2,706,893**
Realized and Unrealized Gain (Loss) on Investments—Note 4 ($):	
Net realized gain (loss) on investments and foreign currency transactions	9,097,099
Net realized gain (loss) on forward foreign currency exchange contracts	48,694
Net Realized Gain (Loss)	**9,145,793**
Net unrealized appreciation (depreciation) on investments and foreign currency transactions	(20,626,332)
Net unrealized appreciation (depreciation) on forward foreign currency exchange contracts	119
Net Unrealized Appreciation (Depreciation)	**(20,626,213)**
Net Realized and Unrealized Gain (Loss) on Investments	**(11,480,420)**
Net (Decrease) in Net Assets Resulting from Operations	**(8,773,527)**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31,	
	2018	2017[a]
Operations ($):		
Investment income—net	2,706,893	2,335,933
Net realized gain (loss) on investments	9,145,793	43,286,871
Net unrealized appreciation (depreciation) on investments	(20,626,213)	(11,803,414)
Net Increase (Decrease) in Net Assets Resulting from Operations	**(8,773,527)**	**33,819,390**
Distributions ($):		
Distributions to shareholders:		
Initial Shares	(45,130,410)	(17,762,761)
Service Shares	(2,115,465)	(881,173)
Total Distributions	**(47,245,875)**	**(18,643,934)**
Capital Stock Transactions ($):		
Net proceeds from shares sold:		
Initial Shares	4,442,142	6,289,382
Service Shares	1,296,521	1,369,778
Distributions reinvested:		
Initial Shares	45,130,410	17,762,761
Service Shares	2,115,465	881,173
Cost of shares redeemed:		
Initial Shares	(28,655,114)	(33,706,023)
Service Shares	(1,713,620)	(3,477,410)
Increase (Decrease) in Net Assets from Capital Stock Transactions	**22,615,804**	**(10,880,339)**
Total Increase (Decrease) in Net Assets	**(33,403,598)**	**4,295,117**
Net Assets ($):		
Beginning of Period	236,351,721	232,056,604
End of Period	**202,948,123**	**236,351,721**
Capital Share Transactions (Shares):		
Initial Shares		
Shares sold	127,626	163,577
Shares issued for distributions reinvested	1,380,980	481,245
Shares redeemed	(823,767)	(872,998)
Net Increase (Decrease) in Shares Outstanding	**684,839**	**(228,176)**
Service Shares		
Shares sold	37,367	35,925
Shares issued for distributions reinvested	65,535	24,109
Shares redeemed	(50,455)	(92,472)
Net Increase (Decrease) in Shares Outstanding	**52,447**	**(32,438)**

[a] *Distributions to shareholders include $2,632,049 Initial shares and $108,956 Service shares distributions from net investment income and $15,130,712 Initial shares and $772,217 Service shares distributions from net realized gains. Undistributed investment income—net was $2,366,945 in 2017 and is no longer presented as a result of the adoption of SEC's Disclosure Update and Simplification Rule.*

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.

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

[a] *Based on average shares outstanding.*
See notes to financial statements.

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

[a] *Based on average shares outstanding.*
See notes to financial statements.

NOTE 1—Significant Accounting Policies:

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

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

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

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

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

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

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

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

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

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

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

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

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

When market quotations or official closing prices are not readily available, or are determined not to accurately reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the fund calculates its net asset value, the fund may value these investments at fair value as determined in accordance with the procedures approved by the 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.

Forward foreign currency exchange contracts ("forward contracts") are valued at the forward rate and are generally categorized within Level 2 of the fair value hierarchy.

The following is a summary of the inputs used as of December 31, 2018 in valuing the fund's investments:

	Level 1 - Unadjusted Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Assets ($)				
Investments in Securities:				
Equity Securities - Common Stocks†	197,006,866	2,292,396††	-	**199,299,262**
Investment Company	3,602,935	-	-	**3,602,935**
Other Financial Instruments:				
Forward Foreign Currency Exchange Contracts†††	-	119	-	**119**

† *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.*

††† *Amount shown represents unrealized appreciation at period end.*

At December 31, 2018, there were no transfers between levels of the fair value hierarchy. It is the fund's policy to recognize transfers between levels at the end of the reporting period.

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

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

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

(d) Affiliated issuers: Investments in other investment companies advised by Dreyfus are 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 December 31, 2018, the fund did not have any liabilities for any uncertain tax positions. The fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period ended December 31, 2018, the fund did not incur any interest or penalties.

Each tax year in the four-year period ended December 31, 2018 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At December 31, 2018, the components of accumulated earnings on a tax basis were as follows: undistributed ordinary income $3,351,509, undistributed capital gains $7,471,790 and unrealized appreciation $5,997,993.

The tax character of distributions paid to shareholders during the fiscal periods ended December 31, 2018 and December 31, 2017 were as follows: ordinary income $9,615,532 and $4,614,655, and long-term capital gains $37,630,343 and $14,029,279, respectively.

(g) New Accounting Pronouncements: In August 2018, the FASB issued 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. ASU 2018-13 will be effective for annual periods beginning after December 15, 2019. Management is currently assessing the potential impact of these changes to future financial statements.

NOTE 2—Bank Lines of Credit:

The fund participates with other Dreyfus-managed long-term open-end funds 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 the Dreyfus Floating Rate Income Fund, a series of The Dreyfus/Laurel Funds, Inc. Prior to October 3, 2018, the unsecured credit facility with Citibank, N.A. was $830 million. 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 December 31, 2018, the fund did not borrow under the Facilities.

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

(a) Pursuant to the management agreement with Dreyfus, the management fee is computed at an annual rate of .60% of the value of the fund's average daily net assets and is payable monthly. Dreyfus has contractually agreed, from January 1, 2018 through May 1, 2019, to waive receipt of its fees and/or assume the direct expenses of the fund so that the expenses of 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, 2019, Dreyfus may terminate this expense limitation agreement at any time. The reduction in expenses, pursuant to the undertaking, amounted to $84,659 during the period ended December 31, 2018.

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

(b) Under the Distribution Plan adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing its shares, for servicing and/or maintaining Service shares' shareholder accounts and for advertising and marketing for Service shares. The Distribution Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred. During the period ended December 31, 2018, Service shares were charged $25,930 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 December 31, 2018, Initial shares were charged $5,365 pursuant to the Shareholder Services Plan.

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

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of Dreyfus, under a transfer agency agreement for providing transfer agency and cash management services for the fund. The majority of transfer agency fees are comprised of amounts paid on a per account basis, while cash management fees are related to fund subscriptions and redemptions. During the period ended December 31, 2018, the fund was charged $1,460 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 December 31, 2018, the fund was charged $6,707 pursuant to the custody agreement. These fees were partially offset by earnings credits of $294.

During the period ended December 31, 2018, the fund was charged $12,774 for services performed by the Chief Compliance Officer and his staff. These fees are included in Miscellaneous in the Statement of Operations.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees $106,110 and Distribution Plan fees $2,035, custodian fees $3,231, Chief Compliance Officer fees $6,289 and transfer agency fees $275.

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

NOTE 4—Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities and forward foreign currency exchange contracts ("forward contracts"), during the period ended December 31, 2018, amounted to $116,786,360 and $137,454,097, respectively.

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

Each type of derivative instrument that was held by the fund during the period ended December 31, 2018 is discussed below.

Forward Foreign Currency Exchange Contracts: The fund enters into forward contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to settle foreign currency transactions or as a part of its investment strategy. When executing forward contracts, the fund is obligated to buy or sell a foreign currency at a specified rate on a certain date in the future. With respect to sales of forward contracts, the fund incurs a loss if the value of the contract increases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract decreases between those dates. With respect to purchases of forward contracts, the fund incurs a loss if the value of the contract decreases between the date the forward contract is opened and the date the forward contract is closed. The fund realizes a gain if the value of the contract increases between those dates. Any realized or unrealized gains or losses which occurred during the period are reflected in the Statement of Operations. The fund is exposed to foreign currency risk as a result of changes in value of underlying financial instruments. The fund is also exposed to credit risk associated with counterparty nonperformance on these forward contracts, which is generally limited to the unrealized gain on each open contract. This risk may be mitigated by Master Agreements, if any, between the fund and the counterparty and the posting of collateral, if any, by the counterparty to the fund to cover the fund's exposure to the counterparty. Forward contracts open at December 31, 2018 are set forth in the Statement of Forward Foreign Currency Exchange Contracts.

The provisions of ASC Topic 210 "Disclosures about Offsetting Assets and Liabilities" require disclosure on the offsetting of financial assets and liabilities. These disclosures are required for certain investments, including derivative financial instruments subject to Master Agreements which are eligible for offsetting in the Statement of Assets and Liabilities and require the fund to disclose both gross and net information with respect to such investments. For financial reporting purposes, the fund does not offset derivative assets and derivative liabilities that are subject to Master Agreements in the Statement of Assets and Liabilities.

At December 31, 2018, derivative assets and liabilities (by type) on a gross basis are as follows:

Derivative Financial Instruments:	Assets ($)	Liabilities ($)
Forward contracts	119	-
Total gross amount of derivative assets and liabilities in the Statement of Assets and Liabilities	119	-
Derivatives not subject to Master Agreements	-	-
Total gross amount of assets and liabilities subject to Master Agreements	119	-

The following table presents derivative assets net of amounts available for offsetting under Master Agreements and net of related collateral received or pledged, if any, as of December 31, 2018:

Counterparty	Gross Amount of Assets ($)[1]	Financial Instruments and Derivatives Available for Offset ($)	Collateral Received ($)	Net Amount of Assets ($)
State Street Bank and Trust Company	119	-	-	119
Total	**119**	**-**	**-**	**119**

[1] *Absent a default event or early termination, OTC derivative assets and liabilities are presented at gross amounts and are not offset in the Statement of Assets and Liabilities.*

The following summarizes the average market value of derivatives outstanding during the period ended December 31, 2018:

	Average Market Value ($)
Forward contracts	217,592

At December 31, 2018, the cost of investments for federal income tax purposes was $196,904,343; accordingly, accumulated net unrealized appreciation on investments was $5,997,973, consisting of $25,232,122 gross unrealized appreciation and $19,234,149 gross unrealized depreciation.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of The Dreyfus Sustainable U.S. Equity Portfolio, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of The Dreyfus Sustainable U.S. Equity Portfolio, Inc. (the "Fund"), including the statements of investments, investments in affiliated issuers and forward foreign currency exchange contracts, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more Dreyfus investment companies since at least 1957, but we are unable to determine the specific year.

New York, New York
February 11, 2019

IMPORTANT TAX INFORMATION (Unaudited)

For federal tax purposes, the portfolio hereby reports 37.74% of the ordinary dividends paid during the fiscal year ended December 31, 2018 as qualifying for the corporate dividends received deduction. Shareholders will receive notification in early 2019 of the percentage applicable to the preparation of their 2018 income tax returns. Also, the portfolio hereby reports $.9715 per share as a short-term capital gain distribution and $6.5754 per share as a long-term capital gain distribution paid on March 19, 2018.

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 July 18-19, 2018, the Board considered the renewal of the fund's Management Agreement, pursuant to which Dreyfus 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 Dreyfus 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 them at the meeting and in previous presentations from Dreyfus representatives regarding the nature, extent, and quality of the services provided to funds in the Dreyfus fund complex. Dreyfus provided the number of open accounts in the fund, the fund's asset size and the allocation of fund assets among distribution channels. Dreyfus also had previously provided information regarding the diverse intermediary relationships and distribution channels of funds in the Dreyfus fund complex (such as retail direct or intermediary, in which intermediaries typically are paid by the fund and/or Dreyfus) and Dreyfus' 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 Dreyfus 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 Dreyfus' extensive administrative, accounting and compliance infrastructures, as well as Dreyfus' 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 May 31, 2018; (2) at the request of Dreyfus, 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 May 31, 2018; and (3) the fund's actual and contractual management fees and total expenses with those of groups of comparable funds identical to Performance Group 1 ("Expense Group 1") and Performance Group 2 ("Expense Group 2") and with broader groups of funds that included the Performance Group 1 funds ("Expense Universe 1") and the 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. Dreyfus 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.

Dreyfus representatives stated that the usefulness of performance comparisons may be affected by a number of factors, including different investment limitations that may be applicable to the fund and comparison funds. The Board discussed with representatives of Dreyfus, its affiliates and/or the Subadviser the results of the comparisons and considered that the fund's total return performance was below the medians of the Performance Groups and Performance Universes for all periods, except for the ten-year period, when it was above the Performance Group 1 median. The Board considered the relative proximity of the fund's performance to the medians of the Performance Groups and Performance Universes in certain periods. Dreyfus also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index, and it was considered that the fund's returns were above the returns of the index in three of the ten calendar years shown. The Board also considered that the fund's investment strategies and portfolio management changed (including the addition of the Subadviser) 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, the fund's actual management fee was below the Expense Group 1 median, slightly above the Expense Group 2 median and below the Expense Universe 1 and 2 medians and the fund's total expenses were below the Expense Group 1 and 2 medians (lowest in Expense Group 1) and the Expense Universe 1 and 2 medians.

Dreyfus representatives stated that Dreyfus 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 average daily net assets.

Dreyfus representatives reviewed with the Board the management or investment advisory fees (1) paid by funds advised or administered by Dreyfus that are in the same Lipper category as the fund and (2) paid to Dreyfus 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 Dreyfus by the fund and the respective services provided by the Subadviser and Dreyfus. The Board also took into consideration that the Subadviser's fee is paid by Dreyfus (out of its fee from the fund) and not the fund.

Analysis of Profitability and Economies of Scale. Dreyfus representatives reviewed the expenses allocated and profit received by Dreyfus and its affiliates and the resulting profitability percentage for managing the fund and the aggregate profitability percentage to Dreyfus and its affiliates for managing the funds in the Dreyfus 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 Dreyfus. The Board also had been provided with information prepared by an independent consulting firm regarding Dreyfus' approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus 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 Dreyfus 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 Dreyfus, 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. Dreyfus representatives 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 Dreyfus may have realized any economies of scale would be less. Dreyfus representatives also stated that, as a result of shared and allocated costs among funds in the Dreyfus 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 Dreyfus 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 Dreyfus and the Subadviser are adequate and appropriate.
- The Board agreed to closely monitor performance and determined to approve renewal of the Agreements only until the first quarter 2019 regular Board meeting.
- The Board concluded that the fees paid to Dreyfus 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, subject to review no later than the next renewal consideration.
- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus 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 Dreyfus and its affiliates and the Subadviser, of Dreyfus and the Subadviser and the services provided to the fund by Dreyfus 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 Dreyfus funds that the Board oversees, during which lengthy discussions took place between the Board and Dreyfus representatives. 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 Dreyfus funds that the Board oversees, in prior years. The Board determined to renew the Agreements through the first quarter 2019 regular Board meeting.

BOARD MEMBERS INFORMATION (Unaudited)

INDEPENDENT BOARD MEMBERS

Joseph S. DiMartino (75)
Chairman of the Board (1995)

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee (1995-present)

Other Public Company Board Memberships During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (1997-present)

No. of Portfolios for which Board Member Serves: 122

Francine J. Bovich (67)
Board Member (2015)

Principal Occupation During Past 5 Years:

- Trustee, The Bradley Trusts, private trust funds (2011-present)

Other Public Company Board Memberships During Past 5 Years:

- Annaly Capital Management, Inc., a real estate investment trust, Director (2014-present)

No. of Portfolios for which Board Member Serves: 70

Gordon J. Davis (77)
Board Member (2012)

Principal Occupation During Past 5 Years:

- Partner in the law firm of Venable LLP (2012-present)

Other Public Company Board Memberships During Past 5 Years:

- Consolidated Edison, Inc., a utility company, Director (1997-2014)
- The Phoenix Companies, Inc., a life insurance company, Director (2000-2014)

No. of Portfolios for which Board Member Serves: 54

Isabel P. Dunst (71)
Board Member (2014)

Principal Occupation During Past 5 Years:

- Senior Counsel, Hogan Lovells LLP (2018-present; previously, Of Counsel, 2015-2018, Partner, 1990-2014)

No. of Portfolios for which Board Member Serves: 33

Nathan Leventhal (75)
Board Member (2009)

Principal Occupation During Past 5 Years:

- President Emeritus of Lincoln Center for the Performing Arts (2001-present)
- Chairman of the Avery Fisher Artist Program (1997-2014)

Other Public Company Board Memberships During Past 5 Years:

- Movado Group, Inc., Director (2003-present)

No. of Portfolios for which Board Member Serves: 47

Robin A. Melvin (55)
Board Member (2014)

Principal Occupation During Past 5 Years:

- Co-chairman, Illinois Mentoring Partnership, non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois (2014-present; board member since 2013)

No. of Portfolios for which Board Member Serves: 99

Roslyn M. Watson (69)
Board Member (2014)

Principal Occupation During Past 5 Years:

- Principal, Watson Ventures, Inc., a real estate investment company (1993-present)

No. of Portfolios for which Board Member Serves: 56

Benaree Pratt Wiley (72)
Board Member (2009)

Principal Occupation During Past 5 Years:

- Principal, The Wiley Group, a firm specializing in strategy and business development (2005-present)

Other Public Company Board Memberships During Past 5 Years:

- CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for small and medium size companies, Director (2008-present)

No. of Portfolios for which Board Member Serves: 77

INTERESTED BOARD MEMBER

J. Charles Cardona (63)
Board Member (2014)

Principal Occupation During Past 5 Years:

- Retired. President and a Director of the Manager (2008-2016), Chairman of the Distributor (2013-2016, Executive Vice President, 1997-2013)

No. of Portfolios for which Board Member Serves: 33

J. Charles Cardona is deemed to be an "interested person" (as defined under the Act) of the fund as a result of his previous affiliation with The Dreyfus Corporation.

Once elected all Board Members serve for an indefinite term, but achieve Emeritus status upon reaching age 80. The address of the Board Members and Officers is c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166. Additional information about the Board Members is available in the fund's Statement of Additional Information which can be obtained from Dreyfus free of charge by calling this toll free number: 1-800-DREYFUS.

Clifford L. Alexander, Jr., Emeritus Board Member
Whitney I. Gerard, Emeritus Board Member
George L. Perry, Emeritus Board Member

OFFICERS OF THE FUND (Unaudited)

BRADLEY J. SKAPYAK, President since January 2010.

Chief Operating Officer and a director of the Manager since June 2009, Chairman of Dreyfus Transfer, Inc., an affiliate of the Manager and the transfer agent of the funds, since May 2011 and Chief Executive Officer of MBSC Securities Corporation since August 2016. He is an officer of 62 investment companies (comprised of 122 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since February 1988.

BENNETT A. MACDOUGALL, Chief Legal Officer since October 2015.

Chief Legal Officer of the Manager and Associate General Counsel and Managing Director of BNY Mellon since June 2015; from June 2005 to June 2015, he served in various capacities with Deutsche Bank – Asset & Wealth Management Division, including as Director and Associate General Counsel, and Chief Legal Officer of Deutsche Investment Management Americas Inc. from June 2012 to May 2015. He is an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 47 years old and has been an employee of the Manager since June 2015.

JAMES BITETTO, Vice President since August 2005 and Secretary since February 2018.

Managing Counsel of BNY Mellon and Secretary of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 52 years old and has been an employee of the Manager since December 1996.

SONALEE CROSS, Vice President and Assistant Secretary since March 2018.

Counsel of BNY Mellon since October 2016; Associate at Proskauer Rose LLP from April 2016 to September 2016; Attorney at EnTrust Capital from August 2015 to February 2016; Associate at Sidley Austin LLP from September 2013 until August 2015. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by Dreyfus. She is 31 years old and has been an employee of the Manager since October 2016.

SARAH S. KELLEHER, Vice President and Assistant Secretary since April 2014.

Managing Counsel of BNY Mellon since December 2017, from March 2013 to December 2017, Senior Counsel of BNY Mellon. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. She is 43 years old and has been an employee of the Manager since March 2013.

JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.

Senior Managing Counsel of BNY Mellon, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 53 years old and has been an employee of the Manager since October 1990.

NATALYA ZELENSKY, Vice President and Assistant Secretary since March 2017.

Counsel of BNY Mellon since May 2016; Attorney at Wildermuth Endowment Strategy Fund/Wildermuth Advisory, LLC from November 2015 until May 2016; Assistant General Counsel at RCS Advisory Services from July 2014 until November 2015; Associate at Sutherland, Asbill & Brennan from January 2013 until January 2014. She is an officer of 63 investment companies (comprised of 147 portfolios) managed by Dreyfus. She is 33 years old and has been an employee of the Manager since May 2016.

JAMES WINDELS, Treasurer since November 2001.

Director – Mutual Fund Accounting of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since April 1985.

GAVIN C. REILLY, Assistant Treasurer since December 2005.

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 50 years old and has been an employee of the Manager since April 1991.

ROBERT S. ROBOL, Assistant Treasurer since August 2002.

Senior Accounting Manager – Dreyfus Financial Reporting of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 54 years old and has been an employee of the Manager since October 1988.

ROBERT SALVIOLO, Assistant Treasurer since July 2007.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since June 1989.

ROBERT SVAGNA, Assistant Treasurer since December 2002.

Senior Accounting Manager – Fixed Income and Equity Funds of the Manager, and an officer of 63 investment companies (comprised of 147 portfolios) managed by the Manager. He is 51 years old and has been an employee of the Manager since November 1990.

JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.

Chief Compliance Officer of the Manager, the Dreyfus Family of Funds and BNY Mellon Funds Trust (63 investment companies, comprised of 147 portfolios). He is 61 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

CARIDAD M. CAROSELLA, Anti-Money Laundering Compliance Officer since January 2016.

Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust since January 2016; from May 2015 to December 2015, Interim Anti-Money Laundering Compliance Officer of the Dreyfus Family of Funds and BNY Mellon Funds Trust and the Distributor; from January 2012 to May 2015, AML Surveillance Officer of the Distributor and from 2007 to December 2011, Financial Processing Manager of the Distributor. She is an officer of 57 investment companies (comprised of 141 portfolios) managed by the Manager. She is 50 years old and has been an employee of the Distributor since 1997.

NOTES

NOTES

For More Information

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

200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Sub-Investment Adviser

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

Custodian

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

Transfer Agent & Dividend Disbursing Agent

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

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

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

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

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

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

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

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

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

0111AR1218

BNY MELLON | Dreyfus

December 31, 2018

Annual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS Bond VIP

(formerly Deutsche 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

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

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

Performance Summary

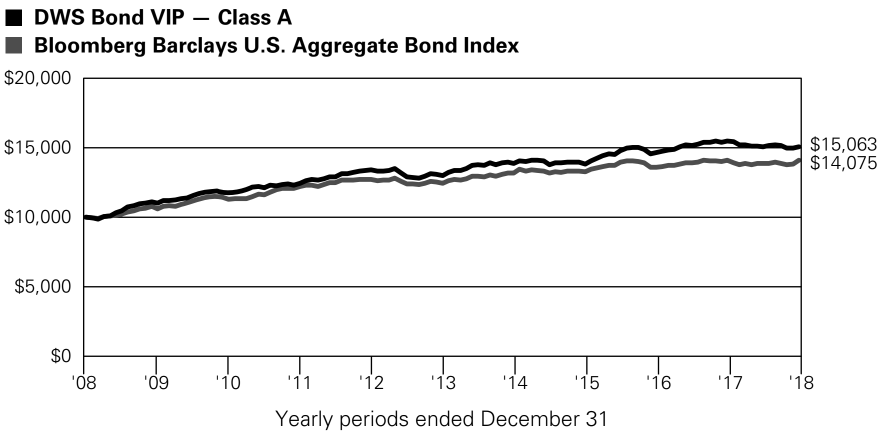
December 31, 2018 (Unaudited)

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

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

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

Growth of an Assumed $10,000 Investment



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

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

Comparative Results

DWS Bond VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,735	$10,913	$11,603	$15,063
	Average annual total return	–2.65%	2.95%	3.02%	4.18%
Bloomberg Barclays U.S. Aggregate Bond Index	Growth of $10,000	$10,001	$10,630	$11,326	$14,075
	Average annual total return	0.01%	2.06%	2.52%	3.48%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

During the 12-month period ended December 31, 2018, the Fund provided a total return of –2.65% (Class A shares, unadjusted for contract charges) compared with the 0.01% return of its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index.

Against a backdrop of steady growth, strong corporate profits and arguably full employment, the bond markets in 2018 watched closely for any indications of an acceleration in inflation that could lead the U.S. Federal Reserve (the Fed) to push forward its timetable for returning interest rates to more historically normal levels. In early February, Treasury yields moved higher as hiring and wage growth data for January came in above expectations. March saw fears of a global trade war come to the forefront as the Trump administration announced plans to impose tariffs on steel and aluminum as well as on a wide range of imports coming from China. Risk sentiment would soon stabilize, as increasingly robust economic growth and corporate earnings data outweighed concerns over protectionist U.S. trade policy. However, the fourth quarter of 2018 witnessed declining prices for credit-oriented segments of the bond market as slowing growth overseas highlighted the downside risks of a global trade war. Notwithstanding the downturn in sentiment, the Fed continued to tighten monetary policy, raising its benchmark overnight lending rate in mid-December by a quarter point to the 2.25% to 2.50% range, the fourth such hike of 2018.

For the 12 months ended December 31, 2018, yields rose along the length of the U.S. Treasury yield curve and the curve flattened as increases on the front-end were more significant. To illustrate, the two-year Treasury yield went from 1.88% to 2.48%, the five-year from 2.21% to 2.51%, the 10-year from 2.41% to 2.69%, the 20-year from 2.55% to 2.87% and the 30-year from 2.74% to 3.02%.

The Fund's underperformance versus the benchmark for the 12-month period was driven principally by exposure to more credit-sensitive fixed-income sectors, which suffered as risk sentiment deteriorated in the fourth quarter of 2018. In particular, an overweighting of investment-grade corporate bonds at the expense of U.S. Treasury securities constrained performance. In addition, out-of-benchmark exposure to U.S. high yield corporate bonds detracted as spreads widened late in the period. An overweight to energy within both investment grade and high yield corporates weighed on return as oil prices declined sharply in the fourth quarter. The Fund's out-of-benchmark exposure to securitized assets such as asset-backed securities and commercial mortgage-backed securities was the leading positive contributor to performance relative to the benchmark.

The managers used derivatives as part of implementing the Fund's positioning along the yield curve as well to hedge against certain risks, with a modest negative impact on performance. Credit fundamentals are currently stable and new issue supply has been relatively light for both investment grade and high yield credit. While we remain constructive on credit overall relative to Treasuries, we are somewhat cautiously positioned within each sector against a backdrop of heightened volatility. We continue to closely monitor the impact of trade tensions and other geopolitical risks on investor sentiment and the credit markets.

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

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk

Terms to Know

The **yield curve** is a graphical representation of how yields on bonds of different maturities compare. Normally, yield curves slant up, as bonds with longer maturities typically offer higher yields than short-term bonds.

The **Bloomberg Barclays U.S. Aggregate Index** tracks the performance of the broad U.S. investment-grade, fixed-rate bond market, including both government and corporate bonds. Index returns, unlike fund returns, do not reflect any fees or expenses. It is not possible to invest directly into an index.

Overweight means the Fund holds a higher weighting in a given sector or security than the benchmark. **Underweight** means the Fund holds a lower weighting.

Contributors and detractors incorporate both a holding's return and its weight. If two holdings have the same return but one has a larger weighting in the Fund, it will have a larger contribution to return in the period.

Credit spread is the additional yield provided by bonds rated AA and below vs. comparable maturity bonds rated AAA.

Commercial mortgage-backed securities are secured by loans on commercial properties. **Asset-backed securities** are secured by loans, credit or receivables, exclusive of mortgage debt.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Total Net Assets)	**12/31/18**	**12/31/17**
Corporate Bonds	58%	64%
Mortgage-Backed Securities Pass-Throughs	20%	20%
Asset-Backed	9%	5%
Government & Agency Obligations	5%	5%
Commercial Mortgage-Backed Securities	4%	2%
Collateralized Mortgage Obligations	4%	4%
Short-Term U.S. Treasury Obligations	3%	7%
Commercial Paper	1%	—
Cash Equivalents, Securities Lending Collateral and other Assets and Liabilities, net	–4%	–7%
	100%	100%

Quality (Excludes Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
AAA	26%	29%
AA	9%	5%
A	19%	14%
BBB	33%	32%
BB	11%	13%
B	1%	5%
Not Rated	1%	2%
	100%	100%

Interest Rate Sensitivity	**12/31/18**	**12/31/17**
Effective Maturity	9.6 years	11.1 years
Effective Duration	5.8 years	5.9 years

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

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

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

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

	Principal Amount ($)(a)	Value ($)
Corporate Bonds 57.7%		
Communication Services 4.3%		
AT&T, Inc., 3-month USD-LIBOR + 1.180%, 3.956%*, 6/12/2024	207,000	200,788
CCO Holdings LLC, 144A, 5.125%, 5/1/2027	330,000	307,362
Charter Communications Operating LLC:		
3.75%, 2/15/2028	110,000	99,508
5.375%, 5/1/2047	70,000	63,432
Comcast Corp.:		
3.55%, 5/1/2028	240,000	231,659
4.6%, 10/15/2038	180,000	181,760
4.95%, 10/15/2058	70,000	71,166
Empresa Nacional de Telecomunicaciones SA, REG S, 4.75%, 8/1/2026	250,000	234,824
Sprint Communications, Inc., 6.0%, 11/15/2022	250,000	245,333
Verizon Communications, Inc., 5.5%, 3/16/2047	60,000	63,805
Viacom, Inc., 5.875%, 2/28/2057	210,000	190,573
Vodafone Group PLC, 5.25%, 5/30/2048	98,000	92,006
		1,982,216
Consumer Discretionary 6.5%		
Booking Holdings, Inc., 2.75%, 3/15/2023	105,000	100,782
Expedia Group, Inc., 3.8%, 2/15/2028	100,000	90,683
Ford Motor Co., 5.291%, 12/8/2046	50,000	41,049
General Motors Financial Co., Inc.:		
3.15%, 6/30/2022	450,000	429,821
4.35%, 4/9/2025	84,000	79,586
HD Supply, Inc., 144A, 5.375%, 10/15/2026	175,000	169,750
Hilton Domestic Operating Co., Inc., 4.25%, 9/1/2024	130,000	122,850
Hilton Worldwide Finance LLC, 4.875%, 4/1/2027	220,000	206,250
Home Depot, Inc., 4.5%, 12/6/2048	50,000	51,619
KFC Holding Co., 144A, 4.75%, 6/1/2027	260,000	241,800
Netflix, Inc., 144A, 5.875%, 11/15/2028	235,000	228,350
Nordstrom, Inc., 5.0%, 1/15/2044	135,000	116,366
Sabre GLBL, Inc., 144A, 5.375%, 4/15/2023	130,000	129,350
Sands China Ltd., 144A, 4.6%, 8/8/2023	200,000	198,676
Starbucks Corp., 4.5%, 11/15/2048	100,000	93,088
Toll Brothers Finance Corp., 4.875%, 11/15/2025	80,000	74,800
Viking Cruises Ltd., 144A, 5.875%, 9/15/2027	125,000	116,563
VOC Escrow Ltd., 144A, 5.0%, 2/15/2028	95,000	87,638
Volkswagen Group of America Finance LLC, 144A, 4.25%, 11/13/2023	200,000	198,361
Walgreens Boots Alliance, Inc., 4.8%, 11/18/2044	40,000	36,419
Walmart, Inc., 3.4%, 6/26/2023	175,000	176,803
		2,990,604
Consumer Staples 3.5%		
Anheuser-Busch Companies LLC, 144A, 4.9%, 2/1/2046	140,000	129,834
Anheuser-Busch InBev Worldwide, Inc., 4.75%, 4/15/2058	60,000	52,214
Aramark Services, Inc., 144A, 5.0%, 2/1/2028	295,000	275,088
BAT Capital Corp., 3.557%, 8/15/2027	225,000	199,743
Campbell Soup Co., 4.8%, 3/15/2048	65,000	55,744
Conagra Brands, Inc.:		
5.3%, 11/1/2038	130,000	122,842
5.4%, 11/1/2048	20,000	18,419
Constellation Brands, Inc., 5.25%, 11/15/2048	30,000	30,104
Keurig Dr Pepper, Inc.:		
144A, 4.057%, 5/25/2023	90,000	89,688
144A, 4.597%, 5/25/2028	70,000	69,472
144A, 5.085%, 5/25/2048	100,000	95,095
Kraft Heinz Foods Co.:		
4.375%, 6/1/2046	130,000	107,097
4.625%, 1/30/2029	90,000	88,985
Molson Coors Brewing Co., 4.2%, 7/15/2046	120,000	99,696
Nestle Holdings, Inc., 144A, 4.0%, 9/24/2048	150,000	147,109
		1,581,130
Energy 8.5%		
Baker Hughes a GE Co., LLC, 4.08%, 12/15/2047	85,000	70,044
Boardwalk Pipelines LP, 4.95%, 12/15/2024	110,000	111,548
Buckeye Partners LP, 4.125%, 12/1/2027	140,000	125,884
Canadian Natural Resources Ltd.:		
3.85%, 6/1/2027	125,000	117,915
4.95%, 6/1/2047	80,000	77,107
Cenovus Energy, Inc., 5.4%, 6/15/2047	100,000	86,106
Cheniere Energy Partners LP, 144A, 5.625%, 10/1/2026	210,000	196,350
Chesapeake Energy Corp., 7.0%, 10/1/2024 (b)	140,000	121,100
Continental Resources, Inc.:		
4.9%, 6/1/2044	90,000	79,656
5.0%, 9/15/2022	48,000	47,659
DCP Midstream Operating LP, 5.375%, 7/15/2025	105,000	102,638

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	203,208
Enbridge, Inc., 3.5%, 6/10/2024	20,000	19,474
Energy Transfer LP, 4.25%, 3/15/2023	350,000	336,875
Energy Transfer Operating LP, 5.95%, 10/1/2043	50,000	47,540
EnLink Midstream Partners LP, 5.45%, 6/1/2047	160,000	129,396
Enterprise Products Operating LLC, 4.25%, 2/15/2048	330,000	292,506
EQM Midstream Partners LP:		
4.75%, 7/15/2023	92,000	91,802
6.5%, 7/15/2048	28,000	27,568
EQT Corp., 3.9%, 10/1/2027	105,000	90,519
Hess Corp., 5.8%, 4/1/2047	140,000	125,657
Kinder Morgan, Inc., 4.3%, 3/1/2028	445,000	435,538
Newfield Exploration Co., 5.75%, 1/30/2022	60,000	60,600
Noble Energy, Inc., 4.95%, 8/15/2047	100,000	86,520
Petroleos Mexicanos, 6.5%, 3/13/2027	180,000	169,200
Plains All American Pipeline LP, 2.85%, 1/31/2023	165,000	155,534
Range Resources Corp., 5.0%, 3/15/2023	300,000	264,000
Sunoco Logistics Partners Operations LP, 5.3%, 4/1/2044	75,000	66,226
TransCanada PipeLines Ltd, 5.1%, 3/15/2049	170,000	169,443
		3,907,613

Financials 14.9%

	Principal Amount ($)(a)	Value ($)
AerCap Ireland Capital DAC, 3.3%, 1/23/2023	150,000	142,607
Aflac, Inc., 4.75%, 1/15/2049	150,000	153,067
Air Lease Corp., 4.625%, 10/1/2028	160,000	151,125
Aircastle Ltd.:		
4.4%, 9/25/2023	109,000	107,204
5.5%, 2/15/2022	175,000	179,047
Ares Capital Corp.:		
3.625%, 1/19/2022	130,000	126,209
3.875%, 1/15/2020	200,000	200,420
ASB Bank Ltd., 144A, 3.75%, 6/14/2023	200,000	200,840
AXA Equitable Holdings, Inc., 144A, 5.0%, 4/20/2048	100,000	88,703
Banco de Credito e Inversiones SA, 144A, 3.5%, 10/12/2027	225,000	202,500
Banco Santander Mexico SA, 144A, 5.95%, 10/1/2028	210,000	210,788
Bank of America Corp., 4.271%, 7/23/2029	150,000	149,296
BOC Aviation Ltd., 144A, 3-month USD-LIBOR + 1.125%, 3.947%*, 9/26/2023	250,000	248,683
BPCE SA, 144A, 4.625%, 9/12/2028	250,000	245,686
Citigroup, Inc.:		
3.2%, 10/21/2026	170,000	156,942
3.887%, 1/10/2028	140,000	135,087
Credit Suisse Group AG, 144A, 4.282%, 1/9/2028	250,000	241,176
Everest Reinsurance Holdings, Inc., 4.868%, 6/1/2044	100,000	96,378
Fairfax Financial Holdings Ltd., 144A, 4.85%, 4/17/2028	96,000	92,245
HSBC Holdings PLC:		
4.375%, 11/23/2026	200,000	193,624
6.0% Perpetual (c)	225,000	202,608
ING Groep NV:		
4.55%, 10/2/2028	273,000	269,899
144A, 4.625%, 1/6/2026	200,000	201,354
JPMorgan Chase & Co.:		
2.95%, 10/1/2026	140,000	129,294
4.203%, 7/23/2029	135,000	134,590
KKR Group Finance Co. III LLC, 144A, 5.125%, 6/1/2044	55,000	54,174
Kookmin Bank, 144A, 2.875%, 3/25/2023	200,000	194,166
Legg Mason, Inc., 5.625%, 1/15/2044	100,000	98,687
Macquarie Group Ltd., 144A, 5.033%, 1/15/2030	300,000	295,628
Manulife Financial Corp., 4.061%, 2/24/2032	200,000	188,603
Morgan Stanley, 3.591%, 7/22/2028	100,000	94,550
Nationwide Financial Services, Inc., 144A, 5.3%, 11/18/2044	80,000	84,467
Santander Holdings U.S.A., Inc., 3.7%, 3/28/2022	270,000	265,166
State Street Corp., 4.141%, 12/3/2029	130,000	134,185
Swiss Re Treasury U.S. Corp., 144A, 4.25%, 12/6/2042	70,000	68,210
The Goldman Sachs Group, Inc.:		
3.75%, 2/25/2026	290,000	274,237
3.814%, 4/23/2029	155,000	144,712
Vantiv LLC, 144A, 4.375%, 11/15/2025	200,000	183,000
Wells Fargo Bank NA, 3.55%, 8/14/2023	250,000	248,943
Woori Bank, 144A, 4.5% Perpetual (c)	250,000	242,851
		6,830,951

Health Care 2.7%

	Principal Amount ($)(a)	Value ($)
AbbVie, Inc.:		
4.45%, 5/14/2046	120,000	104,969
4.875%, 11/14/2048	50,000	46,650
Allergan Funding SCS, 4.75%, 3/15/2045	70,000	66,449
Bayer U.S. Finance II LLC, 144A, 4.375%, 12/15/2028	200,000	190,950
CVS Health Corp., 4.78%, 3/25/2038	129,000	123,615
HCA, Inc.:		
5.25%, 6/15/2026	130,000	129,025
5.375%, 9/1/2026	115,000	111,837
Pfizer, Inc., 4.2%, 9/15/2048	90,000	91,316
Stryker Corp.:		
3.375%, 11/1/2025	80,000	77,342
4.625%, 3/15/2046	40,000	40,180
Teva Pharmaceutical Finance Netherlands III BV, 6.0%, 4/15/2024	200,000	192,643

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

	Principal Amount ($)(a)	Value ($)
UnitedHealth Group, Inc., 4.45%, 12/15/2048	60,000	61,760
		1,236,736
Industrials 2.8%		
Avolon Holdings Funding Ltd., 144A, 5.125%, 10/1/2023	167,000	159,485
Boeing Co., 3.625%, 3/1/2048	25,000	23,022
Corning, Inc., 5.35%, 11/15/2048	150,000	152,165
CSX Corp., 4.25%, 11/1/2066	130,000	112,389
Delta Air Lines, Inc., 4.375%, 4/19/2028	154,000	147,579
FedEx Corp.:		
4.05%, 2/15/2048	220,000	184,283
4.95%, 10/17/2048	100,000	96,637
General Electric Co.:		
4.125%, 10/9/2042	45,000	35,160
4.5%, 3/11/2044	40,000	32,623
Kansas City Southern, 4.7%, 5/1/2048	80,000	78,125
Union Pacific Corp., 4.5%, 9/10/2048	125,000	123,256
United Rentals North America, Inc., 6.5%, 12/15/2026	140,000	137,900
		1,282,624
Information Technology 3.3%		
Amazon.com, Inc., 4.25%, 8/22/2057	135,000	131,172
Apple, Inc., 3.45%, 2/9/2045	60,000	53,128
Broadcom Corp.:		
3.5%, 1/15/2028	115,000	99,637
3.625%, 1/15/2024	125,000	118,263
Dell International LLC, 144A, 5.875%, 6/15/2021	240,000	239,741
DXC Technology Co., 4.75%, 4/15/2027	190,000	190,669
Fair Isaac Corp., 144A, 5.25%, 5/15/2026	95,000	91,913
Fiserv, Inc., 4.2%, 10/1/2028	150,000	149,699
Microchip Technology, Inc., 144A, 3.922%, 6/1/2021	42,000	41,663
Seagate HDD Cayman, 4.25%, 3/1/2022	90,000	86,011
VMware, Inc., 3.9%, 8/21/2027	110,000	97,572
Western Digital Corp., 4.75%, 2/15/2026	245,000	212,537
		1,512,005
Materials 2.8%		
Anglo American Capital PLC, 144A, 4.75%, 4/10/2027	230,000	220,277
AngloGold Ashanti Holdings PLC, 5.125%, 8/1/2022	110,000	110,990
Celulosa Arauco y Constitucion SA, 5.5%, 11/2/2047	200,000	188,002
DowDuPont, Inc., 5.419%, 11/15/2048	150,000	155,841
Freeport-McMoRan, Inc., 4.55%, 11/14/2024	200,000	184,500
International Flavors & Fragrances, Inc., 5.0%, 9/26/2048	90,000	89,644
SASOL Financing U.S.A. LLC, 5.875%, 3/27/2024	200,000	199,578
Yamana Gold, Inc., 4.95%, 7/15/2024	110,000	107,608
		1,256,440

	Principal Amount ($)(a)	Value ($)
Real Estate 4.1%		
Crown Castle International Corp.:		
(REIT), 3.8%, 2/15/2028	50,000	47,315
(REIT), 5.25%, 1/15/2023	135,000	140,187
ERP Operating LP, (REIT), 4.15%, 12/1/2028	150,000	152,847
Government Properties Income Trust:		
(REIT), 3.75%, 8/15/2019	60,000	60,059
(REIT), 4.0%, 7/15/2022	125,000	123,018
Hospitality Properties Trust, (REIT), 5.25%, 2/15/2026	155,000	156,610
Host Hotels & Resorts LP, (REIT), 3.875%, 4/1/2024	135,000	133,179
MGM Growth Properties Operating Partnership LP, (REIT), 4.5%, 9/1/2026	120,000	108,600
Omega Healthcare Investors, Inc., (REIT), 5.25%, 1/15/2026	50,000	50,880
Realty Income Corp., (REIT), 3.875%, 4/15/2025	250,000	249,531
SBA Communications Corp.:		
(REIT), 4.0%, 10/1/2022	190,000	180,975
(REIT), 4.875%, 9/1/2024	125,000	117,500
Select Income REIT:		
(REIT), 4.15%, 2/1/2022	80,000	79,133
(REIT), 4.25%, 5/15/2024	80,000	77,090
WEA Finance LLC, 144A, (REIT), 3.75%, 9/17/2024	200,000	198,648
		1,875,572
Utilities 4.3%		
Abu Dhabi National Energy Co. PJSC, 144A, 4.375%, 4/23/2025	210,000	208,204
EDP Finance BV, 144A, 3.625%, 7/15/2024	200,000	187,016
Electricite de France SA, 144A, 4.75%, 10/13/2035	75,000	70,653
Enel Finance International NV, 144A, 4.25%, 9/14/2023	300,000	293,336
Israel Electric Corp., Ltd.:		
144A, REG S, 4.25%, 8/14/2028	290,000	275,477
Series 6, 144A, REG S, 5.0%, 11/12/2024	300,000	302,184
Perusahaan Listrik Negara PT, 144A, 2.875%, 10/25/2025	EUR 222,000	252,436
Sempra Energy, 4.0%, 2/1/2048	55,000	47,208
Southern California Edison Co., 3.65%, 3/1/2028	250,000	244,299
Southern Power Co., Series F, 4.95%, 12/15/2046	87,000	81,126
		1,961,939
Total Corporate Bonds (Cost $27,473,624)		**26,417,830**

Mortgage-Backed Securities Pass-Throughs 20.5%

Mortgage pass-through

	Principal Amount ($)(a)	Value ($)
Federal Home Loan Mortgage Corp.:		
4.0%, 8/1/2039	363,997	373,146
5.5%, with various maturities from 10/1/2023 until 5/1/2041	545,682	583,196
6.5%, 3/1/2026	58,113	61,884

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

	Principal Amount ($)(a)	Value ($)
Federal National Mortgage Association:		
3.5%, with various maturities from 12/1/2045 until 1/1/2049 (d)	3,100,992	3,107,017
4.0%, 1/1/2049 (d)	1,300,000	1,325,188
12-month USD-LIBOR + 1.750%, 4.5%*, 9/1/2038	26,905	28,103
4.5%, 1/1/2049 (d)	1,900,000	1,967,428
5.0%, 10/1/2033	29,028	30,866
5.5%, with various maturities from 12/1/2032 until 8/1/2037	547,821	589,506
6.0%, with various maturities from 4/1/2024 until 3/1/2025	138,029	148,107
6.5%, with various maturities from 11/1/2024 until 1/1/2036	53,896	57,920
Government National Mortgage Association, 4.0%, 1/1/2049 (d)	1,100,000	1,126,297
Total Mortgage-Backed Securities Pass-Throughs (Cost $9,399,158)		**9,398,658**

Asset-Backed 9.0%

Automobile Receivables 1.8%

	Principal Amount ($)(a)	Value ($)
Avis Budget Rental Car Funding AESOP LLC, "C", Series 2015-1A, 144A, 3.96%, 7/20/2021	500,000	497,594
CarMax Auto Owner Trust, "A4", Series 2015-1, 1.83%, 7/15/2020	305,727	304,839
		802,433

Credit Card Receivables 3.2%

	Principal Amount ($)(a)	Value ($)
Discover Card Execution Note Trust, "A4", Series 2014-A4, 2.12%, 12/15/2021	500,000	498,136
World Financial Network Credit Card Master Trust, "M", Series 2016-A, 2.33%, 4/15/2025	1,000,000	974,973
		1,473,109

Miscellaneous 4.0%

	Principal Amount ($)(a)	Value ($)
Goldentree Loan Opportunities X Ltd., "AJR", Series 2015-10A, 144A, 3-month USD-LIBOR + 1.450%, 3.919%*, 7/20/2031	433,333	427,820
Hilton Grand Vacations Trust, "B", Series 2014-AA, 144A, 2.07%, 11/25/2026	83,929	82,668
Taco Bell Funding LLC, "A2I", Series 2018-1A, 144A, 4.318%, 11/25/2048	745,000	754,193
Venture XXVIII CLO Ltd., "A2", Series 2017-28A, 144A, 3-month USD-LIBOR + 1.110%, 3.579%*, 7/20/2030	400,000	392,769
Wendy's Funding LLC, "A2I", Series 2018-1A, 144A, 3.573%, 3/15/2048	198,000	189,751
		1,847,201
Total Asset-Backed (Cost $4,157,582)		**4,122,743**

Commercial Mortgage-Backed Securities 4.5%

	Principal Amount ($)(a)	Value ($)
Bank, "B", Series 2018-BN13, 4.681%, 8/15/2061	500,000	514,250
BXP Trust, "B", Series 2017-CQHP, 144A, 1-month USD-LIBOR + 1.110%, 3.555%*, 11/15/2034	280,000	276,441
FHLMC Multifamily Structured Pass-Through Certificates:		
"X1", Series K043, Interest Only, 0.542%*, 12/25/2024	4,922,343	137,482
"X1", Series K054, Interest Only, 1.177%*, 1/25/2026	1,830,565	126,409
GS Mortgage Securities Corp. II, "B", Series 2018-GS10, 4.374%*, 7/10/2051	500,000	514,291
Morgan Stanley Capital Barclays Bank Trust, 144A, 2.817%, 9/13/2031	500,000	489,558
Total Commercial Mortgage-Backed Securities (Cost $2,055,338)		**2,058,431**

Collateralized Mortgage Obligations 4.4%

	Principal Amount ($)(a)	Value ($)
Countrywide Home Loan, "A2", Series 2006-1, 6.0%, 3/25/2036	159,212	129,718
CSFB Mortgage-Backed Pass-Through Certificates, "10A3", Series 2005-10, 6.0%, 11/25/2035	79,630	41,359
Federal Home Loan Mortgage Corp.:		
"PI", Series 4485, Interest Only, 3.5%, 6/15/2045	1,622,975	328,865
"PI", Series 3940, Interest Only, 4.0%, 2/15/2041	248,618	35,089
"C31", Series 303, Interest Only, 4.5%, 12/15/2042	1,149,604	252,462
Federal National Mortgage Association, "ZL", Series 2017-55, 3.0%, 10/25/2046	522,985	466,068
Government National Mortgage Association:		
"PL", Series 2013-19, 2.5%, 2/20/2043	684,500	632,414
"PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044	243,340	33,532
"PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039	192,512	33,805
"IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039	57,364	10,765
"IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039	111,382	20,875
"IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039	43,297	7,449
MASTR Alternative Loans Trust:		
"5A1", Series 2005-1, 5.5%, 1/25/2020	6,198	6,245
"8A1", Series 2004-3, 7.0%, 4/25/2034	3,602	3,863
Total Collateralized Mortgage Obligations (Cost $2,011,233)		**2,002,509**

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

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

Government & Agency Obligations 4.6%

Other Government Related (e) 1.8%

	Principal Amount ($)(a)	Value ($)
Japan Bank for International Cooperation, 3.375%, 10/31/2023	500,000	509,456
Novatek OAO, 144A, 6.604%, 2/3/2021	300,000	311,883
		821,339

Sovereign Bonds 1.3%

	Principal Amount ($)(a)	Value ($)
Republic of Argentina, 4.625%, 1/11/2023	75,000	59,250
Republic of Kazakhstan, 144A, 1.55%, 11/9/2023	EUR 290,000	333,630
Republic of South Africa, 4.875%, 4/14/2026	200,000	190,052
		582,932

U.S. Treasury Obligations 1.5%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bond, 3.0%, 8/15/2048	145,000	144,314
U.S. Treasury Note, 3.125%, 11/15/2028	545,000	565,310
		709,624
Total Government & Agency Obligations (Cost $2,097,991)		**2,113,895**

Short-Term U.S. Treasury Obligations 2.8%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bills:		
2.372%**, 8/15/2019 (f)	804,000	791,356
2.548%**, 10/10/2019 (g)	500,000	490,170
Total Short-Term U.S. Treasury Obligations (Cost $1,282,048)		**1,281,526**

Commercial Paper 0.9%

	Principal Amount ($)(a)	Value ($)
Walgreens Boots Alliance, Inc., 2.968%, 1/9/2019 (Cost $399,740)	400,000	**399,728**

Securities Lending Collateral 0.2%

	Shares	Value ($)
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares, 2.29% (h) (i) (Cost $111,600)	111,600	**111,600**

Cash Equivalents 4.3%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 2.41% (h) (Cost $1,975,521)	1,975,521	**1,975,521**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $50,963,835)	108.9	**49,882,441**
Other Assets and Liabilities, Net	(8.9)	**(4,086,574)**
Net Assets	100.0	**45,795,867**

A summary of the Fund's transactions with affiliated investments during the December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 0.2%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (h) (i)								
1,394,433	—	1,282,833 (j)	—	—	7,730	—	111,600	111,600
Cash Equivalents 4.3%								
DWS Central Cash Management Government Fund, 2.41% (h)								
1,055,489	38,681,275	37,761,243	—	—	31,252	—	1,975,521	1,975,521
2,449,922	**38,681,275**	**39,044,076**	**—**	**—**	**38,982**	**—**	**2,087,121**	**2,087,121**

* Variable or floating rate security. These securities are shown at their current rate as of December 31, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

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

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

(b) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at December 31, 2018 amounted to $107,260, which is 0.2% of net assets.

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

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

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

(f) At December 31, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(g) At December 31, 2018, this security has been pledged, in whole or in part, as collateral for open centrally cleared swap contracts.

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

(h) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.
(i) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.
(j) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.
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
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 December 31, 2018, open futures contracts purchased were as follows:

Futures	**Currency**	**Expiration Date**	**Contracts**	**Notional Amount ($)**	**Notional Value ($)**	**Unrealized Appreciation ($)**
10 Year U.S. Treasury Note	USD	3/20/2019	13	1,547,838	1,586,203	38,365
U.S. Treasury Long Bond	USD	3/20/2019	7	974,436	1,022,000	47,564
Ultra 10 Year U.S. Treasury Note	USD	3/20/2019	22	2,795,195	2,861,719	66,524
Total net unrealized appreciation						**152,453**

At December 31, 2018, 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	3/29/2019	11	1,240,659	1,261,562	(20,903)
Ultra Long U.S. Treasury Bond	USD	3/20/2019	17	2,588,215	2,731,156	(142,941)
Total net unrealized depreciation						**(163,844)**

At December 31, 2018, open credit default swap contracts purchased were as follows:

Centrally Cleared Swaps

Underlying Reference Obligation	**Fixed Cash Flows Paid/ Frequency**	**Expiration Date**	**Notional Amount (k)**	**Currency**	**Value ($)**	**Upfront Payments Paid ($)**	**Unrealized (Depreciation) ($)**
Markit CDX North America High Yield Index	5.0%/Quarterly	12/20/2023	3,300,000	USD	(71,528)	(50,187)	(21,341)
Markit CDX North America Investment Grade Index	1.0%/Quarterly	12/20/2023	6,600,000	USD	(38,796)	(35,995)	(2,801)
Total unrealized depreciation							**(24,142)**

(k) The maximum potential amount of future undiscounted payments that the Fund could be required to make under a credit default swap contract would be the notional amount of the contract. These potential amounts would be partially offset by any recovery values of the referenced debt obligation or net amounts received from the settlement of buy protection credit default swap contracts entered into by the Fund for the same referenced debt obligation, if any.

At December 31, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		**In Exchange For**		**Settlement Date**	**Unrealized Appreciation ($)**	**Counterparty**
EUR	522,000	USD	609,350	1/18/2019	10,325	HSBC Holdings PLC
EUR	220,000	USD	255,304	1/18/2019	2,842	Australia and New Zealand Banking Group Ltd.
NOK	7,755,000	USD	936,430	1/29/2019	38,260	Danske Bank AS
Total unrealized appreciation					**51,427**	

Contracts to Deliver		**In Exchange For**		**Settlement Date**	**Unrealized Depreciation ($)**	**Counterparty**
EUR	290,000	USD	331,212	1/18/2019	(1,579)	JPMorgan Chase Securities, Inc.
USD	930,107	NOK	7,755,000	1/29/2019	(31,937)	Danske Bank AS
Total unrealized depreciation					**(33,516)**	

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

Currency Abbreviations

EUR	Euro	USD	United States Dollar
NOK	Norwegian Krone		

For information on the Fund's policy and additional disclosures regarding future contracts, credit default 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 December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed Income Investments (l)				
Corporate Bonds	$ —	$ 26,417,830	$ —	$ 26,417,830
Mortgage-Backed Securities Pass-Throughs	—	9,398,658	—	9,398,658
Asset-Backed	—	4,122,743	—	4,122,743
Commercial Mortgage-Backed Securities	—	2,058,431	—	2,058,431
Collateralized Mortgage Obligations	—	2,002,509	—	2,002,509
Government & Agency Obligations	—	2,113,895	—	2,113,895
Short-Term U.S. Treasury Obligations	—	1,281,526	—	1,281,526
Commercial Paper	—	399,728	—	399,728
Short-Term Investments (l)	2,087,121	—	—	2,087,121
Derivatives (m)				
Futures Contracts	152,453	—	—	152,453
Forward Foreign Currency Contracts	—	51,427	—	51,427
Total	**$ 2,239,574**	**$ 47,846,747**	**$ —**	**$ 50,086,321**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (m)				
Futures Contracts	$ (163,844)	$ —	$ —	$ (163,844)
Credit Default Swap Contracts	—	(24,142)	—	(24,142)
Forward Foreign Currency Contracts	—	(33,516)	—	(33,516)
Total	**$ (163,844)**	**$ (57,658)**	**$ —**	**$ (221,502)**

(l) See Investment Portfolio for additional detailed categorizations.

(m) Derivatives include unrealized appreciation (depreciation) on open futures contracts, credit default 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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $48,876,714) — including $107,260 of securities loaned	$47,795,320
Investment in DWS Government & Agency Securities Portfolio (cost $111,600)*	111,600
Investment in DWS Central Cash Management Government Fund (cost $1,975,521)	1,975,521
Foreign currency, at value (cost $1,145,778)	1,132,135
Receivable for variation margin on future contracts	5,829
Receivable for Fund shares sold	421
Interest receivable	396,205
Unrealized appreciation on forward foreign currency contracts	51,427
Foreign taxes recoverable	1,122
Other assets	1,593
Total assets	51,471,173

Liabilities	
Cash overdraft	5,509
Payable upon return of securities loaned	111,600
Payable for investments purchased	327,123
Payable for investments purchased — when-issued/delayed delivery securities	4,996,416
Payable for Fund shares redeemed	44,947
Payable for variation margin on centrally cleared swaps	5,742
Unrealized depreciation on forward foreign currency contracts	33,516
Accrued management fee	6,321
Accrued Trustees' fees	1,057
Other accrued expenses and payables	143,075
Total liabilities	5,675,306
Net assets, at value	**$45,795,867**

Net Assets Consist of	
Distributable earnings (loss)	(2,762,575)
Paid-in capital	48,558,442
Net assets, at value	**$45,795,867**

Net Asset Value	
Net asset value, offering and redemption price per share ($45,795,867 ÷ 8,635,826 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 5.30**

* Represents collateral on securities loaned.

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Interest (net of foreign taxes withheld of $212)	$ 1,819,823
Income distributions — DWS Central Cash Management Government Fund	31,252
Securities lending income, net of borrower rebates	7,730
Total income	1,858,805
Expenses: Management fee	187,084
Administration fee	47,970
Services to shareholders	1,096
Custodian fee	18,076
Professional fees	99,448
Reports to shareholders	29,720
Trustees' fees and expenses	3,892
Pricing service fee	23,458
Other	5,753
Total expenses before expense reductions	416,497
Expense reductions	(85,887)
Total expenses after expense reductions	330,610
Net investment income	**1,528,195**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	(1,190,857)
Swap contracts	(137,968)
Futures	(70,435)
Forward foreign currency contracts	64,397
Foreign currency	(8,970)
	(1,343,833)
Change in net unrealized appreciation (depreciation) on: Investments	(1,477,760)
Swap contracts	(13,638)
Futures	(20,701)
Forward foreign currency contracts	12,738
Foreign currency	(25,180)
	(1,524,541)
Net gain (loss)	**(2,868,374)**
Net increase (decrease) in net assets resulting from operations	**$(1,340,179)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income	$ 1,528,195	$ 2,126,076
Net realized gain (loss)	(1,343,833)	1,507,922
Change in net unrealized appreciation (depreciation)	(1,524,541)	581,196
Net increase (decrease) in net assets resulting from operations	(1,340,179)	4,215,194
Distributions to shareholders:		
Class A	(2,159,140)	(1,811,823)*
Fund share transactions:		
Class A		
Proceeds from shares sold	2,190,642	5,538,840
Reinvestment of distributions	2,159,140	1,811,823
Payments for shares redeemed	(6,549,537)	(35,229,871)
Net increase (decrease) in net assets from Class A share transactions	(2,199,755)	(27,879,208)
Increase (decrease) in net assets	(5,699,074)	(25,475,837)
Net assets at beginning of period	51,494,941	76,970,778
Net assets at end of period	**$45,795,867**	**$ 51,494,941****
Other Information:		
Class A		
Shares outstanding at beginning of period	9,030,036	13,944,103
Shares sold	405,229	986,189
Shares issued to shareholders in reinvestment of distributions	407,385	328,229
Shares redeemed	(1,206,824)	(6,228,485)
Net increase (decrease) in Class A shares	(394,210)	(4,914,067)
Shares outstanding at end of period	**8,635,826**	**9,030,036**

* Includes distributions from net investment income.

** Includes undistributed net investment income of $2,119,833.

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

Financial Highlights

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

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had securities on loan, which were classified as corporate bonds in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements was overnight and continuous.

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

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

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

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

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

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

At December 31, 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).

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.

At December 31, 2018, the Fund's components of distributable earnings (accumulated losses) on a tax basis are as follows:

Undistributed ordinary income*	$ 1,432,215
Capital loss carryforwards	$ (3,092,000)
Net unrealized appreciation (depreciation) on investments	$ (1,083,266)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $50,965,707. The net unrealized depreciation for all investments based on tax cost was $1,083,266. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $299,537 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $1,382,803.

In addition, the tax character of distributions paid to shareholders by the Fund is summarized as follows:

	Years Ended December 31,	
	2018	**2017**
Distributions from ordinary income*	$ 2,159,140	$ 1,811,823

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, the Fund invested in interest rate futures to gain exposure to different parts of the yield curve while managing the overall duration. The Fund also entered into interest rate futures contracts for non-hedging purposes to seek to enhance potential gains.

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

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

A summary of the open futures contracts as of December 31, 2018, is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $4,135,000 to $5,824,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $3,829,000 to $6,899,000.

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

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

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

Interest Rate Swaps. 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 year ended December 31, 2018, the Fund entered into interest rate swap agreements to gain exposure to different parts of the yield curve while managing overall duration and for non-hedging purposes to seek to enhance potential gains.

As of December 31, 2018 the fund did not hold open interest rate swap contracts. For the year ended December 31, 2018, the investment in interest rate swap contracts had a total USD equivalent notional amount generally indicative of a range from $0 to approximately $2,997,000.

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 year ended December 31, 2018, the Fund entered into credit default swap agreements to gain exposure to the underlying issuer's credit quality characteristics and to hedge the risk of default or other specified credit events on portfolio assets.

Under the terms of a credit default swap, the Fund receives or makes periodic payments based on a specified interest rate on a fixed notional amount. These payments are recorded as a realized gain or loss in the Statement of Operations. Payments received or made as a result of a credit event or termination of the swap are recognized, net of a proportional amount of the upfront payment, as realized gains or losses in the Statement of Operations.

A summary of the open credit default swap contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, 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 year ended December 31, 2018, the Fund invested in forward currency contracts to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated securities. In addition, the Fund also engaged in forward currency contracts for non-hedging purposes to seek to enhance potential gains.

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

A summary of the open forward currency contracts as of December 31, 2018, is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in forward currency contracts U.S. dollars purchased had a total contract value generally indicative of a range from approximately $1,567,000 to $3,314,000 and the investment in forward currency contracts U.S. dollars sold had a total contract value generally indicative of a range from approximately $0 to $3,624,000.

The following tables summarize the value of the Fund's derivative instruments held as of December 31, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Asset Derivatives	**Forward Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (a)	$ —	$ 152,453	$ 152,453
Foreign Exchange Contracts (b)	51,427	—	51,427
	$ 51,427	**$ 152,453**	**$ 203,880**

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**
Interest Rate Contract (c)	$ —	$ —	$ (163,844)	$ (163,844)
Credit Contracts (c)	—	(24,142)	—	(24,142)
Foreign Exchange Contracts (d)	(33,516)	—	—	(33,516)
	$ (33,516)	**$ (24,142)**	**$ (163,844)**	**$ (221,502)**

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 year ended December 31, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contract (e)	$ —	$ (13,662)	$ (70,435)	$ (84,097)
Credit Contracts (e)	—	(124,306)	—	(124,306)
Foreign Exchange Contracts (f)	64,397	—	—	64,397
	$ 64,397	**$ (137,968)**	**$ (70,435)**	**$ (144,006)**

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

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

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

Change in Net Unrealized Appreciation (Depreciation)	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (g)	$ —	$ 10,504	$ (20,701)	$ (10,197)
Credit Contracts (g)	—	(24,142)	—	(24,142)
Foreign Exchange Contracts (h)	12,738	—	—	12,738
	$ 12,738	**$ (13,638)**	**$ (20,701)**	**$ (21,601)**

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 December 31, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following tables:

Counterparty	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments and Derivatives Available for Offset	Collateral Received	Net Amount of Derivative Assets
Australia and New Zealand Banking Group Ltd.	$ 2,842	$ —	$ —	$ 2,842
Danske Bank AS	38,260	(31,937)	—	6,323
HSBC Holdings PLC	10,325	—	—	10,325
	$ 51,427	**$ (31,937)**	**$ —**	**$ 19,490**

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
Danske Bank AS	$ 31,937	$ (31,937)	$ —	$ —
JPMorgan Chase Securities, Inc.	1,579	—	—	1,579
	$ 33,516	**$ (31,937)**	**$ —**	**$ 1,579**

C. Purchases and Sales of Securities

During the year ended December 31, 2018, purchases and sales of investment securities, excluding short-term investments, were as follows:

	Purchases	Sales
Non-U.S. Treasury Obligations	$ 111,954,420	$ 114,397,848
U.S. Treasury Obligations	$ 13,591,028	$ 13,462,473

D. Related Parties

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

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

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

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.39% of the Fund's average daily net assets.

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

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

In addition, effective October 1, 2018 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 0.66%.

For the year ended December 31, 2018, fees waived and/or expenses reimbursed were $85,887.

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 year ended December 31, 2018, the Administration Fee was $47,970, of which $3,905 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 year ended December 31, 2018, the amounts charged to the Fund by DSC aggregated $566, of which $94 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $11,573, of which $7,258 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $582.

E. Ownership of the Fund

At December 31, 2018, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 42%, 25% and 16%, 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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series I and Shareholders of DWS Bond VIP

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the investment portfolio, of DWS Bond VIP (one of the funds constituting Deutsche DWS Variable Series I, referred to hereafter as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 14, 2019

We have served as the auditor of one or more investment companies in the DWS family of funds since 1930.

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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 1,000.00
Expenses Paid per $1,000*	$ 3.53

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.68
Expenses Paid per $1,000*	$ 3.57

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 184 (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	.70%

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.

Tax Information

(Unaudited)

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.
2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.
3 Executive title, not a board directorship.
4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.
5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.
6 Address: 345 Park Avenue, New York, NY 10154.
7 Address: 60 Wall Street, New York, NY 10005.
8 Address: One International Place, Boston, MA 02110.
9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.
* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS1bond-2 (R-025819-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS Capital Growth VIP

(formerly Deutsche 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.

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

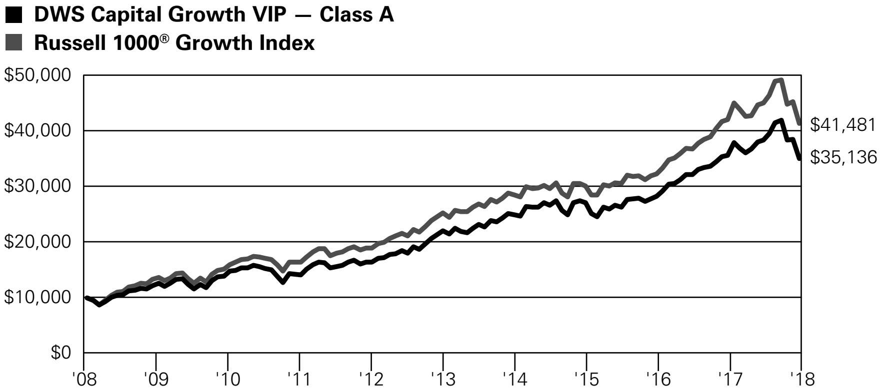
December 31, 2018 (Unaudited)

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

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

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

Growth of an Assumed $10,000 Investment



Yearly periods ended December 31

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		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,840	$12,956	$15,898	$35,136
	Average annual total return	–1.60%	9.02%	9.72%	13.39%
Russell 1000 Growth Index	Growth of $10,000	$9,849	$13,732	$16,403	$41,481
	Average annual total return	–1.51%	11.15%	10.40%	15.29%
DWS Capital Growth VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$9,813	$12,855	$15,690	$34,113
	Average annual total return	–1.87%	8.73%	9.43%	13.06%
Russell 1000 Growth Index	Growth of $10,000	$9,849	$13,732	$16,403	$41,481
	Average annual total return	–1.51%	11.15%	10.40%	15.29%

The growth of $10,000 is cumulative.

Management Summary

The Fund produced a total return of –1.60% (Class A shares, unadjusted for contract charges) in 2018, slightly below the –1.51% return for its benchmark, the Russell 1000® Growth Index. The final performance number for the index belies the fact that growth stocks performed quite well for the majority of 2018. However, uncertainty about global growth, U.S. trade policy, and interest rates fueled a return of –15.89% for the index in the fourth calendar quarter, erasing all the gains it had achieved in the first nine months of the year.

The Fund's relative performance was helped by its robust stock selection in the industrials, consumer discretionary, and consumer staples sectors, but the benefits were offset by weaker selection in communications services, health care, and materials.

The aerospace giant Boeing Co. was the primary source of outperformance in industrials. The stock performed very well in the first half of the period, prompting us to reduce the position mid-way through the year. This decision cushioned the impact of the stock's subsequent downturn, which was brought about by the trade dispute between the United States and China. We later added back to the position when the stock reached a more attractive valuation. Outside of industrials, the life sciences company Thermo Fisher Scientific, Inc. — which delivered better-than-expected earnings thanks to strong end-market demand — was the top contributor. An underweight in Facebook, Inc. also helped performance, as the stock lagged the broader communications services sector due largely to the prospect of increased government regulation. Visa, Inc., Burlington Stores, Inc. and Adobe, Inc., were additional contributors of note.

Broadcom, Inc.* was the largest individual detractor from performance. Semiconductor stocks sold off sharply from September onward amid an increasingly unfavorable balance of supply and demand in the industry. Shares of Broadcom faced additional pressure after the company made an acquisition outside of its core business. An investment in the video game developer Activision Blizzard, Inc. further weighed on Fund returns. The company missed investors' expectations due to weakness in key gaming titles, slowing monthly user metrics, and a lack of clarity around the launch of the latest edition of Call of Duty. The specialty chemicals producer Albemarle Corp.* and the biotechnology firm Celgene Corp. were also notable detractors in 2018.

At year end, the investment backdrop was characterized by decelerating global economic growth, the likelihood of further interest rate increases, and the rising possibility of a recession in the years ahead. We therefore anticipate that the volatility of late 2018 is likely to remain in place for some time. Still, the market downturn also created more opportunities to identify fast-growing companies trading at reasonable valuations. We are encouraged by this development, as we think growth companies can become more attractive on a relative basis once earnings momentum in the broader market begins to slow.

In this environment, we focused on identifying opportunities in two types of companies. First, we looked for defensive, growing businesses whose strong franchises create durable competitive positions. Here, we emphasized companies with positive business trends, stable end markets, and the ability to meet growth expectations. We also favored those where valuations were either reasonable or had declined significantly, and where there was a high-quality management team with a positive long-term track record. Second, we gradually shifted our attention to finding businesses that are exploiting the convergence of trends involving cloud computing, mobile telephony, big data, and machine learning, among others. We believe companies that are capitalizing on structural changes in these areas can demonstrate growth independent of the economic cycle — a potentially favorable trait when the world economy is slowing.

From a portfolio positioning standpoint, our bottom-up investment process led us to hold overweight positions in financials, the newly classified communication services sector, and health care as of year-end. Conversely, the Fund's largest underweights were in the consumer sectors, industrials, and materials.

Sebastian P. Werner, PhD, Director
Portfolio Manager

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

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.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the fund.

Overweight means the Fund holds a higher weighting in a given sector or security than the benchmark. **Underweight** means the Fund holds a lower weighting.

Consumer discretionary represents industries that produce goods and services that are not necessities in everyday life.

* Held and sold prior to December 31, 2018.

Portfolio Summary

(Unaudited)

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

Sector Diversification (As of % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Information Technology	31%	29%
Consumer Discretionary	15%	14%
Health Care	15%	17%
Communication Services	14%	12%
Industrials	11%	11%
Financials	7%	6%
Consumer Staples	3%	5%
Real Estate	2%	2%
Materials	1%	3%
Energy	1%	1%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 98.4%		
Communication Services 14.2%		
Entertainment 6.6%		
Activision Blizzard, Inc.	218,575	10,179,038
Live Nation Entertainment, Inc.*	85,736	4,222,498
Netflix, Inc.*	33,539	8,977,049
Spotify Technology SA*	93,059	10,562,196
Walt Disney Co.	131,267	14,393,427
		48,334,208
Interactive Media & Services 5.8%		
Alphabet, Inc. "A"*	17,959	18,766,436
Alphabet, Inc. "C"*	16,506	17,093,779
Facebook, Inc. "A"*	49,532	6,493,150
		42,353,365
Wireless Telecommunication Services 1.8%		
T-Mobile U.S., Inc.*	200,615	**12,761,120**
Consumer Discretionary 14.9%		
Hotels, Restaurants & Leisure 2.7%		
Las Vegas Sands Corp.	74,365	3,870,698
McDonald's Corp.	90,048	15,989,824
		19,860,522
Internet & Direct Marketing Retail 4.8%		
Amazon.com, Inc.*	23,208	**34,857,720**
Multiline Retail 1.2%		
Dollar General Corp.	79,443	**8,586,199**
Specialty Retail 5.0%		
Burlington Stores, Inc.*	58,773	9,560,604
CarMax, Inc.* (a)	117,668	7,381,314
Home Depot, Inc.	113,064	19,426,656
		36,368,574
Textiles, Apparel & Luxury Goods 1.2%		
Carter's, Inc.	50,924	4,156,417
Lululemon Athletica, Inc.*	40,563	4,932,866
		9,089,283
Consumer Staples 3.1%		
Food & Staples Retailing 1.1%		
Costco Wholesale Corp.	40,435	**8,237,014**
Food Products 1.4%		
Mondelez International, Inc. "A"	253,680	**10,154,810**
Personal Products 0.6%		
Estee Lauder Companies, Inc. "A"	32,557	**4,235,666**
Energy 0.6%		
Oil, Gas & Consumable Fuels		
Concho Resources, Inc.*	41,969	**4,313,993**
Financials 7.5%		
Banks 1.1%		
SVB Financial Group*	42,611	**8,092,681**
Capital Markets 2.8%		
Intercontinental Exchange, Inc.	174,503	13,145,311
The Charles Schwab Corp.	171,155	7,108,067
		20,253,378
Consumer Finance 0.6%		
American Express Co.	47,006	**4,480,612**

	Shares	Value ($)
Insurance 3.0%		
Progressive Corp.	355,732	**21,461,312**
Health Care 14.4%		
Biotechnology 4.0%		
Alexion Pharmaceuticals, Inc.*	72,119	7,021,506
Biogen., Inc.*	19,983	6,013,284
BioMarin Pharmaceutical, Inc.*	47,653	4,057,653
Celgene Corp.*	83,981	5,382,342
Exact Sciences Corp.*	40,487	2,554,730
Shire PLC (ADR)	22,166	3,857,771
		28,887,286
Health Care Equipment & Supplies 5.7%		
Becton, Dickinson & Co.	96,740	21,797,457
Danaher Corp.	101,296	10,445,644
Inogen, Inc.*	25,612	3,180,242
The Cooper Companies, Inc.	25,511	6,492,549
		41,915,892
Life Sciences Tools & Services 2.7%		
Thermo Fisher Scientific, Inc.	89,446	**20,017,120**
Pharmaceuticals 2.0%		
Bristol-Myers Squibb Co.	60,658	3,153,003
Zoetis, Inc.	130,772	11,186,237
		14,339,240
Industrials 10.6%		
Aerospace & Defense 3.4%		
Boeing Co.	60,107	19,384,507
TransDigm Group, Inc.*	16,542	5,625,273
		25,009,780
Electrical Equipment 1.6%		
AMETEK, Inc.	165,443	**11,200,491**
Industrial Conglomerates 1.4%		
Roper Technologies, Inc.	38,541	**10,271,947**
Machinery 1.0%		
Parker-Hannifin Corp.	48,303	**7,203,910**
Professional Services 2.2%		
TransUnion	89,135	5,062,868
Verisk Analytics, Inc.*	99,809	10,883,173
		15,946,041
Road & Rail 1.0%		
Norfolk Southern Corp.	48,895	**7,311,758**
Information Technology 30.5%		
IT Services 8.7%		
Cognizant Technology Solutions Corp. "A"	172,072	10,923,130
Fidelity National Information Services, Inc.	93,696	9,608,525
FleetCor Technologies, Inc.*	29,226	5,427,853
Global Payments, Inc.	89,747	9,255,608
Visa, Inc. "A"	211,529	27,909,136
		63,124,252
Semiconductors & Semiconductor Equipment 2.2%		
Analog Devices, Inc.	85,293	7,320,698
NVIDIA Corp.	66,499	8,877,617
		16,198,315

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

	Shares	Value ($)
Software 14.0%		
2U, Inc.*	70,347	3,497,653
Adobe, Inc.*	57,497	13,008,121
Intuit, Inc.	48,264	9,500,768
Microsoft Corp.	483,363	49,095,180
salesforce.com, Inc.*	107,537	14,729,343
ServiceNow, Inc.*	33,869	6,030,375
Synopsys, Inc.*	69,040	5,815,930
		101,677,370
Technology Hardware, Storage & Peripherals 5.6%		
Apple, Inc.	242,758	38,292,647
Pure Storage, Inc. "A"*	180,873	2,908,438
		41,201,085
Materials 0.7%		
Construction Materials		
Vulcan Materials Co.	47,537	**4,696,656**
Real Estate 1.9%		
Equity Real Estate Investment Trusts (REITs)		
Digital Realty Trust, Inc.	76,800	8,183,040
Prologis, Inc.	95,608	5,614,102
		13,797,142
Total Common Stocks (Cost $439,132,505)		**716,238,742**

	Shares	Value ($)
Securities Lending Collateral 0.7%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (b) (c) (Cost $5,457,000)	5,457,000	**5,457,000**
Cash Equivalents 1.7%		
DWS Central Cash Management Government Fund, 2.41% (b) (Cost $12,082,625)	12,082,625	**12,082,625**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $456,672,130)	100.8	**733,778,367**
Other Assets and Liabilities, Net	(0.8)	**(5,704,884)**
Net Assets	100.0	**728,073,483**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 0.7%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (b) (c)								
4,867,950	589,050 (d)	—	—	—	1,922	—	5,457,000	5,457,000
Cash Equivalents 1.7%								
DWS Central Cash Management Government Fund, 2.41% (b)								
11,650,299	152,422,892	151,990,566	—	—	273,269	—	12,082,625	12,082,625
16,518,249	**153,011,942**	**151,990,566**	**—**	**—**	**275,191**	**—**	**17,539,625**	**17,539,625**

* 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 December 31, 2018 amounted to $5,369,688, which is 0.7% 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 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 for the year ended December 31, 2018.

ADR: American Depositary Receipt

Fair Value Measurements

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

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (e)	$ 716,238,742	$ —	$ —	$ 716,238,742
Short-Term Investments (e)	17,539,625	—	—	17,539,625
Total	**$ 733,778,367**	**$ —**	**$ —**	**$ 733,778,367**

(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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $439,132,505) — including $5,369,688 of securities loaned	$ 716,238,742
Investment in DWS Government & Agency Securities Portfolio (cost $5,457,000)*	5,457,000
Investment in DWS Central Cash Management Government Fund (cost $12,082,625)	12,082,625
Receivable for Fund shares sold	137,687
Dividends receivable	290,453
Interest receivable	32,406
Other assets	19,724
Total assets	734,258,637

Liabilities	
Payable upon return of securities loaned	5,457,000
Payable for Fund shares redeemed	292,612
Accrued management fee	238,982
Accrued Trustees' fees	19,714
Other accrued expenses and payables	176,846
Total liabilities	6,185,154
Net assets, at value	**$ 728,073,483**

Net Assets Consist of	
Distributable earnings (loss)	374,108,453
Paid-in capital	353,965,030
Net assets, at value	**$ 728,073,483**

Net Asset Value	
Class A **Net Asset Value**, offering and redemption price per share ($724,603,055 ÷ 26,575,319 outstanding shares of beneficial interest, $0.01 par value, unlimited number of shares authorized)	**$ 27.27**
Class B **Net Asset Value**, offering and redemption price per share ($3,470,428 ÷ 127,775 outstanding shares of beneficial interest, $0.01 par value, unlimited number of shares authorized)	**$ 27.16**

* Represents collateral on securities loaned.

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Dividends	$ 7,549,611
Income distributions — DWS Central Cash Management Government Fund	273,269
Securities lending income, net of borrower rebates	1,922
Total income	7,824,802
Expenses: Management fee	3,027,624
Administration fee	812,363
Services to Shareholders	2,117
Record keeping fee (Class B)	88
Distribution service fee (Class B)	13,735
Custodian fee	12,037
Professional fees	84,383
Reports to shareholders	45,270
Trustees' fees and expenses	49,786
Other	41,166
Total expenses	4,088,569
Net investment income	**3,736,233**

Realized and Unrealized gain (loss)	
Net realized gain (loss) from investments	94,066,554
Change in net unrealized appreciation (depreciation) on investments	(108,027,003)
Net gain (loss)	**(13,960,449)**
Net increase (decrease) in net assets resulting from operations	**$ (10,224,216)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 3,736,233	$ 5,732,351
Net realized gain (loss)	94,066,554	73,188,413
Change in net unrealized appreciation (depreciation)	(108,027,003)	111,635,895
Net increase (decrease) in net assets resulting from operations	(10,224,216)	190,556,659
Distributions to shareholders:		
Class A	(78,292,764)	(69,522,241)
Class B	(583,563)	(494,460)
Total distributions	(78,876,327)	(70,016,701)*
Fund share transactions:		
Class A		
Proceeds from shares sold	53,233,825	60,007,049
Reinvestment of distributions	78,292,764	69,522,241
Payments for shares redeemed	(94,375,223)	(217,855,027)
Net increase (decrease) in net assets from Class A share transactions	37,151,366	(88,325,737)
Class B		
Proceeds from shares sold	263,138	1,092,096
Reinvestment of distributions	583,563	494,460
Payments for shares redeemed	(2,933,729)	(1,795,865)
Net increase (decrease) in net assets from Class B share transactions	(2,087,028)	(209,309)
Increase (decrease) in net assets	(54,036,205)	32,004,912
Net assets at beginning of period	782,109,688	750,104,776
Net assets at end of period	**$ 728,073,483**	**$ 782,109,688****

Other Information		
Class A		
Shares outstanding at beginning of period	25,154,197	27,895,381
Shares sold	1,730,657	2,126,577
Shares issued to shareholders in reinvestment of distributions	2,776,339	2,573,944
Shares redeemed	(3,085,874)	(7,441,705)
Net increase (decrease) in Class A shares	1,421,122	(2,741,184)
Shares outstanding at end of period	**26,575,319**	**25,154,197**
Class B		
Shares outstanding at beginning of period	191,717	197,662
Shares sold	8,617	39,266
Shares issued to shareholders in reinvestment of distributions	20,738	18,341
Shares redeemed	(93,297)	(63,552)
Net increase (decrease) in Class B shares	(63,942)	(5,945)
Shares outstanding at end of period	**127,775**	**191,717**

* Includes distributions from net investment income for Class A and Class B of $6,004,257 and $28,374, respectively. Distributions from net realized gains for Class A and Class B of $63,517,984 and $466,086, respectively.

** Includes undistributed net investment income of $5,662,467.

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

Financial Highlights

Class A

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

Class B

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

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

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

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Class B shares are subject to Rule 12b-1 distribution fees under the 1940 Act and 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.

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds including DWS Government & Agency Securities Portfolio managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had securities on loan, which were classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

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

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

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.

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.

At December 31, 2018, the Fund's components of distributable earnings (accumulated losses) on a tax basis are as follows:

Undistributed ordinary income*	$ 6,876,946
Undistributed net long-term capital gains	$ 90,255,299
Net Unrealized appreciation (depreciation) on investments	$ 276,898,640

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $456,879,727. The net unrealized appreciation for all investments based on tax cost was $276,898,640. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $306,682,643 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $29,784,003.

In addition, the tax character of distributions paid to shareholders by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income*	$ 9,435,917	$ 6,032,631
Distributions from long-term capital gains	$ 69,440,410	$ 63,984,070

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $208,930,049 and $249,207,283, respectively.

C. Related Parties

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

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

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

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.37% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2018, the Advisor 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	.82%
Class B	1.07%

Effective from October 1, 2018 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 year ended December 31, 2018, the Administration Fee was $812,363, of which $64,020 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	**Total Aggregated**	**Unpaid at December 31, 2018**
Class A	$ 778	$ 129
Class B	96	35
	$ 874	**$ 164**

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 year ended December 31, 2018, the Distribution Service Fee aggregated $13,735, of which $762 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $8,325, of which $6,167 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $145.

D. Ownership of the Fund

At December 31, 2018, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 57% and 29%, 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 45% and 40%, 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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series I and Shareholders of DWS Capital Growth VIP

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the investment portfolio, of DWS Capital Growth VIP (one of the funds constituting Deutsche DWS Variable Series I, referred to hereafter as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 14, 2019

We have served as the auditor of one or more investment companies in the DWS family of funds since 1930.

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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 913.60	$ 912.30
Expenses Paid per $1,000*	$ 2.41	$ 3.62

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,022.68	$ 1,021.42
Expenses Paid per $1,000*	$ 2.55	$ 3.82

* 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 184 (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%	.75%

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.

Tax Information

(Unaudited)

The Fund paid distributions of $2.82 per share from net long-term capital gains during its year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $99,488,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 97% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018 qualified for the dividends received deduction.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS1capgro-2 (R-025820-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS Core Equity VIP

(formerly Deutsche 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

Contents

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

Stocks may decline in value. Fund management could be wrong in its analysis of industries, companies, economic trends and favor a security that underperforms the market. The Fund may lend securities to approved institutions. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Please read the prospectus for details.

Performance Summary

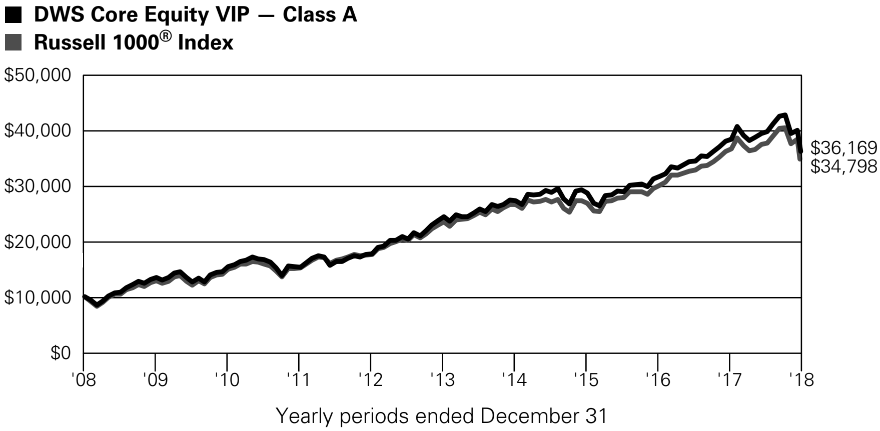
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.57% and 0.86% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment



The Russell 1000® Index is an unmanaged index that measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index.

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

Comparative Results

DWS Core Equity VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,431	$12,610	$14,841	$36,169
	Average annual total return	–5.69%	8.04%	8.22%	13.72%
Russell 1000® Index	Growth of $10,000	$9,522	$12,983	$14,837	$34,798
	Average annual total return	–4.78%	9.09%	8.21%	13.28%
DWS Core Equity VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$9,398	$12,504	$14,629	$35,159
	Average annual total return	–6.02%	7.73%	7.91%	13.40%
Russell 1000® Index	Growth of $10,000	$9,522	$12,983	$14,837	$34,798
	Average annual total return	–4.78%	9.09%	8.21%	13.28%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

Large-cap U.S. equities returned –4.78% in 2018, as measured by the Russell 1000 Index (the Fund's benchmark). The downturn marked the worst year for the index since 2008. The Fund returned –5.69% (Class A shares, unadjusted for contract charges), modestly underperforming the index.

The weak final number for stocks belies the fact that the investment environment was quite positive for much of the year. Through the end of September, equities were boosted by elevated investor optimism stemming from the backdrop of healthy U.S. growth and rising corporate earnings. The market quickly reversed course at the beginning of October, however, as investors grew fearful about the outlook for the economy, interest rates, and corporate profits in 2019. The index returned –13.82% in the fourth quarter, erasing its prior gain and causing it to finish in the red for only the second time in the past 16 years.

We maintained a steady, disciplined, and bottom-up approach to portfolio construction. We sought to optimize the portfolio by emphasizing stocks with the most favorable combination of individual factors, rather than relying on a specific factor — such as value or growth — to drive performance. Consistent with this strategy, stock selection was the primary driver of the Fund's 12-month results. Our process generated outperformance in the financials, industrials, and consumer discretionary sectors, among others. However, these contributions were offset by our weaker showing in energy, materials, and information technology.

In financials, holdings in CME Group, Inc. and Popular, Inc. — both of which sidestepped the interest-rate concerns that weighed on the broader sector — were the leading contributors to performance. In industrials, we were helped by owning positions in the rail operator Norfolk Southern Corp. and the aerospace giant Boeing Co. Having a zero weighting in General Electric Corp., one of the sector's worst performers, was a further plus. The information technology stocks Microsoft Corp. and Visa Inc. were the top contributors for the Fund as a whole during 2018.

The Fund's positioning in the energy sector had the largest adverse impact on returns. Holdings in smaller exploration and production and energy-services stocks, which tend to be volatile and more sensitive to oil prices than their larger peers, were notable detractors. The Fund lost relative performance through its positions in Newfield Exploration Co., Weatherford International PLC,* and Laredo Petroleum, Inc.,* among others. The materials sector was a further area of weakness due to a downturn in the specialty-chemicals producer Albemarle Corp., whose shares slid as investors grew skittish about the company's expansion plans. The mining company Freeport-McMoRan, Inc., which lagged considerably due to persistent weakness in the price of copper and other industrial metals, was also a sizable detractor.

We believe the events of the past 12 months illustrate the role investor emotions can play in market performance. The first nine months of the year brought the combination of strong investor optimism and robust gains for the major indexes, with outperformance for stocks with the best recent price momentum. The positive backdrop evaporated virtually overnight in October, however, ushering in an interval of heightened investor risk aversion and higher day-to-day volatility. While very little changed in terms of the outlook for underlying fundamentals such as economic growth and corporate profits, the sell-off gained momentum due in part to rising fear among market participants. We view this as a prime example of how emotion and sentiment factors can take precedence over impartial analysis. In contrast, we employ a steady, rules-based strategy that uses quantitative analysis to evaluate companies in a dispassionate manner. We believe the merits of maintaining a disciplined approach through all markets, instead of focusing on short-term results, could become increasingly evident if heightened volatility remains a feature of the investment landscape in 2019.

Pankaj Bhatnagar, PhD, Managing Director
Di Kumble, CFA, Managing Director
Arno V. Puskar, Director
Portfolio Managers

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

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.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the Fund.

Consumer discretionary represents industries that produce goods and services that are not necessities in everyday life.

* Held and sold prior to December 31, 2018.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Common Stocks	98%	99%
Cash Equivalents	2%	1%
Exchange-Traded Fund	0%	0%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Exchange-Traded Fund, and Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Information Technology	19%	19%
Health Care	15%	14%
Financials	14%	15%
Communication Services	11%	10%
Industrials	10%	10%
Consumer Discretionary	10%	7%
Consumer Staples	7%	8%
Energy	4%	6%
Utilities	4%	3%
Real Estate	3%	4%
Materials	3%	4%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 98.1%		
Communication Services 10.8%		
Diversified Telecommunication Services 0.4%		
Zayo Group Holdings, Inc.*	15,167	**346,414**
Entertainment 1.8%		
Live Nation Entertainment, Inc.*	34,546	**1,701,391**
Interactive Media & Services 4.5%		
Alphabet, Inc. "A"*	1,581	1,652,082
Alphabet, Inc. "C"*	1,634	1,692,186
Facebook, Inc. "A"*	6,964	912,911
		4,257,179
Media 2.5%		
Comcast Corp. "A"	12,409	422,527
Omnicom Group, Inc.	26,756	1,959,609
		2,382,136
Wireless Telecommunication Services 1.6%		
T-Mobile U.S., Inc.*	24,777	**1,576,065**
Consumer Discretionary 9.5%		
Hotels, Restaurants & Leisure 1.7%		
Hyatt Hotels Corp. "A"	10,048	679,245
Yum! Brands, Inc.	9,933	913,041
		1,592,286
Internet & Direct Marketing Retail 4.4%		
Amazon.com, Inc.*	2,748	**4,127,413**
Multiline Retail 0.9%		
Macy's, Inc.	27,865	**829,820**
Specialty Retail 1.2%		
Best Buy Co., Inc.	13,229	700,608
Home Depot, Inc.	2,844	488,656
		1,189,264
Textiles, Apparel & Luxury Goods 1.3%		
NIKE, Inc. "B"	16,629	**1,232,874**
Consumer Staples 6.4%		
Beverages 3.3%		
Molson Coors Brewing Co. "B"	12,992	729,631
PepsiCo, Inc.	21,680	2,395,206
		3,124,837
Food & Staples Retailing 2.1%		
Costco Wholesale Corp.	2,610	531,683
Kroger Co.	19,143	526,432
Sprouts Farmers Market, Inc.*	10,709	251,769
U.S. Foods Holding Corp.*	21,725	687,379
		1,997,263
Food Products 0.4%		
Conagra Brands, Inc.	19,210	**410,326**
Personal Products 0.6%		
Coty, Inc. "A"	83,822	**549,872**
Energy 3.9%		
Energy Equipment & Services 0.2%		
Transocean Ltd.*	22,843	**158,531**
Oil, Gas & Consumable Fuels 3.7%		
Continental Resources., Inc.*	14,296	574,556
EOG Resources., Inc.	6,949	606,022
Exxon Mobil Corp.	3,214	219,163
Newfield Exploration Co.*	72,761	1,066,676
Occidental Petroleum Corp.	6,363	390,561
ONEOK, Inc.	13,022	702,537
		3,559,515
Financials 14.0%		
Banks 4.8%		
Bank of America Corp.	19,491	480,258
Citigroup, Inc.	20,772	1,081,390
JPMorgan Chase & Co.	9,651	942,131
Popular, Inc.	22,749	1,074,208
U.S. Bancorp.	22,509	1,028,661
		4,606,648
Capital Markets 6.6%		
Ares Capital Corp.	35,111	547,030
CME Group, Inc.	9,810	1,845,457
Franklin Resources., Inc.	16,515	489,835
Intercontinental Exchange, Inc.	7,252	546,293
LPL Financial Holdings, Inc.	16,689	1,019,364
State Street Corp.	12,070	761,255
TD Ameritrade Holding Corp.	8,095	396,331
The Goldman Sachs Group., Inc.	3,812	636,795
		6,242,360
Insurance 2.6%		
Chubb Ltd.	10,046	1,297,742
MetLife, Inc.	27,550	1,131,203
		2,428,945
Health Care 15.1%		
Biotechnology 6.4%		
AbbVie, Inc.	19,942	1,838,453
Amgen, Inc.	9,227	1,796,220
Biogen., Inc.*	1,611	484,782
Celgene Corp.*	16,888	1,082,352
Gilead Sciences, Inc.	14,641	915,795
		6,117,602
Health Care Equipment & Supplies 3.3%		
Becton, Dickinson & Co.	6,111	1,376,930
Boston Scientific Corp.*	22,599	798,649
Danaher Corp.	4,400	453,728
Medtronic PLC	5,216	474,447
		3,103,754
Health Care Providers & Services 2.0%		
Cigna Corp.*	5,337	1,013,603
CVS Health Corp.	9,398	615,757
McKesson Corp.	2,127	234,970
		1,864,330
Pharmaceuticals 3.4%		
Eli Lilly & Co.	6,136	710,058
Merck & Co., Inc.	12,073	922,498
Pfizer, Inc.	36,521	1,594,141
		3,226,697
Industrials 9.9%		
Aerospace & Defense 2.6%		
Boeing Co.	6,357	2,050,132
L3 Technologies, Inc.	2,539	440,923
		2,491,055
Commercial Services & Supplies 1.0%		
Waste Management, Inc.	10,691	**951,392**

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

	Shares	Value ($)
Industrial Conglomerates 2.4%		
Honeywell International, Inc.	7,443	983,369
Roper Technologies, Inc.	4,709	1,255,043
		2,238,412
Machinery 1.7%		
Ingersoll-Rand PLC	8,514	776,732
Parker-Hannifin Corp.	5,626	839,062
		1,615,794
Road & Rail 1.9%		
Norfolk Southern Corp.	11,725	**1,753,357**
Trading Companies & Distributors 0.3%		
WESCO International, Inc.*	6,874	**329,952**
Information Technology 18.9%		
IT Services 4.3%		
Conduent, Inc.*	74,027	786,907
Gartner, Inc.*	8,591	1,098,274
Visa, Inc. "A"	16,661	2,198,252
		4,083,433
Semiconductors & Semiconductor Equipment 3.6%		
Applied Materials, Inc.	13,336	436,621
Intel Corp.	26,478	1,242,612
QUALCOMM., Inc.	16,260	925,357
Teradyne, Inc.	24,705	775,243
		3,379,833
Software 6.0%		
Microsoft Corp.	45,892	4,661,250
Oracle Corp.	22,079	996,867
		5,658,117
Technology Hardware, Storage & Peripherals 5.0%		
Apple, Inc.	25,060	3,952,964
Hewlett Packard Enterprise Co.	57,980	765,916
		4,718,880
Materials 2.8%		
Chemicals 0.9%		
Albemarle Corp.	4,626	356,526
PPG Industries, Inc.	4,797	490,397
		846,923

	Shares	Value ($)
Containers & Packaging 0.2%		
Graphic Packaging Holding Co.	18,020	**191,733**
Metals & Mining 1.7%		
Freeport-McMoRan, Inc.	157,271	**1,621,464**
Real Estate 3.2%		
Equity Real Estate Investment Trusts (REITs)		
AvalonBay Communities, Inc.	6,050	1,053,002
Digital Realty Trust, Inc.	7,986	850,908
Prologis, Inc.	15,244	895,128
SL Green Realty Corp.	2,871	227,039
		3,026,077
Utilities 3.6%		
Electric Utilities 1.6%		
NextEra Energy, Inc.	8,860	**1,540,045**
Multi-Utilities 1.0%		
CenterPoint Energy, Inc.	33,059	**933,256**
Water Utilities 1.0%		
American Water Works Co., Inc.	9,878	**896,626**
Total Common Stocks (Cost $77,462,804)		**92,901,871**

Exchange-Traded Fund 0.3%

Vanguard S&P 500 ETF (Cost $243,401)	1,051	**241,530**

Cash Equivalents 1.6%

DWS Central Cash Management Government Fund, 2.41% (a) (Cost $1,529,105)	1,529,105	**1,529,105**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $79,235,310)	100.0	**94,672,506**
Other Assets and Liabilities, Net	0.0	**8,672**
Net Assets	100.0	**94,681,178**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 0.00%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares" 2.29% (a) (b)								
151,800	—	151,800(c)	—	—	161	—	—	—
Cash Equivalents 1.6%								
DWS Central Cash Management Government Fund, 2.41% (a)								
1,008,753	10,705,086	10,184,734	—	—	10,713	—	1,529,105	1,529,105
1,160,553	**10,705,086**	**10,336,534**	**—**	**—**	**10,874**	**—**	**1,529,105**	**1,529,105**

* 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 year ended December 31, 2018.

S&P: Standard & Poor's

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

Fair Value Measurements

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

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks (d)	$ 92,901,871	$ —	$ —	$ 92,901,871
Exchange-Traded Fund	241,530	—	—	241,530
Short-Term Investments	1,529,105	—	—	1,529,105
Total	**$ 94,672,506**	**$ —**	**$ —**	**$ 94,672,506**

(d) See Investment Portfolio for additional detailed categorizations.

Statement of Assets and Liabilities

as of December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $77,706,205)	$93,143,401
Investment in DWS Central Cash Management Government Fund (cost $1,529,105)	1,529,105
Cash	14,512
Receivable for Fund shares sold	30,973
Dividends receivable	150,345
Interest receivable	1,377
Other assets	2,985
Total assets	94,872,698

Liabilities	
Payable for Fund shares redeemed	56,396
Accrued management fee	32,197
Accrued Trustees' fees	1,789
Other accrued expenses and payables	101,138
Total liabilities	191,520
Net assets, at value	**$94,681,178**

Net Assets Consist of	
Distributable earnings (loss)	27,874,978
Paid-in capital	66,806,200
Net assets, at value	**$94,681,178**

Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($91,837,535 ÷ 9,343,340 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 9.83**
Class B **Net Asset Value,** offering and redemption price per share ($2,843,643 ÷ 289,832 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 9.81**

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Dividends (net of foreign taxes withheld of $2,981)	$ 1,862,210
Income distributions — DWS Central Cash Management Government Fund	10,713
Securities lending income, net of borrower rebates	161
Total income	1,873,084
Expenses: Management fee	418,431
Administration fee	107,290
Services to Shareholders	1,334
Record keeping fee (Class B)	2,189
Distribution service fee (Class B)	8,089
Custodian fee	8,564
Professional fees	77,029
Reports to shareholders	25,108
Trustees' fees and expenses	6,341
Other	9,658
Total expenses	664,033
Net investment income	**1,209,051**

Realized and Unrealized gain (loss)	
Net realized gain (loss) from investments	11,503,842
Change in net unrealized appreciation (depreciation) on investments	(18,122,668)
Net gain (loss)	**(6,618,826)**
Net increase (decrease) in net assets resulting from operations	**$ (5,409,775)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income	$ 1,209,051	$ 1,926,984
Net realized gain (loss)	11,503,842	28,444,398
Change in net unrealized appreciation (depreciation)	(18,122,668)	(233,266)
Net increase (decrease) in net assets resulting from operations	(5,409,775)	30,138,116
Distributions to shareholders :		
Net investment income:		
Class A	(29,462,065)	(13,472,837)
Class B	(916,591)	(168,295)
Total distributions	(30,378,656)	(13,641,132)*
Fund share transactions:		
Class A		
Proceeds from shares sold	5,049,625	5,272,674
Reinvestment of distributions	29,462,065	13,472,837
Payments of shares redeemed	(12,963,703)	(92,783,533)
Net increase (decrease) in net assets from Class A share transactions	21,547,987	(74,038,022)
Class B		
Proceeds from shares sold	275,886	902,144
Reinvestment of distributions	916,591	168,295
Payments of shares redeemed	(404,039)	(259,704)
Net increase (decrease) in net assets from Class B share transactions	788,438	810,735
Increase (decrease) in net assets	(13,452,006)	(56,730,303)
Net assets at beginning of period	108,133,184	164,863,487
Net assets at end of period	**94,681,178**	**108,133,184****
Other Information		
Class A		
Shares outstanding at beginning of period	7,169,708	12,373,665
Shares sold	448,326	384,902
Shares issued to shareholders in reinvestment of distributions	2,816,641	1,047,654
Shares redeemed	(1,091,335)	(6,636,513)
Net increase (decrease) in Class A shares	2,173,632	(5,203,957)
Shares outstanding at end of period	**9,343,340**	**7,169,708**
Class B		
Shares outstanding at beginning of period	215,292	155,615
Shares sold	20,116	65,736
Shares issued to shareholders in reinvestment of distributions	87,628	13,087
Shares redeemed	(33,204)	(19,146)
Net increase (decrease) in Class B shares	74,540	59,677
Shares outstanding at end of period	**289,832**	**215,292**

* Includes distributions from net investment income of $2,009,714, and $19,752 for Class A and Class B, respectively and distributions from net realized gains of $11,463,123 and $148,543 for Class A and Class B, respectively.

** Includes undistributed net investment income of $1,903,313.

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

Financial Highlights

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

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

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

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

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

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds including DWS Government & Agency Securities Portfolio, managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had no securities on loan.

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

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

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

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.

At December 31, 2018, the Fund's components of distributable earnings (accumulated losses) on a tax basis are as follows:

Undistributed ordinary income*	$ 1,124,557
Undistributed net long-term capital gains	$ 11,510,198
Net unrealized appreciation (depreciation) on investments	$ 15,227,580

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $79,444,926. The net unrealized appreciation for all investments based on tax cost was $15,227,580. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $22,392,847 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $7,165,267.

In addition, the tax character of distributions paid to shareholders by the Fund is summarized as follows:

	Years Ended December 31, 2018	**2017**
Distributions from ordinary income*	$ 2,110,009	$ 3,360,863
Distributions from long-term capital gains	$ 28,268,647	$ 10,280,269

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $45,144,758 and $52,514,953, respectively.

C. Related Parties

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

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

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

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.39% of the Fund's average daily net assets.

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

Class A	.80%
Class B	1.08%

Effective October 1, 2018 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 year ended December 31, 2018, the Administration Fee was $107,290, of which $8,256 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at December 31, 2018
Class A	$ 633	$ 106
Class B	121	20
	$ 754	**$ 126**

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 year ended December 31, 2018, the Distribution Service Fee aggregated $8,089, of which $622 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $9,144, of which $6,751 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 year ended December 31, 2018, the Fund incurred lending agent fees to Deutsche Bank AG for the amount of $12.

D. Ownership of the Fund

At December 31, 2018, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 48%, 17% and 10%, respectively. Two participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 45% and 36%, 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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series I and Shareholders of DWS Core Equity VIP

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the investment portfolio, of DWS Core Equity VIP (one of the funds constituting Deutsche DWS Variable Series I, referred to hereafter as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 14, 2019

We have served as the auditor of one or more investment companies in the DWS family of funds since 1930.

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 (July 1, 2018 to December 31, 2018).

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

- **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.
- **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 911.00	$ 909.20
Expenses Paid per $1,000*	$ 2.94	$ 4.48
Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,022.13	$ 1,020.52
Expenses Paid per $1,000*	$ 3.11	$ 4.74

* 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 184 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series I — DWS Core Equity VIP	.61%	.93%

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

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

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

Tax Information

(Unaudited)

The Fund paid distributions of $3.94 per share from net long-term capital gains during its year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $12,710,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 100% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018 qualified for the dividends received deduction.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

VS1coreq-2 (R-025822-9 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS CROCI® International VIP

(formerly Deutsche 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.

Contents

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

Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Stocks may decline in value. The Fund will be managed on the premise that stocks with lower CROCI® Economic P/E Ratios may outperform stocks with higher CROCI® Economic P/E Ratios over time. This premise may not always be correct and prospective investors should evaluate this assumption prior to investing in the Fund. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read the prospectus for details.

In June 2016, citizens of the United Kingdom approved a referendum to leave the European Union (EU) and in March 2017, the United Kingdom initiated its withdrawal from the EU, which is expected to take place by March 2019. Significant uncertainty exists regarding the United Kingdom's anticipated withdrawal from the EU and any adverse economic and political effects such withdrawal may have on the United Kingdom, other EU countries and the global economy.

Performance Summary

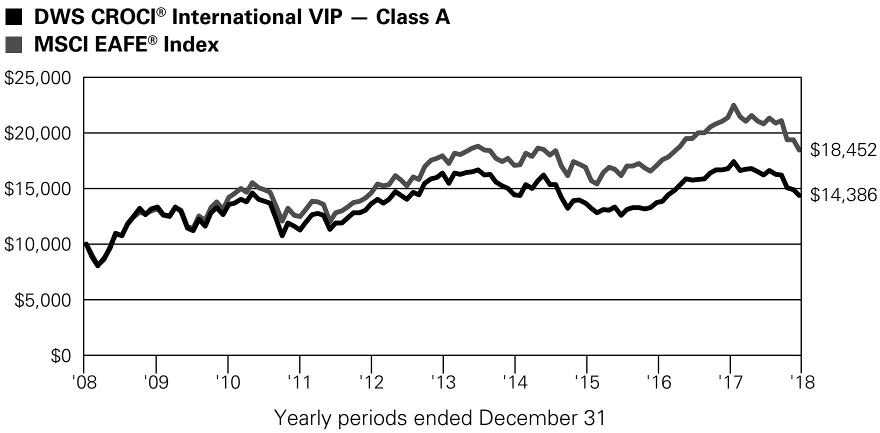
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 1.10% and 1.38% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment



MSCI EAFE Index is an equity index which captures large and mid cap representation across developed markets countries around the world, excluding the US and Canada.

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

Comparative Results

Deutsche CROCI® International VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class A	Growth of $10,000	$8,561	$10,518	$8,772	$14,386
	Average annual total return	–14.39%	1.70%	–2.59%	3.70%
MSCI EAFE® Index	Growth of $10,000	$8,621	$10,887	$10,269	$18,452
	Average annual total return	–13.79%	2.87%	0.53%	6.32%
Deutsche CROCI® International VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$8,543	$10,453	$8,675	$14,016
	Average annual total return	–14.57%	1.49%	–2.80%	3.43%
MSCI EAFE® Index	Growth of $10,000	$8,621	$10,887	$10,269	$18,452
	Average annual total return	–13.79%	2.87%	0.53%	6.32%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

The Fund returned –14.39% (Class A, unadjusted for contract charges) in 2018 and underperformed the –13.79% return of its benchmark, the MSCI EAFE Index. International equities lost ground in the past year, with the bulk of the downturn occurring in the fourth calendar quarter amid heightened investor concerns about the outlook for global economic growth. The overseas markets were further pressured by the weakness in most major foreign currencies against the U.S. dollar.

The trends in the broader market were mirrored in the Fund's results versus the benchmark. After lagging the index through the end of September, the Fund made up a great deal of lost ground once stocks started to trade lower. We believe the improvement in the Fund's relative performance in the down market helps illustrate the merits of our value discipline. Although value stocks had underperformed their growth counterparts by a wide margin for several years, we expected that this trend would ultimately reverse given that the two styles tend to alternate leadership over time. This indeed proved to be the case in the fourth quarter, and the Fund benefited in kind. The Fund's emphasis on lower-beta stocks, which generally began to outpace higher-beta equities from October onward, also helped us make up our prior underperformance in the latter part of the year.

The Fund's sector allocations made a positive contribution to performance. An underweight in financial stocks, which trailed the broader index by a wide margin, aided results. We further benefited from an overweight position in utilities. Although the sector lagged through much of the year, its defensive qualities enabled it to hold up well once the markets began to turn lower.

Stock selection was a net detractor from performance. While our holdings outpaced the corresponding benchmark components in the utilities, health care, and communication services sectors, the benefit was outweighed by our weaker showing in consumer discretionary and materials. A large allocation to automakers and the related suppliers, both of which fell sharply on concerns that global auto sales had peaked and were set to decline, was the key driver of performance in consumer discretionary. Positions in a number of British homebuilders, which had performed very well for the Fund in 2017 but turned lower in the past 12 months, also weighed on our results in the sector. On the positive side, the utilities sector was home to the two leading contributors at the individual stock level: Hong Kong & China Gas Co., Ltd. and HK Electric Investments & HK Electric Investments Ltd.

At the close of the period, the Fund held its largest overweight positions in the consumer discretionary, utilities, and industrials sectors, followed by health care and consumer staples. It was underweight in communications services and materials, and it had zero weightings in financials, information technology, and real estate. The Fund's holdings tend to deviate quite a bit from those of the benchmark, as we invest in areas where we find the most attractive values based on the CROCI® investment process, rather than seeking to match the weightings in the index.

The foreign markets performed poorly in 2018 amid the waning prospects for synchronized global growth. However, one benefit of this trend is that valuations have fallen from their levels of earlier in the year. We believe the Fund, through its emphasis on undervalued stocks with healthy fundamentals, is well positioned to capitalize on the increasingly attractive valuations in international equities. As of December 31, 2018, the Fund had a price-to-earnings ratio of 9.9 based on one-year forward earnings estimates, versus 11.8 for the MSCI EAFE Index. The portfolio also compared favorably to the benchmark in terms of its fundamentals, illustrated by its higher return on equity (7.3% vs. 6.4%). (Source: Factset.)

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

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **Morgan Stanley Capital International (MSCI) Europe, Australasia and Far East (EAFE) Index** is an equity index which captures large- and mid-cap representation across developed markets countries around the world, excluding the United States and Canada. With 920 constituents, the index 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.

Beta measures a security's sensitivity to the movements of the Fund's benchmark or the market as a whole.

Contributors and **detractors** incorporate both a stock's return and its weight. If two stocks have the same return but one has a larger weighting in the Fund, it will have a larger contribution to return in the period

Overweight means the Fund holds a higher weighting in a given sector or security than the benchmark. **Underweight** means the Fund holds a lower weighting.

Consumer discretionary represents industries that produce goods and services that are not necessities in everyday life.

Price-to-earnings (P/E) ratio compares share price to per-share earnings.

Return on equity is the amount of net income returned as a percentage of shareholders' equity.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio)	**12/31/18**	**12/31/17**
Common Stocks	98%	97%
Preferred Stocks	2%	2%
Cash Equivalents	0%	1%
	100%	100%

Geographical Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Japan	24%	24%
France	16%	10%
United Kingdom	14%	14%
Germany	14%	18%
Switzerland	8%	16%
Hong Kong	6%	6%
Singapore	4%	4%
Belgium	4%	2%
Netherlands	4%	2%
Australia	2%	2%
Finland	2%	—
Luxembourg	2%	—
Spain	—	2%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Consumer Discretionary	31%	22%
Industrials	20%	24%
Health Care	13%	16%
Consumer Staples	12%	16%
Materials	11%	6%
Utilities	9%	14%
Communication Services	2%	2%
Energy	2%	—
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 97.2%		
Australia 2.2%		
BHP Group Ltd. (Cost $1,557,635)	67,956	**1,632,340**
Belgium 3.9%		
Solvay SA	13,112	1,313,921
UCB SA	18,592	1,519,529
(Cost $3,485,423)		**2,833,450**
Finland 1.8%		
Nokian Renkaat Oyj (Cost $2,017,313)	41,676	**1,283,930**
France 16.0%		
Arkema SA	14,522	1,249,329
Cie de Saint-Gobain	41,292	1,379,676
Cie Generale des Etablissements Michelin	14,803	1,471,978
Danone SA	20,631	1,454,649
Engie SA	112,251	1,612,390
Pernod Ricard SA	9,829	1,614,503
Sanofi	17,553	1,522,460
TOTAL SA	25,364	1,342,209
(Cost $12,039,189)		**11,647,194**
Germany 11.4%		
BASF SE	19,599	1,375,632
Bayer AG (Registered)	19,607	1,372,709
Beiersdorf AG	13,906	1,454,998
Brenntag AG	28,500	1,236,824
Continental AG	9,468	1,318,768
Merck KGaA	15,019	1,553,987
(Cost $10,292,890)		**8,312,918**
Hong Kong 6.5%		
CLP Holdings Ltd.	134,149	1,516,042
HK Electric Investments & HK Electric Investments Ltd. "SS", (Units)	1,549,000	1,569,316
Hong Kong & China Gas Co., Ltd.	776,095	1,602,474
(Cost $3,456,727)		**4,687,832**
Japan 24.0%		
Bridgestone Corp.	40,108	1,544,045
Central Japan Railway Co.	8,000	1,688,787
Denso Corp.	33,700	1,489,916
Honda Motor Co., Ltd.	57,000	1,497,095
Japan Tobacco, Inc.	57,300	1,363,868
Mazda Motor Corp.	137,600	1,415,252
Nissan Motor Co., Ltd.	170,200	1,362,551
Sekisui House Ltd.	104,400	1,553,637
Subaru Corp.	55,800	1,199,909
Sumitomo Electric Industries Ltd.	109,700	1,451,189
Toyota Industries Corp.	29,700	1,365,286
Toyota Motor Corp.	26,100	1,515,144
(Cost $20,147,678)		**17,446,679**
Luxembourg 1.7%		
ArcelorMittal (Cost $1,464,056)	58,846	**1,236,608**
Netherlands 3.9%		
Koninklijke DSM NV	17,145	1,408,169
Randstad NV	30,789	1,418,018
(Cost $2,982,906)		**2,826,187**
Singapore 4.0%		
Singapore Airlines Ltd.	220,341	1,521,002
Singapore Telecommunications Ltd.	649,000	1,405,680
(Cost $3,579,576)		**2,926,682**
Switzerland 8.2%		
Adecco Group AG (Registered)	31,454	1,478,150
Ferguson PLC	22,261	1,426,438
Nestle SA (Registered)	17,654	1,435,734
Roche Holding AG (Genusschein)	6,433	1,600,614
(Cost $6,555,435)		**5,940,936**
United Kingdom 13.6%		
Barratt Developments PLC	231,630	1,368,594
easyJet PLC	98,478	1,391,494
GlaxoSmithKline PLC	76,210	1,451,108
International Consolidated Airlines Group SA	198,349	1,565,466
Persimmon PLC	52,030	1,282,837
Smiths Group PLC	87,078	1,516,181
Taylor Wimpey PLC	747,643	1,299,420
(Cost $11,203,061)		**9,875,100**
Total Common Stocks (Cost $78,781,889)		**70,649,856**
Preferred Stocks 2.1%		
Germany		
Henkel AG & Co. KGaA (Cost $1,692,692)	13,903	**1,522,614**
Securities Lending Collateral 0.0%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (a) (b) (Cost $1,268)	1,268	**1,268**
Cash Equivalents 0.3%		
DWS Central Cash Management Government Fund, 2.41% (a) (Cost $258,740)	258,740	**258,740**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $80,734,589)	99.6	**72,432,478**
Other Assets and Liabilities, Net	0.4	**269,809**
Net Assets	100.0	**72,702,287**

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

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Security Lending Collateral 0.0%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (a) (b)								
—	1,268 (c)	—	—	—	15,116	—	1,268	1,268
Cash Equivalents 0.3%								
DWS Central Cash Management Government Fund, 2.41% (a)								
729,063	12,487,538	12,957,861	—	—	9,626	—	258,740	258,740
729,063	**12,488,806**	**12,957,861**	**—**	**—**	**24,742**	**—**	**260,008**	**260,008**

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

(b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates. Purchases and sales not shown for securities lending collateral.

(c) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

Fair Value Measurements

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

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks				
Australia	$ —	$ 1,632,340	$ —	$ 1,632,340
Belgium	—	2,833,450	—	2,833,450
Finland	—	1,283,930	—	1,283,930
France	—	11,647,194	—	11,647,194
Germany	—	8,312,918	—	8,312,918
Hong Kong	—	4,687,832	—	4,687,832
Japan	—	17,446,679	—	17,446,679
Luxembourg	—	1,236,608	—	1,236,608
Netherlands	—	2,826,187	—	2,826,187
Singapore	—	2,926,682	—	2,926,682
Switzerland	—	5,940,936	—	5,940,936
United Kingdom	—	9,875,100	—	9,875,100
Preferred Stock	—	1,522,614	—	1,522,614
Short-Term Investments (d)	260,008	—	—	260,008
Total	**$260,008**	**$72,172,470**	**$ —**	**$72,432,478**

(d) See Investment Portfolio for additional detailed categories.

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

Statement of Assets and Liabilities

as of December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $80,474,581)	$ 72,172,470
Investment in DWS Government & Agency Securities Portfolio (cost $1,268)	1,268
Investment in DWS Central Cash Management Government Fund (cost $258,740)	258,740
Cash	2
Foreign currency, at value (cost $83,255)	83,833
Receivable for Fund shares sold	4,875
Dividends receivable	134,333
Interest receivable	1,946
Foreign taxes recoverable	213,554
Other assets	7,555
Total assets	72,878,576

Liabilities	
Payable upon return of securities lending collateral	1,268
Payable for Fund shares redeemed	8,250
Accrued management fee	42,280
Accrued Trustees' fees	1,902
Other accrued expenses and payables	122,589
Total liabilities	176,289
Net assets, at value	**$ 72,702,287**

Net Assets Consist of	
Distributable earnings (loss)	(34,470,279)
Paid-in capital	107,172,566
Net assets, at value	**$ 72,702,287**

Net Asset Value	
Class A **Net Asset Value**, offering and redemption price per share ($72,426,560 ÷ 11,634,868 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 6.22**
Class B **Net Asset Value**, offering and redemption price per share ($275,727 ÷ 44,210 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 6.24**

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Dividends (net of foreign taxes withheld of $233,080)	$ 3,000,541
Income distributions — DWS Central Cash Management Government Fund	9,626
Securities lending income, net of borrower rebates	15,116
Other income	88,220
Total income	3,113,503
Expenses: Management fee	672,664
Administration fee	85,148
Services to shareholders	2,374
Distribution service fee (Class B)	785
Custodian fee	48,519
Professional fees	77,087
Reports to shareholders	53,937
Trustees' fees and expenses	5,850
Other	17,840
Total expenses before expense reductions	964,204
Expense reductions	(220,784)
Total expenses after expense reductions	743,420
Net investment income	**2,370,083**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	2,646,280
Foreign currency	(52,476)
	2,593,804
Change in net unrealized appreciation (depreciation) on: Investments	(17,367,302)
Foreign currency	(4,930)
	(17,372,232)
Net gain (loss)	**(14,778,428)**
Net increase (decrease) in net assets resulting from operations	**$ (12,408,345)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 2,370,083	$ 2,228,428
Net realized gain (loss)	2,593,804	2,603,883
Change in net unrealized appreciation (depreciation)	(17,372,232)	14,930,893
Net increase (decrease) in net assets resulting from operations	(12,408,345)	19,763,204
Distributions to shareholders:		
Class A	(895,216)	(7,067,244)
Class B	(2,479)	(20,366)
Total distributions	(897,695)	(7,087,610)*
Fund share transactions:		
Class A		
Proceeds from shares sold	4,166,625	6,185,861
Reinvestment of distributions	895,216	7,067,244
Payments for shares redeemed	(11,189,329)	(27,986,345)
Net increase (decrease) in net assets from Class A share transactions	(6,127,488)	(14,733,240)
Class B		
Proceeds from shares sold	14,693	8,966
Reinvestment of distributions	2,479	20,366
Payments for shares redeemed	(18,167)	(15,497)
Net increase (decrease) in net assets from Class B share transactions	(995)	13,835
Increase (decrease) in net assets	(19,434,523)	(2,043,811)
Net assets at beginning of period	92,136,810	94,180,621
Net assets at end of period	**$ 72,702,287**	**$ 92,136,810****
Other Information		
Class A		
Shares outstanding at beginning of period	12,504,196	14,512,126
Shares sold	588,874	886,888
Shares issued to shareholders in reinvestment of distributions	123,648	1,054,813
Shares redeemed	(1,581,850)	(3,949,631)
Net increase (decrease) in Class A shares	(869,328)	(2,007,930)
Shares outstanding at end of period	**11,634,868**	**12,504,196**
Class B		
Shares outstanding at beginning of period	44,351	42,251
Shares sold	2,083	1,287
Shares issued to shareholders in reinvestment of distributions	342	3,026
Shares redeemed	(2,566)	(2,213)
Net increase (decrease) in Class B shares	(141)	2,100
Shares outstanding at end of period	**44,210**	**44,351**

* Includes distributions from net investment income.

** Includes undistributed net investment income of $848,699.

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

Financial Highlights

Class A

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

Class B

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

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

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

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

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds including DWS Government & Agency Securities Portfolio managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had no securities on loan.

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

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

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

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

At December 31, 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).

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.

At December 31, 2018, the Fund's components of distributable earnings (accumulated losses) on a tax basis are as follows:

Undistributed ordinary income*	$ 2,268,612
Capital loss carryforwards	$ (27,853,000)
Net unrealized appreciation (depreciation) on investments	$ (8,885,780)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $81,318,258. The net unrealized depreciation for all investments based on tax cost was $8,885,780. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $3,557,125 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $12,442,905.

In addition, the tax character of distributions paid to shareholders by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income*	$ 897,695	$ 7,087,610

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $49,866,258 and $54,019,176, respectively.

C. Related Parties

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

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

First $500 million of average daily net assets	.790%
Over $500 million of average daily net assets	.640%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.79% of the Fund's average daily net assets.

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

Class A	.84%
Class B	1.09%

In addition, for the period from May 1, 2018 through September 30, 2018, the Advisor had contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each class as follows:

Class A	.90%
Class B	1.15%

Effective October 1, 2018 through September 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each class as follows:

Class A	.87%
Class B	1.12%

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 219,892
Class B	892
	$ 220,784

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 year ended December 31, 2018, the Administration Fee was $85,148, of which $6,224 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	**Total Aggregated**	**Unpaid at December 31, 2018**
Class A	$ 627	$ 104
Class B	81	14
	$ 708	**$ 118**

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 year ended December 31, 2018, the Distribution Service Fee aggregated $785, of which $59 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $12,141, of which $8,052 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $1,138.

D. Ownership of the Fund

At December 31, 2018, five participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 23%, 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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series I and Shareholders of DWS CROCI® International VIP

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the investment portfolio, of DWS CROCI® International VIP (one of the funds constituting Deutsche DWS Variable Series I, referred to hereafter as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 14, 2019

We have served as the auditor of one or more investment companies in the DWS family of funds since 1930.

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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 887.30	$ 887.60
Expenses Paid per $1,000*	$ 4.23	$ 5.42

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,020.72	$ 1,019.46
Expenses Paid per $1,000*	$ 4.53	$ 5.80

* 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 184 (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	.89%	1.14%

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.

Tax Information

(Unaudited)

The Fund paid foreign taxes of $181,231 and earned $2,236,775 of foreign source income during the year ended December 31, 2018. Pursuant to Section 853 of the Internal Revenue Code, the Fund designates $0.016 per share as foreign taxes paid and $0.019 per share as income earned from foreign sources for the year ended December 31, 2018.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS1cint-2 (R-025823-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS CROCI® U.S. VIP

(formerly Deutsche 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

Contents

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.

Performance Summary

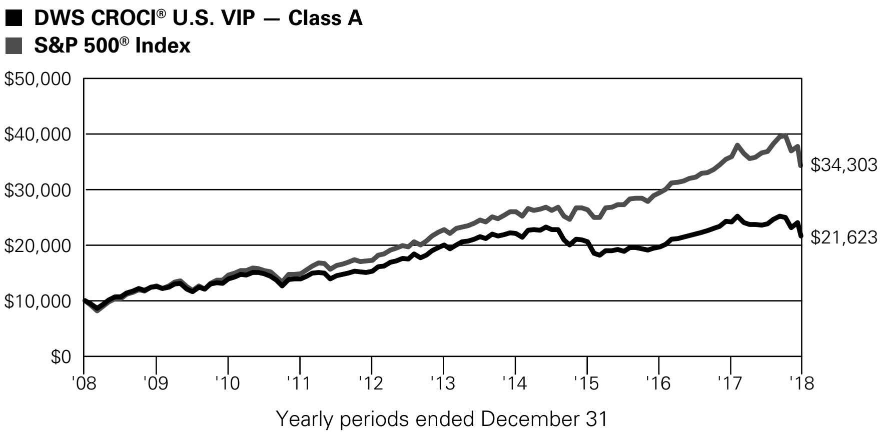
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.82% and 1.15% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment in DWS CROCI® U.S. VIP



The Standard & Poor's 500 (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 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		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$8,950	$10,516	$10,843	$21,623
	Average annual total return	–10.50%	1.69%	1.63%	8.02%
S&P 500® Index	Growth of $10,000	$9,562	$13,042	$15,033	$34,303
	Average annual total return	–4.38%	9.26%	8.49%	13.12%

DWS CROCI® U.S. VIP		1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$8,929	$10,429	$10,684	$20,988
	Average annual total return	–10.71%	1.41%	1.33%	7.70%
S&P 500® Index	Growth of $10,000	$9,562	$13,042	$15,033	$34,303
	Average annual total return	–4.38%	9.26%	8.49%	13.12%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

The Fund returned –10.50% (Class A shares, unadjusted for contract charges) in 2018 and underperformed the –4.38% return for its benchmark, the S&P 500 Index. All of the downturn in the broader U.S. equity market occurred in the fourth calendar quarter. Prior to this time, stocks were buoyed by the combination of robust economic conditions and rising corporate earnings in the United States. Late in the year, however, investors' appetite for risk evaporated amid questions about the outlook for global growth, interest rates, and U.S. trade policy. The index declined 13.52% in the fourth quarter, leading to a negative return for the full year.

The majority of the Fund's underperformance occurred prior to the end of September. During this time, investors maintained a strong preference for faster-growing companies — particularly mega-cap technology stocks — while showing less interest in those with lower valuations and higher dividends. This trend resulted in a wide gap in the returns of the growth and value categories. In this environment, our value approach put the Fund out of step with broader market trends and was the primary factor causing underperformance. Our emphasis on lower-volatility stocks also detracted at a time in which higher-beta, momentum-driven equities generally outperformed. Once the market backdrop grew less favorable in the fourth quarter, the outperformance of growth stocks and the momentum style started to wane and value-oriented, lower-beta stocks began to experience better relative performance. While this shift worked to the Fund's advantage, it did not help it to overcome the earlier shortfall.

The Fund's performance was aided by our stock selection in the industrials sector, but the benefit was offset by weaker results in consumer discretionary, information technology, and financials. In the consumer discretionary sector, American Axle & Manufacturing Holdings, Inc.* — which declined due to broader weakness among auto-related companies — was a key detractor. The construction-supply company Mohawk Industries, Inc.,* which came under pressure from worries that rising interest rates would stem demand among homebuyers, was another key detractor. The Fund's underperformance in technology largely stemmed from positions in Micron Technology, Inc. and Cognizant Technology Solutions Corp. Micron slid due to the prospect of a slowdown in the semiconductor industry as a whole, while Cognizant lagged due to disappointing revenues and concerns regarding its growth outlook. Financials proved to be a challenging area for the Fund, as well. Our holdings posted a negative return in the aggregate, with the largest effects coming from Synchrony Financial, Citigroup Inc. and Capital One Financial Corp.

On the positive side, our favorable showing in industrials was the result of a zero weighting in General Electric Co. — a large sector component whose shares plunged during the period — as well as investments in several stocks that outperformed and that we sold prior to the market downturn. Among these were Southwest Airlines Co.,* Raytheon Co.,* and Lockheed Martin Corp.* Outside of industrials, the pharmaceutical giant Merck & Co., Inc. was the largest contributor. The stock finished the year with a gain and strongly outpaced its sector peers due to its success with its cancer drug Keytruda, as well as its increased dividend and potential for expanding operating margins.

We are disappointed in the Fund's results, but we are also remaining true to our value discipline. Value stocks underperformed growth by a wide margin in the time since April 2015, when the Fund began to use the CROCI® strategy, through September of this year. Although growth remained persistently in favor, it's important to remember that the two styles tend to alternate leadership over time — as evidenced by the relative strength in value during the final three months of the year. We believe our CROCI® investment process, through its disciplined approach and emphasis on higher-quality stocks with attractive valuations, is well positioned to benefit if the relative performance of the value style continues to improve.

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

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

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 fees or expenses and it is not possible to invest directly into an index.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the index.

Overweight means the Fund holds a higher weighting in a given sector or security than the benchmark. **Underweight** means the Fund holds a lower weighting.

* Not held in the portfolio as of December 31, 2018.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio)	**12/31/18**	**12/31/17**
Common Stocks	97%	99%
Cash Equivalent	3%	1%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalents)	**12/31/18**	**12/31/17**
Financials	27%	18%
Information Technology	21%	8%
Health Care	16%	15%
Industrials	11%	15%
Materials	10%	5%
Consumer Discretionary	8%	7%
Consumer Staples	5%	10%
Utilities	2%	14%
Communication Services	—	8%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 97.2%		
Consumer Discretionary 7.7%		
Auto Components 2.4%		
BorgWarner, Inc.	87,697	**3,046,593**
Household Durables 5.3%		
D.R. Horton, Inc.	98,439	3,411,896
Garmin Ltd.	53,669	3,398,321
		6,810,217
Consumer Staples 4.9%		
Beverages 2.5%		
Coca-Cola Co.	68,688	**3,252,377**
Food Products 2.4%		
Tyson Foods, Inc. "A"	57,317	**3,060,728**
Financials 26.1%		
Banks 11.5%		
Bank of America Corp.	126,310	3,112,278
Citigroup, Inc.	54,923	2,859,291
JPMorgan Chase & Co.	31,671	3,091,723
SunTrust Banks, Inc.	55,500	2,799,420
U.S. Bancorp.	63,081	2,882,802
		14,745,514
Capital Markets 5.0%		
Bank of New York Mellon Corp.	69,861	3,288,357
State Street Corp.	49,191	3,102,477
		6,390,834
Consumer Finance 9.6%		
American Express Co.	32,352	3,083,793
Capital One Financial Corp.	39,837	3,011,279
Discover Financial Services	50,147	2,957,670
Synchrony Financial	135,155	3,170,736
		12,223,478
Health Care 15.4%		
Biotechnology 7.7%		
Amgen, Inc.	17,623	3,430,669
Celgene Corp.*	50,616	3,243,980
Gilead Sciences, Inc.	50,546	3,161,652
		9,836,301
Pharmaceuticals 7.7%		
Bristol-Myers Squibb Co.	64,540	3,354,789
Johnson & Johnson	23,252	3,000,671
Merck & Co., Inc.	45,135	3,448,765
		9,804,225
Industrials 10.7%		
Aerospace & Defense 0.8%		
United Technologies Corp.	9,963	**1,060,860**
Electrical Equipment 2.5%		
Eaton Corp. PLC	46,995	**3,226,677**
Machinery 5.1%		
Cummins, Inc.	23,861	3,188,784
PACCAR, Inc.	57,375	3,278,408
		6,467,192
Professional Services 2.3%		
ManpowerGroup, Inc.	44,074	**2,855,995**
Information Technology 20.3%		
Electronic Equipment, Instruments & Components 2.7%		
TE Connectivity Ltd.	46,391	**3,508,551**
IT Services 7.5%		
Amdocs Ltd.	52,721	3,088,396
Cognizant Technology Solutions Corp. "A"	50,302	3,193,171
International Business Machines Corp.	29,059	3,303,137
		9,584,704
Semiconductors & Semiconductor Equipment 10.1%		
Applied Materials, Inc.	98,326	3,219,193
Lam Research Corp.	24,046	3,274,344
Micron Technology, Inc.*	95,747	3,038,052
Skyworks Solutions, Inc.	49,518	3,318,697
		12,850,286
Materials 9.4%		
Chemicals 4.9%		
Eastman Chemical Co.	43,024	3,145,485
LyondellBasell Industries NV "A"	37,377	3,108,271
		6,253,756
Containers & Packaging 2.2%		
WestRock Co.	74,746	**2,822,409**
Metals & Mining 2.3%		
Nucor Corp.	56,636	**2,934,311**
Utilities 2.7%		
Electric Utilities		
Exelon Corp.	75,304	**3,396,210**
Total Common Stocks (Cost $142,204,335)		**124,131,218**
Cash Equivalent 2.8%		
DWS Central Cash Management Government Fund, 2.41% (a) (Cost $3,576,006)	3,576,006	**3,576,006**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $145,780,341)	100.0	**127,707,224**
Other Assets and Liabilities, Net	0.0	**48,696**
Net Assets	100.0	**127,755,920**

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

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 0.0%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (a) (b)								
4,968,641	—	4,968,641(c)	—	—	1,980	—	—	—
Cash Equivalent 2.8%								
DWS Central Cash Management Government Fund, 2.41% (a)								
1,372,351	22,264,157	20,060,502	—	—	30,452	—	3,576,006	3,576,006
6,340,992	**22,264,157**	**25,029,143**	**—**	**—**	**32,432**	**—**	**3,576,006**	**3,576,006**

* 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 year ended December 31, 2018.

Fair Value Measurements

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

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (d)	$124,131,218	$ —	$ —	$124,131,218
Short-Term Investment	3,576,006	—	—	3,576,006
Total	**$127,707,224**	**$ —**	**$ —**	**$127,707,224**

(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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $142,204,335)	$124,131,218
Investment in DWS Central Cash Management Government Fund (cost $3,576,006)	3,576,006
Receivable for Fund shares sold	7,006
Dividends receivable	248,544
Interest receivable	6,239
Other assets	3,206
Total assets	127,972,219

Liabilities	
Payable for Fund shares redeemed	57,322
Accrued management fee	54,633
Accrued Trustees' fees	2,602
Other accrued expenses and payables	101,742
Total liabilities	216,299
Net assets, at value	**$127,755,920**

Net Assets Consist of	
Distributable earnings (loss)	(4,016,836)
Paid-in capital	131,772,756
Net assets, at value	**$127,755,920**

Net Asset Value	
Class A **Net Asset Value,** and redemption price per share ($124,742,009 ÷ 9,266,278 outstanding shares of beneficial interest, no par value, unlimited shares authorized)	**$ 13.46**
Class B **Net Asset Value,** offering and redemption price per share ($3,013,911 ÷ 223,302 outstanding shares of beneficial interest, no par value, unlimited shares authorized)	**$ 13.50**

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Dividends	$ 3,847,720
Income distributions — DWS Central Cash Management Government Fund	30,452
Securities lending income, net of borrower rebates	1,980
Total income	3,880,152
Expenses: Management fee	967,002
Administration fee	148,769
Services to Shareholders	2,999
Record keeping fee (Class B)	2,327
Distribution service fee (Class B)	9,256
Custodian fee	6,818
Professional fees	75,764
Reports to shareholders	26,154
Trustees' fees and expenses	8,423
Other	11,417
Total expenses before expense reductions	1,258,929
Expense reductions	(176,612)
Total expenses after expense reductions	1,082,317
Net investment income	**2,797,835**

Realized and Unrealized gain (loss)	
Net realized gain (loss) from investments	12,382,135
Change in net unrealized appreciation (depreciation) on investments	(30,136,434)
Net gain (loss)	**(17,754,299)**
Net increase (decrease) in net assets resulting from operations	**$(14,956,464)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 2,797,835	$ 3,581,174
Net realized gain (loss)	12,382,135	32,463,285
Change in net unrealized appreciation (depreciation)	(30,136,434)	10,347,153
Net increase (decrease) in net assets resulting from operations	(14,956,464)	46,391,612
Distributions to shareholders:		
Class A	(14,077,923)	(3,625,439)
Class B	(318,032)	(42,548)
Total distributions	(14,395,955)	(3,667,987)*
Class A		
Proceeds from shares sold	2,162,910	3,856,097
Reinvestment of distributions	14,077,923	3,625,439
Payments of shares redeemed	(15,569,405)	(124,081,648)
Net increase (decrease) in net assets from Class A share transactions	671,428	(116,600,112)
Class B		
Proceeds from shares sold	1,589,334	97,651
Reinvestment of distributions	318,032	42,548
Payments of shares redeemed	(1,755,739)	(815,252)
Net increase (decrease) in net assets from Class B share transactions	151,627	(675,053)
Increase (decrease) in net assets	(28,529,364)	(74,551,540)
Net assets at beginning of year	156,285,284	230,836,824
Net assets at end of year	**127,755,920**	**156,285,284****

Other Information		
Class A		
Shares outstanding at beginning of period	9,181,648	16,529,732
Shares sold	140,074	255,906
Shares issued to shareholders in reinvestment of distributions	953,143	245,460
Shares redeemed	(1,008,587)	(7,849,450)
Net increase (decrease) in Class A shares	84,630	(7,348,084)
Shares outstanding at end of period	**9,266,278**	**9,181,648**
Class B		
Shares outstanding at beginning of period	210,410	254,820
Shares sold	104,157	6,516
Shares issued to shareholders in reinvestment of distributions	21,431	2,869
Shares redeemed	(112,696)	(53,795)
Net increase (decrease) in Class B shares	12,892	(44,410)
Shares outstanding at end of period	**223,302**	**210,410**

* Includes distributions from net investment income.

** Includes undistributed net investment income of $3,682,681.

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

Financial Highlights

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

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

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

DWS CROCI® U.S. VIP (formerly Deutsche CROCI® U.S. VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds including DWS Government and Agency Securities Portfolio, managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had no securities on loan.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	$ 4,270,000
Undistributed long-term capital gains	$ 10,190,756
Unrealized appreciation (depreciation) on investments	$ (18,477,592)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $146,184,816. The net unrealized depreciation for all investments based on tax cost was $18,477,592. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $3,129,309 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $21,606,901.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31,	
	2018	**2017**
Distributions from ordinary income*	$ 7,103,422	$ 3,667,987
Distributions from long-term capital gains	$ 7,292,533	$ —

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $147,474,011 and $154,980,034, respectively.

C. Related Parties

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

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

First $250 million	.650%
Next $750 million	.625%
Next $1.5 billion	.600%
Next $2.5 billion	.575%
Next $2.5 billion	.550%
Next $2.5 billion	.525%
Next $2.5 billion	.500%
Over $12.5 billion	.475%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.65% of the Fund's average daily net assets.

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

Class A	.72%
Class B	1.03%

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

Class A	.73%
Class B	1.06%

Effective October 1, 2018 through September 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fee and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.70%
Class B	1.02%

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 172,204
Class B	4,408
	$ 176,612

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 year ended December 31, 2018, the Administration Fee was $148,769, of which $11,215 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at December 31, 2018
Class A	$ 384	$ 65
Class B	223	37
	$ 607	**$ 102**

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 year ended December 31, 2018, the Distribution Service Fee aggregated $9,256, of which $660 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $10,011, of which $6,895 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $149.

D. Ownership of the Fund

At December 31, 2018, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 62% and 29%. Two participating insurance companies was the owner of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 61% and 16%.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS CROCI U.S. VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS CROCI U.S. VIP (formerly Deutsche CROCI U.S. VIP) (the “Fund”) (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the “Trust”), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 908.20	$ 907.30
Expenses Paid per $1,000*	$ 3.46	$ 5.00

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.58	$ 1,019.96
Expenses Paid per $1,000*	$ 3.67	$ 5.30

* 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 184 (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	.72%	1.04%

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

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

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

Tax Information

(Unaudited)

The Fund paid distributions of $0.80 per share from net long-term capital gains during its year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $11,290,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 69% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018, qualified for the dividends received deduction.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Public Radio International; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago)	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; American Documentary, Inc. (public media); Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS2CUS-2 (R-025833-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Investments VIT Funds

(formerly Deutsche Investments VIT Funds)

DWS Equity 500 Index VIP

(formerly Deutsche 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.

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

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

Performance Summary

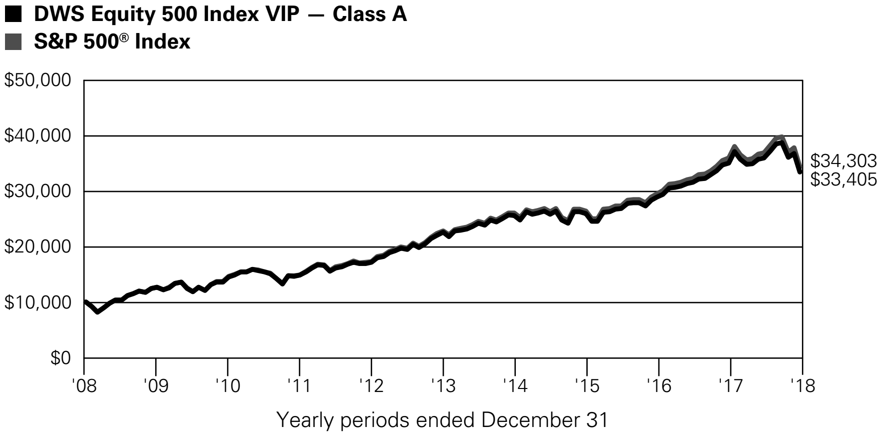
December 31, 2018 (Unaudited)

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance figures for Classes A, B and B2 differ because each class maintains a distinct expense structure. Performance does not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.34%, 0.71% and 0.74% for Class A, Class B and Class B2 shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment



The Standard & Poor's 500® (S&P 500) Index is an unmanaged, capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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

Comparative Results (as of December 31, 2018)

Deutsche Equity 500 Index VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class A	Growth of $10,000	$9,535	$12,934	$14,832	$33,405
	Average annual total return	–4.65%	8.95%	8.20%	12.82%
S&P 500 Index	Growth of $10,000	$9,562	$13,042	$15,033	$34,303
	Average annual total return	–4.38%	9.26%	8.49%	13.12%

Deutsche Equity 500 Index VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$9,506	$12,812	$14,616	$32,540
	Average annual total return	–4.94%	8.61%	7.89%	12.52%
S&P 500 Index	Growth of $10,000	$9,562	$13,042	$15,033	$34,303
	Average annual total return	–4.38%	9.26%	8.49%	13.12%

Deutsche Equity 500 Index VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B2	Growth of $10,000	$9,500	$12,789	$14,561	$32,165
	Average annual total return	–5.00%	8.54%	7.81%	12.39%
S&P 500 Index	Growth of $10,000	$9,562	$13,042	$15,033	$34,303
	Average annual total return	–4.38%	9.26%	8.49%	13.12%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

The Fund returned –4.65% in 2018 (Class A shares, unadjusted for contract charges), versus a return of –4.38% for the Standard & Poor's 500® (S&P 500) Index. Since the Fund's strategy is to replicate the performance of the Standard & Poor's 500® (S&P 500) Index before the deduction of expenses, the Fund's return is normally close to that of the index.

The 4.38% downturn marked the worst calendar-year performance for the index since 2008, as well as only its second year with a loss since 2002. The weak total return for stocks belies the fact that the investment environment was quite positive through late September. U.S. gross domestic product growth registered gains above 3% in both the second and third quarters, a better-than-expected expansion that created a tailwind for equities. In addition, consumer confidence reached the highest level in 17 years, unemployment fell to the lowest point since 2000, and small business confidence hit an all-time high. In turn, the strength in the economy — together with the reduction in the corporate tax rate — fueled robust gains for corporate profits. Earnings for companies in the S&P 500 Index rose more than 20% year-over-year in each of the first two quarters of 2018, before posting a gain of approximately 26% in the third quarter — the strongest advance since 2010. In combination, these developments helped large-cap U.S. equities reach a record high in mid-September.

This favorable picture changed rapidly in October, setting the stage for a fourth-quarter loss of 13.52% that pushed the benchmark into negative territory for the year. Stocks initially turned lower in early October, when U.S. Federal Reserve (Fed) Chairman Jerome Powell suggested that interest rates were "a long way" from the neutral level at which it could pause its long series of rate increases. Investors took this as an indication that several more rate hikes could be on the way in 2019, sending stock prices lower. While Fed officials walked back these comments in the following days, the market was unable to regain its prior momentum. As the quarter progressed, prices continued to fall due to mounting concerns about uncertain U.S. trade policy, slowing global growth, and questions regarding the outlook for corporate profits. Later in the quarter, the prospect of a government shutdown sparked a fresh wave of selling that lasted into late December. Although equities regained their footing in the final week of the year, the modest recovery only offset a small portion of the earlier losses.

Health care produced a gain and was leading sector in the index during 2018. After performing in line with the benchmark for much of the year, health care stocks began to outperform in August. The sector continued to exhibit relative strength once the market turned lower, reflecting its steady earnings and below-average sensitivity to factors such as trade, economic growth, and interest rates. The utilities, information technology, and consumer discretionary sectors also outperformed.

On the other end of the spectrum, energy and materials stocks lagged considerably. Both experienced sharp declines in the fourth quarter, as concerns about global growth began to weigh on the demand outlook for commodities. The two sectors suffered double-digit losses a result, with the majority of the individual stocks in each category finishing 2018 with negative returns. Financials also produced poor results, with a large portion of the underperformance stemming from the weakness in large-cap banks. The industrials, consumer staples, and real estate sectors underperformed, as well .

The Fund invested in equity index futures, with the goal of keeping the portfolio's exposures in line with those of the index. This strategy had a neutral impact on performance.

Brent Reeder
Senior Vice President, Northern Trust Investments, Inc., Subadvisor to the Fund
Portfolio Manager

Terms to Know

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.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the index.

The **consumer discretionary** sector represents industries that produce goods and services that are not necessities in everyday life.

Consumer staples are the industries that manufacture and sell products such as food and beverages, prescription drugs, and household products.

Futures contracts are contractual agreements to buy or sell a particular commodity or financial instrument at a predetermined price in the future.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Common Stocks	99%	99%
Cash Equivalents	1%	1%
Government & Agency Obligations	0%	0%
	100%	100%

Sector Diversification (As a % of Common Stocks)	**12/31/18**	**12/31/17**
Information Technology	20%	18%
Health Care	16%	14%
Financials	14%	15%
Communication Services	10%	10%
Consumer Discretionary	10%	10%
Industrials	9%	10%
Consumer Staples	7%	8%
Energy	5%	6%
Utilities	3%	3%
Real Estate	3%	3%
Materials	3%	3%
	100%	**100%**

Ten Largest Equity Holdings (22.0% of Net Assets)	
1. Microsoft Corp. Develops, manufactures, licenses, sells and supports software products	**3.7%**
2. Apple, Inc. Designs, manufactures and markets personal computers and related computing and mobile communication devices	**3.3%**
3. Alphabet, Inc. Holding company with subsidiaries that provide web-based search, advertisements, maps, software applications, mobile operating systems and a variety of other products	**3.0%**
4. Amazon.com, Inc. Online retailer that offers a wide range of products, including books, music, videotapes, computers, electronics, home and garden, and numerous products	**2.9%**
5. Berkshire Hathaway, Inc. Holding company of insurance business and a variety of other businesses	**1.9%**
6. Johnson & Johnson Provider of health care products	**1.6%**
7. JPMorgan Chase & Co. Provider of global financial services	**1.5%**
8. Facebook, Inc. Operates a social networking web site	**1.5%**
9. Exxon Mobil Corp. Explorer and producer of oil and gas	**1.4%**
10. Pfizer, Inc. Manufacturer of prescription pharmaceuticals and nonprescription self-medications	**1.2%**

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 99.1%		
Communication Services 10.0%		
Diversified Telecommunication Services 2.1%		
AT&T, Inc.	173,927	4,963,876
CenturyLink, Inc.	22,771	344,981
Verizon Communications, Inc.	98,764	5,552,512
		10,861,369
Entertainment 2.0%		
Activision Blizzard, Inc.	18,297	852,091
Electronic Arts, Inc.*	7,253	572,334
Netflix, Inc.*	10,424	2,790,088
Take-Two Interactive Software, Inc.*	2,722	280,203
Twenty-First Century Fox, Inc. "A"	25,282	1,216,570
Twenty-First Century Fox, Inc. "B"	11,674	557,784
Viacom, Inc. "B"	8,428	216,600
Walt Disney Co.	35,588	3,902,224
		10,387,894
Interactive Media & Services 4.6%		
Alphabet, Inc. "A"*	7,145	7,466,239
Alphabet, Inc. "C"*	7,353	7,614,840
Facebook, Inc. "A"*	57,421	7,527,319
TripAdvisor, Inc.*	2,420	130,535
Twitter, Inc.*	17,292	496,972
		23,235,905
Media 1.3%		
CBS Corp. "B"	7,987	349,192
Charter Communications, Inc. "A"*	4,215	1,201,148
Comcast Corp. "A"	108,517	3,695,004
Discovery, Inc. "C"*	8,524	196,734
Discovery, Inc. "A"*	3,841	95,026
DISH Network Corp. "A"*	5,414	135,188
Interpublic Group of Companies, Inc.	9,057	186,846
News Corp. "A"	9,421	106,928
News Corp. "B"	3,121	36,048
Omnicom Group, Inc.	5,338	390,955
		6,393,069
Consumer Discretionary 9.9%		
Auto Components 0.1%		
Aptiv PLC	6,251	384,874
BorgWarner, Inc.	4,947	171,859
Goodyear Tire & Rubber Co.	5,713	116,602
		673,335
Automobiles 0.4%		
Ford Motor Co.	93,097	712,192
General Motors Co.	31,422	1,051,066
Harley-Davidson, Inc.	3,996	136,344
		1,899,602
Distributors 0.1%		
Genuine Parts Co.	3,490	335,110
LKQ Corp.*	7,525	178,568
		513,678
Diversified Consumer Services 0.0%		
H&R Block, Inc.	4,888	**124,009**
Hotels, Restaurants & Leisure 1.8%		
Carnival Corp.	9,597	473,132
Chipotle Mexican Grill, Inc.*	578	249,575
Darden Restaurants, Inc.	2,952	294,787
Hilton Worldwide Holdings, Inc.	7,044	505,759
Marriott International, Inc. "A"	6,781	736,145
McDonald's Corp.	18,450	3,276,167
MGM Resorts International	11,859	287,699
Norwegian Cruise Line Holdings Ltd.*	5,223	221,403
Royal Caribbean Cruises Ltd.	4,109	401,819
Starbucks Corp.	29,670	1,910,748
Wynn Resorts Ltd.	2,322	229,669
Yum! Brands, Inc.	7,469	686,550
		9,273,453
Household Durables 0.3%		
D.R. Horton, Inc.	8,168	283,103
Garmin Ltd.	2,841	179,892
Leggett & Platt, Inc.	3,043	109,061
Lennar Corp. "A"	6,943	271,819
Mohawk Industries, Inc.*	1,538	179,885
Newell Brands, Inc.	10,295	191,384
PulteGroup, Inc.	6,298	163,685
Whirlpool Corp.	1,520	162,442
		1,541,271
Internet & Direct Marketing Retail 3.5%		
Amazon.com, Inc.*	9,817	14,744,840
Booking Holdings, Inc.*	1,108	1,908,441
eBay, Inc.*	21,648	607,659
Expedia Group, Inc.	2,829	318,687
		17,579,627
Leisure Products 0.1%		
Hasbro, Inc.	2,782	226,037
Mattel, Inc.*	7,945	79,371
		305,408
Multiline Retail 0.5%		
Dollar General Corp.	6,313	682,309
Dollar Tree, Inc.*	5,657	510,940
Kohl's Corp.	3,964	262,972
Macy's, Inc.	7,290	217,096
Nordstrom, Inc.	2,772	129,203
Target Corp.	12,511	826,852
		2,629,372
Specialty Retail 2.3%		
Advance Auto Parts, Inc.	1,724	271,461
AutoZone, Inc.*	604	506,357
Best Buy Co., Inc.	5,605	296,841
CarMax, Inc.*	4,200	263,466
Foot Locker, Inc.	2,692	143,214
Home Depot, Inc.	26,997	4,638,625
L Brands, Inc.	5,340	137,078
Lowe's Companies, Inc.	19,197	1,773,035
O'Reilly Automotive, Inc.*	1,915	659,392
Ross Stores, Inc.	8,946	744,307
The Gap, Inc.	5,227	134,648

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

	Shares	Value ($)
Tiffany & Co.	2,589	208,440
TJX Companies, Inc.	29,607	1,324,617
Tractor Supply Co.	2,896	241,642
Ulta Salon, Cosmetics & Fragrance, Inc.*	1,350	330,534
		11,673,657
Textiles, Apparel & Luxury Goods 0.8%		
Hanesbrands, Inc.	8,625	108,071
Michael Kors Holdings Ltd.*	3,682	139,621
NIKE, Inc. "B"	30,448	2,257,415
PVH Corp.	1,819	169,076
Ralph Lauren Corp.	1,292	133,670
Tapestry, Inc.	6,851	231,221
Under Armour, Inc. "A"*	4,604	81,353
Under Armour, Inc. "C"*	4,609	74,528
VF Corp.	7,730	551,458
		3,746,413
Consumer Staples 7.3%		
Beverages 1.9%		
Brown-Forman Corp. "B"	3,970	188,893
Coca-Cola Co.	91,524	4,333,661
Constellation Brands, Inc. "A"	3,994	642,315
Molson Coors Brewing Co. "B"	4,455	250,193
Monster Beverage Corp.*	9,569	470,986
PepsiCo, Inc.	33,729	3,726,380
		9,612,428
Food & Staples Retailing 1.5%		
Costco Wholesale Corp.	10,479	2,134,677
Kroger Co.	19,109	525,498
Sysco Corp.	11,378	712,945
Walgreens Boots Alliance, Inc.	19,226	1,313,713
Walmart, Inc.	34,030	3,169,894
		7,856,727
Food Products 1.1%		
Archer-Daniels-Midland Co.	13,492	552,767
Campbell Soup Co. (a)	4,688	154,657
Conagra Brands, Inc.	11,636	248,545
General Mills, Inc.	14,177	552,052
Hormel Foods Corp.	6,475	276,353
Kellogg Co.	6,056	345,253
Kraft Heinz Co.	14,785	636,347
Lamb Weston Holdings, Inc.	3,482	256,136
McCormick & Co., Inc.	2,940	409,366
Mondelez International, Inc. "A"	34,700	1,389,041
The Hershey Co.	3,329	356,802
The JM Smucker Co.	2,680	250,553
Tyson Foods, Inc. "A"	7,080	378,072
		5,805,944
Household Products 1.7%		
Church & Dwight Co., Inc.	5,831	383,447
Clorox Co.	3,066	472,593
Colgate-Palmolive Co.	20,752	1,235,159
Kimberly-Clark Corp.	8,262	941,372
Procter & Gamble Co.	59,543	5,473,193
		8,505,764
Personal Products 0.2%		
Coty, Inc. "A"	11,065	72,586
Estee Lauder Companies, Inc. "A"	5,254	683,546
		756,132

	Shares	Value ($)
Tobacco 0.9%		
Altria Group, Inc.	44,981	2,221,611
Philip Morris International, Inc.	37,142	2,479,600
		4,701,211
Energy 5.3%		
Energy Equipment & Services 0.5%		
Baker Hughes a GE Co.	12,321	264,902
Halliburton Co.	20,987	557,835
Helmerich & Payne, Inc.	2,545	122,007
National Oilwell Varco, Inc.	9,031	232,097
Schlumberger Ltd.	33,165	1,196,593
TechnipFMC PLC	10,202	199,755
		2,573,189
Oil, Gas & Consumable Fuels 4.8%		
Anadarko Petroleum Corp.	12,016	526,782
Apache Corp.	9,072	238,140
Cabot Oil & Gas Corp.	10,304	230,294
Chevron Corp.	45,665	4,967,895
Cimarex Energy Co.	2,258	139,206
Concho Resources, Inc.*	4,763	489,589
ConocoPhillips	27,509	1,715,186
Devon Energy Corp.	11,067	249,450
Diamondback Energy, Inc.	3,693	342,341
EOG Resources., Inc.	13,866	1,209,254
Exxon Mobil Corp.	101,186	6,899,873
Hess Corp.	6,022	243,891
HollyFrontier Corp.	3,851	196,863
Kinder Morgan, Inc.	45,607	701,436
Marathon Oil Corp.	19,762	283,387
Marathon Petroleum Corp.	16,516	974,609
Newfield Exploration Co.*	4,910	71,981
Noble Energy, Inc.	11,486	215,477
Occidental Petroleum Corp.	18,046	1,107,664
ONEOK, Inc.	9,779	527,577
Phillips 66	10,156	874,939
Pioneer Natural Resources Co.	4,052	532,919
Valero Energy Corp.	10,162	761,845
Williams Companies, Inc.	29,097	641,589
		24,142,187
Financials 13.3%		
Banks 5.6%		
Bank of America Corp.	218,097	5,373,910
BB&T Corp.	18,423	798,084
Citigroup, Inc.	58,350	3,037,701
Citizens Financial Group, Inc.	11,321	336,573
Comerica, Inc.	3,816	262,121
Fifth Third Bancorp.	15,630	367,774
First Republic Bank	3,914	340,127
Huntington Bancshares, Inc.	25,558	304,651
JPMorgan Chase & Co.	79,469	7,757,764
KeyCorp	24,741	365,672
M&T Bank Corp.	3,368	482,062
People's United Financial, Inc.	9,283	133,954
PNC Financial Services Group, Inc.	11,043	1,291,037
Regions Financial Corp.	24,586	328,961
SunTrust Banks, Inc.	10,754	542,432
SVB Financial Group*	1,263	239,869
U.S. Bancorp.	36,263	1,657,219
Wells Fargo & Co.	101,246	4,665,416
Zions Bancorp. NA	4,595	187,200
		28,472,527

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

	Shares	Value ($)
Capital Markets 2.7%		
Affiliated Managers Group, Inc.	1,247	121,508
Ameriprise Financial, Inc.	3,326	347,135
Bank of New York Mellon Corp.	21,722	1,022,455
BlackRock, Inc.	2,903	1,140,356
Cboe Global Markets, Inc.	2,652	259,445
Charles Schwab Corp.	28,791	1,195,690
CME Group, Inc.	8,560	1,610,307
E*TRADE Financial Corp.	5,998	263,192
Franklin Resources., Inc.	7,009	207,887
Intercontinental Exchange, Inc.	13,647	1,028,028
Invesco Ltd.	9,736	162,981
Moody's Corp.	3,973	556,379
Morgan Stanley	31,260	1,239,459
MSCI, Inc.	2,109	310,930
Nasdaq, Inc.	2,707	220,810
Northern Trust Corp.	5,290	442,191
Raymond James Financial, Inc.	3,098	230,522
S&P Global, Inc.	5,984	1,016,921
State Street Corp.	9,027	569,333
T. Rowe Price Group, Inc.	5,786	534,164
The Goldman Sachs Group., Inc.	8,270	1,381,503
		13,861,196
Consumer Finance 0.7%		
American Express Co.	16,713	1,593,083
Capital One Financial Corp.	11,368	859,307
Discover Financial Services	8,012	472,548
Synchrony Financial	15,848	371,794
		3,296,732
Diversified Financial Services 1.9%		
Berkshire Hathaway, Inc. "B"*	46,496	9,493,553
Jefferies Financial Group, Inc.	6,606	114,680
		9,608,233
Insurance 2.4%		
Aflac, Inc.	18,264	832,108
Allstate Corp.	8,234	680,375
American International Group, Inc.	21,121	832,379
Aon PLC	5,773	839,163
Arthur J. Gallagher & Co.	4,350	320,595
Assurant, Inc.	1,228	109,832
Brighthouse Financial, Inc.*	2,925	89,154
Chubb Ltd.	11,016	1,423,047
Cincinnati Financial Corp.	3,595	278,325
Everest Re Group Ltd.	985	214,494
Hartford Financial Services Group, Inc.	8,521	378,759
Lincoln National Corp.	5,149	264,195
Loews Corp.	6,606	300,705
Marsh & McLennan Companies, Inc.	12,012	957,957
MetLife, Inc.	23,647	970,946
Principal Financial Group, Inc.	6,323	279,287
Progressive Corp.	13,992	844,137
Prudential Financial, Inc.	9,909	808,079
The Travelers Companies, Inc.	6,301	754,545
Torchmark Corp.	2,481	184,909
Unum Group	5,155	151,454
Willis Towers Watson PLC	3,097	470,310
		11,984,755

Health Care 15.4%

	Shares	Value ($)
Biotechnology 2.6%		
AbbVie, Inc.	35,917	3,311,188
Alexion Pharmaceuticals, Inc.*	5,300	516,008
Amgen, Inc.	15,234	2,965,603
Biogen., Inc.*	4,817	1,449,532
Celgene Corp.*	16,728	1,072,097
Gilead Sciences, Inc.	30,947	1,935,735
Incyte Corp.*	4,190	266,442
Regeneron Pharmaceuticals, Inc.*	1,864	696,204
Vertex Pharmaceuticals, Inc.*	6,125	1,014,974
		13,227,783
Health Care Equipment & Supplies 3.4%		
Abbott Laboratories	41,971	3,035,762
ABIOMED, Inc.*	1,067	346,818
Align Technology, Inc.*	1,756	367,759
Baxter International, Inc.	11,815	777,663
Becton, Dickinson & Co.	6,412	1,444,752
Boston Scientific Corp.*	33,107	1,170,001
Danaher Corp.	14,741	1,520,092
DENTSPLY SIRONA, Inc.	5,292	196,915
Edwards Lifesciences Corp.*	4,979	762,633
Hologic, Inc.*	6,446	264,931
IDEXX Laboratories, Inc.*	2,072	385,433
Intuitive Surgical, Inc.*	2,730	1,307,452
Medtronic PLC	32,111	2,920,817
ResMed, Inc.	3,423	389,777
Stryker Corp.	7,428	1,164,339
The Cooper Companies, Inc.	1,171	298,020
Varian Medical Systems, Inc.*	2,213	250,755
Zimmer Biomet Holdings, Inc.	4,839	501,901
		17,105,820
Health Care Providers & Services 3.1%		
AmerisourceBergen Corp.	3,707	275,801
Anthem, Inc.	6,182	1,623,579
Cardinal Health, Inc.	7,118	317,463
Centene Corp.*	4,932	568,660
Cigna Corp.*	9,083	1,725,138
CVS Health Corp.	30,906	2,024,961
DaVita, Inc.*	2,978	153,248
HCA Healthcare, Inc.	6,420	798,969
Henry Schein, Inc.*	3,638	285,656
Humana, Inc.	3,277	938,795
Laboratory Corp. of America Holdings*	2,425	306,423
McKesson Corp.	4,669	515,784
Quest Diagnostics, Inc.	3,259	271,377
UnitedHealth Group, Inc.	22,991	5,727,518
Universal Health Services, Inc. "B"	2,032	236,850
WellCare Health Plans, Inc.*	1,194	281,891
		16,052,113
Health Care Technology 0.1%		
Cerner Corp.*	7,887	**413,594**
Life Sciences Tools & Services 1.0%		
Agilent Technologies, Inc.	7,636	515,124
Illumina, Inc.*	3,520	1,055,754
IQVIA Holdings, Inc.*	3,786	439,820
Mettler-Toledo International, Inc.*	600	339,348
PerkinElmer, Inc.	2,629	206,508

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

	Shares	Value ($)
Thermo Fisher Scientific, Inc.	9,617	2,152,188
Waters Corp.*	1,793	338,249
		5,046,991
Pharmaceuticals 5.2%		
Allergan PLC	7,587	1,014,078
Bristol-Myers Squibb Co.	39,006	2,027,532
Eli Lilly & Co.	22,532	2,607,403
Johnson & Johnson	64,096	8,271,589
Merck & Co., Inc.	62,145	4,748,500
Mylan NV*	12,357	338,582
Nektar Therapeutics*	4,233	139,139
Perrigo Co. PLC	3,035	117,606
Pfizer, Inc.	138,128	6,029,287
Zoetis, Inc.	11,456	979,946
		26,273,662
Industrials 9.1%		
Aerospace & Defense 2.5%		
Arconic, Inc.	10,154	171,197
Boeing Co.	12,625	4,071,563
General Dynamics Corp.	6,673	1,049,062
Harris Corp.	2,828	380,790
Huntington Ingalls Industries, Inc.	1,019	193,926
L3 Technologies, Inc.	1,905	330,822
Lockheed Martin Corp.	5,921	1,550,355
Northrop Grumman Corp.	4,142	1,014,376
Raytheon Co.	6,789	1,041,093
Textron, Inc.	5,769	265,316
TransDigm Group, Inc.*	1,153	392,089
United Technologies Corp.	19,356	2,061,027
		12,521,616
Air Freight & Logistics 0.6%		
C.H. Robinson Worldwide, Inc.	3,299	277,413
Expeditors International of Washington, Inc.	4,144	282,165
FedEx Corp.	5,786	933,455
United Parcel Service, Inc. "B"	16,618	1,620,754
		3,113,787
Airlines 0.4%		
Alaska Air Group, Inc.	2,928	178,169
American Airlines Group, Inc.	9,831	315,674
Delta Air Lines, Inc.	14,947	745,855
Southwest Airlines Co.	12,100	562,408
United Continental Holdings, Inc.*	5,440	455,491
		2,257,597
Building Products 0.2%		
A.O. Smith Corp.	3,504	149,621
Allegion PLC	2,235	178,152
Fortune Brands Home & Security, Inc.	3,463	131,559
Johnson Controls International PLC	21,978	651,648
Masco Corp.	7,292	213,218
		1,324,198
Commercial Services & Supplies 0.4%		
Cintas Corp.	2,052	344,715
Copart, Inc.*	5,010	239,378
Republic Services, Inc.	5,206	375,301
Rollins, Inc.	3,415	123,281
Waste Management, Inc.	9,398	836,328
		1,919,003

	Shares	Value ($)
Construction & Engineering 0.1%		
Fluor Corp.	3,302	106,324
Jacobs Engineering Group, Inc.	2,807	164,097
Quanta Services, Inc.	3,527	106,163
		376,584
Electrical Equipment 0.5%		
AMETEK, Inc.	5,527	374,178
Eaton Corp. PLC	10,419	715,369
Emerson Electric Co.	14,950	893,262
Rockwell Automation, Inc.	2,910	437,897
		2,420,706
Industrial Conglomerates 1.4%		
3M Co.	13,909	2,650,221
General Electric Co.	207,879	1,573,644
Honeywell International, Inc.	17,718	2,340,902
Roper Technologies, Inc.	2,487	662,835
		7,227,602
Machinery 1.5%		
Caterpillar, Inc.	14,130	1,795,499
Cummins, Inc.	3,550	474,422
Deere & Co.	7,700	1,148,609
Dover Corp.	3,516	249,460
Flowserve Corp.	3,187	121,170
Fortive Corp.	7,023	475,176
Illinois Tool Works, Inc.	7,277	921,923
Ingersoll-Rand PLC	5,915	539,626
PACCAR, Inc.	8,294	473,919
Parker-Hannifin Corp.	3,145	469,045
Pentair PLC	3,721	140,580
Snap-on, Inc.	1,318	191,492
Stanley Black & Decker, Inc.	3,603	431,423
Xylem, Inc.	4,313	287,763
		7,720,107
Professional Services 0.3%		
Equifax, Inc.	2,876	267,842
IHS Markit Ltd.*	8,614	413,214
Nielsen Holdings PLC	8,423	196,509
Robert Half International, Inc.	2,882	164,850
Verisk Analytics, Inc.*	3,931	428,636
		1,471,051
Road & Rail 1.0%		
CSX Corp.	19,217	1,193,952
J.B. Hunt Transport Services, Inc.	2,080	193,523
Kansas City Southern	2,396	228,698
Norfolk Southern Corp.	6,526	975,898
Union Pacific Corp.	17,593	2,431,881
		5,023,952
Trading Companies & Distributors 0.2%		
Fastenal Co.	6,827	356,984
United Rentals, Inc.*	1,971	202,087
W.W. Grainger, Inc.	1,082	305,513
		864,584
Information Technology 19.9%		
Communications Equipment 1.1%		
Arista Networks, Inc.*	1,228	258,740
Cisco Systems, Inc.	107,427	4,654,812
F5 Networks, Inc.*	1,449	234,782
Juniper Networks, Inc.	8,374	225,344
Motorola Solutions, Inc.	3,930	452,107
		5,825,785

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

	Shares	Value ($)
Electronic Equipment, Instruments & Components 0.5%		
Amphenol Corp. "A"	7,227	585,531
Corning, Inc.	19,022	574,655
FLIR Systems, Inc.	3,253	141,636
IPG Photonics Corp.*	866	98,109
Keysight Technologies, Inc.*	4,519	280,539
TE Connectivity Ltd.	8,182	618,805
		2,299,275
IT Services 4.7%		
Accenture PLC "A"	15,241	2,149,133
Akamai Technologies, Inc.*	3,900	238,212
Alliance Data Systems Corp.	1,117	167,639
Automatic Data Processing, Inc.	10,481	1,374,269
Broadridge Financial Solutions, Inc.	2,788	268,345
Cognizant Technology Solutions Corp. "A"	13,806	876,405
DXC Technology Co.	6,632	352,623
Fidelity National Information Services, Inc.	7,830	802,967
Fiserv, Inc.*	9,534	700,654
FleetCor Technologies, Inc.*	2,136	396,698
Gartner, Inc.*	2,146	274,345
Global Payments, Inc.	3,769	388,697
International Business Machines Corp.	21,707	2,467,435
Jack Henry & Associates, Inc.	1,870	236,592
Mastercard, Inc. "A"	21,737	4,100,685
Paychex, Inc.	7,620	496,443
PayPal Holdings, Inc.*	28,152	2,367,302
Total System Services, Inc.	4,003	325,404
VeriSign, Inc.*	2,554	378,733
Visa, Inc. "A"	41,995	5,540,820
Western Union Co.	10,621	181,194
		24,084,595
Semiconductors & Semiconductor Equipment 3.7%		
Advanced Micro Devices, Inc.*	21,020	388,029
Analog Devices, Inc.	8,843	758,995
Applied Materials, Inc.	23,610	772,991
Broadcom, Inc.	9,880	2,512,286
Intel Corp.	109,068	5,118,561
KLA-Tencor Corp.	3,629	324,759
Lam Research Corp.	3,725	507,233
Maxim Integrated Products, Inc.	6,606	335,915
Microchip Technology, Inc. (a)	5,656	406,780
Micron Technology, Inc.*	26,754	848,905
NVIDIA Corp.	14,576	1,945,896
Qorvo, Inc.*	2,934	178,182
QUALCOMM., Inc.	28,965	1,648,398
Skyworks Solutions, Inc.	4,260	285,505
Texas Instruments, Inc.	22,939	2,167,736
Xilinx, Inc.	6,089	518,600
		18,718,771
Software 6.1%		
Adobe, Inc.*	11,682	2,642,936
ANSYS, Inc.*	1,973	282,020
Autodesk, Inc.*	5,262	676,746
Cadence Design Systems, Inc.*	6,830	296,968
Citrix Systems, Inc.	3,071	314,655
Fortinet, Inc.*	3,470	244,392
Intuit, Inc.	6,200	1,220,470
Microsoft Corp.	184,716	18,761,604

	Shares	Value ($)
Oracle Corp.	60,904	2,749,815
Red Hat, Inc.*	4,220	741,201
salesforce.com, Inc.*	18,278	2,503,538
Symantec Corp.	15,270	288,527
Synopsys, Inc.*	3,533	297,620
		31,020,492
Technology Hardware, Storage & Peripherals 3.8%		
Apple, Inc.	107,743	16,995,381
Hewlett Packard Enterprise Co.	33,950	448,480
HP, Inc.	37,953	776,518
NetApp, Inc.	6,015	358,915
Seagate Technology PLC	6,209	239,605
Western Digital Corp.	6,925	256,017
Xerox Corp.	5,021	99,215
		19,174,131
Materials 2.7%		
Chemicals 2.1%		
Air Products & Chemicals, Inc.	5,262	842,183
Albemarle Corp.	2,580	198,841
Celanese Corp. "A"	3,196	287,544
CF Industries Holdings, Inc.	5,573	242,481
DowDuPont, Inc.	54,858	2,933,806
Eastman Chemical Co.	3,359	245,576
Ecolab, Inc.	6,097	898,393
FMC Corp.	3,250	240,370
International Flavors & Fragrances, Inc.	2,409	323,456
Linde PLC	13,163	2,053,955
LyondellBasell Industries NV "A"	7,490	622,868
PPG Industries, Inc.	5,755	588,334
The Mosaic Co.	8,432	246,299
The Sherwin-Williams Co.	1,974	776,690
		10,500,796
Construction Materials 0.1%		
Martin Marietta Materials, Inc.	1,484	255,055
Vulcan Materials Co.	3,140	310,232
		565,287
Containers & Packaging 0.3%		
Avery Dennison Corp.	2,038	183,074
Ball Corp.	8,082	371,610
International Paper Co.	9,740	393,106
Packaging Corp. of America	2,246	187,451
Sealed Air Corp.	3,699	128,873
WestRock Co.	6,097	230,223
		1,494,337
Metals & Mining 0.2%		
Freeport-McMoRan, Inc.	34,699	357,747
Newmont Mining Corp.	12,696	439,916
Nucor Corp.	7,475	387,280
		1,184,943
Real Estate 2.9%		
Equity Real Estate Investment Trusts (REITs) 2.8%		
Alexandria Real Estate Equities, Inc.	2,583	297,665
American Tower Corp.	10,533	1,666,215
Apartment Investment & Management Co. "A"	3,706	162,619
AvalonBay Communities, Inc.	3,293	573,147
Boston Properties, Inc.	3,676	413,734

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

	Shares	Value ($)
Crown Castle International Corp.	9,937	1,079,456
Digital Realty Trust, Inc.	4,903	522,415
Duke Realty Corp.	8,484	219,736
Equinix, Inc.	1,921	677,268
Equity Residential	8,771	578,974
Essex Property Trust, Inc.	1,573	385,715
Extra Space Storage, Inc.	3,052	276,145
Federal Realty Investment Trust	1,737	205,035
HCP, Inc.	11,432	319,296
Host Hotels & Resorts, Inc.	17,680	294,725
Iron Mountain, Inc.	6,958	225,509
Kimco Realty Corp.	10,166	148,932
Mid-America Apartment Communities, Inc.	2,714	259,730
Prologis, Inc.	15,097	886,496
Public Storage	3,604	729,486
Realty Income Corp.	7,061	445,125
Regency Centers Corp.	3,995	234,427
SBA Communications Corp.*	2,687	434,998
Simon Property Group, Inc.	7,399	1,242,958
SL Green Realty Corp.	2,018	159,583
The Macerich Co.	2,568	111,143
UDR, Inc.	6,642	263,156
Ventas, Inc.	8,578	502,585
Vornado Realty Trust	4,125	255,874
Welltower, Inc.	8,978	623,163
Weyerhaeuser Co.	18,021	393,939
		14,589,249
Real Estate Management & Development 0.1%		
CBRE Group, Inc. "A"*	7,539	**301,861**

Utilities 3.3%

	Shares	Value ($)
Electric Utilities 2.0%		
Alliant Energy Corp.	5,600	236,600
American Electric Power Co., Inc.	11,824	883,726
Duke Energy Corp.	17,033	1,469,948
Edison International	7,738	439,286
Entergy Corp.	4,345	373,974
Evergy, Inc.	6,325	359,070
Eversource Energy	7,536	490,141
Exelon Corp.	23,135	1,043,389
FirstEnergy Corp.	11,550	433,703
NextEra Energy, Inc.	11,425	1,985,893
PG&E Corp.*	12,466	296,068
Pinnacle West Capital Corp.	2,677	228,080
PPL Corp.	17,220	487,843
Southern Co.	24,586	1,079,817
Xcel Energy, Inc.	12,331	607,548
		10,415,086
Independent Power & Renewable Electricity Producers 0.1%		
AES Corp.	15,627	225,966
NRG Energy, Inc.	6,966	275,854
		501,820
Multi-Utilities 1.1%		
Ameren Corp.	5,855	381,922
CenterPoint Energy, Inc.	12,007	338,958
CMS Energy Corp.	6,804	337,818
Consolidated Edison, Inc.	7,453	569,856
Dominion Energy, Inc	15,688	1,121,064
DTE Energy Co.	4,351	479,915
NiSource, Inc.	8,557	216,920
Public Service Enterprise Group, Inc.	12,154	632,616
SCANA Corp.	3,347	159,920
Sempra Energy	6,568	710,592
WEC Energy Group, Inc.	7,495	519,104
		5,468,685
Water Utilities 0.1%		
American Water Works Co., Inc.	4,293	**389,676**
Total Common Stocks (Cost $275,485,431)		**502,910,626**

	Principal Amount ($)	Value ($)

Government & Agency Obligation 0.1%

U.S. Treasury Obligation

	Principal Amount ($)	Value ($)
U.S. Treasury Bill, 2.08%**, 1/10/2019 (b) (Cost $584,696)	585,000	**584,707**

Securities Lending Collateral 0.1%

	Shares	Value ($)
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (c) (d) (Cost $564,200)	564,200	**564,200**

Cash Equivalents 0.8%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 2.41% (c) (Cost $3,904,662)	3,904,662	**3,904,662**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $280,538,989)	100.1	**507,964,195**
Other Assets and Liabilities, Net	(0.1)	**(337,965)**
Net Assets	100.0	**507,626,230**

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

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 0.1%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (c) (d)								
870,253	—	306,053 (e)	—	—	5,700	—	564,200	564,200
Cash Equivalents 0.8%								
DWS Central Cash Management Government Fund, 2.41% (c)								
5,621,694	59,392,689	61,109,721	—	—	110,253	—	3,904,662	3,904,662
6,491,947	**59,392,689**	**61,415,774**	**—**	**—**	**115,953**	**—**	**4,468,862**	**4,468,862**

* 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 December 31, 2018 amounted to $547,908, which is 0.1% of net assets.

(b) At December 31, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

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

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

(e) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

S&P: Standard & Poor's

At December 31, 2018, open futures contracts purchased were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Depreciation ($)
S&P 500 E-Mini Index	USD	3/15/2019	39	4,998,081	4,885,140	(112,941)

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 December 31, 2018 in valuing the Fund's investments.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (f)	$ 502,910,626	$ —	$ —	$ 502,910,626
Government & Agency Obligation	—	584,707	—	584,707
Short-Term Investments (f)	4,468,862	—	—	4,468,862
Total	**$ 507,379,488**	**$ 584,707**	**$ —**	**$ 507,964,195**

Liabilities	Level 1	Level 2	Level 3	Total
Derivatives (g)				
Futures Contracts	$ (112,941)	$ —	$ —	$ (112,941)
Total	**$ (112,941)**	**$ —**	**$ —**	**$ (112,941)**

(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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $276,070,127) — including $547,908 of securities loaned	$503,495,333
Investment in DWS Government & Agency Securities Portfolio (cost $564,200)*	564,200
Investment in DWS Central Cash Management Government Fund (cost $3,904,662)	3,904,662
Cash	3,092
Receivable for investments sold	151,407
Receivable for Fund shares sold	100,041
Dividends receivable	582,884
Interest receivable	14,932
Receivable for variation margin on futures contracts	41,519
Other assets	12,679
Total assets	508,870,749

Liabilities	
Payable upon return of securities loaned	564,200
Payable for investments purchased	340,121
Payable for Fund shares redeemed	98,335
Accrued management fee	61,488
Accrued Trustees' fees	7,533
Other accrued expenses and payables	172,842
Total liabilities	1,244,519
Net assets, at value	**$507,626,230**

Net Assets Consist of	
Distributable earnings (loss)	257,257,404
Paid-in capital	250,368,826
Net assets, at value	**$507,626,230**

Net Asset Value		
Class A **Net Asset Value,** offering and redemption price per share ($471,838,682 ÷ 24,962,490 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized)	**$**	**18.90**
Class B **Net Asset Value,** offering and redemption price per share ($20,960,100 ÷ 1,109,669 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized)	**$**	**18.89**
Class B2 **Net Asset Value,** offering and redemption price per share ($14,827,448 ÷ 784,684 outstanding shares of beneficial interest, $.001 par value, unlimited number of shares authorized)	**$**	**18.90**

* Represents collateral on securities loaned.

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Dividends	$ 11,583,796
Interest	9,173
Income distributions — DWS Central Cash Management Government Fund	110,253
Securities lending income, net of borrower rebates	5,700
Total income	11,708,922
Expenses: Management fee	1,155,422
Administration fee	577,711
Services to shareholders	2,858
Recordkeeping fee (Class B and Class B-2)	57,471
Distribution service fees (Class B and Class B-2)	107,624
Custodian fee	22,265
Professional fees	84,858
Reports to shareholders	26,920
Trustees' fees and expenses	29,725
Other	43,755
Total expenses before expense reductions	2,108,609
Expense reductions	(200,238)
Total expenses after expense reductions	1,908,371
Net investment income (loss)	**9,800,551**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	29,863,027
Futures	(165,403)
	29,697,624
Change in net unrealized appreciation (depreciation) on: Investments	(62,468,634)
Futures	(193,258)
	(62,661,892)
Net gain (loss)	**(32,964,268)**
Net increase (decrease) in net assets resulting from operations	**$(23,163,717)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 9,800,551	$ 9,504,006
Net realized gain (loss)	29,697,624	51,290,381
Change in net unrealized appreciation (depreciation)	(62,661,892)	51,086,988
Net increase (decrease) in net assets resulting from operations	(23,163,717)	111,881,375
Distributions to shareholders:		
Class A	(55,569,580)	(36,621,861)
Class B	(2,605,149)	(1,263,470)
Class B2	(1,716,159)	(1,065,121)
Total distributions	(59,890,888)	(38,950,452)*
Fund share transactions:		
Class A		
Proceeds from shares sold	14,838,059	14,878,880
Reinvestment of distributions	55,569,580	36,621,861
Cost of shares redeemed	(62,569,499)	(98,129,716)
Net increase (decrease) in net assets from Class A share transactions	7,838,140	(46,628,975)
Class B		
Proceeds from shares sold	5,836,040	7,279,737
Reinvestment of distributions	2,605,149	1,263,470
Cost of shares redeemed	(8,730,248)	(4,494,346)
Net increase (decrease) in net assets from Class B share transactions	(289,059)	4,048,861
Class B2		
Proceeds from shares sold	735,371	375,574
Reinvestment of distributions	1,716,159	1,065,121
Cost of shares redeemed	(2,402,184)	(2,854,784)
Net increase (decrease) in net assets from Class B2 share transaction	49,346	(1,414,089)
Increase (decrease) in net assets	(75,456,178)	28,936,720
Net assets at beginning of period	583,082,408	554,145,688
Net assets at end of period	**$507,626,230**	**$583,082,408****

* Includes distributions from net investment income of $9,614,078, $291,291 and $232,694 for Class A, Class B and Class B2, respectively and distributions from net realized gains of $27,007,783, $972,179 and $832,427 for Class A, Class B and Class B2, respectively.

** Includes undistributed net investment income of $9,463,423.

Other Information	Years Ended December 31, 2018	2017
Class A		
Shares outstanding at beginning of period	24,366,996	26,513,791
Shares sold	693,526	724,657
Shares issued to shareholders in reinvestment of distributions	2,826,530	1,870,371
Shares redeemed	(2,924,562)	(4,741,823)
Net increase (decrease) in Class A shares	595,494	(2,146,795)
Shares outstanding at end of period	**24,962,490**	**24,366,996**
Class B		
Shares outstanding at beginning of period	1,138,481	940,533
Shares sold	275,349	355,052
Shares issued to shareholders in reinvestment of distributions	132,308	64,397
Shares redeemed	(436,469)	(221,501)
Net increase (decrease) in Class B shares	(28,812)	197,948
Shares outstanding at end of period	**1,109,669**	**1,138,481**
Class B2		
Shares outstanding at beginning of period	776,819	843,125
Shares sold	34,095	18,378
Shares issued to shareholders in reinvestment of distributions	87,115	54,260
Shares redeemed	(113,345)	(138,944)
Net increase (decrease) in Class B2 shares	7,865	(66,306)
Shares outstanding at end of period	**784,684**	**776,819**

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

Financial Highlights

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

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

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

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

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

Deutsche DWS Investments VIT Funds (formerly Deutsche Investments VIT Funds) (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Trust is organized as a Massachusetts business trust. DWS Equity 500 Index VIP (formerly Deutsche Equity 500 Index VIP) (the "Fund") is a diversified series of the Trust offered to investors. The Fund is an underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

Multiple Classes of Shares of Beneficial Interest. The Fund offers three classes of shares to investors: Class A shares, Class B shares and Class B2 shares. Class B and Class B2 shares are subject to Rule 12b-1 distribution fees under the 1940 Act equal to an annual rate of 0.25% of Class B and Class B2 shares average daily net assets. In addition, Class B and Class B2 shares are subject to 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.

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had securities on loan, which were classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to its shareholders.

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.

At December 31, 2018, the Fund's components of distributable earnings (accumulated gains) on a tax basis were as follows:

Undistributed ordinary income*	$ 11,453,507
Undistributed long-term capital gains	$ 27,194,122
Unrealized appreciation (depreciation) on investments	$ 218,583,157

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $289,383,564. The net unrealized appreciation for all investments based on tax cost was $218,583,157. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $246,949,059 and aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $28,365,902.

In addition, the tax character of distributions paid to shareholders by the Fund is summarized as follows:

	Years Ended December 31,	
	2018	**2017**
Distributions from ordinary income*	$ 10,441,101	$ 10,904,335
Distributions from long-term capital gains	$ 49,449,787	$ 28,046,117

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, the Fund invested in futures to keep cash on hand to meet shareholder redemptions or other needs while maintaining exposure to the stock market.

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

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

A summary of the open futures contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $4,670,000 to $10,478,000.

The following tables summarize the value of the Fund's derivative instruments held as of December 31, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Liability Derivative	**Futures Contracts**
Equity Contracts (a)	$ (112,941)

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

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

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the year ended December 31, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Futures Contracts**
Equity Contracts (b)	$ (165,403)

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)	$ (193,258)

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 year ended December 31, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $18,641,287 and $47,487,333, respectively.

D. Related Parties

Management Agreement. Under the Investment Management Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of DWS Group GmbH & Co. KGaA ("DWS Group"), the Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold, or entered into by the Fund or delegates such responsibility to the Fund's subadvisor. Northern Trust Investments, Inc. ("NTI") serves as subadvisor. As a subadvisor to the Fund, NTI makes investment decisions and buys and sells securities for the Fund. NTI is paid by the Advisor for the services NTI provides to the Fund.

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

First $1 billion of the Fund's average daily net assets	.200%
Next $1 billion of such net assets	.175%
Over $2 billion of such net assets	.150%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.20% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2019 (and through September 30, 2018 for Class A Shares), the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each classes as follows:

Class A	.31%
Class B	.65%
Class B2	.75%

Effective October 1, 2018 through September 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) for Class A at 0.28%.

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 179,193
Class B	16,048
Class B2	4,997
	$ 200,238

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 year ended December 31, 2018, the Administration Fee was $577,711, of which $44,905 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 year ended December 31, 2018, the Distribution Service Fees were as follows:

Distribution Service Fees	**Total Aggregated**	**Unpaid at December 31, 2018**
Class B	$ 65,041	$ 5,159
Class B2	42,583	3,265
	$ 107,624	**$ 8,424**

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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	**Total Aggregated**	**Unpaid at December 31, 2018**
Class A	$ 445	$ 74
Class B	83	13
Class B2	69	12
	$ 597	**$ 99**

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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $16,608, of which $7,785 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $429.

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 December 31, 2018.

F. Ownership of the Fund

At December 31, 2018, two participating insurance companies were beneficial owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 53% and 13%, respectively. At December 31, 2018, one participating insurance company was beneficial owner of record of 10% or more of the total outstanding Class B shares of the Fund, owning 81%. At December 31, 2018, one participating insurance company was a beneficial owner of record of 89% of the total outstanding Class B2 shares of the Fund.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Investments VIT Funds and Shareholders of DWS Equity 500 Index VIP

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the investment portfolio, of DWS Equity 500 Index VIP (one of the funds constituting Deutsche DWS Investments VIT Funds, referred to hereafter as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 14, 2019

We have served as the auditor of one or more investment companies in the DWS family of funds since 1930.

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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**	**Class B2**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 930.60	$ 928.70	$ 928.70
Expenses Paid per $1,000*	$ 1.46	$ 3.16	$ 3.40

Hypothetical 5% Fund Return	**Class A**	**Class B**	**Class B2**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,023.69	$ 1,021.93	$ 1,021.68
Expenses Paid per $1,000*	$ 1.53	$ 3.31	$ 3.57

* 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 184 (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	.30%	.65%	.70%

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.

Tax Information

(Unaudited)

The Fund paid distributions of $1.93 per share from net long-term capital gains during its year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $30,133,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 100% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018 qualified for the dividends received deduction.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered “interested persons” of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund’s Statement of Additional Information (“SAI”) includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

Notes

DWS

vit-equ500-2 (R-025817-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Global Equity VIP

(formerly Deutsche 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

Contents

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

Stocks may decline in value. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read the prospectus for details.

Performance Summary

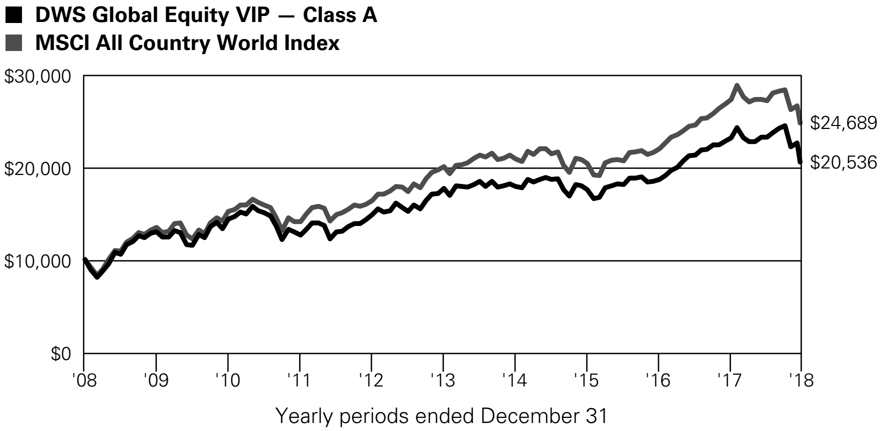
December 31, 2018 (Unaudited)

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

The gross expense ratio of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 is 1.06% for Class A shares and may differ from the expense ratio disclosed in the Financial Highlights table in this report.

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

Growth of an Assumed $10,000 Investment in DWS Global Equity VIP



The MSCI All Country World Index captures large and mid cap representation across 23 Developed Markets and 23 Emerging Markets countries.

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

Comparative Results

DWS Global Equity VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$8,888	$11,699	$11,625	$20,536
	Average annual total return	–11.12%	5.37%	3.06%	7.46%
MSCI All Country World Index	Growth of $10,000	$9,058	$12,113	$12,319	$24,689
	Average annual total return	–9.42%	6.60%	4.26%	9.46%

The growth of $10,000 is cumulative.

Global equities experienced meaningful headwinds in the latter part of 2018, leading to a return of –9.42% for the Fund's benchmark, the MSCI All Country (AC) World Index. Class A shares of the Fund returned –11.12% (unadjusted for contract charges).

Although the index closed in negative territory, the investment backdrop was in fact quite favorable until the end of September. For the majority of 2018, stocks were well supported by the combination of positive global growth and rising corporate earnings. The positive environment changed in the fourth quarter, however, when stocks fell sharply in response to weaker economic data and uncertainty surrounding U.S. trade policy. The index slid 12.75% in the final three months of the year, erasing all of the earlier gain and causing it to finish in the red.

Asset allocation was a modest contributor to the Fund's relative performance, while stock selection detracted. With regard to the former, the largest benefit came from overweight positions in the health care and information technology sectors. In terms of stock selection, our positive showing in financials and consumer staples was outweighed by weaker results in health care and communications services. Style factors also played a role in performance. We managed the Fund with a growth orientation, which helped versus the blended benchmark during the first nine months of the year but was a key detractor in the fourth quarter.

Among individual stocks, the leading contributors included Mastercard, Inc., Progressive Corp., Zoetis, Inc., and Canada Goose Holdings, Inc. Mastercard delivered strong, market-beating returns thanks to its stable growth trajectory and rising profit margins. The largest detractors were the health care stocks Fresenius Medical Care AG & Co. KGaA and Eurofins Scientific SE, as well as the semiconductor producer NVIDIA Corp. Fresenius posted weaker-than-expected profits due to underwhelming results in its U.S. operations and lower profit margins for its German business, causing it to lag its sector peers.

We believe volatility could remain a factor in market performance in the coming year amid ongoing questions about economic growth, corporate earnings, U.S. trade policy, and the direction of global interest rates. These issues led to a sizable decrease in valuations in the fourth quarter, however, indicating that they were largely factored into prices. Believing these circumstances provided the chance to buy high-quality growth companies at attractive valuations, we remained on the lookout for opportunities to use temporary price dislocations to our advantage.

The Fund closed the year with overweight positions in the information technology, health care, and consumer discretionary sectors, as well as in certain industrial and financial stocks. We were active in all of these areas during 2018, as large market movements provided the opportunity to adjust the Fund's positioning. In health care, for instance, we sold positions in Roche Holding AG,* Biogen, Inc.,* and Bristol-Myers Squibb Co.,* among others, while adding to Lonza Group AG and Zoetis, Inc., and building a new position in Becton, Dickinson & Co.

From a regional perspective, we continued to favor the United States and the emerging markets. In both segments, attractive growth companies were trading at discounts relative to their European counterparts despite stronger top- and bottom-line results. We also identified innovative Japanese companies with conservative balance sheets, shareholder-focused management teams, and the ability to capitalize on opportunities outside of Japan. At the sector level, we found the most compelling ideas in companies that are embracing change to generate long-term shareholder value independent of the economic cycle. Overall, we think companies that can deliver both top- and bottom-line growth in excess of the broader market can attract steady investor demand at a time of sluggish global economic conditions.

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

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

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **MSCI All Country (AC) World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index consists of 46 country indices comprising 23 developed and 23 emerging market country indices. Index returns do not reflect fees or expenses and it is not possible to invest directly into an index.

Underweight means the Fund holds a lower weighting in a given sector or security than the benchmark. **Overweight** means it holds a higher weighting.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the Fund.

* Held and sold prior to December 31, 2018.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Common Stocks	99%	98%
Cash Equivalent	1%	2%
Preferred Stock	—	0%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Financials	20%	19%
Information Technology	18%	26%
Health Care	15%	19%
Industrials	11%	11%
Consumer Discretionary	11%	7%
Communication Services	9%	2%
Consumer Staples	8%	6%
Materials	4%	6%
Energy	3%	3%
Real Estate	1%	1%
	100%	100%

Geographical Diversification (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending Collateral)	**12/31/18**	**12/31/17**
United States	51%	51%
Germany	10%	7%
Canada	7%	9%
China	7%	6%
United Kingdom	5%	7%
Japan	5%	1%
Switzerland	4%	7%
France	3%	3%
Ireland	2%	2%
Sweden	2%	1%
Argentina	2%	—
Luxembourg	1%	1%
Others	1%	5%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 98.7%		
Argentina 1.5%		
Globant SA* (Cost $336,781)	6,500	**366,080**
Canada 7.1%		
Agnico Eagle Mines Ltd.	4,650	187,860
Alimentation Couche-Tard, Inc. "B"	6,300	313,385
Brookfield Asset Management, Inc. "A"	18,200	697,497
Canada Goose Holdings, Inc.*	4,400	192,347
Toronto-Dominion Bank	7,400	367,832
(Cost $1,209,333)		**1,758,921**
China 6.9%		
Alibaba Group Holding Ltd. (ADR)*	2,650	363,236
China Life Insurance Co., Ltd. "H"	123,000	261,190
China Literature Ltd. 144A*	14	65
Momo, Inc. (ADR)*	5,500	130,625
New Oriental Education & Technology Group, Inc. (ADR)*	2,455	134,559
Ping An Insurance (Group) Co. of China Ltd. "H"	41,500	366,775
Tencent Holdings Ltd.	11,600	464,303
(Cost $1,859,493)		**1,720,753**
France 2.7%		
TOTAL SA	6,060	320,682
VINCI SA	4,400	363,362
(Cost $798,801)		**684,044**
Germany 9.5%		
adidas AG	985	206,643
Allianz SE (Registered)	2,300	463,357
BASF SE	3,800	266,718
Deutsche Boerse AG	3,650	440,300
Evonik Industries AG	13,200	330,978
Fresenius Medical Care AG & Co. KGaA	6,107	397,052
Siemens AG (Registered)	2,400	268,589
(Cost $2,541,480)		**2,373,637**
Ireland 1.6%		
Kerry Group PLC "A" (a)	3,721	369,336
Kerry Group PLC "A" (a)	379	37,262
(Cost $278,106)		**406,598**
Japan 4.9%		
Kao Corp.	3,700	274,639
Keyence Corp.	600	303,634
Komatsu Ltd.	7,400	158,251
Mitsubishi UFJ Financial Group, Inc.	44,200	216,554
SMC Corp.	900	271,636
(Cost $1,536,839)		**1,224,714**
Luxembourg 1.1%		
Eurofins Scientific SE (Cost $150,981)	700	**261,762**
Malaysia 0.7%		
IHH Healthcare Bhd. (Cost $177,866)	136,600	**178,041**
Norway 0.6%		
Marine Harvest ASA (Cost $82,231)	7,200	**151,819**
Sweden 1.6%		
Assa Abloy AB "B"	7,600	136,297
Spotify Technology SA* (b)	2,300	261,050
(Cost $511,723)		**397,347**
Switzerland 4.4%		
Lonza Group AG (Registered)* (b)	2,500	652,474
Nestle SA (Registered)	5,509	448,026
(Cost $580,757)		**1,100,500**
United Kingdom 5.3%		
Aon PLC (b)	1,750	254,380
Compass Group PLC	9,600	202,076
Experian PLC	15,300	371,728
Halma PLC	16,700	290,820
Spirax-Sarco Engineering PLC	2,500	199,132
(Cost $949,413)		**1,318,136**
United States 50.8%		
A.O. Smith Corp.	4,500	192,150
Activision Blizzard, Inc.	7,600	353,932
Alphabet, Inc. "A"*	580	606,077
American Express Co.	2,640	251,645
AMETEK, Inc.	5,520	373,704
Amphenol Corp. "A"	6,000	486,120
Apple, Inc.	1,155	182,190
Applied Materials, Inc.	6,300	206,262
Becton, Dickinson & Co.	2,705	609,491
Boeing Co.	940	303,150
CBRE Group, Inc. "A"*	4,700	188,188
Danaher Corp.	6,300	649,656
Ecolab, Inc.	2,210	325,643
EOG Resources., Inc.	3,800	331,398
EPAM Systems, Inc.*	2,550	295,825
Equifax, Inc.	1,225	114,084
Evolent Health, Inc. "A"*	13,400	267,330
Fidelity National Information Services, Inc.	3,000	307,650
Intuit, Inc.	1,600	314,960
JPMorgan Chase & Co.	6,664	650,540
Las Vegas Sands Corp.	2,850	148,342
MasterCard, Inc. "A"	3,340	630,091
McDonald's Corp.	2,900	514,953
Microsoft Corp.	4,000	406,280
Mondelez International, Inc. "A"	7,100	284,213
NVIDIA Corp.	1,710	228,285
Progressive Corp.	15,200	917,016
Schlumberger Ltd.	4,500	162,360
ServiceMaster Global Holdings, Inc.*	6,850	251,669
ServiceNow, Inc.*	1,570	279,538
T-Mobile U.S., Inc.*	6,500	413,465
TJX Companies, Inc.	6,520	291,705
YETI Holdings, Inc.* (c)	29,988	445,022
Zoetis, Inc.	7,800	667,212
(Cost $9,829,523)		**12,650,146**
Total Common Stocks (Cost $20,843,327)		**24,592,498**

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

	Shares	Value ($)
Securities Lending Collateral 0.4%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (d) (e) (Cost $111,625)	111,625	**111,625**
Cash Equivalent 1.0%		
DWS Central Cash Management Government Fund, 2.41% (d) (Cost $238,530)	238,530	**238,530**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $21,193,482)	100.1	**24,942,653**
Other Assets and Liabilities, Net	(0.1)	**(13,980)**
Net Assets	100.0	**24,928,673**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 0.4%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (d) (e)								
395,119	—	283,494(f)	—	—	3,657	—	111,625	111,625
Cash Equivalent 1.0%								
DWS Central Cash Management Government Fund, 2.41% (d)								
480,743	8,034,940	8,277,153	—	—	5,295	—	238,530	238,530
875,862	**8,034,940**	**8,560,647**	**—**	**—**	**8,952**	**—**	**350,155**	**350,155**

* Non-income producing security.

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

(b) Listed on the New York Stock Exchange.

(c) 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 December 31, 2018 amounted to $108,332, which is 0.4% of net assets.

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

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

(f) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

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

ADR: American Depositary Receipt

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

Fair Value Measurements

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

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks				
Argentina	$ 366,080	$ —	$ —	$ 366,080
Canada	1,758,921	—	—	1,758,921
China	628,420	1,092,333	—	1,720,753
France	—	684,044	—	684,044
Germany	—	2,373,637	—	2,373,637
Ireland	—	406,598	—	406,598
Japan	—	1,224,714	—	1,224,714
Luxembourg	—	261,762	—	261,762
Malaysia	—	178,041	—	178,041
Norway	—	151,819	—	151,819
Sweden	261,050	136,297	—	397,347
Switzerland	—	1,100,500	—	1,100,500
United Kingdom	254,380	1,063,756	—	1,318,136
United States	12,650,146	—	—	12,650,146
Short-Term Investments (g)	350,155	—	—	350,155
Total	**$ 16,269,152**	**$ 8,673,501**	**$ —**	**$ 24,942,653**

(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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $20,843,327) — including $108,332 of securities loaned	$24,592,498
Investment in DWS Government & Agency Securities Portfolio (cost $111,625)*	111,625
Investment in DWS Central Cash Management Government Fund (cost $238,530)	238,530
Foreign currency, at value (cost $172,844)	168,056
Dividends receivable	13,717
Interest receivable	1,291
Foreign taxes recoverable	32,361
Other assets	811
Total assets	25,158,889
Liabilities	
Payable upon return of securities loaned	111,625
Payable for Fund shares redeemed	14,757
Accrued management fee	11,988
Accrued Trustees' fees	855
Other accrued expenses and payables	90,991
Total liabilities	230,216
Net assets, at value	**$24,928,673**
Net Assets Consist of	
Distributable earnings (loss)	5,980,276
Paid-in capital	18,948,397
Net assets, at value	**$24,928,673**
Net Asset Value	
Class A	
Net asset value, offering and redemption price per share ($24,928,673 ÷ 2,415,204 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 10.32**

* Represents collateral on securities loaned.

Statement of Operations

For the year ended December 31, 2018

Investment Income	
Income:	
Dividends (net of foreign taxes withheld of $37,062)	$ 408,457
Income distributions — DWS Central Cash Management Government Fund	5,295
Securities lending income, net of borrower rebates	3,657
Other income	1,300
Total income	418,709
Expenses:	
Management fee	189,891
Administration fee	29,214
Services to Shareholders	261
Custodian fee	25,250
Professional fees	75,058
Reports to shareholders	20,523
Trustees' fees and expenses	3,189
Other	13,151
Total expenses before expense reductions	356,537
Expense reductions	(87,556)
Total expenses after expense reductions	268,981
Net investment income	**149,728**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from:	
Investments	2,193,058
Foreign currency	(3,970)
	2,189,088
Change in net unrealized appreciation (depreciation) on:	
Investments	(5,424,485)
Foreign currency	(6,714)
	(5,431,199)
Net gain (loss)	**(3,242,111)**
Net increase (decrease) in net assets resulting from operations	**$(3,092,383)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 149,728	$ 215,910
Net realized gain (loss)	2,189,088	5,321,643
Change in net unrealized appreciation (depreciation)	(5,431,199)	3,917,327
Net increase (decrease) in net assets resulting from operations	(3,092,383)	9,454,880
Distributions to shareholders:		
Class A	(219,217)	(233,988)*
Fund share transactions:		
Class A		
Proceeds from shares sold	730,055	1,174,131
Reinvestment of distributions	219,217	233,988
Payments for shares redeemed	(3,317,394)	(23,512,478)
Net increase (decrease) in net assets from Class A share transactions	(2,368,122)	(22,104,359)
Increase (decrease) in net assets	(5,679,722)	(12,883,467)
Net assets at beginning of year	30,608,395	43,491,862
Net assets at end of year	**24,928,673**	**30,608,395****

Other Information		
Class A		
Shares outstanding at beginning of period	2,616,821	4,587,493
Shares sold	62,443	110,161
Shares issued to shareholders in reinvestment of distributions	19,281	22,499
Shares redeemed	(283,341)	(2,103,332)
Net increase (decrease) in Class A shares	(201,617)	(1,970,672)
Shares outstanding at end of period	**2,415,204**	**2,616,821**

* Includes distributions from net investment income.

** Includes undistributed net investment income of $209,108.

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

Financial Highlights

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

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

DWS Global Equity VIP (formerly Deutsche Global Equity VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, 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.

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	$ 135,649
Undistributed long-term capital gains	$ 2,166,350
Unrealized appreciation (depreciation) on investments	$ 3,684,241

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $21,258,412. The net unrealized appreciation for all investments based on tax cost was $3,684,241. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $5,635,343 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $1,951,102.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	**2017**
Distributions from ordinary income*	$ 219,217	$ 233,988

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $12,243,780 and $14,548,496, respectively.

C. Related Parties

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

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

First $1.5 billion	.650%
Next $1.75 billion	.635%
Next $1.75 billion	.620%
Over $5 billion	.605%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.65% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2018, 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) of Class A shares at 0.93%.

Effective October 1, 2018 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) of Class A shares at 0.89%.

For the year ended December 31, 2018, fees waived and/or expenses reimbursed were $87,556.

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 year ended December 31, 2018, the Administration Fee was $29,214, of which $2,191 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 year ended December 31, 2018, the amounts charged to the Fund by DSC aggregated $81, 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $7,931, of which $5,498 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 year ended December 31, 2018, the Fund incurred lending agent fees to Deutsche Bank AG in the amount of $263.

D. Ownership of the Fund

At December 31, 2018, 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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS Global Equity VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS Global Equity VIP (formerly Deutsche Global Equity VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 884.30
Expenses Paid per $1,000*	$ 4.32

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 1,020.62
Expenses Paid per $1,000*	$ 4.63

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 184 (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	.91%

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

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

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

Tax Information

(Unaudited)

For corporate shareholders, 100% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018, qualified for the dividends received deduction.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $2,383,000 as capital gain dividends for its year ended December 30, 2018.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS2GE-2 (R-025828-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Global Income Builder VIP

(formerly Deutsche 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.

Performance Summary

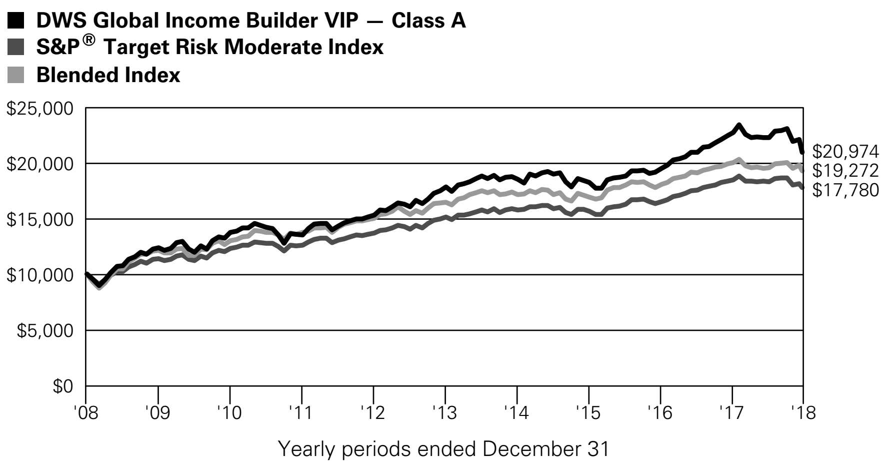
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.67% and 1.07% 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 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 includes securities that offer a meaningfully higher-than-average dividend yield relative to the MSCI World Index and pass dividend sustainability and persistence screens. The index offers broad market coverage, and is free-float market capitalization-weighted to ensure that its performance can be replicated in institutional and retail portfolios. The index is calculated using closing local market prices and translates into US dollars using the London close foreign exchange rates.

Bloomberg Barclays U.S. Universal Index represents the union of the U.S. Aggregate Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index and the non-ERISA portion of the CMBS Index.

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

Comparative Results

DWS Global Income Builder VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,234	$11,494	$11,762	$20,974
	Average annual total return	–7.66%	4.75%	3.30%	7.69%
S&P® Target Risk Moderate Index	Growth of $10,000	$9,628	$11,383	$11,768	$17,780
	Average annual total return	–3.72%	4.41%	3.31%	5.92%
Blended Index	Growth of $10,000	$9,621	$11,383	$11,707	$19,272
	Average annual total return	–3.79%	4.41%	3.20%	6.78%

The growth of $10,000 is cumulative.

DWS Global Income Builder VIP		Life of Class*
Class B	Growth of $10,000	$9,404
	Average annual total return	–5.96%
S&P® Target Risk Moderate Index	Growth of $10,000	$9,848
	Average annual total return	–1.52%
Blended Index	Growth of $10,000	$9,836
	Average annual total return	–1.64%

The growth of $10,000 is cumulative.

* Class B commenced operations on May 1, 2018.

Management Summary

December 31, 2018 (Unaudited)

The Fund returned –7.66% during the 12 months ended December 31, 2018 (Class A shares, unadjusted for contract charges), underperforming the –3.72% return of S&P® Target Risk Moderate Index. Its other benchmark — the Blended Index — returned –3.79%. The Blended Index is an equally-weighted blend (50%/50%) of the MSCI World High Dividend Yield Index and the Bloomberg Barclays U.S. Universal Index. The two indexes returned –7.56% and –0.25%, respectively.

The Fund's broader allocation strategy detracted from its 12-month returns. Although we made tactical adjustments to the Fund's positioning based on market conditions, we maintained a consistent overweight in equities over fixed income. The portfolio averaged 68% of assets in stocks and 32% to bonds during the year, and it finished December with weightings of 61% and 37%. While this overweight was a meaningful contributor to performance through the end of September, when stocks were rallying, it ultimately proved to be a detractor due to the large, broad-based selloff of the fourth quarter. The Fund therefore experienced a larger impact from the downturn in stock prices over the full year than the 50/50 benchmark.

The equity portfolio produced a negative absolute return and lagged its benchmark. While stock selection in the industrials, real estate, and energy contributed to performance, these positive factors were offset by the negative effect of sector allocations. Most notably, the Fund was hurt by its underweights in health care and utilities, as well as its overweight in communication services. An overweight position in the emerging markets was an additional detractor.

With regard to positioning, we actively adjusted the equity portfolio throughout the year to capture opportunities as they arose. With that said, our core strategy continued to feature an overweight in U.S. large-caps and an underweight in the developed international markets. While we see domestic equities benefiting from the stronger growth of the U.S. economy, we think the sluggish growth in Europe is likely to act as a drag on the region's markets. We also maintained an overweight in the emerging markets, which we believe are positioned to outperform given their attractive valuations and the potential for a mean reversion following their weak relative performance earlier in 2018. In addition, we believe investors' depressed expectations create the latitude for a positive surprise in the emerging markets' economic growth.

The major segments of the global fixed-income markets experienced a wide range of returns in the past 12 months. While U.S. Treasuries outpaced the index due to their strong fourth quarter rally, categories with a higher degree of credit risk were hurt by the prospect of slower growth. Our continued focus on high-yield bonds and emerging-markets debt therefore led to underperformance in the Fund's bond portfolio. Still, we believe an emphasis on the credit sectors remains appropriate even after the fourth-quarter sell-off in the financial markets. We see the elevated volatility as largely the result of investors' overreaction to adverse headlines rather than a sign of a broader, systemic problem. In our view, the continued strength of the U.S. economy and positive growth in the world as a whole can provide a firm foundation for risk assets once news flow calms and investors return their focus to fundamentals.

The Fund used derivatives during the course of the period. On the equity side, we used futures and swaps on equity indices to achieve our desired weightings in a more efficient manner than buying and selling individual securities. In the bond portfolio, we used credit default swaps to facilitate exposure to the high-yield market, along with forward currency contracts to manage the currency exposure of certain positions in foreign bonds. We also used interest-rate futures and swaps to manage the Fund's duration and achieve exposure to the European markets. In the aggregate, our use of derivatives was a small net contributor. Derivatives are used to achieve the Fund's risk and return objectives and should therefore be evaluated within the context of the entire portfolio rather than as a standalone strategy.

John D. Ryan, Managing Director
Darwei Kung, Managing Director
Di Kumble, CFA, Managing Director
Kevin Bliss, Director
Dokyoung Lee, CFA, Director
Portfolio Managers

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

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.

The **MSCI World High Dividend Yield Index** includes securities that offer a meaningfully higher-than-average dividend yield relative to the MSCI World Index and pass dividend sustainability and persistence screens. The index offers broad market coverage, and is free-float market capitalization-weighted to ensure that its performance can be replicated in institutional and retail portfolios. The index is calculated using closing local market prices and translates into U.S. dollars using the London close foreign exchange rates.

The **Bloomberg Barclays U.S. Universal Index** represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield Index, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible 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.

Overweight means the Fund holds a higher weighting in a given sector or security than the benchmark. **Underweight** means the Fund holds a lower weighting.

Contribution and **detraction** incorporate both an investment's total return and its weighting in the Fund.

Mean reversion is a theory that prices and returns eventually move back toward the mean, or average.

Derivatives are contracts whose value is based on the performance of an underlying financial asset. Derivatives afford leverage, but when used by investors who are able to handle the inherent risks, can enhance returns or protect a portfolio. Derivatives can experience significant losses if the underlying security moves contrary to the investor's expectations.

A forward currency contract is a contract in the foreign exchange market that locks in the exchange rate for the purchase or sale of a currency on a future date as a means to hedge a fund's currency risk.

A **swap** is a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument for a set period of time.

Futures contracts are contractual agreements to buy or sell a particular commodity or financial instrument at a pre-determined price in the future.

Portfolio Summary (Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Equity	**61%**	**65%**
Common Stocks	55%	56%
Preferred Stocks	6%	6%
Exchange-Traded Funds	—	3%
Fixed Income	**37%**	**34%**
Corporate Bonds	13%	13%
Government & Agency Obligations	9%	6%
Asset-Backed	6%	1%
Exchange-Traded Funds	3%	7%
Short-Term U.S. Treasury Obligations	3%	4%
Collateralized Mortgage Obligations	2%	1%
Commercial Mortgage-Backed Securities	1%	1%
Convertible Bonds	0%	0%
Mortgage-Backed Securities Pass-Throughs	0%	1%
Municipal Bonds and Notes	—	0%
Cash Equivalents	**2%**	**1%**
	100%	100%

Sector Diversification (As a % of Equities, Corporate Bonds, Preferred Securities and Convertible Bonds)	**12/31/18**	**12/31/17**
Financials	17%	17%
Energy	13%	11%
Information Technology	12%	11%
Communication Services	12%	14%
Consumer Discretionary	9%	10%
Health Care	9%	7%
Industrials	8%	10%
Consumer Staples	6%	6%
Real Estate	6%	6%
Utilities	5%	4%
Materials	3%	4%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 54.9%		
Communication Services 5.8%		
Diversified Telecommunication Services 2.7%		
AT&T, Inc.	19,609	559,641
BCE, Inc.	3,773	149,046
BT Group PLC	61,658	187,730
Deutsche Telekom AG (Registered)	10,946	186,611
Elisa Oyj	3,526	145,902
Nippon Telegraph & Telephone Corp.	3,800	154,818
Orange SA	9,297	151,173
Proximus SA	5,537	150,096
Singapore Telecommunications Ltd.	63,245	136,983
Swisscom AG (Registered)	439	211,154
Telefonica SA	17,063	143,806
Telenor ASA	7,167	139,408
Telia Co. AB	30,834	146,418
TELUS Corp.	6,329	209,777
Verizon Communications, Inc.	9,866	554,667
		3,227,230
Entertainment 0.4%		
NetEase, Inc. (ADR)	1,066	250,904
Walt Disney Co.	2,415	264,805
		515,709
Interactive Media & Services 1.6%		
Alphabet, Inc. "A"*	473	494,266
Alphabet, Inc. "C"*	505	522,983
Baidu, Inc. (ADR)*	1,085	172,081
Facebook, Inc. "A"*	3,544	464,583
Tencent Holdings Ltd. (ADR)	7,068	278,974
		1,932,887
Media 0.8%		
Comcast Corp. "A"	7,066	240,597
Interpublic Group of Companies, Inc.	6,005	123,883
ITV PLC	81,731	130,155
Omnicom Group, Inc.	1,830	134,029
Shaw Communications, Inc. "B"	7,223	130,736
WPP PLC	13,334	144,301
		903,701
Wireless Telecommunication Services 0.3%		
KDDI Corp.	6,700	160,123
NTT DoCoMo, Inc.	9,669	217,700
		377,823
Consumer Discretionary 5.6%		
Auto Components 0.2%		
Bridgestone Corp.	3,505	134,933
Nokian Renkaat Oyj	4,589	141,375
		276,308
Automobiles 1.3%		
Bayerische Motoren Werke AG	1,677	136,415
Daimler AG (Registered)	4,605	242,996
General Motors Co.	5,173	173,037
Honda Motor Co., Ltd.	5,750	151,023

	Shares	Value ($)
Nissan Motor Co., Ltd.	25,585	204,823
Renault SA	2,089	130,826
Subaru Corp.	6,100	131,173
Toyota Motor Corp.	5,700	330,894
		1,501,187
Diversified Consumer Services 0.1%		
Tal Education Group (ADR)*	6,000	**160,080**
Hotels, Restaurants & Leisure 1.0%		
Carnival Corp.	2,499	123,201
Darden Restaurants, Inc.	1,343	134,112
Las Vegas Sands Corp.	3,209	167,028
McDonald's Corp.	1,800	319,626
Starbucks Corp.	3,197	205,887
TUI AG	9,641	138,495
Yum! Brands, Inc.	1,500	137,880
		1,226,229
Household Durables 0.5%		
Berkeley Group Holdings PLC	3,249	144,061
Garmin Ltd.	2,110	133,605
Leggett & Platt, Inc.	3,518	126,085
Sekisui House Ltd.	11,254	167,478
		571,229
Internet & Direct Marketing Retail 1.1%		
Alibaba Group Holding Ltd. (ADR)*	1,454	199,300
Amazon.com, Inc.*	652	979,284
Ctrip.com International Ltd. (ADR)*	6,667	180,409
		1,358,993
Leisure Products 0.1%		
Hasbro, Inc.	1,676	**136,175**
Multiline Retail 0.4%		
Marks & Spencer Group PLC	46,142	145,452
Target Corp.	1,985	131,189
Wesfarmers Ltd.	5,940	134,663
		411,304
Specialty Retail 0.4%		
Home Depot, Inc.	1,634	280,754
L Brands, Inc.	4,300	110,381
TJX Companies, Inc.	3,000	134,220
		525,355
Textiles, Apparel & Luxury Goods 0.5%		
Cie Financiere Richemont SA (Registered)	2,123	137,352
NIKE, Inc. "B"	2,142	158,808
Tapestry, Inc.	3,843	129,701
VF Corp.	1,851	132,050
		557,911
Consumer Staples 4.3%		
Beverages 1.0%		
Ambev SA (ADR)	35,231	138,105
Anheuser-Busch InBev SA	1,935	128,326
Coca-Cola Co.	8,825	417,864
Diageo PLC	3,855	137,432
PepsiCo, Inc.	3,021	333,760
		1,155,487

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

	Shares	Value ($)
Food & Staples Retailing 0.6%		
Costco Wholesale Corp.	600	122,226
Lawson, Inc.	2,100	133,046
Sysco Corp.	2,139	134,030
Walgreens Boots Alliance, Inc.	1,700	116,161
Walmart, Inc.	2,516	234,365
		739,828
Food Products 1.4%		
Archer-Daniels-Midland Co.	3,046	124,795
Bunge Ltd.	2,300	122,912
General Mills, Inc.	3,543	137,964
Kellogg Co.	2,586	147,428
Kraft Heinz Co.	2,962	127,485
Marine Harvest ASA	6,166	130,016
Mondelez International, Inc. "A"	4,000	160,120
Nestle SA (Registered)	5,421	440,870
The Hershey Co.	1,329	142,442
The JM Smucker Co.	1,400	130,886
		1,664,918
Household Products 0.6%		
Colgate-Palmolive Co.	2,270	135,111
Kimberly-Clark Corp.	1,277	145,501
Procter & Gamble Co.	5,159	474,215
		754,827
Tobacco 0.7%		
Altria Group, Inc.	5,192	256,433
British American Tobacco PLC	2,691	86,054
British American Tobacco PLC (ADR)	1,736	55,309
Japan Tobacco, Inc.	6,177	147,026
Philip Morris International, Inc.	4,036	269,443
		814,265

Energy 4.5%

	Shares	Value ($)
Oil, Gas & Consumable Fuels		
BP PLC	53,165	336,626
Chevron Corp.	3,969	431,788
Enagas SA	5,091	137,866
Enbridge, Inc.	4,359	135,418
Eni SpA	8,701	137,433
Exxon Mobil Corp.	8,799	600,004
Gazprom PJSC (ADR)	88,363	390,564
JXTG Holdings, Inc.	24,100	126,044
Kinder Morgan, Inc.	10,158	156,230
LUKOIL PJSC (ADR)	6,484	462,569
Occidental Petroleum Corp.	2,669	163,823
ONEOK, Inc.	2,236	120,632
Pembina Pipeline Corp.	4,435	131,601
Phillips 66	1,560	134,394
Plains GP Holdings LP "A"*	6,612	132,901
Repsol SA	9,619	155,751
Royal Dutch Shell PLC "A"	12,635	372,147
Royal Dutch Shell PLC "B"	10,663	318,451
Snam SpA	30,741	134,937
Tatneft PJSC (ADR)	2,028	128,778
TOTAL SA	5,207	275,543
TransCanada Corp. (a)	3,548	126,696
Valero Energy Corp.	1,771	132,772
Williams Companies, Inc.	6,192	136,534
		5,379,502

Financials 7.9%

	Shares	Value ($)
Banks 4.9%		
Aozora Bank Ltd.	4,300	128,261
Australia & New Zealand Banking Group Ltd.	8,678	149,494
Banco Bradesco SA (ADR) (Preferred)	14,488	143,286
Bank of America Corp.	14,925	367,752
Bank of Montreal	2,011	131,381
Bank of Nova Scotia	3,393	169,128
BB&T Corp.	3,010	130,393
BNP Paribas SA	2,891	130,988
Canadian Imperial Bank of Commerce	1,826	136,000
Citigroup, Inc.	4,687	244,005
Commonwealth Bank of Australia	4,177	212,711
HSBC Holdings PLC	46,627	385,507
ICICI Bank Ltd. (ADR)	15,400	158,466
Itau Unibanco Holding SA (ADR) (Preferred)	15,500	141,670
Japan Post Bank Co., Ltd.	12,500	137,712
JPMorgan Chase & Co.	6,029	588,551
Lloyds Banking Group PLC	218,842	144,499
Mitsubishi UFJ Financial Group, Inc.	25,600	125,425
Mizuho Financial Group, Inc.	93,873	145,617
People's United Financial, Inc.	8,492	122,540
Royal Bank of Canada	3,105	212,519
Sberbank of Russia PJSC (ADR)	34,594	379,150
Skandinaviska Enskilda Banken AB "A"	14,159	137,964
Societe Generale SA	3,948	126,384
Sumitomo Mitsui Financial Group, Inc.	4,000	132,689
Swedbank AB "A"	6,212	139,084
Toronto-Dominion Bank	3,105	154,340
U.S. Bancorp.	2,862	130,793
Wells Fargo & Co.	7,269	334,956
Westpac Banking Corp.	11,487	202,519
		5,843,784
Capital Markets 0.2%		
CME Group, Inc.	820	154,258
UBS Group AG (Registered)*	10,817	134,992
		289,250
Diversified Financial Services 0.3%		
Berkshire Hathaway, Inc. "B"*	1,718	**350,782**
Insurance 2.5%		
Ageas	3,119	140,462
Allianz SE (Registered)	732	147,468
American Financial Group, Inc.	1,397	126,470
Assicurazioni Generali SpA	8,624	144,673
Aviva PLC	28,133	134,902
AXA SA	6,933	150,099
Baloise Holding AG (Registered)	977	134,970
Chubb Ltd.	1,118	144,423
Japan Post Holdings Co., Ltd.	11,700	134,843
Legal & General Group PLC	54,098	159,703
MetLife, Inc.	3,423	140,548
Muenchener Rueckversicherungs-Gesellschaft AG (Registered)	658	144,003
Poste Italiane SpA 144A	19,064	153,099
Power Corp. of Canada	7,300	131,167

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

	Shares	Value ($)
Power Financial Corp. (a)	6,800	128,658
Sampo Oyj "A"	4,982	220,490
Swiss Life Holding AG (Registered)*	355	137,317
Swiss Re AG	2,662	244,961
Zurich Insurance Group AG	864	258,495
		2,976,751
Health Care 5.8%		
Biotechnology 0.8%		
AbbVie, Inc.	3,577	329,764
Amgen, Inc.	1,597	310,888
Biogen., Inc.*	400	120,368
Gilead Sciences, Inc.	3,642	227,807
		988,827
Health Care Equipment & Supplies 0.3%		
Abbott Laboratories	2,421	175,111
Medtronic PLC	2,239	203,659
		378,770
Health Care Providers & Services 0.6%		
Anthem, Inc.	600	157,578
CVS Health Corp.	2,882	188,829
UnitedHealth Group, Inc.	1,583	394,357
		740,764
Life Sciences Tools & Services 0.2%		
Thermo Fisher Scientific, Inc.	700	**156,653**
Pharmaceuticals 3.9%		
Allergan PLC	1,000	133,660
Astellas Pharma, Inc.	11,000	140,887
AstraZeneca PLC	2,648	198,628
Bayer AG (Registered)	1,951	136,592
Bristol-Myers Squibb Co.	3,841	199,655
Daiichi Sankyo Co., Ltd.	3,800	121,354
Eli Lilly & Co.	2,365	273,678
GlaxoSmithKline PLC	11,751	223,750
Johnson & Johnson	5,592	721,648
Merck & Co., Inc.	6,336	484,134
Novartis AG (Registered)	4,774	409,638
Novo Nordisk AS "B"	3,727	171,216
Pfizer, Inc.	13,362	583,251
Roche Holding AG (Genusschein)	1,828	454,830
Sanofi	2,795	242,424
Takeda Pharmaceutical Co., Ltd.	4,000	135,624
		4,630,969
Industrials 5.3%		
Aerospace & Defense 1.0%		
BAE Systems PLC	23,878	140,038
Boeing Co.	939	302,828
General Dynamics Corp.	800	125,768
Lockheed Martin Corp.	597	156,319
Northrop Grumman Corp.	566	138,613
Raytheon Co.	781	119,766
United Technologies Corp.	1,717	182,826
		1,166,158
Air Freight & Logistics 0.1%		
United Parcel Service, Inc. "B"	1,380	**134,591**
Airlines 0.4%		
Deutsche Lufthansa AG (Registered)	6,282	142,729
International Consolidated Airlines Group SA	17,761	140,985
Japan Airlines Co., Ltd.	3,800	134,672
		418,386
Building Products 0.1%		
Johnson Controls International PLC	4,215	**124,975**
Commercial Services & Supplies 0.3%		
Quad Graphics, Inc.	2	25
Republic Services, Inc.	1,823	131,420
Secom Co., Ltd.	1,600	132,482
Waste Management, Inc.	1,524	135,621
		399,548
Construction & Engineering 0.3%		
Kajima Corp.	10,200	136,602
Obayashi Corp.	14,200	128,334
Skanska AB "B"	9,055	144,597
		409,533
Electrical Equipment 0.4%		
ABB Ltd. (Registered)	7,510	143,532
Eaton Corp. PLC	2,059	141,371
Emerson Electric Co.	2,185	130,554
		415,457
Industrial Conglomerates 0.6%		
3M Co.	1,117	212,833
General Electric Co.	19,552	148,008
Honeywell International, Inc.	1,574	207,957
Siemens AG (Registered)	1,289	144,255
		713,053
Machinery 0.7%		
Caterpillar, Inc.	1,158	147,147
Cummins, Inc.	1,015	135,645
Illinois Tool Works, Inc.	1,078	136,572
Ingersoll-Rand PLC	1,348	122,978
Kone Oyj "B"	2,909	139,089
Mitsubishi Heavy Industries Ltd.	3,600	129,297
		810,728
Marine 0.1%		
Kuehne + Nagel International AG (Registered)	1,028	**132,279**
Professional Services 0.4%		
Adecco Group AG (Registered)	3,068	144,178
Nielsen Holdings PLC	5,139	119,893
RELX PLC	6,670	137,582
SGS SA (Registered)	58	130,965
		532,618
Road & Rail 0.2%		
Aurizon Holdings Ltd.	43,644	131,481
Union Pacific Corp.	1,051	145,280
		276,761
Trading Companies & Distributors 0.7%		
ITOCHU Corp.	9,639	163,707
Marubeni Corp.	18,749	131,369
Mitsubishi Corp.	6,800	186,771
Mitsui & Co., Ltd.	11,551	177,556
Sumitomo Corp.	10,866	154,132
		813,535

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

	Shares	Value ($)
Information Technology 9.0%		
Communications Equipment 0.8%		
Cisco Systems, Inc.	10,699	463,588
Juniper Networks, Inc.	5,500	148,005
Motorola Solutions, Inc.	1,028	118,261
Nokia Oyj	29,943	173,192
		903,046
Electronic Equipment, Instruments & Components 0.2%		
Corning, Inc.	4,393	132,713
TE Connectivity Ltd.	1,967	148,764
		281,477
IT Services 2.6%		
Accenture PLC "A"	1,602	225,898
Automatic Data Processing, Inc.	1,581	207,301
Broadridge Financial Solutions, Inc.	1,351	130,034
Cognizant Technology Solutions Corp. "A"	2,042	129,626
DXC Technology Co.	2,400	127,608
Fidelity National Information Services, Inc.	1,421	145,724
Fujitsu Ltd.	2,300	143,222
Infosys Ltd. (ADR)	16,462	156,718
International Business Machines Corp.	2,997	340,669
Leidos Holdings, Inc.	2,315	122,047
MasterCard, Inc. "A"	1,797	339,004
Otsuka Corp.	4,300	117,814
Paychex, Inc.	2,747	178,967
PayPal Holdings, Inc.*	1,600	134,544
Visa, Inc. "A"	3,164	417,458
Western Union Co.	10,970	187,148
		3,103,782
Semiconductors & Semiconductor Equipment 1.8%		
Analog Devices, Inc.	1,599	137,242
Broadcom, Inc.	931	236,735
Intel Corp.	8,886	417,020
KLA-Tencor Corp.	1,490	133,340
Maxim Integrated Products, Inc.	2,734	139,024
QUALCOMM., Inc.	4,005	227,924
Taiwan Semiconductor Manufacturing Co., Ltd. (ADR)	14,142	521,981
Texas Instruments, Inc.	2,238	211,491
Tokyo Electron Ltd.	1,100	125,053
		2,149,810
Software 1.9%		
Adobe, Inc.*	652	147,508
Intuit, Inc.	723	142,323
Micro Focus International PLC	7,326	129,523
Microsoft Corp.	13,338	1,354,741
Oracle Corp.	5,708	257,716
salesforce.com, Inc.*	1,100	150,667
SAP SE	1,421	142,268
		2,324,746
Technology Hardware, Storage & Peripherals 1.7%		
Apple, Inc.	8,631	1,361,454
Canon, Inc.	6,874	187,702
HP, Inc.	6,190	126,647
Samsung Electronics Co., Ltd. (GDR)	166	143,922
Seagate Technology PLC	3,408	131,515
Xerox Corp.	5,644	111,525
		2,062,765
Materials 0.6%		
Chemicals 0.4%		
Air Products & Chemicals, Inc.	879	140,684
DowDuPont, Inc.	3,432	183,544
GEO Specialty Chemicals, Inc.* (b)	145,628	18,218
LyondellBasell Industries NV "A"	1,752	145,696
		488,142
Metals & Mining 0.1%		
JFE Holdings, Inc.	8,000	**126,588**
Paper & Forest Products 0.1%		
UPM-Kymmene Oyj	5,346	**136,347**
Real Estate 3.1%		
Equity Real Estate Investment Trusts (REITs)		
AvalonBay Communities, Inc.	748	130,189
Brookfield Property REIT, Inc. "A"	8,800	141,680
Camden Property Trust	1,483	130,578
Crown Castle International Corp.	1,396	151,647
H&R Real Estate Investment Trust	10,100	152,772
HCP, Inc.	4,970	138,812
Iron Mountain, Inc.	4,000	129,640
Japan Retail Fund Investment Corp.	69	137,957
Kimco Realty Corp.	11,953	175,111
Land Securities Group PLC	13,054	133,986
Liberty Property Trust	2,967	124,258
Mid-America Apartment Communities, Inc.	1,390	133,023
National Retail Properties, Inc.	2,772	134,470
Prologis, Inc.	2,049	120,317
Public Storage	727	147,152
Realty Income Corp.	2,420	152,557
RioCan Real Estate Investment Trust	8,642	150,659
Simon Property Group, Inc.	1,211	203,436
Stockland (a)	53,235	131,819
The Macerich Co.	2,853	123,478
Unibail-Rodamco-Westfield*	831	128,917
Ventas, Inc.	2,802	164,169
VEREIT, Inc.	17,700	126,555
Vicinity Centres (a)	73,155	133,844
Welltower, Inc.	2,441	169,430
WP Carey, Inc.	2,000	130,680
		3,697,136
Utilities 3.0%		
Electric Utilities 1.8%		
American Electric Power Co., Inc.	2,127	158,972
Duke Energy Corp.	2,441	210,658
Entergy Corp.	1,802	155,098
Evergy, Inc.	2,300	130,571
Exelon Corp.	3,659	165,021
FirstEnergy Corp.	3,500	131,425
Fortum Oyj	6,761	147,985
NextEra Energy, Inc.	918	159,567
OGE Energy Corp.	3,400	133,246
Pinnacle West Capital Corp.	1,500	127,800
Power Assets Holdings Ltd.	20,000	139,016

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

	Shares	Value ($)
PPL Corp.	5,577	157,996
Southern Co.	5,084	223,289
Xcel Energy, Inc.	2,600	128,102
		2,168,746
Multi-Utilities 1.2%		
Ameren Corp.	1,900	123,937
CenterPoint Energy, Inc.	5,172	146,005
Consolidated Edison, Inc.	1,923	147,033
Dominion Energy, Inc	2,427	173,433
DTE Energy Co.	1,100	121,330
Engie SA	9,917	142,449
National Grid PLC	13,058	127,165
Public Service Enterprise Group, Inc.	2,500	130,125
Sempra Energy	1,200	129,828
WEC Energy Group, Inc.	1,834	127,023
		1,368,328
Total Common Stocks (Cost $62,413,339)		**65,706,033**

Preferred Stocks 5.8%

	Shares	Value ($)
Communication Services 0.6%		
Verizon Communications, Inc. 5.9%	30,000	**759,000**
Financials 3.3%		
AGNC Investment Corp. Series C, 7.0%	14,427	364,715
AGNC Investment Corp. Series B, 7.75%	18,000	456,480
Bank of America Corp. Series Y, 6.5%	15,000	380,700
BB&T Corp. 5.625%	10,000	235,100
Capital One Financial Corp. Series G, 5.2%	10,000	216,200
Citigroup, Inc. Series S, 6.3%	15,000	382,500
Fifth Third Bancorp. Series I, 6.625%	10,000	258,700
JPMorgan Chase & Co. Series AA, 6.1%	15,000	383,100
KeyCorp Series E, 6.125%	10,000	258,200
Morgan Stanley Series K, 5.85%	10,000	242,800
The Goldman Sachs Group, Inc. Series J, 5.5%	17,000	411,400
Wells Fargo & Co. Series Y, 5.625%	15,000	352,500
		3,942,395
Real Estate 1.0%		
Kimco Realty Corp. Series L, 5.125% (REIT)	15,000	295,650
Prologis, Inc. Series Q, 8.54% (REIT)	164	10,267
Simon Property Group, Inc. Series J, 8.375% (REIT)	8,000	549,600
VEREIT, Inc. Series F, 6.7% (REIT)	15,000	354,900
		1,210,417
Utilities 0.9%		
Dominion Energy, Inc. Series A, 5.25%	30,000	692,400
Southern Co. 5.25%	15,000	327,450
		1,019,850
Total Preferred Stocks (Cost $7,613,224)		**6,931,662**

Warrant 0.0%

	Shares	Value ($)
Materials		
Hercules Trust II, Expiration Date 3/31/2029* (b) (Cost $30,283)	170	**4,191**

Corporate Bonds 13.0%

	Principal Amount ($)(c)	Value ($)
Communication Services 2.6%		
Altice Financing SA, 144A, 7.5%, 5/15/2026	400,000	365,000
Altice France SA, 144A, 7.375%, 5/1/2026	300,000	275,250
Cablevision Systems Corp., 5.875%, 9/15/2022	300,000	294,750
CCO Holdings LLC, 144A, 5.875%, 5/1/2027	500,000	485,000
CenturyLink, Inc., Series Y, 7.5%, 4/1/2024 (a)	300,000	289,500
CSC Holdings LLC:		
144A, 5.5%, 4/15/2027	400,000	372,000
144A, 10.125%, 1/15/2023	200,000	215,250
Expedia Group, Inc., 3.8%, 2/15/2028	180,000	163,230
Netflix, Inc., 4.375%, 11/15/2026 (a)	100,000	90,750
Sprint Corp., 7.625%, 2/15/2025	300,000	300,000
Virgin Media Secured Finance PLC, 144A, 5.25%, 1/15/2026	350,000	320,688
		3,171,418
Consumer Discretionary 0.7%		
1011778 B.C. Unlimited Liability Co., 144A, 5.0%, 10/15/2025	200,000	184,000
American Axle & Manufacturing, Inc., 6.25%, 4/1/2025 (a)	350,000	318,500
Asbury Automotive Group, Inc., 6.0%, 12/15/2024	300,000	287,250
		789,750
Consumer Staples 0.1%		
B&G Foods, Inc., 5.25%, 4/1/2025 (a)	100,000	**93,000**
Energy 5.3%		
Boardwalk Pipelines LP, 4.95%, 12/15/2024	250,000	253,517
Buckeye Partners LP, 3.95%, 12/1/2026	500,000	439,253
Cheniere Corpus Christi Holdings LLC, 5.875%, 3/31/2025	200,000	199,000
Chesapeake Energy Corp., 8.0%, 1/15/2025 (a)	65,000	57,362
Crestwood Midstream Partners LP, 6.25%, 4/1/2023	700,000	673,750
CrownRock LP, 144A, 5.625%, 10/15/2025	100,000	90,000
Enbridge, Inc., 5.5%, 7/15/2077	200,000	169,341
Energy Transfer LP, 5.5%, 6/1/2027	100,000	97,500
EnLink Midstream Partners LP, 4.85%, 7/15/2026	400,000	360,707
Hilcorp Energy I LP, 144A, 5.75%, 10/1/2025	200,000	178,000
KazMunayGas National Co. JSC, 144A, 4.75%, 4/19/2027	1,000,000	972,462

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

	Principal Amount ($)(c)	Value ($)
Laredo Petroleum, Inc., 6.25%, 3/15/2023 (a)	200,000	179,500
Marathon Petroleum Corp., 144A, 5.125%, 12/15/2026	500,000	512,156
MEG Energy Corp., 144A, 6.5%, 1/15/2025	200,000	203,000
Oasis Petroleum, Inc., 6.875%, 3/15/2022 (a)	96,000	90,480
Petrobras Global Finance BV, 5.299%, 1/27/2025	500,000	477,500
Plains All American Pipeline LP, 2.85%, 1/31/2023	55,000	51,844
Range Resources Corp., 5.0%, 8/15/2022	200,000	179,000
Resolute Energy Corp., 8.5%, 5/1/2020	100,000	98,500
Southwestern Energy Co., 7.75%, 10/1/2027	100,000	95,000
Targa Resources Partners LP, 5.375%, 2/1/2027	200,000	187,500
Weatherford International Ltd., 9.875%, 2/15/2024 (a)	200,000	122,000
WildHorse Resource Development Corp., 6.875%, 2/1/2025	500,000	472,500
WPX Energy, Inc., 5.25%, 9/15/2024	200,000	181,000
		6,340,872
Financials 1.5%		
BPCE SA, 144A, 4.875%, 4/1/2026	700,000	689,583
FS KKR Capital Corp., 4.75%, 5/15/2022	70,000	69,306
Royal Bank of Scotland Group PLC, 7.5%, 12/29/2049	800,000	792,000
Westpac Banking Corp., 5.0%, 3/21/2067	300,000	248,771
		1,799,660
Health Care 0.4%		
HCA, Inc., 5.25%, 6/15/2026	500,000	**496,250**
Industrials 0.4%		
Bombardier, Inc., 144A, 6.0%, 10/15/2022	300,000	281,250
Park Aerospace Holdings Ltd., 144A, 5.25%, 8/15/2022	175,000	169,312
		450,562
Materials 1.6%		
AK Steel Corp., 7.0%, 3/15/2027 (a)	200,000	156,000
Ardagh Packaging Finance PLC, 144A, 7.25%, 5/15/2024	200,000	199,500
Constellium NV, 144A, 6.625%, 3/1/2025	250,000	231,875
Evraz Group SA, 144A, 5.375%, 3/20/2023	300,000	296,385
Metinvest BV, 144A, 7.75%, 4/23/2023	500,000	454,954
United States Steel Corp., 6.875%, 8/15/2025	200,000	183,000
Vedanta Resources PLC, 144A, 7.125%, 5/31/2023	400,000	359,200
		1,880,914

	Principal Amount ($)(c)	Value ($)
Real Estate 0.3%		
Hospitality Properties Trust, (REIT), 3.95%, 1/15/2028	100,000	90,124
Omega Healthcare Investors, Inc., (REIT), 4.75%, 1/15/2028 (a)	110,000	107,767
Select Income REIT:		
(REIT), 4.15%, 2/1/2022	60,000	59,350
(REIT), 4.25%, 5/15/2024	45,000	43,363
		300,604
Utilities 0.1%		
AmeriGas Partners LP, 5.75%, 5/20/2027	200,000	**177,000**
Total Corporate Bonds (Cost $16,780,231)		**15,500,030**

Asset-Backed 5.8%

	Principal Amount ($)(c)	Value ($)
Miscellaneous		
Apidos CLO XXIX, "A2", Series 2018-29A, 144A, 3-month USD-LIBOR + 1.550%, 3.942%**, 7/25/2030	1,500,000	1,459,890
Dell Equipment Finance Trust, "D", Series 2017-1, 144A, 3.44%, 4/24/2023	280,000	279,137
Domino's Pizza Master Issuer LLC, "A23", Series 2017-1A, 144A, 4.118%, 7/25/2047	335,750	328,958
Dryden 55 CLO Ltd., "B", Series 2018-55A, 144A, 3-month USD-LIBOR + 1.550%, 3.986%**, 4/15/2031	1,500,000	1,460,643
GoldenTree Loan Management Eur Clo 2 Dac, "C1A", Series X2, REG S, 3-month EURIBOR,+2.450% floor, 2.45%**, 1/20/2032	EUR 480,000	549,522
Hilton Grand Vacations Trust, "B", Series 2014-AA, 144A, 2.07%, 11/25/2026	104,911	103,335
Jubilee CLO BV, "C1", Series 2018-21A, 144A, 3-month EURIBOR + 2.500% floor, 2.5%**, 1/15/2032	EUR 500,000	563,714
Madison Park Funding XIV Ltd., "DRR", Series 2014-14A, 144A, 3-month USD-LIBOR + 2.950%, 5.419%**, 10/22/2030	500,000	466,242
Neuberger Berman Loan Advisers CLO Ltd., "B", Series 2018-28A, 144A, 3-month USD-LIBOR + 1.600%, 4.069%**, 4/20/2030	750,000	730,568
Taco Bell Funding LLC, "A2I", Series 2018-1A, 144A, 4.318%, 11/25/2048	500,000	506,170
Voya CLO Ltd., "CR", Series 2016-3A, 144A, 3-month USD-LIBOR + 3.250%, 5.721%**, 10/18/2031	350,000	326,406
Wendy's Funding LLC, "A2I", Series 2018-1A, 144A, 3.573%, 3/15/2048	158,400	151,801
Total Asset-Backed (Cost $7,097,410)		**6,926,386**

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

	Principal Amount ($)(c)	Value ($)
Mortgage-Backed Securities Pass-Throughs 0.0%		
Federal Home Loan Mortgage Corp., 6.0%, 3/1/2038	3,957	4,318
Federal National Mortgage Association:		
4.5%, 9/1/2035	5,972	6,183
6.0%, 1/1/2024	9,257	9,933
Total Mortgage-Backed Securities Pass-Throughs (Cost $19,207)		**20,434**
Commercial Mortgage-Backed Securities 1.3%		
BX Commercial Mortgage Trust, "D", Series 2018-IND, 144A, 1-month USD-LIBOR + 1.300%, 3.755%**, 11/15/2035	249,628	246,819
DBWF Mortgage Trust, 144A, 1-month USD-LIBOR + 1.750%, 4.13%**, 11/19/2035	250,000	247,253
FHLMC Multifamily Structured Pass-Through Certificates, "X1", Series K043, Interest Only, 0.542%**, 12/25/2024	4,922,343	137,482
GMAC Commercial Mortgage Securities, Inc., "G", Series 2004-C1, 144A, 5.455%, 3/10/2038	423,843	394,070
GS Mortgage Securities Corp., "C", Series 2018-FBLU, 144A, 1-month USD-LIBOR + 1.600%, 4.055%**, 11/15/2035	500,000	496,352
Total Commercial Mortgage-Backed Securities (Cost $1,559,859)		**1,521,976**
Collateralized Mortgage Obligations 1.8%		
Fannie Mae Connecticut Avenue Securities:		
"1M2", Series 2018-C06, 1-month USD-LIBOR + 2.000%, 4.506%**, 3/25/2031	187,500	180,136
"1M2", Series 2018-C05, 1-month USD-LIBOR + 2.350%, 4.856%**, 1/25/2031	500,000	487,344
Federal Home Loan Mortgage Corp.:		
"PI", Series 3843, Interest Only, 4.5%, 5/15/2038	148,500	8,467
"C31", Series 303, Interest Only, 4.5%, 12/15/2042	1,041,829	228,793
"H", Series 2278, 6.5%, 1/15/2031	113	115
Federal National Mortgage Association:		
"WO", Series 2013-27, Principal Only, Zero Coupon, 12/25/2042	220,000	137,837
"4", Series 406, Interest Only, 4.0%, 9/25/2040	93,099	19,352
"I", Series 2003-84, Interest Only, 6.0%, 9/25/2033	105,637	16,435
Freddie Mac Structured Agency Credit Risk Debt Notes, "M2", Series 2017-DNA2, 1-month USD-LIBOR + 3.450%, 5.956%**, 10/25/2029	250,000	264,548
Government National Mortgage Association:		
"PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044	208,577	28,742
"PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039	56,616	9,942
"IP", Series 2014-11, Interest Only, 4.5%, 1/20/2043	145,115	20,107
"IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039	172,093	32,296
"IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039	167,074	31,313
"IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039	115,458	19,863
RESIMAC, "A2", Series 2017-2, Australian Bank Bill Short Term Rates 1-Month Mid + 1.200%, 3.143%**, 1/15/2049	AUD 486,002	341,451
STACR Trust, "M2", Series 2018-DNA3, 144A, 1-month USD-LIBOR + 2.100%, 4.606%**, 9/25/2048	324,324	311,443
Total Collateralized Mortgage Obligations (Cost $2,004,405)		**2,138,184**
Government & Agency Obligations 8.4%		
Other Government Related (d) 1.4%		
Banque Centrale de Tunisie International Bond, 144A, 5.75%, 1/30/2025	400,000	335,536
Gazprom OAO, 144A, 4.95%, 7/19/2022	400,000	403,197
Sberbank of Russia, 144A, 5.125%, 10/29/2022	200,000	195,349
Southern Gas Corridor CJSC, 144A, 6.875%, 3/24/2026	700,000	756,028
		1,690,110
Sovereign Bonds 4.9%		
Export Credit Bank of Turkey, 144A, 5.375%, 10/24/2023	350,000	318,128
Indonesia Government International Bond, 4.45%, 2/11/2024	225,000	226,167
Islamic Republic of Pakistan, 144A, 6.875%, 12/5/2027	200,000	181,150
Ivory Coast Government International Bond, 144A, 5.375%, 7/23/2024	200,000	183,408
Kingdom of Bahrain, 144A, 6.125%, 8/1/2023	400,000	407,494
Mexican Udibonos Inflation-Linked Bond, Series S, 2.0%, 6/9/2022	MXN 9,363,607	441,809
Oman Government International Bond, 144A, 4.75%, 6/15/2026	600,000	518,724
Republic of Angola, 144A, 9.5%, 11/12/2025	300,000	314,982

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

	Principal Amount ($)(c)	Value ($)
Republic of Argentina, Series NY, Step-up Coupon, 2.5% to 3/31/2019, 3.75% to 3/31/2029, 5.25% to 12/31/2038	400,000	219,204
Republic of Ecuador, 144A, 8.75%, 6/2/2023	200,000	186,500
Republic of Hungary, Series 19/A, 6.5%, 6/24/2019	HUF 16,900,000	62,132
Republic of Kenya, 144A, 6.875%, 6/24/2024	400,000	375,500
Republic of Namibia, 144A, 5.25%, 10/29/2025	350,000	313,824
Republic of Nigeria, 144A, 6.5%, 11/28/2027	200,000	176,548
Republic of Senegal, 144A, 6.25%, 7/30/2024	400,000	388,128
Republic of Sri Lanka, 144A, 5.75%, 1/18/2022	200,000	188,034
Republic of Zambia, 144A, 5.375%, 9/20/2022	500,000	357,480
State of Qatar, 144A, 3.25%, 6/2/2026	400,000	386,282
United Mexican States, Series M, 5.75%, 3/5/2026	MXN 13,525,200	581,367
		5,826,861

U.S. Treasury Obligations 2.1%

U.S. Treasury Bonds, 3.0%, 2/15/2048	20,000	19,893
U.S. Treasury Inflation Indexed Note, 0.625%, 4/15/2023	2,570,526	2,527,817
		2,547,710
Total Government & Agency Obligations (Cost $10,510,129)		**10,064,681**

Convertible Bond 0.2%

Materials

GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.707%**PIK, 10/18/2025 (b) (Cost $254,327)	255,666	**275,864**

	Principal Amount ($)(c)	Value ($)

Short-Term U.S. Treasury Obligations 2.8%

U.S. Treasury Bills:		
2.362%***, 8/15/2019 (e)	1,750,000	1,722,479
2.573%***, 10/10/2019 (f)	1,160,000	1,137,194
2.573%***, 10/10/2019 (f)	500,000	490,170
Total Short-Term U.S. Treasury Obligations (Cost $3,350,593)		**3,349,843**

	Shares	Value ($)

Exchange-Traded Fund 3.3%

iShares JP Morgan USD Emerging Markets Bond ETF	8,884	923,136
SPDR Bloomberg Barclays Convertible Securities ETF	64,000	2,994,560
Total Exchange-Traded Funds (Cost $4,337,185)		**3,917,696**

Securities Lending Collateral 1.7%

DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (g) (h) (Cost $2,070,696)	2,070,696	**2,070,696**

Cash Equivalents 1.9%

DWS Central Cash Management Government Fund, 2.41% (g) (Cost $2,297,660)	2,297,660	**2,297,660**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $120,338,548)	100.9	**120,725,336**
Other Assets and Liabilities, Net	(0.9)	**(1,104,826)**
Net Assets	100.0	**119,620,510**

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

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 1.7%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (g) (h)								
3,253,298	—	1,182,602(i)	—	—	55,330	—	2,070,696	2,070,696
Cash Equivalents 1.9%								
DWS Central Cash Management Government Fund, 2.41% (g)								
1,616,434	89,965,099	89,283,873	—	—	77,113	—	2,297,660	2,297,660
4,869,732	**89,965,099**	**90,466,475**	**—**	**—**	**132,443**	**—**	**4,368,356**	**4,368,356**

* Non-income producing security.

** Variable or floating rate security. These securities are shown at their current rate as of December 31, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

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

(a) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at December 31, 2018 amounted to $1,975,245, which is 1.7% of net assets.

(b) Investment was valued using significant unobservable inputs.

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

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

(e) At December 31, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(f) At December 31, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open centrally cleared swap 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 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 for the year ended December 31, 2018.

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

ADR: American Depositary Receipt

ASX: Australian Securities Exchange

CJSC: Closed Joint Stock Company

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.

JSC: Joint Stock Company

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

SPDR: Standard & Poor's Depositary Receipt

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

At December 31, 2018, open futures contracts purchased were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Appreciation (Depreciation) ($)
10 Year U.S. Treasury Note	USD	3/20/2019	28	3,332,055	3,416,438	84,383
3 Month Euro Euribor Interest Rate	EUR	12/16/2019	2	574,110	574,307	197
3 Month Euro Swiss Franc (Euroswiss) Interest Rate	CHF	12/16/2019	2	512,008	512,005	(3)
3 Month Euroyen	JPY	12/16/2019	2	455,825	455,819	(6)
3 Month Sterling (Short Sterling) Interest Rate	GBP	12/18/2019	3	472,602	472,669	67
90 Day Eurodollar Time Deposit	USD	12/16/2019	2	484,755	486,750	1,995
ASX 90 Day Bank Accepted Bills	AUD	12/12/2019	3	2,102,634	2,103,351	717
MSCI Mini Emerging Market Index	USD	3/15/2019	72	3,515,938	3,480,480	(35,458)
MSCI World Index	USD	3/15/2019	88	4,878,867	4,746,720	(132,147)
S&P 500 E-Mini Index	USD	3/15/2019	46	5,836,456	5,761,960	(74,496)
Ultra 10 Year U.S. Treasury Note	USD	3/20/2019	69	8,699,627	8,975,391	275,764
Total net unrealized appreciation						**121,013**

At December 31, 2018, open futures contracts sold were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Depreciation ($)
2 Year U.S. Treasury Note	USD	3/29/2019	41	8,695,367	8,704,813	(9,446)
5 Year U.S. Treasury Note	USD	3/29/2019	81	9,147,341	9,289,688	(142,347)
Euro-Schatz	EUR	3/7/2019	81	10,382,982	10,388,673	(5,691)
U.S. Treasury Long Bond	USD	3/20/2019	11	1,531,982	1,606,000	(74,018)
Ultra Long U.S. Treasury Bond	USD	3/20/2019	10	1,522,087	1,606,562	(84,475)
Total net unrealized depreciation						**(315,977)**

At December 31, 2018, open credit default swap contracts purchased were as follows:

Centrally Cleared Swaps

Underlying Reference Obligation	Fixed Cash Flows Paid/ Frequency	Expiration Date	Notional Amount	Currency	Value ($)	Upfront Payments (Received) ($)	Unrealized Appreciation ($)
iTRAXX Europe Series 29	1.0%/ Quarterly	6/20/2023	3,000,000	EUR	(33,896)	(55,355)	21,459
Markit CDX North America Investment Grade Index	1.0%/ Quarterly	6/20/2023	3,000,000	USD	(25,039)	(48,320)	23,281
Total unrealized appreciation							**44,740**

At December 31, 2018, open credit default swap contracts sold were as follows:

Centrally Cleared Swaps

Underlying Reference Obligation	Fixed Cash Flows Received/ Frequency	Expiration Date	Notional Amount (j)	Currency	Value ($)	Upfront Payments Paid ($)	Unrealized Depreciation ($)
iTRAXX Europe Crossover Series 29	5.0%/ Quarterly	6/20/2023	1,500,000	EUR	104,586	146,287	(41,701)
Markit CDX North America High Yield Index	5.0%/ Quarterly	12/20/2023	2,800,000	USD	60,691	194,369	(133,678)
Markit CDX North America High Yield Index	5.0%/ Quarterly	6/20/2023	6,300,000	USD	201,400	378,118	(176,718)
Total unrealized depreciation							**(352,097)**

(j) The maximum potential amount of future undiscounted payments that the Fund could be required to make under a credit default swap contract would be the notional amount of the contract. These potential amounts would be partially offset by any recovery values of the underlying referenced obligation or net amounts received from the settlement of buy protection credit default swap contracts entered into by the Fund for the same underlying referenced obligation, if any.

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

At December 31, 2018, open interest rate swap contracts were as follows:

Centrally Cleared Swaps

Cash Flows Paid by the Fund	Cash Flows Received by the Fund	Effective/ Expiration Date	Notional Amount ($)	Currency	Value ($)	Upfront Payments Paid/ (Received) ($)	Unrealized Appreciation/ (Depreciation) ($)
Fixed —2.75% Semi-Annually	Floating — 3-Month LIBOR Quarterly	12/14/2018 12/14/2020	500,000	USD	(773)	1,075	(1,848)
Floating — 3-Month LIBOR Quarterly	Fixed — 2.75% Semi-Annually	12/14/2018 12/14/2023	10,500,000	USD	82,901	(75,197)	158,098
Fixed — 3.00% Semi-Annually	Floating — 3-Month LIBOR Semi-Annually	12/14/2018 12/14/2028	11,800,000	USD	(283,882)	(36,781)	(247,101)
Floating — 3-Month LIBOR Quarterly	Fixed — 3.261% Semi-Annually	03/20/2018 3/20/2049	3,600,000	USD	289,808	—	289,808
Total net unrealized appreciation							**198,957**

LIBOR: London Interbank Offered Rate; 3-month LIBOR rate as of December 31, 2018 is 2.808%.

As of December 31, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation ($)	Counterparty
EUR	5,630,000	USD	6,509,181	1/9/2019	55,425	Credit Agricole
USD	592,285	CNY	4,127,612	1/9/2019	8,921	Credit Agricole
GBP	1,912,600	USD	2,518,124	1/9/2019	79,603	Credit Agricole
MXN	12,800,000	USD	655,779	1/23/2019	6,359	State Street Bank and Trust
AUD	575,000	USD	416,110	2/19/2019	10,752	Australia and New Zealand Banking Group Ltd.
Total unrealized appreciation					**161,060**	

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Depreciation ($)	Counterparty
EUR	2,500,000	USD	2,864,662	1/9/2019	(1,126)	Credit Agricole
CNY	8,279,820	USD	1,191,129	1/9/2019	(14,865)	Toronto-Dominion Bank
JPY	424,934,000	USD	3,760,484	1/9/2019	(117,099)	Morgan Stanley
USD	6,536,554	EUR	5,650,300	1/9/2019	(59,528)	Credit Agricole
EUR	980,000	USD	1,120,045	2/28/2019	(8,048)	JPMorgan Chase Securities, Inc.
Total unrealized depreciation					**(200,666)**	

Currency Abbreviations

AUD Australian Dollar
CHF Swiss Franc
CNY Chinese Yuan
EUR Euro
GBP British Pound
HUF Hungarian Forint
JPY Japanese Yen
MXN Mexican Peso
USD United States Dollar

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

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 December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks (k)				
Communication Services	$ 4,550,972	$ 2,406,378	$ —	$ 6,957,350
Consumer Discretionary	4,252,812	2,471,959	—	6,724,771
Consumer Staples	3,926,555	1,202,770	—	5,129,325
Energy	3,384,704	1,994,798	—	5,379,502
Financials	4,721,236	4,739,331	—	9,460,567
Health Care	4,661,040	2,234,943	—	6,895,983
Industrials	3,200,990	3,146,632	—	6,347,622
Information Technology	9,806,852	1,018,774	—	10,825,626
Materials	469,924	262,935	18,218	751,077
Real Estate	3,159,530	537,606	—	3,697,136
Utilities	2,980,459	556,615	—	3,537,074
Preferred Stocks (k)	6,931,662	—	—	6,931,662
Warrant	—	—	4,191	4,191
Fixed Income Investments (k)				
Corporate Bonds	—	15,500,030	—	15,500,030
Asset-Backed	—	6,926,386	—	6,926,386
Mortgage-Backed Securities Pass-Throughs	—	20,434	—	20,434
Commercial Mortgage-Backed Securities	—	1,521,976	—	1,521,976
Collateralized Mortgage Obligations	—	2,138,184	—	2,138,184
Government & Agency Obligations	—	10,064,681	—	10,064,681
Convertible Bond	—	—	275,864	275,864
Short-Term U.S. Treasury Obligations	—	3,349,843	—	3,349,843
Exchange-Traded Funds	3,917,696	—	—	3,917,696
Short-Term Investments (k)	4,368,356	—	—	4,368,356
Derivatives (l)				
Futures Contracts	363,123	—	—	363,123
Credit Default Swap Contracts	—	44,740	—	44,740
Interest Rate Swap Contracts	—	447,906	—	447,906
Forward Foreign Currency Contracts	—	161,060	—	161,060
Total	**$60,695,911**	**$60,747,981**	**$298,273**	**$121,742,165**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (l)				
Futures Contracts	$ (558,087)	$ —	$ —	$ (558,087)
Credit Default Swap Contracts	—	(352,097)	—	(352,097)
Interest Rate Swap Contracts	—	(248,949)	—	(248,949)
Forward Foreign Currency Contracts	—	(200,666)	—	(200,666)
Total	**$ (558,087)**	**$ (801,712)**	**$ —**	**$ (1,359,799)**

(k) See Investment Portfolio for additional detailed categorizations.

(l) Derivatives include unrealized appreciation (depreciation) on open futures contracts, credit default swap contracts, interest rate swap contracts and forward foreign currency contracts.

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

Statement of Assets and Liabilities

as of December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $115,970,192) — including $1,975,245 of securities loaned	$116,356,980
Investment in DWS Government & Agency Securities Portfolio (cost $2,070,696)*	2,070,696
Investment in DWS Central Cash Management Government Fund (cost $2,297,660)	2,297,660
Cash	321,921
Foreign currency, at value (cost $151,246)	148,589
Receivable for investments sold	4,457
Receivable for Fund shares sold	3,488
Dividends receivable	191,821
Interest receivable	456,991
Receivable for variation margin on futures contracts	45,247
Receivable for variation margin on centrally cleared swaps	30,961
Unrealized appreciation on forward foreign currency contracts	161,060
Foreign taxes recoverable	102,484
Other assets	3,381
Total assets	122,195,736

Liabilities	
Payable upon return of securities loaned	2,070,696
Payable for Fund shares redeemed	90,369
Unrealized depreciation on forward foreign currency contracts	200,666
Accrued management fee	20,278
Accrued Trustees' fees	4,311
Other accrued expenses and payables	188,906
Total liabilities	2,575,226
Net assets, at value	**$119,620,510**

Net Assets Consist of	
Distributable earnings (loss)	5,097,556
Paid-in capital	114,522,954
Net assets, at value	**$119,620,510**

Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($119,611,105 ÷ 5,608,755 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 21.33**
Class B **Net Asset Value,** offering and redemption price per share ($9,405 ÷ 441.5 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 21.30**

* Represents collateral on securities loaned.

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

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income:	
Dividends (net of foreign taxes withheld of $151,631)	$ 3,463,738
Interest (net of foreign taxes withheld of $4,993)	1,897,129
Income distributions — DWS Central Cash Management Government Fund	77,113
Securities lending income, net of borrower rebates	55,330
Total income	5,493,310
Expenses:	
Management fee	505,792
Administration fee	136,700
Services to Shareholders	1,227
Distribution service fees (Class B)	17
Custodian fee	65,510
Professional fees	114,255
Reports to shareholders	66,530
Trustees' fees and expenses	10,190
Other	48,519
Total expenses before expense reductions	948,740
Expense reductions	(18,283)
Total expenses after expense reductions	930,457
Net investment income	**4,562,853**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from:	
Investments	2,283,676
Swap contracts	1,886,394
Futures	(2,804,146)
Written options	362,589
Forward foreign currency contracts	464,627
Foreign currency	8,195
	2,201,335
Change in net unrealized appreciation (depreciation) on:	
Investments	(14,985,048)
Swap contracts	(1,284,644)
Futures	(849,276)
Forward foreign currency contracts	191,206
Foreign currency	(1,851)
	(16,929,613)
Net gain (loss)	**(14,728,278)**
Net increase (decrease) in net assets resulting from operations	**$(10,165,425)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income	$ 4,562,853	$ 5,099,423
Net realized gain (loss)	2,201,335	18,938,450
Change in net unrealized appreciation (depreciation)	(16,929,613)	3,377,582
Net increase (decrease) in net assets resulting from operations	(10,165,425)	27,415,455
Distributions to shareholders:		
Class A	(17,909,607)	(5,628,068)*
Fund share transactions:		
Class A		
Proceeds from shares sold	2,336,008	3,259,753
Reinvestment of distributions	17,909,607	5,628,068
Payments for shares redeemed	(19,079,316)	(69,176,010)
Net increase (decrease) in net assets from Class A share transactions	1,166,299	(60,288,189)
Class B		
Proceeds from shares sold	10,000**	—
Net increase (decrease) in net assets from Class B share transactions	10,000**	—
Increase (decrease) in net assets	(26,898,733)	(38,500,802)
Net assets at beginning of year	146,519,243	185,020,239
Net assets at end of year	**119,620,510**	**146,519,243*** **

Other Information		
Class A		
Shares outstanding at beginning of period	5,517,134	7,873,905
Shares sold	97,250	130,993
Shares issued to shareholders in reinvestment of distributions	796,691	233,530
Shares redeemed	(802,320)	(2,721,294)
Net increase (decrease) in Class A shares	91,621	(2,356,771)
Shares outstanding at end of period	**5,608,755**	**5,517,134**
Class B		
Shares outstanding at beginning of period	—	—
Shares sold	441.5**	—
Net increase (decrease) in Class B shares	441.5**	—
Shares outstanding at end of period	**441.5** **	**—**

* Includes distributions from net investment income.
** For the period from May 1, 2018 (commencement of operations of Class B) to December 31, 2018.
*** Includes undistributed net investment income of $4,363,984.

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

Financial Highlights

Class A

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

Class B

	Period Ended 12/31/18[a]
Selected Per Share Data	
Net asset value, beginning of period	**$ 22.65**
Income (loss) from investment operations:	
Net investment income[b]	.50
Net realized and unrealized gain (loss)	(1.85)
Total from investment operations	(1.35)
Net asset value, end of period	**$ 21.30**
Total Return (%)[c]	(5.96)**
Ratios to Average Net Assets and Supplemental Data	
Net assets, end of period ($ thousands)	9
Ratio of expenses before expense reductions (%)[d]	1.15*
Ratio of expenses after expense reductions (%)[d]	.86*
Ratio of net investment income (loss) (%)	3.30*
Portfolio turnover rate (%)	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

A. Organization and Significant Accounting Policies

DWS Global Income Builder VIP (formerly Deutsche Global Income Builder VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Class B shares commenced operations on May 1, 2018. Sales of Class B shares are subject to recordkeeping fees up to 0.15% and Rule 12b-1 fees under the 1940 Act equal to an annual rate of 0.25% of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, 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 December 31, 2018

	Overnight and Continuous	<30 days	Between 30 & 90 days	>90 days	Total
Securities Lending Transactions					
Common Stocks	$ 516,311	$ —	$ —	$ —	$ 516,311
Corporate Bonds	1,554,385	—	—	—	1,554,385
Total Borrowings	**$2,070,696**	**$ —**	**$ —**	**$ —**	**$2,070,696**

Gross amount of recognized liabilities for securities lending transactions: $2,070,696

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.

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	$ 4,970,065
Unrealized appreciation (depreciation) on investments	$ 111,511

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $120,776,965. The net unrealized appreciation for all investments based on tax cost was $111,511. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $8,870,517 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $8,759,006.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income*	$ 9,573,430	$ 5,628,068
Distributions from long-term capital gains	$ 8,336,177	$ —

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, the Fund entered into interest rate swap agreements to gain exposure to different parts of the yield curve while managing overall duration.

A summary of the open interest rate swap contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in interest rate swap contracts had a total notional amount generally indicative of a range from $26,400,000 to approximately $38,398,000.

Credit Default Swaps. Credit default swaps are agreements between a buyer and a seller of protection against predefined credit events for the reference entity. The Fund may enter into credit default swaps to gain exposure to an underlying issuer's credit quality characteristics without directly investing in that issuer or to hedge against the risk of a credit event on debt securities. As a seller of a credit default swap, the Fund is required to pay the par (or other agreed-upon) value of the referenced entity to the counterparty with the occurrence of a credit event by a third party, such as a U.S. or foreign corporate issuer, on the reference entity, which would likely result in a loss to the Fund. In return, the Fund receives from the counterparty a periodic stream of payments over the term of the swap provided that no credit event has occurred. If no credit event occurs, the Fund keeps the stream of payments with no payment obligations. The Fund may also buy credit default swaps, in which case the Fund functions as the counterparty referenced above. This involves the risk that the swap may expire worthless. It also involves counterparty risk that the seller may fail to satisfy its payment obligations to the Fund with the occurrence of a credit event. When the Fund sells a credit default swap, it will cover its commitment. This may be achieved by, among other methods, maintaining cash or liquid assets equal to the aggregate notional value of the reference entities for all outstanding credit default swaps sold by the Fund. For the year ended December 31, 2018, the Fund entered into credit default swap agreements to gain exposure to the underlying issuer's credit quality characteristics and to hedge the risk of default or other specified credit events on portfolio assets.

Under the terms of a credit default swap, the Fund receives or makes periodic payments based on a specified interest rate on a fixed notional amount. These payments are recorded as a realized gain or loss in the Statement of Operations. Payments received or made as a result of a credit event or termination of the swap are recognized, net of a proportional amount of the upfront payment, as realized gains or losses in the Statement of Operations.

A summary of the open credit default swap contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in credit default swap contracts purchased had a total USD equivalent notional value generally indicative of a range from $0 to approximately $6,483,000 and the investment in credit default swap contracts sold had a total USD equivalent notional value generally indicative of a range from approximately $4,800,000 to $10,842,000.

Total Return Swap Contracts. Total return swaps involve commitments to pay interest in exchange for a market-linked return based on a notional amount. One counterparty pays out the total return of the reference security or index underlying the total return swap, and in return receives a fixed or variable rate. As a receiver, the Fund would receive payments based on any positive total return and would owe payments in the event of a negative total return. As the payer, the Fund would owe payments on any net positive total return, and would receive payments in the event of a negative total return. For the year ended December 31, 2018, the Fund entered into total return swap transactions as a means of gaining exposure to a particular asset class without investing directly in such asset class.

There were no open total return swap contracts as of December 31, 2018. For the year ended December 31, 2018, the investment in total return swap contracts had a total notional amount generally indicative of a range from $0 to approximately $15,727,000.

Futures Contracts. A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). For the year ended December 31, 2018, the Fund entered into interest rate futures to gain exposure to different parts of the yield curve while managing overall duration. The Fund also entered into interest rate futures contracts for non-hedging purposes to seek to enhance potential gains. In addition, the Fund entered into equity index futures as a means of gaining exposure to the equity asset class without investing directly into such asset class and to manage the risk of stock market volatility.

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

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

A summary of the open futures contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $22,633,000 to $36,672,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $24,751,000 to $39,926,000.

Options. An option contract is a contract in which the writer (seller) of the option grants the buyer of the option, upon payment of a premium, the right to purchase from (call option), or sell to (put option), the writer a designated instrument at a specified price within a specified period of time. The Fund may write or purchase interest rate swaption agreements which are options to enter into a pre-defined swap agreement. The interest rate swaption agreement will specify whether the buyer of the swaption will be a fixed-rate receiver or a fixed-rate payer upon exercise. Certain options, including options on indices and interest rate options, will require cash settlement by the Fund if exercised. For the year ended December 31, 2018, the Fund entered into options on interest rate swaps in order to hedge against potential adverse interest rate movements of portfolio assets.

If the Fund writes a covered call option, the Fund foregoes, in exchange for the premium, the opportunity to profit during the option period from an increase in the market value of the underlying security above the exercise price. If the Fund writes a put option it accepts the risk of a decline in the value of the underlying security below the exercise price. Over-the-counter options have the risk of the potential inability of counterparties to meet the terms of their contracts. For exchange traded contracts, the counterparty risk is minimized as the exchange's clearinghouse acts as the counterparty, and guarantees the futures against default. The Fund's maximum exposure to purchased options is limited to the premium initially paid. In addition, certain risks may arise upon entering into option contracts including the risk that an illiquid secondary market will limit the Fund's ability to close out an option contract prior to the expiration date and that a change in the value of the option contract may not correlate exactly with changes in the value of the securities or currencies hedged.

There were no open written or purchased option contracts as of December 31, 2018. For the year ended December 31, 2018, the investment in written option contracts had a total value generally indicative of a range from $0 to approximately $844,000.

Forward Foreign Currency Contracts. A forward foreign currency contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. For the year ended December 31, 2018, the Fund entered into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated portfolio holdings, to facilitate transactions in foreign currency denominated securities and for non-hedging purposes to seek to enhance potential gains.

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

A summary of the open forward currency contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $14,346,000 to $31,634,000, and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from approximately $3,261,000 to $22,565,000.

The following tables summarize the value of the Fund's derivative instruments held as of December 31, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Asset Derivatives	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Credit Contracts (a)	$ —	$ 44,740	$ —	$ 44,740
Interest Rate Contracts (a)	—	447,906	363,123	811,029
Foreign Exchange Contracts (b)	161,060	—	—	161,060
	$ 161,060	**$ 492,646**	**$ 363,123**	**$ 1,016,829**

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

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

(b) Unrealized appreciation on forward foreign currency contracts

Liability Derivatives	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Equity Contracts (c)	$ —	$ —	$ (242,101)	$ (242,101)
Credit Contracts (c)	—	(352,097)	—	(352,097)
Interest Rate Contracts (c)	—	(248,949)	(315,986)	(564,935)
Foreign Exchange Contracts (d)	(200,666)	—	—	(200,666)
	$ (200,666)	**$ (601,046)**	**$ (558,087)**	**$ (1,359,799)**

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 year ended December 31, 2018, and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Written Options**	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Equity Contracts (e)	$ —	$ —	$ 1,117,765	$ (2,015,444)	$ (897,679)
Credit Contracts (e)	—	—	336,162	—	336,162
Interest Rate Contracts (e)	362,589	—	432,467	(788,702)	6,354
Foreign Exchange Contracts (f)	—	464,627	—	—	464,627
	$ 362,589	**$ 464,627**	**$ 1,886,394**	**$ (2,804,146)**	**$ (90,536)**

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

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

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

Change in Net Unrealized Appreciation (Depreciation)	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Equity Contracts (g)	$ —	$ (917,067)	$ (888,521)	$ (1,805,588)
Credit Contracts (g)	—	(452,207)	—	(452,207)
Interest Rate Contracts (g)	—	84,630	39,245	123,875
Foreign Exchange Contracts (h)	191,206	—	—	191,206
	$ 191,206	**$ (1,284,644)**	**$ (849,276)**	**$ (1,942,714)**

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 December 31, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following tables:

Counterparty	**Gross Amounts of Assets Presented in the Statement of Assets and Liabilities**	**Financial Instruments and Derivatives Available for Offset**	**Collateral Received**	**Net Amount of Derivative Assets**
Australia and New Zealand Banking Group Ltd.	$ 10,752	$ —	$ —	$ 10,752
Credit Agricole	143,949	(60,654)	—	83,295
State Street Bank and Trust	6,359	—	—	6,359
	$ 161,060	**$ (60,654)**	**$ —**	**$ 100,406**

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**
Credit Agricole	$ 60,654	$ (60,654)	$ —	$ —
JPMorgan Chase Securities, Inc.	8,048	—	—	8,048
Morgan Stanley	117,099	—	—	117,099
Toronto-Dominion Bank	14,865	—	—	14,865
	$ 200,666	**$ (60,654)**	**$ —**	**$ 140,012**

C. Purchases and Sales of Securities

During the year ended December 31, 2018, purchases and sales of investment transactions, excluding short-term investments, were as follows:

	Purchases	**Sales**
Non-U.S. Treasury Obligations	$ 84,428,247	$ 96,662,567
U.S. Treasury Obligations	$ 3,248,315	$ 1,699,308

D. Related Parties

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

DWS Alternatives Global Limited (formerly Deutsche Alternative Asset Management (Global) Limited), also an indirect, wholly owned subsidiary of DWS Group, serves as subadvisor for the Fund and, as such, provides portfolio manager services to the Fund. Pursuant to a sub-advisory agreement between DIMA and DWS Alternatives Global Limited, DIMA, not the Fund, compensates DWS Alternatives Global Limited for the services it provides to the Fund.

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

First $250 million	.370%
Next $750 million	.345%
Over $1 billion	.310%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waiver/reimbursements) of 0.37% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2018, the Advisor 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 shares at 0.69%.

Effective October 1, 2018 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 shares at 0.73%.

Effective May 1, 2018 (commencement of operations) 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 B shares at 0.86%.

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 18,264
Class B	19
	$ 18,283

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 year ended December 31, 2018, the Administration Fee was $136,700, of which $10,420 is unpaid.

Distribution Service Agreement. DWS Distributors, Inc. ("DDI"), an affiliate of the Advisor, is the Fund's distributor. In accordance with the Distribution Plan, DDI receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. For the period from May 1, 2018 (commencement of operations) through December 31, 2018, the Distribution Service Fee was as follows:

Distribution Fee	**Total Aggregated**	**Unpaid at December 31, 2018**
Class B	$ 17	$ 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 year ended December 31, 2018 and for the period from May 1, 2018 (commencement of operations) through December 31, 2018 for Class B shares, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	**Total Aggregated**	**Unpaid at December 31, 2018**
Class A	$ 533	$ 179
Class B	14	11
	$ 547	**$ 190**

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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $10,630, of which $3,902 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $4,151.

E. Ownership of the Fund

At December 31, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 71%.

F. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate, the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS Global Income Builder VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS Global Income Builder VIP (formerly Deutsche Global Income Builder VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 941.30	$ 940.40
Expenses Paid per $1,000*	$ 3.47	$ 4.21
Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.63	$ 1,020.87
Expenses Paid per $1,000*	$ 3.62	$ 4.38

* 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 184 (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	.71%	.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.

Tax Information

(Unaudited)

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $33,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 11% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018 qualified for the dividends received deduction.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS2GIB-2 (R-025825-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series I

(formerly Deutsche Variable Series I)

DWS Global Small Cap VIP

(formerly Deutsche 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.

Performance Summary

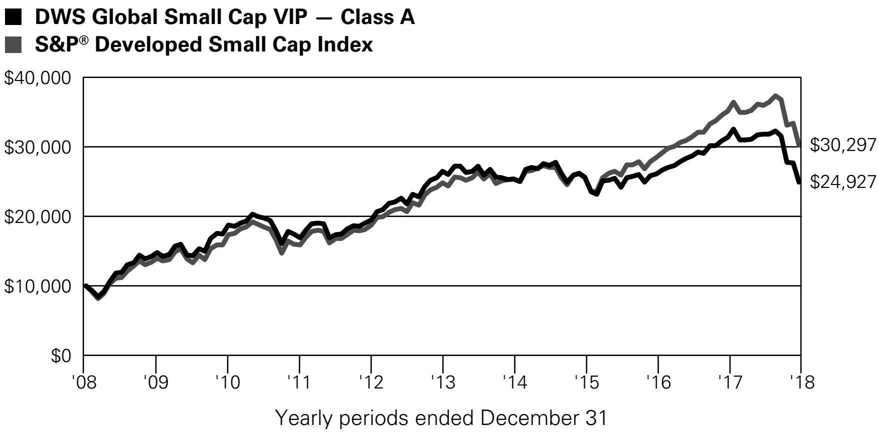
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018, are 1.08% and 1.37% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment



The S&P® Developed SmallCap Index comprises the stocks representing the lowest 15% of float-adjusted market cap in each developed country. It Is a subset of the S&P® Global BMI, a comprehensive, rules-based index measuring global stock market performance.

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

Comparative Results

DWS Global Small Cap VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class A	Growth of $10,000	$7,949	$9,691	$9,399	$24,927
	Average annual total return	-20.51%	-1.04%	-1.23%	9.56%
S&P Developed Small Cap Index	Growth of $10,000	$8,620	$11,860	$12,202	$30,297
	Average annual total return	-13.80%	5.85%	4.06%	11.72%

DWS Global Small Cap VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$7,926	$9,606	$9,269	$24,269
	Average annual total return	-20.74%	-1.33%	-1.51%	9.27%
S&P Developed Small Cap Index	Growth of $10,000	$8,620	$11,860	$12,202	$30,297
	Average annual total return	-13.80%	5.85%	4.06%	11.72%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

DWS Global Small Cap VIP returned –20.51% in 2018 (Class A shares, unadjusted for contract charges), trailing the –13.80% return of its benchmark, the S&P Developed SmallCap World Index. After performing well through the end of September, small-cap stocks fell sharply in the fourth quarter and finished with their worst calendar-year showing since 2008. The combination of slower global growth, rising U.S. interest rates, and increasingly protectionist U.S. trade policy took a heavy toll on the markets and led to a 17.76% loss for the index in the final three months of the year.

Individual stock selection played the largest role in the Fund's performance shortfall. The Fund's holdings lagged the corresponding benchmark components in several sectors, with the weakest results occurring in information technology, financials, consumer discretionary, and energy.

The U.S. asset manager Affiliated Managers Group, Inc. was the largest detractor in financials. The stock struggled due to asset outflows and the sensitivity of the company's business to broader financial-market performance. Grupo Supervielle SA (Brazil)* and FCB Financial Holdings, Inc. (United States) also hurt the Fund's results in the sector.

Altran SA, a French provider of engineering and consulting services, was a notable detractor in technology. The stock lost ground after accounting irregularities were revealed at a company it had recently acquired. Belden, Inc.* — a U.S.-based provider of switches, connectivity products and hardware used in the broadcasting industry — was another key detractor in technology. However, the sector was also home to the Fund's top contributor: Five9, Inc. The company gained market share as customer-contact centers continued to migrate from physical, on-premises locations to cloud-based applications. Five9, which uses customer data and artificial intelligence to provide better customer experiences for its clients, has been well positioned for this shift.

Shutterfly, Inc. (United States), whose shares slid due to investor concerns about the company's acquisition of a school-picture provider, was the largest detractor in the consumer discretionary sector. On the plus side, Moncler SpA — an Italian luxury outdoor-apparel producer that reported robust sales growth despite difficult prior-year comparisons — was a top contributor. Energy was an additional area of weakness due to positions in several U.S-based services companies that were hit hard by the downturn in oil prices, including Oil States International, Inc., Transocean Ltd., and Dril-Quip, Inc.

On the positive side, we added value through favorable stock selection in the health care sector. Molina Healthcare, Inc. — a managed-care provider for individuals and families that receive insurance coverage from government programs — was the leading contributor. Molina effectively executed its cost-savings plan, which translated to better-than expected profits. Retrophin, Inc. and Cardiovascular Systems, Inc. were additional contributors of note.

We continued to rotate the portfolio in an effort to capitalize on what we saw as the most compelling investment ideas in the global small-cap space. We identified opportunities in financials, prompting us to reduce the extent of the Fund's underweight in this area. In addition, we made selective additions to the portfolio's holdings in health care, materials, energy, and real estate. Conversely, we reduced its weightings in the consumer discretionary and information technology sectors. At the geographic level, we increased the Fund's allocation to North America. The stronger relative growth of the U.S. economy created a broader range of opportunities in companies with robust earnings prospects. We funded this shift by bringing the portfolio's overweight in Europe toward a neutral weighting. The net result of these decisions was that the Fund's geographic and sector allocations moved closer to those of the benchmark.

We continued to see healthy underpinnings for the global equity markets as the year drew to a close, but stocks remained vulnerable to a wide range of risk factors. We therefore saw little value in attempting to capture the volatility associated with shifting day-to-day headlines. Instead, we maintained our steady approach of assessing fundamentals and valuations to construct a portfolio of fast-growing companies from around the world.

Peter Barsa, Director
Portfolio Manager

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **S&P Developed SmallCap Index** tracks the performance of small-capitalization stocks in 22 countries. Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the Fund.

Consumer discretionary represents industries that produce goods and services that are not necessities in everyday life.

* Not held in the portfolio as of December 31, 2018.

Portfolio Summary (Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Common Stocks	88%	98%
Cash Equivalents	9%	2%
Exchange-Traded Fund	1%	—
Preferred Stock	1%	—
Convertible Preferred Stock	1%	0%
Warrant	0%	0%
	100%	100%

Geographical Diversification (As of % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
United States	60%	55%
Japan	10%	10%
United Kingdom	5%	6%
Germany	4%	4%
Italy	3%	4%
Canada	3%	3%
France	3%	4%
Spain	2%	1%
Brazil	2%	—
Others	8%	13%
	100%	100%

Sector Diversification (As of % of Investment Portfolio excluding Exchange-Traded Fund, Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Industrials	19%	22%
Consumer Discretionary	16%	17%
Health Care	16%	12%
Information Technology	15%	17%
Financials	13%	10%
Materials	6%	6%
Energy	5%	7%
Real Estate	4%	2%
Communication Services	3%	4%
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 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 88.0%		
Austria 1.6%		
Lenzing AG	4,293	391,300
Wienerberger AG	31,646	654,146
(Cost $1,466,774)		**1,045,446**
Brazil 0.8%		
Construtora Tenda SA (Cost $450,691)	64,472	**533,808**
Canada 2.6%		
First Quantum Minerals Ltd.	30,330	245,271
Linamar Corp.	9,191	304,975
Quebecor, Inc. "B"	40,906	861,147
SunOpta, Inc.*	77,771	300,974
(Cost $1,899,201)		**1,712,367**
France 2.6%		
Altran Technologies SA	66,543	535,729
SMCP SA 144A*	32,313	499,368
SPIE SA	33,790	449,236
Synergie SA	6,511	182,620
(Cost $2,949,938)		**1,666,953**
Germany 3.5%		
Deutz AG	100,599	597,031
PATRIZIA Immobilien AG	48,753	934,263
United Internet AG (Registered)	16,617	731,355
(Cost $1,395,166)		**2,262,649**
Hong Kong 1.6%		
Techtronic Industries Co., Ltd. (Cost $237,536)	193,041	**1,028,380**
India 1.1%		
WNS Holdings Ltd. (ADR)* (Cost $482,259)	17,279	**712,932**
Ireland 1.2%		
Avadel Pharmaceuticals PLC (ADR)*	29,655	76,510
Dalata Hotel Group PLC	82,826	449,532
Ryanair Holdings PLC*	21,445	264,477
(Cost $771,038)		**790,519**
Italy 3.1%		
Buzzi Unicem SpA	40,980	707,767
Cerved Group SpA	79,900	658,134
Moncler SpA	19,233	642,618
(Cost $2,202,062)		**2,008,519**
Japan 9.1%		
Ai Holdings Corp.	31,017	547,328
Anicom Holdings, Inc.	22,900	757,772
BML, Inc.	25,100	643,396
Daikyonishikawa Corp.	53,400	523,155
Kura Corp.	4,300	213,769
Kusuri No Aoki Holdings Co., Ltd.	11,258	710,556
Optex Group Co., Ltd.	16,800	260,163
Sawai Pharmaceutical Co., Ltd.	7,400	353,637
Syuppin Co., Ltd.	47,300	305,721
Tokai Carbon Co., Ltd. (a)	21,500	243,321
Topcon Corp.	24,100	319,219
UT Group Co., Ltd.*	24,024	410,256
Zenkoku Hosho Co., Ltd.	20,300	636,565
(Cost $4,785,414)		**5,924,858**
Korea 0.5%		
i-SENS, Inc. (Cost $530,452)	17,084	**344,497**
Spain 2.2%		
Talgo SA 144A*	155,251	955,051
Telepizza Group SA 144A	73,497	496,253
(Cost $1,318,375)		**1,451,304**
Sweden 1.0%		
Nobina AB 144A (Cost $420,821)	100,518	**682,132**
United Kingdom 4.7%		
accesso Technology Group PLC*	14,761	273,711
Arrow Global Group PLC	86,848	195,825
B&M European Value Retail SA	164,952	593,143
Clinigen Healthcare Ltd.*	29,896	287,425
Domino's Pizza Group PLC	96,786	287,806
Electrocomponents PLC	119,715	774,830
Scapa Group PLC	169,289	662,645
(Cost $2,874,292)		**3,075,385**
United States 52.4%		
Advanced Disposal Services, Inc.*	28,244	676,161
Affiliated Managers Group, Inc.	5,328	519,160
Americold Realty Trust (REIT)	13,500	344,790
Amicus Therapeutics, Inc.*	12,093	115,851
Anixter International, Inc.*	8,374	454,792
Arena Pharmaceuticals, Inc.*	8,596	334,814
athenahealth, Inc.*	2,453	323,624
BioScrip, Inc.*	118,049	421,435
Blucora, Inc.*	12,163	324,022
Cabot Microelectronics Corp.	3,440	327,928
California Resources Corp.*	8,440	143,818
Cardiovascular Systems, Inc.*	32,056	913,275
Casey's General Stores, Inc.	6,479	830,219
Chart Industries, Inc.*	9,348	607,900
Contango Oil & Gas Co.*	121,886	396,130
Cypress Semiconductor Corp.	36,916	469,572
Del Taco Restaurants, Inc.*	23,573	235,494
Dolby Laboratories, Inc. "A"	5,310	328,370
Dril-Quip, Inc.*	19,440	583,783
Ducommun, Inc.*	28,526	1,036,064
Eagle Bancorp., Inc.*	10,870	529,478
Envestnet, Inc.*	9,641	474,241
FCB Financial Holdings, Inc. "A"*	18,970	637,013
Five9, Inc.*	21,001	918,164
Fox Factory Holding Corp.*	16,286	958,757
Green Dot Corp. "A"*	6,236	495,887
H&E Equipment Services, Inc.	19,737	403,030
Heron Therapeutics, Inc.*	28,428	737,422
Hillenbrand, Inc.	9,300	352,749
Hyster-Yale Materials Handling, Inc.	7,996	495,432
Inphi Corp.*	13,565	436,115
iRhythm Technologies, Inc.*	2,227	154,732
Jack in the Box, Inc.	4,906	380,853
Jefferies Financial Group, Inc.	25,633	444,989
Kennametal, Inc.	11,780	392,038
Lazard Ltd. "A" (b)	16,265	600,341

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

	Shares	Value ($)
Lumentum Holdings, Inc.*	10,194	428,250
Merit Medical Systems, Inc.*	6,446	359,751
Mistras Group, Inc.*	15,341	220,604
Molina Healthcare, Inc.*	7,631	886,875
National Storage Affiliates Trust (REIT)	32,175	851,350
Neurocrine Biosciences, Inc.*	10,230	730,524
Oil States International, Inc.*	35,603	508,411
Pacira Pharmaceuticals, Inc.*	11,608	499,376
Providence Service Corp.*	14,314	859,126
QAD, Inc. "A"	13,869	545,468
Retrophin, Inc.*	41,028	928,464
Rush Enterprises, Inc. "A"	37,581	1,295,793
Samsonite International SA 144A* (c)	162,600	463,310
SEACOR Marine Holdings, Inc.*	36,767	432,380
Shutterfly, Inc.*	12,424	500,190
Sinclair Broadcast Group, Inc. "A"	13,482	355,116
South State Corp.	11,750	704,412
Tailored Brands, Inc.	24,493	334,085
Tenneco, Inc.	9,916	271,599
Thermon Group Holdings, Inc.*	36,596	742,167
Titan Machinery, Inc.*	49,205	647,046
TopBuild Corp.*	5,261	236,745
Transocean Ltd.* (d)	93,674	650,098
Trinseo SA	9,996	457,617
TriState Capital Holdings, Inc.*	24,568	478,093
Varonis Systems, Inc.*	11,265	595,918
WEX, Inc.*	5,149	721,169
YETI Holdings, Inc.* (a)	17,321	257,044
Zions Bancorp. NA	9,941	404,996
(Cost $32,535,787)		**34,164,420**
Total Common Stocks (Cost $54,319,806)		**57,404,169**

Convertible Preferred Stock 0.4%

United States

	Shares	Value ($)
Providence Service Corp. (e) (Cost $196,900)	1,969	**296,338**

Exchange-Traded Fund 1.0%

United States

	Shares	Value ($)
iShares Russell 2000 ETF (Cost $703,051)	4,761	**637,498**

Preferred Stocks 0.9%

Brazil

	Shares	Value ($)
Randon SA Implementos e Participacoes (Cost $694,203)	261,457	**627,724**

Warrants 0.0%

France

	Shares	Value ($)
Parrot SA, Expiration Date 12/15/2022* (e)	13,230	124
Parrot SA, Expiration Date 12/22/2022* (e)	13,230	99
Total Warrants (Cost $0)		**223**

Securities Lending Collateral 0.8%

	Shares	Value ($)
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (f) (g) (Cost $510,934)	510,934	**510,934**

Cash Equivalent 9.3%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 2.41% (f) (Cost $6,042,652)	6,042,652	**6,042,652**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $62,467,546)	100.4	**65,519,538**
Other Assets and Liabilities, Net	(0.4)	**(281,230)**
Net Assets	100.0	**65,238,308**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 0.8%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (f) (g)								
2,980,179	—	2,469,245 (h)	—	—	22,913	—	510,934	510,934
Cash Equivalent 9.3%								
DWS Central Cash Management Government Fund, 2.41% (f)								
1,563,917	19,826,169	15,347,434	—	—	73,505	—	6,042,652	6,042,652
4,544,096	**19,826,169**	**17,816,679**	**—**	**—**	**96,418**	**—**	**6,553,586**	**6,553,586**

* 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 December 31, 2018 amounted to $493,690, which is 0.8% of net assets.

(b) Listed on the NASDAQ Stock Market, Inc.

(c) Listed on the Stock Exchange of Hong Kong.

(d) Listed on the New York Stock Exchange.

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

(e) Investment was valued using significant unobservable inputs.

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

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

(h) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

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

ADR: American Depositary Receipt

REIT: Real Estate Investment Trust

Fair Value Measurements

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

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks				
Austria	$ —	$ 1,045,446	$ —	$ 1,045,446
Brazil	533,808	—	—	533,808
Canada	1,712,367	—	—	1,712,367
France	—	1,666,953	—	1,666,953
Germany	—	2,262,649	—	2,262,649
Hong Kong	—	1,028,380	—	1,028,380
India	712,932	—	—	712,932
Ireland	76,510	714,009	—	790,519
Italy	—	2,008,519	—	2,008,519
Japan	—	5,924,858	—	5,924,858
Korea	344,497	—	—	344,497
Spain	—	1,451,304	—	1,451,304
Sweden	—	682,132	—	682,132
United Kingdom	—	3,075,385	—	3,075,385
United States	33,701,110	463,310	—	34,164,420
Convertible Preferred Stock	—	—	296,338	296,338
Exchange-Traded Fund	637,498	—	—	637,498
Preferred Stocks	—	627,724	—	627,724
Warrants (i)	—	—	223	223
Short-Term Investments (i)	6,553,586	—	—	6,553,586
Total	**$ 44,272,308**	**$ 20,950,669**	**$ 296,561**	**$ 65,519,538**

(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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $55,913,960) including — $493,690 of securities loaned	$ 58,965,952
Investment in DWS Government & Agency Securities Portfolio (cost $510,934)*	510,934
Investment in DWS Central Cash Management Government Fund (cost $6,042,652)	6,042,652
Foreign currency, at value (cost $221,003)	220,411
Receivable for investments sold	75,318
Receivable for Fund shares sold	35,052
Dividends receivable	27,566
Interest receivable	13,148
Foreign taxes recoverable	13,579
Other assets	2,740
Total assets	65,907,352

Liabilities	
Payable upon return of securities loaned	510,934
Payable for Fund shares redeemed	10,417
Accrued management fee	38,920
Accrued Trustees' fees	1,842
Other accrued expenses and payables	106,931
Total liabilities	669,044
Net assets, at value	**$ 65,238,308**

Net Assets Consist of	
Distributable earnings (loss)	6,612,854
Paid-in capital	58,625,454
Net assets, at value	**$ 65,238,308**

Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($63,145,478 ÷ 7,090,435 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 8.91**
Class B **Net Asset Value,** offering and redemption price per share ($2,092,830 ÷ 244,229 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 8.57**

* Represents collateral on securities loaned.

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Dividends (net of foreign taxes withheld of $46,746)	$ 718,723
Income distributions — DWS Central Cash Management Government Fund	73,505
Securities lending income, net of borrower rebates	22,913
Other income	2,097
Total income	817,238
Expenses: Management fee	662,665
Administration fee	82,833
Services to shareholders	2,190
Recordkeeping fee (Class B)	860
Distribution service fee (Class B)	6,650
Custodian fee	40,267
Professional fees	76,464
Reports to shareholders	23,675
Trustees' fees and expenses	5,693
Other	19,823
Total expenses before expense reductions	921,120
Expense reductions	(267,574)
Total expenses after expense reductions	653,546
Net investment income	**163,692**

Realized and Unrealized gain (loss)	
Net realized gain (loss) from: Investments	4,126,871
Foreign currency	(25,230)
	4,101,641
Change in net unrealized appreciation (depreciation) on: Investments	(21,198,075)
Foreign currency	(6,154)
	(21,204,229)
Net gain (loss)	**(17,102,588)**
Net increase (decrease) in net assets resulting from operations	**$ (16,938,896)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 163,692	$ 20,032
Net realized gain (loss)	4,101,641	11,409,672
Change in net unrealized appreciation (depreciation)	(21,204,229)	5,252,419
Net increase (decrease) in net assets resulting from operations	(16,938,896)	16,682,123
Distributions to shareholders:		
Class A	(10,751,156)	(8,009,441)
Class B	(359,200)	(245,528)
Total distributions	(11,110,356)	(8,254,969)*
Fund share transactions:		
Class A		
Proceeds from shares sold	3,594,525	3,744,539
Reinvestment of distributions	10,751,156	8,009,441
Payments for shares redeemed	(9,398,765)	(23,622,010)
Net increase (decrease) in net assets from Class A share transactions	4,946,916	(11,868,030)
Class B		
Proceeds from shares sold	125,220	289,787
Reinvestment of distributions	359,200	245,528
Payments for shares redeemed	(387,600)	(451,769)
Net increase (decrease) in net assets from Class B share transactions	96,820	83,546
Increase (decrease) in net assets	(23,005,516)	(3,357,330)
Net assets at beginning of period	88,243,824	91,601,154
Net assets at end of period	**$ 65,238,308**	**$ 88,243,824****

Other Information		
Class A		
Shares outstanding at beginning of period	6,616,392	7,559,752
Shares sold	323,813	308,643
Shares issued to shareholders in reinvestment of distributions	963,365	695,868
Shares redeemed	(813,135)	(1,947,871)
Net increase (decrease) in Class A shares	474,043	(943,360)
Shares outstanding at end of period	**7,090,435**	**6,616,392**
Class B		
Shares outstanding at beginning of period	232,496	224,620
Shares sold	11,426	24,779
Shares issued to shareholders in reinvestment of distributions	33,383	22,020
Shares redeemed	(33,076)	(38,923)
Net increase (decrease) in Class B shares	11,733	7,876
Shares outstanding at end of period	**244,229**	**232,496**

* Includes distributions from net realized gains of $8,009,441 and $245,528, for Class A and Class B, respectively.

** Includes distributions in excess of net investment income of $204,731.

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

Financial Highlights

Class A	2018	2017	2016	2015	2014
		Years Ended December 31,			
Selected Per Share Data					
Net asset value, beginning of period	**$ 12.90**	**$11.78**	**$13.17**	**$14.61**	**$17.31**
Income (loss) from investment operations:					
Net investment income (loss)[a]	.02	.00*	.03	.06	.04
Net realized and unrealized gain (loss)	(2.32)	2.21	.15	.21	(.69)
Total from investment operations	(2.30)	2.21	.18	.27	(.65)
Less distributions from:					
Net investment income	(.04)	—	(.05)	(.14)	(.15)
Net realized gains	(1.65)	(1.09)	(1.52)	(1.57)	(1.90)
Total distributions	(1.69)	(1.09)	(1.57)	(1.71)	(2.05)
Net asset value, end of period	**$ 8.91**	**$12.90**	**$11.78**	**$13.17**	**$14.61**
Total Return (%)[b]	(20.51)	20.02	1.57	1.16	(4.13)
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	63	85	89	104	135
Ratio of expenses before expense reductions (%)[c]	1.10	1.15	1.17	1.12	1.13
Ratio of expenses after expense reductions (%)[c]	.78	.94	1.02	.99	.97
Ratio of net investment income (loss) (%)	.21	.03	.22	.41	.27
Portfolio turnover rate (%)	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.

* Amount is less than $.005.

Class B	2018	2017	2016	2015	2014
		Years Ended December 31,			
Selected Per Share Data					
Net asset value, beginning of period	**$ 12.47**	**$11.45**	**$12.85**	**$14.29**	**$16.97**
Income (loss) from investment operations:					
Net investment income (loss)[a]	(.01)	(.03)	(.03)	.02	.00*
Net realized and unrealized gain (loss)	(2.24)	2.14	.17	.21	(.67)
Total from investment operations	(2.25)	2.11	.14	.23	(.67)
Less distributions from:					
Net investment income	—	—	(.02)	(.10)	(.11)
Net realized gains	(1.65)	(1.09)	(1.52)	(1.57)	(1.90)
Total distributions	(1.65)	(1.09)	(1.54)	(1.67)	(2.01)
Net asset value, end of period	**$ 8.57**	**$12.47**	**$11.45**	**$12.85**	**$14.29**
Total Return (%)[b]	(20.74)	19.60	1.34	.86	(4.33)
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	2	3	3	3	3
Ratio of expenses before expense reductions (%)[c]	1.39	1.44	1.47	1.41	1.41
Ratio of expenses after expense reductions (%)[c]	1.06	1.22	1.30	1.24	1.25
Ratio of net investment income (loss) (%)	(.08)	(.26)	(.23)	.15	.02
Portfolio turnover rate (%)	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.

* Amount is less than $.005.

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

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

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

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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

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

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1 securities. For certain international equity securities, in order to adjust for events which may occur between the close of the foreign exchanges and the close of the New York Stock Exchange, a fair valuation model may be used. This fair valuation model takes into account comparisons to the valuation of American Depository Receipts (ADRs), exchange-traded funds, futures contracts and certain indices and these securities are categorized as Level 2.

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

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

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

Securities Lending. Brown Brothers Harriman & Co., as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had securities on loan, which were classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

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

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

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

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

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.

At December 31, 2018, the Fund's components of distributable earnings (accumulated losses) on a tax basis are as follows:

Undistributed long-term capital gains	$ 3,774,957
Net unrealized appreciation (depreciation) on investments	$ 2,839,376

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $62,680,162. The net unrealized appreciation for all investments based on tax cost was $2,839,376. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $12,080,760 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $9,241,384.

In addition, the tax character of distributions paid to shareholders by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary Income*	$ 1,136,799	$ —
Distributions from long-term capital gains	$ 9,973,557	$ 8,254,969

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment securities (excluding short-term investments) aggregated $24,875,635 and $34,431,724, respectively.

C. Related Parties

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

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays the Advisor an annual fee based on its average daily net assets, computed and accrued daily and payable monthly at the annual rate (exclusive of any applicable waivers/reimbursements) of 0.80%.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of certain classes as follows:

Class A	.78%
Class B	1.06%

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 258,776
Class B	8,798
	$ 267,574

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 year ended December 31, 2018, the Administration Fee was $82,833, of which $5,726 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at December 31, 2018
Class A	$ 546	$ 89
Class B	165	27
	$ 711	**$ 116**

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 year ended December 31, 2018, the Distribution Service Fee aggregated $6,650, of which $458 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $9,997, of which $7,360 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 December 31, 2018, four participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 35%, 22%, 16% 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 75% and 15%, 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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series I and Shareholders of DWS Global Small Cap VIP

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the investment portfolio, of DWS Global Small Cap VIP (one of the funds constituting Deutsche DWS Variable Series I, referred to hereafter as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 14, 2019

We have served as the auditor of one or more investment companies in the DWS family of funds since 1930.

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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 783.00	$ 781.20
Expenses Paid per $1,000*	$ 3.51	$ 4.76

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.27	$ 1,019.86
Expenses Paid per $1,000*	$ 3.97	$ 5.40

* 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 184 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series I — DWS Global Small Cap VIP	.78%	1.06%

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

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

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

Tax Information

(Unaudited)

The Fund paid distributions of $1.50 per share from net long-term capital gains during its year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $4,270,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 21% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018 qualified for the dividends received deduction.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.2 (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

VS1glosc-2 (R-025821-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Government & Agency Securities VIP

(formerly Deutsche 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

Contents

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

Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. The "full faith and credit" guarantee of the US government applies to the timely repayment of interest, and does not eliminate market risk. Because of the rising US government debt burden, it is possible that the US government may not be able to meet its financial obligations or that securities issued by the US government may experience credit downgrades. The Fund may lend securities to approved institutions. See the prospectus for details.

Performance Summary

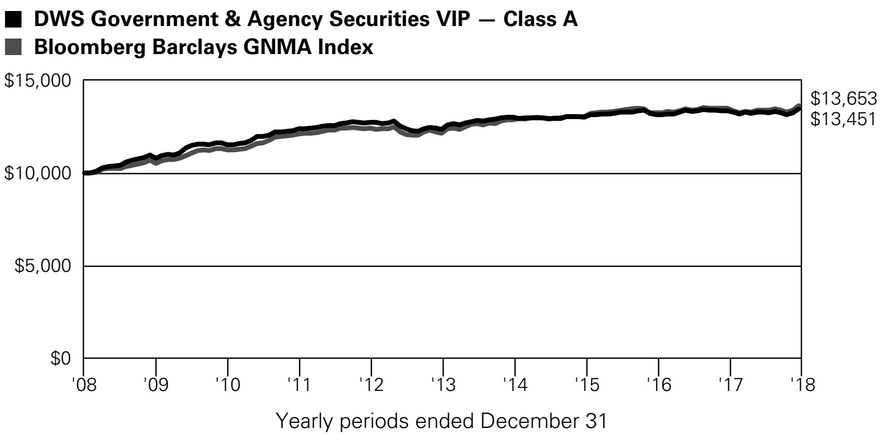
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.87% and 1.21% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment in DWS Government & Agency Securities VIP



The Bloomberg Barclays GNMA Index is an unmanaged, market-value-weighted measure of all fixed-rate securities backed by mortgage pools of the Government National Mortgage Association.

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

Comparative Results

DWS Government & Agency Securities VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$10,055	$10,340	$10,885	$13,451
	Average annual total return	0.55%	1.12%	1.71%	3.01%
Bloomberg Barclays GNMA Index	Growth of $10,000	$10,102	$10,451	$11,229	$13,653
	Average annual total return	1.02%	1.48%	2.35%	3.16%

DWS Government & Agency Securities VIP		1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$10,019	$10,230	$10,698	$13,004
	Average annual total return	0.19%	0.76%	1.36%	2.66%
Bloomberg Barclays GNMA Index	Growth of $10,000	$10,102	$10,451	$11,229	$13,653
	Average annual total return	1.02%	1.48%	2.35%	3.16%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

During the 12-month period ended December 31, 2018, the Fund provided a total return of 0.55% (Class A shares, unadjusted for contract charges) compared with the 1.02% return of its benchmark, the Bloomberg Barclays GNMA Index.

Against a backdrop of steady growth, strong corporate profits and arguably full employment, the bond markets in 2018 watched closely for any indications of an acceleration in inflation that could lead the U.S. Federal Reserve (the Fed) to push forward its timetable for returning interest rates to more historically normal levels. In early February, Treasury yields moved higher as hiring and wage growth data for January came in above expectations. March saw fears of a global trade war come to the forefront as the Trump administration announced plans to impose tariffs on steel and aluminum as well as on a wide range of imports coming from China. Risk sentiment would soon stabilize, as increasingly robust economic growth and corporate earnings data outweighed concerns over protectionist U.S. trade policy. However, the fourth quarter of 2018 witnessed declining prices for credit-oriented segments of the bond market as slowing growth overseas highlighted the downside risks of a global trade war. Notwithstanding the downturn in sentiment, the Fed continued to tighten monetary policy, raising its benchmark overnight lending rate in mid-December by a quarter point to the 2.25% to 2.50% range, the fourth such hike of 2018.

For the 12 months ended December 31, 2018, yields rose along the length of the U.S. Treasury yield curve and the curve flattened as increases on the front-end were more significant. To illustrate, the two-year Treasury yield went from 1.89% to 2.48% while the 30-year yield went from 2.74% to 3.02%.

As with most other areas of the bond market, GNMA performance was challenged in 2018 as Treasury yields moved higher. Premium coupon pools led performance within GNMAs as shorter duration assets were favored in a rising rate environment. The portfolio maintained an underweight to GNMAs in favor of conventional mortgage-backed securities (MBS) across lower coupons, while overweighting premium coupons within GNMAs as prepayments slowed notably with a crackdown on predatory lending practices by GNMA. As interest rates rose in the first half of 2018, we reduced exposure to super-seasoned high coupon pass-throughs as they outperformed within the GNMA space. In addition, the Fund's MBS exposure was reduced over the 12 months. The portfolio's above-benchmark stance with respect to duration was shifted to neutral while incorporating a flattening bias with respect to the yield curve. While we incorporated views on the direction of foreign sovereign interest rates in the portfolio over the 12 months, we currently express all interest rate and yield curve views in U.S. dollar assets. Derivatives were used primarily for hedging interest rate risk, with periodic use to express tactical duration views. For the period, GNMA security selection and off-benchmark exposures added to relative performance, while positioning with respect to interest rates and currencies detracted to a roughly similar degree. The Fund remains positioned with a preference for higher coupons within GNMAs while maintaining an allocation to structured assets such as asset-backed securities and commercial mortgage-backed securities.

Gregory M. Staples, CFA, Managing Director
Scott Agi, CFA, Director
Portfolio Managers

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **yield curve** is a graphical representation of how yields on bonds of different maturities compare. Normally, yield curves slant up, as bonds with longer maturities typically offer higher yields than short-term bonds.

The **Bloomberg Barclays GNMA Index** tracks the performance of fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA).

Duration, which is expressed in years, measures the sensitivity of the price of a bond or bond fund to a change in interest rates.

Coupon is the interest rate, expressed as an annual percentage of face value, which a bond issuer promises to pay until maturity.

Overweight means the Fund holds a higher weighting in a given sector or security than the benchmark. **Underweight** means the Fund holds a lower weighting.

Mortgage-backed securities (MBS) are secured by mortgage debt**. Commercial mortgage-backed securities (CMBS)** are secured by loans on commercial properties. **Asset-backed securities (ABS)** are secured by loans, credit or receivables, exclusive of mortgage debt.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Net Assets)	**12/31/18**	**12/31/17**
Mortgage-Backed Securities Pass-Throughs	82%	80%
Collateralized Mortgage Obligations	10%	22%
Commercial Mortgage-Backed Securities	4%	3%
Asset-Backed	3%	5%
Government & Agency Obligations	4%	16%
Corporate Bonds	—	1%
Cash Equivalents and Other Assets and Liabilities, net	–3%	–27%
	100%	100%

Coupons*	**12/31/18**	**12/31/17**
Less than 3.5%	25%	35%
3.5%–4.49%	52%	42%
4.5%–5.49%	17%	15%
5.5%–6.49%	3%	5%
6.5%–7.49%	3%	3%
7.5% and Greater	0%	0%
	100%	100%

Interest Rate Sensitivity	**12/31/18**	**12/31/17**
Effective Maturity	8.1 years	9.9 years
Effective Duration	4.7 years	4.0 years

* Excludes Cash Equivalents and U.S. Treasury Bills.

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

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

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Principal Amount ($)	Value ($)
Mortgage-Backed Securities Pass-Throughs 82.0%		
Federal Home Loan Mortgage Corp.:		
3.0%, with various maturities from 9/1/2047 until 1/1/2049 (a)	2,682,766	2,614,871
4.0%, with various maturities from 1/1/2045 until 12/1/2045	558,814	573,790
Federal National Mortgage Association:		
3.0%, with various maturities from 3/1/2047 until 10/1/2047	1,295,757	1,263,738
3.25%, 3/1/2030	900,000	877,155
3.5%, with various maturities from 8/1/2047 until 1/1/2049 (a)	3,152,355	3,153,665
3.64%, 7/1/2030	1,000,000	1,009,399
Government National Mortgage Association:		
3.0%, with various maturities from 4/20/2046 until 9/20/2047	2,230,587	2,196,906
3.5%, with various maturities from 4/15/2042 until 2/20/2048	4,888,933	4,934,264
4.0%, with various maturities from 9/20/2040 until 1/23/2049 (a)	7,163,773	7,349,163
4.5%, with various maturities from 4/20/2035 until 8/20/2048	2,748,902	2,861,539
4.55%, 1/15/2041	128,796	134,598
4.625%, 5/15/2041	97,508	101,026
5.0%, with various maturities from 12/15/2032 until 1/1/2049 (a)	1,551,923	1,617,090
5.5%, with various maturities from 1/15/2034 until 6/15/2042	559,741	605,874
6.0%, with various maturities from 5/20/2034 until 1/15/2038	276,815	303,691
6.5%, with various maturities from 9/15/2036 until 2/15/2039	225,643	254,667
7.0%, with various maturities from 2/20/2027 until 2/15/2038	68,974	69,812
7.5%, 10/20/2031	3,131	3,536
Total Mortgage-Backed Securities Pass-Throughs (Cost $30,210,861)		**29,924,784**

Asset-Backed 3.2%

	Principal Amount ($)	Value ($)
Automobile Receivables 0.4%		
AmeriCredit Automobile Receivables Trust, "A3", Series 2017-1, 1.87%, 8/18/2021	151,901	**150,954**
Miscellaneous 2.8%		
Carbone CLO Ltd., "A1", Series 2017-1A, 144A, 3-month USD-LIBOR + 1.140%, 3.609% *, 1/20/2031	380,000	375,263
Domino's Pizza Master Issuer LLC, "A23", Series 2017-1A, 144A, 4.118%, 7/25/2047	444,375	435,385
NRZ Excess Spread-Collateralized Notes, "B", Series 2018-PLS1, 144A, 3.588%, 1/25/2023	218,667	217,350
		1,027,998
Total Asset-Backed (Cost $1,194,938)		**1,178,952**

Collateralized Mortgage Obligations 10.0%

	Principal Amount ($)	Value ($)
BX Trust, "A", Series 2018-GW, 144A, 1-month USD-LIBOR + 0.800%, 3.255% *, 5/15/2035	200,000	195,675
Federal Home Loan Mortgage Corp.:		
"OA", Series 3179, Principal Only, Zero Coupon, 7/15/2036	68,966	59,980
"CZ", Series 4113, 3.0%, 9/15/2042	324,212	301,165
"PI", Series 3940, Interest Only, 4.0%, 2/15/2041	248,618	35,089
"C1", Series 329, Interest Only, 4.0%, 12/15/2041	725,915	140,102
"UA", Series 4298, 4.0%, 2/15/2054	53,835	55,578
"C32", Series 303, Interest Only, 4.5%, 12/15/2042	740,995	159,985
"C28", Series 303, Interest Only, 4.5%, 1/15/2043	874,035	199,001
"MI", Series 3871, Interest Only, 6.0%, 4/15/2040	28,978	1,611
"IJ", Series 4472, Interest Only, 6.0%, 11/15/2043	285,220	69,270
"A", Series 172, Interest Only, 6.5%, 1/1/2024	5,518	644
"C22", Series 324, Interest Only, 6.5%, 4/15/2039	408,502	105,754
Federal National Mortgage Association:		
"Z", Series 2013-44, 3.0%, 5/25/2043	99,375	94,800
''IO", Series 2012-146, Interest Only, 3.5%, 1/25/2043	967,492	192,595
"4", Series 406, Interest Only, 4.0%, 9/25/2040	186,198	38,705
"IO", Series 2016-26, Interest Only, 5.0%, 5/25/2046	797,816	153,905
"UI", Series 2010-126, Interest Only, 5.5%, 10/25/2040	308,331	62,088
"IO", Series 2014-70, Interest Only, 5.5%, 10/25/2044	419,804	92,269
"BI", Series 2015-97, Interest Only, 5.5%, 1/25/2046	349,308	79,712
"WI", Series 2011-59, Interest Only, 6.0%, 5/25/2040	34,011	944
"YT", Series 2013-35, 6.5%, 9/25/2032	460,305	521,507
Government National Mortgage Association:		
"JI", Series 2013-10, Interest Only, 3.5%, 1/20/2043	464,479	98,332
"ID", Series 2013-70, Interest Only, 3.5%, 5/20/2043	212,315	41,515

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

	Principal Amount ($)	Value ($)
"IP", Series 2015-50, Interest Only, 4.0%, 9/20/2040	686,789	56,790
"PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044	208,577	28,742
"PI", Series 2014-108, Interest Only, 4.5%, 12/20/2039	175,011	30,732
"IP", Series 2014-115, Interest Only, 4.5%, 2/20/2044	119,539	20,432
"GZ", Series 2005-24, 5.0%, 3/20/2035	665,276	751,225
"IA", Series 2012-64, Interest Only, 5.5%, 5/16/2042	169,697	36,403
"DI", Series 2009-10, Interest Only, 6.0%, 4/16/2038	98,072	13,215
"IP", Series 2009-118, Interest Only, 6.5%, 12/16/2039	29,225	7,763
"IC", Series 1997-4, Interest Only, 7.5%, 3/16/2027	230,324	1,667
Total Collateralized Mortgage Obligations (Cost $3,455,991)		**3,647,195**

Commercial Mortgage-Backed Securities 4.0%

	Principal Amount ($)	Value ($)
Atrium Hotel Portfolio Trust, "A", Series 2018-ATRM, 144A, 1-month USD-LIBOR + 0.95%, 3.405%*, 6/15/2035	427,500	425,043
CHT Mortgage Trust, "A", Series 2017-CSMO,144A, 1-month USD-LIBOR + 0.930%, 3.385%*, 11/15/2036	400,000	395,125
DBGS Mortgage Trust, "A", Series 2018-5BP,144A, 1-month USD-LIBOR + 0.645%, 3.1%*, 6/15/2033	450,000	443,339
FHLMC Multifamily Structured Pass-Through Securities, "X1", Series K055, Interest Only, 1.366%*, 3/25/2026	2,468,959	202,478
Total Commercial Mortgage-Backed Securities (Cost $1,476,032)		**1,465,985**

Government & Agency Obligation 1.9%

U.S. Treasury Obligation

	Principal Amount ($)	Value ($)
U.S. Treasury Inflation Indexed Note, 0.625%, 4/15/2023 (Cost $699,650)	712,621	**700,781**

Short-Term U.S. Treasury Obligations 2.4%

	Principal Amount ($)	Value ($)
U.S. Treasury Bills:		
2.36%**, 8/15/2019 (b)	380,000	374,024
2.582%**, 10/10/2019 (c)	500,000	490,170
Total Short-Term U.S. Treasury Obligations (Cost $864,257)		**864,194**

Cash Equivalents 19.9%

	Shares	Value ($)
DWS Central Cash Management Government Fund, 2.41% (d)	3,485,215	3,485,215
DWS ESG Liquidity Fund "Capital Shares", 2.66% (d)	3,784,362	3,784,362
Total Cash Equivalents (Cost $7,269,198)		**7,269,577**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $45,170,927)	123.4	**45,051,468**
Other Assets and Liabilities, Net	(23.4)	**(8,535,061)**
Net Assets	100.0	**36,516,407**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral —%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares" (d) (e)								
—	0 (f)	—	—	—	383	—	—	—
Cash Equivalents 19.9%								
DWS Central Cash Management Government Fund, 2.41% (d)								
10,252	40,586,819	37,111,856	—	—	63,199	—	3,485,215	3,485,215
DWS ESG Liquidity Fund "Capital Shares", 2.66% (d)								
—	6,584,116	2,800,000	(133)	379	91,449	—	3,784,362	3,784,362
10,252	**47,170,935**	**39,911,856**	**(133)**	**379**	**155,031**	**—**	**7,269,577**	**7,269,577**

* Variable or floating rate security. These securities are shown at their current rate as of December 31, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

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

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

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

(b) At December 31, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.
(c) At December 31, 2018, this security has been pledged, in whole or in part, as collateral 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.
(e) Represents 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 for the year ended December 31, 2018.

144A: Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.
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 December 31, 2018, open futures contracts purchased were as follows:

Futures	Currency	Expiration Date	Contracts	Notional Amount ($)	Notional Value ($)	Unrealized Appreciation ($)
10 Year U.S. Treasury Note	USD	3/20/2019	42	5,015,179	5,124,656	109,477
U.S. Treasury Long Bond	USD	3/20/2019	8	1,129,516	1,168,000	38,484
Total unrealized appreciation						**147,961**

At December 31, 2018, 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	3/29/2019	16	1,803,593	1,835,000	(31,407)

At December 31, 2018, open interest rate swap contracts were as follows:

Centrally Cleared Swaps

Cash Flows Paid by the Fund/Frequency	Cash Flows Received by the Fund/ Frequency	Effective/ Expiration Date	Notional Amount ($)	Currency	Upfront Payments Paid/ (Received) ($)	Value ($)	Unrealized Appreciation/ (Depreciation) ($)
Floating — 3-Month LIBOR Quarterly	Fixed — 2.25% Semi-Annually	3/21/2018 3/21/2028	400,000	USD	(17,004)	(12,661)	4,343
Fixed — 3.06% Semi-Annually	Floating — 3-Month LIBOR Quarterly	9/17/2018 6/17/2030	1,600,000	USD	—	(49,394)	(49,394)
Fixed — 3.125% Semi-Annually	Floating — 3-Month LIBOR Quarterly	10/9/2018 10/9/2021	1,300,000	USD	—	(20,156)	(20,156)
Fixed — 2.2239% Semi-Annually	Floating — 3-Month LIBOR Quarterly	3/21/2018 3/21/2023	900,000	USD	—	7,264	7,264
Fixed — 2.45% Semi-Annually	Floating — 3-Month LIBOR Quarterly	12/20/2017 12/20/2032	500,000	USD	—	21,825	21,825
Total net unrealized depreciation							**(36,118)**

LIBOR: London Interbank Offered Rate; 3-Month LIBOR rate at December 31, 2018 is 2.808%.

At December 31, 2018, open total return swap contracts were as follows:

Bilateral Swaps

Pay/Receive Return of the Reference Index	Fixed Cash Flows Received Frequency	Counterparty/ Expiration Date	Notional Amount	Currency	Upfront Payments Paid ($)	Value ($)	Unrealized Depreciation ($)
Long Position							
Markit IOS INDEX FN30.400.10	4.0%/Monthly	Goldman Sachs & Co. 1/12/2041	347,603	USD	—	(3,136)	**(3,136)**

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

As of December 31, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation ($)	Counterparty
NOK	6,505,000	USD	785,490	1/29/2019	32,093	Danske Bank AS

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Depreciation ($)	Counterparty
USD	780,187	NOK	6,505,000	1/29/2019	(26,789)	Danske Bank AS

Currency Abbreviations

NOK Norwegian Krone
USD United States Dollar

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

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 December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed Income Investments (f)				
Mortgage-Backed Securities Pass-Throughs	$ —	$ 29,924,784	$ —	$ 29,924,784
Asset-Backed	—	1,178,952	—	1,178,952
Collateralized Mortgage Obligations	—	3,647,195	—	3,647,195
Commercial Mortgage-Backed Securities	—	1,465,985	—	1,465,985
Government & Agency Obligation	—	700,781	—	700,781
Short-Term U.S. Treasury Obligations	—	864,194	—	864,194
Short-Term Investments	7,269,577	—	—	7,269,577
Derivatives (g)				
Futures Contracts	147,961	—	—	147,961
Interest Rate Swap Contracts	—	33,432	—	33,432
Forward Foreign Currency Contracts	—	32,093	—	32,093
Total	**$ 7,417,538**	**$ 37,847,416**	**$ —**	**$ 45,264,954**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (g)				
Futures Contracts	$ (31,407)	$ —	$ —	$ (31,407)
Interest Rate Swap Contracts	—	(69,550)	—	(69,550)
Total Return Swap Contracts	—	(3,136)	—	(3,136)
Forward Foreign Currency Contracts	—	(26,789)	—	(26,789)
Total	**$ (31,407)**	**$ (99,475)**	**$ —**	**$ (130,882)**

(f) See Investment Portfolio for additional detailed categorizations.

(g) Derivatives include unrealized appreciation (depreciation) on open futures contracts, interest rate swap contracts, total return swap contract and forward foreign currency contracts.

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

Statement of Assets and Liabilities

As of December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $37,901,729)	$ 37,781,891
Investment in affiliated securities, at value (cost $7,269,198)	7,269,577
Foreign currency, at value (cost $63,827)	64,193
Receivable for investments sold — forward commitments	4,056,686
Receivable for Fund shares sold	2,085
Interest receivable	149,573
Receivable for variation margin on futures contracts	16,134
Unrealized appreciation on forward foreign currency contracts	32,093
Other assets	1,278
Total assets	49,373,510

Liabilities	
Cash overdraft	1,686
Payable for investments purchased — forward commitments	11,134,458
Payable for investments purchased	1,493,555
Payable for Fund shares redeemed	62,974
Payable for variation margin on centrally cleared swaps	9,217
Unrealized depreciation on bilateral swap contracts	3,136
Unrealized depreciation on forward foreign currency contracts	26,789
Accrued management fee	4,491
Accrued Trustees' fees	1,181
Other accrued expenses and payables	119,616
Total liabilities	12,857,103
Net assets, at value	**$ 36,516,407**

Net Assets Consist of	
Distributable earnings (loss)	378,572
Paid-in capital	36,137,835
Net assets, at value	**$ 36,516,407**

Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($34,908,720 ÷ 3,199,776 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 10.91**
Class B **Net Asset Value,** offering and redemption price per share ($1,607,687 ÷ 147,546 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 10.90**

Statement of Operations

For the year ended December 31, 2018

Investment Income	
Income: Interest	$ 1,072,600
Income distributions from affiliated securities	154,648
Securities lending income, net of borrower rebates	383
Total income	1,227,631
Expenses: Management fee	176,733
Administration fee	39,274
Services to Shareholders	634
Record keeping fee (Class B)	1,591
Distribution service fees (Class B)	4,219
Custodian fee	20,201
Professional fees	85,037
Reports to shareholders	24,693
Trustees' fees and expenses	3,492
Other	16,621
Total expenses before expense reductions	372,495
Expense reductions	(149,164)
Total expenses after expense reductions	223,331
Net investment income	**1,004,300**

Realized and Unrealized Gain/(Loss)	
Net realized gain (loss) from: Non-Affiliated investments	(708,805)
Affiliated investments	(133)
Swap contracts	242,527
Futures	(109,713)
Forward foreign currency contracts	50,079
Foreign currency	34,091
Payments by affiliates (see Note G)	2,209
	(489,745)
Change in net unrealized appreciation (depreciation) on: Non-Affiliated investments	(373,928)
Affiliated investments	379
Swap contracts	(82,037)
Futures	82,518
Forward foreign currency contracts	(18,419)
Foreign currency	134
	(391,353)
Net gain (loss)	**(881,098)**
Net increase (decrease) in net assets resulting from operations	**$ 123,202**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income	$ 1,004,300	$ 988,088
Net realized gain (loss)	(489,745)	851,798
Change in net unrealized appreciation (depreciation)	(391,353)	(979,021)
Net increase (decrease) in net assets resulting from operations	123,202	860,865
Distributions to shareholders		
Class A	(1,045,563)	(1,241,081)
Class B	(40,012)	(46,826)
Total distributions	(1,085,575)	(1,287,907)*
Fund share transactions:		
Class A		
Proceeds from shares sold	2,638,856	3,259,096
Reinvestment of distributions	1,045,563	1,241,081
Payments for shares redeemed	(8,226,521)	(15,457,312)
Net increase (decrease) in net assets from Class A share transactions	(4,542,102)	(10,957,135)
Class B		
Proceeds from shares sold	54,842	67,053
Reinvestment of distributions	40,012	46,826
Payments for shares redeemed	(296,226)	(642,815)
Net increase (decrease) in net assets from Class B share transactions	(201,372)	(528,936)
Increase (decrease) in net assets	(5,705,847)	(11,913,113)
Net assets at beginning of period	42,222,254	54,135,367
Net assets at end of period	**$36,516,407**	**$ 42,222,254****

Other Information		
Class A		
Shares outstanding at beginning of period	3,619,812	4,598,638
Shares sold	242,507	291,446
Shares issued to shareholders in reinvestment of distributions	97,716	112,315
Shares redeemed	(760,259)	(1,382,587)
Net increase (decrease) in Class A shares	(420,036)	(978,826)
Shares outstanding at end of period	**3,199,776**	**3,619,812**
Class B		
Shares outstanding at beginning of period	165,975	213,112
Shares sold	5,073	6,013
Shares issued to shareholders in reinvestment of distributions	3,736	4,234
Shares redeemed	(27,238)	(57,384)
Net increase (decrease) in Class B shares	(18,429)	(47,137)
Shares outstanding at end of period	**147,546**	**165,975**

* Includes distributions from net investment income.

** Includes undistributed net investment income of $1,051,322.

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

Financial Highlights

Class A	2018	Years Ended December 31, 2017	2016	2015	2014
Selected Per Share Data					
Net asset value, beginning of period	**$11.15**	**$11.25**	**$11.48**	**$11.80**	**$11.47**
Income (loss) from investment operations:					
Net investment income[a]	.28	.23	.25	.27	.29
Net realized and unrealized gain (loss)	(.22)	(.04)	(.13)	(.26)	.31
Total from investment operations	.06	.19	.12	.01	.60
Less distributions from: Net investment income	(.30)	(.29)	(.35)	(.33)	(.27)
Net asset value, end of period	**$10.91**	**$11.15**	**$11.25**	**$11.48**	**$11.80**
Total Return (%)[b]	.55	1.67	1.06	.06	5.29
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	35	40	52	66	87
Ratio of expenses before expense reductions (%)[c]	.93	.87	.86	.74	.72
Ratio of expenses after expense reductions (%)[c]	.55	.61	.58	.68	.70
Ratio of net investment income (%)	2.58	2.03	2.22	2.33	2.49
Portfolio turnover rate (%)	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.

Class B	2018	Years Ended December 31, 2017	2016	2015	2014
Selected Per Share Data					
Net asset value, beginning of period	**$11.14**	**$11.24**	**$11.46**	**$11.79**	**$11.46**
Income (loss) from investment operations:					
Net investment income[a]	.24	.19	.21	.23	.25
Net realized and unrealized gain (loss)	(.22)	(.04)	(.12)	(.27)	.31
Total from investment operations	.02	.15	.09	(.04)	.56
Less distributions from: Net investment income	(.26)	(.25)	(.31)	(.29)	(.23)
Net asset value, end of period	**$10.90**	**$11.14**	**$11.24**	**$11.46**	**$11.79**
Total Return (%)[b]	.19	1.31	.79	(.36)	4.95
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	2	2	2	3	3
Ratio of expenses before expense reductions (%)[c]	1.28	1.21	1.21	1.09	1.06
Ratio of expenses after expense reductions (%)[c]	.90	.95	.93	1.03	1.03
Ratio of net investment income (%)	2.23	1.69	1.88	1.99	2.16
Portfolio turnover rate (%)	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.

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

DWS Government & Agency Securities VIP (formerly Deutsche Government & Agency Securities VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds, including DWS Government & Agency Securities Portfolio, managed by DWS Investment Management Americas, Inc. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had no securities on loan.

Forward Commitments. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis with delivery or payment to occur at a later date beyond the normal settlement period. At the time the Fund enters into a commitment to purchase or sell a security, the transaction is recorded and the value of the transaction is reflected in the net asset value. The price of such security and the date when the security will be delivered and paid for are fixed at the time the transaction is negotiated. The Fund may sell the forward commitment security before the settlement date or enter into a new commitment to extend the delivery date into the future. The value of the security may vary with market fluctuations. At the time the Fund enters into a purchase transaction it is required to segregate cash or other liquid assets at least equal to the amount of the commitment. Additionally, the Fund or the counterparty may be required to post securities and/or cash collateral in accordance with the terms of the commitment.

Certain risks may arise upon entering into when-issued, delayed delivery or forward commitment transactions from the potential inability of counterparties to meet the terms of their contracts or if the issuer does not issue the securities due to political, economic or other factors. Such transactions may also have the effect of leverage on the Fund and may cause the Fund to be more volatile. Additionally, losses may arise due to changes in the value of the underlying securities.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies and to distribute all of its taxable income to its shareholders.

At December 31, 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).

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	$ 954,354
Capital loss carryforward	$ (431,000)
Unrealized appreciation (depreciation) on investments	$ (173,747)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $45,177,145. The net unrealized depreciation for all investments based on tax cost was $173,747. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $585,685 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $759,432.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income*	$ 1,085,575	$ 1,287,907

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, the Fund entered into total return swap transactions as a means of gaining exposure to a particular asset class without investing directly in such asset class.

A summary of the open total return swap contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in total return swap contracts had a total notional amount generally indicative of a range from $348,000 to $402,000.

Interest Rate Swaps. Interest rate swaps are agreements in which the Fund agrees to pay to the counterparty a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a variable rate payment, or the Fund agrees to receive from the counterparty a fixed rate payment in exchange for the counterparty agreeing to receive from the Fund a variable rate payment. The payment obligations are based on the notional amount of the swap. For the year ended December 31, 2018, the Fund entered into interest rate swap agreements to gain exposure to different parts of the yield curve while managing overall duration and for non-hedging purposes to seek to enhance potential gains.

A summary of the open interest rate swap contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in interest rate swap contracts had a total USD equivalent notional amount generally indicative of a range from $2,700,000 to $12,898,000.

Futures Contracts. A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). For the year ended December 31, 2018, the Fund entered into interest rate futures to gain exposure to different parts of the yield curve while managing overall duration and for non-hedging purposes to seek to enhance potential gains.

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

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

A summary of the open futures contracts as of December 31, 2018, is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $2,509,000 to $6,293,000 and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $949,000 to $3,993,000.

Forward Foreign Currency Contracts. A forward foreign currency contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. For the year ended December 31, 2018, the Fund entered into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated portfolio holdings and for non-hedging purposes to seek to enhance potential gains.

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

A summary of the open forward currency contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $785,000 to $2,905,000 and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from approximately $0 to $2,243,000.

The following tables summarize the value of the Fund's derivative instruments held as of December 31, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Asset Derivatives	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (a)	$ —	$ 33,432	$ 147,961	$ 181,393
Foreign Exchange Contracts (b)	32,093	—	—	32,093
	$ 32,093	**$ 33,432**	**$ 147,961**	**$ 213,486**

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

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

(b) Unrealized appreciation on forward foreign currency contracts

Liability Derivatives	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (c) (d)	$ —	$ (72,686)	$ (31,407)	$ (104,093)
Foreign Exchange Contracts (e)	(26,789)	—	—	(26,789)
	$ (26,789)	**$ (72,686)**	**$ (31,407)**	**$ (130,882)**

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 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

(e) Unrealized depreciation on forward foreign currency contracts

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the year ended December 31, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (f)	$ —	$ 242,527	$ (109,713)	$ 132,814
Foreign Exchange Contracts (g)	50,079	—	—	50,079
	$ 50,079	**$ 242,527**	**$ (109,713)**	**$ 182,893**

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

(f) Net realized gain (loss) on swap contracts and futures, respectively

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

Change in Net Unrealized Appreciation (Depreciation)	**Forward Contracts**	**Swap Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (h)	$ —	$ (82,037)	$ 82,518	$ 481
Foreign Exchange Contracts (i)	(18,419)	—	—	(18,419)
	$ (18,419)	**$ (82,037)**	**$ 82,518**	**$ (17,938)**

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

(h) Change in net unrealized appreciation (depreciation) from swap contracts and futures, respectively

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

As of December 31, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following tables:

Counterparty	**Gross Amounts of Assets Presented in the Statement of Assets and Liabilities**	**Financial Instruments and Derivatives Available for Offset**	**Collateral Received**	**Net Amount of Derivative Assets**
Danske Bank AS	$ 32,093	$ (26,789)	$ —	$ 5,304

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**
Danske Bank AS	$ 26,789	$ (26,789)	$ —	$ —
Goldman Sachs & Co.	3,136	—	—	3,136
	$ 29,925	**$ (26,789)**	**$ —**	**$ 3,136**

C. Purchases and Sales of Securities

During the year ended December 31, 2018, purchases and sales of investment securities, excluding short-term investments, were as follows:

	Purchases	**Sales**
Non-U.S. Treasury Obligations	$ 206,802,074	$ 218,956,643
U.S. Treasury Obligations	$ 698,474	$ 1,457,089

D. Related Parties

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

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

First $250 million	.450%
Next $750 million	.430%
Next $1.5 billion	.410%
Next $2.5 billion	.400%
Next $2.5 billion	.380%
Next $2.5 billion	.360%
Next $2.5 billion	.340%
Over $12.5 billion	.320%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.45% of the Fund's average daily net assets.

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

Class A	.56%
Class B	.91%

Effective October 1, 2018 through September 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest) of each class as follows:

Class A	.53%
Class B	.88%

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 142,772
Class B	6,392
	$ 149,164

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 year ended December 31, 2018, the Administration Fee was $39,274, of which $3,108 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

	Total Aggregated	Unpaid at December 31, 2018
Class A	$ 253	$ 41
Class B	51	9
	$ 304	**$ 50**

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 year ended December 31, 2018, the Distribution Service Fee aggregated $4,219, of which $342 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $9,713, of which $7,325 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $29.

E. Ownership of the Fund

At December 31, 2018, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 48%, 34% and 13%. One participating insurance company was the owner of record of 10% or more of the total outstanding Class B shares of the Fund, owning 94%.

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 December 31, 2018.

G. Payments by Affiliates

During the year ended December 31, 2018, the Advisor agreed to reimburse the Fund $2,209 for losses incurred on trades executed incorrectly. The amount reimbursed was less than .01% of the Fund's average net assets, thus having no impact on the Fund's total return.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS Government & Agency Securities VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS Government & Agency Securities VIP (formerly Deutsche Government & Agency Securities VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,013.00	$ 1,011.10
Expenses Paid per $1,000*	$ 2.79	$ 4.51

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,022.43	$ 1,020.72
Expenses Paid per $1,000*	$ 2.80	$ 4.53

* 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 184 (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	.55%	.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.

Tax Information (Unaudited)

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

VS2GAS-2 (R-025831-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Government Money Market VIP

(formerly Deutsche 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.

Performance Summary

December 31, 2018 (Unaudited)

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

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

	7-Day Current Yield
December 31, 2018	2.01%*
December 31, 2017	.83%

* The investment advisor has agreed to waive fees/reimburse expenses. Without such fee waivers/expense reimbursements, the 7-day current yield would have been lower.

Yields are historical, will fluctuate and do not guarantee future performance. The 7-day current yield refers to the income paid by the Fund over a 7-day period expressed as an annual percentage rate of the Fund's shares outstanding.

Management Summary

December 31, 2018 (Unaudited)

During the 12-month period ended December 31, 2018, the Fund provided a total return of 1.39% (Class A shares, unadjusted for contract charges). All performance is historical and does not guarantee future results. Yields fluctuate and are not guaranteed.

At the start of 2018, yields for longer-term money market securities rose based on the prospects for increased Treasury supply following the rise in the debt ceiling and the passage of federal tax overhaul in December 2017. Significant increases in supply did materialize, with the U.S. Treasury issuing more than $352 billion in Treasury bills during the first quarter. In light of continued strength in the economy and a tight labor market, the Federal Open Market Committee (FOMC) raised short-term rates at its March and June 2018 meetings. In September, the Fed once again raised rates, with accompanying statements that were viewed as aggressive regarding the prospects for future rate hikes. In December, a number of factors contributed to a considerable increase in financial market volatility and a tightening in overall financial conditions. These factors included statements by the Fed following its December 2018 rate hike. The Fed's accompanying messaging disappointed market watchers because the central bank did not commit to a pause in its rate hikes, despite signs that growth was slowing in some parts of the global economy. This coincided with a major correction in the stock markets, an inverted yield curve (often a predictor of economic recession), a widening of credit spreads and signs of an expanding trade war with China. At the same time, U.S. economic growth indicators remained strong, with extremely low unemployment, and investors found some consolation in the fact that the Fed reduced its forecast for rate hikes in 2019 from three to two.

We were able to maintain what we believe to be a competitive yield for the Fund during the annual period ended December 31, 2018. The Fund held a large percentage of portfolio assets in agency and Treasury floating-rate securities to take advantage of incremental rises in LIBOR and Treasury bill rates, respectively, given the outlook for additional Treasury bill supply. At the same time, the Fund invested in overnight agency repurchase agreements for liquidity and looked for yield opportunities from three- to six-month agency and Treasury securities.

We believe that the U.S. economy can continue to expand, though we see more risks to growth than we did 12 months ago. For this reason, our current forecast is for just one to two short-term rate increases by the Fed in 2019. At present, we are positioning the Fund for continued growth as well as the possibility of additional rate hikes. We also look for increased Treasury bill supply, which should continue to exert upward pressure on money market rates.

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.

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **yield curve** is a graphical representation of how yields on bonds of different maturities compare. Normally, yield curves slant up, as bonds with longer maturities typically offer higher yields than short-term bonds.

Floating-rate securities are debt instruments with floating-rate coupons that generally reset every 30 to 90 days. While floating-rate securities are senior to equity and fixed-income securities, there is no guaranteed return of principal in case of default. Floating-rate issues often have less interest-rate risk than other fixed-income investments. Floating-rate securities are most often secured assets, generally senior to a company's secured debt, and can be transferred to debt holders, resulting in potential downside risk.

LIBOR, or the London Interbank Offered Rate, is a widely used benchmark for short-term taxable interest rates.

A **repurchase agreement**, or "overnight repo," is an agreement between a seller and a buyer, usually of government securities, where the seller agrees to repurchase the securities at a given price and usually at a stated time. Repos are widely used money market instruments that serve as an interest-bearing, short-term "parking place" for large sums of money.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio)	**12/31/18**	**12/31/17**
Government & Agency Obligations	62%	76%
Repurchase Agreement	38%	24%
	100%	100%

Weighted Average Maturity	**12/31/18**	**12/31/17**
Deutsche DWS Variable Series II — DWS Government Money Market VIP	25 days	26 days
Government & Agency Retail Money Fund Average*	28 days	30 days

* The Fund is compared to its respective iMoneyNet Category: Government & Agency Retail Money Fund Average — Category includes the most broadly based of the government retail funds. These funds may invest in U.S. Treasury securities, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities.

Weighted average maturity, also known as effective maturity, is the weighted average of the maturity date of bonds held by the Fund taking into consideration any available maturity shortening features.

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. In addition, each month, information about the Fund and its portfolio holdings is filed with the SEC on Form N-MFP. The SEC delays the public availability of the information filed on Form N-MFP for 60 days after the end of the reporting period included in the filing. These forms will be available on the SEC's Web site at sec.gov. The Fund's portfolio holdings are also posted on dws.com from time to time. Please see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Principal Amount ($)	Value ($)
Government & Agency Obligations 61.7%		
U.S. Government Sponsored Agencies 47.0%		
Federal Farm Credit Bank:		
1-month LIBOR minus 0.135%, 2.265%*, 4/11/2019	500,000	500,000
1-month LIBOR minus 0.075%, 2.304%*, 11/5/2019	1,000,000	999,914
1-month LIBOR minus 0.123%, 2.309%*, 8/13/2019	1,000,000	1,000,000
1-month LIBOR minus 0.110%, 2.311%*, 3/12/2019	750,000	749,992
3-month LIBOR minus 0.180%, 2.361%*, 11/1/2019	500,000	500,000
1-month LIBOR minus 0.145%, 2.361%*, 2/26/2019	750,000	749,995
1-month LIBOR minus 0.145%, 2.377%*, 3/29/2019	1,000,000	1,000,000
1-month LIBOR minus 0.130%, 2.392%*, 4/29/2019	3,500,000	3,500,000
1-month LIBOR minus 0.095%, 2.411%*, 7/25/2019	1,000,000	999,993
1-month LIBOR plus 0.040%, 2.427%*, 1/10/2019	500,000	500,009
1-month LIBOR minus 0.075%, 2.447%*, 4/29/2019	1,000,000	999,984
2.626%**, 8/21/2019	350,000	344,158
1-month LIBOR plus 0.190%, 2.66%*, 6/20/2019	1,500,000	1,501,878
Federal Home Loan Bank:		
3-month LIBOR minus 0.330%, 2.09%*, 1/11/2019	1,000,000	1,000,000
3-month LIBOR minus 0.310%, 2.11%*, 1/11/2019	1,500,000	1,500,000
2.225%**, 1/18/2019	400,000	399,585
3-month LIBOR minus 0.280%, 2.261%*, 2/1/2019	2,000,000	2,000,000
1-month LIBOR minus 0.080%, 2.267%*, 2/4/2019	800,000	800,000
1-month LIBOR minus 0.080%, 2.267%*, 4/4/2019	1,500,000	1,500,000
Step-Up Coupon, 2.53 to 3/20/2019, 2.78 to 6/20/2019, 3.03 to 9/20/019	1,200,000	1,200,000
1-month LIBOR minus 0.100%, 2.287%*, 3/8/2019	1,250,000	1,250,000
1-month LIBOR minus 0.060%, 2.32%*, 12/6/2019	500,000	500,000
2.342%**, 3/20/2019	350,000	348,248
1-month LIBOR minus 0.085%, 2.347%*, 9/13/2019	1,300,000	1,300,000
1-month LIBOR minus 0.125%, 2.354%*, 6/21/2019	1,000,000	1,000,000
1-month LIBOR minus 0.130%, 2.374%*, 3/22/2019	1,000,000	1,000,000
1-month LIBOR minus 0.055%, 2.385%*, 1/14/2020	500,000	500,000
2.393%**, 3/11/2019	1,000,000	995,477
1-month LIBOR minus 0.110%, 2.394%*, 2/22/2019	1,500,000	1,500,000
1-month LIBOR minus 0.065%, 2.441%*, 8/28/2019	500,000	500,000
1-month LIBOR minus 0.025%, 2.445%*, 4/20/2020	1,250,000	1,250,000
2.5%, 5/7/2019	1,000,000	999,951
SOFR plus 0.040%, 2.5%*, 6/21/2019	1,000,000	1,000,000
3-month LIBOR minus 0.230%, 2.508%*, 12/3/2019	500,000	500,000
3-month LIBOR minus 0.190%, 2.517%*, 8/28/2019	1,000,000	1,000,000
SOFR plus 0.060%, 2.52%*, 9/10/2019	500,000	500,000
SOFR plus 0.065%, 2.525%*, 11/15/2019	750,000	750,000
2.596%**, 7/29/2019	1,250,000	1,231,422
Federal Home Loan Bank Discount Notes:		
2.413%**, 2/25/2019	1,000,000	996,364
2.433%**, 3/27/2019	1,500,000	1,491,500
Federal Home Loan Banks, 2.535%**, 6/19/2019	1,000,000	988,264
Federal Home Loan Mortgage Corp.:		
Step-Up Coupon, 2.53 to 3/20/2019, 2.78 to 6/20/2019, 3.03 to 9/20/2019	400,000	400,000
1-month LIBOR minus 0.150%, 2.282%*, 2/13/2019	1,000,000	1,000,000
1-month LIBOR minus 0.100%, 2.287%*, 8/8/2019	2,500,000	2,499,712
1-month LIBOR minus 0.100%, 2.355%*, 3/18/2019	1,100,000	1,100,000
1-month LIBOR minus 0.110%, 2.396%*, 5/28/2019	1,250,000	1,250,000
SOFR plus 0.025%, 2.485%*, 5/8/2019	1,250,000	1,250,000
Federal Home Loan Mortgage Corp. Discount Notes, 2.393%**, 2/20/2019	1,000,000	996,722
Federal National Mortgage Association:		
SOFR plus 0.070%, 2.53%*, 10/30/2019	250,000	250,000
SOFR plus 0.100%, 2.56%*, 4/30/2020	250,000	250,000
		50,343,168
U.S. Treasury Obligations 14.7%		
U.S. Treasury Bills:		
2.225%**, 2/14/2019	750,000	747,988
2.368%**, 3/21/2019	1,500,000	1,492,410
2.368%**, 3/21/2019	1,500,000	1,492,213
2.423%**, 4/11/2019	1,500,000	1,490,141
2.424%**, 4/11/2019	1,500,000	1,489,938
2.514%**, 6/13/2019	775,000	766,297
U.S. Treasury Floating Rate Notes:		
3-month U.S. Treasury Bill Money Market Yield plus 0.070%, 2.5%*, 4/30/2019	4,250,000	4,251,197
3-month U.S. Treasury Bill Money Market Yield plus 0.140%, 2.57%*, 1/31/2019	2,000,000	2,000,357
U.S. Treasury Note, 2.75%, 2/15/2019	2,000,000	2,000,670
		15,731,211
Total Government & Agency Obligations (Cost $66,074,379)		**66,074,379**

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

	Principal Amount ($)	Value ($)
Repurchase Agreements 38.4%		
BNP Paribas, 2.95%, dated 12/31/2018, to be repurchased at $20,003,278 on 1/2/2019 (a)	20,000,000	20,000,000
Wells Fargo Bank, 3.00%, dated 12/31/2018, to be repurchased at $21,203,533 on 1/2/2019 (b)	21,200,000	21,200,000
Total Repurchase Agreements (Cost $41,200,000)		**41,200,000**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $107,274,379)	100.1	**107,274,379**
Other Assets and Liabilities, Net	(0.1)	**(94,603)**
Net Assets	100.0	**107,179,776**

* Floating rate security. These securities are shown at their current rate as of December 31, 2018.

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

(a) Collateralized by:

Principal Amount ($)	Security	Rate (%)	Maturity Date	Collateral Value ($)
200	U.S. Treasury Bill	Zero Coupon	02/21/2019	199
20,778,900	U.S. Treasury Inflation Indexed Bond	0.375	07/15/2027	20,362,912
Total Collateral Value				**20,363,111**

(b) Collateralized by:

Principal Amount ($)	Security	Rate (%)	Maturity Date	Collateral Value ($)
14,271,600	Federal National Mortgage Association	2.495-5	1/1/2029–1/1/2049	14,601,228
1,220,703	Federal National Mortgage Corp.	2.368-3.138	11/1/2046–1/1/2048	1,221,211
5,769,866	Government National Mortgage Association	2.5-5.5	9/20/2045–12/20/2048	5,801,561
Total Collateral Value				**21,624,000**

LIBOR: London Interbank Offered Rate

SOFR: Secured Overnight Financing Rate

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 December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Investments in Securities (c)	$ —	$ 66,074,379	$ —	$ 66,074,379
Repurchase Agreements	—	41,200,000	—	41,200,000
Total	**$ —**	**$ 107,274,379**	**$ —**	**$ 107,274,379**

(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 December 31, 2018

Assets	
Investments in securities, valued at amortized cost	$ 66,074,379
Repurchase Agreements, valued at amortized cost	41,200,000
Cash	106,228
Receivable for Fund shares sold	78,481
Interest receivable	118,203
Other assets	2,734
Total assets	107,580,025
Liabilities	
Payable for Fund shares redeemed	182,488
Distributions payable	79,139
Accrued management fee	20,041
Accrued Trustees' fees	2,179
Other accrued expenses and payables	116,402
Total liabilities	400,249
Net assets, at value	**$ 107,179,776**
Net Assets Consist of	
Distributable earnings (loss)	14,762
Paid-in capital	107,165,014
Net assets, at value	**$ 107,179,776**
Class A Net Asset Value	
Net asset value, offering and redemption price per share ($107,179,776 ÷ 107,248,730 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 1.00**

Statement of Operations

For the year ended December 31, 2018

Investment Income	
Income:	
Interest	$ 1,962,649
Expenses:	
Management fee	246,119
Administration fee	104,731
Services to Shareholders	2,165
Custodian fee	4,360
Professional fees	65,997
Reports to shareholders	84,375
Trustees' fees and expenses	6,653
Other	11,132
Total expenses before expense reductions	525,532
Expense reductions	(798)
Total expenses after expense reductions	524,734
Net investment income	**1,437,915**
Net realized gain (loss) from investments	**(141)**
Net increase (decrease) in net assets resulting from operations	**$ 1,437,774**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 1,437,915	$ 547,826
Net realized gain (loss)	(141)	53
Net increase (decrease) in net assets resulting from operations	1,437,774	547,879
Distributions to shareholders :		
Class A	(1,437,977)	(547,829)*
Fund share transactions:		
Class A		
Proceeds from shares sold	122,763,991	111,220,770
Reinvestment of distributions	1,393,905	514,778
Payments for shares redeemed	(128,197,879)	(122,921,320)
Net increase (decrease) in net assets from Class A share transactions	(4,039,983)	(11,185,772)
Increase (decrease) in net assets	(4,040,186)	(11,185,722)
Net assets at beginning of period	111,219,962	122,405,684
Net assets at end of period	**$ 107,179,776**	**$ 111,219,962****
Other Information:		
Class A		
Shares outstanding at beginning of period	111,288,713	122,474,485
Shares sold	122,763,991	111,220,770
Shares issued to shareholders in reinvestment of distributions	1,393,905	514,778
Shares redeemed	(128,197,879)	(122,921,320)
Net increase (decrease) in Fund shares	(4,039,983)	(11,185,772)
Shares outstanding at end of period	**107,248,730**	**111,288,713**

* Includes distributions from net investment income.

** Includes undistributed net investment income of $14,912.

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

Financial Highlights

Class A	2018	2017	2016	2015	2014
		Years Ended December 31,			
Selected Per Share Data					
Net asset value, beginning of period	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**
Income from investment operations:					
Net investment income	.014	.005	.001[b]	.000*	.000*
Net realized gain (loss)	(.000)*	.000*	.000*	(.000)*	.000*
Total from investment operations	.014	.005	.001	.000*	.000*
Less distributions from:					
Net investment income	(.014)	(.005)	(.001)	(.000)*	(.000)*
Net asset value, end of period	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**	**$ 1.00**
Total Return (%)	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)	107	111	122	134	177
Ratio of expenses before expense reductions (%)[c]	.50	.48	.51	.49	.49
Ratio of expenses after expense reductions (%)[c]	.50	.48	.44	.25	.18
Ratio of net investment income (%)	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.

* Amount is less than $.0005.

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

DWS Government Money Market VIP (formerly Deutsche Government Money Market VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 December 31, 2018 the Fund held repurchase agreements with a gross value of $41,200,000. 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.

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	$ 14,903
Capital loss carryforwards	$ (141)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $107,274,379. In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income	$ 1,437,977	$ 547,829

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

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

Other. Investment transactions are accounted for on a trade date. Interest income is recorded on the accrual basis. Realized gains and losses from investment transactions are recorded on an identified cost basis. All discounts and premiums are accreted/amortized for both tax and financial reporting purposes.

B. Related Parties

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

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

First $500 million	.235%
Next $500 million	.220%
Next $1.0 billion	.205%
Over $2.0 billion	.190%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.235% of the Fund's average daily net assets.

For the period from January 1, 2018 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 year ended December 31, 2018, fees waived and/or expenses reimbursed amounted to $798.

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 year ended December 31, 2018 the Administration Fee was $104,731, of which $8,538 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 year ended December 31, 2018, the amounts charged to the Fund by DSC aggregated $1,773, of which $285 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $8,088 of which $6,061 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 December 31, 2018, three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 45%, 19% and 15%.

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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS Government Money Market VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS Government Money Market VIP (formerly Deutsche Government Money Market VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months December 31, 2018

Actual Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 1,008.20
Expenses Paid per $1,000*	$ 2.53

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 1,025.21
Expenses Paid per $1,000*	$ 2.55

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 184 (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.

Tax Information

(Unaudited)

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered “interested persons” of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund’s Statement of Additional Information (“SAI”) includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

VS2GMM-2 (R-025834-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS High Income VIP

(formerly Deutsche 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

Contents

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

Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. Investments in lower-quality ("junk bonds") and non-rated securities present greater risk of loss than investments in higher-quality securities. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. The Fund may lend securities to approved institutions. Please read the prospectus for details.

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

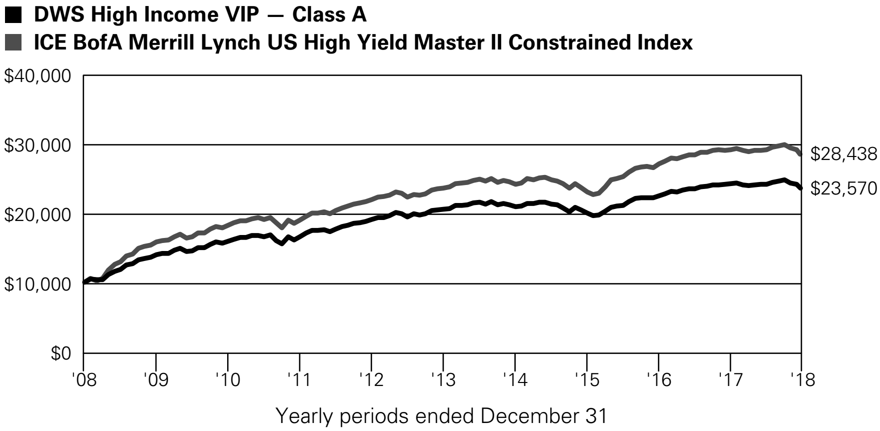
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.78% and 1.15% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment in DWS High Income VIP



ICE BofA Merrill Lynch US High Yield Master II Constrained Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.

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

Comparative Results

DWS High Income VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class A	Growth of $10,000	$9,748	$11,829	$11,470	$23,570
	Average annual total return	–2.52%	5.76%	2.78%	8.95%
ICE BofA Merrill Lynch US High Yield Master II Constrained Index	Growth of $10,000	$9,773	$12,342	$12,068	$28,438
	Average annual total return	–2.27%	7.27%	3.83%	11.02%
DWS High Income VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$9,724	$11,746	$11,302	$22,889
	Average annual total return	–2.76%	5.51%	2.48%	8.63%
ICE BofA Merrill Lynch US High Yield Master II Constrained Index	Growth of $10,000	$9,773	$12,342	$12,068	$28,438
	Average annual total return	–2.27%	7.27%	3.83%	11.02%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

The Fund returned –2.52% in 2018 (Class A shares, unadjusted for contract charges), slightly underperforming the –2.27% return of its benchmark, the ICE BofA ML U.S. High Yield Master II Constrained Index. Much of the downturn for the index occurred in the fourth calendar quarter, when the combination of emerging concerns about the global growth outlook, uncertainty regarding U.S. trade policy, and shifting expectations for interest rates weighed heavily on higher-risk assets across the globe. A sharp drop in oil prices exacerbated the weakness in high yield in the final three months of the year, causing the index to decline 4.67% in that time.

In terms of the Fund's broad positioning, an underweight in the poor-performing oil field services industry contributed to performance, as did an overweight in wireline communications. However, an overweight in chemicals, which lagged, was a detractor. From a ratings perspective, an underweight in lower-rated issues — particularly those rated CCC and below — aided results. Lower-rated bonds, after outperforming in the first nine months of the year, trailed the broader market by a wide margin in the fourth quarter.

At the individual security level, an overweight position in the short-dated bonds of the telecommunications company Frontier Communications Corp. contributed to performance. The bonds moved higher as it became increasingly clear that the company would refinance its near-term maturities. The exploration and production firm MEG Energy Corp., whose bonds rallied after the company became the target of a potential acquisition, also aided Fund performance. A zero weighting in Sanchez Energy Corp. further benefited results. The bonds traded weaker as the downturn in oil prices caused the company to encounter financial difficulties.

Adient Global Holdings Ltd., an automotive parts manufacturing firm that was hurt by operational issues, higher raw material prices, and changes to its senior management team, was a key detractor. Overweights in the energy exploration and production companies Halcon Resources Corp. and Hilcorp Energy LP also weighed on Fund returns, as the decline in oil prices eroded their financial health.

The Fund used derivatives to hedge its modest euro exposure back into U.S. dollars, which had no impact on relative performance. We also used a small investment in the credit default swap index (CDX) to gain short-term exposure to the broad market. The CDX position rose in value, slightly benefiting performance. While we use derivatives periodically for specific purposes, they are not a core aspect of our strategy.

We retain a cautiously positive view on the high-yield market, as we see a low probability of a recession in the near term. In addition, corporate fundamentals are solid and the default rate appears likely to remain low. The use of proceeds from new issuance remains focused on refinancing, which has reduced concerns about near-term maturities for high-yield issuers and contributing to low default expectations. Potential disruptions to this outlook include the possibility of poorly communicated or faster-than-expected tightening by the U.S. Federal Reserve, lingering geopolitical and macroeconomic issues, and/or resurgent global trade tensions. We continue to monitor the overall credit quality and covenant terms of new-issue bonds, as we view an increase in equity-friendly use of proceeds as a possible source of market disruption once the business cycle turns and credit conditions tighten.

We think the recent steep decline in the prices created an opportunity for select high-yield investments to generate favorable total returns. However, even with yield spreads having risen to more compelling levels, we believe fundamental credit analysis remains necessary to identify securities with attractive total return potential relative to the underlying risks. In addition, we seek to recognize broader investment themes that can translate to opportunities from sector allocation.

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Gary Russell, CFA, Managing Director
Thomas R. Bouchard, Director
Lonnie Fox, Director
Portfolio Managers

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **ICE BofA ML US High Yield Master II Constrained Index** tracks the performance of U.S. dollar denominated below-investment-grade corporate debt publicly issued in the U.S. domestic market.

Credit quality measures a bond issuer's ability to repay interest and principal in a timely manner. Rating agencies assign letter designations, such as AAA, AA and so forth. The lower the rating, the higher the probability of default. Credit quality does not remove market risk and is subject to change.

Overweight means a fund holds a higher weighting in a given sector or individual security compared with its benchmark index; **underweight** means a fund holds a lower weighting.

Contribution and **detraction** incorporate both an investment's total return and its weighting in the Fund.

Derivatives are contracts whose values can be based on a variety of instruments, including indices, currencies or securities. They can be utilized for a variety of reasons, including for hedging purposes, for risk management, for non-hedging purposes to seek to enhance potential gains, as a substitute for direct investment in a particular asset class or to keep cash on hand to meet shareholder redemptions. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility.

A **swap** is a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument for a set period of time.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Corporate Bonds	83%	93%
Cash Equivalent	8%	4%
Loan Participations and Assignments	6%	—
Convertible Bonds	3%	3%
Common Stocks	0%	0%
Warrants	0%	0%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Communication Services	23%	21%
Energy	22%	23%
Materials	17%	18%
Consumer Discretionary	10%	12%
Health Care	10%	7%
Industrials	7%	7%
Real Estate	3%	2%
Utilities	3%	4%
Information Technology	2%	3%
Consumer Staples	2%	2%
Financials	1%	1%
	100%	100%

Quality (As a % of Investment Portfolio excluding Cash Equivalent and Securities Lending Collateral)	**12/31/18**	**12/31/17**
BBB	10%	5%
BB	56%	54%
B	28%	34%
CCC	2%	3%
Not Rated	4%	4%
	100%	100%

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

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Principal Amount ($)(a)	Value ($)
Corporate Bonds 83.5%		
Communication Services 17.0%		
Altice France SA:		
144A, 7.375%, 5/1/2026	910,000	834,925
144A, 8.125%, 2/1/2027	200,000	188,500
Altice Luxembourg SA, 144A, 7.75%, 5/15/2022	243,000	221,130
CCO Holdings LLC:		
144A, 5.0%, 2/1/2028	150,000	138,000
144A, 5.125%, 5/1/2027	125,000	116,425
5.25%, 9/30/2022	680,000	674,050
144A, 5.5%, 5/1/2026	210,000	201,862
144A, 5.875%, 4/1/2024	170,000	169,150
144A, 5.875%, 5/1/2027	200,000	194,000
CenturyLink, Inc.:		
Series V, 5.625%, 4/1/2020	180,000	179,100
Series W, 6.75%, 12/1/2023 (b)	90,000	86,738
Clear Channel Worldwide Holdings, Inc., Series A, 6.5%, 11/15/2022	180,000	178,200
CSC Holdings LLC:		
144A, 5.125%, 12/15/2021	437,000	428,260
144A, 5.5%, 4/15/2027	345,000	320,850
144A, 7.5%, 4/1/2028	200,000	199,500
144A, 10.875%, 10/15/2025	230,000	258,462
DISH DBS Corp.:		
5.875%, 7/15/2022	260,000	239,200
5.875%, 11/15/2024	135,000	108,675
7.75%, 7/1/2026	60,000	49,650
Frontier Communications Corp.:		
7.125%, 1/15/2023	440,000	248,600
10.5%, 9/15/2022	50,000	34,750
11.0%, 9/15/2025	80,000	49,796
Intelsat Jackson Holdings SA:		
144A, 8.5%, 10/15/2024	215,000	208,550
144A, 9.75%, 7/15/2025	170,000	170,476
Netflix, Inc.:		
4.375%, 11/15/2026 (b)	180,000	163,350
144A, 4.625%, 5/15/2029	EUR 130,000	145,986
5.875%, 2/15/2025	60,000	60,525
Sirius XM Radio, Inc., 144A, 3.875%, 8/1/2022	300,000	285,000
SoftBank Group Corp., REG S, 5.0%, 4/15/2028	EUR 100,000	110,777
Sprint Capital Corp.:		
6.875%, 11/15/2028	85,000	80,325
8.75%, 3/15/2032	115,000	121,325
Sprint Corp.:		
7.125%, 6/15/2024	805,000	797,224
7.625%, 3/1/2026	135,000	133,312
T-Mobile U.S.A., Inc.:		
4.75%, 2/1/2028	65,000	58,825
6.0%, 4/15/2024	164,000	164,000
6.5%, 1/15/2026	10,000	10,200
Telesat Canada, 144A, 8.875%, 11/15/2024	130,000	135,200
ViaSat, Inc., 144A, 5.625%, 9/15/2025	55,000	50,600
Virgin Media Secured Finance PLC:		
144A, 5.25%, 1/15/2026	200,000	183,250
144A, 5.5%, 8/15/2026	215,000	198,843
Zayo Group LLC:		
144A, 5.75%, 1/15/2027	240,000	214,200
6.0%, 4/1/2023	185,000	175,308
6.375%, 5/15/2025	281,000	261,330
		8,848,429
Consumer Discretionary 9.0%		
Adient Global Holdings Ltd., REG S, 3.5%, 8/15/2024	EUR 185,000	170,096
Ally Financial, Inc., 5.75%, 11/20/2025 (b)	110,000	109,450
American Axle & Manufacturing, Inc.:		
6.25%, 4/1/2025 (b)	160,000	145,600
6.25%, 3/15/2026	65,000	58,338
Asbury Automotive Group, Inc., 6.0%, 12/15/2024	219,000	209,692
Ashtead Capital, Inc., 144A, 5.25%, 8/1/2026	240,000	231,600
Ashton Woods U.S.A. LLC, 144A, 6.75%, 8/1/2025	165,000	143,550
Boyd Gaming Corp.:		
6.0%, 8/15/2026	160,000	149,600
6.875%, 5/15/2023	100,000	101,000
Cumberland Farms, Inc., 144A, 6.75%, 5/1/2025	48,000	48,240
Dana Financing Luxembourg Sarl:		
144A, 5.75%, 4/15/2025	155,000	144,537
144A, 6.5%, 6/1/2026	160,000	153,400
Dana, Inc., 5.5%, 12/15/2024	65,000	60,450
Eldorado Resorts Inc, 144A, 6.0%, 9/15/2026	173,000	163,485
Fiat Chrysler Automobiles NV, 5.25%, 4/15/2023	445,000	435,544
Group 1 Automotive, Inc., 5.0%, 6/1/2022	80,000	75,800
HD Supply, Inc., 144A, 5.375%, 10/15/2026	190,000	184,300
Lennar Corp.:		
4.75%, 11/15/2022	110,000	106,700
4.75%, 11/29/2027	120,000	108,300
5.0%, 6/15/2027	50,000	45,625
Merlin Entertainments PLC, 144A, 5.75%, 6/15/2026	200,000	197,500
MGM Resorts International, 5.75%, 6/15/2025	190,000	183,350
NCL Corp., Ltd., 144A, 4.75%, 12/15/2021	93,000	92,303
Netflix, Inc., 144A, 5.875%, 11/15/2028	71,000	68,991
Penn National Gaming, Inc., 144A, 5.625%, 1/15/2027	80,000	71,600
Penske Automotive Group, Inc., 5.5%, 5/15/2026	165,000	153,450
Rivers Pittsburgh Borrower LP, 144A, 6.125%, 8/15/2021	50,000	48,500
Seminole Hard Rock Entertainment, Inc., 144A, 5.875%, 5/15/2021	90,000	89,775
Sonic Automotive, Inc., 6.125%, 3/15/2027	55,000	48,125
Stars Group Holdings BV, 144A, 7.0%, 7/15/2026	200,000	194,500

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

	Principal Amount ($)(a)	Value ($)
Suburban Propane Partners LP, 5.75%, 3/1/2025	105,000	96,075
Toll Brothers Finance Corp., 4.35%, 2/15/2028	127,000	108,585
TRI Pointe Group, Inc., 5.25%, 6/1/2027	135,000	105,259
United Rentals North America, Inc., 6.5%, 12/15/2026	125,000	123,125
Viking Cruises Ltd., 144A, 5.875%, 9/15/2027	205,000	191,162
WMG Acquisition Corp., 144A, 5.0%, 8/1/2023	75,000	72,938
		4,690,545
Consumer Staples 2.1%		
Cott Holdings, Inc., 144A, 5.5%, 4/1/2025	225,000	212,063
FAGE International SA, 144A, 5.625%, 8/15/2026	220,000	188,100
JBS U.S.A. LUX SA:		
144A, 5.75%, 6/15/2025	210,000	200,550
144A, 6.75%, 2/15/2028	235,000	229,125
Pilgrim's Pride Corp.:		
144A, 5.75%, 3/15/2025	50,000	46,875
144A, 5.875%, 9/30/2027	150,000	136,125
Simmons Foods, Inc., 144A, 5.75%, 11/1/2024	100,000	71,000
		1,083,838
Energy 20.3%		
Antero Midstream Partners LP, 5.375%, 9/15/2024	125,000	116,563
Antero Resources Corp.:		
5.125%, 12/1/2022	100,000	94,000
5.375%, 11/1/2021	420,000	405,300
5.625%, 6/1/2023	45,000	42,750
Ascent Resources Utica Holdings LLC, 144A, 7.0%, 11/1/2026	85,000	76,925
Blue Racer Midstream LLC, 144A, 6.125%, 11/15/2022	295,000	284,675
Carrizo Oil & Gas, Inc., 8.25%, 7/15/2025	100,000	98,000
Cheniere Corpus Christi Holdings LLC:		
5.125%, 6/30/2027	230,000	217,131
5.875%, 3/31/2025	165,000	164,175
7.0%, 6/30/2024	470,000	495,850
Cheniere Energy Partners LP, 144A, 5.625%, 10/1/2026	160,000	149,600
Chesapeake Energy Corp.:		
7.5%, 10/1/2026	80,000	68,400
8.0%, 1/15/2025 (b)	165,000	145,613
8.0%, 6/15/2027	315,000	264,600
CNX Midstream Partners LP, 144A, 6.5%, 3/15/2026	107,000	101,650
Crestwood Midstream Partners LP:		
5.75%, 4/1/2025	65,000	60,288
6.25%, 4/1/2023	245,000	235,812
DCP Midstream Operating LP:		
3.875%, 3/15/2023	100,000	93,750
5.375%, 7/15/2025	215,000	210,162
Diamondback Energy, Inc.:		
144A, 4.75%, 11/1/2024	220,000	212,300
4.75%, 11/1/2024	125,000	120,625

	Principal Amount ($)(a)	Value ($)
Endeavor Energy Resources LP:		
144A, 5.5%, 1/30/2026	35,000	35,875
144A, 5.75%, 1/30/2028	35,000	35,707
Energy Transfer LP, 5.5%, 6/1/2027	145,000	141,375
Extraction Oil & Gas, Inc., 144A, 5.625%, 2/1/2026	135,000	98,550
Genesis Energy LP:		
6.25%, 5/15/2026	215,000	184,362
6.5%, 10/1/2025	305,000	268,400
Gulfport Energy Corp.:		
6.0%, 10/15/2024	60,000	53,100
6.375%, 5/15/2025	100,000	88,500
6.375%, 1/15/2026	150,000	129,750
Halcon Resources Corp., 6.75%, 2/15/2025	125,000	91,250
Hilcorp Energy I LP:		
144A, 5.0%, 12/1/2024	105,000	92,925
144A, 5.75%, 10/1/2025	245,000	218,050
144A, 6.25%, 11/1/2028	205,000	180,400
Holly Energy Partners LP, 144A, 6.0%, 8/1/2024	225,000	220,500
Jagged Peak Energy LLC, 144A, 5.875%, 5/1/2026	74,000	68,820
Laredo Petroleum, Inc.:		
5.625%, 1/15/2022	70,000	62,825
6.25%, 3/15/2023 (b)	215,000	192,962
Matador Resources Co., 5.875%, 9/15/2026	134,000	123,280
MEG Energy Corp., 144A, 6.5%, 1/15/2025	234,000	237,510
Murphy Oil U.S.A., Inc., 5.625%, 5/1/2027	65,000	62,400
Nabors Industries, Inc.:		
5.5%, 1/15/2023 (b)	15,000	11,906
5.75%, 2/1/2025	80,000	60,566
NuStar Logistics LP, 5.625%, 4/28/2027	236,000	220,070
Oasis Petroleum, Inc.:		
6.875%, 3/15/2022 (b)	138,000	130,065
6.875%, 1/15/2023	60,000	55,425
Parsley Energy LLC:		
144A, 5.25%, 8/15/2025	55,000	49,775
144A, 5.375%, 1/15/2025	85,000	78,200
144A, 5.625%, 10/15/2027	120,000	109,050
PDC Energy, Inc., 6.125%, 9/15/2024	150,000	138,750
Peabody Energy Corp., 144A, 6.0%, 3/31/2022	295,000	286,150
Precision Drilling Corp., 144A, 7.125%, 1/15/2026	110,000	94,600
Range Resources Corp.:		
4.875%, 5/15/2025	125,000	102,500
5.0%, 8/15/2022	305,000	272,975
5.0%, 3/15/2023	125,000	110,000
5.875%, 7/1/2022	140,000	129,500
Resolute Energy Corp., 8.5%, 5/1/2020	31,000	30,535
Shelf Drilling Holdings Ltd., 144A, 8.25%, 2/15/2025	180,000	153,900
Southwestern Energy Co.:		
6.2%, 1/23/2025	60,000	53,625
7.75%, 10/1/2027	330,000	313,500

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

	Principal Amount ($)(a)	Value ($)
Sunoco LP:		
5.5%, 2/15/2026	130,000	123,175
5.875%, 3/15/2028	35,000	32,738
Targa Resources Partners LP:		
4.25%, 11/15/2023	210,000	194,512
5.0%, 1/15/2028	235,000	212,675
5.375%, 2/1/2027	260,000	243,750
144A, 5.875%, 4/15/2026	113,000	109,893
Transocean, Inc., 144A, 9.0%, 7/15/2023	110,000	109,450
U.S.A. Compression Partners LP, 144A, 6.875%, 4/1/2026	142,000	136,320
Weatherford International Ltd.:		
4.5%, 4/15/2022 (b)	190,000	111,150
8.25%, 6/15/2023	70,000	42,000
Whiting Petroleum Corp., 5.75%, 3/15/2021	300,000	285,000
WPX Energy, Inc.:		
5.25%, 9/15/2024	145,000	131,225
6.0%, 1/15/2022	43,000	41,818
8.25%, 8/1/2023	105,000	109,725
		10,529,233
Financials 1.1%		
CIT Group, Inc.:		
4.75%, 2/16/2024	210,000	202,125
4.125%, 3/9/2021	15,000	14,775
CNO Financial Group, Inc., 5.25%, 5/30/2025	100,000	95,250
Lincoln Finance Ltd., 144A, 7.375%, 4/15/2021	105,000	106,313
Tempo Acquisition LLC, 144A, 6.75%, 6/1/2025	75,000	69,375
Travelport Corporate Finance PLC, 144A, 6.0%, 3/15/2026	101,000	102,010
		589,848
Health Care 8.9%		
Avantor, Inc., 144A, 6.0%, 10/1/2024	70,000	68,775
Bausch Health Companies, Inc.:		
144A, 5.625%, 12/1/2021	97,000	95,545
144A, 5.875%, 5/15/2023	170,000	157,250
144A, 6.125%, 4/15/2025	150,000	130,875
144A, 6.5%, 3/15/2022	105,000	105,525
144A, 7.0%, 3/15/2024	255,000	257,550
144A, 8.5%, 1/31/2027	275,000	266,750
144A, 9.25%, 4/1/2026	85,000	85,000
Centene Corp., 144A, 5.375%, 6/1/2026	95,000	92,388
Charles River Laboratories International, Inc., 144A, 5.5%, 4/1/2026	20,000	19,700
DaVita, Inc.:		
5.0%, 5/1/2025	110,000	99,825
5.125%, 7/15/2024	110,000	103,125
Endo Dac, 144A, 6.0%, 7/15/2023	195,000	148,688
HCA, Inc.:		
5.625%, 9/1/2028	340,000	328,100
4.75%, 5/1/2023	360,000	354,600
5.25%, 6/15/2026	580,000	575,650
5.375%, 9/1/2026	170,000	165,325
5.875%, 2/15/2026	190,000	189,050
Mallinckrodt International Finance SA, 144A, 5.625%, 10/15/2023 (b)	100,000	76,000
Tenet Healthcare Corp.:		
4.5%, 4/1/2021	90,000	87,525
5.125%, 5/1/2025	225,000	209,812
6.75%, 6/15/2023 (b)	45,000	42,244
7.0%, 8/1/2025	25,000	23,125
Teva Pharmaceutical Finance Netherlands III BV:		
2.2%, 7/21/2021	335,000	307,936
6.0%, 4/15/2024	250,000	240,803
6.75%, 3/1/2028	200,000	193,788
WellCare Health Plans, Inc., 144A, 5.375%, 8/15/2026	210,000	202,650
		4,627,604
Industrials 6.5%		
Bombardier, Inc.:		
144A, 5.75%, 3/15/2022	230,000	214,475
144A, 6.0%, 10/15/2022	283,000	265,312
BWX Technologies, Inc., 144A, 5.375%, 7/15/2026	30,000	28,866
Covanta Holding Corp.:		
5.875%, 3/1/2024	160,000	150,400
5.875%, 7/1/2025	85,000	78,200
DAE Funding LLC:		
144A, 4.5%, 8/1/2022	8,000	7,680
144A, 5.0%, 8/1/2024	25,000	24,188
144A, 5.75%, 11/15/2023	115,000	113,850
Energizer Gamma Acquisition, Inc., 144A, 6.375%, 7/15/2026	120,000	110,100
Meritor, Inc., 6.25%, 2/15/2024	75,000	71,625
Moog, Inc., 144A, 5.25%, 12/1/2022	120,000	119,100
Novelis Corp.:		
144A, 5.875%, 9/30/2026	230,000	203,550
144A, 6.25%, 8/15/2024	290,000	272,600
Park Aerospace Holdings Ltd.:		
144A, 4.5%, 3/15/2023	310,000	289,850
144A, 5.25%, 8/15/2022	327,000	316,372
144A, 5.5%, 2/15/2024	245,000	236,425
Prime Security Services Borrower LLC, 144A, 9.25%, 5/15/2023	4,000	4,125
Summit Materials LLC, 6.125%, 7/15/2023	200,000	198,000
Tennant Co., 5.625%, 5/1/2025	30,000	28,275
TransDigm, Inc., 5.5%, 10/15/2020	150,000	148,875
United Rentals North America, Inc., 5.75%, 11/15/2024	540,000	519,750
		3,401,618
Information Technology 1.8%		
Cardtronics, Inc., 144A, 5.5%, 5/1/2025	95,000	87,875
Change Healthcare Holdings LLC, 144A, 5.75%, 3/1/2025	210,000	195,825
Dell International LLC, 144A, 5.875%, 6/15/2021	110,000	109,881
Fair Isaac Corp., 144A, 5.25%, 5/15/2026	130,000	125,775
First Data Corp., 144A, 5.375%, 8/15/2023	175,000	171,938
Refinitiv U.S. Holdings, Inc., 144A, 8.25%, 11/15/2026	85,000	77,669

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

	Principal Amount ($)(a)	Value ($)
TTM Technologies, Inc., 144A, 5.625%, 10/1/2025	155,000	144,150
		913,113
Materials 12.0%		
AK Steel Corp.:		
6.375%, 10/15/2025 (b)	100,000	77,000
7.0%, 3/15/2027	60,000	46,800
7.5%, 7/15/2023	340,000	337,450
Ardagh Packaging Finance PLC, 144A, 6.0%, 2/15/2025	220,000	203,086
Axalta Coating Systems LLC, 144A, 4.875%, 8/15/2024	175,000	165,375
Berry Global, Inc., 5.5%, 5/15/2022	315,000	313,425
BWAY Holding Co., 144A, 5.5%, 4/15/2024	175,000	164,500
Cascades, Inc., 144A, 5.5%, 7/15/2022	26,000	25,350
CF Industries, Inc., 3.45%, 6/1/2023	145,000	134,850
Chemours Co.:		
5.375%, 5/15/2027	115,000	103,500
6.625%, 5/15/2023	99,000	99,990
7.0%, 5/15/2025	60,000	60,450
Clearwater Paper Corp., 144A, 5.375%, 2/1/2025	110,000	99,275
Constellium NV:		
144A, 4.625%, 5/15/2021	EUR 150,000	170,646
144A, 5.75%, 5/15/2024	250,000	230,000
144A, 6.625%, 3/1/2025	250,000	231,875
Flex Acquisition Co., Inc, 144A, 7.875%, 7/15/2026	165,000	148,500
Freeport-McMoRan, Inc.:		
3.55%, 3/1/2022	440,000	416,350
3.875%, 3/15/2023	115,000	106,375
4.0%, 11/14/2021	180,000	175,050
5.4%, 11/14/2034	65,000	51,188
5.45%, 3/15/2043	18,000	13,703
Hexion, Inc.:		
6.625%, 4/15/2020	165,000	131,587
144A, 10.375%, 2/1/2022	40,000	31,900
Hudbay Minerals, Inc.:		
144A, 7.25%, 1/15/2023	175,000	172,812
144A, 7.625%, 1/15/2025 (b)	150,000	146,625
Kaiser Aluminum Corp., 5.875%, 5/15/2024	145,000	141,737
Kronos International, Inc., REG S, 3.75%, 9/15/2025	EUR 100,000	102,545
Mercer International, Inc., 6.5%, 2/1/2024	110,000	107,525
NOVA Chemicals Corp.:		
144A, 4.875%, 6/1/2024	185,000	166,962
144A, 5.25%, 6/1/2027	140,000	123,900
Platform Specialty Products Corp.:		
144A, 5.875%, 12/1/2025	85,000	79,475
144A, 6.5%, 2/1/2022	290,000	290,000
Reynolds Group Issuer, Inc.:		
144A, 5.125%, 7/15/2023	290,000	276,225
144A, 7.0%, 7/15/2024	35,000	33,338
Teck Resources Ltd.:		
6.125%, 10/1/2035	225,000	214,875
6.25%, 7/15/2041	330,000	312,675
Tronox Finance PLC, 144A, 5.75%, 10/1/2025	66,000	53,460
Tronox, Inc., 144A, 6.5%, 4/15/2026 (b)	122,000	101,260
United States Steel Corp.:		
6.25%, 3/15/2026	64,000	56,000
6.875%, 8/15/2025	295,000	269,925
WR Grace & Co-Conn, 144A, 5.125%, 10/1/2021	65,000	64,350
		6,251,914
Real Estate 2.4%		
CyrusOne LP:		
(REIT), 5.0%, 3/15/2024	200,000	196,000
(REIT), 5.375%, 3/15/2027	165,000	160,050
Iron Mountain, Inc.:		
144A, (REIT), 5.25%, 3/15/2028	115,000	101,488
5.75%, 8/15/2024	130,000	123,500
(REIT), 6.0%, 8/15/2023	300,000	303,750
MPT Operating Partnership LP, (REIT), 6.375%, 3/1/2024	170,000	174,250
SBA Communications Corp., (REIT), 4.0%, 10/1/2022	215,000	204,787
		1,263,825
Utilities 2.4%		
AmeriGas Partners LP:		
5.5%, 5/20/2025	205,000	187,575
5.75%, 5/20/2027	110,000	97,350
Calpine Corp.:		
144A, 5.25%, 6/1/2026	90,000	82,125
5.75%, 1/15/2025	45,000	41,175
NGL Energy Partners LP, 5.125%, 7/15/2019	140,000	138,950
NRG Energy, Inc., 5.75%, 1/15/2028	200,000	192,000
Vistra Energy Corp.:		
5.875%, 6/1/2023	70,000	70,000
7.625%, 11/1/2024	264,000	278,520
Vistra Operations Co., LLC, 144A, 5.5%, 9/1/2026	175,000	168,438
		1,256,133
Total Corporate Bonds (Cost $46,342,438)		**43,456,100**

Loan Participations and Assignments 5.4%

Senior Loans**

	Principal Amount ($)(a)	Value ($)
AMC Entertainment Holdings, Inc., Term Loan, USD LIBOR + 2.250%, 12/15/2022 (c)	110,000	106,178
Axalta Coating Systems U.S. Holdings, Inc., Term Loan B3, 3-month USD LIBOR + 1.750%, 4.553%, 6/1/2024	198,998	188,135
CenturyLink, Inc., Term Loan B, 1-month USD LIBOR + 2.750%, 5.272%, 1/31/2025	1,326,799	1,242,547
CSC Holdings LLC, First Lien Term Loan, 1-month USD LIBOR + 2.250%, 4.705%, 7/17/2025	238,187	226,754
First Data Corp., Term Loan, USD LIBOR + 2.00%, 7/8/2022 (c)	250,000	240,820

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

	Principal Amount ($)(a)	Value ($)
Mediacom Illinois LLC, Term Loan N, USD LIBOR + 1.750%, 2/15/2024 (c)	225,000	215,251
Sprint Communications, Inc., First Lien Term Loan B, USD LIBOR + 2.500%, 2/2/2024 (c)	150,000	143,126
TransDigm, Inc., Term Loan F, USD LIBOR + 2.500%, 6/9/2023 (c)	139,648	132,142
Unitymedia Finance LLC, Term Loan D, 1-month USD LIBOR + 2.250%, 4.705%, 1/15/2026	88,493	85,690
UPC Financing Partnership, Term Loan AR, USD LIBOR + 2.500%, 1/15/2026 (c)	225,000	214,705
Total Loan Participations and Assignments (Cost $2,914,744)		**2,795,348**

Convertible Bonds 3.3%

Communication Services 0.1%

DISH Network Corp., 2.375%, 3/15/2024	35,000	**27,866**

Materials 3.2%

GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.707%** PIK, 10/18/2025 (d)	1,585,459	**1,710,710**
Total Convertible Bonds (Cost $1,612,280)		**1,738,576**

	Shares	Value ($)

Common Stocks 0.2%

Industrials 0.0%

Quad Graphics, Inc.	287	**3,536**

Materials 0.2%

	Shares	Value ($)
GEO Specialty Chemicals, Inc.* (d)	927,264	116,001
GEO Specialty Chemicals, Inc. 144A* (d)	2,206	276
		116,277
Total Common Stocks (Cost $502,972)		**119,813**

Warrant 0.1%

Materials

Hercules Trust II, Expiration Date 3/31/2029* (d) (Cost $244,286)	1,100	**27,119**

Securities Lending Collateral 2.8%

DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares, 2.29% (e) (f) (Cost $1,464,490)	1,464,490	**1,464,490**

Cash Equivalent 8.4%

DWS Central Cash Management Government Fund, 2.41% (e) (Cost $4,341,875)	4,341,875	**4,341,875**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $57,423,085)	103.7	**53,943,321**
Other Assets and Liabilities, Net	(3.7)	**(1,920,340)**
Net Assets	100.0	**52,022,981**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 2.8%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (e) (f)								
1,697,463	—	232,973 (g)	—	—	33,635	—	1,464,490	1,464,490
Cash Equivalent 8.4%								
DWS Central Cash Management Government Fund, 2.41% (e)								
2,240,926	25,477,738	23,376,789	—	—	69,371	—	4,341,875	4,341,875
3,938,389	**25,477,738**	**23,609,762**	**—**	**—**	**103,006**	**—**	**5,806,365**	**5,806,365**

* Non-income producing security.

** Variable or floating rate security. These securities are shown at their current rate as of December 31, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

(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 December 31, 2018 amounted to $1,401,654, which is 2.7% of net assets.

(c) All or a portion of the security represents unsettled loan commitments at December 31, 2018 where the rate will be determined at time of settlement.

(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.

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

(f) Represents 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 for the year ended December 31, 2018.

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

LIBOR: London Interbank Offered Rate

PIK: Denotes that all or a portion of the income is paid in-kind in the form of additional principal.

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

REIT: Real Estate Investment Trust

As of December 31, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Depreciation ($)	Counterparty
EUR	627,271	USD	719,179	1/31/2019	(1,436)	Bank of America

Currency Abbreviations

EUR	Euro
USD	United States Dollar

For information on the Fund's policy and additional disclosures regarding forward foreign currency contracts, please refer to the Derivatives section of Note 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 December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed Income Investments (h)				
Corporate Bonds	$ —	$43,456,100	$ —	$43,456,100
Loan Participations and Assignments	—	2,795,348	—	2,795,348
Convertible Bonds	—	27,866	1,710,710	1,738,576
Common Stocks (h)	3,536	—	116,277	119,813
Warrant	—	—	27,119	27,119
Short-Term Investments (h)	5,806,365	—	—	5,806,365
Total	**$5,809,901**	**$46,279,314**	**$1,854,106**	**$53,943,321**

Liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives (i)				
Forward Foreign Currency Exchange Contracts	$ —	$ (1,436)	$ —	$ (1,436)
Total	**$ —**	**$ (1,436)**	**$ —**	**$ (1,436)**

(h) See Investment Portfolio for additional detailed categorizations.

(i) Derivatives include unrealized appreciation (depreciation) on open forward foreign currency contract.

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

Level 3 Reconciliation

The following is a reconciliation of the Fund's Level 3 investments for which significant unobservable inputs were used in determining value:

	Convertible Bonds	Common Stocks	Warrant	Total
Balance as of December 31, 2017	**$ 1,950,703**	**$ 49,368**	**$29,732**	**$2,029,803**
Realized gains (loss)	—	—	—	**—**
Change in unrealized appreciation (depreciation)	(283,013)	(143,913)	(2,613)	**(429,539)**
Amortization of premium/accretion of discount	229	—	—	**229**
Purchases/PIK	42,791	210,822	—	**253,613**
(Sales)	—	—	—	**—**
Transfer into Level 3	—	—	—	**—**
Transfer (out) of Level 3	—	—	—	**—**
Balance as of December 31, 2018	**$ 1,710,710**	**$ 116,277**	**$27,119**	**$1,854,106**
Net change in unrealized appreciation (depreciation) from investments still held as of December 31, 2018	**$ (283,013)**	**$(143,913)**	**$ (2,613)**	**$ (429,539)**

Quantitative Disclosure About Significant Unobservable Inputs

Asset Class	Fair Value at 12/31/18	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Common Stocks				
Materials	$116,277	Market Approach	EBITDA Multiple	5.56%
			Discount for lack of marketability	22%
Warrant				
Materials	$27,119	Black Scholes Option Pricing Model	Implied Volatility of Option	21.61%
			Discount for lack of marketability	20%
Convertible Bond				
Materials	$1,710,710	Option Pricing Model	Implied Volatility of Option	45%
			Discount Rate	18.38%
			EBITDA Multiple	5.56%
			Discount for lack of marketability	22%

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 enterprise value (EV) to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio with a discount for lack of marketability; implied volatility of option; and discount rate. A significant change in the EV to EBITDA ratio and implied volatility of option may result in a significant change in the fair value measurement, while a significant change in the discount for lack of marketability and discount rate are unlikely to result in a materially higher or lower fair value measurement.

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's commonstock investment include enterprise value (EV) to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio with a discount for lack of marketability. A significant change in the EV to EBITDA ratio may result in a significant change in the fair value measurement, while a significant change in the discount for lack of marketability is unlikely to result in a materially higher or lower fair value measurement.

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's warrants include volatility and discount for lack of marketability. A change in the volatility of the underlying asset as an input to the Black-Scholes model may have a significant change in the fair value measurement. A significant change in the discount for lack of marketability is unlikely to have a material impact to the fair value measurement.

A significant change in the broker quotes for the Fund's senior loan investments could have a material change on the fair value measurement.

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

Statement of Assets and Liabilities

as of December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $51,616,720) — including $1,401,654 of securities loaned	$48,136,956
Investment in DWS Government & Agency Securities Portfolio (cost $1,464,490)*	1,464,490
Investment in DWS Central Cash Management Government Fund (cost $4,341,875)	4,341,875
Foreign currency, at value (cost $10,056)	10,057
Receivable for investments sold	3,852
Receivable for Fund shares sold	2,489
Interest receivable	792,585
Due from Advisor	10,933
Other assets	1,446
Total assets	54,764,683
Liabilities	
Payable upon return of securities loaned	1,464,490
Payable for investments purchased	1,075,792
Payable for Fund shares redeemed	55,350
Unrealized depreciation on forward foreign currency contracts	1,436
Accrued Trustees' fees	1,709
Other accrued expenses and payables	142,925
Total liabilities	2,741,702
Net assets, at value	**$52,022,981**
Net Assets Consist of	
Distributable earnings (loss)	(6,881,707)
Paid-in capital	58,904,688
Net assets, at value	**$52,022,981**
Net Asset Value	
Class A	
Net Asset Value, offering and redemption price per share ($51,888,699 ÷ 9,081,584 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 5.71**
Class B	
Net Asset Value, offering and redemption price per share ($134,282 ÷ 23,418 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 5.73**

* Represents collateral on securities loaned.

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income:	
Interest	$ 3,439,837
Income distributions — DWS Central Cash Management Government Fund	69,371
Securities lending income, net of borrower rebates	33,635
Total income	3,542,843
Expenses:	
Management fee	290,414
Administration fee	58,083
Services to Shareholders	1,012
Record keeping fee (Class B)	206
Distribution service fees (Class B)	417
Custodian fee	20,838
Professional fees	94,343
Reports to shareholders	43,566
Trustees' fees and expenses	4,511
Pricing service fee	30,287
Other	4,728
Total expenses before expense reductions	548,405
Expense reductions	(148,560)
Total expenses after expense reductions	399,845
Net investment income	**3,142,998**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from:	
Investments	(202,767)
Swap contracts	2,106
Forward foreign currency contracts	23,762
Foreign currency	243
	(176,656)
Change in net unrealized appreciation (depreciation) on:	
Investments	(4,261,780)
Forward foreign currency contracts	5,480
Foreign currency	(26)
	(4,256,326)
Net gain (loss)	**(4,432,982)**
Net increase (decrease) in net assets resulting from operations	**$(1,289,984)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 3,142,998	$ 4,649,907
Net realized gain (loss)	(176,656)	3,495,016
Change in net unrealized appreciation (depreciation)	(4,256,326)	(975,421)
Net increase (decrease) in net assets resulting from operations	(1,289,984)	7,169,502
Distributions to shareholders:		
Class A	(4,670,013)	(5,780,980)
Class B	(14,079)	(94,574)
Total distributions	(4,684,092)	(5,875,554)*
Fund share transactions:		
Class A		
Proceeds from shares sold	4,796,087	12,759,797
Reinvestment of distributions	4,670,013	5,780,980
Payments for shares redeemed	(12,180,108)	(58,823,711)
Net increase (decrease) in net assets from Class A share transactions	(2,714,008)	(40,282,934)
Class B		
Proceeds from shares sold	63,056	120,675
Reinvestment of distributions	14,079	94,574
Payments for shares redeemed	(64,199)	(1,640,132)
Net increase (decrease) in net assets from Class B share transactions	12,936	(1,424,883)
Increase (decrease) in net assets	(8,675,148)	(40,413,869)
Net assets at beginning of period	60,698,129	101,111,998
Net assets at end of period	**$ 52,022,981**	**$ 60,698,129****

Other Information		
Class A		
Shares outstanding at beginning of period	9,527,083	15,845,238
Shares sold	775,176	2,017,781
Shares issued to shareholders in reinvestment of distributions	803,789	946,151
Shares redeemed	(2,024,464)	(9,282,087)
Net increase (decrease) in Class A shares	(445,499)	(6,318,155)
Shares outstanding at end of period	**9,081,584**	**9,527,083**
Class B		
Shares outstanding at beginning of period	21,761	254,095
Shares sold	9,962	18,818
Shares issued to shareholders in reinvestment of distributions	2,411	15,403
Shares redeemed	(10,716)	(266,555)
Net increase (decrease) in Class B shares	1,657	(232,334)
Shares outstanding at end of period	**23,418**	**21,761**

* Includes distributions from net investment income.
** Includes undistributed net investment income of $4,654,101.

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

Financial Highlights

Class A	2018	Years Ended December 31, 2017	2016	2015	2014
Selected Per Share Data					
Net asset value, beginning of period	**$ 6.36**	**$6.28**	**$ 5.93**	**$ 6.60**	**$6.96**
Income (loss) from investment operations:					
Net investment income[a]	.33	.31	.32	.32	.36
Net realized and unrealized gain (loss)	(.48)	.15	.41	(.58)	(.25)
Total from investment operations	(.15)	.46	.73	(.26)	.11
Less distributions from: Net investment income	(.50)	(.38)	(.38)	(.41)	(.47)
Net asset value, end of period	**$ 5.71**	**$6.36**	**$ 6.28**	**$ 5.93**	**$6.60**
Total Return (%)[b]	(2.52)	7.51	12.87	(4.44)	1.47
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	52	61	100	101	135
Ratio of expenses before expense reductions (%)[c]	.94	.78	.80	.75	.75
Ratio of expenses after expense reductions (%)[c]	.69	.72	.72	.72	.73
Ratio of net investment income (%)	5.41	4.98	5.38	5.09	5.21
Portfolio turnover rate (%)	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.

Class B	2018	Years Ended December 31, 2017	2016	2015	2014
Selected Per Share Data					
Net asset value, beginning of period	**$ 6.38**	**$6.30**	**$ 5.94**	**$ 6.63**	**$6.99**
Income (loss) from investment operations:					
Net investment income[a]	.31	.31	.31	.32	.35
Net realized and unrealized gain (loss)	(.48)	.13	.41	(.61)	(.26)
Total from investment operations	(.17)	.44	.72	(.29)	.09
Less distributions from: Net investment income	(.48)	(.36)	(.36)	(.40)	(.45)
Net asset value, end of period	**$ 5.73**	**$6.38**	**$ 6.30**	**$ 5.94**	**$6.63**
Total Return (%)[b]	(2.76)	7.21	12.67	(4.95)	1.22
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	.1	.1	2	3	.03
Ratio of expenses before expense reductions (%)[c]	1.34	1.15	1.21	1.14	1.13
Ratio of expenses after expense reductions (%)[c]	.96	.98	.98	1.02	.97
Ratio of net investment income (%)	5.14	4.88	5.15	4.86	5.09
Portfolio turnover rate (%)	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.

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

DWS High Income VIP (formerly Deutsche High Income VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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

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

Debt securities and loan participations and assignments are valued at prices supplied by independent pricing services approved by the Fund's Board. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, prepayment speeds and other data, as well as broker quotes. If the pricing services are unable to provide valuations, debt securities are valued at the average of the most recent reliable bid quotations or evaluated prices, as applicable, obtained from broker-dealers and loan participations and assignments are valued at the mean of the most recent bid and ask quotations or evaluated prices, as applicable, obtained from broker-dealers. Certain securities may be valued on the basis of a price provided by a single source or broker-dealer. No active trading market may exist for some senior loans and they may be subject to restrictions on resale. The inability to dispose of senior loans in a timely fashion could result in losses. These securities are generally categorized as Level 2.

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

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

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

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

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

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

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

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

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had securities on loan, which were classified as corporate bonds in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

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).

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	$ 3,149,185
Capital loss carryforwards	$ (6,549,000)
Unrealized appreciation (depreciation) on investments	$ (3,482,138)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $57,425,459. The net unrealized depreciation for all investments based on tax cost was $3,482,138. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $256,747 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $3,738,885.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	**2017**
Distributions from ordinary income*	$ 4,684,092	$ 5,875,554

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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

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

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

B. Derivative Instruments

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

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

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

Credit default swaps are agreements between a buyer and a seller of protection against predefined credit events for the reference entity. The Fund may enter into credit default swaps to gain exposure to an underlying issuer's credit quality characteristics without directly investing in that issuer or to hedge against the risk of a credit event on debt securities. As a seller of a credit default swap, the Fund is required to pay the par (or other agreed-upon) value of the referenced entity to the counterparty with the occurrence of a credit event by a third party, such as a U.S. or foreign corporate issuer, on the reference entity, which would likely result in a loss to the Fund. In return, the Fund receives from the counterparty a periodic stream of payments over the term of the swap provided that no credit event has occurred. If no credit event occurs, the Fund keeps the stream of payments with no payment obligations. The Fund may also buy credit default swaps, in which case the Fund functions as the counterparty referenced above. This involves the risk that the swap may expire worthless. It also involves counterparty risk that the seller may fail to satisfy its payment obligations to the Fund with the occurrence of a credit event. When the Fund sells a credit default swap, it will cover its commitment. This may be achieved by, among other methods, maintaining cash or liquid assets equal to the aggregate notional value of the reference entities for all outstanding credit default swaps sold by the Fund. For the year ended December 31, 2018, the Fund entered into credit default swap agreements to gain exposure to the underlying issuer's credit quality characteristics.

Under the terms of a credit default swap, the Fund receives or makes periodic payments based on a specified interest rate on a fixed notional amount. These payments are recorded as a realized gain or loss in the Statement of Operations. Payments received or made as a result of a credit event or termination of the swap are recognized, net of a proportional amount of the upfront payment, as realized gains or losses in the Statement of Operations.

There were no open credit default swap contracts as of December 31, 2018. For the year ended December 31, 2018, the Fund's investment in credit default swap contracts sold had a total notional value generally indicative of a range from $0 to $600,000.

Forward Foreign Currency Exchange Contracts. A forward foreign currency exchange contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. For the year ended December 31, 2018, the Fund entered into forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign currency denominated portfolio holdings and to facilitate transactions in foreign currency denominated securities.

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

A summary of the open forward currency contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $399,000 to $719,000.

The following table summarizes the value of the Fund's derivative instruments held as of December 31, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Liability Derivative	**Forward Contract**
Foreign Exchange Contract (a)	**$ (1,436)**

The above derivative is located in the following Statement of Assets and Liabilities account:
(a) Unrealized depreciation on forward foreign currency contract.

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the year ended December 31, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	**Forward Contracts**	**Swap Contracts**	**Total**
Credit Contracts (b)	$ —	$ 2,106	$ 2,106
Foreign Exchange Contracts (c)	23,762	—	23,762
	$ 23,762	**$ 2,106**	**$ 25,868**

Each of the above derivatives is located in the following Statement of Operations accounts:
(b) Net realized gain (loss) from swap contracts
(c) Net realized gain (loss) from forward foreign currency contracts

Change in Net Unrealized Appreciation (Depreciation)	**Forward Contract**
Foreign Exchange Contract (d)	**$ 5,480**

The above derivative is located in the following Statement of Operations accounts:
(d) Change in net unrealized appreciation (depreciation) on forward foreign currency contracts

As of December 31, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following table:

Counterparty	**Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities**	**Financial Instruments and Derivatives Available for Offset**	**Collateral Pledged**	**Net Amount of Derivative Liabilities**
Bank of America	$ 1,436	$ —	$ —	$ 1,436

C. Purchases and Sales of Securities

During the year ended December 31, 2018, purchases and sales of investment transactions (excluding short-term investments and U.S. Treasury securities) aggregated $33,354,764 and $38,461,744, respectively.

D. Related Parties

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

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

First $250 million	.500%
Next $750 million	.470%
Next $1.5 billion	.450%
Next $2.5 billion	.430%
Next $2.5 billion	.400%
Next $2.5 billion	.380%
Next $2.5 billion	.360%
Over $12.5 billion	.340%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.50% of the Fund's average daily net assets.

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

Class A	.69%
Class B	.97%

Effective October 1, 2018 through September 30, 2019, the Advisor has contractually agreed to waive all or a portion of its fees and/or reimburse certain operating expenses of the Fund to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.68%
Class B	.94%

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class were as follows:

Class A	$ 147,926
Class B	634
	$ 148,560

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 year ended December 31, 2018, the Administration Fee was $58,083, of which $4,543 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	**Total Aggregated**	**Unpaid at December 31, 2018**
Class A	$ 271	$ 45
Class B	51	8
	$ 322	**$ 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 year ended December 31, 2018, the Distribution Service Fee was $417, of which $30 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $9,572, of which $7,400 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 year ended December 31, 2018, the Fund incurred lending agent fees to Deutsche Bank AG for the amount of $2,532.

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 December 31, 2018, two participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 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 92%.

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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS High Income VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS High Income VIP (formerly Deutsche High Income VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 977.70	$ 976.10
Expenses Paid per $1,000*	$ 3.44	$ 4.78

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.73	$ 1,020.37
Expenses Paid per $1,000*	$ 3.52	$ 4.89

* 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 184 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS High Income VIP	.69%	.96%

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.

Tax Information

(Unaudited)

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS2HI-2 (R-025832-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS International Growth VIP

(formerly Deutsche 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

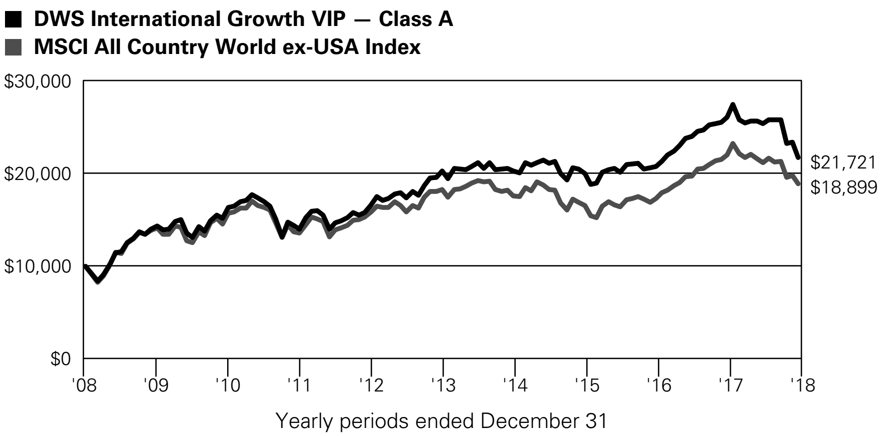
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 1.33% and 1.67% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment in DWS Global Growth VIP



The MSCI All Country World ex-USA Index is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI All Country World ex-USA Index includes both developed and emerging markets.

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

The growth of $10,000 is cumulative.

Comparative Results

DWS International Growth VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$8,331	$10,841	$10,721	$21,721
	Average annual total return	–16.69%	2.73%	1.40%	8.07%
MSCI All Country World ex-USA Index	Growth of $10,000	$8,580	$11,404	$10,342	$18,899
	Average annual total return	–14.20%	4.48%	0.68%	6.57%

DWS International Growth VIP		1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$8,308	$10,759	$10,566	$21,017
	Average annual total return	–16.92%	2.47%	1.11%	7.71%
MSCI All Country World ex-USA Index	Growth of $10,000	$8,580	$11,404	$10,342	$18,899
	Average annual total return	–14.20%	4.48%	0.68%	6.57%

Management Summary

December 31, 2018 (Unaudited)

The Fund's Class A shares returned –16.69% during 2018 (unadjusted for contract charges), trailing the –14.20% return of the MSCI All-Country World ex-USA Index. After rallying in January, international stocks moved steadily lower for the remainder of the year amid mounting evidence that economic growth outside of the United States was slowing. The selloff gained momentum in the fourth quarter as heightened uncertainty about the investment outlook began to weigh heavily on market sentiment. The index return was pressured not just by falling stock prices, but also the weakness in foreign currencies relative to the U.S dollar.

The Fund's underperformance was largely the result of stock selection in the health care, communications services, and financials sectors. The largest detractors were the health care stocks Fresenius Medical Care AG & Co. KGaA (Germany) and Eurofins Scientific (Luxembourg). The companies specialize in dialysis treatment and laboratory testing, respectively. Fresenius posted weaker-than-expected earnings, while Eurofins was hurt by investor concerns about its ability to maintain its high growth rate and attractive profit margins. On the plus side, the Fund's overweight position in health care made a positive contribution to performance. In the communications services sector, Spotify Technology SA was a key detractor. The stock was negatively affected by the negative sentiment toward internet stocks in the latter part of the year, as well as slightly lower subscriber guidance for the fourth quarter. Several positions fueled the Fund's shortfall in financials, including ING Groep NV (Netherlands), Julius Baer Group Ltd. (Switzerland), and Mitsubishi UFJ Financial Group, Inc. (Japan).

Our stock selection in the consumer discretionary sector made the largest contribution to performance. The apparel producer Canada Goose Holdings, Inc. — which rallied due to better-than-expected sales results and optimism surrounding its potential for geographic expansion — was the top contributor in the sector, followed by LVMH Moet Hennessy Louis Vuitton SE (France) and Compass Group PLC (United Kingdom). Stock selection in the information technology and consumer staples also added value in the annual period. Experian PLC, based in the United Kingdom, was the top contributor in the Fund as a whole. Experian impressed the markets with its high organic growth, profit-margin improvement, and product innovation.

We believe volatility could remain a factor in market performance in the coming year due to ongoing questions about economic growth, corporate profits, U.S. trade policy, and the direction of global interest rates. However, these issues already led to a large decrease in valuations in the fourth calendar. Believing these circumstances provided the chance to buy high-quality growth companies at attractive prices, we remained on the lookout for opportunities to use temporary price dislocations to our advantage. In addition, we continued to focus our attention on identifying growth companies whose strengthening fundamentals and higher earnings power can offset the effect of slowing global growth. We also sought to balance the portfolio's risk exposure by diversifying across regions and different stages of companies' growth lifecycles.

Our bottom-up investment process led us to hold overweight positions in the industrials, consumer discretionary, health care, and information technology sectors. Conversely, the portfolio was underweight in consumer staples, energy, financials, and materials. The Fund remained well diversified among all geographic regions, with the largest underweights in Japan and the United Kingdom and the most meaningful overweights in Germany and France. We continued to look for attractive investment candidates in the emerging markets, especially Asia. In particular, we sought to identify those with valuations that pulled back due to the trade-related macroeconomic concerns, but whose long-term fundamental trends and earnings potential had not changed in any significant way. We also saw opportunities in Japan, where improvements in structural economic growth and corporations' returns on equity created a stronger foundation for the nation's stock market.

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

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **MSCI All Country (AC) World Index 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 Index Ex-U.S. includes both developed and emerging markets.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the fund.

Portfolio Summary **(Unaudited)**

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Common Stocks	99%	96%
Cash Equivalents	1%	4%
Preferred Stocks	0%	0%
Warrants	0%	0%
	100%	100%

Sector Diversification

(As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Financials	20%	22%
Industrials	15%	17%
Consumer Discretionary	15%	12%
Health Care	14%	14%
Information Technology	14%	14%
Consumer Staples	7%	6%
Communication Services	7%	6%
Materials	6%	6%
Energy	2%	3%
	100%	100%

Geographical Diversification

(As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Germany	13%	11%
Japan	12%	6%
France	11%	12%
Canada	10%	12%
Switzerland	9%	7%
China	8%	7%
United States	7%	12%
United Kingdom	7%	10%
Netherlands	4%	3%
Sweden	3%	2%
Singapore	2%	2%
Argentina	2%	—
Korea	2%	1%
Finland	1%	2%
Other	9%	13%
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 97.7%		
Argentina 1.8%		
Globant SA* (a)	3,947	222,295
Grupo Supervielle SA (ADR)	3,900	33,852
(Cost $265,787)		**256,147**
Brazil 0.4%		
Pagseguro Digital Ltd. "A"* (a) (b) (Cost $70,885)	2,615	**48,979**
Canada 9.5%		
Agnico Eagle Mines, Ltd.	4,850	195,748
Alimentation Couche-Tard, Inc. "B"	4,081	203,004
Brookfield Asset Management, Inc. "A"	9,386	359,709
Canada Goose Holdings, Inc.*	3,086	134,905
Canadian National Railway Co.	2,508	185,748
Gildan Activewear, Inc.	2,315	70,271
Toronto-Dominion Bank	4,295	213,492
(Cost $1,038,892)		**1,362,877**
China 8.2%		
Alibaba Group Holding Ltd. (ADR)*	1,500	205,605
China Life Insurance Co., Ltd. "H"	66,000	140,151
Minth Group Ltd.	26,870	86,822
Momo, Inc. (ADR)*	3,200	76,000
New Oriental Education & Technology Group, Inc. (ADR)*	1,800	98,658
Ping An Healthcare and Technology Co., Ltd. 144A*	2,100	7,334
Ping An Insurance (Group) Co. of China Ltd. "H"	30,500	269,558
Tencent Holdings Ltd.	7,300	292,191
(Cost $1,185,748)		**1,176,319**
Denmark 0.7%		
Chr Hansen Holding AS (Cost $100,652)	1,148	**101,838**
Finland 1.2%		
Sampo Oyj "A" (Cost $183,782)	3,765	**166,629**
France 10.9%		
Airbus SE	1,186	114,356
Capgemini SE	2,140	213,415
LVMH Moet Hennessy Louis Vuitton SE	950	281,576
SMCP SA 144A*	7,900	122,087
Teleperformance	1,174	188,039
TOTAL SA	4,716	249,561
VINCI SA	2,630	217,191
Vivendi SA	7,074	172,518
(Cost $1,661,350)		**1,558,743**
Germany 12.9%		
adidas AG	587	123,147
Allianz SE (Registered)	1,125	226,642
BASF SE	2,275	159,680
Continental AG	687	95,690
Deutsche Boerse AG	2,693	324,857
Deutsche Post AG (Registered)	3,700	101,623
Evonik Industries AG	6,810	170,755
Fresenius Medical Care AG & Co. KGaA	3,000	195,047
Infineon Technologies AG	3,760	75,285
LANXESS AG	2,149	99,402
SAP SE	1,621	162,292
Siemens AG (Registered)	1,000	111,912
(Cost $2,206,471)		**1,846,332**
Hong Kong 0.8%		
Techtronic Industries Co., Ltd. (Cost $51,080)	21,597	**115,053**
Ireland 1.4%		
Kerry Group PLC "A" (Cost $131,801)	1,955	**194,048**
Italy 1.1%		
Luxottica Group SpA (Cost $159,850)	2,632	**156,090**
Japan 11.2%		
Daikin Industries Ltd.	2,400	254,789
FANUC Corp.	400	60,535
Fast Retailing Co., Ltd.	500	255,210
Hoya Corp.	3,800	228,766
Kao Corp.	1,500	111,340
Keyence Corp.	400	202,423
Komatsu Ltd.	3,500	74,848
MISUMI Group, Inc.	4,911	103,024
Mitsubishi UFJ Financial Group, Inc.	36,600	179,319
Pigeon Corp.	3,100	132,671
(Cost $1,690,145)		**1,602,925**
Korea 1.4%		
Samsung Electronics Co., Ltd. (Cost $253,931)	5,868	**203,291**
Luxembourg 1.2%		
Eurofins Scientific (Cost $135,670)	460	**172,015**
Macau 1.0%		
Sands China Ltd. (b) (Cost $163,702)	30,800	**134,903**
Malaysia 1.0%		
IHH Healthcare Bhd. (Cost $154,924)	111,500	**145,326**
Netherlands 3.9%		
Adyen NV 144A*	11	6,022
ASML Holding NV	1,020	160,949
Core Laboratories NV (a)	755	45,043
ING Groep NV	15,743	170,139
Koninklijke Philips NV	5,000	177,257
(Cost $685,249)		**559,410**
Norway 0.6%		
Marine Harvest ASA (Cost $46,840)	4,065	**85,715**
Singapore 2.3%		
DBS Group Holdings Ltd. (Cost $305,399)	19,100	**331,554**

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

	Shares	Value ($)
South Africa 1.0%		
Naspers Ltd. "N" (Cost $173,160)	745	**149,044**
Sweden 3.1%		
Assa Abloy AB "B"	8,701	156,042
Nobina AB 144A	21,995	149,262
Spotify Technology SA* (a)	1,150	130,525
(Cost $455,690)		**435,829**
Switzerland 8.5%		
Julius Baer Group Ltd.	2,470	88,339
Lonza Group AG (Registered)*	1,538	401,402
Nestle SA (Registered)	3,349	272,362
Novartis AG (Registered)	3,078	264,111
Roche Holding AG (Genusschein)	783	194,821
(Cost $1,034,277)		**1,221,035**
Taiwan 1.1%		
Taiwan Semiconductor Manufacturing Co., Ltd. (Cost $127,110)	21,000	**153,833**
United Kingdom 6.3%		
Clinigen Healthcare Ltd.*	9,300	89,412
Compass Group PLC	6,790	142,927
Experian PLC	13,989	339,876
Farfetch Ltd. "A"* (a)	1,600	28,336
Halma PLC	6,129	106,733
Prudential PLC	11,150	199,707
(Cost $857,273)		**906,991**
United States 6.2%		
Activision Blizzard, Inc.	2,482	115,587
Ecolab, Inc.	538	79,274
EPAM Systems, Inc.*	1,310	151,973
Marsh & McLennan Companies, Inc.	1,860	148,335
MasterCard, Inc. "A"	780	147,147
NVIDIA Corp.	673	89,845
Schlumberger Ltd.	1,698	61,264
Thermo Fisher Scientific, Inc.	429	96,006
(Cost $675,935)		**889,431**
Total Common Stocks (Cost $13,815,603)		**13,974,357**

	Shares	Value ($)
Warrants 0.0%		
France		
Parrot SA Expiration Date 12/15/2022* (c)	924	9
Parrot SA Expiration Date 12/22/2022* (c)	924	7
Total Warrants (Cost $0)		**16**
Convertible Preferred Stock 0.1%		
United States		
Providence Service Corp. (c) (Cost $13,600)	136	**20,468**
Securities Lending Collateral 1.1%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (d) (e) (Cost $156,436)	156,436	**156,436**
Cash Equivalents 1.0%		
DWS Central Cash Management Government Fund, 2.41% (d) (Cost $148,953)	148,953	**148,953**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $14,134,592)	99.9	**14,300,230**
Other Assets and Liabilities, Net	0.1	**7,605**
Net Assets	100.0	**14,307,835**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 1.1%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (d) (e)								
88,780	67,656 (f)	—	—	—	3,108	—	156,436	156,436
Cash Equivalents 1.0%								
DWS Central Cash Management Government Fund, 2.41% (d)								
687,282	5,635,961	6,174,290	—	—	6,099	—	148,953	148,953
776,062	**5,703,617**	**6,174,290**	**—**	**—**	**9,207**	**—**	**305,389**	**305,389**

* 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 December 31, 2018 amounted to $156,396, which is 1.1% of net assets.

(c) Investment was valued using significant unobservable inputs.

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

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

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

(f) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

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

ADR: American Depositary Receipt

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 December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks				
Argentina	$ 256,147	$ —	$ —	$ 256,147
Brazil	48,979	—	—	48,979
Canada	1,362,877	—	—	1,362,877
China	380,263	796,056	—	1,176,319
Denmark	—	101,838	—	101,838
Finland	—	166,629	—	166,629
France	—	1,558,743	—	1,558,743
Germany	—	1,846,332	—	1,846,332
Hong Kong	—	115,053	—	115,053
Ireland	—	194,048	—	194,048
Italy	—	156,090	—	156,090
Japan	—	1,602,925	—	1,602,925
Korea	—	203,291	—	203,291
Luxembourg	—	172,015	—	172,015
Macau	—	134,903	—	134,903
Malaysia	—	145,326	—	145,326
Netherlands	45,043	514,367	—	559,410
Norway	—	85,715	—	85,715
Singapore	—	331,554	—	331,554
South Africa	—	149,044	—	149,044
Sweden	130,525	305,304	—	435,829
Switzerland	—	1,221,035	—	1,221,035
Taiwan	—	153,833	—	153,833
United Kingdom	28,336	878,655	—	906,991
United States	889,431	—	—	889,431
Warrants	—	—	16	16
Convertible Preferred Stock	—	—	20,468	20,468
Short-Term Investments (g)	305,389	—	—	305,389
Total	**$ 3,446,990**	**$ 10,832,756**	**$ 20,484**	**$ 14,300,230**

(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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $13,829,203) — including $156,396 of securities loaned	$13,994,841
Investment in DWS Government & Agency Securities Portfolio (cost $156,436)*	156,436
Investment in DWS Central Cash Management Government Fund (cost $148,953)	148,953
Foreign currency, at value (cost $185,077)	182,176
Receivable for investments sold	65,630
Receivable for Fund shares sold	2,856
Dividends receivable	4,823
Interest receivable	816
Foreign taxes recoverable	26,590
Other assets	988
Total assets	14,584,109
Liabilities	
Payable upon return of securities loaned	156,436
Payable for Fund shares redeemed	9,510
Accrued management fee	1,643
Accrued Trustees' fees	1,639
Other accrued expenses and payables	107,046
Total liabilities	276,274
Net assets, at value	**$14,307,835**
Net Assets Consist of	
Distributable earnings (loss)	563,874
Paid-in capital	13,743,961
Net assets, at value	**$14,307,835**
Net Asset Value	
Class A	
Net Asset Value, offering and redemption price per share ($14,089,015 ÷ 1,228,635 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 11.47**
Class B	
Net Asset Value, offering and redemption price per share ($218,820 ÷ 19,045 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 11.49**

* Represents collateral on securities loaned.

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Dividends (net of foreign taxes withheld of $41,704)	$ 342,428
Income distributions — DWS Central Cash Management Government Fund	6,099
Securities lending income, net of borrower rebates	3,108
Total income	351,635
Expenses: Management fee	107,910
Administration fee	17,405
Services to Shareholders	987
Record keeping fee (Class B)	177
Distribution service fee (Class B)	580
Custodian fee	45,605
Professional fees	79,895
Reports to shareholders	24,999
Trustees' fees and expenses	3,605
Other	18,952
Total expenses before expense reductions	300,115
Expense reductions	(158,555)
Total expenses after expense reductions	141,560
Net investment income (loss)	**210,075**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	234,224
Foreign currency	(5,587)
	228,637
Change in net unrealized appreciation (depreciation) on: Investments	(3,346,652)
Foreign currency	(5,730)
	(3,352,382)
Net gain (loss)	**(3,123,745)**
Net increase (decrease) in net assets resulting from operations	**$(2,913,670)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 210,075	$ 164,259
Net realized gain (loss)	228,637	4,651,131
Change in net unrealized appreciation (depreciation)	(3,352,382)	1,414,699
Net increase (decrease) in net assets resulting from operations	(2,913,670)	6,230,089
Distributions to shareholders:		
Class A	(169,762)	(106,825)
Class B	(1,806)	(65)
Total distributions	(171,568)	(106,890)*
Fund share transactions:		
Class A		
Proceeds from shares sold	1,452,220	2,240,215
Reinvestment of distributions	169,762	106,825
Payments for shares redeemed	(3,127,727)	(16,678,132)
Net increase (decrease) in net assets from Class A share transactions	(1,505,745)	(14,331,092)
Class B		
Proceeds from shares sold	82,846	117,051
Reinvestment of distributions	1,806	65
Payments for shares redeemed	(28,351)	(6,431)
Net increase (decrease) in net assets from Class B share transactions	56,301	110,685
Increase (decrease) in net assets	(4,534,682)	(8,097,208)
Net assets at beginning of period	18,842,517	26,939,725
Net assets at end of period	**$14,307,835**	**$ 18,842,517****
Other Information		
Class A		
Shares outstanding at beginning of period	1,340,522	2,417,159
Shares sold	108,093	171,566
Shares issued to shareholders in reinvestment of distributions	12,631	8,713
Shares redeemed	(232,611)	(1,256,916)
Net increase (decrease) in Class A shares	(111,887)	(1,076,637)
Shares outstanding at end of period	**1,228,635**	**1,340,522**
Class B		
Shares outstanding at beginning of period	14,862	6,272
Shares sold	6,136	9,077
Shares issued to shareholders in reinvestment of distributions	134	5
Shares redeemed	(2,087)	(492)
Net increase (decrease) in Class B shares	4,183	8,590
Shares outstanding at end of period	**19,045**	**14,862**

* Includes distributions from net investment income.

** Includes undistributed net investment income of $166,256.

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

Financial Highlights

Class A	2018	Years Ended December 31, 2017	2016	2015	2014
Selected Per Share Data					
Net asset value, beginning of period	**$ 13.90**	**$11.12**	**$10.81**	**$11.04**	**$11.13**
Income (loss) from investment operations:					
Net investment income[a]	.16	.08	.06	.07	.08
Net realized and unrealized gain (loss)	(2.46)	2.75	.34	(.21)	(.06)
Total from investment operations	(2.30)	2.83	.40	(.14)	.02
Less distributions from:					
Net investment income	(.13)	(.05)	(.09)	(.09)	(.11)
Net asset value, end of period	**$ 11.47**	**$13.90**	**$11.12**	**$10.81**	**$11.04**
Total Return (%)[b]	(16.69)	25.47	3.72	(1.32)	.21
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	14	19	27	34	47
Ratio of expenses before expense reductions (%)[c]	1.72	1.56	1.66	1.44	1.41
Ratio of expenses after expense reductions (%)[c]	.81	.92	.95	.90	.82
Ratio of net investment income (%)	1.21	.61	.51	.65	.71
Portfolio turnover rate (%)	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.

Class B	2018	Years Ended December 31, 2017	2016	2015	2014
Selected Per Share Data					
Net asset value, beginning of period	**$ 13.93**	**$11.13**	**$10.82**	**$11.05**	**$11.14**
Income (loss) from investment operations:					
Net investment income[a]	.12	.02	.02	.05	.02
Net realized and unrealized gain (loss)	(2.46)	2.79	.35	(.23)	(.04)
Total from investment operations	(2.34)	2.81	.37	(.18)	(.02)
Less distributions from:					
Net investment income	(.10)	(.01)	(.06)	(.05)	(.07)
Net asset value, end of period	**$ 11.49**	**$13.93**	**$11.13**	**$10.82**	**$11.05**
Total Return (%)[b]	(16.92)	25.26	3.38	(1.64)	(.15)
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	.2	.2	.07	.1	.1
Ratio of expenses before expense reductions (%)[c]	2.07	1.90	1.98	1.76	1.76
Ratio of expenses after expense reductions (%)[c]	1.06	1.15	1.24	1.22	1.15
Ratio of net investment income (%)	.92	.12	.17	.40	.14
Portfolio turnover rate (%)	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.

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

DWS International Growth VIP (formerly Deutsche International Growth VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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

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

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1. For certain international equity securities, in order to adjust for events which may occur between the close of the foreign exchanges and the close of the New York Stock Exchange, a fair valuation model may be used. This fair valuation model takes into account comparisons to the valuation of American Depository Receipts (ADRs), exchange-traded funds, futures contracts and certain indices and these securities are categorized as Level 2.

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

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

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

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

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

Securities Lending. Brown Brothers Harriman & Co., as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, 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.

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.

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	$ 199,175
Undistributed long-term capital gains	$ 234,678
Unrealized appreciation (depreciation) on investments	$ 133,241

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $14,166,989. The net unrealized appreciation for all investments based on tax cost was $133,241. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $1,769,647 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $1,636,406.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income*	$ 171,568	$ 106,890

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $6,449,400 and $7,245,698, respectively.

C. Related Parties

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

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays the Advisor an annual fee based on its average daily net assets, computed and accrued daily and payable monthly at the annual rate (exclusive of any applicable waivers/reimbursements) of 0.62%.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.81%
Class B	1.06%

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class are as follows:

Class A	$ 156,212
Class B	2,343
	$ 158,555

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 year ended December 31, 2018, the Administration Fee was $17,405, of which $1,257 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Services to Shareholders	Total Aggregated	Unpaid at December 31, 2018
Class A	$ 243	$ 41
Class B	51	9
	$ 294	$ 50

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 year ended December 31, 2018, the Distribution Service Fee aggregated $580, of which $47 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $10,725, of which $6,359 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 December 31, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 87%. Three participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, owning 48%, 28%, and 24%.

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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS International Growth VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS International Growth VIP (formerly International Growth VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 854.70	$ 853.00
Expenses Paid per $1,000*	$ 3.79	$ 4.95
Hypothetical 5% Fund Return		
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.12	$ 1,019.86
Expenses Paid per $1,000*	$ 4.13	$ 5.40

* 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 184 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS International Growth VIP	.81%	1.06%

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

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

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

Tax Information

(Unaudited)

For corporate shareholders, 84% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018, qualified for the dividends received deduction.

The Fund paid foreign taxes of $31,116 and earned $200,097 of foreign source income during the year ended December 31, 2018. Pursuant to Section 853 of the Internal Revenue Code, the Fund designates $0.02 per share as foreign taxes paid and $0.16 per share as income earned from foreign sources for the year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $258,000 as capital gain dividends for its year ended December 31, 2018.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

VS2IG-2 (R-025830-9 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Multisector Income VIP

(formerly Deutsche 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

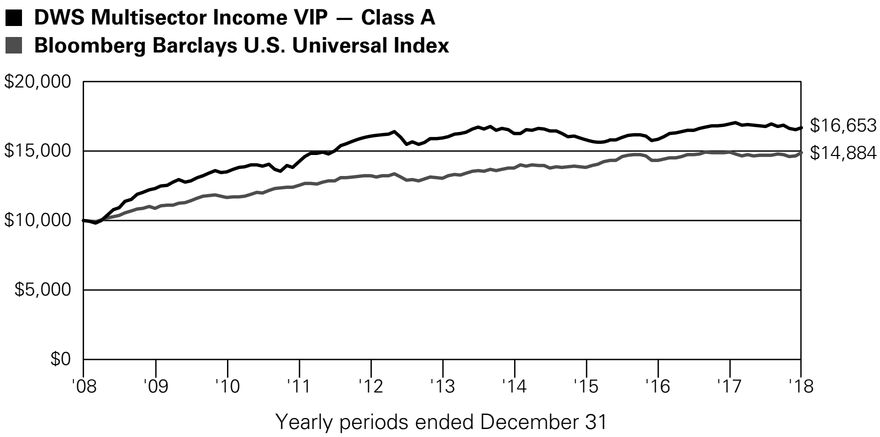
December 31, 2018 (Unaudited)

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

The gross expense ratio of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 is 1.41% for Class A shares and may differ from the expense ratio disclosed in the Financial Highlights table in this report.

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

Growth of an Assumed $10,000 Investment in DWS Multisector Income VIP



The unmanaged Bloomberg Barclays U.S. Universal Index represents the union of the U.S. Aggregate Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index and the non-ERISA portion of the CMBS Index.

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

Comparative Results

DWS Multisector Income VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$9,835	$10,554	$10,464	$16,653
	Average annual total return	–1.65%	1.81%	0.91%	5.23%
Bloomberg Barclays U.S. Universal Index	Growth of $10,000	$9,975	$10,789	$11,437	$14,884
	Average annual total return	–0.25%	2.56%	2.72%	4.06%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

The Class A shares of the Fund returned –1.65% (unadjusted for contract charges) in 2018, underperforming the –0.25% return of the Bloomberg Barclays U.S. Universal Index.

The major segments of the global fixed-income markets experienced a wide range of returns in the past 12 months. While U.S. Treasuries outpaced the index due to their strong fourth quarter rally, categories with a higher degree of credit risk were hurt by the prospect of slower growth. As a result, investment-grade corporate, high yield, and emerging-markets bonds all finished in the red.

Several factors played a role in the Fund's underperformance, but the overarching theme was our continued emphasis on the credit sectors. We believed these segments offered an attractive opportunity due to their higher absolute yields and ability to benefit from the ongoing economic expansion. While we saw the risk of a recession in 2020, we expected that the markets would not start factoring this into prices until later in 2019. Instead, a series of weak economic data from around the globe prompted investors to recalibrate their expectations in favor of much slower growth in the year ahead. Our overweight position in the credit-sensitive areas of the market was therefore the largest detractor in 2018.

The Fund's large allocation to high-yield bonds played a key role in its shortfall by providing exposure to one of the weakest areas of the market. An overweight in the emerging markets was also an important factor in the Fund's underperformance. Holdings in local-currency issues had an adverse impact on results, as did a position in Argentina. While we pared back risk in mid-2018, we continue to have a positive long-term view on the asset class in general, and the Africa/Middle East region in particular.

We kept the Fund's duration (interest-rate sensitivity) below the index, as we saw little benefit from having a longer duration at a time in which the U.S. Federal Reserve was raising interest rates. This strategy contributed positively given that yields increased modestly. We reduced the extent of the underweight in the second half of the year on the belief that the majority of the upward move in yields had already occurred.

The Fund used derivatives in order to facilitate exposure to the high-yield market, adjust foreign-currency exposure, manage duration, and adjust portfolio positioning in domestic commercial mortgage-backed securities and the European market. In the aggregate, our use of derivatives was a small net detractor. Derivatives are used to achieve the Fund's risk and return objectives and should therefore be evaluated within the context of the entire portfolio rather than as a standalone strategy.

The Fund maintained an underweight allocation to investment-grade bonds. We held an underweight in corporate issues due to their low yield spreads versus Treasuries. Instead, we focused on securitized assets to capture their attractive yields in relation to their underlying credit quality. The Fund's investment-grade allocation had a neutral impact on results, but we continue to view it as an important source of portfolio diversification.

We believe an emphasis on the credit sectors remains appropriate even after the fourth-quarter sell-off in the financial markets. We see the elevated volatility as largely the result of investors' overreaction to adverse headlines rather than a sign of a broader, systemic problem. In our view, the continued strength of the U.S. economy and positive growth in the world as a whole can provide a firm foundation for risk assets once news flow calms and investors return their focus to fundamentals.

John D. Ryan, Managing Director
Kevin Bliss, Director
Portfolio Managers

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **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 fees or expenses and it is not possible to invest directly in an index.

Overweight means the Fund holds a higher weighting in a given sector or security than the benchmark. **Underweight** means the Fund holds a lower weighting.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the index.

Duration, which is expressed in years, measures the sensitivity of the price of a bond or bond fund to a change in interest rates.

Yield spread refers to differences between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument.

Derivatives are contracts whose values can be based on a variety of instruments, including indices, currencies or securities. They can be utilized for a variety of reasons, including for hedging purposes, for risk management, for non-hedging purposes to seek to enhance potential gains, or as a substitute for direct investment in a particular asset class or to keep cash on hand to meet shareholder redemptions. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Government & Agency Obligations	44%	29%
Collateralized Mortgage Obligations	17%	13%
Corporate Bonds	11%	24%
Mortgage-Backed Securities Pass-Throughs	6%	—
Loan Participations and Assignments	5%	7%
Cash Equivalent	5%	6%
Commercial Mortgage-Backed Securities	5%	5%
Short-Term U.S. Treasury Obligations	3%	12%
Asset-Backed	2%	2%
Convertible Bond	2%	2%
Common Stocks	0%	0%
Warrants	0%	0%
	100%	100%

Quality (Excludes Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
AAA	38%	25%
AA	0%	1%
A	8%	8%
BBB	12%	24%
BB	22%	23%
B	11%	9%
CCC or Below	2%	3%
Non Rated	7%	7%
	100%	100%

Interest Rate Sensitivity	**12/31/18**	**12/31/17**
Effective Maturity	4.8 years	5.4 years
Effective Duration	3.6 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 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

as of December 31, 2018

	Principal Amount ($)(a)	Value ($)
Corporate Bonds 10.9%		
Communication Services 0.6%		
Expedia Group, Inc., 3.8%, 2/15/2028	55,000	**49,876**
Consumer Discretionary 0.7%		
American Axle & Manufacturing, Inc., 6.25%, 4/1/2025 (b)	60,000	**54,600**
Energy 4.3%		
Chesapeake Energy Corp., 8.0%, 1/15/2025 (b)	65,000	57,363
KazMunayGas National Co. JSC, 144A, 4.75%, 4/19/2027	200,000	194,492
Oasis Petroleum, Inc., 6.875%, 3/15/2022 (b)	48,000	45,240
Weatherford International Ltd., 9.875%, 2/15/2024 (b)	100,000	61,000
		358,095
Financials 0.5%		
FS KKR Capital Corp., 4.75%, 5/15/2022	40,000	**39,603**
Industrials 0.7%		
Park Aerospace Holdings Ltd., 144A, 5.25%, 8/15/2022	60,000	**58,050**
Information Technology 0.7%		
DXC Technology Co., 4.75%, 4/15/2027	60,000	**60,211**
Materials 1.0%		
AK Steel Corp., 7.0%, 3/15/2027 (b)	100,000	78,000
CF Industries, Inc., 144A, 4.5%, 12/1/2026	5,000	4,887
		82,887
Real Estate 1.2%		
Government Properties Income Trust, (REIT), 4.0%, 7/15/2022	25,000	24,604
Omega Healthcare Investors, Inc., (REIT), 4.75%, 1/15/2028	35,000	34,289
Select Income REIT:		
(REIT), 4.15%, 2/1/2022	30,000	29,675
(REIT), 4.25%, 5/15/2024	10,000	9,636
		98,204
Utilities 1.2%		
Southern California Edison Co., Series E, 3.7%, 8/1/2025	100,000	**99,750**
Total Corporate Bonds (Cost $1,004,418)		**901,276**
Mortgage-Backed Securities Pass-Throughs 6.1%		
Federal National Mortgage Association, 4.0%, 9/1/2048 (Cost $496,085)	495,852	**507,407**

	Principal Amount ($)(a)	Value ($)
Asset-Backed 2.2%		
Home Equity Loans 0.2%		
CIT Group Home Equity Loan Trust, "AF6", Series 2002-1, 6.2%, 2/25/2030	13,107	**13,332**
Miscellaneous 2.0%		
Domino's Pizza Master Issuer LLC, "A23", Series 2017-1A, 144A, 4.118%, 7/25/2047	108,625	106,428
Hilton Grand Vacations Trust, "B", Series 2014-AA, 144A, 2.07%, 11/25/2026	62,947	62,001
		168,429
Total Asset-Backed (Cost $184,363)		**181,761**
Commercial Mortgage-Backed Security 4.8%		
GMAC Commercial Mortgage Securities, Inc., "G", Series 2004-C1, 144A, 5.455%, 3/10/2038 (Cost $426,492)	423,843	**394,070**
Collateralized Mortgage Obligations 17.0%		
Banc of America Mortgage Securities, "2A2", Series 2004-A, 3.917% **, 2/25/2034	29,312	29,210
Bear Stearns Adjustable Rate Mortgage Trust, "2A1", Series 2005-11, 4.794% **, 12/25/2035	33,904	34,466
Countrywide Home Loans, "2A5", Series 2004-13, 5.75%, 8/25/2034	28,697	28,362
Fannie Mae Connecticut Avenue Securities:		
"1M2", Series 2018-C06, 1-month USD-LIBOR + 2.000%, 4.506% ** , 3/25/2031	62,500	60,045
"1M1", Series 2016-C02, 1-month USD-LIBOR + 2.150%, 4.656% ** , 9/25/2028	9,976	9,990
"1M2", Series 2018-C05, 1-month USD-LIBOR + 2.350%, 4.856% ** , 1/25/2031	100,000	97,469
Federal Home Loan Mortgage Corp.:		
"PI", Series 3843, Interest Only, 4.5%, 5/15/2038	94,117	5,366
"C31", Series 303, Interest Only, 4.5%, 12/15/2042	395,176	86,784
Federal National Mortgage Association, "4", Series 406, Interest Only, 4.0%, 9/25/2040	93,099	19,353
Freddie Mac Structured Agency Credit Risk Debt Notes, "M2", Series 2017-DNA2, 1-month USD-LIBOR + 3.450%, 5.956% **, 10/25/2029	250,000	264,548

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		833,224	94,097
"PI", Series 2015-40, Interest Only, 4.0%, 4/20/2044		104,289	14,371
"HI", Series 2015-77, Interest Only, 4.0%, 5/20/2045		220,915	41,437
"IP", Series 2014-115, Interest Only, 4.5%, 2/20/2044		34,154	5,838
"IN", Series 2009-69, Interest Only, 5.5%, 8/20/2039		114,729	21,531
"IV", Series 2009-69, Interest Only, 5.5%, 8/20/2039		111,382	20,875
"IJ", Series 2009-75, Interest Only, 6.0%, 8/16/2039		96,696	16,635
JPMorgan Mortgage Trust, "2A1", Series 2006-A2, 3.722% **, 4/25/2036		121,051	114,461
Merrill Lynch Mortgage Investors Trust, "2A", Series 2003-A6, 4.588% **, 10/25/2033		23,986	23,924
RESIMAC, "A2", Series 2017-2, Australian Bank Bill Short Term Rates 1-Month Mid + 1.200%, 3.143% **, 1/15/2049	AUD	405,002	284,542
STACR Trust, "M2", Series 2018-DNA3, 144A, 1-month USD-LIBOR + 2.100%, 4.606% **, 9/25/2048		108,108	103,814
Wells Fargo Mortgage-Backed Securities Trust, "2A3", Series 2004-EE, 4.482% **, 12/25/2034		28,666	28,653
Total Collateralized Mortgage Obligations (Cost $1,204,534)			**1,405,771**

Government & Agency Obligations 44.2%

Other Government Related (c) 6.1%

		Principal Amount ($)(a)	Value ($)
Sberbank of Russia, 144A, 5.125%, 10/29/2022		200,000	195,349
Southern Gas Corridor CJSC, 144A, 6.875%, 3/24/2026		290,000	313,211
			508,560

Sovereign Bonds 16.5%

		Principal Amount ($)(a)	Value ($)
Ivory Coast Government International Bond, 144A, 5.375%, 7/23/2024		200,000	183,408
Mexican Udibonos Inflation-Linked Bond, Series S, 2.0%, 6/9/2022	MXN	3,004,972	141,785
Republic of Angola, 144A, 9.5%, 11/12/2025		200,000	209,988
Republic of Argentina-Inflation Linked Bond, 5.83%, 12/31/2033	ARS	375	86
Republic of Hungary, Series 19/A, 6.5%, 6/24/2019	HUF	11,600,000	42,647
Republic of Namibia, 144A, 5.25%, 10/29/2025		200,000	179,328
Republic of Senegal, 144A, 6.25%, 7/30/2024		200,000	194,064
Republic of Slovenia, 144A, 5.5%, 10/26/2022		100,000	106,430
Republic of Zambia, 144A, 5.375%, 9/20/2022		200,000	142,992
United Mexican States, Series M, 5.75%, 3/5/2026	MXN	3,845,600	165,299
			1,366,027

U.S. Treasury Obligations 21.6%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bonds:		
3.0%, 5/15/2047	20,000	19,914
3.0%, 2/15/2048	5,000	4,973
U.S. Treasury Inflation Indexed Note, 0.625%, 4/15/2023	534,466	525,586
U.S. Treasury Notes:		
1.5%, 5/31/2019	232,600	231,655
1.625%, 12/31/2019	109,000	107,914
2.625%, 8/31/2020	900,000	901,196
		1,791,238
Total Government & Agency Obligations (Cost $3,798,868)		**3,665,825**

Short-Term U.S. Treasury Obligations 2.8%

	Principal Amount ($)(a)	Value ($)
U.S. Treasury Bills:		
2.362% ***, 8/15/2019 (d)	200,000	196,855
2.573%***, 10/10/2019	40,000	39,213
Total Short-Term U.S. Treasury Obligations (Cost $236,228)		**236,068**

Loan Participations and Assignments 5.4%

Senior Loans **

	Principal Amount ($)(a)	Value ($)
DaVita, Inc., Term Loan B, 1-month USD LIBOR + 2.750%, 5.272%, 6/24/2021	66,850	66,516
Level 3 Financing, Inc., Term Loan B, 1-month USD LIBOR + 2.250%, 4.754%, 2/22/2024	60,000	57,175
MacDermid, Inc., Term Loan B6, 1-month USD LIBOR + 3.000%, 5.522%, 6/7/2023 (e)	57,187	56,865
MEG Energy Corp., Term Loan B, 1-month USD LIBOR + 3.500%, 6.03%, 12/31/2023	5,402	5,301
NRG Energy, Inc., Term Loan B, 1-month USD LIBOR + 1.750%, 4.272%, 6/30/2023	112,845	108,825
Quebecor Media, Inc., Term Loan B1, 3-month USD LIBOR + 2.250%, 4.866%, 8/17/2020	85,275	84,280
Valeant Pharmaceuticals International, Inc., Term Loan B, 1-month USD LIBOR + 3.000%, 5.379%, 6/2/2025	72,674	69,615
Total Loan Participations and Assignments (Cost $460,203)		**448,577**

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

	Principal Amount ($)(a)	Value ($)
Convertible Bond 1.9%		
Materials		
GEO Specialty Chemicals, Inc., 3-month USD-LIBOR + 14.0%, 16.707%** PIK, 10/18/2025 (e) (Cost $145,946)	146,805	**158,403**

	Shares	Value ($)
Common Stocks 0.1%		
Industrials 0.0%		
Quad Graphics, Inc.	4	**49**
Materials 0.1%		
GEO Specialty Chemicals, Inc.* (e)	85,721	10,724
Total Common Stocks (Cost $39,455)		**10,773**
Warrant 0.0%		
Materials		
Hercules Trust II, Expiration Date 3/31/2029* (e) (Cost $17,432)	85	**2,096**

	Shares	Value ($)
Securities Lending Collateral 3.6%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares, 2.29% (f) (g) (Cost $302,310)	302,310	**302,310**
Cash Equivalent 4.8%		
DWS Central Cash Management Government Fund, 2.41% (f) (Cost $395,710)	395,710	**395,710**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $8,712,044)	103.8	**8,610,047**
Other Assets and Liabilities, Net	(3.8)	**(318,212)**
Net Assets	100.0	**8,291,835**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 3.6%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (f) (g)								
154,990	147,320 (h)	—	—	—	4,702	—	302,310	302,310
Cash Equivalent 4.8%								
DWS Central Cash Management Government Fund, 2.41% (f)								
539,169	4,831,276	4,974,735	—	—	14,308	—	395,710	395,710
694,159	**4,978,596**	**4,974,735**	**—**	**—**	**19,010**	**—**	**698,020**	**698,020**

* Non-income producing security.

** Variable or floating rate security. These securities are shown at their current rate as of December 31, 2018. For securities based on a published reference rate and spread, the reference rate and spread are indicated within the description above. Certain variable rate securities are not based on a published reference rate and spread but adjust periodically based on current market conditions, prepayment of underlying positions and/or other variables.

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

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

(b) All or a portion of these securities were on loan. In addition, "Other Assets and Liabilities, Net" may include pending sales that are also on loan. The value of securities loaned at December 31, 2018 amounted to $287,953, which is 3.5% of net assets.

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

(d) At December 31, 2018, this security has been pledged, in whole or in part, to cover initial margin requirements for open futures contracts.

(e) Investment was valued using significant unobservable inputs.

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

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

(h) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

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

CJSC: Closed Joint Stock Company

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

JSC: Joint Stock Company

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

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 December 31, 2018, 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	3/29/2019	4	843,874	849,250	5,376
U.S. Treasury Long Bond	USD	3/20/2019	2	278,567	292,000	13,433
Ultra 10 Year U.S. Treasury Note	USD	3/20/2019	8	1,008,723	1,040,625	31,902
Total unrealized appreciation						**50,711**

At December 31, 2018, 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	3/29/2019	1	112,991	114,688	(1,697)
Euro-Schatz	EUR	3/7/2019	8	1,025,480	1,026,042	(562)
Ultra Long U.S. Treasury Bond	USD	3/20/2019	1	152,208	160,656	(8,448)
Total unrealized depreciation						**(10,707)**

As of December 31, 2018, the Fund had the following open forward foreign currency contracts:

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Appreciation ($)	Counterparty
USD	86,534	CNY	603,054	1/9/2019	1,303	Credit Agricole
MXN	5,100,000	USD	261,287	1/23/2019	2,534	State Street Bank and Trust
AUD	450,000	USD	325,651	2/19/2019	8,415	Australia and New Zealand Banking Group Ltd.
Total unrealized appreciation					**12,252**	

Contracts to Deliver		In Exchange For		Settlement Date	Unrealized Depreciation ($)	Counterparty
CNY	1,379,970	USD	198,522	1/9/2019	**(2,478)**	Toronto-Dominion Bank

Currency Abbreviations

ARS	Argentine Peso
AUD	Australian Dollar
CNY	Chinese Yuan
EUR	Euro
HUF	Hungarian Forint
MXN	Mexican Peso
USD	United States Dollar

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

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 December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Fixed Income Investments (i)				
Corporate Bonds	$ —	$ 901,276	$ —	$ 901,276
Mortgage-Backed Securities Pass-Throughs	—	507,407	—	507,407
Asset-Backed	—	181,761	—	181,761
Commercial Mortgage-Backed Security	—	394,070	—	394,070
Collateralized Mortgage Obligations	—	1,405,771	—	1,405,771
Government & Agency Obligations	—	3,665,825	—	3,665,825
Short-Term U.S. Treasury Obligations	—	236,068	—	236,068
Loan Participations and Assignments	—	391,712	56,865	448,577
Convertible Bond	—	—	158,403	158,403
Common Stocks (i)	49	—	10,724	10,773
Warrant	—	—	2,096	2,096
Short-Term Investments (i)	698,020	—	—	698,020
Derivatives (j)				
Futures Contracts	$ 50,711	$ —	$ —	$ 50,711
Forward Foreign Currency Contracts	—	12,252	—	12,252
Total	**$748,780**	**$7,696,142**	**$228,088**	**$8,673,010**

Liabilities	Level 1	Level 2	Level 3	Total
Derivatives (j)				
Futures Contracts	$ (10,707)	$ —	$ —	$ (10,707)
Forward Foreign Currency Contracts	—	(2,478)	—	(2,478)
Total	**$ (10,707)**	**$ (2,478)**	**$ —**	**$ (13,185)**

During the year ended December 31, 2018, the amount of transfers between Level 2 and Level 3 was $56,865. The investment was transferred from Level 2 to Level 3 due to the lack of observable market data due to a decrease in market activity.

Transfers between price levels are recognized at the beginning of the reporting period.

(i) See Investment Portfolio for additional detailed categorizations.

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

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 Loan	Convertible Bond	Common Stock	Warrants	Total
Balance as of December 31, 2017	**$ —**	**$180,626**	**$ 4,455**	**$2,298**	**$187,379**
Realized gains (loss)	—	—	—	—	—
Change in unrealized appreciation (depreciation)	(685)	(26,204)	(13,253)	(202)	(40,344)
Amortization premium/discount	(2)	20	—	—	18
Purchases/PIK	—	3,961	19,522	—	23,483
(Sales)	—	—	—	—	—
Transfers into Level 3	57,552	—	—	—	57,552
Transfers (out) of Level 3	—	—	—	—	—
Balance as of December 31, 2018	**$56,865**	**$158,403**	**$ 10,724**	**$2,096**	**$228,088**
Net change in unrealized appreciation (depreciation) from investments still held as of December 31, 2018	**$ (685)**	**$ (26,204)**	**$(13,253)**	**$ (202)**	**$ (40,344)**

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

Quantitative Disclosure About Significant Unobservable Inputs

Asset Class	Fair Value at 12/31/18	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Convertible Bond:				
Materials	$158,403	Option Pricing Model	Implied Volatility of Option	45%
			Discount Rate	18.38%
			EV/EBITDA Multiple	5.56
			Discount for lack of marketability	22%
Common Stock:				
Materials	$10,724	Market Approach	EV/EBITDA Multiple	5.56
			Discount for lack of marketability	22%
Warrants:				
Materials	$2,096	Black Scholes Option Pricing Model	Implied Volatility of Option	21.61%
			Discount for lack of marketability	20%
Senior Loans	$56,865	Dealer Quote	Dealer Quote	—

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 enterprise value (EV) to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio with a discount for lack of marketability; implied volatility of option; and discount rate. A significant change in the EV to EBITDA ratio and implied volatility of option may result in a significant change in the fair value measurement, while a significant change in the discount for lack of marketability and discount rate are unlikely to result in a materially higher or lower fair value measurement.

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's common stock investment include enterprise value (EV) to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio with a discount for lack of marketability. A significant change in the EV to EBITDA ratio may result in a significant change in the fair value measurement, while a significant change in the discount for lack of marketability is unlikely to result in a materially higher or lower fair value measurement.

Significant unobservable inputs developed by the Pricing Committee and used in the fair value measurement of the Fund's warrants include volatility and discount for lack of marketability. A change in the volatility of the underlying asset as an input to the Black-Scholes model may have a significant change in the fair value measurement. A significant change in the discount for lack of marketability is unlikely to have a material impact to the fair value measurement.

A significant change in the broker quotes for the Fund's senior loan investments could have a material change on the fair value measurement.

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

Statement of Assets and Liabilities

as of December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $8,014,024) — including $287,953 of securities loaned	$ 7,912,027
Investment in DWS Government & Agency Securities Portfolio (cost $302,310)*	302,310
Investment in DWS Central Cash Management Government Fund (cost $395,710)	395,710
Cash	2,618
Foreign currency, at value (cost $19,475)	19,299
Interest receivable	77,050
Receivable for variation margin on futures contracts	4,512
Unrealized appreciation on forward foreign currency contracts	12,252
Foreign taxes recoverable	625
Other assets	1,172
Total assets	8,727,575
Liabilities	
Payable upon return of securities loaned	302,310
Payable for Fund shares redeemed	17,628
Unrealized depreciation on forward foreign currency contracts	2,478
Accrued management fee	5,426
Accrued Trustees' fees	747
Other accrued expenses and payables	107,151
Total liabilities	435,740
Net assets, at value	**$ 8,291,835**
Net Assets Consist of	
Distributable earnings (loss)	(4,409,778)
Paid-in capital	12,701,613
Net assets, at value	**$ 8,291,835**
Net Asset Value	
Class A	
Net asset value, offering and redemption price per share ($8,291,835 ÷ 888,694 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 9.33**

* Represents collateral on securities loaned.

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Interest (net of foreign taxes withheld of $913)	$ 347,905
Income distributions — DWS Central Cash Management Government Fund	14,308
Securities lending income, net of borrower rebates	4,702
Total income	366,915
Expenses: Management fee	48,680
Administration fee	8,851
Services to Shareholders	207
Custodian fee	19,492
Professional fees	85,127
Reports to shareholders	19,521
Trustees' fees and expenses	2,063
Other	9,527
Total expenses before expense reductions	193,468
Expense reductions	(135,937)
Total expenses after expense reductions	57,531
Net investment income	**309,384**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	(72,473)
Swap contracts	956
Futures	(66,904)
Forward foreign currency contracts	26,618
Foreign currency	5,022
	(106,781)
Change in net unrealized appreciation (depreciation) on: Investments	(404,117)
Futures	43,567
Forward foreign currency contracts	8,305
Foreign currency	6,500
	(345,745)
Net gain (loss)	**(452,526)**
Net increase (decrease) in net assets resulting from operations	**$ (143,142)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income	$ 309,384	$ 612,061
Net realized gain (loss)	(106,781)	498,625
Change in net unrealized appreciation (depreciation)	(345,745)	372,805
Net increase (decrease) in net assets resulting from operations	(143,142)	1,483,491
Distributions to shareholders:		
Class A	(641,992)	(201,605)*
Fund share transactions:		
Class A		
Proceeds from shares sold	612,918	710,821
Reinvestment of distributions	641,992	201,605
Payments for shares redeemed	(1,895,400)	(17,200,328)
Net increase (decrease) in net assets from Class A share transactions	(640,490)	(16,287,902)
Increase (decrease) in net assets	(1,425,624)	(15,006,016)
Net assets at beginning of period	9,717,459	24,723,475
Net assets at end of period	**$ 8,291,835**	**$ 9,717,459****

Other Information		
Class A		
Shares outstanding at beginning of period	951,249	2,560,974
Shares sold	64,660	71,456
Shares issued to shareholders in reinvestment of distributions	68,080	20,405
Shares redeemed	(195,295)	(1,701,586)
Net increase (decrease) in Class A shares	(62,555)	(1,609,725)
Shares outstanding at end of period	**888,694**	**951,249**

* Includes distributions from net investment income.
** Includes undistributed net investment income of $636,964.

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

Financial Highlights

Class A	2018	Years Ended December 31, 2017	2016	2015	2014
Selected Per Share Data					
Net asset value, beginning of period	**$10.22**	**$ 9.65**	**$10.43**	**$11.20**	**$11.53**
Income (loss) from investment operations:					
Net investment income[a]	.34	.28	.22	.40	.49
Net realized and unrealized gain (loss)	(.50)	.37	(.17)	(.72)	(.23)
Total from investment operations	(.16)	.65	.05	(.32)	.26
Less distributions from:					
Net investment income	(.73)	(.08)	(.83)	(.45)	(.59)
Net asset value, end of period	**$ 9.33**	**$10.22**	**$ 9.65**	**$10.43**	**$11.20**
Total Return (%)[b]	(1.65)	6.78	.50	(3.02)	2.23
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	8	10	25	33	54
Ratio of expenses before expense reductions (%)[c]	2.19	1.37	1.31	1.15	1.08
Ratio of expenses after expense reductions (%)[c]	.65	.67	.68	.70	.77
Ratio of net investment income (%)	3.50	2.81	2.19	3.67	4.23
Portfolio turnover rate (%)	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.

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

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Multisector Income VIP (formerly Deutsche Multisector Income VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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.

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

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

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

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

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

Securities Lending. Deutsche Bank AG, as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had securities on loan, which were classified as corporate bonds in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Loan Participations and Assignments. Loan Participations and Assignments are portions of loans originated by banks and sold in pieces to investors. These floating-rate loans ("Loans") in which the Fund invests are arranged between the borrower and one or more financial institutions ("Lenders"). These Loans may take the form of Senior Loans, which are corporate obligations often issued in connection with recapitalizations, acquisitions, leveraged buy outs and refinancing. The Fund invests in such Loans in the form of participations in Loans ("Participations") or assignments of all or a portion of Loans from third parties ("Assignments"). Participations typically result in the Fund having a contractual relationship with only the Lender, not with the borrower. The Fund has the right to receive payments of principal, interest and any fees to which it is entitled from the Lender selling the Participation and only upon receipt by the Lender of the payments from the borrower. In connection with purchasing Participations, the Fund generally has no right to enforce compliance by the borrower with the terms of the loan agreement relating to the Loan, or any rights of set off against the borrower, and the Fund will not benefit directly from any collateral supporting the Loan in which it has purchased the Participation. As a result, the Fund assumes the credit risk of both the borrower and the Lender that is selling the Participation. Assignments typically result in the Fund having a direct contractual relationship with the borrower, and the Fund may enforce compliance by the borrower with the terms of the loan agreement. Loans held by the Fund are generally in the form of Assignments, but the Fund may also invest in Participations. If affiliates of the Advisor participate in the primary and secondary market for senior loans, legal limitations may restrict the Fund's ability to participate in restructuring or acquiring some senior loans. All Loans involve interest rate risk, liquidity risk and credit risk, including the potential default or insolvency of the borrower.

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).

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, 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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	$ 336,273
Capital loss carryforwards	$ (4,643,000)
Unrealized appreciation (depreciation) on investments	$ (102,899)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $8,712,946. The net unrealized depreciation for all investments based on tax cost was $102,899. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $344,975 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $447,874.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income*	$ 641,992	$ 201,605

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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

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

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

B. Derivative Instruments

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

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

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

Interest rate swaps are agreements in which the Fund agrees to pay to the counterparty a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a variable rate payment, or the Fund agrees to receive from the counterparty a fixed rate payment in exchange for the counterparty agreeing to receive from the Fund a variable rate payment. The payment obligations are based on the notional amount of the swap. For the year ended December 31, 2018, the Fund entered into interest rate swap agreements to gain exposure to different parts of the yield curve while managing overall duration.

There were no open interest rate swap contracts as of December 31, 2018. For the year ended December 31, 2018 the investment in interest rate swap contracts had a total notional amount generally indicative of a range from $0 to $1,700,000.

Futures Contracts. A futures contract is an agreement between a buyer or seller and an established futures exchange or its clearinghouse in which the buyer or seller agrees to take or make a delivery of a specific amount of a financial instrument at a specified price on a specific date (settlement date). For the year ended December 31, 2018, the Fund entered into interest rate futures to gain exposure to different parts of the yield curve while managing overall duration and for non-hedging purposes to seek to enhance potential gains.

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

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

A summary of the open futures contracts as of December 31, 2018 is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in futures contracts purchased had a total notional value generally indicative of a range from approximately $801,000 to $2,497,000, and the investment in futures contracts sold had a total notional value generally indicative of a range from approximately $0 to approximately $1,440,000.

Forward Foreign Currency Contracts. A forward foreign currency contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at the settlement date at a negotiated rate. For the year ended December 31, 2018, the Fund entered into forward currency contracts in order to hedge against anticipated currency market changes and for non-hedging purposes to seek to enhance potential gains.

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

A summary of the open forward currency contracts as of December 31, 2018, is included in a table following the Fund's Investment Portfolio. For the year ended December 31, 2018, the investment in forward currency contracts short vs. U.S. dollars had a total contract value generally indicative of a range from approximately $582,000 to $1,435,000, and the investment in forward currency contracts long vs. U.S. dollars had a total contract value generally indicative of a range from $0 to approximately $562,000.

The following tables summarize the value of the Fund's derivative instruments held as of December 31, 2018 and the related location in the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

Asset Derivatives	**Forward Contracts**	**Futures Contracts**	**Total**
Interest Rate Contracts (a)	$ —	$ 50,711	$ 50,711
Foreign Exchange Contracts (b)	12,252	—	12,252
	$ 12,252	**$ 50,711**	**$ 62,963**

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

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

(b) Unrealized appreciation on forward foreign currency contracts

Liability Derivatives	Forward Contracts	Futures Contracts	Total
Interest Rate Contracts (c)	$ —	$ 10,707	$ 10,707
Foreign Exchange Contracts (d)	2,478	—	2,478
	$ 2,478	**$ 10,707**	**$ 13,185**

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

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

(d) Unrealized depreciation on forward foreign currency contracts

Additionally, the amount of unrealized and realized gains and losses on derivative instruments recognized in Fund earnings during the year ended December 31, 2018 and the related location in the accompanying Statement of Operations is summarized in the following tables by primary underlying risk exposure:

Realized Gain (Loss)	Forward Contracts	Swap Contracts	Futures Contracts	Total
Interest Rate Contracts (e)	$ —	$ 956	$ (66,904)	$ (65,948)
Foreign Exchange Contracts (f)	26,618	—	—	26,618
	$ 26,618	**$ 956**	**$ (66,904)**	**$ (39,330)**

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	Futures Contracts	Total
Interest Rate Contracts (g)	$ —	$ 43,567	$ 43,567
Foreign Exchange Contracts (h)	8,305	—	8,305
	$ 8,305	**$ 43,567**	**$ 51,872**

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

(g) Change in net unrealized appreciation (depreciation) on futures

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

As of December 31, 2018, the Fund has transactions subject to enforceable master netting agreements which govern the terms of certain transactions, and reduce the counterparty risk associated with such transactions. Master netting agreements allow a Fund to close out and net total exposure to a counterparty in the event of a deterioration in the credit quality or contractual default with respect to all of the transactions with a counterparty. As defined by the master netting agreement, the Fund may have collateral agreements with certain counterparties to mitigate risk. For financial reporting purposes the Statement of Assets and Liabilities generally shows derivatives assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting. A reconciliation of the gross amounts on the Statement of Assets and Liabilities to the net amounts by a counterparty, including any collateral exposure, is included in the following tables:

Counterparty	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments and Derivatives Available for Offset	Collateral Received	Net Amount of Derivative Assets
Australia and New Zealand Banking Group Ltd.	$ 8,415	$ —	$ —	$ 8,415
Credit Agricole	1,303	—	—	1,303
State Street Bank and Trust	2,534	—	—	2,534
	$ 12,252	**$ —**	**$ —**	**$ 12,252**

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
Toronto-Dominion Bank	$ 2,478	$ —	$ —	$ 2,478
	$ 2,478	**$ —**	**$ —**	**$ 2,478**

C. Purchases and Sales of Securities

During the year ended December 31, 2018, purchases and sales of investment securities, excluding short-term investments, were as follows:

	Purchases	Sales
Non-U.S. Treasury Obligations	$ 5,212,011	$ 6,007,954
U.S. Treasury Obligations	$ 1,427,568	$ —

D. Related Parties

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

DWS Alternatives Global Limited (formerly Deutsche Alternative Asset Management (Global) Limited), also an indirect, wholly owned subsidiary of DWS Group, serves as subadvisor for the Fund and, as such, provides portfolio manager services to the Fund. Pursuant to a sub-advisory agreement between DIMA and DWS Alternatives Global Limited, DIMA, not the Fund, compensates DWS Alternatives Global Limited for the services it provides to the Fund.

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

First $250 million	.550%
Next $750 million	.520%
Next $1.5 billion	.500%
Next $2.5 billion	.480%
Next $2.5 billion	.450%
Next $2.5 billion	.430%
Next $2.5 billion	.410%
Over $12.5 billion	.390%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.55% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fee and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) at 0.65%.

For the year ended December 31, 2018, fees waived and/or expenses reimbursed amounted to $135,937.

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 year ended December 31, 2018, the Administration Fee was $8,851, of which $711 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 year ended December 31, 2018, the amounts charged to the Fund by DSC aggregated $117, 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $10,993, of which $8,358 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $354.

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 December 31, 2018.

F. Investing in High-Yield Securities

High-yield debt securities or junk bonds are generally regarded as speculative with respect to the issuer's continuing ability to meet principal and interest payments. The Fund's performance could be hurt if an issuer of a debt security suffers an adverse change in financial condition that results in the issuer not making timely payments of interest or principal, a security downgrade or an inability to meet a financial obligation. High-yield debt securities' total return and yield may generally be expected to fluctuate more than the total return and yield of investment-grade debt securities. A real or perceived economic downturn or an increase in market interest rates could cause a decline in the value of high-yield debt securities, result in increased redemptions and/or result in increased portfolio turnover, which could result in a decline in net asset value of the Fund, reduce liquidity for certain investments and/or increase costs. High-yield debt securities are often thinly traded and can be more difficult to sell and value accurately than investment-grade debt securities as there may be no established secondary market. Investments in high yield debt securities could increase liquidity risk for the Fund. In addition, the market for high-yield debt securities can experience sudden and sharp volatility which is generally associated more with investments in stocks.

G. Investing in Emerging Markets

Investing in emerging markets may involve special risks and considerations not typically associated with investing in developed markets. These risks include revaluation of currencies, high rates of inflation or deflation, repatriation restrictions on income and capital, and future adverse political, social and economic developments. Moreover, securities issued in these markets may be less liquid, subject to government ownership controls or delayed settlements, and may have prices that are more volatile or less easily assessed than those of comparable securities of issuers in developed markets.

H. Ownership of the Fund

At December 31, 2018, 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%.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS Multisector Income VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS Multisector Income VIP (formerly Deutsche Multisector Income VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 993.60
Expenses Paid per $1,000*	$ 3.27

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.93
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 184 (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.

Tax Information

(Unaudited)

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS2MSI-2 (R-025836-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Small Mid Cap Growth VIP

(formerly Deutsche 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.

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. 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

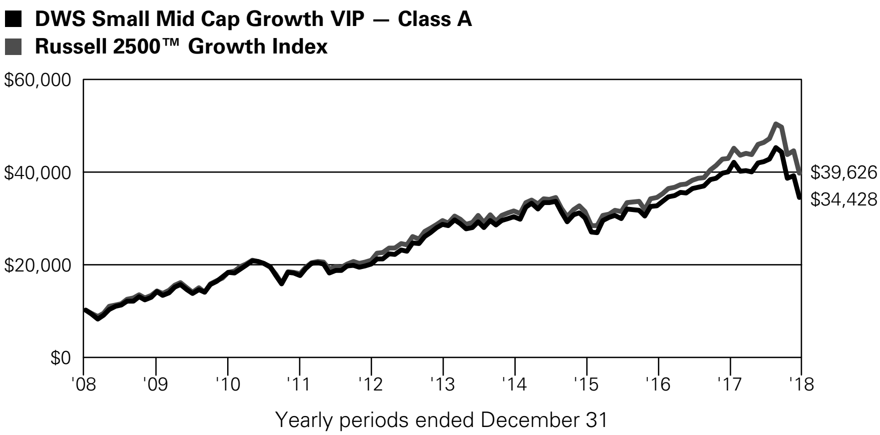
December 31, 2018 (Unaudited)

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

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

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

Growth of an Assumed $10,000 Investment in DWS Small Mid Cap Growth VIP



The Russell 2500™ Growth Index is an unmanaged index that measures the performance of the small- to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

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

Comparative Results

DWS Small Mid Cap Growth VIP		1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$8,641	$11,510	$12,057	$34,428
	Average annual total return	–13.59%	4.80%	3.81%	13.16%
Russell 2500 Growth Index	Growth of $10,000	$9,253	$12,637	$13,503	$39,626
	Average annual total return	–7.47%	8.11%	6.19%	14.76%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

For the 12-month period ended December 31, 2018, the Fund returned –13.59% (Class A shares, unadjusted for contract charges), compared with the –7.47% return of the Russell 2500™ Growth Index.

During most of the past year, financial markets seemed to rise above trade uncertainty, Brexit concerns, Federal Reserve policy changes and increased volatility, as investors focused on steady economic expansion, earnings growth and the tailwind from federal tax reform. However, as the 12-month period progressed, tailwinds turned to headwinds for the U.S. small- and mid-cap markets. Oil prices peaked in early October before worries regarding a possible oversupply of crude oil as well as general "risk-off" sentiment pervaded the market in the fourth quarter. For the Russell 2500 Growth Index, only three sectors posted positive returns for the 12-month period as macroeconomic concerns and uncertainty over monetary and fiscal policy negatively impacted performance.

The portfolio's underperformance derived in part from sector allocation, as an underweight in information technology and an overweight in energy detracted from returns. In addition, stock selection within information technology, energy and consumer staples weighed on performance. The top individual contributors to performance during the period were the health care provider Molina Healthcare, Inc. and the software company Five9, Inc. Molina effectively executed its cost-savings plan, which translated to better than expected profits. Five9 continued to gain market share as its contact center infrastructure migrates from on-premises to cloud-based. The largest individual detractors from performance were the industrial firm Rush Enterprises, Inc. and the construction materials company Eagle Materials, Inc. Shares of Rush Enterprises, a leading dealer of commercial vehicles, declined on concerns that the truck replacement cycle may be extended due to delivery delays. Eagle Materials, a diversified producer of basic building products, underperformed as the company faced weakness in U.S. housing data and adverse weather that negatively impacted sales.

We continue to position the Fund for sustained economic recovery and remain focused on our bottom-up stock selection process. We maintain a long-term perspective, investing in quality small- and mid-cap growth companies whose shares trade at attractive valuations, with strong management teams that align shareholders' interests with their own.

Peter Barsa, Director
Michael A. Sesser, CFA, Director
Portfolio Managers

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

The **Russell 2500™ Growth Index** is an unmanaged index that measures the performance of the small- to midcap 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.

"Overweight" means that the Fund holds a higher weighting in a given sector or security than the benchmark. **"Underweight"** means that the Fund holds a lower weighting.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the Fund.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**12/31/18**	**12/31/17**
Common Stocks	93%	97%
Cash Equivalents	6%	2%
Convertible Preferred Stock	1%	1%
	100%	100%

Sector Diversification

(As a % of Investment Portfolio excluding Cash Equivalents and Securities Lending Collateral)	**12/31/18**	**12/31/17**
Health Care	25%	21%
Information Technology	22%	23%
Industrials	18%	19%
Consumer Discretionary	16%	15%
Financials	7%	6%
Materials	4%	7%
Real Estate	3%	3%
Energy	2%	2%
Consumer Staples	2%	3%
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 6.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 93.4%		
Communication Services 1.1%		
Entertainment		
Cinemark Holdings, Inc.	13,014	465,901
Take-Two Interactive Software, Inc.*	2,302	236,968
		702,869
Consumer Discretionary 15.2%		
Auto Components 1.2%		
Gentherm, Inc.*	7,798	311,764
Tenneco, Inc.	16,869	462,042
		773,806
Diversified Consumer Services 2.4%		
Bright Horizons Family Solutions, Inc.*	9,008	1,003,941
ServiceMaster Global Holdings, Inc.*	13,978	513,552
		1,517,493
Hotels, Restaurants & Leisure 1.6%		
Hilton Grand Vacations, Inc.*	15,442	407,514
Jack in the Box, Inc.	8,357	648,754
		1,056,268
Household Durables 3.7%		
Helen of Troy Ltd.*	6,902	905,404
iRobot Corp.* (a)	13,414	1,123,289
TopBuild Corp.*	7,521	338,445
		2,367,138
Internet & Direct Marketing Retail 1.1%		
GrubHub, Inc.*	3,879	297,946
Shutterfly, Inc.*	10,991	442,498
		740,444
Leisure Products 0.4%		
YETI Holdings, Inc.* (a)	17,273	**256,331**
Specialty Retail 4.0%		
Burlington Stores, Inc.*	7,180	1,167,971
Camping World Holdings, Inc. "A" (a)	30,031	344,455
Tailored Brands, Inc.	26,951	367,612
The Children's Place, Inc.	7,548	679,999
		2,560,037
Textiles, Apparel & Luxury Goods 0.8%		
Carter's, Inc.	6,302	**514,369**
Consumer Staples 1.8%		
Food & Staples Retailing 1.1%		
Casey's General Stores, Inc.	5,389	**690,547**
Food Products 0.2%		
SunOpta, Inc.*	44,516	**172,277**
Household Products 0.5%		
Spectrum Brands Holdings, Inc.	7,393	**312,354**
Energy 2.1%		
Energy Equipment & Services 1.3%		
Dril-Quip, Inc.*	16,509	495,765
Oil States International, Inc.*	23,188	331,125
		826,890
Oil, Gas & Consumable Fuels 0.8%		
California Resources Corp.*	22,013	375,102
Contango Oil & Gas Co.*	41,553	135,047
		510,149
Financials 6.3%		
Banks 4.0%		
Eagle Bancorp., Inc.*	9,086	442,579
FCB Financial Holdings, Inc. "A"*	17,761	596,414
Pinnacle Financial Partners, Inc.	7,734	356,538
South State Corp.	8,497	509,395
SVB Financial Group*	3,490	662,821
		2,567,747
Capital Markets 1.3%		
Lazard Ltd. "A"	14,525	536,118
Moelis & Co. "A"	9,674	332,592
		868,710
Consumer Finance 1.0%		
Green Dot Corp. "A"*	7,735	**615,087**
Health Care 22.5%		
Biotechnology 7.9%		
Acceleron Pharma, Inc.*	4,129	179,818
Alkermes PLC*	11,391	336,148
Amicus Therapeutics, Inc.*	18,313	175,439
Arena Pharmaceuticals, Inc.*	7,580	295,241
Bluebird Bio, Inc.*	2,454	243,437
Emergent BioSolutions, Inc.*	12,303	729,322
Heron Therapeutics, Inc.*	26,667	691,742
Ligand Pharmaceuticals, Inc.*	4,929	668,865
Neurocrine Biosciences, Inc.*	10,796	770,942
Retrophin, Inc.*	44,541	1,007,963
		5,098,917
Health Care Equipment & Supplies 4.0%		
Cardiovascular Systems, Inc.*	23,977	683,105
Globus Medical, Inc. "A"*	8,079	349,659
iRhythm Technologies, Inc.*	2,213	153,759
Masimo Corp.*	5,350	574,430
Merit Medical Systems, Inc.*	6,389	356,570
Natus Medical, Inc.*	13,683	465,632
		2,583,155
Health Care Providers & Services 8.0%		
AMN Healthcare Services, Inc.*	16,063	910,130
BioScrip, Inc.*	257,972	920,960
Molina Healthcare, Inc.*	12,438	1,445,544
Providence Service Corp.*	14,969	898,439
RadNet, Inc.*	58,745	597,437
Tivity Health, Inc.*	14,185	351,930
		5,124,440
Health Care Technology 1.6%		
athenahealth, Inc.*	2,411	**318,083**
HMS Holdings Corp.*	26,025	732,083
		1,050,166
Pharmaceuticals 1.0%		
Assertio Therapeutics, Inc.*	12,006	43,342
Avadel Pharmaceuticals PLC (ADR)*	24,612	63,499

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

	Shares	Value ($)
Pacira Pharmaceuticals, Inc.*	12,502	537,836
		644,677
Industrials 17.5%		
Aerospace & Defense 1.0%		
HEICO Corp.	8,035	**622,552**
Building Products 3.2%		
A.O. Smith Corp.	16,215	692,380
Allegion PLC	11,168	890,201
Fortune Brands Home & Security, Inc.	12,443	472,710
		2,055,291
Commercial Services & Supplies 3.3%		
Advanced Disposal Services, Inc.*	39,685	950,059
MSA Safety, Inc.	3,811	359,263
The Brink's Co.	13,160	850,794
		2,160,116
Construction & Engineering 0.7%		
MasTec, Inc.* (a)	10,594	**429,693**
Electrical Equipment 1.3%		
Thermon Group Holdings, Inc.*	41,624	**844,135**
Machinery 2.8%		
Chart Industries, Inc.*	9,241	600,942
Hillenbrand, Inc.	11,100	421,023
IDEX Corp.	2,649	334,463
Kennametal, Inc.	14,028	466,852
		1,823,280
Professional Services 1.5%		
Kforce, Inc.	23,789	735,556
Mistras Group, Inc.*	15,322	220,330
		955,886
Trading Companies & Distributors 3.7%		
H&E Equipment Services, Inc.	28,818	588,464
Rush Enterprises, Inc. "A"	35,301	1,217,178
Titan Machinery, Inc.*	42,049	552,944
		2,358,586
Information Technology 20.7%		
Communications Equipment 0.7%		
Lumentum Holdings, Inc.*	10,532	**442,449**
Electronic Equipment, Instruments & Components 1.5%		
Anixter International, Inc.*	7,752	421,011
Cognex Corp.	8,337	322,392
IPG Photonics Corp.*	1,994	225,900
		969,303
IT Services 4.5%		
Broadridge Financial Solutions, Inc.	11,030	1,061,638
MAXIMUS, Inc.	9,060	589,715
WEX, Inc.*	4,517	632,651
WNS Holdings Ltd. (ADR)*	15,577	642,707
		2,926,711
Semiconductors & Semiconductor Equipment 3.4%		
Advanced Energy Industries, Inc.*	13,373	574,103
Advanced Micro Devices, Inc.*	22,933	423,343
Cabot Microelectronics Corp.	3,315	316,085
Cypress Semiconductor Corp.	35,012	445,353
Entegris, Inc.	14,392	401,465
		2,160,349
Software 10.6%		
2U, Inc.*	4,424	219,961
Aspen Technology, Inc.*	12,688	1,042,700
Cision Ltd.*	52,770	617,409
Envestnet, Inc.*	10,432	513,150
Five9, Inc.*	20,949	915,890
Proofpoint, Inc.*	8,009	671,235
QAD, Inc. "A"	16,918	665,385
Tyler Technologies, Inc.*	6,582	1,223,067
Varonis Systems, Inc.*	17,800	941,620
		6,810,417
Materials 3.6%		
Chemicals 0.9%		
Trinseo SA	12,784	**585,251**
Construction Materials 0.9%		
Eagle Materials, Inc.	10,034	**612,375**
Containers & Packaging 0.6%		
Berry Global Group, Inc.*	8,183	**388,938**
Metals & Mining 1.2%		
Cleveland-Cliffs, Inc.*	71,240	547,836
First Quantum Minerals Ltd.	26,721	216,085
		763,921
Real Estate 2.6%		
Equity Real Estate Investment Trusts (REITs)		
Americold Realty Trust	9,400	240,076
National Storage Affiliates Trust	24,731	654,382
SBA Communications Corp. *	2,141	346,607
Urban Edge Properties	27,384	455,122
		1,696,187
Total Common Stocks (Cost $51,485,155)		**60,159,311**
Convertible Preferred Stock 0.7%		
Health Care		
Providence Service Corp., 5.5% (b) (Cost $283,300)	2,833	**426,371**
Securities Lending Collateral 3.2%		
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (c) (d) (Cost $2,032,950)	2,032,950	**2,032,950**
Cash Equivalents 6.0%		
DWS Central Cash Management Government Fund, 2.41% (c) (Cost $3,874,651)	3,874,651	**3,874,651**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $57,676,056)	103.3	**66,493,283**
Other Assets and Liabilities, Net	(3.3)	**(2,119,166)**
Net Assets	100.0	**64,374,117**

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

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distribu-tions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 3.2%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (c) (d)								
3,961,099	—	1,928,149 (e)	—	—	49,053	—	2,032,950	2,032,950
Cash Equivalents 6.0%								
DWS Central Cash Management Government Fund, 2.41% (c)								
1,762,858	16,441,823	14,330,030	—	—	50,358	—	3,874,651	3,874,651
5,723,957	**16,441,823**	**16,258,179**	**—**	**—**	**99,411**	**—**	**5,907,601**	**5,907,601**

* 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 December 31, 2018 amounted to $1,994,879, which is 3.1% of net assets.

(b) Investment was valued using significant unobservable inputs.

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

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

(e) Represents the net increase (purchase cost) or decrease (sales proceeds) in the amount invested for the year ended December 31, 2018.

ADR: American Depositary Receipt

Fair Value Measurements

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

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (f)	$ 60,159,311	$ —	$ —	$ 60,159,311
Convertible Preferred Stock	—	—	426,371	426,371
Short-Term Investments (f)	5,907,601	—	—	5,907,601
Total	**$ 66,066,912**	**$ —**	**$ 426,371**	**$ 66,493,283**

(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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $51,768,455) — including $1,994,879 of securities loaned	$60,585,682
Investment in DWS Government & Agency Securities Portfolio (cost $2,032,950)*	2,032,950
Investment in DWS Central Cash Management Government Fund (cost $3,874,651)	3,874,651
Cash	10,000
Foreign currency, at value (cost $82)	78
Receivable for Fund shares sold	3,288
Dividends receivable	14,511
Interest receivable	14,812
Other assets	1,784
Total assets	66,537,756

Liabilities	
Payable upon return of securities loaned	2,032,950
Payable for Fund shares redeemed	9,536
Accrued management fee	25,398
Accrued Trustees' fees	1,522
Other accrued expenses and payables	94,233
Total liabilities	2,163,639
Net assets, at value	**$64,374,117**

Net Assets Consist of	
Distributable earnings (loss)	17,238,373
Paid-in capital	47,135,744
Net assets, at value	**$64,374,117**

Net Asset Value		
Net Asset Value, offering and redemption price per share ($64,374,117 ÷ 5,077,014 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$**	**12.68**

* Represents collateral on securities loaned.

Statement of Operations

for the year ended December 31, 2018

Investment Income		
Income: Dividends (net of foreign taxes withheld of $31)	$	481,654
Income distributions — DWS Central Cash Management Government Fund		50,358
Securities lending income, net of borrower rebates		49,053
Total income		581,065
Expenses: Management fee		431,200
Administration fee		78,400
Services to Shareholders		844
Custodian fee		6,777
Professional fees		78,022
Reports to shareholders		28,214
Trustees' fees and expenses		5,259
Other		7,389
Total expenses before expense reductions		636,105
Expense reductions		(6,672)
Total expenses after expense reductions		629,433
Net investment income (loss)		**(48,368)**

Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from: Investments	8,988,112
Foreign currency	1,291
	8,989,403
Change in net unrealized appreciation (depreciation) on: Investments	(19,054,036)
Foreign currency	(4)
	(19,054,040)
Net gain (loss)	**(10,064,637)**
Net increase (decrease) in net assets resulting from operations	**$(10,113,005)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ (48,368)	$ (87,390)
Net realized gain (loss)	8,989,403	25,564,282
Change in net unrealized appreciation (depreciation)	(19,054,040)	(2,783,953)
Net increase (decrease) in net assets resulting from operations	(10,113,005)	22,692,939
Distributions to shareholders:		
Class A	(25,334,744)	(6,576,947)*
Fund share transactions:		
Class A		
Proceeds from shares sold	6,446,792	3,919,157
Reinvestment of distributions	25,334,744	6,576,947
Payments for shares redeemed	(9,303,196)	(67,645,663)
Net increase (decrease) in net assets from Class A share transactions	22,478,340	(57,149,559)
Increase (decrease) in net assets	**(12,969,409)**	**(41,033,567)**
Net assets at beginning of period	77,343,526	118,377,093
Net assets at end of period	**$ 64,374,117**	**$ 77,343,526****

Other Information		
Class A		
Shares outstanding at beginning of period	3,525,232	6,244,931
Shares sold	381,309	194,850
Shares issued to shareholders in reinvestment of distributions	1,711,807	336,589
Shares redeemed	(541,334)	(3,251,138)
Net increase (decrease) in Class A shares	1,551,782	(2,719,699)
Shares outstanding at end of period	5,077,014	3,525,232

* Includes distributions from net investment income of $124,128 and distributions from net realized gains of $6,452,819.

** Includes undistributed net investment income of $0.

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

Financial Highlights

Class A	2018	Years Ended December 31, 2017	2016	2015	2014
Selected Per Share Data					
Net asset value, beginning of period	**$ 21.94**	**$18.96**	**$20.90**	**$22.83**	**$21.59**
Income (loss) from investment operations:					
Net investment income (loss)[a]	(.01)	(.02)	.02	(.04)	(.02)
Net realized and unrealized gain (loss)	(1.92)	4.08	1.64	(.00)	1.26
Total from investment operations	(1.93)	4.06	1.66	(.04)	1.24
Less distributions from:					
Net investment income	—	(.02)	—	—	—
Net realized gains	(7.33)	(1.06)	(3.60)	(1.89)	—
Total distributions	(7.33)	(1.08)	(3.60)	(1.89)	—
Net asset value, end of period	**$ 12.68**	**$21.94**	**$18.96**	**$20.90**	**$22.83**
Total Return (%)	(13.59)[b]	22.12	9.08	(.90)	5.74
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	64	77	118	135	172
Ratio of expenses before expense reductions (%)[c]	.81	.75	.75	.72	.73
Ratio of expenses after expense reductions (%)[c]	.80	.75	.75	.72	.73
Ratio of net investment income (loss) (%)	(.06)	(.08)	.11	(.19)	(.11)
Portfolio turnover rate (%)	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.

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

DWS Small Mid Cap Growth VIP (formerly Deutsche Small Mid Cap Growth VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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 year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had securities on loan, which were classified as common stock in the Investment Portfolio. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Federal Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to its shareholders.

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed long-term capital gains	$ 8,742,232
Net unrealized appreciation (depreciation) on investments	$ 8,496,145

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $57,997,138. The net unrealized appreciation for all investments based on tax cost was $8,496,145. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $15,613,579 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $7,117,434.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income*	$ 1,616,576	$ 124,128
Distributions from long-term capital gains	$ 23,718,168	$ 6,452,819

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $23,655,787 and $27,697,820, respectively.

C. Related Parties

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

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

First $250 million	.550%
Next $750 million	.525%
Over $1 billion	.500%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.55% of the Fund's average daily net assets.

For the period from January 1, 2018 through September 30, 2018, the Advisor 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 0.84%.

Effective October 1, 2018 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 year ended December 31, 2018, fees waived and/or expenses reimbursed were $6,672.

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 year ended December 31, 2018, the Administration Fee was $78,400, of which $5,724 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 year ended December 31, 2018, the amounts charged to the Fund by DSC aggregated $392, of which $64 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $9,232, of which $6,057 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 year ended December 31, 2018, the Fund incurred securities lending agent fees to Deutsche Bank AG in the amount of $3,692.

D. Ownership of the Fund

At December 31, 2018, one participating insurance company was owner of record of 10% or more of the total outstanding Class A shares of the Fund, owning 92%.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $400 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if the one-month LIBOR exceeds the Federal Funds Rate the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS Small Mid Cap Growth VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS Small Mid Cap Growth VIP (formerly Deutsche Small Mid Cap Growth VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 816.50
Expenses Paid per $1,000*	$ 3.66

Hypothetical 5% Fund Return	**Class A**
Beginning Account Value 7/1/18	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.17
Expenses Paid per $1,000*	$ 4.08

* Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 184 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratio	**Class A**
Deutsche DWS Variable Series II — DWS Small Mid Cap Growth VIP	.80%

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

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

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

Tax Information (Unaudited)

The Fund paid distributions of $6.86 per share from net long-term capital gains during its year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $9,660,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 26% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018, qualified for the dividends received deduction.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered "interested persons" of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund's Statement of Additional Information ("SAI") includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

Notes

VS2SMCG-2 (R-025835-8 2/19)

December 31, 2018

Annual Report

Deutsche DWS Variable Series II

(formerly Deutsche Variable Series II)

DWS Small Mid Cap Value VIP

(formerly Deutsche 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.

Performance Summary

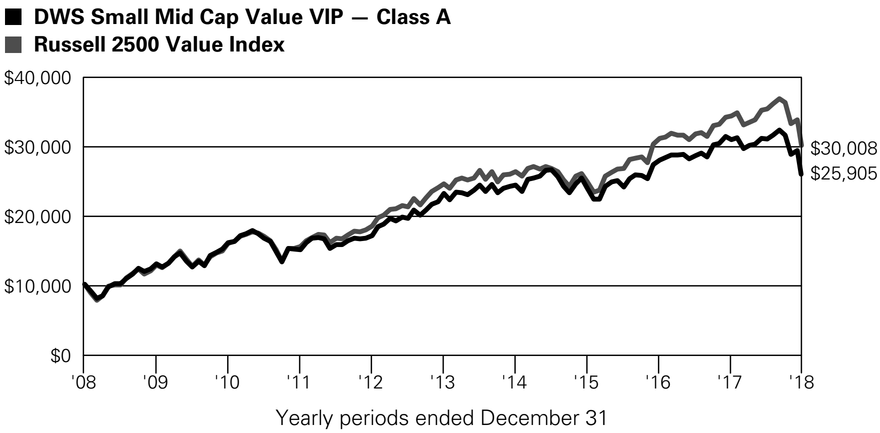
December 31, 2018 (Unaudited)

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

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2018 are 0.83% and 1.19% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

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

Growth of an Assumed $10,000 Investment in DWS Small Mid Cap Value VIP



The Russell 2500 Value Index is an unmanaged Index of those securities in the Russell 3000® Index with lower price-to-book ratios and lower forecasted growth values.

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

Comparative Results

DWS Small Mid Cap Value VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class A	Growth of $10,000	$8,399	$10,850	$11,231	$25,905
	Average annual total return	–16.01%	2.76%	2.35%	9.99%
Russell 2500 Value Index	Growth of $10,000	$8,764	$12,110	$12,259	$30,008
	Average annual total return	–12.36%	6.59%	4.16%	11.62%
DWS Small Mid Cap Value VIP		**1-Year**	**3-Year**	**5-Year**	**10-Year**
Class B	Growth of $10,000	$8,368	$10,733	$11,030	$25,022
	Average annual total return	–16.32%	2.39%	1.98%	9.61%
Russell 2500 Value Index	Growth of $10,000	$8,764	$12,110	$12,259	$30,008
	Average annual total return	–12.36%	6.59%	4.16%	11.62%

The growth of $10,000 is cumulative.

Management Summary

December 31, 2018 (Unaudited)

Class A shares of DWS Small Mid Cap Value VIP returned –16.01% in 2018 (unadjusted for contract charges) and underperformed the –12.36% return of the Russell 2500™ Value Index. Mid- and small-cap stocks lagged their large-cap peers during the period, while the value style finished well behind growth. Nearly all of the negative return for the index occurred in the fourth calendar quarter, when it declined 11.05%.

The Fund's general investment approach was a key reason for its shortfall. Our style was out of step with the market through the first nine months of the period, during which higher-beta and momentum-driven stocks outpaced those with lower price-to-earnings (P/E) ratios and higher returns on equity. This trend was visible not just across the market as a whole, but also within the value benchmark. At a time of rising short-term interest rates and heightened headline risk surrounding trade policy, investors appeared to gravitate to faster growers and stronger recent performers regardless of their valuations. These circumstances created a headwind for the Fund due to our emphasis on value and fundamentals. In addition to only buying stocks that we believe are attractively valued, we are also very disciplined in selling those that have reached our price targets. We therefore do not typically gain the full benefit of momentum-oriented markets. Nevertheless, we think that investing in growing, fundamentally sound companies when the shares are cheap and selling them when they're expensive continues to be a prudent path to long-term performance. This aspect of our approach indeed began to be reflected in results in the fourth calendar quarter once the market weakened and momentum stocks started to lose steam.

The Fund's sector allocations, which are largely a function of our bottom-up stock selection process, also played a role in the underperformance. We were hurt by having underweights in the real estate, utilities, and communications services sectors. We have been steadily working to reduce the extent of the Fund's underweights in real estate and utilities in order to minimize the effect of allocation on Fund returns, but the gradual nature of the process meant that our weightings in these areas were still well below those of the index.

Stock selection was also a net detractor. Our holdings trailed the corresponding benchmark components in the financial, energy, and materials sectors, offsetting a stronger showing in the health care, information technology, and consumer staples. Among individual stocks, the consumer products company Helen of Troy Ltd. was the top contributor to Fund performance. The company has built its business over time through accretive acquisitions of faster-growing, smaller players, and this strategy has begun to feed through to its results. Encompass Health Corp., a provider of inpatient and home-based rehabilitation services that rallied after raising its guidance for earnings and cash flows twice in 2018, was another key contributor. Winnebago Industries, Inc. was the largest detractor. The company exceeded earnings estimates in each of its four fiscal quarters, but the stock fell due to weak sentiment surrounding the recreational vehicle industry.

Although the Fund underperformed in the past 12 months, we believe it's essential to stick to our disciplined, bottom-up strategy. There are always times when lower-quality and richly valued stocks outperform the overall market, and the 2017–2018 rally in this group proved especially persistent. Still, we don't see an advantage of chasing performance in the lower-quality end of the small-cap universe given that such companies tend to underperform over longer-term intervals.

This emphasis on quality and value was reflected in our portfolio activity, which focused on making moves at a stock-by-stock level rather than executing broad-based changes. Specifically, we continued to rotate gradually out of strong performers that reached our price targets and redeploy the proceeds into stocks whose lower valuations may indicate greater upside potential. We believe this patient approach, instead of one that seeks to capture momentum, is a prudent long-term strategy.

Richard Hanlon, CFA, Director
Portfolio Manager

The views expressed reflect those of the portfolio management team only through the end of the period of the report as stated on the cover. The management team's views are subject to change at any time based on market and other conditions and should not be construed as a recommendation. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk.

Terms to Know

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 fees or expenses and it is not possible to invest directly into an index.

Beta measures a security's sensitivity to the movements of the Fund's benchmark or the market as a whole.

Momentum investing is the practice of investing in the market's top performing stocks in order to capture additional upward movements in their prices.

Price-to-earnings (P/E) ratio compares share price to per-share earnings.

Overweight means the Fund holds a higher weighting in a given sector or security than the benchmark. **Underweight** means the Fund holds a lower weighting.

Contribution and **detraction** incorporate both a stock's total return and its weighting in the Fund.

Portfolio Summary

(Unaudited)

Asset Allocation (As a % of Investment Portfolio)	**12/31/18**	**12/31/17**
Common Stocks	97%	96%
Cash Equivalent	3%	4%
	100%	100%

Sector Diversification (As a % of Investment Portfolio excluding Cash Equivalent)	**12/31/18**	**12/31/17**
Financials	22%	20%
Industrials	16%	19%
Real Estate	13%	13%
Consumer Discretionary	12%	9%
Information Technology	11%	11%
Utilities	6%	5%
Health Care	6%	4%
Materials	5%	5%
Energy	4%	7%
Consumer Staples	3%	7%
Communication Services	2%	—
	100%	100%

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund's investment portfolio, see page 7.

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 see the Fund's current prospectus for more information.

Investment Portfolio

December 31, 2018

	Shares	Value ($)
Common Stocks 97.1%		
Communication Services 1.7%		
Media 1.7%		
Interpublic Group of Companies, Inc.	69,952	**1,443,110**
Consumer Discretionary 11.3%		
Auto Components 1.1%		
Visteon Corp.*	15,913	**959,236**
Automobiles 1.5%		
Winnebago Industries, Inc.	51,382	**1,243,958**
Diversified Consumer Services 1.6%		
Regis Corp.*	79,032	**1,339,592**
Hotels, Restaurants & Leisure 2.2%		
Aramark	33,800	979,186
Denny's Corp.*	54,840	888,957
		1,868,143
Household Durables 2.5%		
Helen of Troy Ltd.*	16,578	**2,174,702**
Leisure Products 0.7%		
Brunswick Corp.	12,814	**595,210**
Textiles, Apparel & Luxury Goods 1.7%		
Columbia Sportswear Co.	17,354	**1,459,298**
Consumer Staples 3.4%		
Food Products 2.1%		
Conagra Brands, Inc.	21,388	456,847
Lamb Weston Holdings, Inc.	18,123	1,333,128
		1,789,975
Household Products 1.3%		
Central Garden & Pet Co.*	31,515	**1,085,692**
Energy 4.4%		
Energy Equipment & Services 0.6%		
Patterson-UTI Energy, Inc.	48,705	**504,097**
Oil, Gas & Consumable Fuels 3.8%		
HollyFrontier Corp.	12,696	649,019
Matador Resources Co.*	26,296	408,377
Murphy Oil Corp.	26,957	630,524
Parsley Energy, Inc. "A"*	27,357	437,165
Targa Resources Corp.	15,978	575,528
WPX Energy, Inc.*	52,173	592,163
		3,292,776
Financials 20.9%		
Banks 12.2%		
Eagle Bancorp., Inc.*	28,517	1,389,063
East West Bancorp., Inc.	24,968	1,086,857
Great Western Bancorp., Inc.	58,045	1,813,906
Hancock Whitney Corp.	46,301	1,604,330
Pacific Premier Bancorp., Inc.*	24,378	622,127
Sterling Bancorp.	84,654	1,397,637
TCF Financial Corp.	71,128	1,386,285
UMB Financial Corp.	18,452	1,125,018
		10,425,223
Capital Markets 0.8%		
E*TRADE Financial Corp.	16,234	**712,348**
Insurance 6.4%		
American Financial Group, Inc.	9,600	869,088
Assurant, Inc.	13,300	1,189,552
Brown & Brown, Inc.	51,769	1,426,753
CNO Financial Group, Inc.	42,786	636,656
ProAssurance Corp.	10,411	422,270
Torchmark Corp.	12,000	894,360
		5,438,679
Thrifts & Mortgage Finance 1.5%		
Walker & Dunlop, Inc.	29,822	**1,289,802**
Health Care 5.9%		
Health Care Providers & Services 3.3%		
Encompass Health Corp.	24,337	1,501,593
Premier, Inc. "A"*	34,121	1,274,419
		2,776,012
Life Sciences Tools & Services 2.6%		
Bruker Corp.	42,574	1,267,428
PerkinElmer, Inc.	12,605	990,123
		2,257,551
Industrials 15.2%		
Building Products 1.2%		
Simpson Manufacturing Co., Inc.	18,098	**979,645**
Commercial Services & Supplies 2.7%		
Interface, Inc.	85,328	1,215,924
The Brink's Co.	17,413	1,125,750
		2,341,674
Electrical Equipment 1.9%		
EnerSys	20,357	**1,579,907**
Machinery 5.9%		
Douglas Dynamics, Inc.	20,212	725,409
Federal Signal Corp.	59,274	1,179,552
Global Brass & Copper Holdings, Inc.	56,284	1,415,542
Hillenbrand, Inc.	23,503	891,469
Stanley Black & Decker, Inc.	6,963	833,750
		5,045,722
Professional Services 2.7%		
ICF International, Inc.	13,149	851,792
ManpowerGroup, Inc.	8,734	565,963
Nielsen Holdings PLC	36,986	862,884
		2,280,639
Trading Companies & Distributors 0.8%		
AerCap Holdings NV*	17,738	**702,425**
Information Technology 10.6%		
Electronic Equipment, Instruments & Components 5.0%		
CTS Corp.	24,200	626,538
Dolby Laboratories, Inc. "A"	16,724	1,034,212
Insight Enterprises, Inc.*	37,400	1,524,050
Rogers Corp.*	10,470	1,037,158
		4,221,958
IT Services 3.7%		
Euronet Worldwide, Inc.*	10,261	1,050,521
Leidos Holdings, Inc.	15,800	832,976
Travelport Worldwide Ltd.	83,672	1,306,957
		3,190,454

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

	Shares	Value ($)
Software 1.9%		
Verint Systems, Inc.*	39,135	**1,655,802**
Materials 4.6%		
Chemicals 1.1%		
Minerals Technologies, Inc.	18,144	**931,513**
Containers & Packaging 2.0%		
Owens-Illinois, Inc.*	95,971	**1,654,540**
Metals & Mining 1.5%		
Commercial Metals Co.	28,909	463,122
Steel Dynamics, Inc.	28,062	842,983
		1,306,105
Real Estate 13.1%		
Equity Real Estate Investment Trusts (REITs) 13.1%		
Agree Realty Corp.	32,916	1,945,994
Community Healthcare Trust, Inc.	60,375	1,740,611
Duke Realty Corp.	17,200	445,480
Easterly Government Properties, Inc.	71,737	1,124,836
Gaming and Leisure Properties, Inc.	28,066	906,813
Highwoods Properties, Inc.	28,870	1,116,980
Pebblebrook Hotel Trust	48,416	1,370,657
STAG Industrial, Inc.	56,593	1,408,034
WP Carey, Inc.	17,000	1,110,780
		11,170,185

	Shares	Value ($)
Utilities 6.0%		
Electric Utilities 4.4%		
Alliant Energy Corp.	38,308	1,618,513
IDACORP, Inc.	18,329	1,705,697
Pinnacle West Capital Corp.	5,400	460,080
		3,784,290
Gas Utilities 1.6%		
ONE Gas, Inc.	16,572	1,319,131
Total Common Stocks (Cost $84,454,782)		**82,819,394**
Cash Equivalent 2.9%		
DWS Central Cash Management Government Fund, 2.41% (a) (Cost $2,497,809)	2,497,809	**2,497,809**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $86,952,591)	100.0	**85,317,203**
Other Assets and Liabilities, Net	0.0	**(23,461)**
Net Assets	100.0	**85,293,742**

A summary of the Fund's transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/ (Loss) ($)	Net Change in Unrealized Appreciation (Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 0.0%								
DWS Government & Agency Securities Portfolio "DWS Government Cash Institutional Shares", 2.29% (a) (b)								
—	0(c)	—	—	—	2,975	—	—	—
Cash Equivalent 2.9%								
DWS Central Cash Management Government Fund, 2.41% (a)								
4,418,900	38,654,188	40,575,279	—	—	60,969	—	2,497,809	2,497,809
4,418,900	**38,654,188**	**40,575,279**	**—**	**—**	**63,944**	**—**	**2,497,809**	**2,497,809**

* 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 year ended December 31, 2018.

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 December 31, 2018 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (d)	$82,819,394	$ —	$ —	$82,819,394
Short-Term Investment	2,497,809	—	—	2,497,809
Total	**$85,317,203**	**$ —**	**$ —**	**$85,317,203**

(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 December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $84,454,782)	$82,819,394
Investment in DWS Central Cash Management Government Fund (cost $2,497,809)	2,497,809
Receivable for Fund shares sold	31,502
Dividends receivable	89,483
Interest receivable	5,489
Other assets	2,244
Total assets	85,445,921

Liabilities	
Payable for Fund shares redeemed	15,067
Accrued management fee	37,563
Accrued Trustees' fees	2,187
Other accrued expenses and payables	97,362
Total liabilities	152,179
Net assets, at value	**$85,293,742**

Net Assets Consist of	
Distributable earnings (loss)	5,558,368
Paid-in capital	79,735,374
Net assets, at value	**$85,293,742**

Net Asset Value	
Class A **Net Asset Value,** offering and redemption price per share ($70,125,075 ÷ 5,742,711 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 12.21**
Class B **Net Asset Value,** offering and redemption price per share ($15,168,667 ÷ 1,243,269 outstanding shares of beneficial interest, no par value, unlimited number of shares authorized)	**$ 12.20**

Statement of Operations

for the year ended December 31, 2018

Investment Income	
Income: Dividends	$ 1,478,463
Income distributions — DWS Cash Management Government Fund	60,969
Securities lending income, net of borrower rebates	2,975
Total income	1,542,407
Expenses: Management fee	688,120
Administration fee	105,865
Services to Shareholders	2,863
Record keeping fee (Class B)	22,518
Distribution service fees (Class B)	45,904
Custodian fee	5,093
Professional fees	71,591
Reports to shareholders	27,630
Trustees' fees and expenses	6,881
Other	8,563
Total expenses before expense reductions	985,028
Expense reductions	(63,258)
Total expenses after expense reductions	921,770
Net investment income	**620,637**

Realized and Unrealized gain (loss)	
Net realized gain (loss) from investments	6,571,650
Change in net unrealized appreciation (depreciation) on investments	(23,519,638)
Net gain (loss)	**(16,947,988)**
Net increase (decrease) in net assets resulting from operations	**$(16,327,351)**

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

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Years Ended December 31, 2018	2017
Operations:		
Net investment income (loss)	$ 620,637	$ 1,467,106
Net realized gain (loss)	6,571,650	18,971,820
Change in net unrealized appreciation (depreciation)	(23,519,638)	(5,654,443)
Net increase (decrease) in net assets resulting from operations	(16,327,351)	14,784,483
Distributions to shareholders:		
Class A	(17,037,935)	(4,370,464)
Class B	(3,363,724)	(412,631)
Total distributions	(20,401,659)	(4,783,095)*
Fund share transactions:		
Class A		
Proceeds from shares sold	4,320,688	6,806,078
Reinvestment of distributions	17,037,935	4,370,464
Payments for shares redeemed	(16,960,024)	(77,117,368)
Net increase (decrease) in net assets from Class A share transactions	4,398,599	(65,940,826)
Class B		
Proceeds from shares sold	2,796,123	4,800,663
Reinvestment of distributions	3,363,724	412,631
Payments for shares redeemed	(3,194,564)	(3,308,695)
Net increase (decrease) in net assets from Class B share transactions	2,965,283	1,904,599
Increase (decrease) in net assets	(29,365,128)	(54,034,839)
Net assets at beginning of period	114,658,870	168,693,709
Net assets at end of period	**$ 85,293,742**	**$114,658,870****
Other Information		
Class A		
Shares outstanding at beginning of period	5,375,574	9,208,579
Shares sold	286,538	399,609
Shares issued to shareholders in reinvestment of distributions	1,188,970	259,221
Shares redeemed	(1,108,371)	(4,491,835)
Net increase (decrease) in Class A shares	367,137	(3,833,005)
Shares outstanding at end of period	**5,742,711**	**5,375,574**
Class B		
Shares outstanding at beginning of period	1,037,183	923,852
Shares sold	183,198	283,457
Shares issued to shareholders in reinvestment of distributions	234,243	24,445
Shares redeemed	(211,355)	(194,571)
Net increase (decrease) in Class B shares	206,086	113,331
Shares outstanding at end of period	**1,243,269**	**1,037,183**

* Includes distributions from net investment income of $1,100,828 and $59,126 for Class A and B shares, respectively and distributions from net realized gains of $3,269,636 and $353,503 for Class A and B shares, respectively.

** Includes undistributed net investment income of $1,432,026.

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

Financial Highlights

Class A	2018	2017	2016	2015	2014
	Years Ended December 31,				
Selected Per Share Data					
Net asset value, beginning of period	**$17.88**	**$16.65**	**$15.97**	**$17.79**	**$17.08**
Income (loss) from investment operations:					
Net investment income[a]	.10	.17	.15	.09	.05
Net realized and unrealized gain (loss)	(2.47)	1.55	2.34	(.31)	.88
Total from investment operations	(2.37)	1.72	2.49	(.22)	.93
Less distributions from:					
Net investment income	(.24)	(.12)	(.10)	(.05)	(.14)
Net realized gains	(3.06)	(.37)	(1.71)	(1.55)	(.08)
Total distributions	(3.30)	(.49)	(1.81)	(1.60)	(.22)
Net asset value, end of period	**$12.21**	**$17.88**	**$16.65**	**$15.97**	**$17.79**
Total Return (%)	(16.01)[b]	10.52[b]	16.89[b]	(1.91)	5.53
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	70	96	153	161	205
Ratio of expenses before expense reductions (%)[c]	.87	.83	.83	.80	.82
Ratio of expenses after expense reductions (%)[c]	.81	.83	.82	.80	.82
Ratio of net investment income (%)	.65	.98	.99	.51	.32
Portfolio turnover rate (%)	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.

Class B	2018	2017	2016	2015	2014
	Years Ended December 31,				
Selected Per Share Data					
Net asset value, beginning of period	**$17.86**	**$16.63**	**$15.95**	**$17.77**	**$17.07**
Income (loss) from investment operations:					
Net investment income[a]	.05	.11	.09	.02	(.01)
Net realized and unrealized gain (loss)	(2.48)	1.55	2.34	(.29)	.87
Total from investment operations	(2.43)	1.66	2.43	(.27)	.86
Less distributions from:					
Net investment income	(.17)	(.06)	(.04)	—	(.08)
Net realized gains	(3.06)	(.37)	(1.71)	(1.55)	(.08)
Total distributions	(3.23)	(.43)	(1.75)	(1.55)	(.16)
Net asset value, end of period	**$12.20**	**$17.86**	**$16.63**	**$15.95**	**$17.77**
Total Return (%)	(16.32)[b]	10.13[b]	16.47[b]	(2.21)	5.09
Ratios to Average Net Assets and Supplemental Data					
Net assets, end of period ($ millions)	15	19	15	14	17
Ratio of expenses before expense reductions (%)[c]	1.24	1.19	1.19	1.16	1.17
Ratio of expenses after expense reductions (%)[c]	1.16	1.19	1.18	1.16	1.17
Ratio of net investment income (loss) (%)	.30	.65	.57	.14	(.04)
Portfolio turnover rate (%)	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.

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

Notes to Financial Statements

A. Organization and Significant Accounting Policies

DWS Small Mid Cap Value VIP (formerly Deutsche Small Mid Cap Value VIP) (the "Fund") is a diversified series of Deutsche DWS Variable Series II (formerly Deutsche Variable Series II) (the "Trust"), which is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company organized as a Massachusetts business trust.

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

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

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

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

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

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

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

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

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

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

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

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

Securities Lending. Brown Brothers Harriman & Co., as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time, and the borrower, after notice, is required to return borrowed securities within a standard time period There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had no securities on loan.

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.

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.

At December 31, 2018, the Fund's components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income*	$ 615,277
Undistributed long-term capital gains	$ 6,638,069
Unrealized appreciation (depreciation) on investments	$ (1,725,584)

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $87,042,787. The net unrealized depreciation for all investments based on tax cost was $1,725,584. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $9,441,928 aggregate gross unrealized depreciation for all investments in which was an excess of tax cost over value of $11,167,512.

In addition, the tax character of distributions paid by the Fund is summarized as follows:

	Years Ended December 31, 2018	2017
Distributions from ordinary income*	$ 1,404,457	$ 1,159,954
Distributions from long-term capital gains	$ 18,997,202	$ 3,623,141

* For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

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 year ended December 31, 2018, purchases and sales of investment transactions (excluding short-term investments) aggregated $65,451,292 and $75,262,064, respectively.

C. Related Parties

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

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

First $250 million	.650%
Next $750 million	.620%
Next $1.5 billion	.600%
Next $2.5 billion	.580%
Next $2.5 billion	.550%
Next $2.5 billion	.540%
Next $2.5 billion	.530%
Over $12.5 billion	.520%

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Management Agreement was equivalent to an annual rate (exclusive of any applicable waivers/reimbursements) of 0.65% of the Fund's average daily net assets.

For the period from January 1, 2018 through April 30, 2019, the Advisor has contractually agreed to waive its fees and/or reimburse certain operating expenses to the extent necessary to maintain the total annual operating expenses (excluding certain expenses such as extraordinary expenses, taxes, brokerage and interest expense) of each class as follows:

Class A	.81%
Class B	1.16%

For the year ended December 31, 2018, fees waived and/or expenses reimbursed for each class were as follows:

Class A	$ 48,572
Class B	14,686
	$ 63,258

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 year ended December 31, 2018, the Administration Fee was $105,865, of which $7,577 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 year ended December 31, 2018, the amounts charged to the Fund by DSC were as follows:

Service to Shareholders	**Total Aggregated**	**Unpaid at December 31, 2018**
Class A	$ 627	$ 104
Class B	470	78
	$ 1,097	**$ 182**

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 year ended December 31, 2018, the Distribution Service Fee aggregated $45,904, of which $3,352 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 year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under "Reports to shareholders" aggregated $9,095, of which $6,374 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 December 31, 2018, 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%, 21%, 17% 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 December 31, 2018.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Deutsche DWS Variable Series II and Shareholders of DWS Small Mid Cap Value VIP:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of DWS Small Mid Cap Value VIP (formerly Deutsche Small Mid Cap Value VIP) (the "Fund") (one of the funds constituting Deutsche DWS Variable Series II (formerly Deutsche Variable Series II)) (the "Trust"), including the investment portfolio, as of December 31, 2018, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting Deutsche DWS Variable Series II) at December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more investment companies in the DWS family of funds since at least 1979, but we are unable to determine the specific year.

Boston, Massachusetts
February 14, 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 (July 1, 2018 to December 31, 2018).

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

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

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

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

Expenses and Value of a $1,000 Investment for the six months ended December 31, 2018

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 836.90	$ 835.00
Expenses Paid per $1,000*	$ 3.75	$ 5.37

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 7/1/18	$ 1,000.00	$ 1,000.00
Ending Account Value 12/31/18	$ 1,021.12	$ 1,019.36
Expenses Paid per $1,000*	$ 4.13	$ 5.90

* 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 184 (the number of days in the most recent six-month period), then divided by 365.

Annualized Expense Ratios	**Class A**	**Class B**
Deutsche DWS Variable Series II — DWS Small Mid Cap Value VIP	.81%	1.16%

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

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

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

Tax Information

(Unaudited)

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please contact your insurance provider.

The Fund paid distributions of $3.06 per share from net long-term capital gains during its year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $7,357,000 as capital gain dividends for its year ended December 31, 2018.

For corporate shareholders, 100% of the ordinary dividends (i.e., income dividends plus short-term capital gains) paid during the Fund's fiscal year ended December 31, 2018, qualified for the dividends received deduction.

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 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.

Board Members and Officers

The following table presents certain information regarding the Board Members and Officers of the Fund. Each Board Member's year of birth is set forth in parentheses after his or her name. Unless otherwise noted, (i) each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity; and (ii) the address of each Independent Board Member is c/o Keith R. Fox, DWS Funds Board Chair, c/o Thomas R. Hiller, Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199-3600. Except as otherwise noted below, the term of office for each Board Member is until the election and qualification of a successor, or until such Board Member sooner dies, resigns, is removed or as otherwise provided in the governing documents of the Fund. Because the Fund does not hold an annual meeting of shareholders, each Board Member will hold office for an indeterminate period. The Board Members may also serve in similar capacities with other funds in the fund complex.

Independent Board Members

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Keith R. Fox, CFA (1954) Chairperson since 2017, and Board Member since 1996	Managing General Partner, Exeter Capital Partners (a series of private investment funds) (since 1986). Directorships: Progressive International Corporation (kitchen goods importer and distributor); The Kennel Shop (retailer); former Chairman, National Association of Small Business Investment Companies; former Directorships: BoxTop Media Inc. (advertising); Sun Capital Advisers Trust (mutual funds) (2011–2012)	82	—
John W. Ballantine (1946) Board Member since 1999	Retired; formerly, Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996–1998); Executive Vice President and Head of International Banking (1995–1996); former Directorships: Director and former Chairman of the Board, Healthways, Inc.[2] (population well-being and wellness services) (2003–2014); Stockwell Capital Investments PLC (private equity); Enron Corporation; FNB Corporation; Tokheim Corporation; First Oak Brook Bancshares, Inc. and Oak Brook Bank; Prisma Energy International; Public Radio International. Not-for-Profit Director, Trustee: Palm Beach Civic Association; Window to the World Communications (public media); Harris Theater for Music and Dance (Chicago); Life Director of Hubbard Street Dance Chicago	82	Portland General Electric[2] (utility company) (2003–present)
Henry P. Becton, Jr. (1943) Board Member since 1990	Vice Chair and former President, WGBH Educational Foundation. Directorships: Public Radio International; Public Radio Exchange (PRX); The Pew Charitable Trusts (charitable organization); Massachusetts Humane Society; Overseer of the New England Conservatory; former Directorships: Becton Dickinson and Company[2] (medical technology company); Belo Corporation[2] (media company); The PBS Foundation; Association of Public Television Stations; Boston Museum of Science; American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service; Connecticut College; North Bennett Street School (Boston); American Documentary, Inc. (public media)	82	—
Dawn-Marie Driscoll (1946) Board Member since 1987	Emeritus Executive Fellow, Center for Business Ethics, Bentley University; formerly: President, Driscoll Associates (consulting firm); Partner, Palmer & Dodge (law firm) (1988–1990); Vice President of Corporate Affairs and General Counsel, Filene's (retail) (1978–1988). Directorships: Advisory Board, Center for Business Ethics, Bentley University; Trustee and former Chairman of the Board, Southwest Florida Community Foundation (charitable organization); former Directorships: ICI Mutual Insurance Company (2007–2015); Sun Capital Advisers Trust (mutual funds) (2007–2012), Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	82	—
Paul K. Freeman* (1950) Board Member since 1993	Consultant, World Bank/Inter-American Development Bank; Independent Directors Council (former chair); Investment Company Institute (executive committee); Adjunct Professor, University of Denver Law School (2017–present); formerly: Chairman of Education Committee of Independent Directors Council; Project Leader, International Institute for Applied Systems Analysis (1998–2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986–1998); Directorships: Knoebel Institute for Healthy Aging, University of Denver (2017–present); former Directorships: Prisma Energy International; Denver Zoo Foundation (2012–2018)	82	—

Name, Year of Birth, Position with the Fund and Length of Time Served[1]	Business Experience and Directorships During the Past Five Years	Number of Funds in DWS Fund Complex Overseen	Other Directorships Held by Board Member
Richard J. Herring (1946) Board Member since 1990	Jacob Safra Professor of International Banking and Professor of Finance, The Wharton School, University of Pennsylvania (since July 1972); Director, The Wharton Financial Institutions Center (since 1994); formerly: Vice Dean and Director, Wharton Undergraduate Division (1995–2000) and Director, The Lauder Institute of International Management Studies (2000–2006); Member FDIC Systemic Risk Advisory Committee since 2011, member Systemic Risk Council since 2012 and member of the Advisory Board at the Yale Program on Financial Stability since 2013; Formerly Co-Chair of the Shadow Financial Regulatory Committee (2003–2015), Executive Director of The Financial Economists Roundtable (2008–2015), Director of The Thai Capital Fund (2007–2013), Director of The Aberdeen Singapore Fund (2007–2018), and Nonexecutive Director of Barclays Bank DE (2010–2018)	82	Director, Aberdeen Japan Fund (since 2007)
William McClayton (1944) Board Member since 2004	Private equity investor (since October 2009); previously, Managing Director, Diamond Management & Technology Consultants, Inc. (global consulting firm) (2001–2009); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966–2001); Trustee, Ravinia Festival	82	—
Rebecca W. Rimel (1951) Board Member since 1995	President, Chief Executive Officer and Director, The Pew Charitable Trusts (charitable organization) (1994–present); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983–2004); Board Member, Investor Education (charitable organization) (2004–2005); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001–2007); Director, Viasys Health Care[2] (January 2007–June 2007); Trustee, Thomas Jefferson Foundation (charitable organization) (1994–2012)	82	Director, Becton Dickinson and Company[2] (medical technology company) (2012–present); Director, BioTelemetry Inc.[2] (health care) (2009–present)
William N. Searcy, Jr. (1946) Board Member since 1993	Private investor since October 2003; formerly: Pension & Savings Trust Officer, Sprint Corporation[2] (telecommunications) (November 1989–September 2003); Trustee, Sun Capital Advisers Trust (mutual funds) (1998–2012)	82	—
Jean Gleason Stromberg (1943) Board Member since 1997	Retired. Formerly, Consultant (1997–2001); Director, Financial Markets U.S. Government Accountability Office (1996–1997); Partner, Norton Rose Fulbright, L.L.P. (law firm) (1978–1996); former Directorships: The William and Flora Hewlett Foundation (charitable organization) (2000–2015); Service Source, Inc. (nonprofit), Mutual Fund Directors Forum (2002–2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987–1990 and 1994–1996)	82	—

Officers[4]

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Hepsen Uzcan[6] (1974) President and Chief Executive Officer, 2017–present Assistant Secretary, 2013–present	Managing Director,[3] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016–2017)
John Millette[8] (1962) Vice President and Secretary, 1999–present	Director,[3] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015–present); and Director and Vice President, DWS Trust Company (2016–present); formerly: Secretary, Deutsche Investment Management Americas Inc. (2015–2017)
Diane Kenneally[8,9] (1966) Treasurer and Chief Financial Officer since 2018	Director,[3] DWS; formerly: Assistant Treasurer for the DWS funds (2007–2018)
Caroline Pearson[8] (1962) Chief Legal Officer, 2010–present	Managing Director,[3] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002–2017); and Secretary, Deutsche AM Service Company (2010–2017)
Scott D. Hogan[8] (1970) Chief Compliance Officer, 2016–present	Director,[3] DWS

Name, Year of Birth, Position with the Fund and Length of Time Served[5]	Business Experience and Directorships During the Past Five Years
Wayne Salit[7] (1967) Anti-Money Laundering Compliance Officer, 2014–present	Director,[3] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011–2014); and Director, AML Compliance Officer at Deutsche Bank (2004–2011)
Sheila Cadogan[8] (1966) Assistant Treasurer, 2017–present	Director,[3] DWS; Director and Vice President, DWS Trust Company (since 2018)
Paul Antosca[8] (1957) Assistant Treasurer, 2007–present	Director,[3] DWS

1 The length of time served represents the year in which the Board Member joined the board of one or more DWS funds currently overseen by the Board.

2 A publicly held company with securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.

3 Executive title, not a board directorship.

4 As a result of their respective positions held with the Advisor or its affiliates, these individuals are considered “interested persons” of the Advisor within the meaning of the 1940 Act. Interested persons receive no compensation from the Fund.

5 The length of time served represents the year in which the officer was first elected in such capacity for one or more DWS funds.

6 Address: 345 Park Avenue, New York, NY 10154.

7 Address: 60 Wall Street, New York, NY 10005.

8 Address: One International Place, Boston, MA 02110.

9 Appointed Treasurer and Chief Financial Officer effective July 2, 2018.

* Paul K. Freeman retired from the Board effective December 31, 2018.

The Fund’s Statement of Additional Information (“SAI”) includes additional information about the Board Members. The SAI is available, without charge, upon request. If you would like to request a copy of the SAI, you may do so by calling the following toll-free number: (800) 728-3337.

Notes

Notes

VS2SMCV-2 (R-025829-8 2/19)

Invesco V.I. Managed Volatility Fund

The Fund provides a complete list of its holdings four times in each fiscal year, at the quarter-ends. For the second and fourth quarters, the lists appear in the Fund's semi-annual and annual reports to shareholders. For the first and third quarters, the Fund files the lists with the Securities and Exchange Commission (SEC) on Form N-Q (or any successor Form). The Fund's Form N-Q (or any successor Form) filings are available on the SEC website, sec.gov. 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.

Management's Discussion of Fund Performance

Performance summary

For the year ended December 31, 2018, Series I shares of Invesco V.I. Managed Volatility Fund (the Fund) underperformed the Russell 1000 Value Index.

Your Fund's long-term performance appears later in this report.

Fund vs. Indexes

Total returns, 12/31/17 to 12/31/18, excluding variable product issuer charges. If variable product issuer charges were included, returns would be lower.

Series I Shares	-11.00%
Series II Shares	-11.28
Russell 1000 Value Index▼ (Broad Market Index)	-8.27
Bloomberg Barclays U.S. Government/Credit Index■ (Style-Specific Index)	-0.42
Lipper VUF Mixed-Asset Target Allocation Growth Funds Index◆ (Peer Group Index)	-6.39

Source(s): ▼RIMES Technologies Corp.; ■FactSet Research Systems Inc.; ◆Lipper Inc.

Market conditions and your Fund

Calendar year 2018 proved to be an increasingly volatile time for US equities. In January 2018, US equity markets steadily moved higher, as investors remained enthused about the passage of the Tax Cuts and Jobs Act signed into law in late December 2017. However, in February 2018, volatility returned to the US stock and bond markets. Worries about how rising interest rates might affect economic growth, concerns about a potential trade war and heightened geopolitical tensions caused the US stock markets to pull back and volatility to increase.

US equity markets generally recovered in the second quarter of 2018 as strong US retail sales and low unemployment buoyed markets. Throughout the summer, US equities moved higher as corporate profits surged. Several US equity indexes reached new highs despite potential headwinds including trade tensions, tariff announcements and contagion concerns over a Turkish currency crisis. After a relatively quiet summer, market volatility noticeably rose in October, as US equity markets suffered a sharp sell-off through year-end, amid rising interest rates and concerns that higher inflation could mean a more restrictive monetary policy. In this environment, there was a flight to safety, as investors fled to defensive areas of the equities markets, like health care and utilities, and US Treasuries.

Given signs of a strong economy, the US Federal Reserve raised interest rates four times during the year: in March, June, September and December 2018. Following December's Federal Reserve meeting, Chairman Jerome Powell raised interest rates for the fourth time in 2018 by 25 basis points to a targeted range of 2.25% to 2.50%, and lowered guidance from three to two rate hikes in 2019, signaling a slightly more dovish stance than expected.[1] In contrast, the European Central Bank and central banks in several other countries maintained extraordinarily accommodative monetary policies.

During the year, nine of the 11 sectors within the Russell 1000 Value Index posted negative returns. The industrials and energy sectors were the weakest-performing sectors, posting double-digit losses, while health care and utilities were the only sectors with positive returns.

Stock selection in the industrials sector was a large contributor to the Fund's performance relative to its style-specific benchmark for the year. **CSX**, a rail-based transportation services firm, was one of the top contributors within the sector. The company reported strong earnings and revenues in July 2018 as it benefited from improved profit margins and a lower tax rate. Having no exposure to **General Electric** was also a large contributor to the Fund's relative performance, as the stock performed poorly for the year.

Stock selection in the materials sector also contributed to the Fund's performance relative to its style-specific benchmark for the year. Notably, **The Mosaic Company**, a potash and phosphate supplier was a contributor to the Fund's performance. An upbeat earnings outlook, healthy prospects from the Vale Fertilizantes (not a Fund holding) buyout along with strong demand and pricing fundamentals for crop nutrients contributed to the strong performance.

Stock selection in information technology (IT) also boosted the Fund's performance versus the style-specific benchmark for the year. Within IT, **QUALCOMM** and **Oracle** were key contributors. During the third quarter, QUALCOMM reported better-than-expected earnings and announced a share repurchase plan totaling $30 billion after the company terminated its plan to purchase NXP Semiconductors (not a Fund holding).

During the year, a large driver of underperformance relative to the style-specific benchmark was stock selection within the financials sector — notably within banks and capital markets. Financials were negatively impacted by the flattening yield curve and subsequent

Portfolio Composition

By sector	*% of total net assets*
Financials	25.0%
Health Care	16.2
Information Technology	10.3
US Treasury Securities	10.0
Energy	9.6
Consumer Discretionary	6.3
Communication Services	5.8
Industrials	4.3
Consumer Staples	4.2
Materials	1.7
Utilities	1.2
Real Estate	0.6
Money Market Funds Plus Other Assets Less Liabilities	4.8

Top 10 Equity Holdings*

	% of total net assets
1. Citigroup Inc.	2.4%
2. Bank of America Corp.	2.3
3. Johnson & Johnson	2.0
4. JPMorgan Chase & Co.	2.0
5. American International Group, Inc.	1.6
6. General Motors Co.	1.6
7. CVS Health Corp.	1.5
8. Morgan Stanley	1.4
9. Oracle Corp.	1.3
10. Mondelez International, Inc.-Class A	1.3

Total Net Assets	$35.6 million
Total Number of Holdings*	259

The Fund's holdings are subject to change, and there is no assurance that the Fund will continue to hold any particular security.

*Excluding money market fund holdings.

Data presented here are as of December 31, 2018.

concerns over a recession due to a slowing economy. Within the sector, **Citigroup**, **Morgan Stanley** and **State Street** were key detractors. At the close of the year, we still believed that large banks and capital markets were attractively valued, had strong balance sheets and have the potential for future growth as they continued to return high levels of capital to shareholders in the form of stock buybacks and dividends.

Stock selection in and overweight allocation to the energy sector also dampened the Fund's performance relative to its style-specific benchmark for the year. Oil prices declined sharply during the fourth quarter, falling from roughly $75 per barrel in early October to the mid $40s per barrel in late December. As energy stocks fell in tandem, a number of the Fund's portfolio's largest individual detractors during the year came from the sector including **Devon Energy**, **Canadian Natural Resources**, **Apache** and **TechnipFMC**.

The Fund's material underweight exposures in more defensive areas, such as the communication services, consumer staples and utilities sectors, also detracted from its relative returns for the year. At the close of the year, we maintained underweight exposure in these sectors, as we believed valuations and fundamentals were unattractive.

The Fund's use of high grade bonds as a source of income and to dampen return volatility was a relative contributor for the year, as the bond portion of the Fund's portfolio posted negative returns, but outperformed the style-specific index. Similarly, the Fund's allocation to convertible securities also posted negative returns, but outperformed the Russell 1000 Value Index, acting as a relative contributor to returns.

We used currency forward contracts during the year for the purpose of hedging currency exposure of non-US-based companies held in the Fund. Forward foreign currency contracts were used solely for the purpose of hedging and not for speculative purposes or leverage. The use of currency forward foreign currency contracts had a positive impact on the Fund's performance relative to the Russell 1000 Value Index for the year.

As part of our mandate, and to potentially reduce portfolio volatility during a market downturn, we sold short S&P 500 futures contracts during the year for the purpose of reducing equity exposure in the Fund. S&P 500 futures contracts were used solely for the purpose of reducing volatility and not for speculative purposes. The use of S&P 500 futures contracts had a negative impact on the Fund's performance relative to the Russell 1000 Value Index for the year. However, the Fund was less volatile, as measured by standard deviation, than the Russell 1000 Value Index for the year.

At the end of the year, the Fund's largest overweight exposures relative to the style-specific benchmark were in the financials and energy sectors, while the largest underweight exposures were in the real estate and utilities sectors.

Thank you for your investment in Invesco V.I. Managed Volatility Fund and for sharing our long-term investment horizon.

1 Source: US Federal Reserve

The views and opinions expressed in management's discussion of Fund performance are those of Invesco Advisers, Inc. These views and opinions are subject to change at any time based on factors such as market and economic conditions. These views and opinions may not be relied upon as investment advice or recommendations, or as an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but Invesco Advisers, Inc. makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

See important Fund and, if applicable, index disclosures later in this report.

Thomas Bastian
Chartered Financial Analyst, Portfolio Manager, is lead manager of Invesco V.I. Managed Volatility Fund. He joined Invesco in 2010. Mr. Bastian earned a BA in accounting from St. John's University and an MBA in finance from the University of Michigan.

Brian Jurkash
Portfolio Manager, is lead manager of Invesco V.I. Managed Volatility Fund. He joined Invesco in 2000. Mr. Jurkash earned a BBA degree in finance from Stephen F. Austin State University and an MBA in finance from the University of Houston.

Matthew Titus
Chartered Financial Analyst, Portfolio Manager, is lead manager of Invesco V.I. Managed Volatility Fund. He joined Invesco in 2016. Mr. Titus earned a bachelor's degree in accounting and economics from Luther College in Decorah, Iowa, and an MBA from Ohio State University.

Jacob Borbidge
Chartered Financial Analyst, Portfolio Manager and Head of Research for Invesco's Global Solutions Development and Implementation Team, is manager of Invesco V.I. Managed Volatility Fund. He joined Invesco in 2004. Mr. Borbidge earned a BS in mechanical engineering from Lehigh University and an MS in finance from the University of Houston.

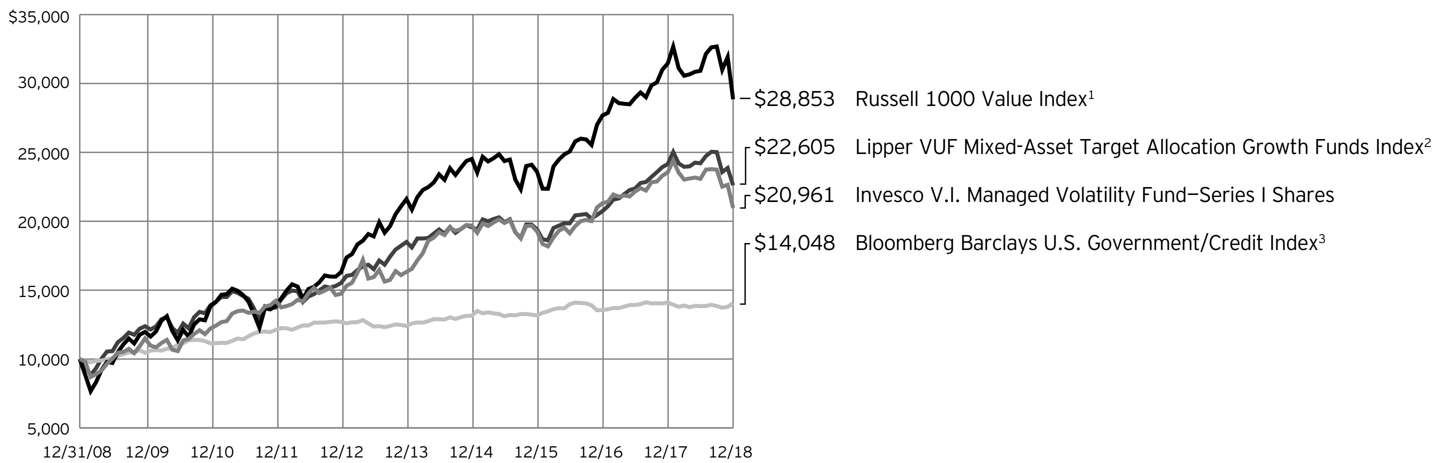
Chuck Burge
Portfolio Manager, is manager of Invesco V.I. Managed Volatility Fund. He joined Invesco in 2002. Mr. Burge earned a BS in economics from Texas A&M University and an MBA in finance and accounting from Rice University.

Sergio Marcheli
Portfolio Manager, is manager of Invesco V.I. Managed Volatility Fund. He joined Invesco in 2010. Mr. Marcheli earned a BBA from the University of Houston and an MBA from the University of St. Thomas.

Your Fund's Long-Term Performance

Results of a $10,000 Investment — Oldest Share Class(es)

Fund and index data from 12/31/08



1 Source: RIMES Technologies Corp.
2 Source: Lipper Inc.
3 Source: FactSet Research Systems Inc.

Past performance cannot guarantee comparable future results.

Average Annual Total Returns *As of 12/31/18*	
Series I Shares	
Inception (12/30/94)	6.64%
10 Years	7.68
5 Years	5.13
1 Year	-11.00
Series II Shares	
Inception (4/30/04)	7.74%
10 Years	7.40
5 Years	4.85
1 Year	-11.28

The performance of the Fund's Series I and Series II share classes will differ primarily due to different class expenses.

The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or higher. Please contact your variable product issuer or financial adviser for the most recent month-end variable product performance. Performance figures reflect Fund expenses, reinvested distributions and changes in net asset value. Investment return and principal value will fluctuate so that you may have a gain or loss when you sell shares.

The total annual Fund operating expense ratio set forth in the most recent Fund prospectus as of the date of this report for Series I and Series II shares was 1.14% and 1.39%, respectively. The expense ratios presented above may vary from the expense ratios presented in other sections of this report that are based on expenses incurred during the period covered by this report.

Invesco V.I. Managed Volatility Fund, a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds), is currently offered through insurance companies issuing variable products. You cannot purchase shares of the Fund directly. Performance figures given represent the Fund and are not intended to reflect actual variable product values. They do not reflect sales charges, expenses and fees assessed in connection with a variable product. Sales charges, expenses and fees, which are determined by the variable product issuers, will vary and will lower the total return.

The most recent month-end performance at the Fund level, excluding variable product charges, is available at 800 451 4246. As mentioned above, for the most recent month-end performance including variable product charges, please contact your variable product issuer or financial adviser.

Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information.

Invesco V.I. Managed Volatility Fund's investment objective is both capital appreciation and current income while managing portfolio volatility.

- Unless otherwise stated, information presented in this report is as of December 31, 2018, and is based on total net assets.
- Unless otherwise noted, all data provided by Invesco.

Principal risks of investing in the Fund

Active trading risk. Active trading of portfolio securities may result in added expenses, a lower return and increased tax liability.

Changing fixed income market conditions risk. The current low interest rate environment was created in part by the Federal Reserve Board (FRB) and certain foreign central banks keeping the federal funds and equivalent foreign rates near, at or below zero. Increases in the federal funds and equivalent foreign rates may expose fixed income markets to heightened volatility and reduced liquidity for certain fixed income investments, particularly those with longer maturities. In addition, decreases in fixed income dealer market-making capacity may also potentially lead to heightened volatility and reduced liquidity in the fixed income markets. As a result, the value of the Fund's investments and share price may decline. Changes in central bank policies could also result in higher than normal shareholder redemptions, which could potentially increase portfolio turnover and the Fund's transaction costs.

Convertible securities risk. The market values of convertible securities are affected by market interest rates, the risk of actual issuer default on interest or principal payments and the value of the underlying common stock into which the convertible security may be converted. Additionally, a convertible security is subject to the same types of market and issuer risks as apply to the underlying common stock. In addition, certain convertible securities are subject to involuntary conversions and may undergo principal write-downs upon the occurrence of certain triggering events, and, as a result, are subject to an increased risk of loss. Convertible securities may be rated below investment grade.

Debt securities risk. The prices of debt securities held by the Fund will be affected by changes in interest rates, the creditworthiness of the issuer and other factors. An increase in prevailing interest rates typically causes the value of existing debt securities to fall and often has a greater impact on longer-duration debt securities and higher quality debt securities. Falling interest rates will cause the Fund to reinvest the proceeds of debt securities that have been repaid by the issuer at lower interest rates. Falling interest rates may also reduce the Fund's distributable income because interest payments on floating rate debt instruments held by the Fund will decline. The Fund could lose money on investments in debt securities if the issuer or borrower fails to meet its obligations to make interest payments and/or to repay principal in a timely manner. Changes in an issuer's financial strength, the market's perception of such strength or in the credit rating of the issuer or the security may affect the value of debt securities. The Adviser's credit analysis may fail to anticipate such changes, which could result in buying a debt security at an inopportune time or failing to sell a debt security in advance of a price decline or other credit event.

Depositary receipts risk. Investing in depositary receipts involves the same risks as direct investments in foreign securities. In addition, the underlying issuers of certain depositary receipts are under no obligation to distribute shareholder communications or pass through any voting rights with respect to the deposited securities to the holders of such receipts. The Fund may therefore receive less timely information or have less control than if it invested directly in the foreign issuer.

Derivatives risk. The value of a derivative instrument depends largely on (and is derived from) the value of an underlying security, currency, commodity, interest rate, index or other asset (each referred to as an underlying asset). In addition to risks relating to the underlying assets, the use of derivatives may include other, possibly greater, risks, including counterparty, leverage and liquidity risks. Counterparty risk is the risk that the counterparty to the derivative contract will default on its obligation to pay the Fund the amount owed or otherwise perform under the derivative contract. Derivatives create leverage risk because they do not require payment up front equal to the economic exposure created by holding a position in the derivative. As a result, an adverse change in the value of the underlying asset could result in the Fund sustaining a loss that is substantially greater than the amount invested in the derivative or the anticipated value of the underlying asset, which may make the Fund's returns more volatile and increase the risk of loss. Derivative instruments may also be less liquid than more traditional investments and the Fund may be unable to sell or close out its derivative positions at a desirable time or price. This risk may be more acute under adverse market conditions, during which the Fund may be most in need of liquidating its derivative positions. Derivatives may also be harder to value, less tax efficient and subject to changing government regulation that could impact the Fund's ability to use certain derivatives or their cost. Derivatives strategies may not always be successful. For example, derivatives used for hedging or to gain or limit exposure to a particular market segment may not provide the expected benefits, particularly during adverse market conditions.

Foreign securities risk. The Fund's foreign investments may be adversely affected by political and social instability, changes in economic or taxation policies, difficulty in enforcing obligations, decreased liquidity or increased volatility. Foreign investments also involve the risk of the possible seizure, nationalization or expropriation of the issuer or foreign deposits (in which the Fund could lose its entire investments in a certain market) and the possible adoption of foreign governmental restrictions such as exchange controls. Unless the Fund has hedged its foreign securities risk, foreign securities risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the Fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Currency hedging strategies, if used, are not always successful.

Management risk. The Fund is actively managed and depends heavily on the Adviser's judgment about markets, interest rates or the attractiveness, relative values, liquidity, or potential appreciation of particular investments made for the Fund's portfolio. The Fund could experience losses if these judgments prove to be incorrect. There is no guarantee that the portfolio manager's stock selection process will produce lower volatility than the broader markets in which the Fund invests. In addition, the Fund's investment strategy to seek lower volatility over a full market cycle may cause the Fund to underperform the broader markets in which the Fund invests during market rallies. Such underperformance could be significant during sudden or significant market rallies. Additionally, legislative, regulatory, or tax developments may adversely affect management of the Fund and, therefore, the ability of the Fund to achieve its investment objective.

Market risk. The market values of the Fund's investments, and therefore the value of the Fund's shares, will go up and down, sometimes rapidly or unpredictably. Market risk may affect a single issuer, industry or section of the economy, or it may affect the market as a whole. Individual stock prices tend to go up and down more dramatically than those of certain other types of investments, such as bonds. During a general downturn in the financial markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that specific investments held by the Fund will rise in value.

Preferred securities risk. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. Preferred securities also may be subordinated to bonds or other debt instruments, subjecting them to a greater risk of non-payment, may be less liquid than many other securities, such as common stocks, and generally offer no voting rights with respect to the issuer.

REIT risk/real estate risk. Investments in real estate related instruments may be affected by economic, legal, cultural, environmental or technological factors that affect property values, rents or occupancies of real estate related to the Fund's holdings. Shares of real estate related companies, which tend to be small- and mid-cap companies, may be more volatile and less liquid.

Sector focus risk. The Fund may from time to time invest a significant amount of its assets (i.e. over 25%) in one market sector or group of related industries. In this event, the Fund's performance will depend to a greater extent on the overall condition of the sector or group of industries and there is increased risk that the Fund will lose significant value if conditions adversely affect that sector or group of industries.

Short position risk. Because the Fund's potential loss on a short position arises from increases in the value of the asset sold short, the Fund will incur a loss on a short position, which is theoretically unlimited, if the price of the asset sold short increases from the short sale price. The counterparty to a short position or other market factors may prevent the Fund from closing out a short position at a desirable time or price and may reduce or eliminate any gain or result in a loss. In a rising market, the Fund's short positions will cause the Fund to underperform the overall market and its peers that do not engage in shorting. If the Fund holds both long and short positions, and both positions decline simultaneously, the short positions will not provide any buffer (hedge) from declines in value of the Fund's long positions. Certain types of short positions involve leverage, which may exaggerate any losses, potentially more than the actual cost of the investment, and will increase the volatility of the Fund's returns.

Small- and mid-capitalization companies risks. Small- and mid-capitalization companies tend to be more vulnerable to changing market conditions, may have little or no operating history or track record of success, and may have more limited product lines and markets, less experienced management and fewer financial resources than larger companies. These companies' securities may be more volatile and less liquid than those of more established companies, and their returns may vary, sometimes significantly, from the overall securities market.

Value investing style risk. A value investing style subjects the Fund to the risk that the valuations never improve or that the returns on value equity securities are less than returns on other styles of investing or the overall stock market.

Volatility management risk. The Adviser's strategy for managing portfolio volatility may not produce the desired result and there can be no guarantee that the Fund will stay below a target volatility level (the threshold volatility level). Additionally, maintenance of the threshold volatility level will not ensure that the Fund will deliver competitive returns. The use of derivatives in connection with the Fund's managed volatility strategy may expose the Fund to losses (some of which may be sudden) that it would not have otherwise been exposed to if it had only invested directly in equity and/or fixed income securities. Efforts to manage the Fund's volatility could limit the Fund's gains in rising markets and may expose the Fund to costs to which it would otherwise not have been exposed. The Adviser uses a combination of proprietary and third-party systems and risk models to help it estimate the Fund's expected volatility, which may perform differently than expected and may negatively affect performance and the ability of the Fund to maintain its volatility at or below its threshold volatility level.

Warrants risk. Warrants may be significantly less valuable or worthless on their expiration date and may also be postponed or terminated early, resulting in a partial or total loss.Warrants may also be illiquid.

Zero coupon or pay-in-kind securities risk. The value, interest rates, and liquidity of non-cash paying instruments, such as zero coupon and pay-in-kind securities, are subject to greater fluctuation than other types of securities. The higher yields and interest rates on pay-in-kind securities reflect the payment deferral and increased credit risk associated with such instruments and that such investments may represent a higher credit risk than loans that periodically pay interest.

About indexes used in this report

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 index(es) described here, and consequently, the performance of the Fund may deviate significantly from the performance of the index(es).

A direct investment cannot be made in an index. Unless otherwise indicated, index results include reinvested dividends, and they do not reflect sales charges. Performance of the peer group, if applicable, reflects fund expenses; performance of a market index does not.

Other information

The returns shown in management's discussion of Fund performance are based on net asset values calculated for shareholder transactions. Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes, and as such, the net asset values for shareholder transactions and the returns based on those net asset values may differ from the net asset values and returns reported in the Financial Highlights. Additionally, the returns and net asset values shown throughout this report are at the Fund level only and do not include variable product issuer charges. If such charges were included, the total returns would be lower.

Industry 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.

Schedule of Investments[a]

December 31, 2018

	Shares	Value
Common Stocks-59.10%		
Aerospace & Defense-1.21%		
General Dynamics Corp.	2,737	$ 430,284
Apparel, Accessories & Luxury Goods-0.48%		
Michael Kors Holdings Ltd.[b]	4,527	171,664
Asset Management & Custody Banks-1.14%		
Northern Trust Corp.	1,776	148,456
State Street Corp.	4,107	259,028
		407,484
Automobile Manufacturers-1.55%		
General Motors Co.	16,551	553,631
Biotechnology-0.50%		
Celgene Corp.[b]	2,791	178,875
Broadcasting-0.43%		
CBS Corp.-Class B	3,541	154,812
Building Products-0.97%		
Johnson Controls International PLC	11,619	344,503
Cable & Satellite-1.73%		
Charter Communications, Inc.-Class A[b]	1,327	378,155
Comcast Corp.-Class A	6,977	237,567
		615,722
Communications Equipment-1.70%		
Cisco Systems, Inc.	9,927	430,137
Juniper Networks, Inc.	6,520	175,453
		605,590
Diversified Banks-7.98%		
Bank of America Corp.[c]	33,783	832,413
Citigroup Inc.[c]	16,665	867,580
JPMorgan Chase & Co.	7,137	696,714
Wells Fargo & Co.	9,673	445,732
		2,842,439
Diversified Chemicals-0.23%		
DowDuPont Inc.	1,556	83,215
Diversified Metals & Mining-0.39%		
BHP Billiton Ltd. (Australia)	5,742	138,439
Electric Utilities-0.71%		
Duke Energy Corp.	1,576	136,009
FirstEnergy Corp.	3,082	115,729
		251,738
Fertilizers & Agricultural Chemicals-1.02%		
Mosaic Co. (The)	7,120	207,975
Nutrien Ltd. (Canada)	3,350	157,450
		365,425

	Shares	Value
Food Distributors-0.78%		
US Foods Holding Corp.[b]	8,837	$ 279,603
Health Care Distributors-0.84%		
McKesson Corp.	2,710	299,374
Health Care Equipment-1.57%		
Medtronic PLC	2,867	260,782
Zimmer Biomet Holdings, Inc.	2,873	297,988
		558,770
Health Care Services-1.52%		
CVS Health Corp.	8,263	541,392
Home Improvement Retail-0.63%		
Kingfisher PLC (United Kingdom)	84,438	223,321
Hotels, Resorts & Cruise Lines-1.29%		
Carnival Corp.	9,349	460,906
Industrial Machinery-0.80%		
Ingersoll-Rand PLC	3,124	285,002
Insurance Brokers-1.57%		
Aon PLC	1,630	236,937
Willis Towers Watson PLC	2,122	322,247
		559,184
Integrated Oil & Gas-3.35%		
BP PLC (United Kingdom)	57,724	364,205
Occidental Petroleum Corp.	6,207	380,986
Royal Dutch Shell PLC-Class A (United Kingdom)	15,335	450,090
		1,195,281
Internet & Direct Marketing Retail-0.73%		
eBay Inc.[b]	9,254	259,760
Investment Banking & Brokerage-1.94%		
Goldman Sachs Group, Inc. (The)	1,106	184,757
Morgan Stanley	12,780	506,727
		691,484
IT Consulting & Other Services-0.74%		
Cognizant Technology Solutions Corp.-Class A	4,185	265,664
Managed Health Care-0.60%		
Anthem, Inc.	816	214,306
Multi-Line Insurance-1.63%		
American International Group, Inc.	14,704	579,485
Oil & Gas Equipment & Services-1.28%		
Schlumberger Ltd.	5,524	199,306
TechnipFMC PLC (United Kingdom)	13,040	255,323
		454,629

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Shares	Value
Oil & Gas Exploration & Production-3.28%		
Anadarko Petroleum Corp.	6,399	$ 280,532
Apache Corp.	5,924	155,505
Canadian Natural Resources Ltd. (Canada)	7,841	189,190
Devon Energy Corp.	14,332	323,044
Marathon Oil Corp.	15,315	219,617
		1,167,888
Other Diversified Financial Services-0.99%		
AXA Equitable Holdings, Inc.	8,342	138,728
Voya Financial, Inc.	5,316	213,384
		352,112
Packaged Foods & Meats-1.33%		
Mondelez International, Inc.-Class A	11,803	472,474
Pharmaceuticals-5.57%		
Bristol-Myers Squibb Co.	5,617	291,972
Johnson & Johnson	5,463	705,000
Merck & Co., Inc.	4,492	343,234
Novartis AG (Switzerland)	4,604	394,325
Sanofi (France)	2,881	248,973
		1,983,504
Railroads-0.74%		
CSX Corp.	4,251	264,114
Regional Banks-2.99%		
Citizens Financial Group, Inc.	13,458	400,106
Fifth Third Bancorp	10,373	244,077
First Horizon National Corp.	9,289	122,243
PNC Financial Services Group, Inc. (The)	2,547	297,770
		1,064,196
Semiconductors-2.26%		
Intel Corp.	8,374	392,992
QUALCOMM Inc.	7,222	411,004
		803,996
Systems Software-1.33%		
Oracle Corp.	10,523	475,113
Tobacco-1.30%		
Philip Morris International Inc.	6,953	464,182
Total Common Stocks (Cost $20,258,909)		21,059,561
	Principal Amount	
Bonds & Notes-25.84%		
Aerospace & Defense-0.02%		
United Technologies Corp., Sr. Unsec. Global Notes, 4.45%, 11/16/2038	$ 9,000	8,769
Air Freight & Logistics-0.01%		
United Parcel Service, Inc., Sr. Unsec. Notes, 3.40%, 11/15/2046	4,000	3,460

	Principal Amount	Value
Airlines-0.18%		
American Airlines Pass Through Trust, Series 2014-1, Class A, Sr. Sec. First Lien Pass Through Ctfs., 3.70%, 04/01/2028	$ 19,444	$ 18,896
United Airlines Pass Through Trust, Series 2014-2, Class A, Sr. Sec. First Lien Pass Through Ctfs., 3.75%, 03/03/2028	24,880	24,381
Series 2018-1, Class AA, Sr. Sec. First Lien Pass Through Ctfs., 3.50%, 09/01/2031	17,000	16,725
Virgin Australia Pass Through Trust (Australia), Series 2013-1, Class A, Sr. Sec. Gtd. First Lien Pass Through Ctfs., 5.00%, 04/23/2025[d]	4,810	4,882
		64,884
Application Software-1.25%		
Citrix Systems, Inc., Sr. Unsec. Conv. Notes, 0.50%, 04/15/2019	117,000	166,417
Nuance Communications, Inc., Sr. Unsec. Conv. Bonds, 1.00%, 12/15/2022[e]	127,000	110,635
Sr. Unsec. Conv. Global Bonds, 1.25%, 04/01/2025	49,000	43,405
RealPage, Inc., Sr. Unsec. Conv. Bonds, 1.50%, 11/15/2022	24,000	31,130
Workday, Inc., Sr. Unsec. Conv. Notes, 0.25%, 10/01/2022	75,000	92,005
		443,592
Asset Management & Custody Banks-0.85%		
Apollo Management Holdings L.P., Sr. Unsec. Gtd. Notes, 4.00%, 05/30/2024[d]	40,000	40,037
Blackstone Holdings Finance Co. LLC, Sr. Unsec. Gtd. Notes, 5.00%, 06/15/2044[d]	150,000	149,757
Brookfield Asset Management Inc. (Canada), Sr. Unsec. Notes, 4.00%, 01/15/2025	25,000	24,421
Carlyle Holdings Finance LLC, Sr. Unsec. Gtd. Notes, 3.88%, 02/01/2023[d]	5,000	5,029
KKR Group Finance Co. III LLC, Sr. Unsec. Gtd. Bonds, 5.13%, 06/01/2044[d]	85,000	84,005
		303,249
Automobile Manufacturers-0.61%		
Ford Motor Credit Co. LLC, Sr. Unsec. Global Notes, 4.13%, 08/04/2025	200,000	180,489
General Motors Co., Sr. Unsec. Global Notes, 6.60%, 04/01/2036	16,000	15,629
General Motors Financial Co., Inc., Sr. Unsec. Gtd. Global Notes, 5.25%, 03/01/2026	21,000	20,584
		216,702
Biotechnology-1.13%		
AbbVie Inc., Sr. Unsec. Global Notes, 4.50%, 05/14/2035	38,000	35,288
BioMarin Pharmaceutical Inc., Sr. Unsec. Sub. Conv. Notes, 1.50%, 10/15/2020	117,000	130,455
Celgene Corp., Sr. Unsec. Global Notes, 4.63%, 05/15/2044	100,000	88,264

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Biotechnology-(continued)		
Gilead Sciences, Inc., Sr. Unsec. Global Notes, 2.55%, 09/01/2020	$ 50,000	$ 49,599
4.40%, 12/01/2021	25,000	25,809
Neurocrine Biosciences, Inc., Sr. Unsec. Conv. Notes, 2.25%, 05/15/2024	62,000	74,166
		403,581
Brewers-0.52%		
Anheuser-Busch Cos LLC/ Anheuser-Busch InBev Worldwide, Inc. (Belgium), Sr. Unsec. Gtd. Notes, 4.70%, 02/01/2036(d)	45,000	42,023
4.90%, 02/01/2046(d)	47,000	43,737
Anheuser-Busch InBev Finance, Inc. (Belgium), Sr. Unsec. Gtd. Global Notes, 2.65%, 02/01/2021	15,000	14,751
3.30%, 02/01/2023	25,000	24,365
Heineken NV (Netherlands), Sr. Unsec. Notes, 3.50%, 01/29/2028(d)	35,000	33,836
Molson Coors Brewing Co., Sr. Unsec. Gtd. Global Notes, 1.45%, 07/15/2019	13,000	12,869
4.20%, 07/15/2046	16,000	13,361
		184,942
Broadcasting-1.03%		
Liberty Media Corp., Liberty Formula One, Sr. Unsec. Conv. Bonds, 1.00%, 01/30/2023	20,000	20,648
Sr. Unsec. Conv. Deb., 2.25%, 10/05/2021(e)	55,000	26,158
Sr. Unsec. Conv. Notes, 1.38%, 10/15/2023	299,000	320,917
		367,723
Cable & Satellite-0.91%		
Charter Communications Operating, LLC/ Charter Communications Operating Capital Corp., Sr. Sec. Gtd. First Lien Global Notes, 4.46%, 07/23/2022	60,000	60,621
Comcast Corp, Sr. Unsec. Gtd. Global Notes, 3.90%, 03/01/2038	10,000	9,286
4.15%, 10/15/2028	30,000	30,517
4.60%, 10/15/2038	10,000	10,129
4.70%, 10/15/2048	11,000	11,219
DISH Network Corp., Sr. Unsec. Conv. Bonds, 3.38%, 08/15/2026	147,000	119,072
GCI Liberty, Inc., Sr. Unsec. Conv. Deb., 1.75%, 10/05/2023(d)(e)	85,000	83,192
		324,036
Communications Equipment-0.49%		
Finisar Corp., Sr. Unsec. Conv. Bonds, 0.50%, 12/15/2021(e)	39,000	37,117
Viavi Solutions Inc., Sr. Unsec. Conv. Notes, 1.75%, 06/01/2023(d)	71,000	71,100
1.00%, 03/01/2024	68,000	67,270
		175,487

	Principal Amount	Value
Consumer Finance-0.11%		
American Express Co., Unsec. Sub. Global Notes, 3.63%, 12/05/2024	$ 18,000	$ 17,618
Capital One Financial Corp., Sr. Unsec. Global Notes, 3.20%, 01/30/2023	15,000	14,610
Synchrony Financial, Sr. Unsec. Global Notes, 3.95%, 12/01/2027	10,000	8,443
		40,671
Data Processing & Outsourced Services-0.13%		
Fiserv, Inc., Sr. Unsec. Global Notes, 3.80%, 10/01/2023	15,000	15,108
Visa Inc., Sr. Unsec. Global Notes, 4.15%, 12/14/2035	30,000	31,115
		46,223
Diversified Banks-2.67%		
Bank of America Corp., Sr. Unsec. Medium-Term Global Notes, 3.50%, 04/19/2026	15,000	14,461
Sr. Unsec. Medium-Term Notes, 3.25%, 10/21/2027	10,000	9,258
Bank of Montreal (Canada), Sr. Unsec. Medium-Term Notes, 2.10%, 12/12/2019	75,000	74,300
Citigroup Inc., Sr. Unsec. Global Notes, 3.67%, 07/24/2028	15,000	14,193
Unsec. Sub. Notes, 4.00%, 08/05/2024	60,000	59,346
4.75%, 05/18/2046	15,000	13,902
Commonwealth Bank of Australia (Australia), Sr. Unsec. Notes, 2.25%, 03/10/2020(d)	40,000	39,649
Coöperatieve Rabobank U.A. (Netherlands), Jr. Unsec. Sub. Notes, 11.00%(d)(f)	75,000	77,719
Credit Suisse AG (Switzerland), Sr. Unsec. Conv. Medium-Term Notes, 0.50%, 06/24/2024(d)	260,000	227,786
JPMorgan Chase & Co., Sr. Unsec. Global Notes, 3.20%, 06/15/2026	15,000	14,148
3.51%, 01/23/2029	15,000	14,223
4.26%, 02/22/2048	10,000	9,336
3.90%, 01/23/2049	15,000	13,208
Series V, Jr. Unsec. Sub. Global Notes, 5.00%(f)	150,000	144,937
U.S. Bancorp, Series W, Unsec. Sub. Medium-Term Notes, 3.10%, 04/27/2026	10,000	9,483
Wells Fargo & Co., Sr. Unsec. Medium-Term Notes, 3.55%, 09/29/2025	30,000	29,106
Unsec. Sub. Medium-Term Notes, 4.10%, 06/03/2026	95,000	92,904
4.65%, 11/04/2044	100,000	94,469
		952,428
Diversified Chemicals-0.04%		
Eastman Chemical Co., Sr. Unsec. Global Notes, 2.70%, 01/15/2020	13,000	12,906

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., Sr. Unsec. Global Notes, 3.30%, 11/18/2021	$ 32,000	$ 31,873
4.50%, 11/18/2034	24,000	23,105
		54,978
Electric Utilities-0.03%		
NextEra Energy Capital Holdings, Inc., Sr. Unsec. Gtd. Deb., 3.55%, 05/01/2027	11,000	10,521
Environmental & Facilities Services-0.07%		
Waste Management, Inc., Sr. Unsec. Gtd. Global Notes, 3.90%, 03/01/2035	25,000	24,360
Food Retail-0.01%		
Alimentation Couche-Tard Inc. (Canada), Sr. Unsec. Gtd. Notes, 4.50%, 07/26/2047[(d)]	2,000	1,841
General Merchandise Stores-0.06%		
Dollar General Corp., Sr. Unsec. Global Notes, 3.25%, 04/15/2023	20,000	19,572
Health Care Equipment-2.04%		
Becton, Dickinson and Co., Sr. Unsec. Global Notes, 4.88%, 05/15/2044	170,000	161,701
Sr. Unsec. Notes, 2.68%, 12/15/2019	15,000	14,861
DexCom Inc., Sr. Unsec. Conv. Notes, 0.75%, 12/01/2023[(d)]	86,000	87,080
0.75%, 05/15/2022	88,000	118,918
Insulet Corp., Sr. Unsec. Conv. Notes, 1.38%, 11/15/2024[(d)]	13,000	13,839
Medtronic, Inc., Sr. Unsec. Gtd. Global Notes, 3.15%, 03/15/2022	58,000	57,863
4.38%, 03/15/2035	20,000	20,533
NuVasive, Inc., Sr. Unsec. Conv. Notes, 2.25%, 03/15/2021	80,000	84,396
Wright Medical Group N.V., Sr. Unsec. Conv. Bonds, 2.25%, 11/15/2021	39,000	53,595
Wright Medical Group, Inc., Sr. Unsec. Gtd. Conv. Notes, 1.63%, 06/15/2023[(d)]	113,000	115,638
		728,424
Health Care Facilities-0.89%		
Convertible Trust – Consumer, Series 2018-1, Sr. Unsec. Medium-Term Notes, 0.25%, 01/17/2024	160,000	154,816
Convertible Trust – Healthcare, Series 2018-1, Sr. Unsec. Medium-Term Notes, 0.25%, 02/05/2024	168,000	162,204
		317,020
Health Care REITs-0.07%		
HCP, Inc., Sr. Unsec. Global Notes, 3.88%, 08/15/2024	25,000	24,633
Health Care Services-0.53%		
CVS Health Corp., Sr. Unsec. Global Bonds, 3.38%, 08/12/2024	20,000	19,419
Sr. Unsec. Global Notes, 4.10%, 03/25/2025	16,000	15,881

	Principal Amount	Value
Health Care Services-(continued)		
Express Scripts Holding Co., Sr. Unsec. Gtd. Global Notes, 2.25%, 06/15/2019	$ 90,000	$ 89,627
Cigna Corp., Sr. Sec. Gtd. Notes, 4.80%, 08/15/2038[(d)]	9,000	8,952
Laboratory Corp. of America Holdings, Sr. Unsec. Notes, 3.20%, 02/01/2022	33,000	32,773
4.70%, 02/01/2045	22,000	20,582
		187,234
Home Improvement Retail-0.07%		
Home Depot, Inc. (The), Sr. Unsec. Global Notes, 2.00%, 04/01/2021	27,000	26,474
Hotel & Resort REITs-0.03%		
Hospitality Properties Trust, Sr. Unsec. Notes, 4.50%, 06/15/2023	10,000	10,094
Insurance Brokers-0.01%		
Willis North America, Inc., Sr. Unsec. Gtd. Global Notes, 3.60%, 05/15/2024	5,000	4,887
Integrated Oil & Gas-0.09%		
Occidental Petroleum Corp., Sr. Unsec. Global Notes, 3.40%, 04/15/2026	15,000	14,697
Suncor Energy Inc. (Canada), Sr. Unsec. Notes, 3.60%, 12/01/2024	18,000	17,628
		32,325
Integrated Telecommunication Services-1.64%		
AT&T Inc., Sr. Unsec. Global Notes, 3.00%, 06/30/2022	28,000	27,328
3.40%, 05/15/2025	15,000	14,120
4.50%, 05/15/2035	25,000	22,530
5.15%, 03/15/2042	150,000	140,739
4.80%, 06/15/2044	40,000	36,009
Orange S.A. (France), Sr. Unsec. Global Notes, 1.63%, 11/03/2019	55,000	54,324
Telefónica Emisiones, S.A.U. (Spain), Sr. Unsec. Gtd. Global Notes, 7.05%, 06/20/2036	150,000	171,533
Verizon Communications Inc., Sr. Unsec. Global Notes, 4.40%, 11/01/2034	120,000	116,095
		582,678
Internet & Direct Marketing Retail-0.74%		
Amazon.com, Inc., Sr. Unsec. Global Notes, 2.60%, 12/05/2019	50,000	49,881
4.80%, 12/05/2034	9,000	9,666
Ctrip.com International, Ltd. (China), Sr. Unsec. Conv. Bonds, 1.25%, 09/15/2019[(e)]	113,000	109,542
Liberty Expedia Holdings, Inc., Sr. Unsec. Conv. Deb., 1.00%, 07/05/2022[(d)(e)]	53,000	50,787
QVC, Inc., Sr. Sec. Gtd. First Lien Global Notes, 5.45%, 08/15/2034	50,000	43,823
		263,699

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Investment Banking & Brokerage-1.14%		
Goldman Sachs Group, Inc. (The), Unsec. Sub. Notes, 4.25%, 10/21/2025	$ 27,000	$ 25,890
GS Finance Corp., Series 0001, Sr. Unsec. Conv. Medium-Term Notes, 0.25%, 07/08/2024	198,000	172,545
Morgan Stanley, Sr. Unsec. Medium-Term Global Notes, 2.38%, 07/23/2019	175,000	174,266
4.00%, 07/23/2025	35,000	34,574
		407,275
Life & Health Insurance-0.40%		
Athene Global Funding, Sec. Notes, 4.00%, 01/25/2022[d]	45,000	45,478
Jackson National Life Global Funding, Sr. Sec. Notes, 2.10%, 10/25/2021[d]	10,000	9,653
3.25%, 01/30/2024[d]	15,000	14,717
Nationwide Financial Services Inc., Sr. Unsec. Notes, 5.30%, 11/18/2044[d]	35,000	37,134
Reliance Standard Life Global Funding II, Sr. Sec. First Lien Notes, 3.05%, 01/20/2021[d]	20,000	19,823
Teachers Insurance and Annuity Association of America, Unsec. Sub. Notes, 4.27%, 05/15/2047[d]	17,000	16,334
		143,139
Movies & Entertainment-0.18%		
Live Nation Entertainment, Inc., Sr. Unsec. Conv. Notes, 2.50%, 03/15/2023[d]	62,000	63,286
Multi-Line Insurance-0.20%		
American Financial Group, Inc., Sr. Unsec. Notes, 4.50%, 06/15/2047	20,000	18,039
American International Group, Inc., Sr. Unsec. Global Notes, 2.30%, 07/16/2019	20,000	19,919
4.38%, 01/15/2055	40,000	33,391
		71,349
Multi-Utilities-0.04%		
NiSource Inc., Sr. Unsec. Global Notes, 4.38%, 05/15/2047	9,000	8,417
Sempra Energy, Sr. Unsec. Global Notes, 3.80%, 02/01/2038	8,000	6,898
		15,315
Office REITs-0.49%		
Government Properties Income Trust, Sr. Unsec. Global Notes, 4.00%, 07/15/2022	25,000	24,622
Highwoods Realty L.P., Sr. Unsec. Notes, 3.20%, 06/15/2021	150,000	148,248
		172,870
Oil & Gas Equipment & Services-0.42%		
Ensco Jersey Finance Ltd., Sr. Unsec. Gtd. Conv. Bonds, 3.00%, 01/31/2024	73,000	48,455
Helix Energy Solutions Group, Inc., Sr. Unsec. Conv. Notes, 4.25%, 05/01/2022	40,000	37,112

	Principal Amount	Value
Oil & Gas Equipment & Services-(continued)		
Nabors Industries Inc., Sr. Unsec. Gtd. Conv. Bonds, 0.75%, 01/15/2024	$ 40,000	$ 24,763
Oil States International, Inc., Sr. Unsec. Conv. Notes, 1.50%, 02/15/2023[d]	46,000	37,933
		148,263
Oil & Gas Exploration & Production-0.17%		
Anadarko Petroleum Corp., Sr. Unsec. Notes, 6.60%, 03/15/2046	18,000	19,964
Chesapeake Energy Corp., Sr. Unsec. Gtd. Conv. Bonds, 5.50%, 09/15/2026	37,000	29,872
ConocoPhillips Co., Sr. Unsec. Gtd. Global Notes, 4.15%, 11/15/2034	13,000	12,414
		62,250
Oil & Gas Storage & Transportation-0.97%		
Enable Midstream Partners, LP, Sr. Unsec. Global Notes, 2.40%, 05/15/2019	200,000	198,885
Energy Transfer Partners, L.P., Sr. Unsec. Gtd. Notes, 4.20%, 09/15/2023	2,000	1,973
4.90%, 03/15/2035	19,000	17,080
Enterprise Products Operating LLC, Sr. Unsec. Gtd. Global Notes, 4.25%, 02/15/2048	10,000	8,911
Sr. Unsec. Gtd. Notes, 2.55%, 10/15/2019	20,000	19,898
Kinder Morgan Inc., Sr. Unsec. Gtd. Notes, 5.30%, 12/01/2034	23,000	22,642
MPLX LP, Sr. Unsec. Global Bonds, 4.50%, 07/15/2023	65,000	65,710
Sr. Unsec. Global Notes, 4.50%, 04/15/2038	11,000	9,647
		344,746
Other Diversified Financial Services-0.20%		
ERAC USA Finance LLC, Sr. Unsec. Gtd. Notes, 2.35%, 10/15/2019[d]	50,000	49,668
NXP Funding LLC (Netherlands), Sr. Unsec. Gtd. Notes, 5.35%, 03/01/2026[d]	20,000	20,365
		70,033
Packaged Foods & Meats-0.13%		
General Mills, Inc., Sr. Unsec. Global Notes, 2.20%, 10/21/2019	45,000	44,667
Mead Johnson Nutrition Co. (United Kingdom), Sr. Unsec. Gtd. Global Notes, 4.13%, 11/15/2025	3,000	3,082
		47,749
Pharmaceuticals-1.45%		
Allergan Funding SCS, Sr. Unsec. Gtd. Global Notes, 4.85%, 06/15/2044	150,000	142,310
Bayer US Finance II LLC (Germany), Sr. Unsec. Gtd. Notes, 2.13%, 07/15/2019[d]	15,000	14,884
Bayer US Finance LLC (Germany), Sr. Unsec. Gtd. Notes, 3.00%, 10/08/2021[d]	200,000	195,673
Jazz Investments I Ltd., Sr. Unsec. Gtd. Conv. Bonds, 1.88%, 08/15/2021	76,000	73,893

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Pharmaceuticals-(continued)		
Medicines Co. (The), Sr. Unsec. Conv. Bonds, 2.75%, 07/15/2023	$ 37,000	$ 28,070
Mylan N.V., Sr. Unsec. Gtd. Global Notes, 3.15%, 06/15/2021	17,000	16,657
Pacira Pharmaceuticals, Inc., Sr. Unsec. Conv. Notes, 2.38%, 04/01/2022	26,000	25,854
Supernus Pharmaceuticals, Inc., Sr. Unsec. Conv. Notes, 0.63%, 04/01/2023[d]	22,000	20,790
		518,131
Property & Casualty Insurance-0.34%		
Allstate Corp. (The), Sr. Unsec. Bonds, 3.28%, 12/15/2026	10,000	9,823
Liberty Mutual Group Inc., Sr. Unsec. Gtd. Bonds, 4.85%, 08/01/2044[d]	115,000	112,216
		122,039
Railroads-0.07%		
Union Pacific Corp., Sr. Unsec. Notes, 4.15%, 01/15/2045	25,000	23,518
Regional Banks-0.04%		
Citizens Financial Group, Inc., Sr. Unsec. Global Notes, 2.38%, 07/28/2021	15,000	14,622
Renewable Electricity-0.40%		
Oglethorpe Power Corp., Sr. Sec. First Mortgage Bonds, 4.55%, 06/01/2044	150,000	142,229
Semiconductors-1.17%		
Broadcom Corp./Broadcom Cayman Finance Ltd., Sr. Unsec. Gtd. Global Notes, 3.63%, 01/15/2024	30,000	28,413
Cree, Inc., Sr. Unsec. Conv. Notes, 0.88%, 09/01/2023[d]	98,000	95,067
Microchip Technology Inc., Sr. Unsec. Sub. Conv. Notes, 1.63%, 02/15/2027	74,000	72,514
Micron Technology, Inc., Series G, Sr. Unsec. Conv. Global Bonds, 3.00%, 11/15/2028[e]	98,000	108,880
ON Semiconductor Corp., Sr. Unsec. Gtd. Conv. Bonds, 1.00%, 12/01/2020	76,000	83,980
Silicon Laboratories Inc., Sr. Unsec. Conv. Bonds, 1.38%, 03/01/2022	21,000	22,236
Texas Instruments Inc., Sr. Unsec. Notes, 2.63%, 05/15/2024	5,000	4,835
		415,925
Specialized Finance-0.30%		
Air Lease Corp., Sr. Unsec. Global Notes, 3.00%, 09/15/2023	24,000	22,559
4.25%, 09/15/2024	35,000	34,252
Aircastle Ltd., Sr. Unsec. Notes, 4.40%, 09/25/2023	10,000	9,845
Aviation Capital Group LLC, Sr. Unsec. Notes, 4.88%, 10/01/2025[d]	40,000	40,026
		106,682

	Principal Amount	Value
Specialized REITs-0.04%		
Crown Castle International Corp., Sr. Unsec. Global Bonds, 3.80%, 02/15/2028	$ 15,000	$ 14,104
Specialty Chemicals-0.01%		
Sherwin-Williams Co. (The), Sr. Unsec. Global Notes, 4.50%, 06/01/2047	3,000	2,719
Systems Software-0.50%		
FireEye, Inc.,		
Series A, Sr. Unsec. Conv. Bonds, 1.00%, 06/01/2020[e]	76,000	73,056
Series B, Sr. Unsec. Conv. Bonds, 1.63%, 06/01/2022[e]	77,000	70,339
Microsoft Corp., Sr. Unsec. Global Notes, 3.50%, 02/12/2035	37,000	35,415
		178,810
Technology Distributors-0.08%		
Avnet, Inc., Sr. Unsec. Global Notes, 4.63%, 04/15/2026	30,000	29,370
Technology Hardware, Storage & Peripherals-0.68%		
Apple Inc., Sr. Unsec. Global Notes, 2.15%, 02/09/2022	39,000	38,040
3.35%, 02/09/2027	10,000	9,794
Dell International LLC/ EMC Corp., Sr. Sec. First Lien Gtd. Notes, 5.45%, 06/15/2023[d]	26,000	26,482
SanDisk Corp., Sr. Unsec. Gtd. Conv. Bonds, 0.50%, 10/15/2020	140,000	117,877
Western Digital Corp., Sr. Unsec. Gtd. Conv. Notes, 1.50%, 02/01/2024[d]	61,000	49,587
		241,780
Wireless Telecommunication Services-0.04%		
Rogers Communications Inc. (Canada), Sr. Unsec. Gtd. Global Notes, 4.30%, 02/15/2048	15,000	14,349
Total Bonds & Notes (Cost $9,464,884)		9,207,946
U.S. Treasury Securities-10.04%		
U.S. Treasury Notes-9.09%		
1.25%, 01/31/2019	710,000	709,395
2.50%, 12/31/2020	2,128,000	2,127,718
2.63%, 12/15/2021	290,000	291,323
2.63%, 12/31/2023	19,200	19,301
2.63%, 12/31/2025	19,300	19,357
3.13%, 11/15/2028	70,100	72,773
		3,239,867
U.S. Treasury Bonds-0.95%		
4.50%, 02/15/2036	75,000	92,555
3.00%, 08/15/2048	245,200	244,535
		337,090
Total U.S. Treasury Securities (Cost $3,553,646)		3,576,957

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Shares	Value
Preferred Stocks-0.23%		
Asset Management & Custody Banks-0.23%		
AMG Capital Trust II, $2.58 Conv. Pfd. (Cost $106,269)	1,700	$ 82,025
Money Market Funds-4.25%		
Invesco Government & Agency Portfolio-Institutional Class, 2.30%[g]	529,865	529,865
Invesco Liquid Assets Portfolio-Institutional Class, 2.48%[g]	378,405	378,443
Invesco Treasury Portfolio-Institutional Class, 2.30%[g]	605,561	$ 605,561
Total Money Market Funds (Cost $1,513,845)		1,513,869
TOTAL INVESTMENTS IN SECURITIES-99.46% (Cost $34,897,553)		35,440,358
OTHER ASSETS LESS LIABILITIES-0.54%		193,824
NET ASSETS-100.00%		$35,634,182

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) All or a portion of the value was pledged as collateral to cover margin requirements for open futures contracts. See Note 1K.
(d) 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 December 31, 2018 was $2,050,005, which represented 5.75% of the Fund's Net Assets.
(e) Security has an irrevocable call by the issuer or mandatory put by the holder. Maturity date reflects such call or put.
(f) Perpetual bond with no specified maturity date.
(g) 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 December 31, 2018.

Investment Abbreviations:

Conv. - Convertible
Ctfs. - Certificates
Deb. - Debentures
Gtd. - Guaranteed
Jr. - Junior
Pfd. - Preferred
REIT - Real Estate Investment Trust
Sec. - Secured
Sr. - Senior
Sub. - Subordinated
Unsec. - Unsecured

Open Futures Contracts — Equity Risk

Short Futures Contracts	Number of Contracts	Expiration Month	Notional Value	Value	Unrealized Appreciation (Depreciation)
E-Mini S&P 500	70	March-2019	$(8,768,200)	$(172,631)	$(172,631)

Open Forward Foreign Currency Contracts

Settlement Date	Counterparty	Contract to Deliver	Contract to Receive	Unrealized Appreciation (Depreciation)
02/01/2019	Bank of New York Mellon (The)	AUD 83,291	USD 54,892	$ 1,191
02/01/2019	Bank of New York Mellon (The)	CAD 97,032	USD 72,258	1,129
02/01/2019	State Street Bank & Trust Co.	AUD 83,289	USD 59,904	1,204
02/01/2019	State Street Bank & Trust Co.	CAD 97,032	USD 72,248	1,119
Subtotal — Appreciation				4,643
02/01/2019	Bank of New York Mellon (The)	CHF 146,165	USD 148,097	(999)
02/01/2019	Bank of New York Mellon (The)	EUR 82,335	USD 94,376	(188)
02/01/2019	Bank of New York Mellon (The)	GBP 307,774	USD 390,369	(2,484)
02/01/2019	State Street Bank & Trust Co.	CHF 146,166	USD 148,061	(1,037)
02/01/2019	State Street Bank & Trust Co.	EUR 82,335	USD 94,389	(175)
02/01/2019	State Street Bank & Trust Co.	GBP 307,774	USD 390,448	(2,404)
02/01/2019	State Street Bank & Trust Co.	USD 18,641	AUD 26,102	(245)
Subtotal — Depreciation				(7,532)
Total Forward Foreign Currency Contracts — Currency Risk				$(2,889)

Abbreviations:

AUD - Australian Dollar
CAD - Canadian Dollar
CHF - Swiss Franc
EUR - Euro
GBP - British Pound Sterling
USD - U.S. Dollar

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Assets and Liabilities

December 31, 2018

Assets:	
Investments in securities, at value (Cost $33,383,708)	$33,926,489
Investments in affiliated money market funds, at value (Cost $1,513,845)	1,513,869
Other Investments:	
Unrealized appreciation on forward foreign currency contracts outstanding	4,643
Foreign currencies, at value (Cost $36,766)	36,860
Receivable for:	
Fund shares sold	225,565
Dividends and interest	119,666
Investment for trustee deferred compensation and retirement plans	60,151
Total assets	35,887,243
Liabilities:	
Other investments:	
Unrealized depreciation on forward foreign currency contracts outstanding	7,532
Payable for:	
Variation margin payable – futures contracts	81,886
Investments purchased	3,978
Amount due to custodian	7,011
Fund shares reacquired	14,720
Accrued fees to affiliates	16,239
Accrued trustees' and officers' fees and benefits	4,047
Accrued other operating expenses	53,095
Trustee deferred compensation and retirement plans	64,553
Total liabilities	253,061
Net assets applicable to shares outstanding	$35,634,182
Net assets consist of:	
Shares of beneficial interest	$33,566,370
Distributable earnings	2,067,812
	$35,634,182
Net Assets:	
Series I	$34,419,748
Series II	$ 1,214,434
Shares outstanding, no par value, with an unlimited number of shares authorized:	
Series I	3,118,055
Series II	111,284
Series I:	
Net asset value per share	$ 11.04
Series II:	
Net asset value per share	$ 10.91

Statement of Operations

For the year ended December 31, 2018

Investment income:	
Dividends (net of foreign withholding taxes of $9,627)	$ 633,091
Dividends from affiliated money market funds	36,318
Interest	375,799
Total investment income	1,045,208
Expenses:	
Advisory fees	253,776
Administrative services fees	113,430
Custodian fees	19,128
Distribution fees – Series II	3,440
Transfer agent fees	18,758
Trustees' and officers' fees and benefits	20,799
Reports to shareholders	10,683
Professional services fees	61,240
Other	25,047
Total expenses	526,301
Less: Fees waived	(2,393)
Net expenses	523,908
Net investment income	521,300
Realized and unrealized gain (loss) from:	
Net realized gain (loss) from:	
Investment securities (includes net gains from securities sold to affiliates of $3,186)	1,664,835
Foreign currencies	(4,539)
Forward foreign currency contracts	104,536
Futures contracts	(180,270)
	1,584,562
Change in net unrealized appreciation (depreciation) of:	
Investment securities	(6,410,379)
Foreign currencies	(562)
Forward foreign currency contracts	36,343
Futures contracts	(172,631)
	(6,547,229)
Net realized and unrealized gain (loss)	(4,962,667)
Net increase (decrease) in net assets resulting from operations	$(4,441,367)

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Changes in Net Assets

For the years ended December 31, 2018 and 2017

	2018	2017
Operations:		
Net investment income	$ 521,300	$ 702,760
Net realized gain	1,584,562	2,639,827
Change in net unrealized appreciation (depreciation)	(6,547,229)	1,552,948
Net increase (decrease) in net assets resulting from operations	(4,441,367)	4,895,535
Distributions to shareholders from distributable earnings[1]:		
Series I	(2,054,218)	(610,486)
Series II	(66,296)	(16,351)
Total distributions from distributable earnings	(2,120,514)	(626,837)
Share transactions–net:		
Series I	(3,342,378)	(10,218,192)
Series II	(11,717)	(145,427)
Net increase (decrease) in net assets resulting from share transactions	(3,354,095)	(10,363,619)
Net increase (decrease) in net assets	(9,915,976)	(6,094,921)
Net assets:		
Beginning of year	45,550,158	51,645,079
End of year	$35,634,182	$ 45,550,158

(1) The Securities and Exchange Commission eliminated the requirement to disclose distribution components separately, except for tax return of capital. For the year ended December 31, 2017, distributions to shareholders from distributable earnings consisted of distributions from net investment income.

Notes to Financial Statements

December 31, 2018

NOTE 1—Significant Accounting Policies

Invesco V.I. Managed Volatility Fund (the "Fund") is a series portfolio of AIM Variable Insurance Funds (Invesco Variable Insurance Funds) (the "Trust"). The Trust is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end series management investment company. Information presented in these financial statements pertains only to the Fund. Matters affecting the Fund or each class will be voted on exclusively by the shareholders of the Fund or each class. Current Securities and Exchange Commission ("SEC") guidance, however, requires participating insurance companies offering separate accounts to vote shares proportionally in accordance with the instructions of the contract owners whose investments are funded by shares of each Fund or class.

The Fund's investment objective is both capital appreciation and current income while managing portfolio volatility.

The Fund currently offers two classes of shares, Series I and Series II, both of which are offered to insurance company separate accounts funding variable annuity contracts and variable life insurance policies ("variable products").

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 946, *Financial Services – Investment Companies*.

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements.

A. Security Valuations – Securities, including restricted securities, are valued according to the following policy.

A security listed or traded on an exchange (except convertible securities) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and asked prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and asked prices. For purposes of determining net asset value ("NAV") per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange ("NYSE").

Investments in open-end and closed-end registered investment companies that do not trade on an exchange are valued at the end-of-day net asset value per share. Investments in open-end and closed-end registered investment companies that trade on an exchange are valued at the last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded.

Debt obligations (including convertible securities) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Pricing services generally value debt obligations assuming orderly transactions of institutional round lot size, but a fund may hold or transact in the same securities in smaller, odd lot sizes. Odd lots often trade at lower prices than institutional round lots. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

Foreign securities' (including foreign exchange contracts) prices are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the NYSE. If market quotations are available and reliable for foreign exchange-traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that the investment adviser determines are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities' prices meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources. The last bid price may be used to value equity securities. The mean between the last bid and asked prices is used to value debt obligations, including corporate loans.

Securities for which market quotations are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/asked quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

The Fund may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain Fund investments.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

B. Securities Transactions and Investment Income – Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income (net of withholding tax, if any) is recorded on the accrual basis from settlement date. Bond premiums and discounts are amortized and/or accreted over the lives of the respective securities. Pay-in-kind interest income and non-cash dividend income received in the form of securities in-lieu of cash are recorded at the fair value of the securities received. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date.

The Fund may periodically participate in litigation related to Fund investments. As such, the Fund may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Fund's net asset value and, accordingly, they reduce the Fund's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and the Statement of Changes in Net Assets, or the net investment income per share and the ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Fund and the investment adviser.

The Fund allocates income and realized and unrealized capital gains and losses to a class based on the relative net assets of each class.

C. Country Determination – For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

D. Distributions – Distributions from net investment income and net realized capital gain, if any, are generally declared and paid to separate accounts of participating insurance companies annually and recorded on the ex-dividend date.

E. Federal Income Taxes – The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), necessary to qualify as a regulated investment company and to distribute substantially all of the Fund's taxable earnings to shareholders. As such, the Fund will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Fund's uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

The Fund files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally, the Fund is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

F. Expenses – Fees provided for under the Rule 12b-1 plan of a particular class of the Fund and which are directly attributable to that class are charged to the operations of such class. All other expenses are allocated among the classes based on relative net assets.

G. Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Fund monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

H. Indemnifications – Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts, including the Fund's servicing agreements, that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

I. Foreign Currency Translations – Foreign currency is valued at the close of the NYSE based on quotations posted by banks and major currency dealers. Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at 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 Counterparties to purchase or sell a specified underlying security, currency or commodity (or delivery of a cash settlement price, in the case of an index future) for a fixed price at a future date. The Fund currently invests only in exchange-traded futures and they are standardized as to maturity date and underlying financial instrument. Initial margin deposits required upon entering into futures contracts are satisfied by the segregation of specific securities or cash as collateral at the futures commission merchant (broker). During the period the futures contracts are open, changes in the value of the contracts are recognized as unrealized gains or losses by recalculating the value of the contracts on a daily basis. Subsequent or variation margin payments are received or made depending upon whether unrealized gains or losses are incurred. These amounts are reflected as receivables or payables on the Statement of Assets and Liabilities. When the contracts are closed or expire, the Fund recognizes a realized gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the Fund's basis in the contract. The net realized gain (loss) and the change in unrealized gain (loss) on futures contracts held during the period is included on the Statement of Operations. The primary risks associated with futures contracts are market risk and the absence of a liquid secondary market. If the Fund were unable to liquidate a futures contract and/or enter into an offsetting closing transaction, the Fund would continue to be subject to market risk with respect to the value of the contracts and continue to be required to maintain the margin deposits on the futures contracts. Futures contracts have minimal Counterparty risk since the exchange's clearinghouse, as Counterparty to all exchange-traded futures, guarantees the futures against default. Risks may exceed amounts recognized in the Statement of Assets and Liabilities.

NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the "Adviser" or "Invesco"). Under the terms of the investment advisory agreement, the Fund accrues daily and pays monthly an advisory fee to the Adviser based on the annual rate of 0.60% of the Fund's average daily net assets.

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. and separate sub-advisory agreements with Invesco Capital Management LLC, formerly Invesco PowerShares Capital Management LLC, and Invesco Asset Management (India) Private Limited (collectively, the "Affiliated Sub-Advisers") the Adviser, not the Fund, will pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide(s) discretionary investment management services to the Fund based on the percentage of assets allocated to such Affiliated Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2019, to waive advisory fees and/or reimburse expenses to the extent necessary to limit total annual fund operating expenses after fee waiver and/or expense reimbursement (excluding certain items discussed below) of Series I shares to 2.00% and Series II shares to 2.25% of average daily net assets (the "expense limits"). In determining the Adviser's obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the total annual fund operating expenses after fee waiver and/or expense reimbursement to exceed the numbers reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items, including litigation expenses; and (5) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. Unless Invesco continues the fee waiver agreement, it will terminate on June 30, 2019. During its term, the fee waiver agreement cannot be terminated or amended to increase expense limits or reduce the advisory fee waiver without approval of the Board of Trustees. The Adviser did not waive fees and/or reimburse expenses during the period under these expense limits.

Further, the Adviser has contractually agreed, through at least June 30, 2020, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Fund of uninvested cash in such affiliated money market funds.

For the year ended December 31, 2018, the Adviser waived advisory fees of $2,393.

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 year ended December 31, 2018, Invesco was paid $50,000 for accounting and fund administrative services and was reimbursed $63,430 for fees paid to insurance companies.

The Trust has entered into a transfer agency and service agreement with Invesco Investment Services, Inc. ("IIS") pursuant to which the Fund has agreed to pay IIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IIS for certain expenses incurred by IIS in the course of providing such services. For the year ended December 31, 2018, expenses incurred under the agreement are shown in the Statement of Operations as *Transfer agent fees*.

The Trust has entered into a master distribution agreement with Invesco Distributors, Inc. ("IDI") to serve as the distributor for the Fund. The Trust has adopted a plan pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund's Series II shares (the "Plan"). The Fund, pursuant to the Plan, pays IDI compensation at the annual rate of 0.25% of the Fund's average daily net assets of Series II shares. The fees are accrued daily and paid monthly. Of the Plan payments, up to 0.25% of the average daily net assets of the Series II shares may be paid to insurance companies who furnish continuing personal shareholder services to customers who purchase and own Series II shares of the Fund. For the year ended December 31, 2018, expenses incurred under the Plan are detailed in the Statement of Operations as *Distribution fees*.

For the year ended December 31, 2018, the Fund incurred $289 in brokerage commissions with Invesco Capital Markets, Inc., an affiliate of the Adviser and IDI, for portfolio transactions executed on behalf of the Fund.

Certain officers and trustees of the Trust are officers and directors of the Adviser, IIS and/or IDI.

NOTE 3—Additional Valuation Information

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 – Prices are determined using quoted prices in an active market for identical assets.

Level 2 – Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 – Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of December 31, 2018. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

	Level 1	Level 2	Level 3	Total
Investments in Securities				
Common Stocks	$19,601,968	$ 1,457,593	$–	$21,059,561
Bonds & Notes	–	9,207,946	–	9,207,946
U.S. Treasury Securities	–	3,576,957	–	3,576,957
Preferred Stocks	–	82,025	–	82,025
Money Market Funds	1,513,869	–	–	1,513,869
Total Investments in Securities	21,115,837	14,324,521	–	35,440,358
Other Investments — Assets*				
Forward Foreign Currency Contracts	–	4,643	–	4,643
Other Investments — Liabilities*				
Forward Foreign Currency Contracts	–	(7,532)	–	(7,532)
Futures Contracts	(172,631)	–	–	(172,631)
	(172,631)	(7,532)	–	(180,163)
Total Other Investments	(172,631)	(2,889)	–	(175,520)
Total Investments	$20,943,206	$14,321,632	$–	$35,264,838

* 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 December 31, 2018:

	Value
Derivative Assets	**Currency Risk**
Unrealized appreciation on forward foreign currency contracts outstanding	$4,643
Derivatives not subject to master netting agreements	–
Total Derivative Assets subject to master netting agreements	$4,643

	Value		
Derivative Liabilities	**Currency Risk**	**Equity Risk**	**Total**
Unrealized depreciation on futures contracts – Exchange-Traded[(a)]	$ –	$(172,631)	$(172,631)
Unrealized depreciation on forward foreign currency contracts outstanding	(7,532)	–	(7,532)
Total Derivative Liabilities	(7,532)	(172,631)	(180,163)
Derivatives not subject to master netting agreements	–	172,631	172,631
Total Derivative Liabilities subject to master netting agreements	$(7,532)	$ –	$ (7,532)

(a) The daily variation margin receivable (payable) at period-end is recorded in the Statement of Assets and Liabilities.

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 December 31, 2018.

	Financial Derivative Assets	Financial Derivative Liabilities		Collateral (Received)/Pledged		
Counterparty	Forward Foreign Currency Contracts	Forward Foreign Currency Contracts	Net Value of Derivatives	Non-Cash	Cash	Net Amount
Bank of New York Mellon (The)	$2,320	$(3,672)	$(1,352)	$–	$–	$(1,352)
State Street Bank & Trust Co.	2,323	(3,860)	(1,537)	–	–	(1,537)
Total	$4,643	$(7,532)	$(2,889)	$–	$–	$(2,889)

Effect of Derivative Investments for the year ended December 31, 2018

The table below summarizes the gains (losses) on derivative investments, detailed by primary risk exposure, recognized in earnings during the period:

	Location of Gain (Loss) on Statement of Operations		
	Currency Risk	Equity Risk	Total
Realized Gain (Loss):			
Forward foreign currency contracts	$104,536	$ –	$ 104,536
Futures contracts	–	(180,270)	(180,270)
Change in Net Unrealized Appreciation (Depreciation):			
Forward foreign currency contracts	36,343	–	36,343
Futures contracts	–	(172,631)	(172,631)
Total	$140,879	$(352,901)	$(212,022)

The table below summarizes the twelve month average notional value of forward foreign currency contracts and the four month average notional value of futures contracts outstanding during the period.

	Forward Foreign Currency Contracts	Futures Contracts
Average notional value	$2,483,276	$6,705,489

NOTE 5—Security Transactions with Affiliated Funds

The Fund is permitted to purchase or sell securities from or to certain other Invesco Funds under specified conditions outlined in procedures adopted by the Board of Trustees of the Trust. The procedures have been designed to ensure that any purchase or sale of securities by the Fund from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. Pursuant to these procedures, for the year ended December 31, 2018, the Fund engaged in securities purchases of $2,349 and securities sales of $9,678, which resulted in net realized gains of $3,186.

NOTE 6—Trustees' and Officers' Fees and Benefits

Trustees' and Officers' Fees and Benefits include amounts accrued by the Fund to pay remuneration to certain Trustees and Officers of the Fund. Trustees have the option to defer compensation payable by the Fund, and *Trustees' and Officers' Fees and Benefits* also include amounts accrued by the Fund to fund such deferred compensation amounts. Those Trustees who defer compensation have the option to select various Invesco Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees were eligible to participate in a retirement plan that provided for benefits to be paid upon retirement to Trustees over a period of time based on the number of years of service. The Fund may have certain former Trustees who also participate in a retirement plan and receive benefits under such plan. *Trustees' and Officers' Fees and Benefits* include amounts accrued by the Fund to fund such retirement benefits. Obligations under the deferred compensation and retirement plans represent unsecured claims against the general assets of the Fund.

NOTE 7—Cash Balances

The Fund is permitted to temporarily carry a negative or overdrawn balance in its account with State Street Bank and Trust Company, the custodian bank. Such balances, if any at period-end, are shown in the Statement of Assets and Liabilities under the payable caption *Amount due custodian*. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.

NOTE 8—Distributions to Shareholders and Tax Components of Net Assets

Tax Character of Distributions to Shareholders Paid During the Fiscal Years Ended December 31, 2018 and 2017:

	2018	2017
Ordinary income	$ 700,251	$626,837
Long-term capital gain	1,420,263	–
Total distributions	$2,120,514	$626,837

Tax Components of Net Assets at Period-End:

	2018
Undistributed ordinary income	$ 505,839
Undistributed long-term gain	1,376,330
Net unrealized appreciation — investments	244,891
Net unrealized appreciation — foreign currencies	16
Temporary book/tax differences	(59,264)
Shares of beneficial interest	33,566,370
Total net assets	$35,634,182

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is due to differences in the timing of recognition of gains and losses on investments for tax and book purposes. The Fund's net unrealized appreciation difference is attributable primarily to wash sales, tax treatment of futures contracts and adjustments to contingent payment debt instruments.

The temporary book/tax differences are a result of timing differences between book and tax recognition of income and/or expenses. The Fund's temporary book/tax differences are the result of the trustee deferral of compensation and retirement plan benefits.

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 does not have a capital loss carryforward as of December 31, 2018.

NOTE 9—Investment Transactions

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the year ended December 31, 2018 was $11,215,494 and $15,173,100, respectively. During the same period, purchases and sales of U.S. Treasury obligations were $33,198,958 and $32,939,742, 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	$ 2,897,478
Aggregate unrealized (depreciation) of investments	(2,652,587)
Net unrealized appreciation of investments	$ 244,891

Cost of investments for tax purposes is $35,019,947.

NOTE 10—Reclassification of Permanent Differences

Primarily as a result of differing book/tax treatment of deemed dividends on convertible debt, contingent payment debt instruments sold and foreign currency transactions, on December 31, 2018, undistributed net investment income was increased by $7,399 and undistributed net realized gain was decreased by $7,399. This reclassification had no effect on the net assets or the distributable earnings of the Fund.

NOTE 11—Share Information

	Summary of Share Activity			
	Years ended December 31,			
	2018[a]		2017	
	Shares	Amount	Shares	Amount
Sold:				
Series I	209,264	$ 2,541,868	283,126	$ 3,509,281
Series II	5,870	72,638	13,842	167,061
Issued as reinvestment of dividends:				
Series I	162,517	2,054,218	48,606	610,486
Series II	5,304	66,295	1,316	16,351
Reacquired:				
Series I	(630,388)	(7,938,464)	(1,147,686)	(14,337,959)
Series II	(11,831)	(150,650)	(26,720)	(328,839)
Net increase (decrease) in share activity	(259,264)	$(3,354,095)	(827,516)	$(10,363,619)

[a] There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 59% of the outstanding shares of the Fund. The Fund and the Fund's principal underwriter or adviser, are parties to participation agreements with these entities whereby these entities sell units of interest in separate accounts funding variable products that are invested in the Fund. The Fund, Invesco and/or Invesco affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, Invesco and/or Invesco affiliates including but not limited to services such as, securities brokerage, third party record keeping and account servicing and administrative services. The Fund has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially.

NOTE 12—Financial Highlights

The following schedule presents financial highlights for a share of the Fund outstanding throughout the periods indicated.

	Net asset value, beginning of period	Net investment income[a]	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends from net investment income	Distributions from net realized gains	Total distributions	Net asset value, end of period	Total return[b]	Net assets, end of period (000's omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover[c]
Series I														
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%[d]	1.24%[d]	1.24%[d]	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														
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[d]	1.49[d]	0.99[d]	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 based on average daily net assets (000's omitted) of $40,920 and $1,376 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.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of AIM Variable Insurance Funds (Invesco Variable Insurance Funds)
and Shareholders of Invesco V.I. Managed Volatility Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Invesco V.I. Managed Volatility Fund (one of the funds constituting AIM Variable Insurance Funds (Invesco Variable Insurance Funds), hereafter referred to as the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statement of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Houston, TX
February 14, 2019

We have served as the auditor of one or more of the investment companies in the Invesco group of investment companies since at least 1995. We have not been able to determine the specific year we began serving as auditor.

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 July 1, 2018 through December 31, 2018.

The actual and hypothetical expenses in the examples below do not represent the effect of any fees or other expenses assessed in connection with a variable product; if they did, the expenses shown would be higher while the ending account values shown would be lower.

Actual expenses

The table below provides information about actual account values and actual expenses. You may use the information in this table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the table under the heading entitled "Actual Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical example for comparison purposes

The table below also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return.

The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs. Therefore, the hypothetical information is useful in comparing ongoing costs, and will not help you determine the relative total costs of owning different funds.

		ACTUAL		HYPOTHETICAL (5% annual return before expenses)		
Class	Beginning Account Value (07/01/18)	Ending Account Value (12/31/18)[1]	Expenses Paid During Period[2,3]	Ending Account Value (12/31/18)	Expenses Paid During Period[2,4]	Annualized Expense Ratio[2]
Series I	$1,000.00	$908.10	$5.87	$1,019.06	$6.21	1.22%
Series II	1,000.00	906.10	7.06	1,017.80	7.48	1.47

1 The actual ending account value is based on the actual total return of the Fund for the period July 1, 2018 through December 31, 2018, after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

2 Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 184/365 to reflect the most recent fiscal half year. Effective January 1, 2019, the Fund's adviser has contractually agreed to limit administrative services fees reimbursed by the Fund. The annualized ratios restated as if this administrative services fee limitation had been in effect throughout the entire most recent fiscal half year are 1.11% and 1.36%, for Series I and Series II shares, respectively.

3 The actual expenses paid restated as if the changes discussed above had been in effect throughout the entire most recent fiscal half year are $5.34 and $6.53 for Series I and Series II shares, respectively.

4 The hypothetical expenses paid restated as if the changes discussed above had been in effect throughout the entire most recent fiscal half year are $5.65 and $6.92 for Series I and Series II shares, respectively.

Tax Information

Form 1099-DIV, Form 1042-S and other year-end tax information provide shareholders with actual calendar year amounts that should be included in their tax returns. Shareholders should consult their tax advisors.

The following distribution information is being provided as required by the Internal Revenue Code or to meet a specific state's requirement.

The Fund designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2018:

Federal and State Income Tax	
Long-Term Capital Gain Distributions	$1,420,263
Corporate Dividends Received Deduction*	98.41%
U.S. Treasury Obligations*	7.62%

* The above percentages are based on ordinary income dividends paid to shareholders during the Fund's fiscal year.

Trustees and Officers

The address of each trustee and officer is AIM Variable Insurance Funds (Invesco Variable Insurance Funds) (the "Trust"), 11 Greenway Plaza, Suite 1000, Houston, Texas 77046-1173. The trustees serve for the life of the Trust, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Trust's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee During Past 5 Years
Interested Persons				
Martin L. Flanagan[1] — 1960 Trustee	2007	Executive Director, Chief Executive Officer and President, Invesco Ltd. (ultimate parent of Invesco and a global investment management firm); Trustee, The Invesco Funds; Vice Chair, Investment Company Institute; and Member of Executive Board, SMU Cox School of Business Formerly: Advisor to the Board, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Chairman and Chief Executive Officer, Invesco Advisers, Inc. (registered investment adviser); Director, Chairman, Chief Executive Officer and President, Invesco Holding Company (US), Inc. (formerly IVZ Inc.) (holding company), Invesco Group Services, Inc. (service provider) and Invesco North American Holdings, Inc. (holding company); Director, Chief Executive Officer and President, Invesco Holding Company Limited (parent of Invesco and a global investment management firm); Director, Invesco Ltd.; Chairman, Investment Company Institute and President, Co-Chief Executive Officer, Co-President, Chief Operating Officer and Chief Financial Officer, Franklin Resources, Inc. (global investment management organization)	158	None
Philip A. Taylor[2] — 1954 Trustee and Senior Vice President	2006	Head of the Americas and Senior Managing Director, Invesco Ltd.; Director, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Director and Chairman, Invesco Investment Services, Inc. (formerly known as Invesco AIM Investment Services, Inc.) (registered transfer agent); Chief Executive Officer, Invesco Corporate Class Inc. (corporate mutual fund company); Director, Chairman and Chief Executive Officer, Invesco Canada Ltd. (formerly known as Invesco Trimark Ltd./Invesco Trimark Ltèe) (registered investment adviser and registered transfer agent); Trustee and Senior Vice President, The Invesco Funds; Director, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management) Formerly: Director, Chairman, Chief Executive Officer and President, Invesco Management Group, Inc. (formerly known as Invesco AIM Management Group, Inc.) (financial services holding company); Co-Chairman, Co-President and Co-Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Director, Chief Executive Officer and President, Van Kampen Exchange Corp; President and Principal Executive Officer, The Invesco Funds (other than AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust), Short-Term Investments Trust and Invesco Management Trust); Executive Vice President, The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust), Short-Term Investments Trust and Invesco Management Trust only); Director and President, INVESCO Funds Group, Inc. (registered investment adviser and registered transfer agent); Director and Chairman, IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.) (registered broker dealer); Director, President and Chairman, Invesco Inc. (holding company), Invesco Canada Holdings Inc. (holding company), Trimark Investments Ltd./ Placements Trimark Ltèe and Invesco Financial Services Ltd/Services Financiers Invesco Ltèe; Chief Executive Officer, Invesco Canada Fund Inc. (corporate mutual fund company); Director and Chairman, Van Kampen Investor Services Inc.; Director, Chief Executive Officer and President, 1371 Preferred Inc. (holding company) and Van Kampen Investments Inc.; Director and President, AIM GP Canada Inc. (general partner for limited partnerships) and Van Kampen Advisors, Inc.; Director and Chief Executive Officer, Invesco Trimark Dealer Inc. (registered broker dealer); Director, Invesco Distributors, Inc. (formerly known as Invesco AIM Distributors, Inc.) (registered broker dealer); Manager, Invesco Capital Management LLC; Director, Chief Executive Officer and President, Invesco Advisers, Inc.; Director, Chairman, Chief Executive Officer and President, Invesco AIM Capital Management, Inc.; President, Invesco Trimark Dealer Inc. and Invesco Trimark Ltd./Invesco Trimark Ltèe; Director and President, AIM Trimark Corporate Class Inc. and AIM Trimark Canada Fund Inc.; Senior Managing Director, Invesco Holding Company Limited; Director and Chairman, Fund Management Company (former registered broker dealer); President and Principal Executive Officer, The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust), and Short-Term Investments Trust only); President, AIM Trimark Global Fund Inc. and AIM Trimark Canada Fund Inc.	158	None

[1] Mr. Flanagan is considered an interested person (within the meaning of Section 2(a)(19) of the 1940 Act) of the Trust because he is an officer of the Adviser to the Trust, and an officer and a director of Invesco Ltd., ultimate parent of the Adviser.

[2] Mr. Taylor is considered an interested person (within the meaning of Section 2(a)(19) of the 1940 Act) of the Trust because he is an officer and a director of the Adviser.

Trustees and Officers–(continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee During Past 5 Years
Independent Trustees				
Bruce L. Crockett – 1944 Trustee and Chair	1993	Chairman, Crockett Technologies Associates (technology consulting company) Formerly: Director, Captaris (unified messaging provider); Director, President and Chief Executive Officer, COMSAT Corporation; Chairman, Board of Governors of INTELSAT (international communications company); ACE Limited (insurance company); Independent Directors Council and Investment Company Institute: Member of the Audit Committee, Investment Company Institute; Member of the Executive Committee and Chair of the Governance Committee, Independent Directors Council	158	Director and Chairman of the Audit Committee, ALPS (Attorneys Liability Protection Society) (insurance company); Director and Member of the Audit Committee and Compensation Committee, Ferroglobe PLC (metallurgical company)
David C. Arch – 1945 Trustee	2010	Chairman of Blistex Inc. (consumer health care products manufacturer); Member, World Presidents' Organization	158	Board member of the Illinois Manufacturers' Association
Jack M. Fields – 1952 Trustee	1997	Chief Executive Officer, Twenty First Century Group, Inc. (government affairs company); and Chairman, Discovery Learning Alliance (non-profit) Formerly: Owner and Chief Executive Officer, Dos Angeles Ranch L.P. (cattle, hunting, corporate entertainment); Director, Insperity, Inc. (formerly known as Administaff) (human resources provider); Chief Executive Officer, Texana Timber LP (sustainable forestry company); Director of Cross Timbers Quail Research Ranch (non-profit); and member of the U.S. House of Representatives	158	None
Cynthia Hostetler – 1962 Trustee	2017	Non-Executive Director and Trustee of a number of public and private business corporations Formerly: Director, Aberdeen Investment Funds (4 portfolios); Head of Investment Funds and Private Equity, Overseas Private Investment Corporation; President, First Manhattan Bancorporation, Inc.; Attorney, Simpson Thacher & Bartlett LLP	158	Vulcan Materials Company (construction materials company); Trilinc Global Impact Fund; Genesse Wyoming, Inc. (railroads); Artio Global Investment LLC (mutual fund complex); Edgen Group, Inc. (specialized energy and infrastructure products distributor); Investment Company Institute (professional organization); Independent Directors Council (professional organization)
Eli Jones – 1961 Trustee	2016	Professor and Dean, Mays Business School – Texas A&M University Formerly: Professor and Dean, Walton College of Business, University of Arkansas and E.J. Ourso College of Business, Louisiana State University; Director, Arvest Bank	158	Insperity, Inc. (formerly known as Administaff) (human resources provider)
Prema Mathai-Davis – 1950 Trustee	1998	Retired Co-Owner & Partner of Quantalytics Research, LLC, (a FinTech Investment Research Platform for the Self-Directed Investor)	158	None
Teresa M. Ressel – 1962 Trustee	2017	Non-executive director and trustee of a number of public and private business corporations Formerly: Chief Financial Officer, Olayan America, The Olayan Group (international investor/commercial/industrial); Chief Executive Officer, UBS Securities LLC; Group Chief Operating Officer, Americas, UBS AG; Assistant Secretary for Management & Budget and CFO, US Department of the Treasury	158	Atlantic Power Corporation (power generation company); ON Semiconductor Corp. (semiconductor supplier)
Ann Barnett Stern – 1957 Trustee	2017	President and Chief Executive Officer, Houston Endowment Inc. (private philanthropic institution) Formerly: Executive Vice President and General Counsel, Texas Children's Hospital; Attorney, Beck, Redden and Secrest, LLP; Business Law Instructor, University of St. Thomas; Attorney, Andrews & Kurth LLP	158	Federal Reserve Bank of Dallas
Raymond Stickel, Jr. – 1944 Trustee	2005	Retired Formerly: Director, Mainstay VP Series Funds, Inc. (25 portfolios); Partner, Deloitte & Touche	158	None
Robert C. Troccoli – 1949 Trustee	2016	Adjunct Professor, University of Denver – Daniels College of Business Formerly: Senior Partner, KPMG LLP	158	None
Christopher L. Wilson – 1957 Trustee	2017	Non-executive director and trustee of a number of public and private business corporations Formerly: Director, TD Asset Management USA Inc. (mutual fund complex) (22 portfolios); Managing Partner, CT2, LLC (investing and consulting firm); President/Chief Executive Officer, Columbia Funds, Bank of America Corporation; President/Chief Executive Officer, CDC IXIS Asset Management Services, Inc.; Principal & Director of Operations, Scudder Funds, Scudder, Stevens & Clark, Inc.; Assistant Vice President, Fidelity Investments	158	ISO New England, Inc. (non-profit organization managing regional electricity market)

Trustees and Officers–(continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee During Past 5 Years
Other Officers				
Sheri Morris – 1964 President, Principal Executive Officer and Treasurer	1999	President, Principal Executive Officer and Treasurer, The Invesco Funds; Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); and Vice President, Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust and Invesco Exchange-Traded Self-Indexed Fund Trust Formerly: Vice President and Principal Financial Officer, The Invesco Funds; Vice President, Invesco AIM Advisers, Inc., Invesco AIM Capital Management, Inc. and Invesco AIM Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The Invesco Funds and Assistant Vice President, Invesco Advisers, Inc., Invesco AIM Capital Management, Inc. and Invesco AIM Private Asset Management, Inc.; and Treasurer, Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust and Invesco Actively Managed Exchange-Traded Fund Trust	N/A	N/A
Russell C. Burk – 1958 Senior Vice President and Senior Officer	2005	Senior Vice President and Senior Officer, The Invesco Funds	N/A	N/A
Jeffrey H. Kupor – 1968 Senior Vice President, Chief Legal Officer and Secretary	2018	Head of Legal of the Americas; Senior Vice President and Secretary, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Senior Vice President and Secretary, Invesco Distributors, Inc. (formerly known as Invesco AIM Distributors, Inc.); Vice President and Secretary, Invesco Investment Services, Inc. (formerly known as Invesco AIM Investment Services, Inc.) Senior Vice President, Chief Legal Officer and Secretary, The Invesco Funds; Secretary and General Counsel, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management); Secretary and General Counsel, Invesco Capital Markets, Inc. (formerly known as Van Kampen Funds Inc.) and Chief Legal Officer, Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust and Invesco Exchange-Traded Self-Indexed Fund Trust; Secretary, Invesco Indexing LLC; Secretary, W.L. Ross & Co., LLC; Secretary and Vice President, Jemstep, Inc. Formerly: Head of Legal, Worldwide Institutional; Secretary and General Counsel, INVESCO Private Capital Investments, Inc.; Senior Vice President, Secretary and General Counsel, Invesco Management Group, Inc. (formerly known as Invesco AIM Management Group, Inc.); Assistant Secretary, INVESCO Asset Management (Bermuda) Ltd.; Secretary and General Counsel, Invesco Private Capital, Inc.; Assistant Secretary and General Counsel, INVESCO Realty, Inc.; Secretary and General Counsel, Invesco Senior Secured Management, Inc.; and Secretary, Sovereign G./P. Holdings Inc.	N/A	N/A
John M. Zerr – 1962 Senior Vice President	2006	Chief Operating Officer of the Americas; Senior Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Senior Vice President, Invesco Distributors, Inc. (formerly known as Invesco AIM Distributors, Inc.); Director and Vice President, Invesco Investment Services, Inc. (formerly known as Invesco AIM Investment Services, Inc.) Senior Vice President, The Invesco Funds; Managing Director, Invesco Capital Management LLC; Director, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management); Senior Vice President, Invesco Capital Markets, Inc. (formerly known as Van Kampen Funds Inc.); Manager, Invesco Indexing LLC Formerly: Director and Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco AIM Management Group, Inc.); Secretary and General Counsel, Invesco Management Group, Inc. (formerly known as Invesco AIM Management Group, Inc.); Secretary, Invesco Investment Services, Inc. (formerly known as Invesco AIM Investment Services, Inc.); Chief Legal Officer and Secretary, The Invesco Funds; Secretary and General Counsel, Invesco Investment Advisers LLC (formerly known as Van Kampen Asset Management); Secretary and General Counsel, Invesco Capital Markets, Inc. (formerly known as Van Kampen Funds Inc.); Chief Legal Officer, Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust and Invesco Exchange-Traded Self-Indexed Fund Trust; Secretary, Invesco Indexing LLC; Director, Secretary, General Counsel and Senior Vice President, Van Kampen Exchange Corp.; Director, Vice President and Secretary, IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.); Director and Vice President, INVESCO Funds Group, Inc.; Director and Vice President, Van Kampen Advisors Inc.; Director, Vice President, Secretary and General Counsel, Van Kampen Investor Services Inc.; Director and Secretary, Invesco Distributors, Inc. (formerly known as Invesco AIM Distributors, Inc.); Director, Senior Vice President, General Counsel and Secretary, Invesco AIM Advisers, Inc. and Van Kampen Investments Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco AIM Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser)	N/A	N/A

Trustees and Officers–(continued)

Name , Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Directorship(s) Held by Trustee During Past 5 Years
Other Officers—(continued)				
Gregory G. McGreevey – 1962 Senior Vice President	2012	Senior Managing Director, Invesco Ltd.; Director, Chairman, President, and Chief Executive Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Director, Invesco Mortgage Capital, Inc. and Invesco Senior Secured Management, Inc.; and Senior Vice President, The Invesco Funds Formerly: Senior Vice President, Invesco Management Group, Inc. and Invesco Advisers, Inc.; Assistant Vice President, The Invesco Funds	N/A	N/A
Kelli Gallegos – 1970 Vice President, Principal Financial Officer and Assistant Treasurer	2008	Vice President and Treasurer, Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust and Invesco Exchange-Traded Self-Indexed Fund Trust; Vice President, Principal Financial Officer and Assistant Treasurer, The Invesco Funds; Principal Financial and Accounting Officer - Pooled Investments, Invesco Capital Management LLC Formerly: Assistant Treasurer, Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust and Invesco Exchange-Traded Self-Indexed Fund Trust; Assistant Treasurer, Invesco Capital Management LLC; Assistant Vice President, The Invesco Funds	N/A	N/A
Tracy Sullivan – 1962 Vice President, Chief Tax Officer and Assistant Treasurer	2008	Vice President, Chief Tax Officer and Assistant Treasurer, The Invesco Funds; Assistant Treasurer, Invesco Capital Management LLC, Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust and Invesco Exchange-Traded Self-Indexed Fund Trust Formerly: Assistant Vice President, The Invesco Funds	N/A	N/A
Crissie M. Wisdom – 1969 Anti-Money Laundering Compliance Officer	2013	Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser), Invesco Capital Markets, Inc. (formerly known as Van Kampen Funds Inc.), Invesco Distributors, Inc., Invesco Investment Services, Inc., The Invesco Funds, and Invesco Exchange-Traded Fund Trust, Invesco Exchange-Traded Fund Trust II, Invesco India Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Fund Trust, Invesco Actively Managed Exchange-Traded Commodity Fund Trust and Invesco Exchange-Traded Self-Indexed Fund Trust; Anti-Money Laundering Compliance Officer and Bank Secrecy Act Officer, INVESCO National Trust Company and Invesco Trust Company; and Fraud Prevention Manager and Controls and Risk Analysis Manager for Invesco Investment Services, Inc. Formerly: Anti-Money Laundering Compliance Officer, Van Kampen Exchange Corp. and Invesco Management Group, Inc.	N/A	N/A
Robert R. Leveille – 1969 Chief Compliance Officer	2016	Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser); and Chief Compliance Officer, The Invesco Funds Formerly: Chief Compliance Officer, Putnam Investments and the Putnam Funds	N/A	N/A

The Statement of Additional Information of the Trust includes additional information about the Fund's Trustees and is available upon request, without charge, by calling 1.800.959.4246. Please refer to the Fund's Statement of Additional Information for information on the Fund's sub-advisers.

Office of the Fund
11 Greenway Plaza, Suite 1000
Houston, TX 77046-1173

Investment Adviser
Invesco Advisers, Inc.
1555 Peachtree Street, N.E.
Atlanta, GA 30309

Distributor
Invesco Distributors, Inc.
11 Greenway Plaza, Suite 1000
Houston, TX 77046-1173

Auditors
PricewaterhouseCoopers LLP
1000 Louisiana Street, Suite 5800
Houston, TX 77002-5021

Counsel to the Fund
Stradley Ronon Stevens & Young, LLP
2005 Market Street, Suite 2600
Philadelphia, PA 19103-7018

Counsel to the Independent Trustees
Goodwin Procter LLP
901 New York Avenue, N.W.
Washington, D.C. 20001

Transfer Agent
Invesco Investment Services, Inc.
11 Greenway Plaza, Suite 1000
Houston, TX 77046-1173

Custodian
State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02110-2801

ANNUAL REPORT
December 31, 2018

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 12-month period ended December 31, 2018, Janus Henderson VIT Forty Portfolio’s Institutional Shares and Service Shares returned 1.98% and 1.72%, respectively, versus a return of -1.51% for the Portfolio’s primary benchmark, the Russell 1000® Growth Index. The Portfolio’s secondary benchmark, the S&P 500® Index, returned -4.38% for the period.

INVESTMENT ENVIRONMENT

U.S. equities were volatile and lost ground during the year. While corporate earnings growth was solid, global trade tensions and the prospect of rising interest rates weighed on stocks. In the fourth quarter, markets fell sharply as trade tensions between the U.S. and China escalated and data suggested weaker international economic growth. The energy and materials sectors suffered the steepest losses within the index.

PERFORMANCE DISCUSSION

The Portfolio outperformed both 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 year 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.

Salesforce was our top contributor to performance during the year. Strong revenue growth and continued appreciation for its business model have driven the stock higher. We continue to like Salesforce’s position as a leader in cloud-based enterprise software, and believe it will benefit as marketing and sales departments move more functions from on-premises software to the cloud, and as the company moves into new adjacencies beyond sales and marketing departments.

Mastercard was another top contributor. The stock is a longtime holding in which we continue to see its thesis play out. Our long-term view is that payments companies such as Mastercard are poised to benefit as consumers and businesses switch from cash and check to plastic and electronic payments. Mastercard is particularly well positioned to benefit from this shift because a majority of its revenues are generated outside the U.S., where many markets have a lower penetration of card and electronic payments and are experiencing significantly faster electronic purchase volume growth. Several quarters of strong revenue and earnings growth only confirm our point of view.

Amazon also made meaningful contributions to performance. Strong earnings growth has helped reaffirm its powerful, secular growth potential. Amazon is another longtime holding in our Portfolio and our views on the company remain the same: The company’s scale and distribution advantage have entrenched it as the dominant e-commerce platform, which should allow it to continue gaining consumer wallet share as shopping gravitates to online and mobile purchases. Meanwhile, Amazon Web Services is revolutionizing the way companies utilize IT services, using its scale to offer a disruptive pricing model to businesses seeking IT functions in the cloud.

While pleased with the results of most companies in our Portfolio, we still held stocks that detracted from performance. Nvidia was one of our largest detractors. The stock declined after the company reported earnings below consensus expectations. We continue to like Nvidia's long-term outlook, however. The company is a leading supplier of graphics processing units (GPUs), which are at the forefront of accelerated computing, artificial intelligence and autonomous driving. We like the company's growth potential as these secular themes push forward.

Biotechnology stock Celgene also fell during the period. The biotechnology company faced a few headwinds this year including management turnover, and news that the FDA issued a Refusal to File letter for Celgene's multiple sclerosis (MS) drug, ozanimod. Although the news was an unwelcome setback, phase 3 data for the drug was promising, and the company reports that another pivotal trial will not be needed. We still think ozanimod will get FDA approval and that the delay should only moderately impact the drug's sales potential. We also do not feel the market is giving Celgene enough credit for the cash-flow-generation potential of its blood cancer treatment, Revlimid, or the potential of other products in its pipeline.

Facebook was another detractor. Concerns about increased regulatory scrutiny after users have abused the platform have been an overhang for the stock. We expect expense growth to remain elevated as the company addresses these concerns, but continue to own a small position in the company.

OUTLOOK

While global economic growth is slowing, we believe U.S. consumer strength will continue to support the domestic economy in early 2019. For U.S. workers, wage growth remains strong. Lower-wage earners have particularly benefited from a tight labor market, and are experiencing their best income growth in at least a decade. Meanwhile, the benefits of tax reform won't hit most consumers' pockets until they receive tax refunds in 2019.

While we believe U.S. consumer spending will continue to support the domestic economy, we are not naïve to risks. Rising interest rates are beginning to affect cyclical segments of the economy and heightened trade tensions present another headwind for growth. But after a market sell-off in the fourth quarter, valuations already reflect many of these concerns.

In our view, the recent sell-off has left valuations more attractive than at any point in at least a few years. This is particularly true for stocks tied to many secular growth trends, which sold off more sharply as some investors holding these stocks were forced to sell positions to deleverage portfolios. We've used that volatility as a buying opportunity, and selectively added to position sizes of several secular growth companies.

In prior letters, we've mentioned some of the secular trends represented in our Portfolio: the shift from traditional brick and mortar shopping to online spending, the switch of enterprise software from on-premises to the cloud, a proliferation of connected devices in the home and business, the shift in autos from the combustible engine to electronic vehicles and a growing global middle class, to name a few. While many of these themes are well known, they are still nascent in their development, and should continue to push forward regardless of the economic backdrop. We remain focused on our companies' long-term growth potential as these themes progress.

Thank you for your investment in Janus Henderson VIT Forty Portfolio.

Janus Henderson VIT Forty Portfolio (unaudited)
Portfolio At A Glance
December 31, 2018

5 Top Performers - Holdings

	Contribution
salesforce.com Inc	1.64%
Mastercard Inc	1.40%
Amazon.com Inc	1.38%
Microsoft Corp	1.06%
Boston Scientific Corp	0.99%

5 Bottom Performers - Holdings

	Contribution
Apple Inc	-1.19%
NVIDIA Corp	-1.06%
Celgene Corp	-1.05%
Bank of America Corp	-0.52%
Facebook Inc	-0.49%

5 Top Performers - Sectors*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Industrials	1.46%	5.70%	12.22%
Consumer Discretionary	1.34%	14.95%	17.53%
Information Technology	0.95%	40.87%	37.99%
Real Estate	0.32%	2.02%	2.22%
Energy	0.30%	0.00%	0.87%

5 Bottom Performers - Sectors*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Financials	-1.10%	9.66%	3.91%
Communication Services	-0.10%	2.72%	3.46%
Utilities	0.00%	0.00%	0.01%
Other**	0.11%	2.92%	0.00%
Health Care	0.15%	16.31%	13.26%

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
December 31, 2018

5 Largest Equity Holdings - (% of Net Assets)

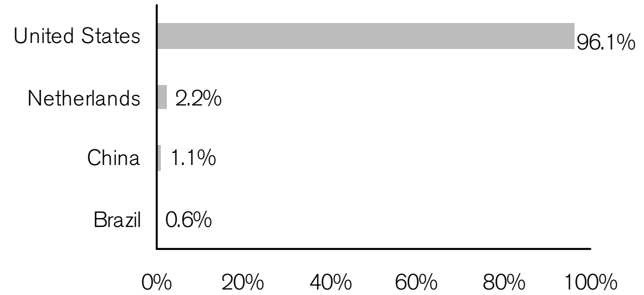
Alphabet Inc - Class C	
Interactive Media & Services	6.9%
Microsoft Corp	
Software	6.4%
Mastercard Inc	
Information Technology Services	5.7%
Amazon.com Inc	
Internet & Direct Marketing Retail	5.2%
salesforce.com Inc	
Software	4.8%
	29.0%

Asset Allocation - (% of Net Assets)

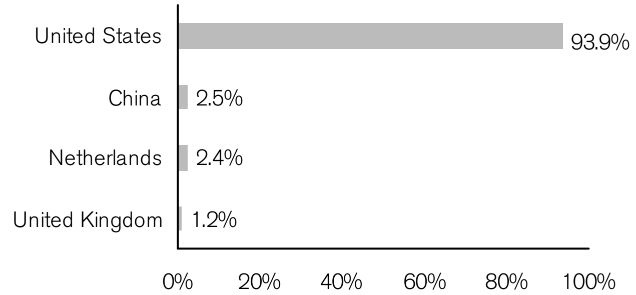
Common Stocks	96.8%
Investment Companies	3.5%
Other	(0.3)%
	100.0%

Top Country Allocations - Long Positions - (% of Investment Securities)

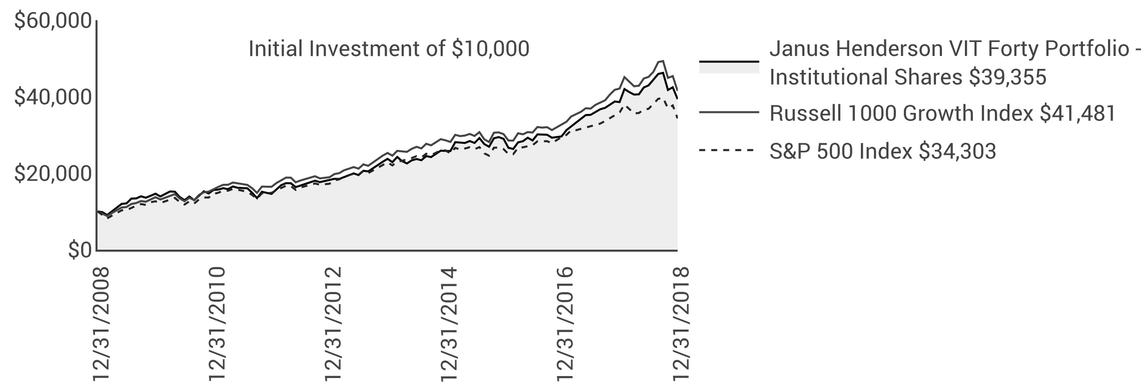
As of December 31, 2018



As of December 31, 2017



Janus Henderson VIT Forty Portfolio (unaudited)
Performance



Average Annual Total Return - for the periods ended December 31, 2018	One Year	Five Year	Ten Year	Since Inception*	Expense Ratios - per the April 30, 2018 prospectuses: Total Annual Fund Operating Expenses
Institutional Shares	1.98%	10.63%	14.68%	10.98%	0.82%
Service Shares	1.72%	10.35%	14.40%	10.67%	1.06%
Russell 1000 Growth Index	-1.51%	10.40%	15.29%	7.22%	
S&P 500 Index	-4.38%	8.49%	13.12%	7.42%	
Morningstar Quartile - Institutional Shares	1st	1st	2nd	1st	
Morningstar Ranking - based on total returns for Large Growth Funds	214/1440	147/1322	331/1131	11/621	

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. 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.

See important disclosures on the next page.

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 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 (7/1/18)	Ending Account Value (12/31/18)	Expenses Paid During Period (7/1/18 - 12/31/18)†	Beginning Account Value (7/1/18)	Ending Account Value (12/31/18)	Expenses Paid During Period (7/1/18 - 12/31/18)†	Net Annualized Expense Ratio (7/1/18 - 12/31/18)
Institutional Shares	$1,000.00	$916.20	$3.33	$1,000.00	$1,021.73	$3.52	0.69%
Service Shares	$1,000.00	$914.70	$4.54	$1,000.00	$1,020.47	$4.79	0.94%

† Expenses Paid During Period are equal to the Net Annualized Expense Ratio multiplied by the average account value over the period, multiplied by 184/365 (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
December 31, 2018

	Shares	Value
Common Stocks – 96.8%		
Aerospace & Defense – 5.0%		
Boeing Co	72,073	$23,243,542
Harris Corp	95,008	12,792,827
		36,036,369
Banks – 2.6%		
Bank of America Corp	759,527	18,714,745
Biotechnology – 2.4%		
Celgene Corp*	181,154	11,610,160
Regeneron Pharmaceuticals Inc*	14,858	5,549,463
		17,159,623
Capital Markets – 5.6%		
Charles Schwab Corp	363,897	15,112,642
Intercontinental Exchange Inc	334,285	25,181,689
		40,294,331
Chemicals – 4.0%		
Air Products & Chemicals Inc	76,619	12,262,871
Sherwin-Williams Co	41,967	16,512,336
		28,775,207
Construction Materials – 1.2%		
Vulcan Materials Co	85,022	8,400,174
Electronic Equipment, Instruments & Components – 0.8%		
TE Connectivity Ltd	74,904	5,664,990
Entertainment – 2.6%		
Live Nation Entertainment Inc*	151,779	7,475,116
Netflix Inc*	42,748	11,441,930
		18,917,046
Equity Real Estate Investment Trusts (REITs) – 2.5%		
American Tower Corp	112,448	17,788,149
Health Care Equipment & Supplies – 8.7%		
Abbott Laboratories	111,138	8,038,612
Boston Scientific Corp*	638,021	22,547,662
Edwards Lifesciences Corp*	77,489	11,868,990
Intuitive Surgical Inc*	41,356	19,806,216
		62,261,480
Health Care Providers & Services – 2.2%		
Humana Inc	56,234	16,109,916
Hotels, Restaurants & Leisure – 1.9%		
Starbucks Corp	215,641	13,887,280
Information Technology Services – 8.7%		
Mastercard Inc	218,544	41,228,326
Pagseguro Digital Ltd*	213,662	4,001,889
PayPal Holdings Inc*	202,009	16,986,937
		62,217,152
Interactive Media & Services – 7.7%		
Alphabet Inc - Class C*	48,187	49,902,939
Facebook Inc*	41,581	5,450,853
		55,353,792
Internet & Direct Marketing Retail – 6.4%		
Alibaba Group Holding Ltd (ADR)*	60,526	8,296,299
Amazon.com Inc*	25,027	37,589,803
		45,886,102
Pharmaceuticals – 6.0%		
Allergan PLC	112,669	15,059,339
Merck & Co Inc	201,874	15,425,192
Zoetis Inc	150,402	12,865,387
		43,349,918
Professional Services – 1.0%		
CoStar Group Inc*	21,347	7,201,197

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Schedule of Investments
December 31, 2018

	Shares	Value
Common Stocks – (continued)		
Road & Rail – 1.3%		
Union Pacific Corp	67,864	$9,380,841
Semiconductor & Semiconductor Equipment – 6.5%		
ASML Holding NV	101,094	15,732,248
NVIDIA Corp	84,069	11,223,212
Texas Instruments Inc	210,780	19,918,710
		46,874,170
Software – 14.2%		
Adobe Inc*	52,452	11,866,740
Intuit Inc	52,605	10,355,294
Microsoft Corp	451,114	45,819,649
salesforce.com Inc*	249,866	34,224,146
		102,265,829
Specialty Retail – 2.3%		
Home Depot Inc	97,017	16,669,461
Technology Hardware, Storage & Peripherals – 1.4%		
Apple Inc	65,088	10,266,981
Textiles, Apparel & Luxury Goods – 1.8%		
NIKE Inc	174,486	12,936,392
Total Common Stocks (cost $523,472,608)		696,411,145
Investment Companies – 3.5%		
Money Markets – 3.5%		
Janus Henderson Cash Liquidity Fund LLC, 2.4621%[∞,£] (cost $25,348,887)	25,348,887	25,348,887
Total Investments (total cost $548,821,495) – 100.3%		721,760,032
Liabilities, net of Cash, Receivables and Other Assets – (0.3)%		(2,306,927)
Net Assets – 100%		$719,453,105

Summary of Investments by Country - (Long Positions) (unaudited)

Country	Value	% of Investment Securities
United States	$693,729,596	96.1 %
Netherlands	15,732,248	2.2
China	8,296,299	1.1
Brazil	4,001,889	0.6
Total	$721,760,032	100.0 %

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Schedule of Investments
December 31, 2018

Schedules of Affiliated Investments – (% of Net Assets)

	Dividend Income	Realized Gain/(Loss)	Change in Unrealized Appreciation/ Depreciation	Value at 12/31/18
Investment Companies - 3.5%				
Money Markets - 3.5%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%[oo]	$ 415,295	$ -	$ -	$ 25,348,887

	Share Balance at 12/31/17	Purchases	Sales	Share Balance at 12/31/18
Investment Companies - 3.5%				
Money Markets - 3.5%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%[oo]	38,903,503	207,897,384	(221,452,000)	25,348,887

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
LLC	Limited Liability Company
PLC	Public Limited Company

* Non-income producing security.

ºº Rate shown is the 7-day yield as of December 31, 2018.

£ The Portfolio may invest in certain securities that are considered affiliated companies. As defined by the Investment Company Act of 1940, as amended, an affiliated company is one in which the Portfolio owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control.

The following is a summary of the inputs that were used to value the Portfolio's investments in securities and other financial instruments as of December 31, 2018. 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	$ 696,411,145	$ -	$ -
Investment Companies	-	25,348,887	-
Total Assets	$ 696,411,145	$ 25,348,887	$ -

Janus Henderson VIT Forty Portfolio
Statement of Assets and Liabilities
December 31, 2018

Assets:		
Unaffiliated investments, at value[1]	$	696,411,145
Affiliated investments, at value[2]		25,348,887
Non-interested Trustees' deferred compensation		17,442
Receivables:		
Dividends		369,971
Portfolio shares sold		121,866
Dividends from affiliates		47,556
Other assets		7,309
Total Assets		722,324,176
Liabilities:		
Due to custodian		36,869
Payables:		
Investments purchased		1,641,697
Portfolio shares repurchased		512,719
Advisory fees		362,912
12b-1 Distribution and shareholder servicing fees		96,093
Transfer agent fees and expenses		34,152
Professional fees		29,844
Non-interested Trustees' deferred compensation fees		17,442
Non-interested Trustees' fees and expenses		6,215
Custodian fees		2,701
Affiliated portfolio administration fees payable		1,617
Accrued expenses and other payables		128,810
Total Liabilities		2,871,071
Net Assets	$	719,453,105
Net Assets Consist of:		
Capital (par value and paid-in surplus)	$	477,105,533
Total distributable earnings (loss)		242,347,572
Total Net Assets	$	719,453,105
Net Assets - Institutional Shares	$	292,131,621
Shares Outstanding, $0.01 Par Value (unlimited shares authorized)		8,299,342
Net Asset Value Per Share	$	35.20
Net Assets - Service Shares	$	427,321,484
Shares Outstanding, $0.01 Par Value (unlimited shares authorized)		12,889,490
Net Asset Value Per Share	$	33.15

(1) Includes cost of $523,472,608.
(2) Includes cost of $25,348,887.

See Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Statement of Operations
For the year ended December 31, 2018

Investment Income:		
Dividends	$	6,732,487
Dividends from affiliates		415,295
Foreign tax withheld		(29,743)
Total Investment Income		7,118,039
Expenses:		
Advisory fees		5,042,172
12b-1 Distribution and shareholder servicing fees:		
Service Shares		1,218,577
Transfer agent administrative fees and expenses:		
Institutional Shares		163,945
Service Shares		243,715
Other transfer agent fees and expenses:		
Institutional Shares		9,218
Service Shares		7,827
Shareholder reports expense		88,177
Professional fees		47,380
Affiliated portfolio administration fees		28,766
Non-interested Trustees' fees and expenses		24,540
Registration fees		23,035
Custodian fees		13,571
Other expenses		75,400
Total Expenses		6,986,323
Net Investment Income/(Loss)		131,716
Net Realized Gain/(Loss) on Investments:		
Investments		69,559,947
Total Net Realized Gain/(Loss) on Investments		69,559,947
Change in Unrealized Net Appreciation/Depreciation:		
Investments and non-interested Trustees' deferred compensation		(50,240,415)
Total Change in Unrealized Net Appreciation/Depreciation		(50,240,415)
Net Increase/(Decrease) in Net Assets Resulting from Operations	$	19,451,248

See Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Statements of Changes in Net Assets

	Year ended December 31, 2018	Year ended December 31, 2017
Operations:		
Net investment income/(loss)	$ 131,716	$ (731,720)
Net realized gain/(loss) on investments	69,559,947	115,587,643
Change in unrealized net appreciation/depreciation	(50,240,415)	79,778,500
Net Increase/(Decrease) in Net Assets Resulting from Operations	19,451,248	194,634,423
Dividends and Distributions to Shareholders[1]		
Institutional Shares	(44,744,555)	N/A
Service Shares	(70,046,355)	N/A
Total Dividends and Distributions to Shareholders	(114,790,910)	N/A
Distributions from Net Realized Gain from Investment Transactions[1]		
Institutional Shares	N/A	(15,738,032)
Service Shares	N/A	(24,926,390)
Total Distributions from Net Realized Gain from Investment Transactions	N/A	(40,664,422)
Net Decrease from Dividends and Distributions to Shareholders	(114,790,910)	(40,664,422)
Capital Share Transactions:		
Institutional Shares	19,835,832	(8,524,718)
Service Shares	18,730,103	(56,736,961)
Net Increase/(Decrease) from Capital Share Transactions	38,565,935	(65,261,679)
Net Increase/(Decrease) in Net Assets	(56,773,727)	88,708,322
Net Assets:		
Beginning of period	776,226,832	687,518,510
End of period[2]	$ 719,453,105	$ 776,226,832

(1) The requirement to disclose dividends and distributions paid to shareholders from net investment income and/or net realized gain from investment transactions was eliminated by the SEC (Securities Exchange Commission) in 2018.
(2) Net assets - End of period includes undistributed (overdistributed) net investment income of $(14,921) as of December 31, 2017. The requirement to disclose undistributed (overdistributed) net investment income was eliminated by the SEC in 2018.

See Notes to Financial Statements.

Janus Henderson VIT Forty Portfolio
Financial Highlights

Institutional Shares

For a share outstanding during the year ended December 31	2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	$39.76	$32.19	$36.37	$40.27	$53.34
Income/(Loss) from Investment Operations:					
Net investment income/(loss)(1)	0.07	0.02	0.05	0.03	0.03
Net realized and unrealized gain/(loss)	1.31	9.58	0.58	4.77	3.08
Total from Investment Operations	1.38	9.60	0.63	4.80	3.11
Less Dividends and Distributions:					
Dividends (from net investment income)	—	—	—	—	(0.09)
Distributions (from capital gains)	(5.94)	(2.03)	(4.81)	(8.70)	(16.09)
Total Dividends and Distributions	(5.94)	(2.03)	(4.81)	(8.70)	(16.18)
Net Asset Value, End of Period	$35.20	$39.76	$32.19	$36.37	$40.27
Total Return*	1.98%	30.31%	2.20%	12.22%	8.73%
Net Assets, End of Period (in thousands)	$292,132	$309,258	$257,009	$295,725	$299,546
Average Net Assets for the Period (in thousands)	$327,962	$297,125	$273,374	$298,904	$307,359
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.71%	0.82%	0.72%	0.69%	0.57%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.71%	0.82%	0.72%	0.69%	0.57%
Ratio of Net Investment Income/(Loss)	0.17%	0.05%	0.15%	0.08%	0.07%
Portfolio Turnover Rate	41%	39%	53%	55%	46%

Service Shares

For a share outstanding during the year ended December 31	2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	$37.84	$30.79	$35.08	$39.21	$52.40
Income/(Loss) from Investment Operations:					
Net investment income/(loss)(1)	(0.03)	(0.07)	(0.03)	(0.06)	(0.07)
Net realized and unrealized gain/(loss)	1.28	9.15	0.55	4.63	2.99
Total from Investment Operations	1.25	9.08	0.52	4.57	2.92
Less Dividends and Distributions:					
Dividends (from net investment income)	—	—	—	—	(0.02)
Distributions (from capital gains)	(5.94)	(2.03)	(4.81)	(8.70)	(16.09)
Total Dividends and Distributions	(5.94)	(2.03)	(4.81)	(8.70)	(16.11)
Net Asset Value, End of Period	$33.15	$37.84	$30.79	$35.08	$39.21
Total Return*	1.72%	29.99%	1.94%	11.94%	8.47%
Net Assets, End of Period (in thousands)	$427,321	$466,969	$430,510	$501,003	$492,253
Average Net Assets for the Period (in thousands)	$487,559	$457,168	$464,943	$501,868	$493,575
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.96%	1.06%	0.97%	0.94%	0.82%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.96%	1.06%	0.97%	0.94%	0.82%
Ratio of Net Investment Income/(Loss)	(0.08)%	(0.19)%	(0.09)%	(0.17)%	(0.17)%
Portfolio Turnover Rate	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.

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 December 31, 2018 to fair value the Portfolio's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" in the Notes to Schedule of Investments and Other Information.

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year. The Portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Investment Transactions and Investment Income

Investment transactions are accounted for as of the date purchased or sold (trade date). Dividend income is recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded as soon as the Portfolio is informed of the dividend, if such information is obtained subsequent to the ex-dividend date. Dividends from foreign securities may be subject to withholding taxes in foreign jurisdictions. Interest income is recorded on the accrual basis and includes amortization of premiums and accretion of discounts. Gains and losses are determined on the identified cost basis, which is the same basis used for federal income tax purposes. Income, as well as gains and losses, both realized and unrealized, are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets.

Expenses

The Portfolio bears expenses incurred specifically on its behalf. Each class of shares bears a portion of general expenses, which are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of total net assets. Expenses directly attributable to a specific class of shares are charged against the operations of such class.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Indemnifications
In the normal course of business, the Portfolio may enter into contracts that contain provisions for indemnification of other parties against certain potential liabilities. The Portfolio's maximum exposure under these arrangements is unknown, and would involve future claims that may be made against the Portfolio that have not yet occurred. Currently, the risk of material loss from such claims is considered remote.

Dividends and Distributions
The Portfolio may make semiannual distributions of substantially all of its investment income and an annual distribution of its net realized capital gains (if any).

The Portfolio may make certain investments in real estate investment trusts ("REITs") which pay dividends to their shareholders based upon funds available from operations. It is quite common for these dividends to exceed the REITs' taxable earnings and profits, resulting in the excess portion of such dividends being designated as a return of capital. If the Portfolio distributes such amounts, such distributions could constitute a return of capital to shareholders for federal income tax purposes.

Federal Income Taxes
The Portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income in accordance with the requirements of Subchapter M of the Internal Revenue Code. Management has analyzed the Portfolio's tax positions taken for all open federal income tax years, generally a three-year period, and has concluded that no provision for federal income tax is required in the Portfolio's financial statements. The Portfolio is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. Currently, Management does not believe the bill will have a material impact on the Portfolio's intention to continue to qualify as a regulated investment company, which is generally not subject to U.S. federal income tax.

2. Other Investments and Strategies

Additional Investment Risk
The financial crisis in both the U.S. and global economies over the past several years has resulted, and may continue to result, in a significant decline in the value and liquidity of many securities of issuers worldwide in the equity and fixed-income/credit markets. In response to the crisis, the United States and certain foreign governments, along with the U.S. Federal Reserve and certain foreign central banks, took steps to support the financial markets. The withdrawal of this support, a failure of measures put in place to respond to the crisis, or investor perception that such efforts were not sufficient could each negatively affect financial markets generally, and the value and liquidity of specific securities. In addition, policy and legislative changes in the United States and in other countries continue to impact many aspects of financial regulation. The effect of these changes on the markets, and the practical implications for market participants, including the Portfolio, may not be fully known for some time. As a result, it may also be unusually difficult to identify both investment risks and opportunities, which could limit or preclude the Portfolio's ability to achieve its investment objective. Therefore, it is important to understand that the value of your investment may fall, sometimes sharply, and you could lose money.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") of 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, OTC derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. Many provisions of the Dodd-Frank Act remain pending and will be implemented through future rulemaking. Therefore, the ultimate impact of the Dodd-Frank Act and the regulations under the Dodd-Frank Act on the Portfolio and the investment management industry as a whole, is not yet certain.

A number of countries in the European Union ("EU") have experienced, and may continue to experience, severe economic and financial difficulties. In particular, many EU nations are susceptible to economic risks associated with high levels of debt, notably due to investments in sovereign debt of countries such as Greece, Italy, Spain, Portugal, and Ireland. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts. Many other issuers have faced difficulties obtaining credit or refinancing existing obligations. Financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit. As a result, financial markets in the EU experienced extreme volatility and declines in asset values and liquidity. Responses to these financial problems by European governments, central banks, and others, including austerity measures and reforms, may not work, may result in social unrest, and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets, and asset valuations around the world. Greece, Ireland, and Portugal have already received one or more "bailouts" from other Eurozone member states, and it is unclear how much additional funding they will require or if additional Eurozone member states will require bailouts in the future. The risk of investing in securities in the European markets may also be heightened due to the referendum in which the United Kingdom voted to exit the EU (known as “Brexit”). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will proceed, or how financial markets will react. In addition, one or more other countries may also abandon the euro and/or withdraw from the EU, placing its currency and banking system in jeopardy.

Certain areas of the world have historically been prone to and economically sensitive to environmental events such as, but not limited to, hurricanes, earthquakes, typhoons, flooding, tidal waves, tsunamis, erupting volcanoes, wildfires or droughts, tornadoes, mudslides, or other weather-related phenomena. Such disasters, and the resulting physical or economic damage, could have a severe and negative impact on the Portfolio’s investment portfolio and, in the longer term, could impair the ability of issuers in which the Portfolio invests to conduct their businesses as they would under normal conditions. Adverse weather conditions may also have a particularly significant negative effect on issuers in the agricultural sector and on insurance companies that insure against the impact of natural disasters.

Real Estate Investing

The Portfolio may invest in equity and debt securities of real estate-related companies. Such companies may include those in the real estate industry or real estate-related industries. These securities may include common stocks, corporate bonds, preferred stocks, and other equity securities, including, but not limited to, mortgage-backed securities, real estate-backed securities, securities of REITs and similar REIT-like entities. A REIT is a trust that invests in real estate-related projects, such as properties, mortgage loans, and construction loans. REITs are generally categorized as equity, mortgage, or hybrid REITs. A REIT may be listed on an exchange or traded OTC.

3. Investment Advisory Agreements and Other Transactions with Affiliates

The Portfolio pays Janus Capital 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 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 year ended December 31, 2018, the performance adjusted investment advisory fee rate before any waivers and/or reimbursements of expenses is 0.62%.

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 $34,180 was paid to the Chief Compliance Officer and certain compliance staff by the Trust during the year ended December 31, 2018. The Portfolio's portion is reported as part of “Other expenses” on the Statement of Operations.

Effective April 1, 2018, BNP Paribas Financial Services (“BPFS”) provides certain administrative services to the Portfolio, including services related to Portfolio accounting, calculation of the Portfolio’s daily NAV, and Portfolio audit, tax, and reporting obligations, pursuant to a sub-administration agreement with Janus Capital on behalf of the Portfolio. Janus Capital, as administrator, oversees the provision of these services by BPFS. As compensation for such services, Janus Capital pays BPFS a fee based on a percentage of the Portfolio’s assets, along with a flat fee, and is reimbursed by the Portfolio for amounts paid to BPFS (to the extent Janus Capital seeks reimbursement and such costs are not otherwise waived). These amounts are disclosed as "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

December 31, 2018 on the Statement of Assets and Liabilities in the asset, "Non-interested Trustees' deferred compensation," and liability, "Non-interested Trustees' deferred compensation fees." Additionally, the recorded unrealized appreciation/(depreciation) is included in "Unrealized net appreciation/(depreciation) of investments and non-interested Trustees' deferred compensation" on the Statement of Assets and Liabilities. Deferred compensation expenses for the year ended December 31, 2018 are included in "Non-interested Trustees' fees and expenses" on the Statement of Operations. Trustees are allowed to change their designation of mutual funds from time to time. Amounts will be deferred until distributed in accordance with the Deferred Plan. Deferred fees of $511,200 were paid by the Trust to the Trustees under the Deferred Plan during the year ended December 31, 2018.

Pursuant to the provisions of the 1940 Act and related rules, the Portfolio may participate in an affiliated or nonaffiliated cash sweep program. In the cash sweep program, uninvested cash balances of the Portfolio may be used to purchase shares of affiliated or nonaffiliated money market funds or cash management pooled investment vehicles. The Portfolio is eligible to participate in the cash sweep program (the "Investing Funds"). As adviser, Janus Capital has an inherent conflict of interest because of its fiduciary duties to the affiliated money market funds or cash management pooled investment vehicles and the Investing Funds. Janus Henderson Cash Liquidity Fund LLC is an affiliated unregistered cash management pooled investment vehicle that invests primarily in highly-rated short-term fixed-income securities. Janus Henderson Cash Liquidity Fund LLC currently maintains a NAV of $1.00 per share and distributes income daily in a manner consistent with a registered product compliant with Rule 2a-7 under the 1940 Act. There are no restrictions on the Portfolio's ability to withdraw investments from Janus Henderson Cash Liquidity Fund LLC at will, and there are no unfunded capital commitments due from the Portfolio to Janus Henderson Cash Liquidity Fund LLC. The units of Janus Henderson Cash Liquidity Fund LLC are not charged any management fee, sales charge or service fee.

Any purchases and sales, realized gains/losses and recorded dividends from affiliated investments during the year ended December 31, 2018 can be found in the "Schedules of Affiliated Investments" located in the Schedule of Investments.

The Portfolio is permitted to purchase or sell securities ("cross-trade") between itself and other funds or accounts managed by Janus Capital in accordance with Rule 17a-7 under the Investment Company Act of 1940 ("Rule 17a-7"), when the transaction is consistent with the investment objectives and policies of the Portfolio and in accordance with the Internal Cross Trade Procedures adopted by the Trust's Board of Trustees. These procedures have been designed to ensure that any cross-trade of securities by the Portfolio from or to another fund or account that is or could be considered an affiliate of the Portfolio under certain limited circumstances by virtue of having a common investment adviser, common Officer, or common Trustee complies with Rule 17a-7. Under these procedures, each cross-trade is effected at the current market price to save costs where allowed. During the year ended December 31, 2018, the Portfolio engaged in cross trades amounting to $612,075 in sales, resulting in a net realized gain of $232,052. The net realized gain is included within the "Net Realized Gain/(Loss) on Investments" section of the Portfolio's Statement of Operations.

4. Federal Income Tax

The tax components of capital shown in the table below represent: (1) distribution requirements the Portfolio must satisfy under the income tax regulations; (2) losses or deductions the Portfolio may be able to offset against income and gains realized in future years; and (3) unrealized appreciation or depreciation of investments for federal income tax purposes.

Other book to tax differences primarily consist of deferred compensation. 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.

			Loss Deferrals		Other Book	Net Tax
Undistributed Ordinary Income	Undistributed Long-Term Gains	Accumulated Capital Losses	Late-Year Ordinary Loss	Post-October Capital Loss	to Tax Differences	Appreciation/ (Depreciation)
$ 96,656	$ 69,329,188	$ -	$ -	$ -	$ (14,726)	$172,936,454

The aggregate cost of investments and the composition of unrealized appreciation and depreciation of investment securities for federal income tax purposes as of December 31, 2018 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)*
$ 548,823,578	$207,007,336	$(34,070,882)	$ 172,936,454

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. Certain permanent differences such as tax returns of capital and net investment losses noted below have been reclassified to capital.

For the year ended December 31, 2018

Distributions			
From Ordinary Income	*From Long-Term Capital Gains*	*Tax Return of Capital*	*Net Investment Loss*
$ 9,774,498	$ 105,016,412	$ -	$ -

For the year ended December 31, 2017

Distributions			
From Ordinary Income	*From Long-Term Capital Gains*	*Tax Return of Capital*	*Net Investment Loss*
$ -	$ 40,664,422	$ -	$ -

Permanent book to tax basis differences may result in reclassifications between the components of net assets. These differences have no impact on the results of operations or net assets. The following reclassifications have been made to the Portfolio:

Increase/(Decrease) to Capital	*Increase/(Decrease) to Undistributed Net Investment Income/Loss*	*Increase/(Decrease) to Undistributed Net Realized Gain/Loss*
$ -	$ (37,582)	$ 37,582

5. Capital Share Transactions

	Year ended December 31, 2018		*Year ended December 31, 2017*	
	Shares	*Amount*	*Shares*	*Amount*
Institutional Shares:				
Shares sold	809,869	$33,052,337	790,876	$ 28,902,402
Reinvested dividends and distributions	1,145,241	44,744,555	427,548	15,738,032
Shares repurchased	(1,434,162)	(57,961,060)	(1,424,785)	(53,165,152)
Net Increase/(Decrease)	520,948	$19,835,832	(206,361)	$ (8,524,718)
Service Shares:				
Shares sold	1,082,691	$41,434,913	1,169,490	$ 40,949,527
Reinvested dividends and distributions	1,900,851	70,046,355	710,558	24,926,390
Shares repurchased	(2,434,969)	(92,751,165)	(3,522,268)	(122,612,878)
Net Increase/(Decrease)	548,573	$18,730,103	(1,642,220)	$(56,736,961)

6. Purchases and Sales of Investment Securities

For the year ended December 31, 2018, the aggregate cost of purchases and proceeds from sales of investment securities (excluding any short-term securities, short-term options contracts, TBAs, and in-kind transactions, as applicable) was as follows:

Purchases of Securities	*Proceeds from Sales of Securities*	*Purchases of Long-Term U.S. Government Obligations*	*Proceeds from Sales of Long-Term U.S. Government Obligations*
$321,513,082	$ 388,537,831	$ -	$ -

7. Recent Accounting Pronouncements

The Securities and Exchange Commission adopted amendments to Regulation S-X for the presentation of distributable earnings and distributions to align with US Generally Accepted Accounting Principles (GAAP). The compliance date of the amendments to Regulation S-X was November 5, 2018. This report incorporates the amendments to Regulation S-X.

The FASB issued Accounting Standards Update No. 2017-08*, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities* ("ASU 2017-08") to amend the amortization period for certain purchased callable debt securities held at a premium. The guidance requires certain premiums on callable debt securities to be amortized to the earliest call date. The amortization period for callable debt securities purchased at a discount will not be impacted. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period. Management is currently evaluating the impacts of ASU 2017-08 on the financial statements.

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. Management is currently evaluating the impact of this new guidance on the financial statements.

8. Subsequent Event

Management has evaluated whether any events or transactions occurred subsequent to December 31, 2018 and through the date of issuance of the Portfolio's financial statements and determined that there were no material events or transactions that would require recognition or disclosure in the Portfolio's financial statements.

Janus Henderson VIT Forty Portfolio
Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Janus Aspen Series and Shareholders of Janus Henderson VIT Forty Portfolio:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Janus Henderson VIT Forty Portfolio (one of the portfolios constituting Janus Aspen Series, referred to hereafter as the "Portfolio") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent, and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Denver, Colorado
February 15, 2019

We have served as the auditor of one or more investment companies in Janus Henderson Funds since 1990.

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.

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 December 31, 2018. As the investing environment changes, so could opinions. These views are unique and are not necessarily shared by fellow employees or by Janus Henderson in general.

Performance Overviews

Performance overview graphs compare the performance of a hypothetical $10,000 investment in the Portfolio with one or more widely used market indices. When comparing the performance of the Portfolio with an index, keep in mind that market indices are not available for investment and do not reflect deduction of expenses.

Average annual total returns are quoted for a Portfolio with more than one year of performance history. Average annual total return is calculated by taking the growth or decline in value of an investment over a period of time, including reinvestment of dividends and distributions, then calculating the annual compounded percentage rate that would have produced the same result had the rate of growth been constant throughout the period. Average annual total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Cumulative total returns are quoted for a Portfolio with less than one year of performance history. Cumulative total return is the growth or decline in value of an investment over time, independent of the period of time involved. Cumulative total return does not reflect the deduction of taxes that a shareholder would pay on Portfolio distributions or redemptions of Portfolio shares.

Pursuant to federal securities rules, expense ratios shown in the performance chart reflect subsidized (if applicable) and unsubsidized ratios. The total annual fund operating expenses ratio is gross of any fee waivers, reflecting the Portfolio's unsubsidized expense ratio. The net annual fund operating expenses ratio (if applicable) includes contractual waivers of Janus Capital and reflects the Portfolio's subsidized expense ratio. Ratios may be higher or lower than those shown in the "Financial Highlights" in this report.

Schedule of Investments

Following the performance overview section is the Portfolio's Schedule of Investments. This schedule reports the types of securities held in the Portfolio on the last day of the reporting period. Securities are usually listed by type (common stock, corporate bonds, U.S. Government obligations, etc.) and by industry classification (banking, communications, insurance, etc.). Holdings are subject to change without notice.

The value of each security is quoted as of the last day of the reporting period. The value of securities denominated in foreign currencies is converted into U.S. dollars.

If the Portfolio invests in foreign securities, it will also provide a summary of investments by country. This summary reports the Portfolio exposure to different countries by providing the percentage of securities invested in each country. The country of each security represents the country of risk. The Portfolio's Schedule of Investments relies upon the industry group and country classifications published by Barclays and/or MSCI Inc.

Tables listing details of individual forward currency contracts, futures, written options, swaptions, and swaps follow the Portfolio's Schedule of Investments (if applicable).

Statement of Assets and Liabilities

This statement is often referred to as the "balance sheet." It lists the assets and liabilities of the Portfolio on the last day of the reporting period.

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
Designation Requirements (unaudited)

For federal income tax purposes, the Portfolio designated the following for the year ended December 31, 2018:

Capital Gain Distributions	$105,016,382
Dividends Received Deduction Percentage	56%

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

The Portfolio's Statement of Additional Information includes additional information about the Trustees and officers and is available, without charge, by calling 1-877-335-2687.

The following are the Trustees and officers of the Trust, together with a brief description of their principal occupations during the last five years (principal occupations for certain Trustees may include periods over five years).

Each Trustee has served in that capacity since he or she was originally elected or appointed. The Trustees do not serve a specified term of office. Each Trustee will hold office until the termination of the Trust or his or her earlier death, resignation, retirement, incapacity, or removal. Under the Portfolio's Governance Procedures and Guidelines, the policy is for Trustees to retire no later than the end of the calendar year in which the Trustee turns 75. The Trustees review the Portfolio's Governance Procedures and Guidelines from time to time and may make changes they deem appropriate. The Portfolio's Nominating and Governance Committee will consider nominees for the position of Trustee recommended by shareholders. Shareholders may submit the name of a candidate for consideration by the Committee by submitting their recommendations to the Trust's Secretary. Each Trustee is currently a Trustee of one other registered investment company advised by Janus Capital: Janus Investment Fund. Collectively, these two registered investment companies consist of 60 series or funds.

The Trust's officers are elected annually by the Trustees for a one-year term. Certain officers also serve as officers of Janus Investment Fund. Certain officers of the Portfolio may also be officers and/or directors of Janus Capital. Except as otherwise disclosed, Portfolio officers receive no compensation from the Portfolio, except for the Portfolio's Chief Compliance Officer, as authorized by the Trustees.

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

TRUSTEES

Name, Address, and Age	Positions Held with the Trust	Length of Time Served	Principal Occupations During the Past Five Years	Number of Portfolios/Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Independent Trustees					
William F. McCalpin 151 Detroit Street Denver, CO 80206 DOB: 1957	Chairman Trustee	1/08-Present 6/02-Present	Managing Partner, Impact Investments, Athena Capital Advisors LLC (independent registered investment advisor) (since 2016). Formerly, Managing Director, Holos Consulting LLC (provides consulting services to foundations and other nonprofit organizations) (2009-2016), Chief Executive Officer, Imprint Capital Advisors (impact investment firm) (2013-2015) and Executive Vice President and Chief Operating Officer of The Rockefeller Brothers Fund (a private family foundation) (1998-2006).	60	Director of Mutual Fund Directors Forum (a non-profit organization serving independent directors of U.S. mutual funds), Chairman of the Board and Trustee of The Investment Fund for Foundations Investment Program (TIP) (consisting of 2 funds), and Director of the F.B. Heron Foundation (a private grantmaking foundation).

TRUSTEES

Name, Address, and Age	Positions Held with the Trust	Length of Time Served	Principal Occupations During the Past Five Years	Number of Portfolios/Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Independent Trustees					
Alan A. Brown 151 Detroit Street Denver, CO 80206 DOB: 1962	Trustee	1/13-Present	Principal, Principal Curam Holdings (since 2018). Formery, Executive Vice President, Institutional Markets, of Black Creek Group (private equity real estate investment management firm) (2012-2018), Executive Vice President and Co-Head, Global Private Client Group (2007-2010), Executive Vice President, Mutual Funds (2005-2007), and Chief Marketing Officer (2001-2005) of Nuveen Investments, Inc. (asset management).	60	Director of WTTW (PBS affiliate) (since 2003). Formerly, Director of MotiveQuest LLC (strategic social market research company) (2003-2016); Director of Nuveen Global Investors LLC (2007-2011); Director of Communities in Schools (2004-2010); and Director of Mutual Fund Education Alliance (until 2010).

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

TRUSTEES

Name, Address, and Age	Positions Held with the Trust	Length of Time Served	Principal Occupations During the Past Five Years	Number of Portfolios/Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Independent Trustees					
William D. Cvengros 151 Detroit Street Denver, CO 80206 DOB: 1948	Trustee	1/11-Present	Chief Executive Officer of SJC Capital, LLC (a personal investment company and consulting firm) (since 2002). Formerly, Venture Partner for The Edgewater Funds (a middle market private equity firm) (2002-2004); Chief Executive Officer and President of PIMCO Advisors Holdings L.P. (a publicly traded investment management firm) (1994-2000); and Chief Investment Officer (1987-1994) and Vice Chairman and Director (1990-1994) of Pacific Life Insurance Company (a mutual life insurance and annuity company) (1987-1994).	60	Advisory Board Member, Innovate Partners Emerging Growth and Equity Fund I (early stage venture capital fund) (since 2014). Formerly, Managing Trustee of National Retirement Partners Liquidating Trust (2013-2016); Chairman, National Retirement Partners, Inc. (formerly a network of advisors to 401(k) plans) (2005-2013); Director of Prospect Acquisition Corp. (a special purpose acquisition corporation) (2007-2009); Director of RemedyTemp, Inc. (temporary help services company) (1996-2006); and Trustee of PIMCO Funds Multi-Manager Series (1990-2000) and Pacific Life Variable Life & Annuity Trusts (1987-1994).

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

TRUSTEES

Name, Address, and Age	Positions Held with the Trust	Length of Time Served	Principal Occupations During the Past Five Years	Number of Portfolios/Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Independent Trustees					
Raudline Etienne 151 Detroit Street Denver, CO 80206 DOB: 1965	Trustee	6/16-Present	Founder, Daraja Capital (advisory and investment firm) (since 2016), and Senior Advisor, Albright Stonebridge Group LLC (global strategy firm) (since 2016). Formerly, Senior Vice President (2011-2015), Albright Stonebridge Group LLC; and Deputy Comptroller and Chief Investment Officer, New York State Common Retirement Fund (public pension fund) (2008-2011).	60	Director of Brightwood Capital Advisors, LLC (since 2014).

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

TRUSTEES

Name, Address, and Age	Positions Held with the Trust	Length of Time Served	Principal Occupations During the Past Five Years	Number of Portfolios/Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Independent Trustees					
Gary A. Poliner 151 Detroit Street Denver, CO 80206 DOB: 1953	Trustee	6/16-Present	Retired. Formerly, President (2010-2013) of Northwestern Mutual Life Insurance Company.	60	Director of MGIC Investment Corporation (private mortgage insurance) (since 2013) and West Bend Mutual Insurance Company (property/casualty insurance) (since 2013). Formerly, Trustee of Northwestern Mutual Life Insurance Company (2010-2013); and Director of Frank Russell Company (global asset management firm) (2008-2013).

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

TRUSTEES

Name, Address, and Age	Positions Held with the Trust	Length of Time Served	Principal Occupations During the Past Five Years	Number of Portfolios/Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Independent Trustees					
James T. Rothe* 151 Detroit Street Denver, CO 80206 DOB: 1943	Trustee	1/97-Present	Professor Emeritus of Business of the University of Colorado, Colorado Springs, CO (since 2004). Formerly, Co-founder and Managing Director of Roaring Fork Capital SBIC, L.P. (SBA SBIC fund focusing on private investment in public equity firms) (2004-2014), Professor of Business of the University of Colorado (2002-2004), and Distinguished Visiting Professor of Business (2001-2002) of Thunderbird (American Graduate School of International Management), Glendale, AZ.	60	Formerly, Director of Red Robin Gourmet Burgers, Inc. (RRGB) (2004-2014).

*James T. Rothe retired from his role as Independent Trustee, effective December 31, 2018.

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

TRUSTEES

Name, Address, and Age	Positions Held with the Trust	Length of Time Served	Principal Occupations During the Past Five Years	Number of Portfolios/Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Independent Trustees					
William D. Stewart 151 Detroit Street Denver, CO 80206 DOB: 1944	Trustee	6/84-Present	Retired. Formerly, President and founder of HPS Products and Corporate Vice President of MKS Instruments, Boulder, CO (a provider of advanced process control systems for the semiconductor industry) (1976-2012).	60	None
Diane L. Wallace 151 Detroit Street Denver, CO 80206 DOB: 1958	Trustee	6/17-Present	Retired.	60	Formerly, Independent Trustee, Henderson Global Funds (13 portfolios) (2015-2017); Independent Trustee, State Farm Associates' Funds Trust, State Farm Mutual Fund Trust, and State Farm Variable Product Trust (28 portfolios) (2013-2017); Chief Operating Officer, Senior Vice President-Operations, and Chief Financial Officer for Driehaus Capital Management, LLC (1988-2006); and Treasurer for Driehaus Mutual Funds (1996-2002).

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

TRUSTEES

Name, Address, and Age	Positions Held with the Trust	Length of Time Served	Principal Occupations During the Past Five Years	Number of Portfolios/Funds in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Independent Trustees					
Linda S. Wolf 151 Detroit Street Denver, CO 80206 DOB: 1947	Trustee	11/05-Present	Retired. Formerly, Chairman and Chief Executive Officer of Leo Burnett (Worldwide) (advertising agency) (2001-2005).	60	Director of Chicago Community Trust (Regional Community Foundation), Chicago Council on Global Affairs, InnerWorkings (U.S. provider of print procurement solutions to corporate clients), Lurie Children's Hospital (Chicago, IL), Shirley Ryan Ability Lab and Wrapports, LLC (digital communications company). Formerly, Director of Walmart (until 2017), Director of Chicago Convention & Tourism Bureau (until 2014) and The Field Museum of Natural History (Chicago, IL) (until 2014).

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

OFFICERS

Name, Address, and Age	Positions Held with the Trust	Term of Office* and Length of Time Served	Principal Occupations During the Past Five Years
A. Douglas Rao 151 Detroit Street Denver, CO 80206 DOB: 1974	Executive Vice President and Co-Portfolio Manager Janus Henderson Forty Portfolio	6/13-Present	Portfolio Manager for other Janus Henderson accounts. Formerly, Partner and Portfolio Manager for Chautauqua Capital Management (2012-2013) and Portfolio Manager for Marsico Capital Management, LLC (2007-2012).
Nick Schommer 151 Detroit Street Denver, CO 80206 DOB: 1978	Executive Vice President and Co-Portfolio Manager Janus Henderson Forty Portfolio	1/16-Present	Portfolio Manager for other Janus Henderson accounts. Formerly, Associate Portfolio Manager at Thornburg Investment Management (2012-2013).
Bruce L. Koepfgen 151 Detroit Street Denver, CO 80206 DOB: 1952	President and Chief Executive Officer	7/14-Present	Head of North America at Janus Henderson Investors and Janus Capital Management LLC (since 2017); Executive Vice President and Director of Janus International Holding LLC (since 2011); Executive Vice President of Janus Distributors LLC (since 2011); Vice President and Director of INTECH Investment Management LLC (since 2011); Executive Vice President and Director of Perkins Investment Management LLC (since 2011); and Executive Vice President and Director of Janus Management Holdings Corporation (since 2011). Formerly, President of Janus Capital Group Inc. and Janus Capital Management LLC (2013-2017); Executive Vice President of Janus Services LLC (2011-2015), Janus Capital Group Inc. and Janus Capital Management LLC (2011-2013); and Chief Financial Officer of Janus Capital Group Inc., Janus Capital Management LLC, Janus Distributors LLC, Janus Management Holdings Corporation, and Janus Services LLC (2011-2013).

* Officers are elected at least annually by the Trustees for a one-year term and may also be elected from time to time by the Trustees for an interim period.

Janus Henderson VIT Forty Portfolio
Trustees and Officers (unaudited)

OFFICERS

Name, Address, and Age	Positions Held with the Trust	Term of Office* and Length of Time Served	Principal Occupations During the Past Five Years
Susan K. Wold 151 Detroit Street Denver, CO 80206 DOB: 1960	Vice President, Chief Compliance Officer, and Anti-Money Laundering Officer	9/17-Present	Senior Vice President and Head of Compliance, North America for Janus Henderson (since September 2017); Formerly, Vice President, Head of Global Corporate Compliance, and Chief Compliance Officer for Janus Capital Management LLC (May 2017-September 2017); Vice President, Compliance at Janus Capital Group Inc. and Janus Capital Management LLC (2005-2017).
Jesper Nergaard 151 Detroit Street Denver, CO 80206 DOB: 1962	Chief Financial Officer Vice President, Treasurer, and Principal Accounting Officer	3/05-Present 2/05-Present	Vice President of Janus Capital and Janus Services LLC.
Kathryn L. Santoro 151 Detroit Street Denver, CO 80206 DOB: 1974	Vice President, Chief Legal Counsel, and Secretary	12/16-Present	Vice President of Janus Capital and Janus Services LLC (since 2016). Formerly, Vice President and Associate Counsel of Curian Capital, LLC and Curian Clearing LLC (2013-2016); and General Counsel and Secretary (2011-2012) and Vice President (2009-2012) of Old Mutual Capital, Inc.

* Officers are elected at least annually by the Trustees for a one-year term and may also be elected from time to time by the Trustees for an interim period.

Janus Henderson VIT Forty Portfolio
Notes

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.

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

109-02-81115 02-19

PIMCO

PIMCO VARIABLE INSURANCE TRUST

Annual Report

December 31, 2018

PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

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 Portfolio's shareholder reports from the 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 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.

A company of Allianz

(THIS PAGE INTENTIONALLY LEFT BLANK)

Table of Contents

* 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 Annual Report, which covers the 12-month reporting period ended December 31, 2018. 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 12-month reporting period ended December 31, 2018

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 first quarter of 2018. During the second quarter of 2018, GDP growth rose to an annual pace of 4.2%, the strongest since the third quarter of 2014. GDP then expanded at an annual pace of 3.4% during the third quarter of the year. Finally, the Commerce Department's initial reading for fourth-quarter 2018 GDP has been delayed due to the partial government shutdown.

The Federal Reserve (the "Fed") continued to normalize monetary policy during the reporting period. During its meetings that concluded in March, June, September and December 2018, the Fed raised the federal funds rate in 0.25% increments. The Fed's December rate hike pushed the federal funds rate to a range between 2.25% and 2.50%. In addition, the Fed continued to reduce its balance sheet during the reporting period.

Economic activity outside the U.S. initially accelerated during the reporting period, but moderated as it progressed. Against this backdrop, the European Central Bank (the "ECB") and the Bank of Japan largely maintained their highly accommodative monetary policies, while other central banks took a more hawkish stance. The Bank of England raised rates at its meeting in August 2018 and the Bank of Canada raised rates twice during the reporting period. Meanwhile, the ECB ended its quantitative easing program in December 2018, but indicated that it does not expect to raise interest rates "at least through the summer of 2019."

The U.S. Treasury yield curve flattened during the reporting period as short-term rates moved up more than longer-term rates. In our view, the increase in rates at the short end of the yield curve was mostly due to Fed interest rate increases. The yield on the benchmark 10-year U.S. Treasury note was 2.69% at the end of the reporting period, up from 2.40% on December 31, 2017. U.S. Treasuries, as measured by the Bloomberg Barclays U.S. Treasury Index, returned 0.86% over the 12 months ended December 31, 2018. Meanwhile, the Bloomberg Barclays U.S. Aggregate Bond Index, a widely used index of U.S. investment grade bonds, returned 0.01% over the period. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, generated weak results versus the broad U.S. market. The ICE BofAML U.S. High Yield Index returned -2.27% over the reporting period, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global, returned -4.61% over the reporting period. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned -6.21% over the period.

Global equities produced poor results during the reporting period. U.S. equities moved sharply higher over the first nine months of the period. We believe this rally was driven by a number of factors, including corporate profits that often exceeded expectations. However, U.S. equities fell sharply during the fourth quarter of 2018. We believe this was triggered by a number of factors, including signs of moderating global growth, concerns over future Fed rate hikes, the ongoing trade dispute between the U.S. and China and the partial U.S. government shutdown. All told, U.S. equities, as represented by the S&P 500 Index, returned -4.38% during the reporting period. Elsewhere, emerging market equities, as measured by the MSCI Emerging Markets Index, returned -14.58% during the reporting period, whereas global equities, as represented by the MSCI World Index, returned -8.71%. Elsewhere, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned -10.39% during the reporting period and European equities, as represented by the MSCI Europe Index (in EUR), returned -10.57%.

Commodity prices fluctuated and generally declined during the reporting period. When the reporting period began, West Texas crude oil was approximately $65 a barrel, but by the end it was roughly $45 a barrel. This was driven in part by increased supply and declining global demand. Elsewhere, gold and copper prices also moved lower during the reporting period.

Finally, during the reporting period the foreign exchange markets experienced periods of volatility, due in part to signs of decoupling economic growth and central bank policies, along with a number of geopolitical events. The U.S. dollar produced mixed results against other major currencies during the reporting period. For example, the U.S. dollar appreciated 4.71% and 5.90% versus the euro and the British pound, respectively, whereas the U.S. dollar depreciated 2.66% versus the yen during the reporting period.

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,

Brent R. Harris
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 U.S. 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 since the Fed has ended its quantitative easing program and has begun, and may continue, to raise interest rates. To the extent the Fed continues to raise interest rates, there is a risk that rates across the financial system may rise. Further, while bond markets have steadily grown over the past three decades, dealer inventories of corporate bonds are near historic lows in relation to market size. As a result, there has been a significant reduction in the ability of dealers to "make markets."

Bond funds and individual bonds with a longer duration (a measure used to determine the sensitivity of a security's price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets or negatively impact the Portfolio's performance or cause the Portfolio to incur losses. As a result, the Portfolio may experience increased shareholder redemptions which, among other things, could further reduce the net assets of the Portfolio.

The Portfolio may be subject to various risks as described in the Portfolio's prospectus and in the Principal Risks in the Notes to Financial Statements.

The geographical classification of foreign (non-U.S.) securities in this report are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure.

The United States presidential administration's enforcement of tariffs on goods from other countries, with a focus on China, has contributed to international trade tensions and may impact portfolio securities.

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.

On the Portfolio Summary page in this Shareholder Report, the Average Annual Total Return table and Cumulative Returns chart measure performance assuming that any dividend and capital gain distributions were reinvested. The Cumulative Returns chart reflects only Administrative Class performance. Performance may vary by share class based on each class's expense ratios. The Portfolio measures its performance against at least one broad-based securities market index ("benchmark index"). The benchmark index does not take into account fees, expenses, or taxes. The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future. There is no assurance that the Portfolio, even if the Portfolio has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the future. High performance is defined as a significant increase in either 1) the Portfolio's total return in excess of that of the Portfolio's benchmark between reporting periods or 2) the Portfolio's total return in excess of the Portfolio's historical returns between reporting periods. Unusual performance is defined as a significant change in the Portfolio's performance as compared to one or more previous reporting periods.

The following table discloses the inception dates of the Portfolio and its respective share classes along with the Portfolio's diversification status as of period end:

Portfolio Name	Portfolio Inception	Institutional Class	Administrative Class	Advisor Class	Diversification Status
PIMCO International Bond Portfolio (U.S. Dollar-Hedged)	02/16/99	04/10/00	02/16/99	04/30/14	Non-diversified

An investment in the Portfolio is not a bank deposit and is not guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. It is possible to lose money on investments in the Portfolio.

The Trustees are responsible generally for overseeing the management of the Trust. The Trustees authorize the Trust to enter into service agreements with the Adviser, the Distributor, the Administrator and other service providers in order to provide, and in some cases authorize service providers to procure through other parties, necessary or desirable services on behalf of the Trust and the Portfolio. Shareholders are not parties to or third-party beneficiaries of such service agreements. Neither this Portfolio's prospectus nor summary prospectus, the Trust's Statement of Additional Information ("SAI"), any contracts filed as exhibits to the Trust's registration statement, nor any other communications, disclosure documents or regulatory filings (including this report) from or on behalf of the Trust or the Portfolio creates a contract between or among any shareholder of the Portfolio, on the one hand, and the Trust, the Portfolio, a service provider to the Trust or the Portfolio, and/or the Trustees or officers of the Trust, on the other hand. The Trustees (or the Trust and its officers, service providers or other delegates acting under authority of the Trustees) may amend the most recent prospectus or use a new prospectus, summary prospectus or SAI with respect to the Portfolio or the Trust, and/or amend, file and/or issue any other communications, disclosure documents or regulatory filings, and may amend or enter into any contracts to which the Trust or the Portfolio is a party, and interpret the investment objective(s), policies, restrictions and contractual provisions applicable to the Portfolio, without shareholder input or approval, except in circumstances in which shareholder approval is specifically required by law (such as changes to fundamental investment policies) or where a shareholder approval requirement is specifically disclosed in the Trust's then-current prospectus or SAI.

PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of the Portfolio, and information about how the Portfolio voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Trust at (888) 87-PIMCO, on the Portfolio's website at www.pimco.com/pvit, and on the Securities and Exchange Commission's ("SEC") website at www.sec.gov.

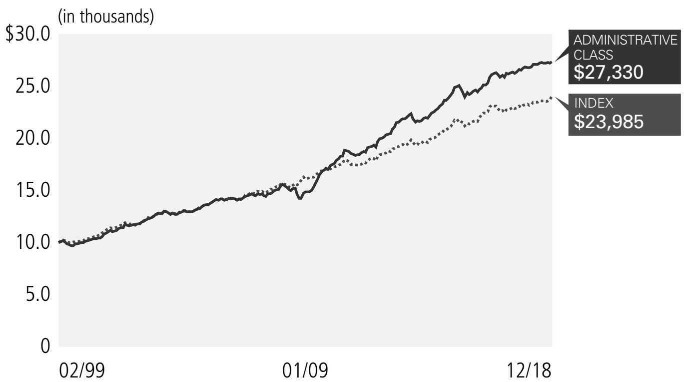
The Trust files a complete schedule of the Portfolio's holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. A copy of the Portfolio's Form N-Q is available on the SEC's website at www.sec.gov. A copy of the Portfolio's Form N-Q is also available without charge, upon request, by calling the Trust at (888) 87-PIMCO and on the Portfolio's website at www.pimco.com/pvit.

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.

PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

Cumulative Returns Through December 31, 2018



$10,000 invested at the end of the month when the Portfolio's Administrative Class commenced operations.

Geographic Breakdown as of 12/31/2018†§

United States‡	45.9%
United Kingdom	8.4%
Sweden	4.2%
Japan	3.9%
Canada	3.4%
France	3.2%
Cayman Islands	2.6%
Spain	2.6%
Denmark	2.5%
Italy	1.9%
Netherlands	1.6%
Saudi Arabia	1.6%
Ireland	1.2%
Slovenia	1.1%
Qatar	1.0%
Other	5.9%

† % of Investments, at value.

§ Geographic Breakdown and % of investments exclude securities sold short, financial derivative instruments and short-term instruments, if any.

‡ Includes Central Funds Used for Cash Management Purposes.

Average Annual Total Return for the period ended December 31, 2018

		1 Year	5 Years	10 Years	Inception≈
	PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Institutional Class	2.27%	4.65%	6.55%	5.58%
—	PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Administrative Class	2.12%	4.49%	6.39%	5.18%
	PIMCO International Bond Portfolio (U.S. Dollar-Hedged) Advisor Class	2.02%	—	—	3.94%
·····	Bloomberg Barclays Global Aggregate ex-USD (USD Hedged) Index±	3.17%	4.11%	3.98%	4.51%♦

All Portfolio returns are net of fees and expenses.

≈ For class inception dates please refer to the Important Information.

♦ Average annual total return since 02/28/1999.

± Bloomberg Barclays Global Aggregate ex-USD (USD Hedged) Index provides a broad-based measure of the global investment-grade fixed income markets. The major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian Government securities.

It is not possible to invest directly in an unmanaged index.

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. The Portfolio's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in Variable Contracts, which will reduce returns. Differences in the Portfolio's performance versus the index and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the prices of individual positions (which may be sourced from different pricing vendors or other sources) used by the Portfolio and the index. For performance current to the most recent month-end, visit www.pimco.com/pvit or via (888) 87-PIMCO.

The Portfolio's total annual operating expense ratio in effect as of period end were 0.78% for Institutional Class shares, 0.93% for Administrative Class shares, and 1.03% for Advisor Class shares. Details regarding any changes to the Portfolio's operating expenses, subsequent to period end, can be found in the Portfolio's current prospectus, as supplemented.

Investment Objective and Strategy Overview

PIMCO International Bond Portfolio (U.S. Dollar-Hedged) seeks maximum total return, consistent with preservation of capital and prudent investment management, by investing under normal circumstances at least 80% of its assets in Fixed Income Instruments that are economically tied to at least three non-U.S. countries. The Portfolio's investments in Fixed Income Instruments may be represented by forwards or derivatives such as options, futures contracts or swap agreements. "Fixed Income Instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its assets. Portfolio strategies may change from time to time. Please refer to the Portfolio's current prospectus for more information regarding the Portfolio's strategy.

Portfolio Insights

The following affected performance during the reporting period:

» Overweight exposure to German and core eurozone duration contributed to performance relative to the benchmark.

» Positions in non-agency mortgage-backed securities contributed to relative performance, as these securities generated positive total returns.

» Underweight exposure to investment grade corporate credit contributed to relative performance, as spreads widened.

» Long exposure to a basket of emerging market currencies detracted from relative performance, as the MSCI Emerging Markets Currency index, which generally captures the overall performance of a basket of emerging market currencies, declined relative to the U.S. dollar.

» Holdings of sovereign emerging market external debt detracted from relative performance, as the JP Morgan Emerging Market Bond Index, which generally tracks the total return of emerging market external debt, fell.

» Underweight exposure to French duration detracted from performance relative to the benchmark, as rates fell.

Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees (if applicable), and other Portfolio expenses. The Example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Expense Example does not reflect any fees or other expenses imposed by the Variable Contracts. If it did, the expenses reflected in the Expense Example would be higher. The Example is based on an investment of $1,000 invested at the beginning of the period and held from July 1, 2018 to December 31, 2018 unless noted otherwise in the table and footnotes below.

Actual Expenses

The information in the table under the heading "Actual" provides information about actual account values and actual expenses. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.60), then multiply the result by the number in the appropriate row for your share class, in the column titled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the information under the heading "Hypothetical (5% return before expenses)" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different portfolios. In addition, if these transactional costs were included, your costs would have been higher.

Expense ratios may vary period to period because of various factors, such as an increase in expenses that are not covered by the management fees such as fees and expenses of the independent trustees and their counsel, extraordinary expenses and interest expense.

	Actual			Hypothetical (5% return before expenses)			
	Beginning Account Value (07/01/18)	Ending Account Value (12/31/18)	Expenses Paid During Period*	Beginning Account Value (07/01/18)	Ending Account Value (12/31/18)	Expenses Paid During Period*	Net Annualized Expense Ratio**
Institutional Class	$ 1,000.00	$ 1,006.10	$ 4.15	$ 1,000.00	$ 1,021.07	$ 4.18	0.82%
Administrative Class	1,000.00	1,005.40	4.90	1,000.00	1,020.32	4.94	0.97
Advisor Class	1,000.00	1,004.80	5.41	1,000.00	1,019.81	5.45	1.07

* 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 184/365 (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							
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							
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							
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%.

* 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. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

Net Asset Value End of Year or Period	Total Return	Net Assets End of Year or Period (000s)	Expenses	Expenses Excluding Waivers	Expenses Excluding Interest Expense	Expenses Excluding Interest Expense and Waivers	Net Investment Income (Loss)	Portfolio Turnover Rate
		Ratios/Supplemental Data						
			Ratios to Average Net Assets					
$ 10.84	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
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
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)

(Amounts in thousands†, except per share amounts)	December 31, 2018
Assets:	
Investments, at value	
Investments in securities*	$ 597,110
Investments in Affiliates	18,179
Financial Derivative Instruments	
Exchange-traded or centrally cleared	668
Over the counter	3,518
Cash	9
Deposits with counterparty	2,693
Foreign currency, at value	3,594
Receivable for investments sold	23,360
Receivable for TBA investments sold	58,887
Receivable for Portfolio shares sold	195
Interest and/or dividends receivable	3,194
Dividends receivable from Affiliates	41
Other assets	3
Total Assets	711,451
Liabilities:	
Borrowings & Other Financing Transactions	
Payable for reverse repurchase agreements	$ 8,646
Payable for short sales	5,621
Financial Derivative Instruments	
Exchange-traded or centrally cleared	1,164
Over the counter	5,096
Payable for investments purchased	17,797
Payable for investments in Affiliates purchased	41
Payable for TBA investments purchased	139,986
Deposits from counterparty	1,457
Payable for Portfolio shares redeemed	207
Accrued investment advisory fees	110
Accrued supervisory and administrative fees	219
Accrued distribution fees	92
Accrued servicing fees	10
Other liabilities	1
Total Liabilities	180,447
Net Assets	$ 531,004
Net Assets Consist of:	
Paid in capital	$ 527,721
Distributable earnings (accumulated loss)	3,283
Net Assets	$ 531,004
Net Assets:	
Institutional Class	$ 7,483
Administrative Class	78,640
Advisor Class	444,881
Shares Issued and Outstanding:	
Institutional Class	690
Administrative Class	7,255
Advisor Class	41,046
Net Asset Value Per Share Outstanding:	
Institutional Class	$ 10.84
Administrative Class	10.84
Advisor Class	10.84
Cost of investments in securities	$ 599,589
Cost of investments in Affiliates	$ 18,285
Cost of foreign currency held	$ 3,526
Proceeds received on short sales	$ 5,676
Cost or premiums of financial derivative instruments, net	$ 6,503
* Includes repurchase agreements of:	$ 381

† 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†)	Year Ended December 31, 2018
Investment Income:	
Interest, net of foreign taxes*	$ 13,554
Dividends	13
Dividends from Investments in Affiliates	609
Total Income	14,176
Expenses:	
Investment advisory fees	1,334
Supervisory and administrative fees	2,669
Servicing fees - Administrative Class	116
Distribution and/or servicing fees - Advisor Class	1,123
Trustee fees	15
Interest expense	312
Miscellaneous expense	3
Total Expenses	5,572
Net Investment Income (Loss)	8,604
Net Realized Gain (Loss):	
Investments in securities	2,779
Investments in Affiliates	7
Net capital gain distributions received from Affiliate investments	13
Exchange-traded or centrally cleared financial derivative instruments	9,240
Over the counter financial derivative instruments	13,430
Short sales	(103)
Foreign currency	(5,507)
Net Realized Gain (Loss)	19,859
Net Change in Unrealized Appreciation (Depreciation):	
Investments in securities	(16,998)
Investments in Affiliates	(97)
Exchange-traded or centrally cleared financial derivative instruments	(2,046)
Over the counter financial derivative instruments	(2,333)
Short sales	75
Foreign currency assets and liabilities	3,703
Net Change in Unrealized Appreciation (Depreciation)	(17,696)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 10,767
* Foreign tax withholdings	$ 1

† A zero balance may reflect actual amounts rounding to less than one thousand.

Statements of Changes in Net Assets PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

(Amounts in thousands†)	Year Ended December 31, 2018	Year Ended December 31, 2017
Increase (Decrease) in Net Assets from:		
Operations:		
Net investment income (loss)	$ 8,604	$ 5,207
Net realized gain (loss)	19,859	1,892
Net change in unrealized appreciation (depreciation)	(17,696)	5,210
Net Increase (Decrease) in Net Assets Resulting from Operations	10,767	12,309
Distributions to Shareholders:		
From net investment income and/or net realized capital gains*		
Institutional Class	(130)	(321)
Administrative Class	(1,265)	(3,626)
Advisor Class	(6,925)	(19,788)
Total Distributions[(a)]	(8,320)	(23,735)
Portfolio Share Transactions:		
Net increase (decrease) resulting from Portfolio share transactions**	13,318	115,516
Total Increase (Decrease) in Net Assets	15,765	104,090
Net Assets:		
Beginning of year	515,239	411,149
End of year	$ 531,004	$ 515,239

† A zero balance may reflect actual amounts rounding to less than one thousand.
* See Note 2, New Accounting Pronouncements, in the Notes to Financial Statements for more information.
** 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. 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 112.5%				
ARGENTINA 0.1%				
SOVEREIGN ISSUES 0.1%				
Argentina Government International Bond				
3.375% due 01/15/2023	EUR	200	$	182
50.225% (BADLARPP + 2.000%) due 04/03/2022 ~(a)	ARS	7,810		200
50.950% (BADLARPP + 2.500%) due 03/11/2019 ~(a)		466		12
59.257% (ARLLMONP) due 06/21/2020 ~(a)		11,900		341
Total Argentina (Cost $1,321)				**735**
AUSTRALIA 0.2%				
ASSET-BACKED SECURITIES 0.1%				
Driver Australia Five Trust				
2.954% (BBSW1M + 0.930%) due 07/21/2026 ~	AUD	757		532
CORPORATE BONDS & NOTES 0.1%				
Sydney Airport Finance Co. Pty. Ltd.				
3.900% due 03/22/2023	$	300		299
SOVEREIGN ISSUES 0.0%				
New South Wales Treasury Corp.				
2.750% due 11/20/2025	AUD	130		103
Total Australia (Cost $1,024)				**934**
BRAZIL 0.5%				
CORPORATE BONDS & NOTES 0.5%				
Petrobras Global Finance BV				
5.999% due 01/27/2028	$	1,517		1,432
6.125% due 01/17/2022		102		105
7.375% due 01/17/2027		1,200		1,235
Total Brazil (Cost $2,877)				**2,772**
CANADA 3.9%				
CORPORATE BONDS & NOTES 1.7%				
Air Canada Pass-Through Trust				
3.300% due 07/15/2031	$	100		96
Bank of Nova Scotia				
1.875% due 04/26/2021		1,200		1,172
Canadian Imperial Bank of Commerce				
3.150% due 06/27/2021		500		503
Enbridge, Inc.				
2.814% (US0003M + 0.400%) due 01/10/2020 ~		1,200		1,196
3.488% (US0003M + 0.700%) due 06/15/2020 ~		400		399
Fairfax Financial Holdings Ltd.				
2.750% due 03/29/2028	EUR	500		571
HSBC Bank Canada				
3.300% due 11/28/2021	$	1,200		1,213
Royal Bank of Canada				
2.200% due 09/23/2019		400		398
2.300% due 03/22/2021		800		789
Toronto-Dominion Bank				
2.250% due 03/15/2021		800		789
2.500% due 01/18/2022		2,000		1,977
				9,103
NON-AGENCY MORTGAGE-BACKED SECURITIES 0.2%				
Canadian Mortgage Pools				
2.259% due 06/01/2020	CAD	162		119
2.459% due 07/01/2020		454		333
2.459% due 08/01/2020		180		132
Real Estate Asset Liquidity Trust				
3.072% due 08/12/2053	CAD	575	$	420
				1,004
SOVEREIGN ISSUES 2.0%				
Canadian Government Real Return Bond				
1.500% due 12/01/2044 (f)		464		398
Province of Alberta				
1.250% due 06/01/2020		1,100		797
2.350% due 06/01/2025		1,100		790
Province of British Columbia				
2.300% due 06/18/2026		200		143
Province of Ontario				
2.600% due 06/02/2025		9,900		7,238
3.500% due 06/02/2024		600		461
6.200% due 06/02/2031		100		98
Province of Quebec				
3.000% due 09/01/2023		1,100		826
				10,751
Total Canada (Cost $21,529)				**20,858**
CAYMAN ISLANDS 3.1%				
ASSET-BACKED SECURITIES 2.7%				
Avery Point CLO Ltd.				
3.565% due 01/18/2025 •	$	695		694
Cent CLO Ltd.				
3.506% due 10/15/2026 •		1,400		1,388
Dryden Senior Loan Fund				
3.336% due 10/15/2027 •		1,200		1,191
Evans Grove CLO Ltd.				
3.627% due 05/28/2028 •		300		298
Flagship Ltd.				
3.589% due 01/20/2026 •		995		994
LCM LP				
3.379% due 10/20/2027 •		1,400		1,394
Marathon CLO Ltd.				
3.516% due 11/21/2027 •		1,300		1,285
Mountain View CLO Ltd.				
3.236% due 10/15/2026 •		300		300
Oaktree CLO Ltd.				
3.689% due 10/20/2026 •		2,100		2,100
Octagon Investment Partners Ltd.				
3.536% due 04/15/2026 •		654		654
Staniford Street CLO Ltd.				
3.968% due 06/15/2025 •		549		550
Tralee CLO Ltd.				
3.869% due 10/20/2028 •		1,300		1,278
Venture CLO Ltd.				
3.316% due 04/15/2027 •		300		297
WhiteHorse Ltd.				
3.379% due 04/17/2027 •		300		299
Zais CLO Ltd.				
3.586% due 04/15/2028 •		1,400		1,397
				14,119
CORPORATE BONDS & NOTES 0.4%				
Goodman HK Finance				
4.375% due 06/19/2024		300		302
KSA Sukuk Ltd.				
2.894% due 04/20/2022		500		488
Sands China Ltd.				
4.600% due 08/08/2023		300		299
5.125% due 08/08/2025		200		198
5.400% due 08/08/2028		500		484
Tencent Holdings Ltd.				
3.595% due 01/19/2028		200		188
				1,959
Total Cayman Islands (Cost $16,193)				**16,078**
DENMARK 2.9%				
CORPORATE BONDS & NOTES 2.9%				
Jyske Realkredit A/S				
1.500% due 10/01/2037	DKK	3,800	$	587
2.000% due 10/01/2047		9,625		1,492
2.500% due 10/01/2047		80		13
Nordea Kredit Realkreditaktieselskab				
2.000% due 10/01/2047		28,373		4,390
2.000% due 10/01/2050		2,948		452
2.500% due 10/01/2037		1,051		171
Nykredit Realkredit A/S				
1.500% due 10/01/2037		2,300		356
2.000% due 10/01/2047		15,782		2,442
2.000% due 10/01/2050		3,045		465
2.500% due 10/01/2036		288		47
2.500% due 10/01/2047		31		5
Realkredit Danmark A/S				
2.000% due 10/01/2047		26,367		4,085
2.500% due 07/01/2036		4,778		780
2.500% due 07/01/2047		79		13
Total Denmark (Cost $14,586)				**15,298**
FRANCE 3.7%				
CORPORATE BONDS & NOTES 1.7%				
Danone S.A.				
1.691% due 10/30/2019	$	700		691
Dexia Credit Local S.A.				
1.875% due 09/15/2021		2,000		1,949
2.250% due 02/18/2020		2,600		2,585
2.375% due 09/20/2022		600		589
2.500% due 01/25/2021		2,400		2,387
Electricite de France S.A.				
4.600% due 01/27/2020		1,000		1,015
				9,216
SOVEREIGN ISSUES 2.0%				
France Government International Bond				
2.000% due 05/25/2048	EUR	7,400		9,209
3.250% due 05/25/2045		800		1,261
				10,470
Total France (Cost $18,776)				**19,686**
GERMANY 1.0%				
CORPORATE BONDS & NOTES 1.0%				
Deutsche Bank AG				
2.700% due 07/13/2020	$	600		584
3.150% due 01/22/2021		500		483
3.284% (US0003M + 0.815%) due 01/22/2021 ~		1,300		1,241
4.250% due 10/14/2021		1,800		1,761
Deutsche Pfandbriefbank AG				
1.625% due 08/30/2019		600		595
Landwirtschaftliche Rentenbank				
4.750% due 03/12/2019	NZD	1,200		809
Total Germany (Cost $5,788)				**5,473**
GUERNSEY, CHANNEL ISLANDS 0.2%				
CORPORATE BONDS & NOTES 0.2%				
Credit Suisse Group Funding Guernsey Ltd.				
3.800% due 06/09/2023	$	800		786
Total Guernsey, Channel Islands (Cost $798)				**786**
HONG KONG 0.2%				
CORPORATE BONDS & NOTES 0.2%				
AIA Group Ltd.				
3.900% due 04/06/2028	$	400		401

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
CNPC General Capital Ltd.			
2.750% due 05/14/2019	$	500	$ 500
Total Hong Kong (Cost $899)			**901**
INDIA 0.0%			
CORPORATE BONDS & NOTES 0.0%			
ICICI Bank Ltd.			
3.500% due 03/18/2020	$	200	199
Total India (Cost $199)			**199**
INDONESIA 0.1%			
CORPORATE BONDS & NOTES 0.1%			
Indonesia Asahan Aluminium Persero PT			
5.230% due 11/15/2021	$	300	304
Total Indonesia (Cost $298)			**304**
IRELAND 1.5%			
ASSET-BACKED SECURITIES 0.5%			
CVC Cordatus Loan Fund Ltd.			
0.780% due 01/24/2028 •	EUR	800	916
Toro European CLO DAC			
0.900% due 10/15/2030 •		1,300	1,483
			2,399
CORPORATE BONDS & NOTES 0.8%			
AerCap Ireland Capital DAC			
3.750% due 05/15/2019	$	1,500	1,500
4.625% due 10/30/2020		800	806
AIB Group PLC			
4.750% due 10/12/2023		200	198
Iberdrola Finance Ireland DAC			
5.000% due 09/11/2019		400	404
Shire Acquisitions Investments Ireland DAC			
1.900% due 09/23/2019		700	690
SumitG Guaranteed Secured Obligation Issuer DAC			
2.251% due 11/02/2020		400	393
			3,991
SOVEREIGN ISSUES 0.2%			
Ireland Government International Bond			
5.400% due 03/13/2025	EUR	700	1,048
Total Ireland (Cost $7,373)			**7,438**
ISRAEL 0.2%			
SOVEREIGN ISSUES 0.2%			
Israel Government International Bond			
3.250% due 01/17/2028	$	500	491
4.125% due 01/17/2048		300	295
Total Israel (Cost $794)			**786**
ITALY 2.2%			
CORPORATE BONDS & NOTES 0.7%			
Intesa Sanpaolo SpA			
6.250% due 05/16/2024 •(g)(h)	EUR	700	766
7.750% due 01/11/2027 •(g)(h)		800	963
UniCredit SpA			
7.830% due 12/04/2023	$	1,200	1,256
Wind Tre SpA			
3.125% due 01/20/2025	EUR	800	819
			3,804

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
SOVEREIGN ISSUES 1.5%			
Italy Buoni Poliennali Del Tesoro			
0.350% due 11/01/2021	EUR	2,600	$ 2,932
1.450% due 11/15/2024		400	443
2.450% due 09/01/2033		400	428
2.500% due 11/15/2025		1,900	2,205
2.950% due 09/01/2038		1,200	1,309
3.450% due 03/01/2048		150	170
Italy Government International Bond			
6.000% due 08/04/2028	GBP	400	584
			8,071
Total Italy (Cost $12,439)			**11,875**
JAPAN 4.6%			
CORPORATE BONDS & NOTES 1.6%			
Central Nippon Expressway Co. Ltd.			
2.091% due 09/14/2021	$	700	678
3.122% (US0003M + 0.540%) due 08/04/2020 ~		2,600	2,595
Chugoku Electric Power Co., Inc.			
2.701% due 03/16/2020		600	595
Meiji Yasuda Life Insurance Co.			
5.100% due 04/26/2048 •		200	198
Mitsubishi UFJ Financial Group, Inc.			
2.950% due 03/01/2021		230	228
3.455% due 03/02/2023		600	597
Mizuho Financial Group, Inc.			
3.651% (US0003M + 0.880%) due 09/11/2022 ~		700	695
3.771% (US0003M + 1.000%) due 09/11/2024 ~		900	899
3.922% due 09/11/2024 •		500	506
ORIX Corp.			
3.250% due 12/04/2024		200	194
Sumitomo Mitsui Financial Group, Inc.			
4.447% (US0003M + 1.680%) due 03/09/2021 ~		600	612
Takeda Pharmaceutical Co. Ltd.			
1.125% due 11/21/2022	EUR	500	577
			8,374
SOVEREIGN ISSUES 3.0%			
Development Bank of Japan, Inc.			
1.625% due 09/01/2021	$	1,200	1,161
Japan Bank for International Cooperation			
2.375% due 07/21/2022		300	295
2.375% due 11/16/2022		200	196
3.250% due 07/20/2023		700	710
3.375% due 10/31/2023		300	306
Japan Finance Organization for Municipalities			
2.125% due 04/13/2021		2,100	2,061
2.625% due 04/20/2022		1,600	1,581
Japan Government International Bond			
0.300% due 06/20/2046	JPY	620,000	5,118
0.500% due 09/20/2046		350,000	3,045
Tokyo Metropolitan Government			
2.000% due 05/17/2021	$	700	684
2.500% due 06/08/2022		600	590
			15,747
Total Japan (Cost $25,110)			**24,121**
JERSEY, CHANNEL ISLANDS 0.2%			
CORPORATE BONDS & NOTES 0.2%			
Aptiv PLC			
3.150% due 11/19/2020	$	1,100	1,092
Total Jersey, Channel Islands (Cost $1,116)			**1,092**

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
KUWAIT 0.6%			
SOVEREIGN ISSUES 0.6%			
Kuwait International Government Bond			
2.750% due 03/20/2022	$	200	$ 197
3.500% due 03/20/2027		2,800	2,792
Total Kuwait (Cost $2,976)			**2,989**
LITHUANIA 0.2%			
SOVEREIGN ISSUES 0.2%			
Lithuania Government International Bond			
6.125% due 03/09/2021	$	1,000	1,059
Total Lithuania (Cost $1,056)			**1,059**
LUXEMBOURG 0.3%			
ASSET-BACKED SECURITIES 0.0%			
Bavarian Sky S.A.			
0.031% due 10/20/2024 •	EUR	174	199
CORPORATE BONDS & NOTES 0.3%			
Aroundtown S.A.			
1.625% due 01/31/2028		700	719
Emerald Bay S.A.			
0.000% due 10/08/2020 (d)		289	312
Sberbank of Russia Via SB Capital S.A.			
3.080% due 03/07/2019		400	461
			1,492
Total Luxembourg (Cost $1,758)			**1,691**
MULTINATIONAL 0.2%			
CORPORATE BONDS & NOTES 0.2%			
Preferred Term Securities Ltd.			
3.188% (US0003M + 0.400%) due 06/23/2035 ~	$	949	930
Total Multinational (Cost $706)			**930**
NETHERLANDS 1.9%			
ASSET-BACKED SECURITIES 0.1%			
Chapel BV			
0.042% due 07/17/2066 •	EUR	69	79
Penta CLO BV			
0.790% due 08/04/2028 •		600	688
			767
CORPORATE BONDS & NOTES 1.8%			
BNG Bank NV			
4.550% due 02/15/2019	CAD	1,800	1,322
Cooperatieve Rabobank UA			
3.125% due 04/26/2021	$	400	399
6.875% due 03/19/2020 (h)	EUR	700	867
ING Bank NV			
2.625% due 12/05/2022	$	3,600	3,547
Mondelez International Holdings Netherlands BV			
2.000% due 10/28/2021		500	479
Mylan NV			
2.500% due 06/07/2019		110	110
NXP BV			
4.125% due 06/01/2021		800	792
Schaeffler Finance BV			
4.750% due 05/15/2023		500	481
Stichting AK Rabobank Certificaten			
6.500% due 12/29/2049 (g)	EUR	150	187
Syngenta Finance NV			
3.698% due 04/24/2020	$	700	695

See Accompanying Notes

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Teva Pharmaceutical Finance Netherlands BV			
3.250% due 04/15/2022	EUR	300	$ 347
Vonovia Finance BV			
5.000% due 10/02/2023	$	100	104
			9,330
Total Netherlands (Cost $10,313)			**10,097**

NORWAY 0.3%

CORPORATE BONDS & NOTES 0.3%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
DNB Boligkreditt A/S			
2.500% due 03/28/2022	$	1,100	1,084
3.250% due 06/28/2023		500	505
			1,589

SOVEREIGN ISSUES 0.0%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Norway Government International Bond			
3.750% due 05/25/2021	NOK	1,800	221
Total Norway (Cost $1,851)			**1,810**

POLAND 0.3%

SOVEREIGN ISSUES 0.3%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Poland Government International Bond			
2.250% due 04/25/2022	PLN	6,600	1,787
Total Poland (Cost $1,654)			**1,787**

PORTUGAL 0.0%

CORPORATE BONDS & NOTES 0.0%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Banco Espirito Santo S.A.			
4.000% due 01/21/2019 ^(b)	EUR	300	100
Total Portugal (Cost $338)			**100**

QATAR 1.2%

CORPORATE BONDS & NOTES 0.1%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Ras Laffan Liquefied Natural Gas Co. Ltd.			
6.750% due 09/30/2019	$	400	408

SOVEREIGN ISSUES 1.1%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Qatar Government International Bond			
3.875% due 04/23/2023		3,800	3,849
4.500% due 04/23/2028		1,800	1,883
			5,732
Total Qatar (Cost $5,986)			**6,140**

SAUDI ARABIA 1.8%

SOVEREIGN ISSUES 1.8%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Saudi Government International Bond			
2.375% due 10/26/2021	$	3,700	3,569
2.875% due 03/04/2023		1,000	963
3.250% due 10/26/2026		400	375
3.625% due 03/04/2028		900	853
4.000% due 04/17/2025		1,900	1,887
4.500% due 04/17/2030		2,100	2,093
Total Saudi Arabia (Cost $9,932)			**9,740**

SINGAPORE 0.6%

CORPORATE BONDS & NOTES 0.6%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
BOC Aviation Ltd.			
2.375% due 09/15/2021	$	1,000	965
3.500% due 09/18/2027		300	282
Clifford Capital Pte. Ltd.			
3.380% due 03/07/2028		600	599
DBS Bank Ltd.			
3.300% due 11/27/2021		400	403
Oversea-Chinese Banking Corp. Ltd.			
3.090% (US0003M + 0.450%) due 05/17/2021 ~	$	700	$ 700
PSA Treasury Pte. Ltd.			
2.500% due 04/12/2026		400	372
Total Singapore (Cost $3,349)			**3,321**

SLOVENIA 1.3%

SOVEREIGN ISSUES 1.3%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Slovenia Government International Bond			
4.125% due 02/18/2019	$	5,100	5,107
5.250% due 02/18/2024		1,419	1,529
Total Slovenia (Cost $6,599)			**6,636**

SOUTH KOREA 0.1%

CORPORATE BONDS & NOTES 0.1%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Kookmin Bank			
2.125% due 10/21/2020	$	400	391

SOVEREIGN ISSUES 0.0%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Korea Hydro & Nuclear Power Co. Ltd.			
3.750% due 07/25/2023		200	202
Total South Korea (Cost $594)			**593**

SPAIN 2.9%

ASSET-BACKED SECURITIES 0.0%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Driver Espana			
0.031% due 12/21/2028 •	EUR	143	163

CORPORATE BONDS & NOTES 0.7%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Banco Bilbao Vizcaya Argentaria S.A.			
6.750% due 02/18/2020 •(g)(h)		400	456
Banco Santander S.A.			
3.848% due 04/12/2023	$	200	194
4.750% due 03/19/2025 •(g)(h)	EUR	200	183
6.250% due 09/11/2021 •(g)(h)		200	225
Telefonica Emisiones S.A.			
5.134% due 04/27/2020	$	800	817
5.877% due 07/15/2019		2,000	2,024
			3,899

SOVEREIGN ISSUES 2.2%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Autonomous Community of Catalonia			
4.220% due 04/26/2035	EUR	200	238
4.900% due 09/15/2021		1,100	1,357
4.950% due 02/11/2020		1,370	1,635
Autonomous Community of Valencia			
4.900% due 03/17/2020		600	727
Spain Government International Bond			
1.400% due 07/30/2028		5,100	5,837
2.900% due 10/31/2046		1,600	1,965
			11,759
Total Spain (Cost $15,640)			**15,821**

SUPRANATIONAL 0.1%

CORPORATE BONDS & NOTES 0.1%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
European Investment Bank			
0.500% due 06/21/2023	AUD	500	320
0.500% due 08/10/2023		400	255
Total Supranational (Cost $663)			**575**

SWEDEN 4.9%

CORPORATE BONDS & NOTES 4.9%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Danske Hypotek AB			
1.000% due 12/21/2022	SEK	18,000	2,067
Lansforsakringar Hypotek AB			
1.250% due 09/20/2023	SEK	24,600	$ 2,844
2.250% due 09/21/2022		17,600	2,112
Nordea Hypotek AB			
1.000% due 04/08/2022		38,900	4,481
Skandinaviska Enskilda Banken AB			
1.500% due 12/15/2021		14,000	1,637
Stadshypotek AB			
1.500% due 12/15/2021		31,000	3,625
2.500% due 09/18/2019		1,000	115
2.500% due 04/05/2022	$	300	296
4.500% due 09/21/2022	SEK	22,000	2,854
Sveriges Sakerstallda Obligationer AB			
1.250% due 06/15/2022		25,000	2,904
2.000% due 06/17/2026		6,000	712
Swedbank Hypotek AB			
1.000% due 09/15/2021		3,900	450
1.000% due 06/15/2022		16,800	1,936
Total Sweden (Cost $25,940)			**26,033**

SWITZERLAND 1.1%

CORPORATE BONDS & NOTES 1.0%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Credit Suisse AG			
6.500% due 08/08/2023 (h)	$	200	209
Credit Suisse Group AG			
3.978% (US0003M + 1.200%) due 12/14/2023 ~		800	796
7.500% due 07/17/2023 •(g)(h)		800	782
UBS AG			
2.200% due 06/08/2020		900	886
3.218% (US0003M + 0.480%) due 12/01/2020 ~		1,200	1,195
3.347% due 06/08/2020 •		1,400	1,400
			5,268

SOVEREIGN ISSUES 0.1%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Switzerland Government International Bond			
3.500% due 04/08/2033	CHF	300	453
Total Switzerland (Cost $5,740)			**5,721**

UNITED ARAB EMIRATES 0.4%

CORPORATE BONDS & NOTES 0.1%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
First Abu Dhabi Bank PJSC			
2.250% due 02/11/2020	$	500	492
3.000% due 03/30/2022		200	195
			687

SOVEREIGN ISSUES 0.3%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Emirate of Abu Dhabi Government International Bond			
2.500% due 10/11/2022		500	486
3.125% due 10/11/2027		900	862
			1,348
Total United Arab Emirates (Cost $2,089)			**2,035**

UNITED KINGDOM 9.7%

CORPORATE BONDS & NOTES 5.6%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Barclays Bank PLC			
7.625% due 11/21/2022 (h)	$	3,300	3,426
Barclays PLC			
3.650% due 03/16/2025		600	555
4.046% (US0003M + 1.430%) due 02/15/2023 ~		700	674
4.610% due 02/15/2023 •		1,300	1,290
4.728% (US0003M + 2.110%) due 08/10/2021 ~		600	605
6.500% due 09/15/2019 •(g)(h)	EUR	1,000	1,120
7.000% due 09/15/2019 •(g)(h)	GBP	200	250
7.750% due 09/15/2023 •(g)(h)	$	700	675
8.000% due 12/15/2020 •(g)(h)	EUR	200	243

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
BAT International Finance PLC			
1.625% due 09/09/2019	$	400	$ 395
British Telecommunications PLC			
2.350% due 02/14/2019		500	499
Co-operative Group Holdings Ltd.			
6.875% due 07/08/2020 Ø	GBP	400	533
Frontier Finance PLC			
8.000% due 03/23/2022		1,500	1,862
HSBC Holdings PLC			
3.240% (US0003M + 0.600%) due 05/18/2021 ~	$	600	591
3.640% (US0003M + 1.000%) due 05/18/2024 ~		300	292
3.950% due 05/18/2024 •		400	398
4.750% due 07/04/2029 •(g)(h)	EUR	500	519
5.875% due 09/28/2026 •(g)(h)	GBP	600	733
6.500% due 03/23/2028 •(g)(h)	$	300	273
Imperial Brands Finance PLC			
2.950% due 07/21/2020		800	788
Lloyds Bank PLC			
4.875% due 03/30/2027	GBP	500	772
5.125% due 03/07/2025		700	1,060
Lloyds Banking Group PLC			
7.000% due 06/27/2019 •(g)(h)		1,200	1,533
7.875% due 06/27/2029 •(g)(h)		200	274
Nationwide Building Society			
3.766% due 03/08/2024 •	$	1,200	1,156
6.875% due 06/20/2019 •(g)(h)	GBP	300	387
Natwest Markets PLC			
0.625% due 03/02/2022	EUR	300	334
RAC Bond Co. PLC			
4.870% due 05/06/2046	GBP	300	366
Reckitt Benckiser Treasury Services PLC			
2.375% due 06/24/2022	$	600	577
Royal Bank of Scotland Group PLC			
4.372% (US0003M + 1.550%) due 06/25/2024 ~		1,000	956
4.519% due 06/25/2024 •		1,000	982
7.500% due 08/10/2020 •(g)(h)		500	496
Santander UK Group Holdings PLC			
2.875% due 10/16/2020		1,700	1,674
2.875% due 08/05/2021		400	386
7.375% due 06/24/2022 •(g)(h)	GBP	200	257
Tesco PLC			
6.125% due 02/24/2022		50	71
Tesco Property Finance PLC			
5.411% due 07/13/2044		193	267
5.661% due 10/13/2041		98	140
7.623% due 07/13/2039		88	147
Virgin Media Secured Finance PLC			
5.000% due 04/15/2027		500	605
Virgin Money PLC			
2.250% due 04/21/2020		700	891
Vodafone Group PLC			
3.426% (US0003M + 0.990%) due 01/16/2024 ~	$	500	488
3.750% due 01/16/2024		400	395
			29,935

NON-AGENCY MORTGAGE-BACKED SECURITIES 1.7%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Business Mortgage Finance PLC			
2.887% due 02/15/2041 •	GBP	244	311
Dukinfield PLC			
1.887% due 08/15/2045 •		650	828
Eurohome UK Mortgages PLC			
1.056% due 06/15/2044 •		395	483
Eurosail PLC			
1.067% due 06/10/2044 •		15	19
1.850% due 06/13/2045 •		572	717
Mansard Mortgages PLC			
1.556% due 12/15/2049 •		153	188
Newgate Funding PLC			
1.056% due 12/01/2050 •		300	355
1.906% due 12/15/2050 •		265	321
Paragon Mortgages PLC			
1.053% due 01/15/2039 •	GBP	734	$ 868
Ripon Mortgages PLC			
1.689% due 08/20/2056 •		1,499	1,901
RMAC Securities PLC			
1.050% due 06/12/2044 •		469	557
Thrones PLC			
1.737% due 11/15/2049 •		238	303
Towd Point Mortgage Funding PLC			
1.805% due 04/20/2045 •		615	784
2.089% due 02/20/2054 •		1,123	1,433
			9,068

	SHARES	
PREFERRED SECURITIES 0.0%		
Nationwide Building Society		
10.250% ~	960	171

		PRINCIPAL AMOUNT (000S)	
SOVEREIGN ISSUES 2.4%			
United Kingdom Gilt			
3.250% due 01/22/2044	$	3,800	6,212
3.500% due 01/22/2045		600	1,028
4.250% due 12/07/2040		1,200	2,217
4.250% due 12/07/2046		1,600	3,119
			12,576
Total United Kingdom (Cost $53,958)			**51,750**

UNITED STATES 49.6%

ASSET-BACKED SECURITIES 5.6%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
ACE Securities Corp. Home Equity Loan Trust			
2.646% due 07/25/2036 •	$	1,428	1,142
Amortizing Residential Collateral Trust			
3.206% due 10/25/2031 •		1	1
AMRESCO Residential Securities Corp. Mortgage Loan Trust			
3.446% due 06/25/2029 •		1	1
Argent Mortgage Loan Trust			
2.986% due 05/25/2035 •		1,874	1,778
Argent Securities, Inc. Asset-Backed Pass-Through Certificates			
2.886% due 02/25/2036 •		606	468
Citigroup Mortgage Loan Trust			
2.666% due 12/25/2036 •		583	373
2.766% due 03/25/2036 •		629	534
Citigroup Mortgage Loan Trust, Inc.			
2.766% due 06/25/2037 •		2,700	2,606
Countrywide Asset-Backed Certificates			
2.636% due 12/25/2036 ^•		423	390
2.646% due 06/25/2035 •		405	368
2.646% due 03/25/2037 •		1,895	1,730
2.646% due 06/25/2037 •		517	486
2.646% due 07/25/2037 •		375	339
2.646% due 06/25/2047 ^•		415	376
2.646% due 06/25/2047 •		1,303	1,211
2.656% due 04/25/2047 ^•		390	374
2.796% due 07/25/2036 •		421	414
4.788% due 08/25/2035 ^~		533	482
Countrywide Asset-Backed Certificates Trust			
3.665% due 04/25/2035 •		1,000	1,009
Credit Suisse First Boston Mortgage Securities Corp.			
3.126% due 01/25/2032 •		1	1
First Franklin Mortgage Loan Trust			
2.621% due 07/25/2036 •		1,360	1,275
GSAMP Trust			
3.151% due 11/25/2035 ^•		1,354	995
Home Equity Mortgage Loan Asset-Backed Trust			
2.746% due 04/25/2037 •		602	452
HSI Asset Securitization Corp. Trust			
2.766% due 04/25/2037 •		798	461
Long Beach Mortgage Loan Trust			
3.066% due 10/25/2034 •	$	12	$ 12
Morgan Stanley ABS Capital, Inc. Trust			
2.636% due 10/25/2036 •		157	148
Morgan Stanley Home Equity Loan Trust			
2.606% due 12/25/2036 •		1,062	624
2.736% due 04/25/2037 •		871	571
Morgan Stanley Mortgage Loan Trust			
5.919% due 09/25/2046 ^Ø		170	72
Nomura Home Equity Loan, Inc. Home Equity Loan Trust			
2.796% due 03/25/2036 •		700	682
NovaStar Mortgage Funding Trust			
2.636% due 03/25/2037 •		775	579
Option One Mortgage Loan Trust			
2.646% due 01/25/2037 •		457	344
Renaissance Home Equity Loan Trust			
5.056% due 12/25/2032 •		415	403
5.294% due 01/25/2037 Ø		642	340
5.675% due 06/25/2037 ^Ø		1,053	463
5.731% due 11/25/2036 Ø		1,011	564
Residential Asset Mortgage Products Trust			
2.726% due 12/25/2035 •		427	374
2.966% due 12/25/2035 •		997	841
Residential Asset Securities Corp. Trust			
2.756% due 11/25/2036 ^•		2,050	1,751
Saxon Asset Securities Trust			
4.256% due 12/25/2037 •		402	376
4.306% due 05/25/2031 •		647	582
SLM Student Loan Trust			
1.450% due 03/15/2038 •	GBP	633	781
Soundview Home Loan Trust			
2.656% due 06/25/2037 •	$	89	63
2.756% due 11/25/2036 •		1,400	1,287
Structured Asset Investment Loan Trust			
2.636% due 07/25/2036 •		510	408
2.816% due 01/25/2036 •		1,442	1,331
Terwin Mortgage Trust			
3.446% due 11/25/2033 •		24	23
			29,885

CORPORATE BONDS & NOTES 16.7%

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
AIG Global Funding			
3.277% (US0003M + 0.480%) due 07/02/2020 ~		1,000	1,000
Allergan Sales LLC			
5.000% due 12/15/2021		600	618
Ally Financial, Inc.			
8.000% due 11/01/2031		200	223
American Honda Finance Corp.			
2.932% (US0003M + 0.350%) due 11/05/2021 ~		200	197
American Tower Corp.			
3.450% due 09/15/2021		500	500
Anheuser-Busch InBev Finance, Inc.			
2.650% due 02/01/2021		538	529
3.300% due 02/01/2023		500	487
AT&T, Inc.			
1.800% due 09/05/2026	EUR	1,000	1,140
3.386% (US0003M + 0.950%) due 07/15/2021 ~	$	1,400	1,396
3.488% (US0003M + 0.750%) due 06/01/2021 ~		2,700	2,684
3.956% (US0003M + 1.180%) due 06/12/2024 ~		1,600	1,553
AXA Equitable Holdings, Inc.			
3.900% due 04/20/2023		100	99
4.350% due 04/20/2028		200	189
Bank of America Corp.			
5.875% due 03/15/2028 •(g)		700	638
BAT Capital Corp.			
3.204% due 08/14/2020 •		400	396
3.222% due 08/15/2024		200	184
3.557% due 08/15/2027		700	623

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Bayer U.S. Finance LLC		
3.452% (US0003M + 0.630%) due 06/25/2021 ~	$ 300	$ 296
3.798% (US0003M + 1.010%) due 12/15/2023 ~	500	478
3.875% due 12/15/2023	300	295
4.250% due 12/15/2025	300	293
4.375% due 12/15/2028	700	670
BMW U.S. Capital LLC		
2.984% (US0003M + 0.370%) due 08/14/2020 ~	2,500	2,482
Boston Scientific Corp.		
2.850% due 05/15/2020	1,100	1,093
Brandywine Operating Partnership LP		
3.950% due 11/15/2027	500	476
Campbell Soup Co.		
3.300% due 03/15/2021	200	199
3.650% due 03/15/2023	800	781
Cardinal Health, Inc.		
1.948% due 06/14/2019	1,300	1,293
Cboe Global Markets, Inc.		
1.950% due 06/28/2019	500	497
CenterPoint Energy Resources Corp.		
3.550% due 04/01/2023	200	200
Charter Communications Operating LLC		
3.750% due 02/15/2028	900	816
4.464% due 07/23/2022	1,300	1,313
6.384% due 10/23/2035	500	515
Citigroup, Inc.		
2.050% due 06/07/2019	200	199
3.696% (US0003M + 0.930%) due 06/07/2019 ~	600	601
Citizens Bank N.A.		
3.259% (US0003M + 0.570%) due 05/26/2020 ~	1,100	1,098
Conagra Brands, Inc.		
2.908% (US0003M + 0.500%) due 10/09/2020 ~	900	890
Continental Resources, Inc.		
4.375% due 01/15/2028	200	189
CVS Health Corp.		
3.350% due 03/09/2021	200	199
3.700% due 03/09/2023	400	396
4.100% due 03/25/2025	300	298
4.300% due 03/25/2028	400	392
5.050% due 03/25/2048	100	98
D.R. Horton, Inc.		
3.750% due 03/01/2019	1,000	1,000
4.000% due 02/15/2020	1,200	1,202
Daimler Finance North America LLC		
2.250% due 03/02/2020	400	395
Dell International LLC		
3.480% due 06/01/2019	1,400	1,396
Delta Air Lines, Inc.		
2.875% due 03/13/2020	1,400	1,391
DISH DBS Corp.		
5.125% due 05/01/2020	600	594
Dominion Energy Gas Holdings LLC		
3.388% (US0003M + 0.600%) due 06/15/2021 ~	1,000	998
eBay, Inc.		
2.150% due 06/05/2020	900	889
EQT Corp.		
2.500% due 10/01/2020	500	489
3.000% due 10/01/2022	400	380
Equinix, Inc.		
2.875% due 03/15/2024	EUR 300	344
ERAC USA Finance LLC		
2.600% due 12/01/2021	$ 1,200	1,168
Fidelity National Information Services, Inc.		
0.400% due 01/15/2021	EUR 200	230
1.700% due 06/30/2022	GBP 200	251
Ford Motor Credit Co. LLC		
1.897% due 08/12/2019	$ 1,800	1,783
2.943% due 01/08/2019	500	500
3.408% (US0003M + 1.000%) due 01/09/2020 ~	$ 700	$ 693
GATX Corp.		
3.302% (US0003M + 0.720%) due 11/05/2021 ~	1,200	1,188
General Mills, Inc.		
3.200% due 04/16/2021	100	100
3.459% (US0003M + 1.010%) due 10/17/2023 ~	100	98
3.700% due 10/17/2023	100	100
General Motors Financial Co., Inc.		
3.100% due 01/15/2019	1,100	1,100
3.550% due 04/09/2021	300	296
Georgia-Pacific LLC		
3.163% due 11/15/2021	400	397
Goldman Sachs Group, Inc.		
3.637% (US0003M + 1.160%) due 04/23/2020 ~	400	401
4.223% due 05/01/2029 •	100	96
Goodman U.S. Finance Three LLC		
3.700% due 03/15/2028	600	572
Harley-Davidson Financial Services, Inc.		
3.647% (US0003M + 0.940%) due 03/02/2021 ~	400	400
Harris Corp.		
3.000% (US0003M + 0.480%) due 04/30/2020 ~	600	598
International Lease Finance Corp.		
8.250% due 12/15/2020	500	538
JPMorgan Chase Bank N.A.		
2.848% (US0003M + 0.340%) due 04/26/2021 ~	400	396
3.086% due 04/26/2021 •	800	797
Kilroy Realty LP		
3.450% due 12/15/2024	100	97
Kinder Morgan, Inc.		
5.000% due 02/15/2021	400	410
KLA-Tencor Corp.		
4.125% due 11/01/2021	400	407
Kraft Heinz Foods Co.		
3.188% (US0003M + 0.570%) due 02/10/2021 ~	900	893
McDonald's Corp.		
2.939% (US0003M + 0.430%) due 10/28/2021 ~	700	695
Mid-America Apartments LP		
4.200% due 06/15/2028	600	604
Morgan Stanley		
3.737% due 04/24/2024 •	1,000	993
MPLX LP		
4.000% due 03/15/2028	300	282
MUFG Americas Holdings Corp.		
3.000% due 02/10/2025	560	538
Nasdaq, Inc.		
3.214% (US0003M + 0.390%) due 03/22/2019 ~	2,200	2,200
Navient Corp.		
4.875% due 06/17/2019	414	413
8.000% due 03/25/2020	300	306
Newmont Mining Corp.		
5.125% due 10/01/2019	800	808
NextEra Energy Capital Holdings, Inc.		
3.053% (US0003M + 0.315%) due 09/03/2019 ~	1,100	1,099
3.107% (US0003M + 0.400%) due 08/21/2020 ~	500	500
Nissan Motor Acceptance Corp.		
3.503% due 09/28/2022 •	1,000	969
Northwell Healthcare, Inc.		
4.260% due 11/01/2047	400	381
Penske Truck Leasing Co. LP		
3.950% due 03/10/2025	1,400	1,374
Protective Life Global Funding		
2.262% due 04/08/2020	2,200	2,176
Public Service Co. of Oklahoma		
4.400% due 02/01/2021	$ 200	$ 204
Public Service Enterprise Group, Inc.		
2.000% due 11/15/2021	400	384
QVC, Inc.		
3.125% due 04/01/2019	800	798
RELX Capital, Inc.		
8.625% due 01/15/2019	300	301
Rockwell Collins, Inc.		
2.800% due 03/15/2022	900	875
Sempra Energy		
3.238% (US0003M + 0.450%) due 03/15/2021 ~	800	784
SES Global Americas Holdings GP		
2.500% due 03/25/2019	600	599
SL Green Operating Partnership LP		
3.250% due 10/15/2022	500	483
Southern Co.		
2.350% due 07/01/2021	500	486
3.104% (US0003M + 0.490%) due 02/14/2020 ~	1,400	1,398
Southern Power Co.		
3.342% (US0003M + 0.550%) due 12/20/2020 ~	600	593
Spectra Energy Partners LP		
3.451% (US0003M + 0.700%) due 06/05/2020 ~	100	99
Spirit AeroSystems, Inc.		
3.950% due 06/15/2023	200	200
Springleaf Finance Corp.		
5.250% due 12/15/2019	300	301
6.000% due 06/01/2020	400	402
Sprint Capital Corp.		
6.900% due 05/01/2019	200	202
Sprint Communications, Inc.		
7.000% due 03/01/2020	200	205
Sprint Spectrum Co. LLC		
3.360% due 03/20/2023	413	408
4.738% due 09/20/2029	300	295
Textron, Inc.		
3.168% (US0003M + 0.550%) due 11/10/2020 ~	700	694
Time Warner Cable LLC		
5.000% due 02/01/2020	300	304
8.250% due 04/01/2019	400	405
UDR, Inc.		
4.625% due 01/10/2022	200	206
United Technologies Corp.		
3.279% (US0003M + 0.650%) due 08/16/2021 ~	300	299
Verizon Communications, Inc.		
2.625% due 08/15/2026	400	363
3.716% (US0003M + 1.100%) due 05/15/2025 ~	700	679
4.125% due 03/16/2027	500	502
4.329% due 09/21/2028	1,012	1,019
Volkswagen Group of America Finance LLC		
2.125% due 05/23/2019	2,100	2,090
2.450% due 11/20/2019	1,100	1,090
3.388% (US0003M + 0.770%) due 11/13/2020 ~	300	298
3.558% (US0003M + 0.940%) due 11/12/2021 ~	300	297
3.875% due 11/13/2020	200	201
4.000% due 11/12/2021	300	301
Wells Fargo & Co.		
3.597% (US0003M + 1.110%) due 01/24/2023 ~	1,000	991
3.757% (US0003M + 1.230%) due 10/31/2023 ~	1,500	1,496
Wells Fargo Bank N.A.		
3.550% due 08/14/2023	1,400	1,396
WRKCo, Inc.		
3.750% due 03/15/2025	300	295

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Zimmer Biomet Holdings, Inc.		
2.700% due 04/01/2020	$ 300	$ 297
3.150% due 04/01/2022	2,100	2,055
		88,733

LOAN PARTICIPATIONS AND ASSIGNMENTS 0.2%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
CenturyLink, Inc.		
5.272% (LIBOR03M + 2.750%) due 01/31/2025 ~	495	464
Charter Communications Operating LLC		
4.530% (LIBOR03M + 2.000%) due 04/30/2025 ~	585	562
		1,026

MUNICIPAL BONDS & NOTES 0.0%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Pasadena Public Financing Authority, California Revenue Bonds, (BABs), Series 2010		
7.148% due 03/01/2043	100	140

NON-AGENCY MORTGAGE-BACKED SECURITIES 1.6%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
American Home Mortgage Investment Trust		
4.385% due 09/25/2045 •	21	21
Banc of America Alternative Loan Trust		
6.500% due 04/25/2036 ^	435	399
Banc of America Mortgage Trust		
3.707% due 02/25/2036 ^~	57	53
Bear Stearns Adjustable Rate Mortgage Trust		
4.157% due 08/25/2033 ~	2	2
Bear Stearns ALT-A Trust		
2.666% due 02/25/2034 •	42	42
3.867% due 08/25/2036 ^~	38	25
4.018% due 03/25/2036 ^~	120	102
4.144% due 11/25/2035 ^~	27	24
4.209% due 09/25/2035 ^~	25	21
Bear Stearns Structured Products, Inc. Trust		
5.425% due 12/26/2046 ^~	26	24
Chase Mortgage Finance Trust		
3.614% due 07/25/2037 ~	53	48
Citigroup Mortgage Loan Trust, Inc.		
2.856% due 10/25/2035 •	2,070	1,639
4.680% due 09/25/2035 •	4	4
Citigroup Mortgage Loan Trust, Inc. Mortgage Pass-Through Certificates		
4.132% due 09/25/2035 ^~	290	266
Countrywide Alternative Loan Trust		
2.680% due 03/20/2046 •	63	57
2.786% due 02/25/2037 •	48	43
2.923% due 11/25/2035 •	12	11
3.157% due 12/25/2035 •	55	49
5.250% due 06/25/2035 ^	8	7
Countrywide Home Loan Mortgage Pass-Through Trust		
2.966% due 05/25/2035 •	24	22
3.146% due 03/25/2035 •	44	40
3.166% due 02/25/2035 •	6	6
3.910% due 08/25/2034 ^~	14	13
4.290% due 11/25/2034 ~	6	6
5.500% due 01/25/2035	351	350
Credit Suisse First Boston Mortgage Securities Corp.		
6.500% due 04/25/2033	1	1
Credit Suisse Mortgage Capital Mortgage-Backed Trust		
5.500% due 08/25/2036 ^	1,521	1,427
5.863% due 02/25/2037 ^~	188	78
DBUBS Mortgage Trust		
0.306% due 11/10/2046 ~(a)	400	2
0.709% due 11/10/2046 ~(a)	269	2
Deutsche ALT-A Securities, Inc. Mortgage Loan Trust		
3.256% due 10/25/2047 •	876	774
GSR Mortgage Loan Trust		
2.836% due 12/25/2034 •	39	37
3.818% due 04/25/2035 ~	240	242
4.354% due 01/25/2036 ^~	44	43
IndyMac Mortgage Loan Trust		
2.716% due 05/25/2046 •	$ 488	$ 467
2.986% due 07/25/2035 •	21	20
JPMorgan Mortgage Trust		
3.503% due 07/27/2037 ~	85	85
3.968% due 02/25/2036 ^~	26	21
Mellon Residential Funding Corp. Mortgage Pass-Through Trust		
2.895% due 12/15/2030 •	5	5
Morgan Stanley Bank of America Merrill Lynch Trust		
0.994% due 12/15/2048 ~(a)	942	31
Morgan Stanley Mortgage Loan Trust		
4.293% due 06/25/2036 ~	30	31
Residential Accredit Loans, Inc. Trust		
2.656% due 02/25/2047 •	32	19
2.686% due 06/25/2046 •	285	115
2.716% due 04/25/2046 •	475	218
Structured Adjustable Rate Mortgage Loan Trust		
4.369% due 04/25/2034 ~	4	4
Structured Asset Mortgage Investments Trust		
2.716% due 05/25/2036 •	12	11
2.726% due 05/25/2036 •	86	78
2.726% due 09/25/2047 •	122	115
2.966% due 05/25/2045 •	18	17
3.050% due 07/19/2034 •	2	2
3.130% due 09/19/2032 •	1	1
3.170% due 03/19/2034 •	4	3
3.657% due 08/25/2047 ^•	35	33
Structured Asset Securities Corp.		
2.786% due 01/25/2036 •	273	253
Structured Asset Securities Corp. Mortgage Loan Trust		
2.796% due 10/25/2036 •	520	465
TBW Mortgage-Backed Trust		
5.970% due 09/25/2036 ^Ø	189	18
Thornburg Mortgage Securities Trust		
4.323% due 06/25/2047 ^•	32	30
4.323% due 06/25/2047 •	4	4
Wachovia Mortgage Loan Trust LLC		
4.537% due 10/20/2035 ^~	82	83
WaMu Mortgage Pass-Through Certificates Trust		
2.329% due 02/27/2034 •	4	4
2.816% due 01/25/2045 •	93	93
3.137% due 06/25/2046 •	37	36
3.157% due 02/25/2046 •	84	84
3.500% due 03/25/2033 ~	9	9
3.672% due 03/25/2035 ~	45	45
3.734% due 04/25/2035 ~	34	34
3.860% due 12/25/2036 ^~	187	173
Washington Mutual Mortgage Pass-Through Certificates Trust		
3.097% due 07/25/2046 ^•	24	17
Wells Fargo Mortgage-Backed Securities Trust		
4.127% due 03/25/2035 ~	55	56
4.434% due 07/25/2036 ^~	31	30
4.561% due 04/25/2036 ~	2	2
4.649% due 03/25/2036 ^~	111	107
		8,699

U.S. GOVERNMENT AGENCIES 18.5%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Fannie Mae		
2.626% due 03/25/2034 •	3	3
2.656% due 08/25/2034 •	2	2
2.665% due 09/25/2042 •	15	15
2.906% due 06/25/2036 •	26	26
3.253% due 10/01/2044 •	13	13
3.500% due 11/01/2021 - 03/01/2048	9,534	9,543
4.120% due 05/25/2035 ~	7	8
4.270% due 12/01/2034 •	3	3
4.490% due 11/01/2034 •	23	24
6.000% due 07/25/2044	9	10
Fannie Mae, TBA		
3.500% due 01/01/2049 - 02/01/2049	64,300	64,298
4.000% due 02/01/2049	17,800	18,137
Freddie Mac		
1.567% due 01/15/2038 ~(a)	$ 402	$ 22
2.649% due 01/15/2038 •	402	400
2.955% due 12/15/2032 •	5	5
3.055% due 12/15/2037 •	8	8
3.357% due 10/25/2044 •	37	37
3.500% due 03/01/2035 •	5	5
4.040% due 04/01/2035 •	42	44
4.226% due 02/01/2029 •	2	2
Ginnie Mae		
3.114% due 05/20/2066 - 06/20/2066 •	3,992	4,044
3.164% due 11/20/2066 •	664	675
3.625% due 04/20/2028 - 06/20/2030 •	2	2
NCUA Guaranteed Notes		
2.850% due 11/05/2020 •	654	656
2.940% due 12/08/2020 •	193	194
		98,176

U.S. TREASURY OBLIGATIONS 7.0%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
U.S. Treasury Inflation Protected Securities (f)		
0.125% due 01/15/2022	112	109
0.125% due 04/15/2022 (l)	2,288	2,214
0.125% due 07/15/2024	160	153
0.375% due 07/15/2025 (l)	8,851	8,539
0.500% due 01/15/2028	9,124	8,714
0.625% due 04/15/2023	611	601
0.625% due 01/15/2026	53	52
1.000% due 02/15/2048	2,461	2,338
1.375% due 02/15/2044 (n)	868	898
2.000% due 01/15/2026	127	136
2.500% due 01/15/2029	1,296	1,476
3.875% due 04/15/2029	769	980
U.S. Treasury Notes		
2.250% due 11/15/2025 (n)	100	98
2.625% due 06/15/2021 (n)	300	301
2.875% due 04/30/2025 (j)(l)(n)	10,600	10,789
		37,398
Total United States (Cost $262,396)		**264,057**

SHORT-TERM INSTRUMENTS 10.4%

REPURCHASE AGREEMENTS (i) 0.1%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
		381

ARGENTINA TREASURY BILLS 0.1%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
(1.727)% due 01/31/2019 - 04/30/2019 (c)(d)	ARS 13,562	379

FRANCE TREASURY BILLS 5.5%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
(0.633)% due 01/04/2019 - 01/16/2019 (c)(d)	EUR 25,400	29,110

JAPAN TREASURY BILLS 4.2%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
(0.159)% due 03/11/2019 (c)(d)	JPY 2,440,000	22,267

NETHERLANDS TREASURY BILLS 0.5%

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
(0.639)% due 01/31/2019 (d)(e)	EUR 2,400	2,752
Total Short-Term Instruments (Cost $54,931)		**54,889**
Total Investments in Securities (Cost $599,589)		**597,110**

See Accompanying Notes

	SHARES	MARKET VALUE (000S)
INVESTMENTS IN AFFILIATES 3.4%		
SHORT-TERM INSTRUMENTS 3.4%		
CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 3.4%		
PIMCO Short Asset Portfolio	1,107,461	$ 10,988
PIMCO Short-Term Floating NAV Portfolio III	727,532	7,191
Total Short-Term Instruments (Cost $18,285)		**18,179**
Total Investments in Affiliates (Cost $18,285)		**18,179**
Total Investments 115.9% (Cost $617,874)		$ 615,289
Financial Derivative Instruments (k)(m) (0.4)% (Cost or Premiums, net $6,503)		(2,074)
Other Assets and Liabilities, net (15.5)%		(82,211)
Net Assets 100.0%		$ 531,004

NOTES TO SCHEDULE OF INVESTMENTS:

- * A zero balance may reflect actual amounts rounding to less than one thousand.
- ^ Security is in default.
- ~ Variable or Floating rate security. Rate shown is the rate in effect as of period end. Certain variable rate securities are not based on a published reference rate and spread, rather are determined by the issuer or agent and are based on current market conditions. Reference rate is as of reset date, which may vary by security. These securities may not indicate a reference rate and/or spread in their description.
- • Rate shown is the rate in effect as of period end. The rate may be based on a fixed rate, a capped rate or a floor rate and may convert to a variable or floating rate in the future. These securities do not indicate a reference rate and spread in their description.
- Ø 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 is not accruing income as of the date of this report.
- (c) Coupon represents a weighted average yield to maturity.
- (d) Zero coupon security.
- (e) Coupon represents a yield to maturity.
- (f) Principal amount of security is adjusted for inflation.
- (g) Perpetual maturity; date shown, if applicable, represents next contractual call date.
- (h) Contingent convertible security.

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(i) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received[1]
FICC	2.000%	12/31/2018	01/02/2019	$ 381	U.S. Treasury Notes 2.875% due 09/30/2023	$ (393)	$ 381	$ 381
Total Repurchase Agreements						**$ (393)**	**$ 381**	**$ 381**

REVERSE REPURCHASE AGREEMENTS:

Counterparty	Borrowing Rate[2]	Settlement Date	Maturity Date	Amount Borrowed[2]	Payable for Reverse Repurchase Agreements
GRE	2.540%	11/13/2018	02/13/2019	$ (6,715)	$ (6,739)
	2.540	11/14/2018	02/14/2019	(1,901)	(1,907)
Total Reverse Repurchase Agreements					**$ (8,646)**

SHORT SALES:

Description	Coupon	Maturity Date	Principal Amount	Proceeds	Payable for Short Sales[3]
Canada (1.1)%					
Sovereign Issues (1.1)%					
Canada Government Bond	2.750%	12/01/2048	CAD 6,800	$ (5,676)	$ (5,621)
Total Short Sales (1.1)%				**$ (5,676)**	**$ (5,621)**

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 December 31, 2018:

Counterparty	Repurchase Agreement Proceeds to be Received[1]	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Payable for Short Sales[3]	Total Borrowings and Other Financing Transactions	Collateral Pledged/(Received)	Net Exposure[4]
Global/Master Repurchase Agreement							
FICC	$ 381	$ 0	$ 0	$ 0	$ 381	$ (393)	$ (12)
GRE	0	(8,646)	0	0	(8,646)	8,875	229
Master Securities Forward Transaction Agreement							
TDM	0	0	0	(5,621)	(5,621)	0	(5,621)
Total Borrowings and Other Financing Transactions	**$ 381**	**$ (8,646)**	**$ 0**	**$ (5,621)**			

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	$ 0	$ (8,646)	$ 0	$ (8,646)
Total Borrowings	**$ 0**	**$ 0**	**$ (8,646)**	**$ 0**	**$ (8,646)**
Payable for reverse repurchase agreements					**$ (8,646)**

(j) Securities with an aggregate market value of $8,875 have been pledged as collateral under the terms of the above master agreements as of December 31, 2018.

(1) Includes accrued interest.

(2) The average amount of borrowings outstanding during the period ended December 31, 2018 was $(15,639) at a weighted average interest rate of 0.626%. Average borrowings may include sale-buyback transactions and reverse repurchase agreements, if held during the period.

(3) Payable for short sales includes $20 of accrued interest.

(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.

(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
Call - CBOT U.S. Treasury 2-Year Note March 2019 Futures	$ 107.875	02/22/2019	22	$ 44	$ 0	$ 1
Put - CBOT U.S. Treasury 5-Year Note March 2019 Futures	104.000	02/22/2019	128	128	1	0
Put - CBOT U.S. Treasury 5-Year Note March 2019 Futures	107.250	02/22/2019	178	178	2	0
Put - CBOT U.S. Treasury Ultra Long-Term Bond March 2019 Futures	119.000	02/22/2019	22	22	0	0
Total Purchased Options					**$ 3**	**$ 1**

FUTURES CONTRACTS:

LONG FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
90-Day Eurodollar March Futures	03/2019	1,660	$ 403,754	$ 103	$ 0	$ 0
Australia Government 3-Year Note March Futures	03/2019	292	23,079	83	29	0
Australia Government 10-Year Bond March Futures	03/2019	62	5,794	56	28	0
Canada Government 10-Year Bond March Futures	03/2019	93	9,317	286	0	(3)
Euro-Bobl March Futures	03/2019	260	39,477	86	0	(9)
Euro-Bund 10-Year Bond March Futures	03/2019	15	2,811	21	0	(3)
Euro-Buxl 30-Year Bond March Futures	03/2019	20	4,139	93	0	(19)
Euro-Schatz March Futures	03/2019	349	44,761	15	0	(4)
Japan Government 10-Year Bond March Futures	03/2019	31	43,126	234	42	(17)
U.S. Treasury 5-Year Note March Futures	03/2019	441	50,577	633	110	0
U.S. Treasury Ultra Long-Term Bond March Futures	03/2019	27	4,338	210	16	0
United Kingdom 90-Day LIBOR Sterling Interest Rate September Futures	09/2019	995	156,856	140	8	(24)
				$ 1,960	$ 233	$ (79)

SHORT FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
90-Day Eurodollar December Futures	12/2019	233	$ (56,706)	$ (123)	$ 0	$ (6)
90-Day Eurodollar December Futures	12/2020	656	(159,949)	(1,242)	0	(57)
90-Day Eurodollar March Futures	03/2020	771	(187,825)	(475)	0	(39)
Call Options Strike @ EUR 133.000 on Euro-Bobl March 2019 Futures	02/2019	74	(19)	(3)	2	0
Call Options Strike @ EUR 164.500 on Euro-Bund 10-Year Bond March 2019 Futures	02/2019	33	(25)	(9)	4	0
Euro-BTP Italy Government Bond March Futures	03/2019	25	(3,661)	(168)	0	(2)
Euro-OAT France Government 10-Year Bond March Futures	03/2019	260	(44,923)	(210)	63	0
Put Options Strike @ EUR 131.250 on Euro-Bobl March 2019 Futures	02/2019	74	(6)	8	0	0
Put Options Strike @ EUR 160.000 on Euro-Bund 10-Year Bond March 2019 Futures	02/2019	33	(7)	9	0	0
U.S. Treasury 2-Year Note March Futures	03/2019	25	(5,308)	(37)	0	(4)
U.S. Treasury 10-Year Note March Futures	03/2019	3	(366)	(9)	0	(1)
United Kingdom 90-Day LIBOR Sterling Interest Rate September Futures	09/2020	995	(156,618)	(304)	8	(48)
United Kingdom Long Gilt March Futures	03/2019	140	(21,979)	43	23	(71)
				$ (2,520)	$ 100	$ (228)
Total Futures Contracts				**$ (560)**	**$ 333**	**$ (307)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - BUY PROTECTION(1)

Reference Entity	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2018(3)	Notional Amount(4)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(5)	Variation Margin Asset	Variation Margin Liability
BASF SE	(1.000)%	Quarterly	12/20/2020	0.229%	EUR 200	$ (6)	$ 2	$ (4)	$ 0	$ 0
Navient Corp.	(5.000)	Quarterly	03/20/2019	0.703	$ 1,100	(49)	37	(12)	0	0
Reynolds American, Inc.	(1.000)	Quarterly	12/20/2020	0.283	700	(15)	5	(10)	0	0
United Utilities PLC	(1.000)	Quarterly	12/20/2020	0.292	EUR 200	(5)	2	(3)	0	0
						$ (75)	$ 46	$ (29)	$ 0	$ 0

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION(2)

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2018(3)	Notional Amount(4)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(5)	Variation Margin Asset	Variation Margin Liability
Berkshire Hathaway, Inc.	1.000%	Quarterly	12/20/2022	0.648%	$ 700	$ 13	$ (4)	$ 9	$ 0	$ 0
Daimler AG	1.000	Quarterly	12/20/2020	0.442	EUR 200	5	(2)	3	0	0
Shell International Finance BV	1.000	Quarterly	12/20/2026	0.843	500	18	(11)	7	0	(1)
Tesco PLC	1.000	Quarterly	06/20/2022	1.146	800	0	(4)	(4)	0	(1)
Tesco PLC	1.000	Quarterly	06/20/2025	2.005	400	(13)	(15)	(28)	0	(1)
						$ 23	$ (36)	$ (13)	$ 0	$ (3)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION(1)

Index/Tranches	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Notional Amount(4)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(5)	Variation Margin Asset	Variation Margin Liability
CDX.HY-31 5-Year Index	(5.000)%	Quarterly	12/20/2023	$ 3,400	$ (250)	$ 175	$ (75)	$ 0	$ (6)
CDX.IG-28 5-Year Index	(1.000)	Quarterly	06/20/2022	30,144	(531)	214	(317)	0	(8)
CDX.IG-29 5-Year Index	(1.000)	Quarterly	12/20/2022	41,000	(728)	282	(446)	0	(14)
iTraxx Europe Main 26 5-Year Index	(1.000)	Quarterly	12/20/2021	EUR 53,300	(1,532)	563	(969)	0	(83)
iTraxx Europe Main 28 5-Year Index	(1.000)	Quarterly	12/20/2022	35,200	(1,019)	482	(537)	0	(68)
iTraxx Europe Senior 30 5-Year Index	(1.000)	Quarterly	12/20/2023	4,200	6	14	20	0	(15)
					$ (4,054)	$ 1,730	$ (2,324)	$ 0	$ (194)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION(2)

Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount(4)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(5)	Variation Margin Asset	Variation Margin Liability
CDX.EM-30 5-Year Index	1.000%	Quarterly	12/20/2023	$ 300	$ (14)	$ 0	$ (14)	$ 0	$ 0
iTraxx Europe Main 30 5-Year Index	1.000	Quarterly	12/20/2023	EUR 11,800	225	(142)	83	28	0
					$ 211	$ (142)	$ 69	$ 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(6)	1-Month USD-LIBOR + 0.117%	Quarterly	03/02/2020	$ 33,900	$ 0	$ 8	$ 8	$ 0	$ (1)
3-Month USD-LIBOR(6)	1-Month USD-LIBOR + 0.084%	Quarterly	04/26/2022	30,400	0	(4)	(4)	0	(2)
3-Month USD-LIBOR	1-Month USD-LIBOR + 0.084%	Quarterly	06/12/2022	5,100	0	5	5	0	0
3-Month USD-LIBOR	1-Month USD-LIBOR + 0.070%	Quarterly	06/12/2022	3,900	0	6	6	0	0
3-Month USD-LIBOR	1-Month USD-LIBOR + 0.085%	Quarterly	06/19/2022	19,800	2	19	21	4	0
3-Month USD-LIBOR(6)	1-Month USD-LIBOR + 0.073%	Quarterly	04/27/2023	17,000	0	(1)	(1)	0	(1)
					$ 2	$ 33	$ 35	$ 4	$ (4)

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	$ (28)	$ (28)	$ 0	$ (3)
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.683	Annual	04/30/2025	3,500	2	(94)	(92)	0	(9)
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.684	Annual	04/30/2025	1,200	0	(31)	(31)	0	(3)
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.696	Annual	04/30/2025	1,100	0	(30)	(30)	0	(3)
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.710	Annual	04/30/2025	1,200	0	(33)	(33)	0	(3)
Receive	1-Day USD-Federal Funds Rate Compounded-OIS	2.714	Annual	04/30/2025	2,300	0	(65)	(65)	0	(6)
Receive	1-Year BRL-CDI	8.880	Maturity	01/04/2021	BRL 800	1	7	8	0	0
Pay	3-Month CAD-Bank Bill	2.300	Semi-Annual	07/16/2020	CAD 39,500	(58)	118	60	8	0
Receive	3-Month CAD-Bank Bill	1.750	Semi-Annual	12/16/2046	600	(86)	1	(85)	0	(3)
Pay	3-Month CAD-Bank Bill	2.750	Semi-Annual	12/18/2048	7,400	(112)	193	81	0	(38)
Pay	3-Month CHF-LIBOR	0.050	Annual	03/16/2026	CHF 1,400	(24)	32	8	1	0
Receive(6)	3-Month NZD-BBR	2.500	Semi-Annual	02/14/2020	NZD 7,520	9	17	26	0	0
Receive	3-Month USD-LIBOR	2.000	Semi-Annual	12/20/2019	$ 25,300	220	(29)	191	2	0
Receive(6)	3-Month USD-LIBOR	3.200	Semi-Annual	04/01/2020	502,000	33	1,182	1,215	16	0
Pay	3-Month USD-LIBOR	1.750	Semi-Annual	06/20/2020	63,700	1,091	(174)	917	2	0
Receive	3-Month USD-LIBOR	2.750	Semi-Annual	12/19/2020	46,900	319	(385)	(66)	0	(7)
Receive(6)	3-Month USD-LIBOR	3.200	Semi-Annual	04/01/2021	502,000	1	(1,692)	(1,691)	0	(69)
Receive	3-Month USD-LIBOR	2.000	Semi-Annual	06/20/2023	11,100	414	(144)	270	0	(20)
Receive	3-Month USD-LIBOR	1.750	Semi-Annual	12/21/2023	9,200	479	(121)	358	0	(18)
Receive	3-Month USD-LIBOR	1.750	Semi-Annual	12/21/2026	15,200	1,224	(228)	996	0	(49)
Receive	3-Month USD-LIBOR	2.250	Semi-Annual	06/20/2028	35,600	1,882	(534)	1,348	0	(133)
Receive	3-Month USD-LIBOR	3.000	Semi-Annual	12/19/2028	5,600	(76)	214	138	22	0
Receive(6)	3-Month USD-LIBOR	3.000	Semi-Annual	06/19/2029	16,000	(200)	(192)	(392)	0	(69)
Receive	3-Month USD-LIBOR	2.750	Semi-Annual	12/20/2047	8,700	269	(66)	203	0	(50)

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	06/20/2048	$ 4,000	$ 445	$ (144)	$ 301	$ 0	$ (22)
Receive	3-Month USD-LIBOR	3.000	Semi-Annual	12/19/2048	8,400	230	(470)	(240)	0	(50)
Receive(6)	3-Month USD-LIBOR	2.953	Semi-Annual	11/12/2049	800	(5)	(9)	(14)	0	(5)
Receive(6)	3-Month USD-LIBOR	2.955	Semi-Annual	11/12/2049	2,900	(20)	(33)	(53)	0	(18)
Pay	3-Month ZAR-JIBAR	7.250	Quarterly	06/20/2023	ZAR 7,600	4	(11)	(7)	1	0
Pay(6)	6-Month EUR-EURIBOR	0.000	Annual	06/19/2021	EUR 12,700	7	24	31	2	0
Receive(6)	6-Month EUR-EURIBOR	0.500	Annual	03/20/2024	58,500	161	698	859	47	0
Pay(6)	6-Month EUR-EURIBOR	0.500	Annual	06/19/2024	25,000	132	148	280	22	0
Receive(6)	6-Month EUR-EURIBOR	1.000	Annual	03/20/2029	34,400	(183)	759	576	50	0
Pay(6)	6-Month EUR-EURIBOR	1.000	Annual	06/19/2029	23,800	62	198	260	36	0
Receive(6)	6-Month EUR-EURIBOR	1.500	Annual	03/20/2049	2,500	53	(134)	(81)	0	(2)
Receive(6)	6-Month GBP-LIBOR	1.250	Annual	09/18/2020	GBP 44,900	(3)	73	70	0	(3)
Receive(6)	6-Month GBP-LIBOR	1.500	Annual	12/18/2020	37,900	107	53	160	1	0
Receive(6)	6-Month GBP-LIBOR	1.000	Semi-Annual	03/20/2021	17,400	(117)	35	(82)	1	0
Receive(6)	6-Month GBP-LIBOR	1.500	Annual	09/16/2021	44,900	(26)	(116)	(142)	0	(18)
Receive(6)	6-Month GBP-LIBOR	1.500	Annual	12/16/2021	37,900	(17)	(93)	(110)	0	(20)
Receive(6)	6-Month GBP-LIBOR	1.500	Semi-Annual	03/20/2024	1,900	(2)	(19)	(21)	0	(3)
Receive(6)	6-Month GBP-LIBOR	1.500	Semi-Annual	03/20/2029	1,900	31	(44)	(13)	0	(18)
Receive(6)	6-Month GBP-LIBOR	1.750	Semi-Annual	03/20/2049	3,200	10	200	210	36	0
Pay(6)	6-Month GBP-LIBOR	1.750	Semi-Annual	06/19/2049	400	28	(2)	26	4	0
Receive(6)	6-Month JPY-LIBOR	0.100	Semi-Annual	03/20/2024	JPY 4,080,000	(121)	255	134	6	0
Receive(6)	6-Month JPY-LIBOR	0.450	Semi-Annual	03/20/2029	1,770,000	(130)	(288)	(418)	0	(8)
Pay	6-Month JPY-LIBOR	1.500	Semi-Annual	06/19/2033	2,090,000	2,911	228	3,139	25	0
Receive	6-Month JPY-LIBOR	1.250	Semi-Annual	06/17/2035	150,000	157	25	182	2	0
Receive	6-Month JPY-LIBOR	0.750	Semi-Annual	12/20/2038	684,282	89	(337)	(248)	0	(6)
Receive	6-Month JPY-LIBOR	1.000	Semi-Annual	03/21/2048	100,000	42	31	73	0	0
Receive	6-Month JPY-LIBOR	1.000	Semi-Annual	12/20/2048	347,606	6	242	248	1	0
Pay	28-Day MXN-TIIE	7.278	Lunar	03/22/2022	MXN 21,800	(5)	(37)	(42)	2	0
Pay	28-Day MXN-TIIE	7.317	Lunar	03/23/2022	18,100	(3)	(31)	(34)	2	0
Receive	28-Day MXN-TIIE	5.825	Lunar	01/12/2023	27,400	(95)	(39)	(134)	4	0
						$ 9,136	$ (920)	$ 8,216	$ 293	$ (656)
Total Swap Agreements						**$ 5,243**	**$ 711**	**$ 5,954**	**$ 325**	**$ (857)**

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 December 31, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value	Variation Margin Asset(7)			Market Value	Variation Margin Liability		
	Purchased Options	Futures	Swap Agreements	Total	Written Options	Futures	Swap Agreements	Total
Total Exchange-Traded or Centrally Cleared	**$ 1**	**$ 333**	**$ 334**	**$ 668**	**$ 0**	**$ (307)**	**$ (857)**	**$ (1,164)**

(l) Securities with an aggregate market value of $8,214 and cash of $2,693 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of December 31, 2018. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

(1) If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(3) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(4) The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(5) The prices and resulting values for credit default swap agreements serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(6) This instrument has a forward starting effective date. See Note 2, Securities Transactions and Investment Income, in the Notes to Financial Statements for further information.

(7) Unsettled variation margin asset of $9 for closed swap agreements is outstanding at period end.

(m) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
AZD	06/2019	$	9,957	EUR	8,537	$ 0	$ (35)
BOA	01/2019	CAD	18,359	$	13,784	332	0
	01/2019	DKK	102,139		16,245	571	0
	01/2019	EUR	79,417		90,666	0	(386)
	01/2019	GBP	1,678		2,142	4	0
	01/2019	SEK	227,980		25,192	0	(549)
	01/2019	$	295	ARS	11,995	18	0
BPS	01/2019	BRL	1,130	$	294	2	0
	01/2019	CAD	497		364	0	0
	01/2019	$	292	BRL	1,130	0	0
	01/2019		2,128	GBP	1,694	31	0
	01/2019		1,145	KRW	1,290,521	12	0
	01/2019		1,059	NZD	1,557	0	(14)
	02/2019	RON	10,827	EUR	2,316	0	(1)
	03/2019	KRW	1,290,521	$	1,148	0	(14)
	04/2019	CNH	2,984		431	0	(4)
	04/2019	$	1,937	CNH	13,362	8	0
	07/2019		834		5,716	0	(2)
BRC	01/2019	JPY	258,000	$	2,329	0	(25)
	01/2019	$	686	EUR	600	2	0
	01/2019		1,615	NOK	13,766	0	(23)
CBK	01/2019	AUD	8,254	$	6,047	232	0
	01/2019	BRL	11,875		3,041	0	(22)
	01/2019	EUR	45,598		52,043	0	(235)
	01/2019	NOK	1,890		221	3	0
	01/2019	NZD	1,158		802	25	0
	01/2019	SEK	17,020		1,893	0	(29)
	01/2019	$	2,632	AUD	3,633	0	(72)
	01/2019		3,065	BRL	11,875	0	(1)
	01/2019		15,094	DKK	98,868	78	0
	01/2019		51	GBP	40	0	0
	01/2019		562	NOK	4,880	2	0
	01/2019		5,128	RUB	339,816	0	(264)
	01/2019		1,018	SEK	9,151	15	0
	02/2019	CNH	9,929	$	1,428	0	(17)
	02/2019	EUR	1,878		2,377	219	0
	02/2019	$	2,686	COP	8,488,874	0	(79)
	03/2019	KRW	7,513,017	$	6,703	0	(61)
	04/2019	DKK	98,868		15,215	0	(78)
	05/2019	EUR	1,083		1,264	8	0
	06/2019	GBP	584		783	32	0
	06/2019	$	20,751	EUR	17,834	0	(23)
	07/2019	CNH	6,175	$	916	17	0
	07/2019	$	834	CNH	5,716	0	(2)
DUB	01/2019	BRL	17,541	$	4,527	1	0
	01/2019	$	4,556	BRL	17,541	0	(30)
	01/2019		1,446	EUR	1,150	0	(127)
	02/2019	BRL	17,541	$	4,547	29	0
	03/2019		2,418		632	11	0
	03/2019	$	538	MXN	11,542	43	0
	04/2019	SEK	2,204	EUR	214	0	(3)
FBF	01/2019	$	434	RUB	29,351	0	(14)
GLM	01/2019	BRL	4,497	$	1,173	13	0
	01/2019	CAD	1,425		1,065	21	0
	01/2019	CHF	1,586		1,603	0	(11)
	01/2019	EUR	10,328		11,759	0	(78)
	01/2019	GBP	23,383		29,901	86	0
	01/2019	NZD	775		533	13	0
	01/2019	SEK	4,817		533	0	(10)
	01/2019	$	33	ARS	1,300	1	0
	01/2019		5,496	AUD	7,657	0	(102)
	01/2019		1,161	BRL	4,497	0	0
	01/2019		2,133	CAD	2,853	0	(43)
	01/2019		435	DKK	2,775	0	(9)

						Unrealized Appreciation/ (Depreciation)	
Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Asset	Liability
	01/2019	$	1,868	EUR	1,635	$ 7	$ 0
	01/2019		639	JPY	72,300	21	0
	01/2019		1,349	MXN	27,733	61	0
	01/2019		1,863	NOK	16,090	1	(3)
	01/2019		1,899	SEK	17,085	30	0
	02/2019		16	CLP	10,584	0	0
	02/2019		1,428	CNH	9,923	17	0
	03/2019	JPY	2,440,000	$	21,724	0	(649)
HUS	01/2019	CAD	1,677		1,256	27	0
	01/2019	CHF	494		497	0	(6)
	01/2019	EUR	22,442		25,737	65	(69)
	01/2019	KRW	396,480		354	0	(1)
	01/2019	PLN	6,526		1,777	33	0
	01/2019	$	4,871	AUD	6,743	0	(121)
	01/2019		1,252	CAD	1,651	0	(43)
	01/2019		610	EUR	537	5	0
	01/2019		512	GBP	406	5	0
	02/2019		716	AUD	900	0	(81)
	03/2019	BRL	810	$	240	32	0
	03/2019	$	822	KRW	920,147	6	0
	03/2019		240	MXN	4,727	0	(2)
	04/2019	ARS	7,239	$	169	0	(2)
	05/2019	$	1,301	EUR	1,078	0	(51)
	07/2019	CNH	39,550	$	5,793	37	0
	07/2019	$	5,999	CNH	41,175	0	(6)
IND	01/2019	JPY	678,700	$	5,987	0	(207)
	01/2019	MXN	18,822		924	0	(32)
	04/2019	CNH	3,262		471	0	(4)
JPM	01/2019	AUD	4,454		3,199	61	0
	01/2019	CAD	1,427		1,048	3	0
	01/2019	CHF	2,104		2,123	0	(18)
	01/2019	EUR	1,842		2,100	0	(11)
	01/2019	GBP	1,265		1,598	0	(14)
	01/2019	KRW	894,041		799	0	(3)
	01/2019	NOK	18,225		2,081	0	(27)
	01/2019	$	1,568	AUD	2,226	0	0
	01/2019		1,431	EUR	1,256	9	0
	01/2019		539	NZD	803	0	0
	01/2019		3,208	SEK	28,956	59	0
	03/2019	IDR	1,392,000	$	96	0	0
	03/2019	$	574	KRW	642,736	5	0
	04/2019	EUR	416	SEK	4,267	5	0
	07/2019	CNH	1,835	$	270	3	0
MSB	04/2019	$	3,009	CNH	20,700	4	0
	07/2019	CNH	5,047	$	738	4	0
MYI	01/2019	AUD	740		532	11	0
	01/2019	JPY	241,607		2,143	0	(61)
	01/2019	NZD	3,926		2,686	50	0
	01/2019	SEK	18,837		2,080	0	(46)
	06/2021	$	38	EUR	30	0	(1)
NGF	04/2019	CNH	4,009	$	579	0	(5)
RBC	01/2019	EUR	2,400		2,735	0	(22)
RYL	01/2019	$	111	CAD	150	0	(2)
	01/2019		381	GBP	300	2	0
	04/2019	SEK	2,992	EUR	288	0	(8)
SCX	01/2019	$	536	JPY	60,311	15	0
	04/2019	CNH	10,580	$	1,523	0	(17)
	04/2019	$	2,087	CNH	14,390	8	0
SOG	03/2019	KRW	89,317	$	80	0	0
SSB	03/2019	TWD	42,075		1,376	0	(10)
UAG	01/2019	EUR	45,401		51,784	0	(269)
	01/2019	NOK	174		20	0	0
	01/2019	$	344	EUR	300	0	0
	01/2019		5,804	MXN	110,469	0	(201)
Total Forward Foreign Currency Contracts						**$ 2,415**	**$ (4,355)**

PURCHASED OPTIONS:

FOREIGN CURRENCY OPTIONS

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Cost	Market Value
BRC	Call - OTC EUR versus USD	$ 1.308	09/22/2021	EUR 500	$ 31	$ 19
	Put - OTC EUR versus USD	1.308	09/22/2021	500	36	51
GLM	Call - OTC USD versus CNH	CNH 7.110	02/11/2019	$ 3,000	16	3
MSB	Call - OTC EUR versus USD	$ 1.291	06/24/2021	EUR 438	27	16
	Put - OTC EUR versus USD	1.291	06/24/2021	438	32	41
Total Purchased Options					**$ 142**	**$ 130**

WRITTEN OPTIONS:

CREDIT DEFAULT SWAPTIONS ON CREDIT INDICES

Counterparty	Description	Buy/Sell Protection	Exercise Rate	Expiration Date	Notional Amount	Premiums (Received)	Market Value
BOA	Put - OTC CDX.IG-31 5-Year Index	Sell	0.900%	01/16/2019	$ 1,000	$ (2)	$ (2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	0.950	02/20/2019	1,100	(2)	(3)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	02/20/2019	1,100	(2)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	03/20/2019	1,400	(3)	(4)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.200	03/20/2019	1,600	(2)	(3)
BPS	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	02/20/2019	1,000	(1)	(2)
BRC	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	01/16/2019	1,300	(1)	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.050	02/20/2019	1,100	(2)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.100	03/20/2019	500	(1)	(1)
CBK	Put - OTC CDX.IG-31 5-Year Index	Sell	0.950	01/16/2019	1,200	(1)	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	01/16/2019	6,100	(5)	(4)
	Put - OTC CDX.IG-31 5-Year Index	Sell	0.950	02/20/2019	2,200	(4)	(7)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.050	02/20/2019	800	(1)	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.050	03/20/2019	700	(1)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.100	03/20/2019	800	(2)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.200	03/20/2019	1,100	(1)	(2)
GST	Put - OTC CDX.IG-31 5-Year Index	Sell	0.900	01/16/2019	1,000	(1)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	2.400	09/18/2019	1,200	(2)	(2)
	Put - OTC iTraxx Europe 30 5-Year Index	Sell	2.400	09/18/2019	EUR 1,400	(3)	(2)
JPM	Put - OTC CDX.IG-31 5-Year Index	Sell	0.950	02/20/2019	$ 1,000	(2)	(3)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.200	03/20/2019	600	(1)	(1)
MYC	Put - OTC CDX.IG-31 5-Year Index	Sell	0.900	01/16/2019	1,100	(2)	(2)
						$ (42)	$ (51)

FOREIGN CURRENCY OPTIONS

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Premiums (Received)	Market Value
CBK	Put - OTC GBP versus USD	$ 1.315	06/14/2019	GBP 1,660	$ (53)	$ (100)
	Call - OTC GBP versus USD	1.440	06/14/2019	1,668	(24)	(7)
GLM	Put - OTC USD versus CNH	CNH 6.840	02/11/2019	$ 3,000	(16)	(17)
					$ (93)	$ (124)
Total Written Options					**$ (135)**	**$ (175)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON SOVEREIGN ISSUES - BUY PROTECTION(1)

Counterparty	Reference Entity	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2018(3)	Notional Amount(4)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value(5) Asset	Liability
BOA	Japan Government International Bond	(1.000)%	Quarterly	06/20/2022	0.154%	$ 200	$ (7)	$ 1	$ 0	$ (6)
BPS	Japan Government International Bond	(1.000)	Quarterly	06/20/2022	0.154	1,700	(61)	12	0	(49)
	South Korea Government International Bond	(1.000)	Quarterly	06/20/2023	0.346	3,000	(73)	(11)	0	(84)
BRC	China Government International Bond	(1.000)	Quarterly	06/20/2023	0.614	800	(15)	2	0	(13)

Counterparty	Reference Entity	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2018[3]	Notional Amount[4]	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value[5] Asset	Liability
	Japan Government International Bond	(1.000)%	Quarterly	06/20/2022	0.154%	$ 1,200	$ (41)	$ 7	$ 0	$ (34)
	South Korea Government International Bond	(1.000)	Quarterly	06/20/2023	0.346	2,000	(51)	(5)	0	(56)
CBK	Japan Government International Bond	(1.000)	Quarterly	06/20/2022	0.154	1,000	(35)	6	0	(29)
GST	China Government International Bond	(1.000)	Quarterly	06/20/2023	0.614	1,600	(31)	5	0	(26)
	Japan Government International Bond	(1.000)	Quarterly	06/20/2022	0.154	1,700	(59)	10	0	(49)
HUS	South Korea Government International Bond	(1.000)	Quarterly	06/20/2023	0.346	800	(20)	(2)	0	(22)
JPM	South Korea Government International Bond	(1.000)	Quarterly	06/20/2023	0.346	200	(5)	(1)	0	(6)
							$ (398)	$ 24	$ 0	$ (374)

CREDIT DEFAULT SWAPS ON CORPORATE AND SOVEREIGN ISSUES - SELL PROTECTION[2]

Counterparty	Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2018[3]	Notional Amount[4]	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value[5] Asset	Liability
GST	South Africa Government International Bond	1.000%	Quarterly	12/20/2023	2.227%	$ 100	$ (5)	$ 0	$ 0	$ (5)
JPM	Royal Bank of Scotland Group PLC	1.000	Quarterly	12/20/2023	2.925	EUR 300	(28)	(3)	0	(31)
	South Africa Government International Bond	1.000	Quarterly	06/20/2023	2.113	$ 400	(21)	3	0	(18)
	South Africa Government International Bond	1.000	Quarterly	12/20/2023	2.227	600	(34)	2	0	(32)
NGF	South Africa Government International Bond	1.000	Quarterly	12/20/2023	2.227	200	(10)	(1)	0	(11)
							$ (98)	$ 1	$ 0	$ (97)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION[1]

Counterparty	Index/Tranches	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Notional Amount[4]	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value[5] Asset	Liability
BPS	iTraxx Europe Subordinated 27 5-Year Index	(1.000)%	Quarterly	06/20/2022	EUR 1,400	$ 73	$ (37)	$ 36	$ 0

CROSS-CURRENCY SWAPS

Counterparty	Receive	Pay	Payment Frequency	Maturity Date[6]	Notional Amount of Currency Received	Notional Amount of Currency Delivered	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value Asset	Liability
CBK	Floating rate equal to 3-Month EUR-LIBOR less 0.27% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	06/19/2019	EUR 3,400	$ 3,855	$ 61	$ (29)	$ 32	$ 0
DUB	Floating rate equal to 3-Month GBP-LIBOR less 0.055% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	10/13/2026	GBP 800	976	(1)	29	28	0
GLM	Floating rate equal to 3-Month EUR-LIBOR less 0.283% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	06/19/2019	EUR 19,600	22,224	328	(143)	185	0
	Floating rate equal to 3-Month EUR-LIBOR less 0.299% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	06/19/2019	17,200	19,502	378	(217)	161	0

Counterparty	Receive	Pay	Payment Frequency	Maturity Date[6]	Notional Amount of Currency Received	Notional Amount of Currency Delivered	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value Asset	Swap Agreements, at Value Liability
MYC	Floating rate equal to 3-Month EUR-LIBOR less 0.27% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	06/19/2019	EUR 25,600	$ 29,027	$ 458	$ (214)	$ 244	$ 0
RYL	Floating rate equal to 3-Month GBP-LIBOR less 0.055% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	10/13/2026	GBP 1,000	1,220	29	5	34	0
TOR	Floating rate equal to 3-Month EUR-LIBOR less 0.265% based on the notional amount of currency received	Floating rate equal to 3-Month USD-LIBOR based on the notional amount of currency delivered	Maturity	06/19/2019	EUR 26,500	30,047	420	(167)	253	0
							$ 1,673	$ (736)	$ 937	$ 0

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	Swap Agreements, at Value Liability
JPM	Receive	3-Month KRW-KORIBOR	1.993%	Quarterly	07/10/2027	KRW 3,206,400	$ 0	$ (45)	$ 0	$ (45)
SOG	Receive	3-Month KRW-KORIBOR	2.030	Quarterly	07/10/2027	2,933,300	0	(50)	0	(50)
							$ 0	$ (95)	$ 0	$ (95)
Total Swap Agreements							**$ 1,250**	**$ (843)**	**$ 973**	**$ (566)**

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 December 31, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Market Value of OTC Derivatives	Collateral Pledged/ (Received)	Net Exposure[7]
AZD	$ 0	$ 0	$ 0	$ 0	$ (35)	$ 0	$ 0	$ (35)	$ (35)	$ 0	$ (35)
BOA	925	0	0	925	(935)	(14)	(6)	(955)	(30)	(420)	(450)
BPS	53	0	36	89	(35)	(2)	(133)	(170)	(81)	0	(81)
BRC	2	70	0	72	(48)	(4)	(103)	(155)	(83)	0	(83)
CBK	631	0	32	663	(883)	(126)	(29)	(1,038)	(375)	296	(79)
DUB	84	0	28	112	(160)	0	0	(160)	(48)	(50)	(98)
FBF	0	0	0	0	(14)	0	0	(14)	(14)	0	(14)
GLM	271	3	346	620	(905)	(17)	0	(922)	(302)	298	(4)
GST	0	0	0	0	0	(6)	(80)	(86)	(86)	0	(86)
HUS	210	0	0	210	(382)	0	(22)	(404)	(194)	0	(194)
IND	0	0	0	0	(243)	0	0	(243)	(243)	0	(243)
JPM	145	0	0	145	(73)	(4)	(132)	(209)	(64)	0	(64)
MSB	8	57	0	65	0	0	0	0	65	(20)	45
MYC	0	0	244	244	0	(2)	0	(2)	242	(430)	(188)
MYI	61	0	0	61	(108)	0	0	(108)	(47)	0	(47)
NGF	0	0	0	0	(5)	0	(11)	(16)	(16)	0	(16)
RBC	0	0	0	0	(22)	0	0	(22)	(22)	0	(22)
RYL	2	0	34	36	(10)	0	0	(10)	26	(5)	21
SCX	23	0	0	23	(17)	0	0	(17)	6	0	6
SOG	0	0	0	0	0	0	(50)	(50)	(50)	0	(50)
SSB	0	0	0	0	(10)	0	0	(10)	(10)	0	(10)
TOR	0	0	253	253	0	0	0	0	253	0	253
UAG	0	0	0	0	(470)	0	0	(470)	(470)	395	(75)
Total Over the Counter	**$ 2,415**	**$ 130**	**$ 973**	**$ 3,518**	**$ (4,355)**	**$ (175)**	**$ (566)**	**$ (5,096)**			

(n) Securities with an aggregate market value of $989 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of December 31, 2018.

(1) If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(3) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(4) The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(5) The prices and resulting values for credit default swap agreements serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(6) At the maturity date, the notional amount of the currency received will be exchanged back for the notional amount of the currency delivered.

(7) 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 December 31, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	**Credit Contracts**	**Equity Contracts**	**Foreign Exchange Contracts**	**Interest Rate Contracts**	**Total**
Financial Derivative Instruments - Assets						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 1	$ 1
Futures	0	0	0	0	333	333
Swap Agreements	0	28	0	0	306	334
	$ 0	$ 28	$ 0	$ 0	$ 640	$ 668
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 2,415	$ 0	$ 2,415
Purchased Options	0	0	0	130	0	130
Swap Agreements	0	36	0	937	0	973
	$ 0	$ 36	$ 0	$ 3,482	$ 0	$ 3,518
	$ 0	$ 64	$ 0	$ 3,482	$ 640	$ 4,186
Financial Derivative Instruments - Liabilities						
Exchange-traded or centrally cleared						
Futures	$ 0	$ 0	$ 0	$ 0	$ 307	$ 307
Swap Agreements	0	197	0	0	660	857
	$ 0	$ 197	$ 0	$ 0	$ 967	$ 1,164
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 4,355	$ 0	$ 4,355
Written Options	0	51	0	124	0	175
Swap Agreements	0	471	0	0	95	566
	$ 0	$ 522	$ 0	$ 4,479	$ 95	$ 5,096
	$ 0	$ 719	$ 0	$ 4,479	$ 1,062	$ 6,260

The effect of Financial Derivative Instruments on the Statement of Operations for the period ended December 31, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 45	$ 45
Written Options	0	0	0	0	94	94
Futures	0	0	0	0	(2,588)	(2,588)
Swap Agreements	0	(2,441)	0	0	14,130	11,689
	$ 0	$ (2,441)	$ 0	$ 0	$ 11,681	$ 9,240
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 7,516	$ 0	$ 7,516
Purchased Options	0	0	0	40	(104)	(64)
Written Options	0	74	0	780	35	889
Swap Agreements	0	(85)	0	5,197	(23)	5,089
	$ 0	$ (11)	$ 0	$ 13,533	$ (92)	$ 13,430
	$ 0	$ (2,452)	$ 0	$ 13,533	$ 11,589	$ 22,670
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ (13)	$ (13)
Written Options	0	0	0	0	(25)	(25)
Futures	0	0	0	0	(40)	(40)
Swap Agreements	0	2,809	0	0	(4,777)	(1,968)
	$ 0	$ 2,809	$ 0	$ 0	$ (4,855)	$ (2,046)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 2,182	$ 0	$ 2,182
Purchased Options	0	0	0	18	104	122
Written Options	0	(8)	0	(116)	(17)	(141)
Swap Agreements	0	42	0	(4,356)	(182)	(4,496)
	$ 0	$ 34	$ 0	$ (2,272)	$ (95)	$ (2,333)
	$ 0	$ 2,843	$ 0	$ (2,272)	$ (4,950)	$ (4,379)

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of December 31, 2018 in valuing the Portfolio's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2018
Investments in Securities, at Value				
Argentina				
Sovereign Issues	$ 0	$ 735	$ 0	$ 735
Australia				
Asset-Backed Securities	0	532	0	532
Corporate Bonds & Notes	0	299	0	299
Sovereign Issues	0	103	0	103
Brazil				
Corporate Bonds & Notes	0	2,772	0	2,772
Canada				
Corporate Bonds & Notes	0	9,103	0	9,103
Non-Agency Mortgage-Backed Securities	0	1,004	0	1,004
Sovereign Issues	0	10,751	0	10,751
Cayman Islands				
Asset-Backed Securities	0	14,119	0	14,119
Corporate Bonds & Notes	0	1,959	0	1,959
Denmark				
Corporate Bonds & Notes	0	15,298	0	15,298
France				
Corporate Bonds & Notes	0	9,216	0	9,216
Sovereign Issues	0	10,470	0	10,470
Germany				
Corporate Bonds & Notes	0	5,473	0	5,473
Guernsey, Channel Islands				
Corporate Bonds & Notes	0	786	0	786
Hong Kong				
Corporate Bonds & Notes	$ 0	$ 901	$ 0	$ 901
India				
Corporate Bonds & Notes	0	199	0	199
Indonesia				
Corporate Bonds & Notes	0	304	0	304
Ireland				
Asset-Backed Securities	0	2,399	0	2,399
Corporate Bonds & Notes	0	3,991	0	3,991
Sovereign Issues	0	1,048	0	1,048
Israel				
Sovereign Issues	0	786	0	786
Italy				
Corporate Bonds & Notes	0	3,804	0	3,804
Sovereign Issues	0	8,071	0	8,071
Japan				
Corporate Bonds & Notes	0	8,374	0	8,374
Sovereign Issues	0	15,747	0	15,747
Jersey, Channel Islands				
Corporate Bonds & Notes	0	1,092	0	1,092
Kuwait				
Sovereign Issues	0	2,989	0	2,989
Lithuania				
Sovereign Issues	0	1,059	0	1,059
Luxembourg				
Asset-Backed Securities	0	199	0	199
Corporate Bonds & Notes	0	1,492	0	1,492

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2018
Multinational				
Corporate Bonds & Notes	$ 0	$ 930	$ 0	$ 930
Netherlands				
Asset-Backed Securities	0	767	0	767
Corporate Bonds & Notes	0	9,330	0	9,330
Norway				
Corporate Bonds & Notes	0	1,589	0	1,589
Sovereign Issues	0	221	0	221
Poland				
Sovereign Issues	0	1,787	0	1,787
Portugal				
Corporate Bonds & Notes	0	100	0	100
Qatar				
Corporate Bonds & Notes	0	408	0	408
Sovereign Issues	0	5,732	0	5,732
Saudi Arabia				
Sovereign Issues	0	9,740	0	9,740
Singapore				
Corporate Bonds & Notes	0	3,321	0	3,321
Slovenia				
Sovereign Issues	0	6,636	0	6,636
South Korea				
Corporate Bonds & Notes	0	391	0	391
Sovereign Issues	0	202	0	202
Spain				
Asset-Backed Securities	0	163	0	163
Corporate Bonds & Notes	0	3,899	0	3,899
Sovereign Issues	0	11,759	0	11,759
Supranational				
Corporate Bonds & Notes	0	575	0	575
Sweden				
Corporate Bonds & Notes	0	26,033	0	26,033
Switzerland				
Corporate Bonds & Notes	0	5,268	0	5,268
Sovereign Issues	0	453	0	453
United Arab Emirates				
Corporate Bonds & Notes	0	687	0	687
Sovereign Issues	0	1,348	0	1,348
United Kingdom				
Corporate Bonds & Notes	0	29,935	0	29,935
Non-Agency Mortgage-Backed Securities	0	9,068	0	9,068
Preferred Securities	0	171	0	171
Sovereign Issues	0	12,576	0	12,576
United States				
Asset-Backed Securities	$ 0	$ 29,885	$ 0	$ 29,885
Corporate Bonds & Notes	0	88,733	0	88,733
Loan Participations and Assignments	0	1,026	0	1,026
Municipal Bonds & Notes	0	140	0	140
Non-Agency Mortgage-Backed Securities	0	8,699	0	8,699
U.S. Government Agencies	0	98,176	0	98,176
U.S. Treasury Obligations	0	37,398	0	37,398
Short-Term Instruments				
Repurchase Agreements	0	381	0	381
Argentina Treasury Bills	0	379	0	379
France Treasury Bills	0	29,110	0	29,110
Japan Treasury Bills	0	22,267	0	22,267
Netherlands Treasury Bills	0	2,752	0	2,752
	$ 0	$ 597,110	$ 0	$ 597,110
Investments in Affiliates, at Value				
Short-Term Instruments				
Central Funds Used for Cash Management Purposes	$ 18,179	$ 0	$ 0	$ 18,179
Total Investments	$ 18,179	$ 597,110	$ 0	$ 615,289
Short Sales, at Value - Liabilities				
Canada				
Sovereign Issues	$ 0	$ (5,621)	$ 0	$ (5,621)
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	333	326	0	659
Over the counter	0	3,518	0	3,518
	$ 333	$ 3,844	$ 0	$ 4,177
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	(307)	(857)	0	(1,164)
Over the counter	0	(5,096)	0	(5,096)
	$ (307)	$ (5,953)	$ 0	$ (6,260)
Total Financial Derivative Instruments	$ 26	$ (2,109)	$ 0	$ (2,083)
Totals	$ 18,205	$ 589,380	$ 0	$ 607,585

There were no significant transfers into or out of Level 3 during the period ended December 31, 2018.

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) (formerly the PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged)) (the "Portfolio") offered by the Trust. Pacific Investment Management Company LLC ("PIMCO") serves as the investment adviser (the "Adviser") for the Portfolio.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Portfolio in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Portfolio is treated as an investment company under the reporting requirements of U.S. GAAP. The functional and reporting currency for the Portfolio is the U.S. dollar. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

(a) Securities Transactions and Investment Income Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled beyond a standard settlement period for the security after the trade date. Realized gains (losses) from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Portfolio is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortization of premiums, is recorded on the accrual basis from settlement date, with the exception of securities with a forward starting effective date, where interest income is recorded on the accrual basis from effective date. For convertible securities, premiums attributable to the conversion feature are not amortized. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized appreciation (depreciation) on investments on the Statement of Operations, as appropriate. Tax liabilities realized as a result of such security sales are reflected as a component of net realized gain (loss) on investments on the Statement of Operations. Paydown gains (losses) on mortgage-related and other asset-backed securities, if any, are recorded as components of interest income on the Statement of Operations. Income or short-term capital gain distributions received from registered investment companies, if any, are recorded as dividend income. Long-term capital gain distributions received from registered investment companies, if any, are recorded as realized gains.

Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is probable.

(b) 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 good accounting practices, the Portfolio will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. For these purposes, the Portfolio estimates the source or sources from which a distribution is paid, to the close of the period as of which it is paid, in reference to its internal accounting records and related accounting practices. If, based on such accounting records and practices, it is estimated that a particular distribution does not include capital gains or paid-in surplus or other capital sources, a Section 19 Notice generally would not be issued. It is important to note that differences exist between the Portfolio's daily internal accounting records and practices, the Portfolio's financial statements presented in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. For instance, the Portfolio's internal accounting records and practices may take into account, among other factors, tax-related characteristics of certain sources of distributions that differ from treatment under U.S. GAAP. Examples of such differences may include, among others, the treatment of paydowns on mortgage-backed securities purchased at a discount and periodic payments under interest rate swap contracts. Accordingly, among other consequences, it is possible that the Portfolio may not issue a Section 19 Notice in situations where the Portfolio's financial statements prepared later and in accordance with U.S. GAAP and/or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital. Final determination of a distribution's tax character will be provided to shareholders when such information is available.

Distributions classified as a tax basis return of capital, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital 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 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"), ASU 2016-15, which amends Accounting Standards Codification ("ASC") 230 to clarify guidance on the classification of certain cash receipts and cash payments in the Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In November 2016, the FASB issued ASU 2016-18 which amends ASC 230 to provide guidance on the classification and presentation of changes in restricted cash and restricted cash equivalents on the Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In March 2017, the FASB issued ASU 2017-08 which provides guidance related to the amortization period for certain purchased callable debt securities held at a premium. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In August 2018, the FASB issued ASU 2018-13 which modifies certain disclosure requirements for fair value measurements in 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.

In August 2018, the U.S. Securities and Exchange Commission ("SEC") adopted amendments to certain rules and forms for the purpose of disclosure update and simplification. The compliance date for these amendments is 30 days after date of publication in the Federal Register, which was on October 4, 2018. Management has adopted these amendments and the changes are incorporated throughout all periods presented in 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 ("NYSE Close"). Information that becomes known to the Portfolio or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. The Portfolio reserves the right to change the time as of which its NAV is calculated if the Portfolio closes earlier, or as permitted by the SEC.

For purposes of calculating a NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Portfolio's approved pricing services, quotation reporting systems and other third-party sources (together, "Pricing Services"). The Portfolio will normally use pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. If market value pricing is used, a foreign (non-U.S.) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by the Adviser to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services. The Portfolio's investments in open-end management investment companies, other than exchange-traded funds ("ETFs"), are valued at the NAVs of such investments. Open-end management investment companies may include affiliated funds.

If a foreign (non-U.S.) equity security's value has materially changed after the close of the security's primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees of the Trust (the "Board"). Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, the Portfolio may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, the Portfolio may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. The Portfolio may utilize modeling tools provided by third-party vendors to determine fair values of foreign (non-U.S.) securities. For these purposes, any movement in the applicable reference index or instrument ("zero trigger") between the earlier close of the applicable foreign market and the NYSE Close may be deemed to be a significant event, prompting the application of the pricing model (effectively resulting in daily fair valuations). Foreign exchanges may permit trading in foreign (non-U.S.) equity securities on days when the Trust is not open for business, which may result in the Portfolio's portfolio investments being affected when shareholders are unable to buy or sell shares.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree will be valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Service. Senior secured floating rate loans for which an active secondary market does not exist to a reliable degree will be valued at fair value, which is intended to approximate market value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

Investments valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from Pricing Services. As a result, the value of such investments and, in turn, the NAV of the Portfolio's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of investments traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the Trust is not open for business. As a result, to the extent that the Portfolio holds foreign (non-U.S.) investments, the value of those investments may change at times when shareholders are unable to buy or sell shares and the value of such investments will be reflected in the Portfolio's next calculated NAV.

Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to the Adviser the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the 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. The tables below show the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended December 31, 2018 (amounts in thousands†):

Investment in PIMCO Short Asset Portfolio

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 12/31/2018	Dividend Income(1)	Realized Net Capital Gain Distributions(1)
$ 10,777	$ 309	$ 0	$ 0	$ (98)	$ 10,988	$ 297	$ 13

Investment in PIMCO Short-Term Floating NAV Portfolio III

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 12/31/2018	Dividend Income(1)	Realized Net Capital Gain Distributions(1)
$ 7,671	$ 188,012	$ (188,500)	$ 7	$ 1	$ 7,191	$ 312	$ 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.

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. Zero coupon securities do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities.

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. Government) include FNMA and the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). FNMA is a government-sponsored corporation. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC issues Participation Certificates ("PCs"), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. Government.

Roll-timing strategies can be used where the Portfolio seeks to extend the expiration or maturity of a position, such as a TBA security on an underlying asset, by closing out the position before expiration and opening a new position with respect to substantially the same underlying asset with a later expiration date. TBA securities purchased or sold are reflected on the Statement of Assets and Liabilities as an asset or liability, respectively.

5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

The Portfolio may enter into the borrowings and other financing transactions described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on the Portfolio's ability to lend or borrow cash or securities to the extent permitted under the Act, which may be viewed as borrowing or financing transactions by the Portfolio. The location of these instruments in the Portfolio's financial statements is described below.

(a) Repurchase Agreements Under the terms of a typical repurchase agreement, the Portfolio purchases an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Portfolio to resell, the obligation at an agreed-upon price and time. In an open maturity repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The underlying securities for all repurchase agreements are held by the Portfolio's custodian or designated subcustodians under tri-party repurchase agreements and in certain instances will remain in custody with the counterparty. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Repurchase agreements, if any, including accrued interest, are included on the Statement of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statement of Operations. In periods of increased demand for collateral, the Portfolio may pay a fee for the receipt of collateral, which may result in interest expense to the Portfolio.

(b) Reverse Repurchase Agreements In a reverse repurchase agreement, the Portfolio delivers a security in exchange for cash to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. In an open maturity reverse repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The Portfolio is entitled to receive principal and interest payments, if any, made on the security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by the Portfolio to counterparties are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made by the Portfolio to counterparties are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, the Portfolio may receive a fee for use of the security by the counterparty, which may result in interest income to the Portfolio. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under reverse repurchase agreements.

(c) Sale-Buybacks A sale-buyback financing transaction consists of a sale of a security by the Portfolio to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed-upon price and date. The Portfolio is not entitled to receive principal and interest payments, if any, made on the security sold to the counterparty during the term of the agreement. The agreed-upon proceeds for securities to be repurchased by the Portfolio are reflected as a liability on the Statement of Assets and Liabilities. The Portfolio will recognize net income represented by the price differential between the price received for the transferred security and the agreed-upon repurchase price. This is commonly referred to as the 'price drop'. A price drop consists of (i) the foregone interest and inflationary income adjustments, if any, the Portfolio would have otherwise received had the security not been sold and (ii) the negotiated financing terms between the Portfolio and counterparty. Foregone interest and inflationary income adjustments, if any, are recorded as components of interest income on the Statement of Operations. Interest payments based upon negotiated financing terms made by the Portfolio to counterparties are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, the Portfolio may receive a fee for use of the security by the counterparty, which may result in interest income to the Portfolio. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under sale-buyback transactions.

(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. The Portfolio may use futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. The primary risks associated with the use of futures contracts are the imperfect correlation between the change in market value of the securities held by the Portfolio and the prices of futures contracts and the possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, the Portfolio is required to deposit with its futures broker an amount of cash, U.S. Government and Agency Obligations, or select sovereign debt, in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and based on such movements in the price of the contracts, an appropriate payable or receivable for the change in value may be posted or collected by the Portfolio ("Futures Variation Margin"). Gains (losses) are recognized but not considered realized until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of the Futures Variation Margin included within exchange traded or centrally cleared financial derivative instruments on the Statement of Assets and Liabilities.

(c) Options Contracts may be written or purchased to enhance returns or to hedge an existing position or future investment. The Portfolio may write call and put options on securities and financial derivative instruments it owns or in which it may invest. Writing put options tends to increase the Portfolio's exposure to the underlying instrument. Writing call options tends to decrease the Portfolio's exposure to the underlying instrument. When the Portfolio writes a call or put, an amount equal to the premium received is recorded and subsequently marked to market to reflect the current value of the option written. These amounts are included on the Statement of Assets and Liabilities. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying futures, swap, security or currency transaction to determine the realized gain (loss). Certain options may be written with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The Portfolio as a writer of an option has no control over whether the underlying instrument may be sold ("call") or purchased ("put") and as a result bears the market risk of an unfavorable change in the price of the instrument underlying the written option. There is the risk the Portfolio may not be able to enter into a closing transaction because of an illiquid market.

Purchasing call options tends to increase the Portfolio's exposure to the underlying instrument. Purchasing put options tends to decrease the Portfolio's exposure to the underlying instrument. The Portfolio pays a premium which is included as an asset on the Statement of Assets and Liabilities and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. Certain options may be purchased with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The risk associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain (loss) when the underlying transaction is executed.

Credit Default Swaptions may be written or purchased to hedge exposure to the credit risk of an investment without making a commitment to the underlying instrument. A credit default swaption is an option to sell or buy credit protection on a specific reference by entering into a pre-defined swap agreement by some specified date in the future.

Foreign Currency Options may be written or purchased to be used as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies.

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.

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.

Cross-Currency Swap Agreements are entered into to gain or mitigate exposure to currency risk. Cross-currency swap agreements involve two parties exchanging two different currencies with an agreement to reverse the exchange at a later date at specified exchange rates. The exchange of currencies at the inception date of the contract takes place at the current spot rate. The re-exchange at maturity may take place at the same exchange rate, a specified rate, or the then current spot rate. Interest payments, if applicable, are made between the parties based on interest rates available in the two currencies at the inception of the contract. The terms of cross-currency swap contracts may extend for many years. Cross-currency swaps are usually negotiated with commercial and investment banks. Some cross-currency swaps may not provide for exchanging principal cash flows, but only for exchanging interest cash flows.

Interest Rate Swap Agreements may be entered into to help hedge against interest rate risk exposure and to maintain the Portfolio's ability to generate income at prevailing market rates. The value of the fixed rate bonds that the Portfolio holds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolio may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by the Portfolio with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap", (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor", (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the buyer pays an upfront fee in consideration for the right to early terminate the swap transaction in whole, at zero cost and at a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different segments of money markets.

Volatility Swap Agreements are also known as forward volatility agreements and volatility swaps and are agreements in which the counterparties agree to make payments in connection with changes in the volatility (i.e., the magnitude of change over a specified period of time) of an underlying referenced instrument, such as a currency, rate, index, security or other financial instrument. Volatility swaps permit the parties to attempt to hedge volatility risk and/or take positions on the projected future volatility of an underlying referenced instrument. For example, the Portfolio may enter into a volatility swap in order to take the position that the referenced instrument's volatility will increase over a particular period of time. If the referenced instrument's volatility does increase over the specified time, the Portfolio will receive payment from its counterparty based upon the amount by which the referenced instrument's realized volatility level exceeds a volatility level agreed upon by the parties. If the referenced instrument's volatility does not increase over the specified time, the Portfolio will make a payment to the counterparty based upon the amount by which the referenced instrument's realized volatility level falls below the volatility level agreed upon by the parties. At the maturity date, a net cash flow is exchanged, where the payoff amount is equivalent to the difference between the realized price volatility of the referenced instrument and the strike multiplied by the notional amount. As a receiver of the realized price volatility, the Portfolio would receive the payoff amount when the realized price volatility of the referenced instrument is greater than the strike and would owe the payoff amount when the volatility is less than the strike. As a payer of the realized price volatility, the Portfolio would owe the payoff amount when the realized price volatility of the referenced instrument is greater than the strike and would receive the payoff amount when the volatility is less than the strike. Payments on a volatility swap will be greater if they are based upon the mathematical square of volatility (i.e., the measured volatility multiplied by itself, which is referred to as "variance"). This type of volatility swap is frequently referred to as a variance swap.

7. PRINCIPAL RISKS

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are listed below. Please see "Description of Principal Risks" in the Portfolio's prospectus for a more detailed description of the risks of investing in the Portfolio.

Interest Rate Risk is the risk that fixed income securities will decline in value because of an increase in interest rates; a portfolio with a longer average portfolio duration will be more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

Call Risk is the risk that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security that the Portfolio has invested in, the Portfolio may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

Credit Risk is the risk that the Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

High Yield Risk is the risk that high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit, call and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity.

Market Risk is the risk that the value of securities owned by the Portfolio may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

Issuer Risk is the risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

Liquidity Risk is the risk that a particular investment may be difficult to purchase or sell and that the Portfolio may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal, causing increased supply in the market due to selling activity.

Derivatives Risk is the risk of investing in derivative instruments (such as futures, swaps and structured securities), including leverage, liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity. Changes in the value of the derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and the Portfolio could lose more than the initial amount invested. The Portfolio's use of derivatives may result in losses to the Portfolio, a reduction in the Portfolio's returns and/or increased volatility. Over-the-counter ("OTC") derivatives are also subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally-cleared derivative transactions might not be available for OTC derivatives. For derivatives traded on an exchange or through a central counterparty, credit risk resides with the Portfolio's clearing broker, or the clearinghouse itself, rather than with a counterparty in an OTC derivative transaction. Changes in regulation relating to a mutual fund's use of derivatives and related instruments could potentially limit or impact the Portfolio's ability to invest in derivatives, limit the Portfolio's ability to employ certain strategies that use derivatives and/or adversely affect the value of derivatives and the Portfolio's performance.

Equity Risk is the risk that the value of equity securities, such as common stocks and preferred securities, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

Mortgage-Related and Other Asset-Backed Securities Risk is the risk of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk, prepayment risk and credit risk.

Foreign (Non-U.S.) Investment Risk is the risk that investing in foreign (non-U.S.) securities may result in the Portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies, due to smaller markets, differing reporting, accounting and auditing standards, increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities, and the risk of unfavorable foreign government actions, including nationalization, expropriation or confiscatory taxation, currency blockage, or political changes or diplomatic developments. Foreign securities may also be less liquid and more difficult to value than securities of U.S. issuers.

Emerging Markets Risk is the risk of investing in emerging market securities, primarily increased foreign (non-U.S.) investment risk.

Sovereign Debt Risk is the risk that investments in fixed income instruments issued by sovereign entities may decline in value as a result of default or other adverse credit event resulting from an issuer's inability or unwillingness to make principal or interest payments in a timely fashion.

Currency Risk is the risk that foreign (non-U.S.) currencies will change in value relative to the U.S. dollar and affect the Portfolio's investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.

Issuer Non-Diversification Risk is the risk of focusing investments in a small number of issuers, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be. Portfolios that are "non-diversified" may invest a greater percentage of their assets in the securities of a single issuer (such as bonds issued by a particular state) than portfolios that are "diversified".

Leveraging Risk is the risk that certain transactions of the Portfolio, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the Portfolio to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.

Management Risk is the risk that the investment techniques and risk analyses applied by PIMCO will not produce the desired results and that legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to PIMCO and the individual portfolio manager in connection with managing the Portfolio. There is no guarantee that the investment objective of the Portfolio will be achieved.

Short Exposure Risk is the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale will not fulfill its contractual obligations, causing a loss to the Portfolio.

8. MASTER NETTING ARRANGEMENTS

The Portfolio may be subject to various netting arrangements ("Master Agreements") with select counterparties. Master Agreements govern the terms of certain transactions, and are intended to reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that is intended to improve legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organization, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Portfolio to close out and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Statement of Assets and Liabilities generally presents derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under most Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant Master Agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to $250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other 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.

Each Trustee, other than those affiliated with PIMCO or its affiliates, receives an annual retainer of $41,200, plus $4,250 for each Board meeting attended in person, $850 for each committee meeting attended and $750 for each Board meeting attended telephonically, plus reimbursement of related expenses. In addition, the audit committee chair receives an additional annual retainer of $8,000, the valuation oversight committee lead receives an additional annual retainer of $8,500 (to the extent there are co-leads of the valuation oversight committee, the annual retainer will be split evenly between the co-leads, so that each co-lead individually receives an additional retainer of $4,250) and each other committee chair receives an additional annual retainer of $5,500. The Lead Independent Trustee receives an annual retainer of $7,000.

These expenses are allocated on a pro rata basis to each Portfolio of the Trust according to its respective net assets. The Trust pays no compensation directly to any Trustee or any other officer who is affiliated with the Administrator, all of whom receive remuneration for their services to the Trust from the Administrator or its affiliates.

(e) Expense Limitation Pursuant to the Expense Limitation Agreement, PIMCO has agreed to waive a portion of the Portfolio's Supervisory and Administrative Fee, or reimburse the Portfolio, to the extent that the Portfolio's organizational expenses, pro rata share of expenses related to obtaining or maintaining a Legal Entity Identifier and pro rata share of Trustee Fees exceed 0.0049%, the "Expense Limit" (calculated as a percentage of the Portfolio's average daily net assets attributable to each class). The Expense Limitation Agreement will automatically renew for one-year terms unless PIMCO provides written notice to the Trust at least 30 days prior to the end of the then current term.

Under certain conditions, PIMCO may be reimbursed for amounts waived pursuant to the Expense Limitation Agreement in future periods, not to exceed thirty-six months after the waiver. At December 31, 2018, there were no recoverable amounts.

10. RELATED PARTY TRANSACTIONS

The Adviser, Administrator, and Distributor are related parties. Fees paid to these parties are disclosed in Note 9, Fees and Expenses, and the accrued related party fee amounts are disclosed on the Statement of Assets and Liabilities.

The Portfolio is permitted to purchase or sell securities from or to certain related affiliated portfolios under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Portfolio from or to another fund or portfolio that are, or could be, considered an affiliate, or an affiliate of an affiliate, by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 under the Act. Further, as defined under the procedures, each transaction is effected at the current market price. Purchases and sales of securities pursuant to Rule 17a-7 under the Act for the period ended December 31, 2018, were as follows (amounts in thousands†):

Purchases	Sales
$ 9,628	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.

11. GUARANTEES AND INDEMNIFICATIONS

Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust (including the Trust's investment manager) is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Portfolio. Additionally, in the normal course of business, the Portfolio enters into contracts that contain a variety of indemnification clauses. The Portfolio's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Portfolio that have not yet occurred. However, the Portfolio has not had prior claims or losses pursuant to these contracts.

12. PURCHASES AND SALES OF SECURITIES

The length of time the Portfolio has held a particular security is not generally a consideration in investment decisions. A change in the securities held by the Portfolio is known as "portfolio turnover." The Portfolio may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover may involve correspondingly greater transaction costs to the Portfolio, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are generally taxed at ordinary income tax rates). The transaction costs and tax effects associated with portfolio turnover may adversely affect a shareholder'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 December 31, 2018, were as follows (amounts in thousands†):

U.S. Government/Agency		All Other	
Purchases	Sales	Purchases	Sales
$ 883,854	$ 808,988	$ 151,770	$ 135,886

† 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†):

	Year Ended 12/31/2018		Year Ended 12/31/2017	
	Shares	Amount	Shares	Amount
Receipts for shares sold				
Institutional Class	124	$ 1,359	165	$ 1,831
Administrative Class	3,018	32,763	2,644	29,459
Advisor Class	2,955	32,037	7,258	80,646
Issued as reinvestment of distributions				
Institutional Class	12	130	30	321
Administrative Class	116	1,264	335	3,626
Advisor Class	638	6,925	1,827	19,788
Cost of shares redeemed				
Institutional Class	(68)	(743)	(31)	(341)
Administrative Class	(3,016)	(32,728)	(1,700)	(18,862)
Advisor Class	(2,552)	(27,689)	(86)	(952)
Net increase (decrease) resulting from Portfolio share transactions	1,227	$ 13,318	10,442	$ 115,516

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of December 31, 2018, 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 December 31, 2018, the Portfolio has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

The Portfolio files U.S. federal, state, and local tax returns as required. The Portfolio's tax returns are subject to examination by relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Shares of the Portfolio currently are sold to segregated asset accounts ("Separate Accounts") of insurance companies that fund variable annuity contracts and variable life insurance policies ("Variable Contracts"). Please refer to the prospectus for the Separate Account and Variable Contract for information regarding Federal income tax treatment of distributions to the Separate Account.

As of December 31, 2018, the components of distributable taxable earnings are as follows (amounts in thousands†):

	Undistributed Ordinary Income(1)	Undistributed Long-Term Capital Gains	Net Tax Basis Unrealized Appreciation/ (Depreciation)(2)	Other Book-to-Tax Accounting Differences(3)	Accumulated Capital Losses(4)	Qualified Late-Year Loss Deferral - Capital(5)	Qualified Late-Year Loss Deferral - Ordinary(6)
PIMCO International Bond Portfolio (U.S. Dollar-Hedged)	$ 8,939	$ 0	($ 5,656)	$ 0	$ 0	$ 0	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.
(1) Includes undistributed short-term capital gains, if any.
(2) Adjusted for open wash sale loss deferrals and the accelerated recognition of unrealized gain or loss on certain futures, options and forward contracts for federal income tax, purposes. Also adjusted for differences between book and tax realized and unrealized gain (loss) on swap contracts, sale/buyback transactions, convertible preferred securities, straddle loss deferrals, and Lehman securities.
(3) Represents differences in income tax regulations and financial accounting principles generally accepted in the United States of America.
(4) Capital losses available to offset future net capital gains expire in varying amounts as shown below.
(5) Capital losses realized during the period November 1, 2018 through December 31, 2018 which the Portfolio elected to defer to the following taxable year pursuant to income tax regulations.
(6) Specified losses realized during the period November 1, 2018 through December 31, 2018 which the Portfolio elected to defer to the following taxable year pursuant to income tax regulations.

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 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 December 31, 2018, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for federal income tax purposes are as follows (amounts in thousands†):

	Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)(7)
PIMCO International Bond Portfolio (U.S. Dollar-Hedged)	$ 619,014	$ 19,864	($ 25,393)	($ 5,529)

† A zero balance may reflect actual amounts rounding to less than one thousand.
(7) Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) on investments are attributable to open wash sale loss deferrals, unrealized gain or loss on certain futures, options and forward contracts, sale/buyback transactions, realized and unrealized gain (loss) swap contracts, convertible preferred securities, straddle loss deferrals, and Lehman securities.

For the fiscal year ended December 31, 2018 and December 31, 2017, respectively, the Portfolio made the following tax basis distributions (amounts in thousands†):

	December 31, 2018			December 31, 2017		
	Ordinary Income Distributions(8)	Long-Term Capital Gain Distributions	Return of Capital(9)	Ordinary Income Distributions(8)	Long-Term Capital Gain Distributions	Return of Capital(9)
PIMCO International Bond Portfolio (U.S. Dollar-Hedged)	$ 6,594	$ 1,726	$ 0	$ 23,627	$ 108	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.
(8) Includes short-term capital gains distributed, if any.
(9) A portion of the distributions made represents a tax return of capital. Return of capital distributions have been reclassified from undistributed net investment income to paid-in capital to more appropriately conform financial accounting to tax accounting.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of PIMCO Variable Insurance Trust and Shareholders of PIMCO International Bond Portfolio (U.S. Dollar-Hedged)

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of PIMCO International Bond Portfolio (U.S. Dollar-Hedged) (one of the portfolios constituting PIMCO Variable Insurance Trust, referred to hereafter as the "Portfolio") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statement of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the periods indicated therein (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the periods indicated therein in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Kansas City, Missouri

February 20, 2019

We have served as the auditor of one or more investment companies in PIMCO Variable Insurance Trust since 1998.

Glossary: (abbreviations that may be used in the preceding statements)

Counterparty Abbreviations:

AZD	Australia and New Zealand Banking Group	**GRE**	RBS Securities, Inc.	**RBC**	Royal Bank of Canada
BOA	Bank of America N.A.	**GST**	Goldman Sachs International	**RYL**	Royal Bank of Scotland Group PLC
BPS	BNP Paribas S.A.	**HUS**	HSBC Bank USA N.A.	**SCX**	Standard Chartered Bank
BRC	Barclays Bank PLC	**IND**	Crédit Agricole Corporate and Investment Bank S.A.	**SOG**	Societe Generale
CBK	Citibank N.A.	**JPM**	JPMorgan Chase Bank N.A.	**SSB**	State Street Bank and Trust Co.
DUB	Deutsche Bank AG	**MSB**	Morgan Stanley Bank, N.A	**TDM**	TD Securities (USA) LLC
FBF	Credit Suisse International	**MYC**	Morgan Stanley Capital Services, Inc.	**TOR**	Toronto Dominion Bank
FICC	Fixed Income Clearing Corporation	**MYI**	Morgan Stanley & Co. International PLC	**UAG**	UBS AG Stamford
GLM	Goldman Sachs Bank USA	**NGF**	Nomura Global Financial Products, Inc.		

Currency Abbreviations:

ARS	Argentine Peso	**DKK**	Danish Krone	**NZD**	New Zealand Dollar
AUD	Australian Dollar	**EUR**	Euro	**PLN**	Polish Zloty
BRL	Brazilian Real	**GBP**	British Pound	**RON**	Romanian New Leu
CAD	Canadian Dollar	**IDR**	Indonesian Rupiah	**RUB**	Russian Ruble
CHF	Swiss Franc	**JPY**	Japanese Yen	**SEK**	Swedish Krona
CLP	Chilean Peso	**KRW**	South Korean Won	**TWD**	Taiwanese Dollar
CNH	Chinese Renminbi (Offshore)	**MXN**	Mexican Peso	**USD (or $)**	United States Dollar
COP	Colombian Peso	**NOK**	Norwegian Krone	**ZAR**	South African Rand

Exchange Abbreviations:

CBOT	Chicago Board of Trade	**OTC**	Over the Counter

Index/Spread Abbreviations:

BADLARPP	Argentina Badlar Floating Rate Notes	**CDX.HY**	Credit Derivatives Index - High Yield	**LIBOR03M**	3 Month USD-LIBOR
BBSW1M	1 Month Bank Bill Swap Rate	**CDX.IG**	Credit Derivatives Index - Investment Grade	**US0003M**	3 Month USD Swap Rate
CDX.EM	Credit Derivatives Index - Emerging Markets				

Other Abbreviations:

ABS	Asset-Backed Security	**CLO**	Collateralized Loan Obligation	**Lunar**	Monthly payment based on 28-day periods. One year consists of 13 periods.
ALT	Alternate Loan Trust	**DAC**	Designated Activity Company	**NCUA**	National Credit Union Administration
BABs	Build America Bonds	**EURIBOR**	Euro Interbank Offered Rate	**OAT**	Obligations Assimilables du Trésor
BBR	Bank Bill Rate	**JIBAR**	Johannesburg Interbank Agreed Rate	**OIS**	Overnight Index Swap
BBSW	Bank Bill Swap Reference Rate	**KORIBOR**	Korea Interbank Offered Rate	**TBA**	To-Be-Announced
BTP	Buoni del Tesoro Poliennali	**LIBOR**	London Interbank Offered Rate	**TIIE**	Tasa de Interés Interbancaria de Equilibrio "Equilibrium Interbank Interest Rate"
CDI	Brazil Interbank Deposit Rate				

Federal Income Tax Information

(Unaudited)

As required by the Internal Revenue Code (the "Code") and Treasury Regulations, if applicable, shareholders must be notified regarding the status of qualified dividend income and the dividend received deduction.

Dividend Received Deduction. Corporate shareholders are generally entitled to take the dividend received deduction on the portion of a Fund's dividend distribution that qualifies under tax law. The percentage of the following Portfolio's fiscal 2018 ordinary income dividend that qualifies for the corporate dividend received deduction is set forth in the table below.

Qualified Dividend Income. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), the percentage of ordinary dividends paid during the calendar year designated as "qualified dividend income", as defined in the Act, subject to reduced tax rates in 2018 is set forth for the Portfolio in the table below.

Qualified Interest Income and Qualified Short-Term Capital Gain (for non-U.S. resident shareholders only). Under the American Jobs Creation Act of 2004, the amounts of ordinary dividends paid during the fiscal year ended December 31, 2018 considered to be derived from "qualified interest income," as defined in Section 871(k)(1)(E) of the Code, and therefore designated as interest-related dividends, as defined in Section 871(k)(1)(C) of the Code are set forth in the table below. Further, the amounts of ordinary dividends paid during the fiscal year ended December 31, 2018 considered to be derived from "qualified short-term capital gain," as defined in Section 871(k)(2)(D) of the Code, and therefore designated as qualified short-term gain dividends, as defined by Section 871(k)(2)(C) of the Code are also set forth in the table below.

	Dividend Received Deduction %	Qualified Dividend Income %	Qualified Interest Income (000s†)	Qualified Short-Term Capital Gain (000s†)
PIMCO International Bond Portfolio (U.S. Dollar-Hedged)	0.00%	0.00%	$ 6,590	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.

Shareholders are advised to consult their own tax advisor with respect to the tax consequences of their investment in the Trust. In January 2019, you will be advised on IRS Form 1099-DIV as to the federal tax status of the dividends and distributions received by you in calendar year 2018.

Management of the Trust

The charts below identify the Trustees and executive officers of the Trust. Unless otherwise indicated, the address of all persons below is 650 Newport Center Drive, Newport Beach, CA 92660.

The Portfolio's Statement of Additional Information includes more information about the Trustees and Officers. To request a free copy, call PIMCO at (888) 87-PIMCO or visit the Portfolio's website at www.pimco.com/pvit.

Name, Year of Birth and Position Held with Trust*	Term of Office and Length of Time Served†	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Public Company and Investment Company Directorships Held by Trustee During the Past 5 Years
Interested Trustees[1]				
Peter G. Strelow (1970)** *Chairman of the Board and Trustee*	05/2017 to present Chairman of the Board - 02/2019 to present	Managing Director and Co-Chief Operating Officer, PIMCO. President of the Trust, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Chief Administrative Officer, PIMCO.	153	Chairman and Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT.
Brent R. Harris (1959)** *Trustee*	08/1997 to present	Managing Director, PIMCO. Senior Vice President of the Trust, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, member of Executive Committee, PIMCO.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT; Director, StocksPLUS® Management, Inc; and member of Board of Governors, Investment Company Institute. Formerly, Chairman, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT.
Independent Trustees				
George E. Borst (1948) *Trustee*	04/2015 to present	Executive Advisor, McKinsey & Company (since 10/14); Formerly, Executive Advisor, Toyota Financial Services (10/13-12/14); and CEO, Toyota Financial Services (1/01-9/13).	132	Trustee, PIMCO Funds and PIMCO ETF Trust; Director, MarineMax Inc.
Jennifer Holden Dunbar (1963) *Trustee*	04/2015 to present	Managing Director, Dunbar Partners, LLC (business consulting and investments). Formerly, Partner, Leonard Green & Partners, L.P.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Director, PS Business Parks; Director, Big 5 Sporting Goods Corporation.
Kym M. Hubbard (1957) *Trustee*	02/2017 to present	Formerly, Global Head of Investments, Chief Investment Officer and Treasurer, Ernst & Young.	132	Trustee, PIMCO Funds and PIMCO ETF Trust; Director, State Auto Financial Corporation.
Gary F. Kennedy (1955) *Trustee*	04/2015 to present	Formerly, Senior Vice President, General Counsel and Chief Compliance Officer, American Airlines and AMR Corporation (now American Airlines Group) (1/03-1/14).	132	Trustee, PIMCO Funds and PIMCO ETF Trust.
Peter B. McCarthy (1950) *Trustee*	04/2015 to present	Formerly, Assistant Secretary and Chief Financial Officer, United States Department of Treasury; Deputy Managing Director, Institute of International Finance.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Ronald C. Parker (1951) *Lead Independent Trustee*	07/2009 to present Lead Independent Trustee - 02/2017 to present	Director of Roseburg Forest Products Company. Formerly, Chairman of the Board, The Ford Family Foundation; and President, Chief Executive Officer, Hampton Affiliates (forestry products).	153	Lead Independent Trustee, PIMCO Funds and PIMCO ETF Trust; Trustee, PIMCO Equity Series and PIMCO Equity Series VIT.

* Unless otherwise noted, the information for the individuals listed is as of December 31, 2018.

** Effective February 13, 2019, Mr. Strelow became the Chairman of the Trust.

[1] Mr. Harris and Mr. Strelow are "interested persons" of the Trust (as that term is defined in the 1940 Act) because of their affiliations with PIMCO.

† Trustees serve until their successors are duly elected and qualified.

Executive Officers

Name, Year of Birth and Position Held with Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years*
Peter G. Strelow (1970) *President*	01/2015 to present	Managing Director and Co-Chief Operating Officer, PIMCO. President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Chief Administrative Officer, PIMCO.
Joshua D. Ratner (1976)** *Chief Legal Officer*	11/2018 to present Vice President - Senior Counsel and Secretary 11/2013 to 11/2018 Assistant Secretary 10/2007 to 01/2011	Executive Vice President and Deputy General Counsel, PIMCO. Chief Legal Officer, PIMCO Investments LLC. Chief Legal Officer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Jennifer E. Durham (1970) *Chief Compliance Officer*	07/2004 to present	Managing Director and Chief Compliance Officer, PIMCO. Chief Compliance Officer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Brent R. Harris (1959) *Senior Vice President*	01/2015 to present President 03/2009 to 01/2015	Managing Director, PIMCO. Senior Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, member of Executive Committee, PIMCO.
Ryan G. Leshaw (1980) *Vice President, Senior Counsel and Secretary*	11/2018 to present Assistant Secretary 05/2012 to 11/2018	Senior Vice President and Senior Counsel, PIMCO. Vice President, Senior Counsel and Secretary, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Assistant Secretary, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Associate, Willkie Farr & Gallagher LLP.
Wu-Kwan Kit (1981) *Assistant Secretary*	08/2017 to present	Senior Vice President and Senior Counsel, PIMCO. Assistant Secretary, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Vice President, Senior Counsel and Secretary, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Assistant General Counsel, VanEck Associates Corp.
Stacie D. Anctil (1969) *Vice President*	05/2015 to present Assistant Treasurer 11/2003 to 05/2015	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
William G. Galipeau (1974) *Vice President*	11/2013 to present	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Eric D. Johnson (1970) *Vice President*	05/2011 to present	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Henrik P. Larsen (1970) *Vice President*	02/1999 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Bijal Y. Parikh (1978) *Vice President*	02/2017 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Greggory S. Wolf (1970) *Vice President*	05/2011 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Trent W. Walker (1974) *Treasurer*	11/2013 to present	Executive Vice President, PIMCO. Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Erik C. Brown (1967)** *Assistant Treasurer*	02/2001 to present	Executive Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Colleen D. Miller (1980)** *Assistant Treasurer*	02/2017 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Christopher M. Morin (1980) *Assistant Treasurer*	08/2016 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Jason J. Nagler (1982)** *Assistant Treasurer*	05/2015 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.

* The term "PIMCO-Sponsored Closed-End Funds" as used herein includes: PIMCO California Municipal Income Fund, PIMCO California Municipal Income Fund II, PIMCO California Municipal Income Fund III, PIMCO Municipal Income Fund, PIMCO Municipal Income Fund II, PIMCO Municipal Income Fund III, PIMCO New York Municipal Income Fund, PIMCO New York Municipal Income Fund II, PIMCO New York Municipal Income Fund III, PCM Fund Inc., PIMCO Corporate & Income Opportunity Fund, PIMCO Corporate & Income Strategy Fund, PIMCO Dynamic Credit and Mortgage Income Fund, PIMCO Dynamic Income Fund, PIMCO Global StocksPLUS® & Income Fund, PIMCO High Income Fund, PIMCO Income Opportunity Fund, PIMCO Income Strategy Fund, PIMCO Income Strategy Fund II and PIMCO Strategic Income Fund, Inc.; the term "PIMCO-Sponsored Interval Funds" as used herein includes: PIMCO Flexible Credit Income Fund and PIMCO Flexible Municipal Income Fund.

** The address of these officers is Pacific Investment Management Company LLC, 1633 Broadway, New York, New York 10019.

Privacy Policy[1]

The Trust[2,3] considers customer privacy to be a fundamental aspect of its relationships with shareholders and is committed to maintaining the confidentiality, integrity and security of its current, prospective and former shareholders' non-public personal information. The Trust has developed policies that are designed to protect this confidentiality, while allowing shareholder needs to be served.

OBTAINING PERSONAL INFORMATION

In the course of providing shareholders with products and services, the Trust and certain service providers to the Trust, such as the Trust's investment advisers or sub-advisers ("Advisers"), may obtain non-public personal information about shareholders, which may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from shareholder transactions, from a shareholder's brokerage or financial advisory firm, financial advisor or consultant, and/or from information captured on applicable websites.

RESPECTING YOUR PRIVACY

As a matter of policy, the Trust does not disclose any non-public personal information provided by shareholders or gathered by the Trust to non-affiliated third parties, except as required or permitted by law or as necessary for such third parties to perform their agreements with respect to the Trust. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on shareholder satisfaction and gathering shareholder proxies. The Trust or its affiliates may also retain non-affiliated companies to market the Trust's shares or products which use the Trust's shares and enter into joint marketing arrangements with them and other companies. These companies may have access to a shareholder's personal and account information, but are permitted to use this information solely to provide the specific service or as otherwise permitted by law. In most cases, the shareholders will be clients of a third party, but the Trust may also provide a shareholder's personal and account information to the shareholder's respective brokerage or financial advisory firm and/or financial advisor or consultant.

SHARING INFORMATION WITH THIRD PARTIES

The Trust reserves the right to disclose or report personal or account information to non-affiliated third parties in limited circumstances where the Trust believes in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect its rights or property, or upon reasonable request by any fund advised by PIMCO in which a shareholder has invested. In addition, the Trust may disclose information about a shareholder or a shareholder's accounts to a non-affiliated third party at the shareholder's request or with the consent of the shareholder.

SHARING INFORMATION WITH AFFILIATES

The Trust may share shareholder information with its affiliates in connection with servicing shareholders' accounts, and subject to applicable law may provide shareholders with information about products and services that the Trust or its Advisers, distributors or their affiliates ("Service Affiliates") believe may be of interest to such shareholders. The information that the Trust may share may include, for example, a shareholder's participation in the Trust or in other investment programs sponsored by a Service Affiliate, a shareholder's ownership of certain types of accounts (such as IRAs), information about the Trust's experiences or transactions with a shareholder, information captured on applicable websites, or other data about a shareholder's accounts, subject to applicable law. The Trust's Service Affiliates, in turn, are not permitted to share shareholder information with non-affiliated entities, except as required or permitted by law.

PROCEDURES TO SAFEGUARD PRIVATE INFORMATION

The Trust takes seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, the Trust has implemented procedures that are designed to restrict access to a shareholder's non-public personal information to internal personnel who need to know that information to perform their jobs, such as servicing shareholder accounts or notifying shareholders of new products or services. Physical, electronic and procedural safeguards are in place to guard a shareholder's non-public personal information.

INFORMATION COLLECTED FROM WEBSITES

Websites maintained by the Trust or its service providers may use a variety of technologies to collect information that help the Trust and its service providers understand how the website is used. Information collected from your web browser (including small files stored on your device that are commonly referred to as "cookies") allow the websites to recognize your web browser and help to personalize and improve your user experience and enhance navigation of the website. In addition, the Trust or its Service Affiliates may use third parties to place advertisements for the Trust on other websites, including banner advertisements. Such third parties may collect anonymous information through the use of cookies or action tags (such as web beacons). The information these third parties collect is generally limited to technical and web navigation information, such as your IP address, web pages visited and browser type, and does not include personally identifiable information such as name, address, phone number or email address. If you are a registered user of the Trust's website, the Trust or their service providers or third party firms engaged by the Trust or their service providers may collect or share information submitted by you, which may include personally identifiable information. This information can be useful to the Trust when assessing and offering services and website features. You can change your cookie preferences by changing the setting on your web browser to delete or reject cookies. If you delete or reject cookies, some website pages may not function properly. The Trust does not look for web browser "do not track" requests.

CHANGES TO THE PRIVACY POLICY

From time to time, the Trust may update or revise this privacy policy. If there are changes to the terms of this privacy policy, documents containing the revised policy on the relevant website will be updated.

[1] Amended as of February 15, 2017.

[2] PIMCO Investments LLC ("PI") serves as the Trust's distributor. This Privacy Policy applies to the activities of PI to the extent that PI regularly effects or engages in transactions with or for a Trust shareholder who is the record owner of such shares. For purposes of this Privacy Policy, references to "the Trust" shall include PI when acting in this capacity.

[3] When distributing this Policy, the Trust may combine the distribution with any similar distribution of its investment adviser's privacy policy. The distributed, combined policy may be written in the first person (i.e., by using "we" instead of "the Trust").

Approval of Renewal of the Amended and Restated Investment Advisory Contract, Supervision and Administration Agreement and Amended and Restated Asset Allocation Sub-Advisory Agreement

At a meeting held on August 20-21, 2018, the Board of Trustees (the "Board") of PIMCO Variable Insurance Trust (the "Trust"), including the Trustees who are not "interested persons" of the Trust under the Investment Company Act of 1940, as amended (the "Independent Trustees"), considered and unanimously approved the renewal of the Amended and Restated Investment Advisory Contract (the "Investment Advisory Contract") between the Trust, on behalf of each of the Trust's series (the "Portfolios"), and Pacific Investment Management Company LLC ("PIMCO") for an additional one-year term through August 31, 2019. The Board also considered and unanimously approved the renewal of the Supervision and Administration Agreement (together with the Investment Advisory Contract, the "Agreements") between the Trust, on behalf of the Portfolios, and PIMCO for an additional one-year term through August 31, 2019. In addition, the Board considered and unanimously approved the renewal of the Amended and Restated Asset Allocation Sub-Advisory Agreement (the "Asset Allocation Agreement") between PIMCO, on behalf of PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio, each a series of the Trust, and Research Affiliates, LLC ("Research Affiliates") for an additional one-year term through August 31, 2019.

The information, material factors and conclusions that formed the basis for the Board's approvals are summarized below.

1. INFORMATION RECEIVED

(a) Materials Reviewed: During the course of the past year, the Trustees received a wide variety of materials relating to the services provided by PIMCO and Research Affiliates to the Trust. At each of its quarterly meetings, the Board reviewed the Portfolios' investment performance and a significant amount of information relating to Portfolio operations, including shareholder services, valuation and custody, the Portfolios' compliance program and other information relating to the nature, extent and quality of services provided by PIMCO and Research Affiliates to the Trust and each of the Portfolios, as applicable. In considering whether to approve the renewal of the Agreements and the Asset Allocation Agreement, the Board reviewed additional information, including, but not limited to, comparative industry data with regard to investment performance, advisory and supervisory and administrative fees and expenses, financial information for PIMCO and, where relevant, Research Affiliates, information regarding the profitability to PIMCO of its relationship with the Portfolios, information about the personnel providing investment management services, other advisory services and supervisory and administrative services to the Portfolios, and information about the fees charged and services provided to other clients with similar investment mandates as the Portfolios, where applicable. In addition, the Board reviewed materials provided by counsel to the Trust and the Independent Trustees, which included, among other things, memoranda outlining legal duties of the Board in considering the renewal of the Agreements and the Asset Allocation Agreement.

(b) Review Process: In connection with considering the renewal of the Agreements and the Asset Allocation Agreement, the Board reviewed written materials prepared by PIMCO and, where applicable, Research Affiliates in response to requests from counsel to the Trust and the Independent Trustees encompassing a wide variety of topics. The Board requested and received assistance and advice regarding, among other things, applicable legal standards from counsel to the Trust and the Independent Trustees, and reviewed comparative fee and performance data prepared at the Board's request by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company performance information and fee and expense data. The Board received information on matters related to the Agreements and the Asset Allocation Agreement and met both as a full Board and in a separate session of the Independent Trustees, without management present, at the August 20-21, 2018 meeting. The Independent Trustees also conducted in-person meetings with counsel to the Trust and the Independent Trustees, including one on July 18, 2018, to discuss the Lipper Report, as defined below, and certain aspects of the 2018 15(c) materials presented and other matters deemed relevant to their consideration of the renewal of the Agreements and the Asset Allocation Agreement. In connection with its review of the Agreements, the Board received comparative information on the performance and the fees and expenses of other peer group funds and share classes. In addition, the Independent Trustees requested and received supplemental information.

The approval determinations were made on the basis of each Trustee's business judgment after consideration and evaluation of all the information presented. Individual Trustees may have given different weights to certain factors and assigned various degrees of materiality to information received in connection with the approval process. In deciding to approve the renewal of the Agreements and the Asset Allocation Agreement, the Board did not identify any single factor or particular information that, in isolation, was controlling. The discussion below is intended to summarize the broad factors and information that figured prominently in the Board's consideration of the renewal of the Agreements and the Asset Allocation Agreement, but is not intended to summarize all of the factors considered by the Board.

2. NATURE, EXTENT AND QUALITY OF SERVICES

(a) PIMCO, Research Affiliates, their Personnel, and Resources: The Board considered the depth and quality of PIMCO's investment management process, including: the experience, capability and integrity of its senior management and other personnel; the overall financial strength and stability of its organization; and the ability of its organizational structure to address changes in the Portfolios' asset levels. The Board also considered the various services in addition to portfolio management that PIMCO provides under the Investment Advisory Contract. The Board noted that PIMCO makes available to its investment professionals a variety of resources and systems relating to investment management, compliance, trading, performance and portfolio accounting. The Board also noted PIMCO's commitment to enhancing and investing in its global infrastructure, technology capabilities, risk management processes and the specialized talent needed to stay at the forefront of the competitive investment management industry and to strengthen its ability to deliver services under the Agreements. The Board considered PIMCO's policies, procedures and systems reasonably designed to assure compliance with applicable laws and regulations and its commitment to further developing and strengthening these programs, its oversight of matters that may involve conflicts of interest between the Portfolios' investments and those of other accounts managed by PIMCO, and its efforts to keep the Trustees informed about matters relevant to the Portfolios and their shareholders. The Board also considered PIMCO's continuous investment in new disciplines and talented personnel, which has enhanced PIMCO's services to the Portfolios and has allowed PIMCO to introduce innovative new portfolios over time. In addition, the Board considered the nature and quality of services provided by PIMCO to the wholly-owned subsidiaries of certain applicable Portfolios.

The Trustees considered that PIMCO has continued to strengthen the process it uses to actively manage counterparty risk and to assess the financial stability of counterparties with which the Portfolios do business, to manage collateral and to protect Portfolios from an unforeseen deterioration in the creditworthiness of trading counterparties. The Trustees noted that, consistent with its fiduciary duty, PIMCO executes transactions through a competitive best execution process and uses only those counterparties that meet its stringent and monitored criteria. The Trustees considered that PIMCO's collateral management team utilizes a counterparty risk system to analyze portfolio level exposure and collateral being exchanged with counterparties.

In addition, the Trustees considered new services and service enhancements that PIMCO has implemented since the Board renewed the Agreements in 2017, including, but not limited to upgrading the global network and infrastructure to support trading and risk management systems; enhancing and continuing to expand capabilities within the pre-trade compliance platform; enhancing flexible client reporting capabilities to support increased differentiation within local markets; developing new application and database frameworks to support new trading strategies; expanding proprietary applications suites to enrich capabilities across Compliance, Analytics, Risk Management, Client Reporting, Attribution and Customer Relationship management; continuing investment in its enterprise risk management function, including PIMCO's cybersecurity program and global business continuity functions; oversight by the Americas Fund Oversight Committee, which provides senior-level oversight and supervision focused on new and ongoing fund-related business opportunities; engaging a third party service provider to implement the SEC reporting modernization regime; expanding the Fund Treasurer's Office; enhancing a proprietary application to provide portfolio managers with more timely and high quality income reporting; developing a global tax management application that will enable investment professionals to access foreign market and security tax information on a real-time basis; enhancing reporting of tax reporting for portfolio managers for income products with improved transparency on tax factors impacting income generation and dividend yield; upgrading a proprietary application to allow shareholder subscription and redemption data to pass to portfolio managers more quickly and efficiently; and continuing to expand the pricing portal and the proprietary performance reconciliation tool.

Similarly, the Board considered the asset allocation services provided by Research Affiliates to the PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio. The Board further considered PIMCO's oversight of Research Affiliates in connection with Research Affiliates providing asset allocation services to the Asset Portfolio and All Asset All Authority Portfolio. The Board also considered the depth and quality of Research Affiliates' investment management and research capabilities, the experience and capabilities of its portfolio management personnel and the overall financial strength of the organization.

Ultimately, the Board concluded that the nature, extent and quality of services provided or procured by PIMCO under the Agreements and provided by Research Affiliates under the Asset Allocation Agreement are likely to continue to benefit the Portfolios and their respective shareholders, as applicable.

(b) Other Services: The Board also considered the nature, extent and quality of supervisory and administrative services provided by PIMCO to the Portfolios under the Supervision and Administration Agreement.

The Board considered the terms of the Supervision and Administration Agreement, under which the Trust pays for the supervisory and administrative services provided pursuant to that agreement under what is essentially an all-in fee structure (the "unified fee"). In return, PIMCO provides or procures certain supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, legal, transfer agency, sub-accounting and printing costs. The Board noted that the scope and complexity, as well as the costs, of the supervisory and administrative services provided by PIMCO under the Supervision and Administration Agreement continue to increase. The Board considered PIMCO's provision of supervisory and administrative services and its supervision of the Trust's third party service providers to assure that these service providers continue to provide a high level of service relative to alternatives available in the market.

Ultimately, the Board concluded that the nature, extent and quality of the services provided by PIMCO has benefited, and will likely continue to benefit, the Portfolios and their shareholders.

3. INVESTMENT PERFORMANCE

The Board reviewed information from PIMCO concerning the Portfolios' performance, as available, over short- and long-term periods ended March 31, 2018 and other performance data, as available, over short- and long-term periods ended June 30, 2018 (the "PIMCO Report") and from Broadridge concerning the Portfolios' performance, as available, over short- and long-term periods ended March 31, 2018 (the "Lipper Report").

The Board considered information regarding both the short- and long-term investment performance of each Portfolio relative to its peer group and relevant benchmark index as provided to the Board in advance of each of its quarterly meetings throughout the year, including the PIMCO Report and Lipper Report, which were provided in advance of the August 20-21, 2018 meeting. The Trustees noted that many of the Portfolios outperformed their respective Lipper medians on a net-of-fees basis over the three-, five- and ten-year periods ended March 31, 2018. The Board also noted that, as of March 31, 2018, the Administrative Class of 72%, 35% and 73% of the Portfolios outperformed their respective Lipper category median on a net-of-fees basis over the three-, five- and ten-year periods, respectively. The Trustees considered that other classes of each Portfolio would have substantially similar performance to that of the Administrative Class of the relevant Portfolio on a relative basis because all of the classes are invested in the same portfolio of investments and that differences in performance among classes could principally be attributed to differences in the supervisory and administrative fees and distribution and servicing expenses of each class. The Board also considered that the investment objectives of certain of the Portfolios may not always be identical to those of the other funds in their respective peer groups and that the Lipper categories do not: separate funds based upon maturity or duration; account for the applicable Portfolios' hedging strategies; distinguish between enhanced index and actively managed equity strategies; include as many subsets as the Portfolios offer (*i.e.*, Portfolios may be placed in a "catch-all" Lipper category to which they do not properly belong); or account for certain fee waivers. The Board noted that, due to these differences, performance comparisons between certain of the Portfolios and their so-called peers may not be particularly relevant to the consideration of Portfolio performance but found the comparative information supported its overall evaluation.

The Board noted that performance for a majority of the Portfolios has been mixed compared to their respective benchmark indexes over the five-year period ended March 31, 2018. The Board noted that, as of March 31, 2018, 70%, 23% and 92% of the Trust's assets (based on Administrative Class performance) outperformed their respective benchmarks on a net-of-fees basis over the three-, five- and ten-year periods, respectively. The Board also discussed actions that have been taken by PIMCO to attempt to improve performance and took note of PIMCO's plans to monitor performance going forward.

The Board considered PIMCO's discussion of the intensive nature of managing bond funds, noting that it requires the management of a number of factors, including: varying maturities; prepayments; collateral management; counterparty management; pay-downs; credit and corporate events; workouts; derivatives; net new issuance in the bond market; and decreased market maker inventory levels. The Board noted that in addition to managing these factors, PIMCO must also balance risk controls and strategic positions in each portfolio it manages, including the Portfolios. Despite these challenges, the Board noted PIMCO's ability to generate non-market correlated excess performance for its clients over time, including the Trust.

The Board ultimately concluded, within the context of all of its considerations in connection with the Agreements, that PIMCO's performance record and process in managing the Portfolios indicates that its continued management is likely to benefit the Portfolios and their shareholders, and merits the approval of the renewal of the Agreements.

4. ADVISORY FEES, SUPERVISORY AND ADMINISTRATIVE FEES AND TOTAL EXPENSES

The Board considered that PIMCO seeks to price new funds and classes to scale. PIMCO reported to the Board that, in proposing fees for any Portfolio or class of shares, it considers a number of factors, including, but not limited to, the type and complexity of the services provided, the cost of providing services, the risk assumed by PIMCO in the development of products and the provision of services and the competitive marketplace for financial products. Fees charged to or proposed for different Portfolios for advisory services and supervisory and administrative services may vary in light of these various factors. The Board considered that portfolio pricing generally is not driven by comparison to passively-managed products.

In addition, PIMCO reported to the Board that it periodically reviews the fees charged to the Portfolios. The Board noted that, based upon this review, PIMCO may propose advisory fee or supervisory and administrative fee changes where (i) a Portfolio's long-term performance warrants additional consideration; (ii) there is a notable aid to market position; (iii) a Portfolio's fee does not reflect the current level of supervision or administrative fees provided to the Portfolio; or (iv) PIMCO would like to change a Portfolio's overall strategic positioning.

The Board reviewed the advisory fees, supervisory and administrative fees and total expenses of the Portfolios (each as a percentage of average net assets) and compared such amounts with the average and median fee and expense levels of other similar funds. The Board also reviewed information relating to the sub-advisory fees paid to Research Affiliates with respect to applicable Portfolios, taking into account that PIMCO compensates Research Affiliates from the advisory fees paid by such Portfolios to PIMCO. With respect to advisory fees, the Board reviewed data from Broadridge that compared the average and median advisory fees of other funds in a "Peer Group" of comparable funds, as well as the universe of other similar funds. The Board noted that a number of Portfolios have total expense ratios that fall below the average and median expense ratios in their Peer Group and Lipper universe. In addition, the Board considered fee waivers in place for certain of the Portfolios and also noted the fee waivers in place with respect to the advisory fee and supervisory and administrative fee that might result from investments by applicable Portfolios in their respective wholly-owned subsidiaries. The Board also considered that PIMCO reviews the Portfolios' fee levels and carefully considers changes where appropriate.

The Board also reviewed data comparing the Portfolios' advisory fees to the standard and negotiated fee rates PIMCO charges to separate accounts, collective investment trusts and sub-advised clients with similar investment strategies. In cases where the fees for other clients were lower than those charged to the Portfolios, the Trustees noted that the differences in fees were attributable to various factors, including, but not limited to, differences in the advisory and other services provided by PIMCO to the Portfolios, differences in the number or extent of the services provided by PIMCO to the Portfolios, the manner in which similar portfolios may be managed, different requirements with respect to liquidity management and the implementation of other regulatory requirements, and the fact that separate accounts may have other contractual arrangements or arrangements across PIMCO strategies that justify different levels of fees. The Board considered that, with respect to collective investment trusts, PIMCO performs fewer or less extensive services because collective investment trusts are generally exempt from SEC regulation; investors in a collective investment trust may receive shareholder services from a trustee bank, rather than PIMCO; collective investment trusts have less regulatory disclosure; and the management structure of collective investment trusts differs from that of funds. The Trustees also considered that PIMCO faces increased entrepreneurial, legal and regulatory risk in sponsoring and managing mutual funds and ETFs as compared to separate accounts, external sub-advised funds or other investment products.

Regarding advisory fees charged by PIMCO in its capacity as sub-adviser to third party/unaffiliated funds, the Trustees took into account that such fees may be lower than the fees charged by PIMCO to serve as adviser to the Portfolios. The Trustees also took into account that there are various reasons for any such differences in fees, including, but not limited to, the fact that PIMCO may be subject to varying levels of entrepreneurial risk and regulatory requirements, differing legal liabilities on a contract-by-contract basis and different servicing requirements when PIMCO does not serve as the sponsor of a fund and is not principally responsible for all aspects of a fund's investment program and operations as compared to when PIMCO serves as investment adviser and sponsor.

The Board considered the Portfolios' supervisory and administrative fees, comparing them to similar funds in the report supplied by Broadridge. The Board also considered that as the Portfolios' business has become increasingly complex and the number of Portfolios has grown over time, PIMCO has provided an increasingly broad array of fund supervisory and administrative functions. In addition, the Board considered the Trust's unified fee structure, under which the Trust pays for the supervisory and administrative services it requires for one set fee. In return for this unified fee, PIMCO provides or procures supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, legal, transfer agency, sub-accounting and printing costs. The Board further considered that many other funds pay for comparable services separately, and thus it is difficult to directly compare the Trust's unified supervisory and administrative fees with the fees paid by other funds for administrative services alone. The Board also considered that the unified supervisory and administrative fee leads to Portfolio fees that are fixed over the contract period, rather than variable. The Board noted that, although the unified fee structure does not have breakpoints, it implicitly reflects economies of scale by fixing the absolute level of Portfolio fees at competitive levels over the contract period even if the Portfolios' operating costs rise when assets remain flat or decrease. Other factors the Board considered in assessing the unified fee include PIMCO's approach of pricing Portfolios to scale at inception and reinvesting in other important areas of the business that support the Portfolios. The Board considered that the Portfolios' unified fee structure meant that fees were not impacted by recent outflows in certain Portfolios, unlike funds without a unified fee structure, which may see increased expense ratios when fixed costs, such as service provider costs, are passed through to a smaller asset base. The Board considered historical advisory and supervisory and administrative fee reductions implemented for different Portfolios and classes, noting that the unified fee can be increased or decreased in subsequent contractual periods and is subject to the periodic reviews discussed above. The Board noted that, with few exceptions, PIMCO has generally maintained Portfolio fees at the same level as implemented when the unified fee was adopted, and has reduced fees for a number of Portfolios in prior years. The Board concluded that the Portfolios' supervisory and administrative fees were reasonable in relation to the value of the services provided, including the services provided to different classes of shareholders, and that the expenses assumed contractually by PIMCO under the Supervision and Administration Agreement represent, in effect, a cap on overall Portfolio fees during the contractual period, which is beneficial to the Portfolios and their shareholders.

The Board considered the Portfolios' total expenses and discussed with PIMCO those Portfolios and/or classes of Portfolios that had above median total expenses. The Board noted that many of the Portfolios are unique products that have few peers, if any, and cannot easily be grouped with comparable funds. Upon comparing the Portfolios' total expenses to other funds in the "Peer Groups" provided by Broadridge, the Board found total expenses of each Portfolio to be reasonable.

The Trustees also considered the advisory fees charged to the Portfolios that operate as funds of funds (the "Funds of Funds") and the advisory services provided in exchange for such fees. The Trustees determined that such services were in addition to the advisory services provided to the underlying funds in which the Funds of Funds may invest and, therefore, such services were not duplicative of the advisory services provided to the underlying funds. The Board also considered the various fee waiver agreements in place for the Funds of Funds. The Board noted that PIMCO is continuing waivers for these Funds of Funds, as well as for certain other Portfolios of the Trust.

Based on the information presented by PIMCO, Research Affiliates and Broadridge, members of the Board determined, in the exercise of their business judgment, that the level of the advisory fees and supervisory and administrative fees charged by PIMCO under the Agreements, as well as the total expenses of each Portfolio, after the proposals to decrease the management fee, are reasonable.

5. ADVISER COSTS, LEVEL OF PROFITS AND ECONOMIES OF SCALE

The Board reviewed information regarding PIMCO's costs of providing services to the Funds as a whole, as well as the resulting level of profits to PIMCO under both the adjusted asset profitability method and the profit and loss profitability method, which were each utilized to calculate profitability. To the extent applicable, the Board also reviewed information regarding the portion of a Portfolio's advisory fee retained by PIMCO, following the payment of sub-advisory fees to Research Affiliates, with respect to the Portfolio. Additionally, the Board noted that profit margins with respect to the Trust shows that the Trust is profitable, although less so than PIMCO Funds due to payments made by PIMCO to participating insurance companies. The Board further noted PIMCO's engagement of a third party to review and to make recommendations regarding PIMCO's processes supporting its profitability estimation materials. The Board also noted that it had received information regarding the structure and manner in which PIMCO's investment professionals were compensated, and PIMCO's view of the relationship of such compensation to the attraction and retention of quality personnel. The Board considered PIMCO's need to invest in global infrastructure, technology capabilities, risk management processes and qualified personnel to reinforce and offer new services and to accommodate changing regulatory requirements.

With respect to potential economies of scale, the Board noted that PIMCO shares the benefits of economies of scale with the Portfolios and their shareholders in a number of ways, including investing in portfolio and trade operations management, firm technology, middle and back office support, legal and compliance, and fund administration logistics, senior management supervision, governance and oversight of those services, and through fee reductions or waivers, the pricing of Portfolios to scale from inception, and the enhancement of services provided to the Portfolios in return for fees paid. The Board reviewed the history of the Portfolios' fee structure. The Board considered that the Portfolios' unified fee rates had been set competitively and/or priced to scale from inception, had been held steady during the contractual period at that scaled competitive rate for most Portfolios as assets grew, or as assets declined in the case of some Portfolios, and continued to be competitive compared with peers. The Board also considered that the unified fee is a transparent means of informing a Portfolio's shareholders of the fees associated with the Portfolio, and that the Portfolio bears certain expenses that are not covered by the advisory fee or the unified fee. The Board further considered the challenges that arise when managing large funds, which can result in certain "diseconomies" of scale and noted that PIMCO has continued to reinvest in many areas of the business to support the Portfolios.

The Trustees considered that the unified fee has provided inherent economies of scale because a Portfolio maintains competitive fixed fees over the annual contract period even if the particular Portfolio's assets decline and/or operating costs rise. The Trustees further considered that, in contrast, breakpoints may be a proxy for charging higher fees on lower asset levels and that when a fund's assets decline, breakpoints may reverse, which causes expense ratios to increase. The Trustees also considered that, unlike the Portfolios' unified fee structure, funds with "pass through" administrative fee structures may experience increased expense ratios when fixed dollar fees are charged against declining fund assets. The Trustees also considered that the unified fee protects shareholders from a rise in operating costs that may result from, among other things, PIMCO's investments in various business enhancements and infrastructure, including those referenced above. The Trustees noted that PIMCO's investments in these areas are extensive.

The Board concluded that the Portfolios' cost structures were reasonable and that PIMCO is appropriately sharing economies of scale, if any, through the Portfolios' unified fee structure, generally pricing Portfolios to scale at inception and reinvesting in its business to provide enhanced and expanded services to the Portfolios and their shareholders.

6. ANCILLARY BENEFITS

The Board considered other benefits realized by PIMCO and its affiliates as a result of PIMCO's relationship with the Trust. Such benefits may include possible ancillary benefits to PIMCO's institutional investment management business due to the reputation and market penetration of the Trust or third party service providers' relationship-level fee concessions, which decrease fees paid by PIMCO. The Board also considered that affiliates of PIMCO provide distribution and/or shareholder services to the Portfolios and their shareholders, for which they may be compensated through distribution and servicing fees paid pursuant to the Portfolios' Rule 12b-1 plans or otherwise. The Board reviewed PIMCO's soft dollar policies and procedures, noting that while PIMCO has the authority to receive the benefit of research provided by broker-dealers executing portfolio transactions on behalf of the Portfolios, it has adopted a policy not to enter into contractual soft dollar arrangements.

7. CONCLUSIONS

Based on their review, including their comprehensive consideration and evaluation of each of the broad factors and information summarized above, the Independent Trustees and the Board as a whole concluded that the nature, extent and quality of the services rendered to the Portfolios by PIMCO and Research Affiliates supported the renewal of the Agreements and the Asset Allocation Agreement. The Independent Trustees and the Board as a whole concluded that the Agreements and the Asset Allocation Agreement continued to be fair and reasonable to the Portfolios and their shareholders, that the Portfolios' shareholders received reasonable value in return for the fees paid to PIMCO by the Portfolios under the Agreements and the fees paid to Research Affiliates by PIMCO under the Asset Allocation Agreement, and that the renewal of the Agreements and the Asset Allocation Agreement was in the best interests of the Portfolios and their shareholders.

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

PVIT06AR_123118

PIMCO

PIMCO VARIABLE INSURANCE TRUST

Annual Report

December 31, 2018

PIMCO Low Duration Portfolio

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 Portfolio's shareholder reports from the 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 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.

A company of Allianz

(THIS PAGE INTENTIONALLY LEFT BLANK)

Table of Contents

Dear PIMCO Variable Insurance Trust Shareholder,

Following this letter is the PIMCO Variable Insurance Trust Annual Report, which covers the 12-month reporting period ended December 31, 2018. 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 12-month reporting period ended December 31, 2018

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 first quarter of 2018. During the second quarter of 2018, GDP growth rose to an annual pace of 4.2%, the strongest since the third quarter of 2014. GDP then expanded at an annual pace of 3.4% during the third quarter of the year. Finally, the Commerce Department's initial reading for fourth-quarter 2018 GDP has been delayed due to the partial government shutdown.

The Federal Reserve (the "Fed") continued to normalize monetary policy during the reporting period. During its meetings that concluded in March, June, September and December 2018, the Fed raised the federal funds rate in 0.25% increments. The Fed's December rate hike pushed the federal funds rate to a range between 2.25% and 2.50%. In addition, the Fed continued to reduce its balance sheet during the reporting period.

Economic activity outside the U.S. initially accelerated during the reporting period, but moderated as it progressed. Against this backdrop, the European Central Bank (the "ECB") and the Bank of Japan largely maintained their highly accommodative monetary policies, while other central banks took a more hawkish stance. The Bank of England raised rates at its meeting in August 2018 and the Bank of Canada raised rates twice during the reporting period. Meanwhile, the ECB ended its quantitative easing program in December 2018, but indicated that it does not expect to raise interest rates "at least through the summer of 2019."

The U.S. Treasury yield curve flattened during the reporting period as short-term rates moved up more than longer-term rates. In our view, the increase in rates at the short end of the yield curve was mostly due to Fed interest rate increases. The yield on the benchmark 10-year U.S. Treasury note was 2.69% at the end of the reporting period, up from 2.40% on December 31, 2017. U.S. Treasuries, as measured by the Bloomberg Barclays U.S. Treasury Index, returned 0.86% over the 12 months ended December 31, 2018. Meanwhile, the Bloomberg Barclays U.S. Aggregate Bond Index, a widely used index of U.S. investment grade bonds, returned 0.01% over the period. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, generated weak results versus the broad U.S. market. The ICE BofAML U.S. High Yield Index returned -2.27% over the reporting period, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global, returned -4.61% over the reporting period. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned -6.21% over the period.

Global equities produced poor results during the reporting period. U.S. equities moved sharply higher over the first nine months of the period. We believe this rally was driven by a number of factors, including corporate profits that often exceeded expectations. However, U.S. equities fell sharply during the fourth quarter of 2018. We believe this was triggered by a number of factors, including signs of moderating global growth, concerns over future Fed rate hikes, the ongoing trade dispute between the U.S. and China and the partial U.S. government shutdown. All told, U.S. equities, as represented by the S&P 500 Index, returned -4.38% during the reporting period. Elsewhere, emerging market equities, as measured by the MSCI Emerging Markets Index, returned -14.58% during the reporting period, whereas global equities, as represented by the MSCI World Index, returned -8.71%. Elsewhere, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned -10.39% during the reporting period and European equities, as represented by the MSCI Europe Index (in EUR), returned -10.57%.

Commodity prices fluctuated and generally declined during the reporting period. When the reporting period began, West Texas crude oil was approximately $65 a barrel, but by the end it was roughly $45 a barrel. This was driven in part by increased supply and declining global demand. Elsewhere, gold and copper prices also moved lower during the reporting period.

Finally, during the reporting period the foreign exchange markets experienced periods of volatility, due in part to signs of decoupling economic growth and central bank policies, along with a number of geopolitical events. The U.S. dollar produced mixed results against other major currencies during the reporting period. For example, the U.S. dollar appreciated 4.71% and 5.90% versus the euro and the British pound, respectively, whereas the U.S. dollar depreciated 2.66% versus the yen during the reporting period.

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,

Brent R. Harris
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 U.S. 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 since the Fed has ended its quantitative easing program and has begun, and may continue, to raise interest rates. To the extent the Fed continues to raise interest rates, there is a risk that rates across the financial system may rise. Further, while bond markets have steadily grown over the past three decades, dealer inventories of corporate bonds are near historic lows in relation to market size. As a result, there has been a significant reduction in the ability of dealers to "make markets."

Bond funds and individual bonds with a longer duration (a measure used to determine the sensitivity of a security's price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets or negatively impact the Portfolio's performance or cause the Portfolio to incur losses. As a result, the Portfolio may experience increased shareholder redemptions, which, among other things, could further reduce the net assets of the Portfolio.

The Portfolio may be subject to various risks as described in the Portfolio's prospectus and in the Principal Risks in the Notes to Financial Statements.

The geographical classification of foreign (non-U.S.) securities in this report are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure.

The United States presidential administration's enforcement of tariffs on goods from other countries, with a focus on China, has contributed to international trade tensions and may impact portfolio securities.

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.

On the Portfolio Summary page in this Shareholder Report, the Average Annual Total Return table and Cumulative Returns chart measure performance assuming that any dividend and capital gain distributions were reinvested. The Cumulative Returns chart reflects only Administrative Class performance. Performance may vary by share class based on each class's expense ratios. The Portfolio measures its performance against at least one broad-based securities market index ("benchmark index"). The benchmark index does not take into account fees, expenses, or taxes. The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future. There is no assurance that the Portfolio, even if the Portfolio has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the future. High performance is defined as a significant increase in either 1) the Portfolio's total return in excess of that of the Portfolio's benchmark between reporting periods or 2) the Portfolio's total return in excess of the Portfolio's historical returns between reporting periods. Unusual performance is defined as a significant change in the Portfolio's performance as compared to one or more previous reporting periods.

The following table discloses the inception dates of the Portfolio and its respective share classes along with the Portfolio's diversification status as of period end:

Portfolio Name	Portfolio Inception	Institutional Class	Administrative Class	Advisor Class	Diversification Status
PIMCO Low Duration Portfolio	02/16/99	04/10/00	02/16/99	03/31/06	Diversified

An investment in the Portfolio is not a bank deposit and is not guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. It is possible to lose money on investments in the Portfolio.

The Trustees are responsible generally for overseeing the management of the Trust. The Trustees authorize the Trust to enter into service agreements with the Adviser, the Distributor, the Administrator and other service providers in order to provide, and in some cases authorize service providers to procure through other parties, necessary or desirable services on behalf of the Trust and the Portfolio. Shareholders are not parties to or third-party beneficiaries of such service agreements. Neither this Portfolio's prospectus nor summary prospectus, the Trust's Statement of Additional Information ("SAI"), any contracts filed as exhibits to the Trust's registration statement, nor any other communications, disclosure documents or regulatory filings (including this report) from or on behalf of the Trust or the Portfolio creates a contract between or among any shareholder of the Portfolio, on the one hand, and the Trust, the Portfolio, a service provider to the Trust or the Portfolio, and/or the Trustees or officers of the Trust, on the other hand. The Trustees (or the Trust and its officers, service providers or other delegates acting under authority of the Trustees) may amend the most recent prospectus or use a new prospectus, summary prospectus or SAI with respect to the Portfolio or the Trust, and/or amend, file and/or issue any other communications, disclosure documents or regulatory filings, and may amend or enter into any contracts to which the Trust or the Portfolio is a party, and interpret the investment objective(s), policies, restrictions and contractual provisions applicable to the Portfolio, without shareholder input or approval, except in circumstances in which shareholder approval is specifically required by law (such as changes to fundamental investment policies) or where a shareholder approval requirement is specifically disclosed in the Trust's then-current prospectus or SAI.

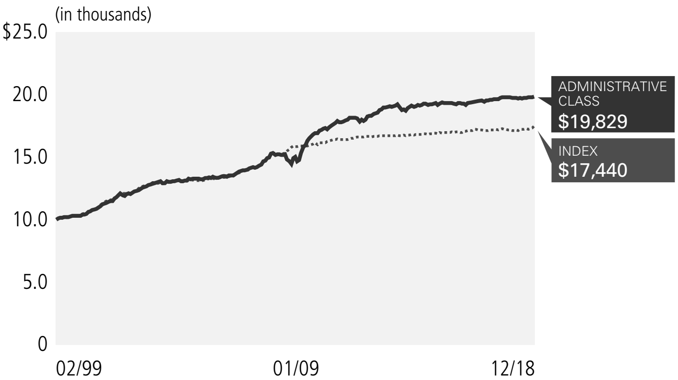
PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of the Portfolio, and information about how the Portfolio voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Trust at (888) 87-PIMCO, on the Portfolio's website at www.pimco.com/pvit, and on the Securities and Exchange Commission's ("SEC") website at www.sec.gov.

The Trust files a complete schedule of the Portfolio's holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. A copy of the Portfolio's Form N-Q is available on the SEC's website at www.sec.gov. A copy of the Portfolio's Form N-Q is also available without charge, upon request, by calling the Trust at (888) 87-PIMCO and on the Portfolio's website at www.pimco.com/pvit.

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 December 31, 2018



$10,000 invested at the end of the month when the Portfolio's Administrative Class commenced operations.

Allocation Breakdown as of 12/31/2018†§

U.S. Government Agencies	38.7%
Corporate Bonds & Notes	33.9%
Short-Term Instruments‡	12.2%
Asset-Backed Securities	7.6%
Sovereign Issues	3.6%
Non-Agency Mortgage-Backed Securities	1.8%
U.S. Treasury Obligations	1.7%
Loan Participations and Assignments	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 December 31, 2018

		1 Year	5 Years	10 Years	Inception≈
	PIMCO Low Duration Portfolio Institutional Class	0.49%	1.00%	3.05%	3.65%
—	PIMCO Low Duration Portfolio Administrative Class	0.34%	0.85%	2.90%	3.49%
	PIMCO Low Duration Portfolio Advisor Class	0.24%	0.75%	2.79%	3.01%
·····	ICE BofAML 1-3 Year U.S. Treasury Index±	1.58%	0.81%	0.95%	2.83%♦

All Portfolio returns are net of fees and expenses.

≈ For class inception dates please refer to the Important Information.

♦ Average annual total return since 02/16/1999.

± The ICE BofAML 1-3 Year U.S. Treasury Index is an unmanaged index comprised of U.S. Treasury securities, other than inflation-protection securities and STRIPS, with at least $1 billion in outstanding face value and a remaining term to final maturity of at least one year and less than three years.

It is not possible to invest directly in an unmanaged index.

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. The Portfolio's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in Variable Contracts, which will reduce returns. Differences in the Portfolio's performance versus the index and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the prices of individual positions (which may be sourced from different pricing vendors or other sources) used by the Portfolio and the index. For performance current to the most recent month-end, visit www.pimco.com/pvit or via (888) 87-PIMCO.

The Portfolio's total annual operating expense ratio in effect as of period end were 0.50% for Institutional Class shares, 0.65% for Administrative Class shares, and 0.75% for Advisor Class shares. Details regarding any changes to the Portfolio's operating expenses, subsequent to period end, can be found in the Portfolio's current prospectus, as supplemented.

Investment Objective and Strategy Overview

PIMCO Low Duration Portfolio seeks maximum total return, consistent with preservation of capital and prudent investment management, by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives, such as options, futures contracts or swap agreements. "Fixed Income Instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. Portfolio strategies may change from time to time. Please refer to the Portfolio's current prospectus for more information regarding the Portfolio's strategy.

Portfolio Insights

The following affected performance during the reporting period:

» Underweight exposure to U.S. rates contributed to performance, as U.S. interest rates rose.

» Overweight exposure to Brazilian duration contributed to performance, as Brazilian rates fell.

» Holdings of agency mortgage-backed securities detracted from performance, as spreads widened.

» Long exposure to the Argentine peso versus the U.S. dollar detracted from performance, as the Argentine peso depreciated against the U.S. dollar.

» Underweight exposure to Japanese duration detracted from performance, as Japanese rates fell.

Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees (if applicable), and other Portfolio expenses. The Example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Expense Example does not reflect any fees or other expenses imposed by the Variable Contracts. If it did, the expenses reflected in the Expense Example would be higher. The Example is based on an investment of $1,000 invested at the beginning of the period and held from July 1, 2018 to December 31, 2018 unless noted otherwise in the table and footnotes below.

Actual Expenses

The information in the table under the heading "Actual" provides information about actual account values and actual expenses. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.60), then multiply the result by the number in the appropriate row for your share class, in the column titled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the information under the heading "Hypothetical (5% return before expenses)" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different portfolios. In addition, if these transactional costs were included, your costs would have been higher.

Expense ratios may vary period to period because of various factors, such as an increase in expenses that are not covered by the management fees such as fees and expenses of the independent trustees and their counsel, extraordinary expenses and interest expense.

	Actual			Hypothetical (5% return before expenses)			
	Beginning Account Value (07/01/18)	**Ending Account Value (12/31/18)**	**Expenses Paid During Period***	**Beginning Account Value (07/01/18)**	**Ending Account Value (12/31/18)**	**Expenses Paid During Period***	**Net Annualized Expense Ratio****
Institutional Class	$ 1,000.00	$ 1,008.30	$ 3.39	$ 1,000.00	$ 1,021.83	$ 3.41	0.67%
Administrative Class	1,000.00	1,007.50	4.15	1,000.00	1,021.07	4.18	0.82
Advisor Class	1,000.00	1,007.00	4.65	1,000.00	1,020.57	4.69	0.92

* 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 184/365 (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

		Investment Operations			Less Distributions[b]			
Selected Per Share Data for the Year Ended^:	Net Asset Value Beginning of Year	Net Investment Income (Loss)[a]	Net Realized/ Unrealized Gain (Loss)	Total	From Net Investment Income	From Net Realized Capital Gain	Tax Basis Return of Capital	Total
Institutional Class								
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								
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								
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%.

[a] Per share amounts based on average number of shares outstanding during the year.

[b] The tax characterization of distributions is determined in accordance with Federal income tax regulations. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

Net Asset Value End of Year	Total Return	Net Assets End of Year (000s)	Ratios/Supplemental Data — Ratios to Average Net Assets: Expenses	Expenses Excluding Waivers	Expenses Excluding Interest Expense	Expenses Excluding Interest Expense and Waivers	Net Investment Income (Loss)	Portfolio Turnover Rate
$ 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
10.08	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
10.08	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

Statement of Assets and Liabilities PIMCO Low Duration Portfolio

(Amounts in thousands†, except per share amounts)	December 31, 2018
Assets:	
Investments, at value	
Investments in securities*	$ 2,365,404
Investments in Affiliates	270,003
Financial Derivative Instruments	
Exchange-traded or centrally cleared	1,317
Over the counter	21,467
Cash	45
Deposits with counterparty	15,570
Foreign currency, at value	3,617
Receivable for investments sold	1,465
Receivable for TBA investments sold	595,613
Receivable for Portfolio shares sold	1,780
Interest and/or dividends receivable	8,759
Dividends receivable from Affiliates	601
Total Assets	3,285,641
Liabilities:	
Borrowings & Other Financing Transactions	
Payable for reverse repurchase agreements	$ 157,691
Payable for short sales	83,031
Financial Derivative Instruments	
Exchange-traded or centrally cleared	2,178
Over the counter	19,324
Payable for investments purchased	131,371
Payable for investments in Affiliates purchased	601
Payable for TBA investments purchased	909,215
Deposits from counterparty	12,658
Payable for Portfolio shares redeemed	5,034
Accrued investment advisory fees	402
Accrued supervisory and administrative fees	402
Accrued distribution fees	155
Accrued servicing fees	148
Other liabilities	23
Total Liabilities	1,322,233
Net Assets	$ 1,963,408
Net Assets Consist of:	
Paid in capital	$ 2,036,756
Distributable earnings (accumulated loss)	(73,348)
Net Assets	$ 1,963,408
Net Assets:	
Institutional Class	$ 8,588
Administrative Class	1,197,654
Advisor Class	757,166
Shares Issued and Outstanding:	
Institutional Class	852
Administrative Class	118,850
Advisor Class	75,137
Net Asset Value Per Share Outstanding:	
Institutional Class	$ 10.08
Administrative Class	10.08
Advisor Class	10.08
Cost of investments in securities	$ 2,363,058
Cost of investments in Affiliates	$ 271,724
Cost of foreign currency held	$ 3,618
Proceeds received on short sales	$ 82,907
Cost or premiums of financial derivative instruments, net	$ 3,368
* Includes repurchase agreements of:	$ 1,122

† A zero balance may reflect actual amounts rounding to less than one thousand.

See Accompanying Notes

Statement of Operations PIMCO Low Duration Portfolio

(Amounts in thousands[†])	Year Ended December 31, 2018
Investment Income:	
Interest, net of foreign taxes*	$ 46,657
Dividends	1
Dividends from Investments in Affiliates	7,203
Total Income	53,861
Expenses:	
Investment advisory fees	5,011
Supervisory and administrative fees	5,011
Servicing fees - Administrative Class	1,846
Distribution and/or servicing fees - Advisor Class	1,900
Trustee fees	58
Interest expense	1,787
Miscellaneous expense	6
Total Expenses	15,619
Net Investment Income (Loss)	38,242
Net Realized Gain (Loss):	
Investments in securities	6,571
Investments in Affiliates	11
Net capital gain distributions received from Affiliate investments	237
Exchange-traded or centrally cleared financial derivative instruments	(2,722)
Over the counter financial derivative instruments	(23,121)
Foreign currency	(1,921)
Net Realized Gain (Loss)	(20,945)
Net Change in Unrealized Appreciation (Depreciation):	
Investments in securities	(41,051)
Investments in Affiliates	(1,838)
Exchange-traded or centrally cleared financial derivative instruments	(12,091)
Over the counter financial derivative instruments	42,252
Foreign currency assets and liabilities	(228)
Net Change in Unrealized Appreciation (Depreciation)	(12,956)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 4,341
* Foreign tax withholdings	$ 32

† 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†)	Year Ended December 31, 2018	Year Ended December 31, 2017
Increase (Decrease) in Net Assets from:		
Operations:		
Net investment income (loss)	$ 38,242	$ 25,610
Net realized gain (loss)	(20,945)	(760)
Net change in unrealized appreciation (depreciation)	(12,956)	1,782
Net Increase (Decrease) in Net Assets Resulting from Operations	4,341	26,632
Distributions to Shareholders:		
From net investment income and/or net realized capital gains*		
Institutional Class	(269)	(153)
Administrative Class	(23,503)	(13,953)
Advisor Class	(13,801)	(7,617)
Tax basis return of capital		
Institutional Class	0	(28)
Administrative Class	0	(2,787)
Advisor Class	0	(1,664)
Total Distributions[(a)]	(37,573)	(26,202)
Portfolio Share Transactions:		
Net increase (decrease) resulting from Portfolio share transactions**	(52,757)	74,452
Total Increase (Decrease) in Net Assets	(85,989)	74,882
Net Assets:		
Beginning of year	2,049,397	1,974,515
End of year	$ 1,963,408	$ 2,049,397

† A zero balance may reflect actual amounts rounding to less than one thousand.

* See Note 2, New Accounting Pronouncements, in the Notes to Financial Statements for more information.

** 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. 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 120.5%			
LOAN PARTICIPATIONS AND ASSIGNMENTS 0.6%			
State Of Qatar			
3.603% due 12/21/2020 «		$ 6,000	$ 5,970
Toyota Motor Credit Corp.			
3.393% (LIBOR03M + 0.580%) due 09/28/2020 «~		6,000	5,986
Total Loan Participations and Assignments (Cost $11,929)			**11,956**
CORPORATE BONDS & NOTES 45.5%			
BANKING & FINANCE 30.6%			
ABN AMRO Bank NV			
3.261% (US0003M + 0.570%) due 08/27/2021 ~		5,100	5,073
AIG Global Funding			
3.282% (US0003M + 0.460%) due 06/25/2021 ~		3,000	2,978
Ally Financial, Inc.			
3.500% due 01/27/2019		1,700	1,700
7.500% due 09/15/2020		100	104
8.000% due 03/15/2020		200	207
American Express Co.			
3.165% (US0003M + 0.525%) due 05/17/2021 ~		5,900	5,875
3.192% (US0003M + 0.600%) due 11/05/2021 ~		5,000	4,982
3.700% due 11/05/2021		5,000	5,048
American Express Credit Corp.			
2.375% due 05/26/2020		5,400	5,344
American Tower Corp.			
2.800% due 06/01/2020		9,900	9,826
3.400% due 02/15/2019		6,500	6,504
Australia & New Zealand Banking Group Ltd.			
3.100% (US0003M + 0.460%) due 05/17/2021 ~		4,650	4,639
3.300% due 05/17/2021		5,000	4,996
AvalonBay Communities, Inc.			
3.625% due 10/01/2020		3,000	3,017
Aviation Capital Group LLC			
3.190% (US0003M + 0.670%) due 07/30/2021 ~		3,100	3,077
3.688% (US0003M + 0.950%) due 06/01/2021 ~		4,900	4,893
Banco Santander S.A.			
3.545% (US0003M + 1.120%) due 04/12/2023 ~		2,400	2,355
Bank of America Corp.			
3.437% (US0003M + 0.960%) due 07/23/2024 ~		1,200	1,179
3.447% (US0003M + 0.650%) due 10/01/2021 ~		900	894
3.499% due 05/17/2022 •		4,000	4,002
3.541% (US0003M + 0.790%) due 03/05/2024 ~		8,300	8,070
3.629% (US0003M + 1.160%) due 01/20/2023 ~		200	200
Bank of Nova Scotia			
1.875% due 04/26/2021		3,900	3,809
Barclays Bank PLC			
14.000% due 06/15/2019 •(f)	GBP	400	535
Barclays PLC			
4.046% (US0003M + 1.430%) due 02/15/2023 ~		$ 6,900	6,642
4.610% due 02/15/2023 •		6,900	6,846
4.728% (US0003M + 2.110%) due 08/10/2021 ~		4,900	4,942
Branch Banking & Trust Co.			
1.450% due 05/10/2019		1,083	1,077
Brixmor Operating Partnership LP			
3.591% (US0003M + 1.050%) due 02/01/2022 ~		5,000	4,983
Citibank N.A.			
2.861% (US0003M + 0.320%) due 05/01/2020 ~		1,100	1,096
3.047% (US0003M + 0.570%) due 07/23/2021 ~		$ 4,900	$ 4,857
3.050% due 05/01/2020		5,000	4,994
Citigroup, Inc.			
2.750% due 04/25/2022		1,100	1,067
3.199% (US0003M + 0.690%) due 10/27/2022 ~		5,000	4,881
3.696% (US0003M + 0.930%) due 06/07/2019 ~		1,100	1,103
4.183% (US0003M + 1.380%) due 03/30/2021 ~		4,300	4,330
Citizens Bank N.A.			
2.500% due 03/14/2019		2,500	2,498
Compass Bank			
3.501% (US0003M + 0.730%) due 06/11/2021 ~		5,000	4,924
Credit Suisse Group Funding Guernsey Ltd.			
4.735% (US0003M + 2.290%) due 04/16/2021 ~		5,800	5,966
DBS Bank Ltd.			
3.300% due 11/27/2021		5,900	5,950
Deutsche Bank AG			
0.184% (EUR003M + 0.500%) due 12/07/2020 ~	EUR	5,000	5,579
3.766% (US0003M + 1.290%) due 02/04/2021 ~		$ 5,000	4,864
4.250% due 10/14/2021		2,500	2,446
4.528% (US0003M + 1.910%) due 05/10/2019 ~		6,500	6,479
Dexia Credit Local S.A.			
2.500% due 01/25/2021		6,200	6,167
Ford Motor Credit Co. LLC			
3.512% (US0003M + 0.930%) due 11/04/2019 ~		6,000	5,979
3.754% (US0003M + 0.930%) due 09/24/2020 ~		5,000	4,912
3.988% (US0003M + 1.580%) due 01/08/2019 ~		5,600	5,600
5.750% due 02/01/2021		600	612
GE Capital European Funding Unlimited Co.			
0.000% (EUR003M + 0.225%) due 05/17/2021 ~	EUR	400	437
4.350% due 11/03/2021		1,300	1,611
General Motors Financial Co., Inc.			
2.400% due 05/09/2019		$ 2,200	2,192
3.100% due 01/15/2019		3,501	3,501
3.200% due 07/13/2020		7,000	6,915
3.366% (US0003M + 0.930%) due 04/13/2020 ~		3,860	3,837
3.996% (US0003M + 1.560%) due 01/15/2020 ~		3,900	3,919
4.496% (US0003M + 2.060%) due 01/15/2019 ~		5,500	5,503
Goldman Sachs Group, Inc.			
3.427% (US0003M + 0.750%) due 02/23/2023 ~		6,200	5,995
3.552% (US0003M + 0.730%) due 12/27/2020 ~		9,600	9,563
3.637% (US0003M + 1.160%) due 04/23/2020 ~		5,684	5,705
3.850% (US0003M + 1.360%) due 04/23/2021 ~		1,300	1,310
3.988% (US0003M + 1.200%) due 09/15/2020 ~		4,500	4,522
6.000% due 06/15/2020		2,000	2,071
Harley-Davidson Financial Services, Inc.			
3.146% (US0003M + 0.500%) due 05/21/2020 ~		5,100	5,094
3.647% (US0003M + 0.940%) due 03/02/2021 ~		4,900	4,896
HSBC Holdings PLC			
3.240% (US0003M + 0.600%) due 05/18/2021 ~		4,800	4,730
3.426% (US0003M + 0.650%) due 09/11/2021 ~		4,800	4,738
HSBC USA, Inc.			
3.228% (US0003M + 0.610%) due 11/13/2019 ~		12,900	12,914
International Lease Finance Corp.			
5.875% due 04/01/2019		$ 1,500	$ 1,506
6.250% due 05/15/2019		2,250	2,270
Jackson National Life Global Funding			
2.736% (US0003M + 0.300%) due 10/15/2020 ~		5,000	4,952
John Deere Capital Corp.			
3.316% (US0003M + 0.550%) due 06/07/2023 ~		3,500	3,445
JPMorgan Chase & Co.			
3.367% (US0003M + 0.890%) due 07/23/2024 ~		5,000	4,889
3.411% (US0003M + 0.610%) due 06/18/2022 ~		3,000	2,968
3.714% (US0003M + 1.205%) due 10/29/2020 ~		5,800	5,856
JPMorgan Chase Bank N.A.			
2.848% (US0003M + 0.340%) due 04/26/2021 ~		10,000	9,911
2.868% (US0003M + 0.250%) due 02/13/2020 ~		7,100	7,092
2.968% (US0003M + 0.230%) due 09/01/2020 ~		4,000	3,985
3.010% (SOFRRATE + 0.550%) due 10/19/2020 ~		4,000	3,993
Lloyds Bank PLC			
3.079% (US0003M + 0.490%) due 05/07/2021 ~		5,000	4,951
Lloyds Banking Group PLC			
3.590% (US0003M + 0.800%) due 06/21/2021 ~		4,000	3,962
Macquarie Bank Ltd.			
3.629% (US0003M + 1.120%) due 07/29/2020 ~		8,900	8,949
Metropolitan Life Global Funding			
1.950% due 09/15/2021		2,500	2,415
2.300% due 04/10/2019		3,000	2,995
Mitsubishi UFJ Financial Group, Inc.			
3.478% (US0003M + 0.740%) due 03/02/2023 ~		10,200	10,037
4.618% (US0003M + 1.880%) due 03/01/2021 ~		535	548
Mizuho Financial Group, Inc.			
3.331% (BBSW3M + 1.400%) due 07/19/2023 ~	AUD	6,700	4,717
3.541% (US0003M + 0.790%) due 03/05/2023 ~		$ 5,100	5,017
Morgan Stanley			
3.916% (US0003M + 1.375%) due 02/01/2019 ~		5,600	5,605
7.300% due 05/13/2019		2,200	2,234
MUFG Bank Ltd.			
2.350% due 09/08/2019		3,600	3,580
Nasdaq, Inc.			
3.214% (US0003M + 0.390%) due 03/22/2019 ~		700	700
National Rural Utilities Cooperative Finance Corp.			
3.178% (US0003M + 0.375%) due 06/30/2021 ~		5,400	5,360
Natwest Markets PLC			
0.084% (EUR003M + 0.400%) due 03/02/2020 ~	EUR	4,400	5,019
Navient Corp.			
8.000% due 03/25/2020		$ 300	306
Nissan Motor Acceptance Corp.			
2.350% due 03/04/2019		200	200
NTT Finance Corp.			
1.900% due 07/21/2021		2,800	2,701
Oversea-Chinese Banking Corp. Ltd.			
3.090% (US0003M + 0.450%) due 05/17/2021 ~		6,000	5,998
Regions Bank			
3.118% (US0003M + 0.500%) due 08/13/2021 ~		5,600	5,501
Reliance Standard Life Global Funding			
2.500% due 01/15/2020		1,000	990
Royal Bank of Canada			
3.350% due 10/22/2021		10,000	10,108

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Royal Bank of Scotland Group PLC		
6.400% due 10/21/2019	$ 5,000	$ 5,105
Santander UK PLC		
3.276% (US0003M + 0.660%) due 11/15/2021 ~	5,900	5,848
3.358% (US0003M + 0.620%) due 06/01/2021 ~	5,000	4,947
SBA Tower Trust		
2.877% due 07/15/2046	1,400	1,376
Siam Commercial Bank PCL		
3.500% due 04/07/2019	4,900	4,906
Skandinaviska Enskilda Banken AB		
3.070% (US0003M + 0.430%) due 05/17/2021 ~	5,000	4,969
SL Green Operating Partnership LP		
3.609% (US0003M + 0.980%) due 08/16/2021 ~	6,000	5,966
Standard Chartered PLC		
3.558% (US0003M + 1.150%) due 01/20/2023 ~	4,900	4,865
Sumitomo Mitsui Banking Corp.		
2.514% due 01/17/2020	400	397
2.799% (US0003M + 0.350%) due 01/17/2020 ~	4,800	4,797
2.806% (US0003M + 0.370%) due 10/16/2020 ~	6,000	5,962
Sumitomo Mitsui Trust Bank Ltd.		
3.244% (US0003M + 0.440%) due 09/19/2019 ~	6,000	6,003
Svenska Handelsbanken AB		
3.159% (US0003M + 0.470%) due 05/24/2021 ~	4,900	4,857
Synchrony Bank		
3.650% due 05/24/2021	5,200	5,091
Synchrony Financial		
3.812% (US0003M + 1.230%) due 02/03/2020 ~	5,600	5,597
Toronto-Dominion Bank		
3.350% due 10/22/2021	6,000	6,065
Toyota Motor Credit Corp.		
2.125% due 07/18/2019	1,500	1,492
3.040% due 05/17/2022 •	5,000	4,947
U.S. Bank N.A.		
2.737% (US0003M + 0.250%) due 07/24/2020 ~	5,000	4,989
2.828% (US0003M + 0.320%) due 04/26/2021 ~	4,000	3,986
3.050% due 07/24/2020	5,000	4,994
3.150% due 04/26/2021	6,100	6,107
UBS AG		
2.450% due 12/01/2020	3,850	3,781
3.027% (US0003M + 0.320%) due 05/28/2019 ~	7,200	7,199
3.347% due 06/08/2020 •	2,400	2,400
UBS Group Funding Switzerland AG		
4.216% due 04/14/2021 •	9,900	10,062
Unibail-Rodamco SE		
3.206% (US0003M + 0.770%) due 04/16/2019 ~	9,800	9,818
UniCredit SpA		
7.830% due 12/04/2023	10,700	11,205
Wells Fargo & Co.		
3.349% (US0003M + 0.880%) due 07/22/2020 ~	2,000	2,004
4.076% (US0003M + 1.340%) due 03/04/2021 ~	4,000	4,043
Wells Fargo Bank N.A.		
2.940% (SOFRRATE + 0.480%) due 03/25/2020 ~	5,000	4,977
2.977% (US0003M + 0.500%) due 07/23/2021 ~	5,000	4,973
2.987% (US0003M + 0.510%) due 10/22/2021 ~	2,000	1,977
Westpac Banking Corp.		
2.896% (US0003M + 0.280%) due 05/15/2020 ~	4,900	4,877
		600,896
INDUSTRIALS 12.5%		
AbbVie, Inc.		
2.300% due 05/14/2021	$ 3,200	$ 3,127
3.375% due 11/14/2021	3,100	3,100
Adani Ports & Special Economic Zone Ltd.		
3.500% due 07/29/2020	4,300	4,258
Amazon.com, Inc.		
1.900% due 08/21/2020	4,200	4,140
Aptiv PLC		
3.150% due 11/19/2020	1,895	1,882
BAT Capital Corp.		
3.204% due 08/14/2020 •	6,200	6,140
Bayer U.S. Finance LLC		
3.452% (US0003M + 0.630%) due 06/25/2021 ~	6,100	6,021
Boston Scientific Corp.		
2.850% due 05/15/2020	2,800	2,782
Broadcom Corp.		
2.375% due 01/15/2020	4,000	3,951
Caesars Resort Collection LLC		
5.250% due 10/15/2025	750	647
Campbell Soup Co.		
3.288% (US0003M + 0.500%) due 03/16/2020 ~	9,000	8,921
3.418% (US0003M + 0.630%) due 03/15/2021 ~	4,100	4,022
Charter Communications Operating LLC		
3.579% due 07/23/2020	4,900	4,896
4.464% due 07/23/2022	2,100	2,122
Comcast Corp.		
3.127% (US0003M + 0.330%) due 10/01/2020 ~	1,700	1,693
3.237% (US0003M + 0.440%) due 10/01/2021 ~	500	495
Conagra Brands, Inc.		
2.908% (US0003M + 0.500%) due 10/09/2020 ~	2,500	2,473
Constellation Brands, Inc.		
2.250% due 11/06/2020	1,710	1,678
CVS Health Corp.		
3.125% due 03/09/2020	5,100	5,091
3.397% (US0003M + 0.630%) due 03/09/2020 ~	6,100	6,090
D.R. Horton, Inc.		
3.750% due 03/01/2019	1,900	1,900
Daimler Finance North America LLC		
2.972% (US0003M + 0.390%) due 05/04/2020 ~	5,000	4,973
3.132% (US0003M + 0.550%) due 05/04/2021 ~	5,000	4,957
Dell International LLC		
3.480% due 06/01/2019	2,700	2,692
Diageo Capital PLC		
2.880% (US0003M + 0.240%) due 05/18/2020 ~	2,400	2,391
3.000% due 05/18/2020	2,600	2,602
DISH DBS Corp.		
7.875% due 09/01/2019	2,190	2,240
Dominion Energy Gas Holdings LLC		
2.500% due 12/15/2019	2,300	2,283
DXC Technology Co.		
3.688% (US0003M + 0.950%) due 03/01/2021 ~	1,231	1,230
Energy Transfer Partners LP		
5.750% due 09/01/2020	1,630	1,673
Flex Ltd.		
4.625% due 02/15/2020	2,100	2,111
General Electric Co.		
0.000% (EUR003M + 0.300%) due 05/28/2020 •	EUR 700	786
6.000% due 08/07/2019	$ 2,500	2,527
General Mills, Inc.		
2.976% (US0003M + 0.540%) due 04/16/2021 ~	1,000	985
Georgia-Pacific LLC		
5.400% due 11/01/2020	$ 6,800	$ 7,046
GlaxoSmithKline Capital PLC		
2.964% (US0003M + 0.350%) due 05/14/2021 ~	5,100	5,067
Harris Corp.		
3.000% (US0003M + 0.480%) due 04/30/2020 ~	4,400	4,388
3.166% due 02/27/2019 ~	4,400	4,399
Hyundai Capital America		
3.601% due 09/18/2020 •	6,700	6,674
Keurig Dr Pepper, Inc.		
3.551% due 05/25/2021	7,100	7,093
Kinder Morgan Energy Partners LP		
9.000% due 02/01/2019	700	703
Kinder Morgan, Inc.		
5.000% due 02/15/2021	300	307
Kraft Heinz Foods Co.		
2.800% due 07/02/2020	3,300	3,272
3.375% due 06/15/2021	3,200	3,194
Local Initiatives Support Corp.		
3.005% due 03/01/2022	1,300	1,296
Marathon Oil Corp.		
2.700% due 06/01/2020	1,850	1,823
Marriott International, Inc.		
3.229% (US0003M + 0.600%) due 12/01/2020 ~	4,900	4,890
Masco Corp.		
3.500% due 04/01/2021	2,887	2,875
McDonald's Corp.		
2.939% (US0003M + 0.430%) due 10/28/2021 ~	5,000	4,967
Medtronic, Inc.		
2.500% due 03/15/2020	1,200	1,194
MGM Resorts International		
8.625% due 02/01/2019	1,300	1,308
Minera y Metalurgica del Boleo SAPI de C.V.		
2.875% due 05/07/2019	4,900	4,896
Mondelez International, Inc.		
3.000% due 05/07/2020	7,000	6,975
Mylan NV		
3.750% due 12/15/2020	1,600	1,600
Newell Brands, Inc.		
2.600% due 03/29/2019	245	245
Novartis Securities Investment Ltd.		
5.125% due 02/10/2019	1,600	1,603
Oracle Corp.		
1.900% due 09/15/2021	9,900	9,611
Sprint Spectrum Co. LLC		
3.360% due 03/20/2023	1,422	1,408
Takeda Pharmaceutical Co. Ltd.		
3.800% due 11/26/2020	3,900	3,925
Thermo Fisher Scientific, Inc.		
4.700% due 05/01/2020	600	614
Time Warner Cable LLC		
8.750% due 02/14/2019	1,100	1,106
United Technologies Corp.		
3.279% (US0003M + 0.650%) due 08/16/2021 ~	5,200	5,182
Virgin Media Receivables Financing Notes DAC		
5.500% due 09/15/2024	GBP 5,900	7,244
Volkswagen Group of America Finance LLC		
2.450% due 11/20/2019	$ 4,200	4,161
3.388% (US0003M + 0.770%) due 11/13/2020 ~	5,900	5,862
3.558% (US0003M + 0.940%) due 11/12/2021 ~	5,900	5,845
3.875% due 11/13/2020	5,900	5,930
4.000% due 11/12/2021	5,900	5,916
WestRock RKT Co.		
4.450% due 03/01/2019	400	401
Zimmer Biomet Holdings, Inc.		
2.700% due 04/01/2020	2,300	2,278
3.554% (US0003M + 0.750%) due 03/19/2021 ~	2,300	2,279
		244,456

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
UTILITIES 2.4%		
AT&T, Inc.		
2.300% due 03/11/2019	$ 2,000	$ 1,997
3.086% (US0003M + 0.650%) due 01/15/2020 ~	1,000	998
3.386% (US0003M + 0.950%) due 07/15/2021 ~	1,600	1,595
3.488% (US0003M + 0.750%) due 06/01/2021 ~	5,900	5,864
BellSouth LLC		
4.333% due 04/26/2021	5,100	5,116
British Telecommunications PLC		
2.350% due 02/14/2019	5,100	5,093
Chugoku Electric Power Co., Inc.		
2.701% due 03/16/2020	2,100	2,085
Commonwealth Edison Co.		
2.150% due 01/15/2019	5,100	5,098
Consolidated Edison Co. of New York, Inc.		
3.222% (US0003M + 0.400%) due 06/25/2021 ~	5,200	5,151
DTE Energy Co.		
2.400% due 12/01/2019	3,700	3,663
NextEra Energy Capital Holdings, Inc.		
3.107% (US0003M + 0.400%) due 08/21/2020 ~	6,000	5,994
Sempra Energy		
3.238% (US0003M + 0.450%) due 03/15/2021 ~	5,000	4,900
		47,554
Total Corporate Bonds & Notes (Cost $896,958)		**892,906**
U.S. GOVERNMENT AGENCIES 52.0%		
Fannie Mae		
1.000% due 01/25/2043	152	138
2.375% due 12/25/2036 - 07/25/2037 •	250	246
2.665% due 09/25/2042 •	216	215
2.856% due 03/25/2044 •	39	39
3.006% due 12/25/2022 •	6	6
3.253% due 07/01/2042 - 06/01/2043 •	177	176
3.303% due 09/01/2041 •	118	117
3.306% due 04/25/2023 •	20	20
3.355% due 06/17/2027 •	18	19
3.356% due 02/25/2023 •	1	1
3.406% due 05/25/2022 •	1	1
3.453% due 09/01/2040 •	0	1
3.500% due 07/01/2047 - 12/01/2047	29,845	29,893
3.500% due 10/01/2047 - 11/01/2047 (h)	44,618	44,658
3.844% due 11/01/2035 •	24	25
3.905% due 07/01/2035 •	21	22
4.000% due 08/01/2044 - 12/01/2048	225,485	230,106
4.000% due 10/01/2048 (h)	75,043	76,597
4.258% due 12/01/2036 •	6	7
4.269% due 09/01/2035 •	116	121
4.293% due 05/01/2038 •	2,228	2,336
4.500% due 01/01/2020 - 08/01/2046	7,809	8,112
5.000% due 05/01/2027 - 04/25/2033	120	126
5.188% due 09/01/2034 •	3	3
5.379% due 12/25/2042 ~	5	6
5.500% due 12/01/2028	16	17
6.000% due 02/01/2033 - 01/01/2039	1,424	1,553
6.500% due 04/01/2036	75	81
Fannie Mae, TBA		
3.000% due 01/01/2049	19,600	19,128
3.500% due 01/01/2049 - 02/01/2049	20,700	20,698
4.000% due 01/01/2049 - 02/01/2049	265,900	270,951

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
4.500% due 02/01/2049	$ 57,000	$ 59,007
5.500% due 01/01/2049	500	530
Freddie Mac		
2.000% due 11/15/2026	3,943	3,868
2.355% due 12/25/2036 •	126	127
2.636% due 08/25/2031 •	86	85
2.699% due 12/15/2042 •	6,427	6,427
3.156% due 02/25/2045 •	165	164
4.000% due 08/01/2048	52,853	53,943
4.000% due 09/01/2048 (h)	41,329	42,160
4.295% due 07/01/2035 •	40	41
4.521% due 09/01/2035 •	143	149
5.000% due 08/01/2024 - 12/01/2041	251	265
5.752% due 08/15/2044 •	3,361	3,514
6.500% due 07/25/2043	41	46
Ginnie Mae		
2.734% due 06/20/2065 •	3,104	3,110
2.834% due 10/20/2065 •	8,837	8,886
2.854% due 07/20/2063 •	3,317	3,329
3.114% due 05/20/2066 •	1,057	1,071
3.164% due 04/20/2066 •	6,971	7,077
3.524% due 07/20/2067 •	7,715	7,945
5.000% due 02/20/2041 (a)	20	0
5.000% due 09/20/2048	77,980	81,386
Ginnie Mae, TBA		
5.000% due 01/01/2049	30,900	32,151
Total U.S. Government Agencies (Cost $1,010,289)		**1,020,700**
U.S. TREASURY OBLIGATIONS 2.2%		
U.S. Treasury Inflation Protected Securities (e)		
0.125% due 04/15/2022	16,428	15,898
0.625% due 04/15/2023	28,707	28,243
Total U.S. Treasury Obligations (Cost $44,066)		**44,141**
NON-AGENCY MORTGAGE-BACKED SECURITIES 2.4%		
Adjustable Rate Mortgage Trust		
4.156% due 09/25/2035 ^~	406	380
American Home Mortgage Investment Trust		
4.250% due 10/25/2034 •	34	34
4.885% due 02/25/2045 •	68	69
Banc of America Funding Trust		
4.447% due 01/20/2047 ^~	252	241
Banc of America Mortgage Trust		
4.460% due 05/25/2033 ~	134	137
4.487% due 07/25/2034 ~	320	326
4.640% due 08/25/2034 ~	755	769
6.500% due 10/25/2031	3	4
BCAP LLC Trust		
2.540% due 01/26/2036 •	2,203	2,177
Bear Stearns Adjustable Rate Mortgage Trust		
3.950% due 04/25/2033 ~	2	2
4.263% due 07/25/2034 ~	141	139
4.427% due 01/25/2035 ~	73	71
4.452% due 01/25/2035 ~	1,809	1,793
4.835% due 01/25/2034 ~	11	11
Bear Stearns ALT-A Trust		
2.666% due 02/25/2034 •	267	266
Bear Stearns Structured Products, Inc. Trust		
4.348% due 01/26/2036 ^~	545	493
5.425% due 12/26/2046 ^~	337	315
Chevy Chase Funding LLC Mortgage-Backed Certificates		
2.786% due 01/25/2035 •	34	33
Citigroup Mortgage Loan Trust		
4.380% due 08/25/2035 ^~	240	183
4.490% due 05/25/2035 •	59	59
Countrywide Alternative Loan Trust		
6.000% due 10/25/2033	8	8
Countrywide Home Loan Mortgage Pass-Through Trust		
4.225% due 02/20/2035 ~	256	258
4.274% due 11/20/2034 ~	538	548

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
4.290% due 11/25/2034 ~	$ 307	$ 305
4.667% due 02/20/2036 ^•	289	263
Credit Suisse First Boston Mortgage Securities Corp.		
2.885% due 03/25/2032 ~	1	1
Credit Suisse Mortgage Capital Certificates		
3.975% due 09/26/2047 ~	99	100
Eurosail PLC		
0.044% due 12/10/2044 •	EUR 78	88
1.600% due 09/13/2045 •	GBP 54	69
1.850% (BP0003M + 0.950%) due 06/13/2045 ~	7,836	9,994
First Horizon Alternative Mortgage Securities Trust		
4.225% due 09/25/2034 ~	$ 473	468
First Horizon Mortgage Pass-Through Trust		
4.261% due 08/25/2035 ~	114	94
4.565% due 02/25/2035 ~	1,143	1,144
Firstmac Mortgage Funding Trust		
2.945% due 03/08/2049 •	AUD 3,851	2,700
3.195% due 03/08/2049 •	6,100	4,283
GMAC Mortgage Corp. Loan Trust		
4.638% due 11/19/2035 ~	$ 68	66
Great Hall Mortgages PLC		
2.931% due 06/18/2039 •	1,373	1,323
GS Mortgage Securities Corp. Trust		
3.980% due 02/10/2029	5,000	5,022
GS Mortgage Securities Trust		
1.961% due 11/10/2045 ~(a)	2,183	135
GSR Mortgage Loan Trust		
4.300% due 09/25/2035 ~	268	274
4.680% due 09/25/2034 ~	64	66
HarborView Mortgage Loan Trust		
2.910% due 05/19/2035 •	74	71
4.065% due 07/19/2035 ^~	340	323
Holmes Master Issuer PLC		
2.796% due 10/15/2054 •	4,100	4,089
Impac CMB Trust		
3.506% due 07/25/2033 •	81	79
JPMorgan Chase Commercial Mortgage Securities Trust		
1.781% due 10/15/2045 ~(a)	14,400	747
JPMorgan Mortgage Trust		
5.750% due 01/25/2036 ^	16	12
Juno Eclipse Ltd.		
0.000% due 11/20/2022 •	EUR 471	535
Merrill Lynch Mortgage Investors Trust		
2.756% due 11/25/2035 •	$ 80	76
3.166% due 09/25/2029 •	543	537
Opteum Mortgage Acceptance Corp. Asset-Backed Pass-Through Certificates		
2.786% due 12/25/2035 •	405	375
PHHMC Trust		
5.527% due 07/18/2035 ~	271	268
Prime Mortgage Trust		
2.906% due 02/25/2034 •	4	4
Residential Funding Mortgage Securities, Inc. Trust		
4.451% due 09/25/2035 ^~	580	483
Structured Adjustable Rate Mortgage Loan Trust		
3.557% due 01/25/2035 ^•	173	163
4.209% due 08/25/2035 ~	155	154
4.232% due 02/25/2034 ~	151	152
4.406% due 08/25/2034 ~	198	199
Structured Asset Mortgage Investments Trust		
2.786% due 02/25/2036 ^•	113	107
3.130% due 09/19/2032 •	2	2
WaMu Mortgage Pass-Through Certificates Trust		
2.776% due 12/25/2045 •	85	84
3.186% due 01/25/2045 •	536	531
3.557% due 06/25/2042 •	15	14
Wells Fargo Commercial Mortgage Trust		
1.783% due 10/15/2045 ~(a)	3,697	201
Wells Fargo Mortgage-Backed Securities Trust		
3.994% due 03/25/2035 ~	96	98
4.607% due 09/25/2034 ~	2,137	2,194
4.607% due 03/25/2036 ~	143	145

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
4.869% due 01/25/2035 ~	$ 135	$ 138
4.973% due 12/25/2034 ~	109	112
Total Non-Agency Mortgage-Backed Securities (Cost $49,351)		**46,604**
ASSET-BACKED SECURITIES 10.2%		
ACE Securities Corp. Home Equity Loan Trust		
2.566% due 10/25/2036 •	64	33
3.406% due 12/25/2034 •	1,307	1,275
Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates		
3.006% due 09/25/2035 •	7,100	7,126
Asset-Backed Funding Certificates Trust		
3.181% due 06/25/2035 •	4,134	4,146
Asset-Backed Securities Corp. Home Equity Loan Trust		
4.105% due 03/15/2032 •	75	76
Bear Stearns Asset-Backed Securities Trust		
3.506% due 10/25/2037 •	1,256	1,260
Black Diamond CLO Ltd.		
3.499% due 02/06/2026 •	2,783	2,779
CARDS Trust		
2.805% due 04/17/2023 •	10,000	10,015
3.047% due 04/17/2023	10,000	10,005
Chesapeake Funding LLC		
2.825% due 08/15/2030 •	8,000	7,982
3.230% due 08/15/2030	6,000	6,029
Citigroup Mortgage Loan Trust, Inc.		
3.226% due 09/25/2035 ^•	1,587	1,592
Countrywide Asset-Backed Certificates		
3.206% due 12/25/2033 •	1,030	1,016
3.306% due 03/25/2033 •	628	622
Credit Suisse First Boston Mortgage Securities Corp.		
3.126% due 01/25/2032 •	6	6
Crown Point CLO Ltd.		
3.389% due 07/17/2028 •	3,000	2,990
Discover Card Execution Note Trust		
1.900% due 10/17/2022	5,100	5,031
Edsouth Indenture LLC		
3.656% due 09/25/2040 •	822	827
Enterprise Fleet Financing LLC		
3.380% due 05/20/2024	5,000	5,022
Evans Grove CLO Ltd.		
3.627% due 05/28/2028 •	5,000	4,965
Exeter Automobile Receivables Trust		
2.900% due 01/18/2022	3,469	3,465
Figueroa CLO Ltd.		
3.336% due 01/15/2027 •	5,000	4,997
First Franklin Mortgage Loan Trust		
3.226% due 05/25/2035 •	42	42
Ford Credit Auto Owner Trust		
2.440% due 01/15/2027	4,000	3,968
Ford Credit Floorplan Master Owner Trust		
2.735% due 05/15/2023 •	5,100	5,077
Gallatin CLO Ltd.		
3.485% due 01/21/2028 •	5,000	4,977
GE-WMC Mortgage Securities Trust		
2.546% due 08/25/2036 •	9	6
GM Financial Consumer Automobile		
1.510% due 03/16/2020	183	183
GMF Floorplan Owner Revolving Trust		
2.835% due 03/15/2023 •	3,900	3,905
Gracechurch Card Funding PLC		
2.855% due 07/15/2022 •	5,000	5,009
GSAMP Trust		
2.896% due 01/25/2036 •	1,067	1,058
Hertz Fleet Lease Funding LP		
3.230% due 05/10/2032	5,000	5,018
JPMorgan Mortgage Acquisition Corp.		
2.686% due 02/25/2036 •	22	22
2.736% due 05/25/2035 •	37	37
Massachusetts Educational Financing Authority		
3.440% due 04/25/2038 •	265	266

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
MMAF Equipment Finance LLC		
2.920% due 07/12/2021	$ 4,960	$ 4,956
NovaStar Mortgage Funding Trust		
2.826% due 05/25/2036 •	4,220	4,158
NYMT Residential LLC		
4.000% due 03/25/2021 Ø	220	220
Octagon Investment Partners Ltd.		
3.536% due 04/15/2026 •	2,379	2,379
OSCAR U.S. Funding Trust LLC		
2.437% due 08/12/2019	183	183
3.150% due 08/10/2021	5,000	4,999
Palmer Square CLO Ltd.		
3.466% due 08/15/2026 •	4,765	4,736
Palmer Square Loan Funding Ltd.		
3.086% due 07/15/2026 •	4,601	4,558
Panhandle-Plains Higher Education Authority, Inc.		
3.927% due 10/01/2035 •	800	805
Penarth Master Issuer PLC		
2.835% due 03/18/2022 •	5,100	5,093
RAAC Trust		
2.986% due 03/25/2037 •	194	194
Renaissance Home Equity Loan Trust		
3.506% due 12/25/2033 •	2,456	2,432
Residential Asset Securities Corp. Trust		
3.391% due 01/25/2034 •	2,670	2,653
SLC Student Loan Trust		
2.888% due 09/15/2026 •	2,149	2,146
2.898% due 03/15/2027 •	4,095	4,078
SLM Student Loan Trust		
2.580% due 10/25/2024 •	1,255	1,254
2.640% due 10/25/2029 •	4,395	4,375
2.990% due 04/25/2024 •	2,147	2,151
3.040% due 10/26/2026 •	535	535
SoFi Consumer Loan Program LLC		
2.200% due 11/25/2026	1,574	1,566
3.050% due 12/26/2025	1,814	1,811
Sound Point CLO Ltd.		
3.359% due 01/20/2028 •	5,000	4,960
Structured Asset Investment Loan Trust		
3.211% due 03/25/2034 •	469	463
3.481% due 10/25/2033 •	217	217
TICP CLO Ltd.		
3.309% due 04/20/2028 •	6,100	6,039
Upstart Securitization Trust		
3.015% due 08/20/2025	1,667	1,666
Wellfleet CLO Ltd.		
3.609% due 10/20/2027 •	6,000	5,999
Wells Fargo Home Equity Asset-Backed Securities Trust		
2.766% due 05/25/2036 •	364	365
Westlake Automobile Receivables Trust		
2.840% due 09/15/2021	5,409	5,401
WhiteHorse Ltd.		
3.379% due 04/17/2027 •	5,000	4,975
Zais CLO Ltd.		
3.586% due 04/15/2028 •	5,000	4,990
Total Asset-Backed Securities (Cost $198,372)		**201,184**
SOVEREIGN ISSUES 4.9%		
Argentina Government International Bond		
4.000% due 03/06/2020	ARS 76,500	2,569
6.250% due 04/22/2019	$ 5,000	5,052
59.257% (ARLLMONP) due 06/21/2020 ~(a)	ARS 1,530	45
Brazil Letras do Tesouro Nacional		
0.000% due 04/01/2019 (d)	BRL 259,800	66,039
Japan Finance Organization for Municipalities		
2.000% due 09/08/2020	$ 8,400	8,264
Provincia de Buenos Aires		
53.677% due 04/12/2025 •(a)	ARS 2,763	63
Spain Government International Bond		
4.000% due 04/30/2020	EUR 11,600	14,072
Total Sovereign Issues (Cost $99,677)		**96,104**

	SHARES	MARKET VALUE (000S)
CONVERTIBLE PREFERRED SECURITIES 0.0%		
INDUSTRIALS 0.0%		
Motors Liquidation Co. «(b)	4,000	$ 0
Total Convertible Preferred Securities (Cost $0)		**0**
	PRINCIPAL AMOUNT (000s)	
SHORT-TERM INSTRUMENTS 2.7%		
CERTIFICATES OF DEPOSIT 1.1%		
Barclays Bank PLC		
2.890% (US0003M + 0.400%) due 10/25/2019 ~	$ 10,000	10,006
Lloyds Bank Corporate Markets PLC		
2.908% (US0003M + 0.500%) due 10/26/2020 ~	5,000	5,001
3.324% (US0003M + 0.500%) due 09/24/2020 ~	6,000	6,002
		21,009
COMMERCIAL PAPER 0.3%		
Campbell Soup Co.		
2.900% due 01/14/2019	5,000	4,995
REPURCHASE AGREEMENTS (g) 0.1%		
		1,122
SHORT-TERM NOTES 0.3%		
Pepper Residential Securities Trust		
2.955% due 03/16/2019 •	5,100	5,094
ARGENTINA TREASURY BILLS 0.3%		
1.487% due 02/22/2019 - 05/31/2019 (c)(d)	ARS 209,198	5,916
GREECE TREASURY BILLS 0.4%		
0.996% due 03/15/2019 (c)(d)	EUR 7,600	8,695
U.S. TREASURY BILLS 0.2%		
2.361% due 01/31/2019 - 03/14/2019 (c)(d)(j)(l)	$ 4,995	4,978
Total Short-Term Instruments (Cost $52,416)		**51,809**
Total Investments in Securities (Cost $2,363,058)		**2,365,404**
	SHARES	
INVESTMENTS IN AFFILIATES 13.7%		
SHORT-TERM INSTRUMENTS 13.7%		
CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 13.7%		
PIMCO Short Asset Portfolio	20,738,504	205,767
PIMCO Short-Term Floating NAV Portfolio III	6,498,953	64,236
Total Short-Term Instruments (Cost $271,724)		**270,003**
Total Investments in Affiliates (Cost $271,724)		**270,003**
Total Investments 134.2% (Cost $2,634,782)		**$ 2,635,407**
Financial Derivative Instruments (i)(k) 0.1% (Cost or Premiums, net $3,368)		**1,282**
Other Assets and Liabilities, net (34.3)%		**(673,281)**
Net Assets 100.0%		**$ 1,963,408**

See Accompanying Notes

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.
- Ø 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.
- (f) Perpetual maturity; date shown, if applicable, represents next contractual call date.

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(g) 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%	12/31/2018	01/02/2019	$ 1,122	U.S. Treasury Notes 2.875% due 09/30/2023	$ (1,148)	$ 1,122	$ 1,122
Total Repurchase Agreements						**$ (1,148)**	**$ 1,122**	**$ 1,122**

REVERSE REPURCHASE AGREEMENTS:

Counterparty	Borrowing Rate[2]	Settlement Date	Maturity Date	Amount Borrowed[2]	Payable for Reverse Repurchase Agreements
BSN	2.710%	12/13/2018	01/14/2019	$ (157,454)	$ (157,691)
Total Reverse Repurchase Agreements					**$ (157,691)**

SHORT SALES:

Description	Coupon	Maturity Date	Principal Amount	Proceeds	Payable for Short Sales
U.S. Government Agencies (4.2)%					
Fannie Mae, TBA	6.000%	01/01/2049	$ 1,500	$ (1,613)	$ (1,611)
Freddie Mac, TBA	5.000	01/01/2049	250	(262)	(262)
Ginnie Mae, TBA	5.000	01/01/2049	78,000	(81,032)	(81,158)
Total Short Sales (4.2)%				**$ (82,907)**	**$ (83,031)**

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 December 31, 2018:

Counterparty	Repurchase Agreement Proceeds to be Received[1]	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral Pledged/(Received)	Net Exposure[3]
Global/Master Repurchase Agreement						
BSN	$ 0	$ (157,691)	$ 0	$ (157,691)	$ 162,441	$ 4,750
FICC	1,122	0	0	1,122	(1,148)	(26)
Total Borrowings and Other Financing Transactions	**$ 1,122**	**$ (157,691)**	**$ 0**			

CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS

Remaining Contractual Maturity of the Agreements

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
Reverse Repurchase Agreements					
U.S. Government Agencies	$ 0	$ (157,691)	$ 0	$ 0	$ (157,691)
Total Borrowings	**$ 0**	**$ (157,691)**	**$ 0**	**$ 0**	**$ (157,691)**
Payable for reverse repurchase agreements					**$ (157,691)**

(h) Securities with an aggregate market value of $163,414 have been pledged as collateral under the terms of the above master agreements as of December 31, 2018.

(1) Includes accrued interest.

(2) The average amount of borrowings outstanding during the period ended December 31, 2018 was $(62,890) at a weighted average interest rate of 2.371%. Average borrowings may include sale-buyback transactions and reverse repurchase agreements, if held during the period.

(3) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

(i) 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
Call - CBOT U.S. Treasury 10-Year Note March 2019 Futures	$ 131.000	02/22/2019	2,149	$ 2,149	$ 18	$ 30
Put - CBOT U.S. Treasury 2-Year Note March 2019 Futures	103.500	02/22/2019	1,281	2,562	11	2
Put - CBOT U.S. Treasury 2-Year Note March 2019 Futures	103.750	02/22/2019	2,035	4,070	17	2
Put - CBOT U.S. Treasury 5-Year Note March 2019 Futures	103.750	02/22/2019	1,015	1,015	9	1
Total Purchased Options					**$ 55**	**$ 35**

FUTURES CONTRACTS:

LONG FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
3-Month Euribor June Futures	06/2019	2,012	$ 577,983	$ 35	$ 0	$ (29)
90-Day Eurodollar March Futures	03/2019	1,340	325,922	(608)	0	0
90-Day Eurodollar September Futures	09/2019	603	146,740	419	15	0
Euro-Bund 10-Year Bond March Futures	03/2019	726	136,035	1,555	0	(158)
U.S. Treasury 2-Year Note March Futures	03/2019	5,567	1,181,944	7,991	783	0
U.S. Treasury 5-Year Note March Futures	03/2019	486	55,738	917	148	0
				$ 10,309	$ 946	$ (187)

SHORT FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
90-Day Eurodollar December Futures	12/2020	801	$ (195,304)	$ (908)	$ 0	$ (70)
90-Day Eurodollar June Futures	06/2020	870	(212,073)	(783)	2	(40)
90-Day Eurodollar March Futures	03/2020	203	(49,453)	(190)	0	(10)
90-Day Eurodollar September Futures	09/2020	1,101	(268,493)	(1,556)	0	(81)
Euro-BTP Italy Government Bond March Futures	03/2019	1,235	(174,322)	(5,027)	0	(89)
Euro-OAT France Government 10-Year Bond March Futures	03/2019	597	(103,149)	(216)	144	0
U.S. Treasury 10-Year Note March Futures	03/2019	2,794	(340,912)	(7,825)	0	(1,070)
U.S. Treasury 30-Year Bond March Futures	03/2019	47	(6,862)	(311)	0	(22)
United Kingdom 90-Day LIBOR Sterling Interest Rate June Futures	06/2020	870	(136,991)	(167)	14	(35)
United Kingdom 90-Day LIBOR Sterling Interest Rate March Futures	03/2020	870	(137,039)	(160)	14	(28)
United Kingdom Long Gilt March Futures	03/2019	88	(13,815)	(115)	14	(45)
				$ (17,258)	$ 188	$ (1,490)
Total Futures Contracts				**$ (6,949)**	**$ 1,134**	**$ (1,677)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION(1)

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2018(2)	Notional Amount(3)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(4)	Variation Margin Asset	Variation Margin Liability
Berkshire Hathaway, Inc.	1.000%	Quarterly	12/20/2023	0.865%	$ 1,000	$ 23	$ (16)	$ 7	$ 1	$ 0
Deutsche Bank AG	1.000	Quarterly	06/20/2019	1.146	EUR 4,000	(12)	10	(2)	1	0
General Electric Co.	1.000	Quarterly	12/20/2020	1.653	$ 2,000	(59)	35	(24)	0	0
MetLife, Inc.	1.000	Quarterly	03/20/2019	0.128	1,700	17	(13)	4	0	0
						$ (31)	$ 16	$ (15)	$ 2	$ 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	3-Month USD-LIBOR	2.500%	Semi-Annual	12/20/2027	$ 33,500	$ 1,064	$ (536)	$ 528	$ 0	$ (122)
Receive	3-Month USD-LIBOR	2.250	Semi-Annual	06/20/2028	24,100	1,289	(377)	912	0	(90)
Receive(5)	6-Month GBP-LIBOR	1.500	Semi-Annual	03/20/2029	GBP 30,800	530	(737)	(207)	0	(148)
Pay(5)	6-Month JPY-LIBOR	0.100	Semi-Annual	03/20/2024	JPY 10,270,000	321	16	337	17	0
Receive	6-Month JPY-LIBOR	0.300	Semi-Annual	03/18/2026	9,450,000	(114)	(1,336)	(1,450)	0	(12)
Pay	6-Month JPY-LIBOR	0.380	Semi-Annual	06/18/2028	1,640,000	201	117	318	5	0
Receive	6-Month JPY-LIBOR	0.750	Semi-Annual	03/20/2038	3,120,000	69	(1,307)	(1,238)	0	(10)
Receive	6-Month JPY-LIBOR	1.000	Semi-Annual	03/21/2048	340,000	(11)	(237)	(248)	2	0
Pay	28-Day MXN-TIIE	8.700	Lunar	11/02/2020	MXN 244,900	(14)	32	18	20	0
Pay	28-Day MXN-TIIE	8.735	Lunar	11/06/2020	222,200	0	27	27	19	0
Pay	28-Day MXN-TIIE	8.748	Lunar	11/06/2020	988,300	0	132	132	83	0
Receive	28-Day MXN-TIIE	8.720	Lunar	11/13/2020	432,700	49	(96)	(47)	0	(36)
Receive	28-Day MXN-TIIE	8.683	Lunar	11/27/2020	453,700	0	(29)	(29)	0	(38)
Receive	28-Day MXN-TIIE	8.855	Lunar	12/03/2020	524,200	0	(127)	(127)	0	(45)
						$ 3,384	$ (4,458)	$ (1,074)	$ 146	$ (501)
Total Swap Agreements						**$ 3,353**	**$ (4,442)**	**$ (1,089)**	**$ 148**	**$ (501)**

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 December 31, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value	Variation Margin Asset			Market Value	Variation Margin Liability		
	Purchased Options	Futures	Swap Agreements	Total	Written Options	Futures	Swap Agreements	Total
Total Exchange-Traded or Centrally Cleared	**$ 35**	**$ 1,134**	**$ 148**	**$ 1,317**	**$ 0**	**$ (1,677)**	**$ (501)**	**$ (2,178)**

(j) Securities with an aggregate market value of $1,391 and cash of $15,570 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of December 31, 2018. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

(1) If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on 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.

(k) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
AZD	03/2019	$	16,325	SGD	22,260	$ 35	$ 0
BOA	01/2019	ARS	24,981	$	614	0	(38)
	01/2019	BRL	210,200		56,083	1,849	0
	01/2019	CAD	14,651		11,003	268	0
	01/2019	MXN	177,234		8,750	0	(259)
	01/2019	$	54,248	BRL	210,200	0	(13)
	02/2019	GBP	18,259	$	23,263	30	(89)
BPS	01/2019	JPY	3,570,000		31,571	0	(1,022)
	01/2019	MXN	167,066		8,197	0	(296)
	01/2019	$	11,819	CAD	15,825	0	(224)
	02/2019		12,935	JPY	1,452,100	355	0
	03/2019		5,315	SGD	7,259	21	0
	03/2019		11,958	TRY	68,407	481	0
BRC	01/2019	MXN	29,620	$	1,472	0	(34)
	02/2019	EUR	1,904		2,173	0	(16)
	02/2019	GBP	18,763		24,050	84	0
	02/2019	JPY	4,563,600		40,620	0	(1,145)
	02/2019	$	1,010	EUR	882	4	0
	02/2019		1,571	GBP	1,239	12	0
CBK	01/2019	AUD	16,987	$	12,444	477	0
	01/2019	MXN	74,436		3,635	0	(149)
	01/2019	$	147	MXN	2,984	5	0
	02/2019	EUR	1,512	$	1,729	0	(10)
	02/2019	GBP	4,631		5,825	0	(91)
	02/2019	JPY	18,410,000		164,426	0	(4,020)
	02/2019	$	17,784	EUR	15,594	147	0
	02/2019		58,395	JPY	6,606,800	2,070	0
GLM	01/2019	ARS	105,813	$	2,700	0	(67)
	01/2019	BRL	34,800		8,981	2	0
	01/2019	MXN	585,233		28,403	0	(1,347)
	01/2019	$	9,239	BRL	34,800	0	(260)
	02/2019	EUR	2,112	$	2,421	0	(7)
	02/2019	$	64,149	GBP	50,141	140	(243)
	02/2019		114,323	JPY	12,910,000	3,800	0
HUS	01/2019	MXN	848,033	$	42,185	0	(827)
	01/2019	$	1,023	ARS	39,903	17	0
	01/2019		31,540	JPY	3,570,000	1,053	0
	01/2019		26,911	MXN	554,316	1,212	0
	02/2019	EUR	1,823	$	2,080	0	(16)
	02/2019	JPY	4,854,800		43,157	0	(1,274)
	02/2019	$	15,835	EUR	13,894	141	0
	02/2019		48,639	JPY	5,500,000	1,685	0
	03/2019	EUR	4,200	$	5,365	524	0
	03/2019	SGD	10,601		7,739	0	(53)
	03/2019	THB	10,231		311	0	(4)
IND	01/2019	$	9,852	MXN	200,601	346	0
	02/2019		23,192	JPY	2,620,000	765	0
JPM	01/2019	ARS	14,922	$	375	0	(14)
	01/2019	BRL	255,900		67,474	1,448	0
	01/2019	$	67,941	BRL	255,900	0	(1,915)
	01/2019		3,225	MXN	65,643	112	0
	02/2019	EUR	684	$	784	0	(3)
	02/2019	GBP	1,752		2,218	0	(19)
	02/2019	JPY	3,055,400		27,300	0	(662)
	02/2019	TRY	96,120		16,052	0	(1,644)
	02/2019	$	5,775	JPY	647,400	150	0
	02/2019		757	TRY	4,247	25	0
	03/2019	SGD	13,435	$	9,821	0	(54)
	04/2019	BRL	259,800		68,536	1,944	0
MSB	01/2019		31,900		8,233	2	0
	01/2019	$	8,174	BRL	31,900	56	0
MYI	01/2019	JPY	2,300,000	$	20,643	0	(367)
	02/2019		4,664,300	$	41,985	0	(682)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Liability
RBC	02/2019	$	10,846	GBP	8,391	$ 0	$ (128)
RYL	01/2019		20,307	JPY	2,300,000	703	0
SCX	01/2019		24,423	GBP	19,102	0	(66)
	01/2019		3,634	TRY	24,071	881	0
	02/2019		123	RUB	8,141	0	(7)
SSB	01/2019		272	MXN	5,542	10	0
	02/2019	EUR	55,514	$	62,913	0	(921)
	03/2019	$	124	MYR	520	2	0
UAG	01/2019		36,637	MXN	697,392	0	(1,266)
	02/2019	GBP	50,516	$	65,134	611	0
Total Forward Foreign Currency Contracts						**$ 21,467**	**$ (19,252)**

PURCHASED OPTIONS:

OPTIONS ON SECURITIES

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Cost	Market Value
GSC	Put - OTC Fannie Mae, TBA 4.000% due 01/01/2049	$ 78.000	01/07/2019	$ 20,000	$ 2	$ 0
JPM	Put - OTC Fannie Mae, TBA 3.000% due 01/01/2049	68.000	01/07/2019	2,000	0	0
	Put - OTC Fannie Mae, TBA 4.500% due 01/01/2049	71.000	01/07/2019	1,000	0	0
Total Purchased Options					**$ 2**	**$ 0**

WRITTEN OPTIONS:

CREDIT DEFAULT SWAPTIONS ON CREDIT INDICES

Counterparty	Description	Buy/Sell Protection	Exercise Rate	Expiration Date	Notional Amount	Premiums (Received)	Market Value
BPS	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000%	02/20/2019	$ 11,600	$ (15)	$ (25)
CBK	Put - OTC CDX.IG-31 5-Year Index	Sell	1.050	03/20/2019	14,600	(23)	(40)
GST	Put - OTC CDX.IG-31 5-Year Index	Sell	1.100	02/20/2019	5,400	(4)	(7)
Total Written Options						**$ (42)**	**$ (72)**

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 December 31, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Market Value of OTC Derivatives	Collateral Pledged/ (Received)	Net Exposure[(1)]
AZD	$ 35	$ 0	$ 0	$ 35	$ 0	$ 0	$ 0	$ 0	$ 35	$ 0	$ 35
BOA	2,147	0	0	2,147	(399)	0	0	(399)	1,748	(1,870)	(122)
BPS	857	0	0	857	(1,542)	(25)	0	(1,567)	(710)	360	(350)
BRC	100	0	0	100	(1,195)	0	0	(1,195)	(1,095)	462	(633)
CBK	2,699	0	0	2,699	(4,270)	(40)	0	(4,310)	(1,611)	824	(787)
DUB	0	0	0	0	0	0	0	0	0	(40)	(40)
GLM	3,942	0	0	3,942	(1,924)	0	0	(1,924)	2,018	(990)	1,028
GST	0	0	0	0	0	(7)	0	(7)	(7)	0	(7)
HUS	4,632	0	0	4,632	(2,174)	0	0	(2,174)	2,458	(2,250)	208
IND	1,111	0	0	1,111	0	0	0	0	1,111	(860)	251
JPM	3,679	0	0	3,679	(4,311)	0	0	(4,311)	(632)	266	(366)
MSB	58	0	0	58	0	0	0	0	58	0	58
MYI	0	0	0	0	(1,049)	0	0	(1,049)	(1,049)	319	(730)
RBC	0	0	0	0	(128)	0	0	(128)	(128)	277	149
RYL	703	0	0	703	0	0	0	0	703	(820)	(117)
SCX	881	0	0	881	(73)	0	0	(73)	808	(660)	148
SSB	12	0	0	12	(921)	0	0	(921)	(909)	851	(58)
UAG	611	0	0	611	(1,266)	0	0	(1,266)	(655)	225	(430)
Total Over the Counter	**$ 21,467**	**$ 0**	**$ 0**	**$ 21,467**	**$ (19,252)**	**$ (72)**	**$ 0**	**$ (19,324)**			

(l) Securities with an aggregate market value of $3,584 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of December 31, 2018.

(1) 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 December 31, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Financial Derivative Instruments - Assets						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 35	$ 35
Futures	0	0	0	0	1,134	1,134
Swap Agreements	0	2	0	0	146	148
	$ 0	$ 2	$ 0	$ 0	$ 1,315	$ 1,317
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 21,467	$ 0	$ 21,467
	$ 0	$ 2	$ 0	$ 21,467	$ 1,315	$ 22,784
Financial Derivative Instruments - Liabilities						
Exchange-traded or centrally cleared						
Futures	$ 0	$ 0	$ 0	$ 0	$ 1,677	$ 1,677
Swap Agreements	0	0	0	0	501	501
	$ 0	$ 0	$ 0	$ 0	$ 2,178	$ 2,178
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 19,252	$ 0	$ 19,252
Written Options	0	72	0	0	0	72
	$ 0	$ 72	$ 0	$ 19,252	$ 0	$ 19,324
	$ 0	$ 72	$ 0	$ 19,252	$ 2,178	$ 21,502

The effect of Financial Derivative Instruments on the Statement of Operations for the period ended December 31, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 72	$ 72
Written Options	0	0	0	0	97	97
Futures	0	0	0	0	(10,441)	(10,441)
Swap Agreements	0	231	0	0	7,319	7,550
	$ 0	$ 231	$ 0	$ 0	$ (2,953)	$ (2,722)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ (26,656)	$ 0	$ (26,656)
Purchased Options	0	0	0	(6)	(26)	(32)
Written Options	0	75	0	3,316	151	3,542
Swap Agreements	0	25	0	0	0	25
	$ 0	$ 100	$ 0	$ (23,346)	$ 125	$ (23,121)
	$ 0	$ 331	$ 0	$ (23,346)	$ (2,828)	$ (25,843)

	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	$ (65)	$ (65)
Written Options	0	0	0	0	(99)	(99)
Futures	0	0	0	0	(5,571)	(5,571)
Swap Agreements	0	(12)	0	0	(6,344)	(6,356)
	$ 0	$ (12)	$ 0	$ 0	$ (12,079)	$ (12,091)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 42,412	$ 0	$ 42,412
Purchased Options	0	0	0	0	(1)	(1)
Written Options	0	(29)	0	(111)	0	(140)
Swap Agreements	0	(19)	0	0	0	(19)
	$ 0	$ (48)	$ 0	$ 42,301	$ (1)	$ 42,252
	$ 0	$ (60)	$ 0	$ 42,301	$ (12,080)	$ 30,161

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of December 31, 2018 in valuing the Portfolio's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2018
Investments in Securities, at Value				
Loan Participations and Assignments	$ 0	$ 0	$ 11,956	$ 11,956
Corporate Bonds & Notes				
Banking & Finance	0	600,896	0	600,896
Industrials	0	244,456	0	244,456
Utilities	0	47,554	0	47,554
U.S. Government Agencies	0	1,020,700	0	1,020,700
U.S. Treasury Obligations	0	44,141	0	44,141
Non-Agency Mortgage-Backed Securities	0	46,604	0	46,604
Asset-Backed Securities	0	201,184	0	201,184
Sovereign Issues	0	96,104	0	96,104
Short-Term Instruments				
Certificates of Deposit	0	21,009	0	21,009
Commercial Paper	0	4,995	0	4,995
Repurchase Agreements	0	1,122	0	1,122
Short-Term Notes	0	5,094	0	5,094
Argentina Treasury Bills	0	5,916	0	5,916
Greece Treasury Bills	0	8,695	0	8,695
U.S. Treasury Bills	0	4,978	0	4,978
	$ 0	$ 2,353,448	$ 11,956	$ 2,365,404
Investments in Affiliates, at Value				
Short-Term Instruments				
Central Funds Used for Cash Management Purposes	$ 270,003	$ 0	$ 0	$ 270,003
Total Investments	$ 270,003	$ 2,353,448	$ 11,956	$ 2,635,407

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2018
Short Sales, at Value - Liabilities				
U.S. Government Agencies	$ 0	$ (83,031)	$ 0	$ (83,031)
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	1,134	183	0	1,317
Over the counter	0	21,467	0	21,467
	$ 1,134	$ 21,650	$ 0	$ 22,784
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	(1,677)	(501)	0	(2,178)
Over the counter	0	(19,324)	0	(19,324)
	$ (1,677)	$ (19,825)	$ 0	$ (21,502)
Total Financial Derivative Instruments	$ (543)	$ 1,825	$ 0	$ 1,282
Totals	$ 269,460	$ 2,272,242	$ 11,956	$ 2,553,658

There were no significant transfers into or out of Level 3 during the period ended December 31, 2018.

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 good accounting practices, the Portfolio will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. For these purposes, the Portfolio estimates the source or sources from which a distribution is paid, to the close of the period as of which it is paid, in reference to its internal accounting records and related accounting practices. If, based on such accounting records and practices, it is estimated that a particular distribution does not include capital gains or paid-in surplus or other capital sources, a Section 19 Notice generally would not be issued. It is important to note that differences exist between the Portfolio's daily internal accounting records and practices, the Portfolio's financial statements presented in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. For instance, the Portfolio's internal accounting records and practices may take into account, among other factors, tax-related characteristics of certain sources of distributions that differ from treatment under U.S. GAAP. Examples of such differences may include, among others, the treatment of paydowns on mortgage-backed securities purchased at a discount and periodic payments under interest rate swap contracts. Accordingly, among other consequences, it is possible that the Portfolio may not issue a Section 19 Notice in situations where the Portfolio's financial statements prepared later and in accordance with U.S. GAAP and/or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital. Final determination of a distribution's tax character will be provided to shareholders when such information is available.

Distributions classified as a tax basis return of capital, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital 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 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"), ASU 2016-15, which amends Accounting Standards Codification ("ASC") 230 to clarify guidance on the classification of certain cash receipts and cash payments in the Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In November 2016, the FASB issued ASU 2016-18 which amends ASC 230 to provide guidance on the classification and presentation of changes in restricted cash and restricted cash equivalents on the Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In March 2017, the FASB issued ASU 2017-08 which provides guidance related to the amortization period for certain purchased callable debt securities held at a premium. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In August 2018, the FASB issued ASU 2018-13 which modifies certain disclosure requirements for fair value measurements in 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.

In August 2018, the U.S. Securities and Exchange Commission ("SEC") adopted amendments to certain rules and forms for the purpose of disclosure update and simplification. The compliance date for these amendments is 30 days after date of publication in the Federal Register, which was on October 4, 2018. Management has adopted these amendments and the changes are incorporated throughout all periods presented in 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 ("NYSE Close"). Information that becomes known to the Portfolio or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. The Portfolio reserves the right to change the time as of which its NAV is calculated if the Portfolio closes earlier, or as permitted by the SEC.

For purposes of calculating a NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Portfolio's approved pricing services, quotation reporting systems and other third-party sources (together, "Pricing Services"). The Portfolio will normally use pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. If market value pricing is used, a foreign (non-U.S.) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by the Adviser to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services. The Portfolio's investments in open-end management investment companies, other than exchange-traded funds ("ETFs"), are valued at the NAVs of such investments. Open-end management investment companies may include affiliated funds.

If a foreign (non-U.S.) equity security's value has materially changed after the close of the security's primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees of the Trust (the "Board"). Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, the Portfolio may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, the Portfolio may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. The Portfolio may utilize modeling tools provided by third-party vendors to determine fair values of foreign (non-U.S.) securities. For these purposes, any movement in the applicable reference index or instrument ("zero trigger") between the earlier close of the applicable foreign market and the NYSE Close may be deemed to be a significant event, prompting the application of the pricing model (effectively resulting in daily fair valuations). Foreign exchanges may permit trading in foreign (non-U.S.) equity securities on days when the Trust is not open for business, which may result in the Portfolio's portfolio investments being affected when shareholders are unable to buy or sell shares.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree will be valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Service. Senior secured floating rate loans for which an active secondary market does not exist to a reliable degree will be valued at fair value, which is intended to approximate market value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

Investments valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from Pricing Services. As a result, the value of such investments and, in turn, the NAV of the Portfolio's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of investments traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the Trust is not open for business. As a result, to the extent that the Portfolio holds foreign (non-U.S.) investments, the value of those investments may change at times when shareholders are unable to buy or sell shares and the value of such investments will be reflected in the Portfolio's next calculated NAV.

Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to the Adviser the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the 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. The tables below show the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended December 31, 2018 (amounts in thousands†):

Investment in PIMCO Short Asset Portfolio

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 12/31/2018	Dividend Income[(1)]	Realized Net Capital Gain Distributions[(1)]
$ 150,731	$ 56,886	$ 0	$ 0	$ (1,850)	$ 205,767	$ 5,449	$ 237

Investment in PIMCO Short-Term Floating NAV Portfolio III

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 12/31/2018	Dividend Income[(1)]	Realized Net Capital Gain Distributions[(1)]
$ 32,359	$ 1,791,454	$ (1,759,600)	$ 11	$ 12	$ 64,236	$ 1,754	$ 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.

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. Zero coupon securities do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities.

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. Government) include FNMA and the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). FNMA is a government-sponsored corporation. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC issues Participation Certificates ("PCs"), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. Government.

Roll-timing strategies can be used where the Portfolio seeks to extend the expiration or maturity of a position, such as a TBA security on an underlying asset, by closing out the position before expiration and opening a new position with respect to substantially the same underlying asset with a later expiration date. TBA securities purchased or sold are reflected on the Statement of Assets and Liabilities as an asset or liability, respectively.

When-Issued Transactions are purchases or sales made on a when-issued basis. These transactions are made conditionally because a security, although authorized, has not yet been issued in the market. Transactions to purchase or sell securities on a when-issued basis involve a commitment by the Portfolio to purchase or sell these securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. The Portfolio may sell when-issued securities before they are delivered, which may result in a realized gain (loss).

5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

The Portfolio may enter into the borrowings and other financing transactions described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on the Portfolio's ability to lend or borrow cash or securities to the extent permitted under the Act, which may be viewed as borrowing or financing transactions by the Portfolio. The location of these instruments in the Portfolio's financial statements is described below.

(a) Repurchase Agreements Under the terms of a typical repurchase agreement, the Portfolio purchases an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Portfolio to resell, the obligation at an agreed-upon price and time. In an open maturity repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The underlying securities for all repurchase agreements are held by the Portfolio's custodian or designated subcustodians under tri-party repurchase agreements and in certain instances will remain in custody with the counterparty. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Repurchase agreements, if any, including accrued interest, are included on the Statement of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statement of Operations. In periods of increased demand for collateral, the Portfolio may pay a fee for the receipt of collateral, which may result in interest expense to the Portfolio.

(b) Reverse Repurchase Agreements In a reverse repurchase agreement, the Portfolio delivers a security in exchange for cash to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. In an open maturity reverse repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The Portfolio is entitled to receive principal and interest payments, if any, made on the security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by the Portfolio to counterparties are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made by the Portfolio to counterparties are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, the Portfolio may receive a fee for use of the security by the counterparty, which may result in interest income to the Portfolio. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under reverse repurchase agreements.

(c) Short Sales Short sales are transactions in which the Portfolio sells a security that it may not own. The Portfolio may make short sales of securities to (i) offset potential declines in long positions in similar securities, (ii) to increase the flexibility of the Portfolio, (iii) for investment return, (iv) as part of a risk arbitrage strategy, and (v) as part of its overall portfolio management strategies involving the use of derivative instruments. When the Portfolio engages in a short sale, it may borrow the security sold short and deliver it to the counterparty. The Portfolio will ordinarily have to pay a fee or premium to borrow a security and be obligated to repay the lender of the security any dividend or interest that accrues on the security during the period of the loan. Securities sold in short sale transactions and the dividend or interest payable on such securities, if any, are reflected as payable for short sales on the Statement of Assets and Liabilities. Short sales expose the Portfolio to the risk that it will be required to cover its short position at a time when the security or other asset has appreciated in value, thus resulting in losses to the Portfolio. A short sale is "against the box" if the Portfolio holds in its portfolio or has the right to acquire the security sold short, or securities identical to the security sold short, at no additional cost. The Portfolio will be subject to additional risks to the extent that it engages in short sales that are not "against the box." The Portfolio's loss on a short sale could theoretically be unlimited in cases where the Portfolio is unable, for whatever reason, to close out its short position.

6. FINANCIAL DERIVATIVE INSTRUMENTS

The Portfolio may enter into the financial derivative instruments described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on how and why the Portfolio uses financial derivative instruments, and how financial derivative instruments affect the Portfolio's financial position, results of operations and cash flows. The location and fair value amounts of these instruments on the Statement of Assets and Liabilities and the net realized gain (loss) and net change in unrealized appreciation (depreciation) on the Statement of Operations, each categorized by type of financial derivative contract and related risk exposure, are included in a table in the Notes to Schedule of Investments. The financial derivative instruments outstanding as of period end and the amounts of net realized gain (loss) and net change in unrealized appreciation (depreciation) on financial derivative instruments during the period, as disclosed in the Notes to Schedule of Investments, serve as indicators of the volume of financial derivative activity for the Portfolio.

(a) Forward Foreign Currency Contracts may be engaged, in connection with settling planned purchases or sales of securities, to hedge the currency exposure associated with some or all of the Portfolio's securities or as part of an investment strategy. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily, and the change in value is recorded by the Portfolio as an unrealized gain (loss). Realized gains (losses) are equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed and are recorded upon delivery or receipt of the currency. These contracts may involve market risk in excess of the unrealized gain (loss) reflected on the Statement of Assets and Liabilities. In addition, the Portfolio could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably to the U.S. dollar. To mitigate such risk, cash or securities may be exchanged as collateral pursuant to the terms of the underlying contracts.

(b) Futures Contracts are agreements to buy or sell a security or other asset for a set price on a future date. The Portfolio may use futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. The primary risks associated with the use of futures contracts are the imperfect correlation between the change in market value of the securities held by the Portfolio and the prices of futures contracts and the possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, the Portfolio is required to deposit with its futures broker an amount of cash, U.S. Government and Agency Obligations, or select sovereign debt, in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and based on such movements in the price of the contracts, an appropriate payable or receivable for the change in value may be posted or collected by the Portfolio ("Futures Variation Margin"). Gains (losses) are recognized but not considered realized until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of the Futures Variation Margin included within exchange traded or centrally cleared financial derivative instruments on the Statement of Assets and Liabilities.

(c) Options Contracts may be written or purchased to enhance returns or to hedge an existing position or future investment. The Portfolio may write call and put options on securities and financial derivative instruments it owns or in which it may invest. Writing put options tends to increase the Portfolio's exposure to the underlying instrument. Writing call options tends to decrease the Portfolio's exposure to the underlying instrument. When the Portfolio writes a call or put, an amount equal to the premium received is recorded and subsequently marked to market to reflect the current value of the option written. These amounts are included on the Statement of Assets and Liabilities. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying futures, swap, security or currency transaction to determine the realized gain (loss). Certain options may be written with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The Portfolio as a writer of an option has no control over whether the underlying instrument may be sold ("call") or purchased ("put") and as a result bears the market risk of an unfavorable change in the price of the instrument underlying the written option. There is the risk the Portfolio may not be able to enter into a closing transaction because of an illiquid market.

Purchasing call options tends to increase the Portfolio's exposure to the underlying instrument. Purchasing put options tends to decrease the Portfolio's exposure to the underlying instrument. The Portfolio pays a premium which is included as an asset on the Statement of Assets and Liabilities and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. Certain options may be purchased with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The risk associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain (loss) when the underlying transaction is executed.

Credit Default Swaptions may be written or purchased to hedge exposure to the credit risk of an investment without making a commitment to the underlying instrument. A credit default swaption is an option to sell or buy credit protection on a specific reference by entering into a pre-defined swap agreement by some specified date in the future.

Foreign Currency Options may be written or purchased to be used as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies.

Options on Exchange-Traded Futures Contracts ("Futures Option") may be written or purchased to hedge an existing position or future investment, for speculative purposes or to manage exposure to market movements. A Futures Option is an option contract in which the underlying instrument is a single futures contract.

Options on Securities may be written or purchased to enhance returns or to hedge an existing position or future investment. An option on a security uses a specified security as the underlying instrument for the option contract.

(d) Swap Agreements are bilaterally negotiated agreements between the Portfolio and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements may be privately negotiated in the over the counter market ("OTC swaps") or may be cleared through a third party, known as a central counterparty or derivatives clearing organization ("Centrally Cleared Swaps"). The Portfolio may enter into asset, credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements to manage its exposure to credit, currency, interest rate, commodity, equity and inflation risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Centrally Cleared Swaps are marked to market daily based upon valuations as determined from the underlying contract or in accordance with the requirements of the central counterparty or derivatives clearing organization. Changes in market value, if any, are reflected as a component of net change in unrealized appreciation (depreciation) on the Statement of Operations. Daily changes in valuation of centrally cleared swaps ("Swap Variation Margin"), if any, are disclosed within centrally cleared financial derivative instruments on the Statement of Assets and Liabilities. Centrally Cleared and OTC swap payments received or paid at the beginning of the measurement period are included on the Statement of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Upfront premiums received (paid) are initially recorded as liabilities (assets) and subsequently marked to market to reflect the current value of the swap. These upfront premiums are recorded as realized gain (loss) on the Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain (loss) on the Statement of Operations. Net periodic payments received or paid by the Portfolio are included as part of realized gain (loss) on the Statement of Operations.

For purposes of applying certain of the Portfolio's investment policies and restrictions, swap agreements, like other derivative instruments, may be valued by the Portfolio at market value, notional value or full exposure value. In the case of a credit default swap, in applying certain of the Portfolio's investment policies and restrictions, the Portfolio will value the credit default swap at its notional value or its full exposure value (i.e., the sum of the notional amount for the contract plus the market value), but may value the credit default swap at market value for purposes of applying certain of the Portfolio's other investment policies and restrictions. For example, the Portfolio may value credit default swaps at full exposure value for purposes of the Portfolio's credit quality guidelines (if any) because such value in general better reflects the Portfolio's actual economic exposure during the term of the credit default swap agreement. As a result, the Portfolio may, at times, have notional exposure to an asset class (before netting) that is greater or lesser than the stated limit or restriction noted in the Portfolio's prospectus. In this context, both the notional amount and the market value may be positive or negative depending on whether the Portfolio is selling or buying protection through the credit default swap. The manner in which certain securities or other instruments are valued by the Portfolio for purposes of applying investment policies and restrictions may differ from the manner in which those investments are valued by other types of investors.

Entering into swap agreements involves, to varying degrees, elements of interest, credit, market and documentation risk in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates or the values of the asset upon which the swap is based.

The Portfolio's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract's remaining life, to the extent that amount is positive. The risk may be mitigated by having a master netting arrangement between the Portfolio and the counterparty and by the posting of collateral to the Portfolio to cover the Portfolio's exposure to the counterparty.

To the extent the Portfolio has a policy to limit the net amount owed to or to be received from a single counterparty under existing swap agreements, such limitation only applies to counterparties to OTC swaps and does not apply to centrally cleared swaps where the counterparty is a central counterparty or derivatives clearing organization.

Credit Default Swap Agreements on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues are entered into to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where the Portfolio owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default. Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event that the referenced entity, obligation or index, as specified in the swap agreement, undergoes a certain credit event. As a seller of protection on credit default swap agreements, the Portfolio will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, the Portfolio would effectively add leverage to its portfolio because, in addition to its total net assets, the Portfolio would be subject to investment exposure on the notional amount of the swap.

If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are estimated by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event).

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset-backed securities, emerging markets, and/or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name's weight in the index. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. The Portfolio may use credit default swaps on credit indices to hedge a portfolio of credit default swaps or bonds, which is less expensive than it would be to buy many credit default swaps to achieve a similar effect. Credit default swaps on indices are instruments for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues as of period end, if any, are disclosed in the Notes to Schedule of Investments. They serve as an indicator of the current status of payment/performance risk and represent the likelihood or risk of default for the reference entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/ performance risk. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that the Portfolio as a seller of protection could be required to make under a credit default swap agreement equals the notional amount of the agreement. Notional amounts of each individual credit default swap agreement outstanding as of period end for which the Portfolio is the seller of protection are disclosed in the Notes to Schedule of Investments. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Portfolio for the same referenced entity or entities.

Interest Rate Swap Agreements may be entered into to help hedge against interest rate risk exposure and to maintain the Portfolio's ability to generate income at prevailing market rates. The value of the fixed rate bonds that the Portfolio holds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolio may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by the Portfolio with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap", (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor", (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the buyer pays an upfront fee in consideration for the right to early terminate the swap transaction in whole, at zero cost and at a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different segments of money markets.

7. PRINCIPAL RISKS

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are listed below. Please see "Description of Principal Risks" in the Portfolio's prospectus for a more detailed description of the risks of investing in the Portfolio.

Interest Rate Risk is the risk that fixed income securities will decline in value because of an increase in interest rates; a portfolio with a longer average portfolio duration will be more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

Call Risk is the risk that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (*e.g.,* declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security that the Portfolio has invested in, the Portfolio may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

Credit Risk is the risk that the Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

High Yield Risk is the risk that high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit, call and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity.

Market Risk is the risk that the value of securities owned by the Portfolio may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

Issuer Risk is the risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

Liquidity Risk is the risk that a particular investment may be difficult to purchase or sell and that the Portfolio may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal, causing increased supply in the market due to selling activity.

Derivatives Risk is the risk of investing in derivative instruments (such as futures, swaps and structured securities), including leverage, liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity. Changes in the value of the derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and the Portfolio could lose more than the initial amount invested. The Portfolio's use of derivatives may result in losses to the Portfolio, a reduction in the Portfolio's returns and/or increased volatility. Over-the-counter ("OTC") derivatives are also subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally-cleared derivative transactions might not be available for OTC derivatives. For derivatives traded on an exchange or through a central counterparty, credit risk resides with the Portfolio's clearing broker, or the clearinghouse itself, rather than with a counterparty in an OTC derivative transaction. Changes in regulation relating to a mutual fund's use of derivatives and related instruments could potentially limit or impact the Portfolio's ability to invest in derivatives, limit the Portfolio's ability to employ certain strategies that use derivatives and/or adversely affect the value of derivatives and the Portfolio's performance.

Equity Risk is the risk that the value of equity securities, such as common stocks and preferred securities, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

Mortgage-Related and Other Asset-Backed Securities Risk is the risk of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk, prepayment risk and credit risk.

Foreign (Non-U.S.) Investment Risk is the risk that investing in foreign (non-U.S.) securities may result in the Portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies, due to smaller markets, differing reporting, accounting and auditing standards, increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities, and the risk of unfavorable foreign government actions, including nationalization, expropriation or confiscatory taxation, currency blockage, or political changes or diplomatic developments. Foreign securities may also be less liquid and more difficult to value than securities of U.S. issuers.

Emerging Markets Risk is the risk of investing in emerging market securities, primarily increased foreign (non-U.S.) investment risk.

Sovereign Debt Risk is the risk that investments in fixed income instruments issued by sovereign entities may decline in value as a result of default or other adverse credit event resulting from an issuer's inability or unwillingness to make principal or interest payments in a timely fashion.

Currency Risk is the risk that foreign (non-U.S.) currencies will change in value relative to the U.S. dollar and affect the Portfolio's investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.

Leveraging Risk is the risk that certain transactions of the Portfolio, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the Portfolio to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.

Management Risk is the risk that the investment techniques and risk analyses applied by PIMCO will not produce the desired results and that legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to PIMCO and the individual portfolio manager in connection with managing the Portfolio. There is no guarantee that the investment objective of the Portfolio will be achieved.

Short Exposure Risk is the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale will not fulfill its contractual obligations, causing a loss to the Portfolio.

8. MASTER NETTING ARRANGEMENTS

The Portfolio may be subject to various netting arrangements ("Master Agreements") with select counterparties. Master Agreements govern the terms of certain transactions, and are intended to reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that is intended to improve legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organization, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Portfolio to close out and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Statement of Assets and Liabilities generally presents derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under most Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant Master Agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to $250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other 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.

Each Trustee, other than those affiliated with PIMCO or its affiliates, receives an annual retainer of $41,200, plus $4,250 for each Board meeting attended in person, $850 for each committee meeting attended and $750 for each Board meeting attended telephonically, plus reimbursement of related expenses. In addition, the audit committee chair receives an additional annual retainer of $8,000, the valuation oversight committee lead receives an additional annual retainer of $8,500 (to the extent there are co-leads of the valuation oversight committee, the annual retainer will be split evenly between the co-leads, so that each co-lead individually receives an additional annual retainer of $4,250) and each other committee chair receives an additional annual retainer of $5,500. The Lead Independent Trustee receives an annual retainer of $7,000.

These expenses are allocated on a pro rata basis to each Portfolio of the Trust according to its respective net assets. The Trust pays no compensation directly to any Trustee or any other officer who is affiliated with the Administrator, all of whom receive remuneration for their services to the Trust from the Administrator or its affiliates.

(e) Expense Limitation Pursuant to the Expense Limitation Agreement, PIMCO has agreed to waive a portion of the Portfolio's Supervisory and Administrative Fee, or reimburse the Portfolio, to the extent that the Portfolio's organizational expenses, pro rata share of expenses related to obtaining or maintaining a Legal Entity Identifier and pro rata share of Trustee Fees exceed 0.0049%, the "Expense Limit" (calculated as a percentage of the Portfolio's average daily net assets attributable to each class). The Expense Limitation Agreement will automatically renew for one-year terms unless PIMCO provides written notice to the Trust at least 30 days prior to the end of the then current term.

Under certain conditions, PIMCO may be reimbursed for amounts waived pursuant to the Expense Limitation Agreement in future periods, not to exceed thirty-six months after the waiver. At December 31, 2018, there were no recoverable amounts.

10. RELATED PARTY TRANSACTIONS

The Adviser, Administrator, and Distributor are related parties. Fees paid to these parties are disclosed in Note 9, Fees and Expenses, and the accrued related party fee amounts are disclosed on the Statement of Assets and Liabilities.

The Portfolio is permitted to purchase or sell securities from or to certain related affiliated portfolios under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Portfolio from or to another fund or portfolio that are, or could be, considered an affiliate, or an affiliate of an affiliate, by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 under the Act. Further, as defined under the procedures, each transaction is effected at the current market price. Purchases and sales of securities pursuant to Rule 17a-7 under the Act for the period ended December 31, 2018, were as follows (amounts in thousands†):

Purchases	Sales
$ 57,086	$ 25,750

† A zero balance may reflect actual amounts rounding to less than one thousand.

11. GUARANTEES AND INDEMNIFICATIONS

Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust (including the Trust's investment manager) is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Portfolio. Additionally, in the normal course of business, the Portfolio enters into contracts that contain a variety of indemnification clauses. The Portfolio's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Portfolio that have not yet occurred. However, the Portfolio has not had prior claims or losses pursuant to these contracts.

12. PURCHASES AND SALES OF SECURITIES

The length of time the Portfolio has held a particular security is not generally a consideration in investment decisions. A change in the securities held by the Portfolio is known as "portfolio turnover." The Portfolio may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover may involve correspondingly greater transaction costs to the Portfolio, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are generally taxed at ordinary income tax rates). The transaction costs and tax effects associated with portfolio turnover may adversely affect a shareholder'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 December 31, 2018, were as follows (amounts in thousands†):

U.S. Government/Agency		All Other	
Purchases	Sales	Purchases	Sales
$ 10,839,318	$ 10,139,701	$ 945,819	$ 634,528

† 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†):

	Year Ended 12/31/2018		Year Ended 12/31/2017	
	Shares	Amount	Shares	Amount
Receipts for shares sold				
Institutional Class	704	$ 7,161	1,014	$ 10,391
Administrative Class	21,599	218,880	35,577	364,467
Advisor Class	12,624	128,015	15,484	158,679
Issued as reinvestment of distributions				
Institutional Class	27	269	18	181
Administrative Class	2,322	23,503	1,633	16,740
Advisor Class	1,364	13,801	906	9,281
Cost of shares redeemed				
Institutional Class	(1,379)	(13,956)	(382)	(3,909)
Administrative Class	(29,282)	(296,700)	(34,889)	(357,250)
Advisor Class	(13,197)	(133,730)	(12,111)	(124,128)
Net increase (decrease) resulting from Portfolio share transactions	(5,218)	$ (52,757)	7,250	$ 74,452

† A zero balance may reflect actual amounts rounding to less than one thousand.

As of December 31, 2018, two shareholders each owned 10% or more of the Portfolio's total outstanding shares comprising 39% 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 December 31, 2018, the Portfolio has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

The Portfolio files U.S. federal, state, and local tax returns as required. The Portfolio's tax returns are subject to examination by relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Shares of the Portfolio currently are sold to segregated asset accounts ("Separate Accounts") of insurance companies that fund variable annuity contracts and variable life insurance policies ("Variable Contracts"). Please refer to the prospectus for the Separate Account and Variable Contract for information regarding Federal income tax treatment of distributions to the Separate Account.

As of December 31, 2018, the components of distributable taxable earnings are as follows (amounts in thousands†):

	Undistributed Ordinary Income(1)	Undistributed Long-Term Capital Gains	Net Tax Basis Unrealized Appreciation/ (Depreciation)(2)	Other Book-to-Tax Accounting Differences(3)	Accumulated Capital Losses(4)	Qualified Late-Year Loss Deferral - Capital(5)	Qualified Late-Year Loss Deferral - Ordinary(6)
PIMCO Low Duration Portfolio	$ 0	$ 0	$ (7,112)	$ 0	$ (62,135)	$ 0	$ (4,101)

† A zero balance may reflect actual amounts rounding to less than one thousand.

(1) Includes undistributed short-term capital gains, if any.

(2) Adjusted for open wash sale loss deferrals and the accelerated recognition of unrealized gain or loss on certain futures, options and forward contracts for federal income tax, purposes. Also adjusted for differences between book and tax realized and unrealized gain (loss) on swap contracts, straddle loss deferrals, and Lehman securities.

(3) Represents differences in income tax regulations and financial accounting principles generally accepted in the United States of America, mainly for distributions payable at fiscal year-end and organizational costs.

(4) Capital losses available to offset future net capital gains expire in varying amounts as shown below.

(5) Capital losses realized during the period November 1, 2018 through December 31, 2018 which the Portfolio elected to defer to the following taxable year pursuant to income tax regulations.

(6) Specified losses realized during the period November 1, 2018 through December 31, 2018 which the Portfolio elected to defer to the following taxable year pursuant to income tax regulations.

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 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 December 31, 2018, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for federal income tax purposes are as follows (amounts in thousands†):

	Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)(7)
PIMCO Low Duration Portfolio	$ 2,553,618	$ 49,814	$ (56,917)	$ (7,103)

† A zero balance may reflect actual amounts rounding to less than one thousand.

(7) Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) on investments are attributable to open wash sale loss deferrals, unrealized gain or loss on certain futures, options and forward contracts, realized and unrealized gain (loss) swap contracts, straddle loss deferrals, and Lehman securities.

For the fiscal year ended December 31, 2018 and December 31, 2017, respectively, the Portfolio made the following tax basis distributions (amounts in thousands†):

	December 31, 2018			December 31, 2017		
	Ordinary Income Distributions(8)	Long-Term Capital Gain Distributions	Return of Capital(9)	Ordinary Income Distributions(8)	Long-Term Capital Gain Distributions	Return of Capital(9)
PIMCO Low Duration Portfolio	$ 37,573	$ 0	$ 0	$ 21,723	$ 0	$ 4,479

† A zero balance may reflect actual amounts rounding to less than one thousand.

(8) Includes short-term capital gains distributed, if any.

(9) A portion of the distributions made represents a tax return of capital. Return of capital distributions have been reclassified from undistributed net investment income to paid-in capital to more appropriately conform financial accounting to tax accounting.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of PIMCO Variable Insurance Trust and Shareholders of PIMCO Low Duration Portfolio

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of PIMCO Low Duration Portfolio (one of the portfolios constituting PIMCO Variable Insurance Trust, referred to hereafter as the "Portfolio") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statement of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Kansas City, Missouri

February 20, 2019

We have served as the auditor of one or more investment companies in PIMCO Variable Insurance Trust since 1998.

Glossary: (abbreviations that may be used in the preceding statements)

(Unaudited)

Counterparty Abbreviations:

AZD	Australia and New Zealand Banking Group	**FICC**	Fixed Income Clearing Corporation	**MSB**	Morgan Stanley Bank, N.A
BOA	Bank of America N.A.	**GLM**	Goldman Sachs Bank USA	**MYI**	Morgan Stanley & Co. International PLC
BPS	BNP Paribas S.A.	**GSC**	Goldman Sachs & Co.	**RBC**	Royal Bank of Canada
BRC	Barclays Bank PLC	**GST**	Goldman Sachs International	**RYL**	Royal Bank of Scotland Group PLC
BSN	Bank of Nova Scotia	**HUS**	HSBC Bank USA N.A.	**SCX**	Standard Chartered Bank
CBK	Citibank N.A.	**IND**	Crédit Agricole Corporate and Investment Bank S.A.	**SSB**	State Street Bank and Trust Co.
DUB	Deutsche Bank AG	**JPM**	JP Morgan Chase Bank N.A.	**UAG**	UBS AG Stamford

Currency Abbreviations:

ARS	Argentine Peso	**GBP**	British Pound	**SGD**	Singapore Dollar
AUD	Australian Dollar	**JPY**	Japanese Yen	**THB**	Thai Baht
BRL	Brazilian Real	**MXN**	Mexican Peso	**TRY**	Turkish New Lira
CAD	Canadian Dollar	**MYR**	Malaysian Ringgit	**USD (or $)**	United States Dollar
EUR	Euro	**RUB**	Russian Ruble		

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	**SOFRRATE**	Secured Overnight Financing Rate
CDX.IG	Credit Derivatives Index - Investment Grade	**LIBOR03M**	3 Month USD-LIBOR	**US0003M**	3 Month USD Swap Rate

Other Abbreviations:

ALT	Alternate Loan Trust	**EURIBOR**	Euro Interbank Offered Rate	**OAT**	Obligations Assimilables du Trésor
BTP	Buoni del Tesoro Poliennali	**LIBOR**	London Interbank Offered Rate	**TBA**	To-Be-Announced
CLO	Collateralized Loan Obligation	**Lunar**	Monthly payment based on 28-day periods. One year consists of 13 periods.	**TIIE**	Tasa de Interés Interbancaria de Equilibrio "Equilibrium Interbank Interest Rate"
DAC	Designated Activity Company				

Federal Income Tax Information

(Unaudited)

As required by the Internal Revenue Code (the "Code") and Treasury Regulations, if applicable, shareholders must be notified regarding the status of qualified dividend income and the dividend received deduction.

Dividend Received Deduction. Corporate shareholders are generally entitled to take the dividend received deduction on the portion of a Fund's dividend distribution that qualifies under tax law. The percentage of the following Portfolio's fiscal 2018 ordinary income dividend that qualifies for the corporate dividend received deduction is set forth in the table below.

Qualified Dividend Income. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), the percentage of ordinary dividends paid during the calendar year designated as "qualified dividend income", as defined in the Act, subject to reduced tax rates in 2018 is set forth for the Portfolio in the table below.

Qualified Interest Income and Qualified Short-Term Capital Gain (for non-U.S. resident shareholders only). Under the American Jobs Creation Act of 2004, the amounts of ordinary dividends paid during the fiscal year ended December 31, 2018 considered to be derived from "qualified interest income," as defined in Section 871(k)(1)(E) of the Code, and therefore designated as interest-related dividends, as defined in Section 871(k)(1)(C) of the Code are set forth in the table below. Further, the amounts of ordinary dividends paid during the fiscal year ended December 31, 2018 considered to be derived from "qualified short-term capital gain," as defined in Section 871(k)(2)(D) of the Code, and therefore designated as qualified short-term gain dividends, as defined by Section 871(k)(2)(C) of the Code are also set forth in the table below.

	Dividend Received Deduction %	Qualified Dividend Income %	Qualified Interest Income (000s†)	Qualified Short-Term Capital Gain (000s†)
PIMCO Low Duration Portfolio	0.00%	0.00%	$ 37,573	$ 0

† A zero balance may reflect actual amounts rounding to less than one thousand.

Shareholders are advised to consult their own tax advisor with respect to the tax consequences of their investment in the Trust. In January 2019, you will be advised on IRS Form 1099-DIV as to the federal tax status of the dividends and distributions received by you in calendar year 2018.

Management of the Trust

The charts below identify the Trustees and executive officers of the Trust. Unless otherwise indicated, the address of all persons below is 650 Newport Center Drive, Newport Beach, CA 92660.

The Portfolio's Statement of Additional Information includes more information about the Trustees and Officers. To request a free copy, call PIMCO at (888) 87-PIMCO or visit the Portfolio's website at www.pimco.com/pvit.

Name, Year of Birth and Position Held with Trust*	Term of Office and Length of Time Served†	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Public Company and Investment Company Directorships Held by Trustee During the Past 5 Years
Interested Trustees[1]				
Peter G. Strelow (1970)** *Chairman of the Board and Trustee*	05/2017 to present Chairman of the Board - 02/2019 to present	Managing Director and Co-Chief Operating Officer, PIMCO. President of the Trust, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Chief Administrative Officer, PIMCO.	153	Chairman and Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT.
Brent R. Harris (1959)** *Trustee*	08/1997 to present	Managing Director, PIMCO. Senior Vice President of the Trust, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, member of Executive Committee, PIMCO.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT; Director, StocksPLUS® Management, Inc; and member of Board of Governors, Investment Company Institute. Formerly, Chairman, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT.
Independent Trustees				
George E. Borst (1948) *Trustee*	04/2015 to present	Executive Advisor, McKinsey & Company (since 10/14); Formerly, Executive Advisor, Toyota Financial Services (10/13-12/14); and CEO, Toyota Financial Services (1/01-9/13).	132	Trustee, PIMCO Funds and PIMCO ETF Trust; Director, MarineMax Inc.
Jennifer Holden Dunbar (1963) *Trustee*	04/2015 to present	Managing Director, Dunbar Partners, LLC (business consulting and investments). Formerly, Partner, Leonard Green & Partners, L.P.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Director, PS Business Parks; Director, Big 5 Sporting Goods Corporation.
Kym M. Hubbard (1957) *Trustee*	02/2017 to present	Formerly, Global Head of Investments, Chief Investment Officer and Treasurer, Ernst & Young.	132	Trustee, PIMCO Funds and PIMCO ETF Trust; Director, State Auto Financial Corporation.
Gary F. Kennedy (1955) *Trustee*	04/2015 to present	Formerly, Senior Vice President, General Counsel and Chief Compliance Officer, American Airlines and AMR Corporation (now American Airlines Group) (1/03-1/14).	132	Trustee, PIMCO Funds and PIMCO ETF Trust.
Peter B. McCarthy (1950) *Trustee*	04/2015 to present	Formerly, Assistant Secretary and Chief Financial Officer, United States Department of Treasury; Deputy Managing Director, Institute of International Finance.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Ronald C. Parker (1951) *Lead Independent Trustee*	07/2009 to present Lead Independent Trustee - 02/2017 to present	Director of Roseburg Forest Products Company. Formerly, Chairman of the Board, The Ford Family Foundation; and President, Chief Executive Officer, Hampton Affiliates (forestry products).	153	Lead Independent Trustee, PIMCO Funds and PIMCO ETF Trust; Trustee, PIMCO Equity Series and PIMCO Equity Series VIT.

* Unless otherwise noted, the information for the individuals listed is as of December 31, 2018.

** Effective February 13, 2019, Mr. Strelow became the Chairman of the Trust.

[1] Mr. Harris and Mr. Strelow are "interested persons" of the Trust (as that term is defined in the 1940 Act) because of their affiliations with PIMCO.

† Trustees serve until their successors are duly elected and qualified.

Executive Officers

Name, Year of Birth and Position Held with Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years*
Peter G. Strelow (1970) *President*	01/2015 to present	Managing Director and Co-Chief Operating Officer, PIMCO. President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Chief Administrative Officer, PIMCO.
Joshua D. Ratner (1976)** *Chief Legal Officer*	11/2018 to present Vice President - Senior Counsel and Secretary 11/2013 to 11/2018 Assistant Secretary 10/2007 to 01/2011	Executive Vice President and Deputy General Counsel, PIMCO. Chief Legal Officer, PIMCO Investments LLC. Chief Legal Officer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Jennifer E. Durham (1970) *Chief Compliance Officer*	07/2004 to present	Managing Director and Chief Compliance Officer, PIMCO. Chief Compliance Officer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Brent R. Harris (1959) *Senior Vice President*	01/2015 to present President 03/2009 to 01/2015	Managing Director, PIMCO. Senior Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, member of Executive Committee, PIMCO.
Ryan G. Leshaw (1980) *Vice President, Senior Counsel and Secretary*	11/2018 to present Assistant Secretary 05/2012 to 11/2018	Senior Vice President and Senior Counsel, PIMCO. Vice President, Senior Counsel and Secretary, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Assistant Secretary, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Associate, Willkie Farr & Gallagher LLP.
Wu-Kwan Kit (1981) *Assistant Secretary*	08/2017 to present	Senior Vice President and Senior Counsel, PIMCO. Assistant Secretary, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Vice President, Senior Counsel and Secretary, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Assistant General Counsel, VanEck Associates Corp.
Stacie D. Anctil (1969) *Vice President*	05/2015 to present Assistant Treasurer 11/2003 to 05/2015	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
William G. Galipeau (1974) *Vice President*	11/2013 to present	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Eric D. Johnson (1970) *Vice President*	05/2011 to present	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Henrik P. Larsen (1970) *Vice President*	02/1999 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Bijal Y. Parikh (1978) *Vice President*	02/2017 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Greggory S. Wolf (1970) *Vice President*	05/2011 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Trent W. Walker (1974) *Treasurer*	11/2013 to present	Executive Vice President, PIMCO. Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Erik C. Brown (1967)** *Assistant Treasurer*	02/2001 to present	Executive Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Colleen D. Miller (1980)** *Assistant Treasurer*	02/2017 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Christopher M. Morin (1980) *Assistant Treasurer*	08/2016 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
Jason J. Nagler (1982)** *Assistant Treasurer*	05/2015 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.

* The term "PIMCO-Sponsored Closed-End Funds" as used herein includes: PIMCO California Municipal Income Fund, PIMCO California Municipal Income Fund II, PIMCO California Municipal Income Fund III, PIMCO Municipal Income Fund, PIMCO Municipal Income Fund II, PIMCO Municipal Income Fund III, PIMCO New York Municipal Income Fund, PIMCO New York Municipal Income Fund II, PIMCO New York Municipal Income Fund III, PCM Fund Inc., PIMCO Corporate & Income Opportunity Fund, PIMCO Corporate & Income Strategy Fund, PIMCO Dynamic Credit and Mortgage Income Fund, PIMCO Dynamic Income Fund, PIMCO Global StocksPLUS® & Income Fund, PIMCO High Income Fund, PIMCO Income Opportunity Fund, PIMCO Income Strategy Fund, PIMCO Income Strategy Fund II and PIMCO Strategic Income Fund, Inc.; the term "PIMCO-Sponsored Interval Funds" as used herein includes: PIMCO Flexible Credit Income Fund and PIMCO Flexible Municipal Income Fund.

** The address of these officers is Pacific Investment Management Company LLC, 1633 Broadway, New York, New York 10019.

Privacy Policy[1]

The Trust[2,3] considers customer privacy to be a fundamental aspect of its relationships with shareholders and is committed to maintaining the confidentiality, integrity and security of its current, prospective and former shareholders' non-public personal information. The Trust has developed policies that are designed to protect this confidentiality, while allowing shareholder needs to be served.

OBTAINING PERSONAL INFORMATION

In the course of providing shareholders with products and services, the Trust and certain service providers to the Trust, such as the Trust's investment advisers or sub-advisers ("Advisers"), may obtain non-public personal information about shareholders, which may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from shareholder transactions, from a shareholder's brokerage or financial advisory firm, financial advisor or consultant, and/or from information captured on applicable websites.

RESPECTING YOUR PRIVACY

As a matter of policy, the Trust does not disclose any non-public personal information provided by shareholders or gathered by the Trust to non-affiliated third parties, except as required or permitted by law or as necessary for such third parties to perform their agreements with respect to the Trust. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on shareholder satisfaction and gathering shareholder proxies. The Trust or its affiliates may also retain non-affiliated companies to market the Trust's shares or products which use the Trust's shares and enter into joint marketing arrangements with them and other companies. These companies may have access to a shareholder's personal and account information, but are permitted to use this information solely to provide the specific service or as otherwise permitted by law. In most cases, the shareholders will be clients of a third party, but the Trust may also provide a shareholder's personal and account information to the shareholder's respective brokerage or financial advisory firm and/or financial advisor or consultant.

SHARING INFORMATION WITH THIRD PARTIES

The Trust reserves the right to disclose or report personal or account information to non-affiliated third parties in limited circumstances where the Trust believes in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect its rights or property, or upon reasonable request by any fund advised by PIMCO in which a shareholder has invested. In addition, the Trust may disclose information about a shareholder or a shareholder's accounts to a non-affiliated third party at the shareholder's request or with the consent of the shareholder.

SHARING INFORMATION WITH AFFILIATES

The Trust may share shareholder information with its affiliates in connection with servicing shareholders' accounts, and subject to applicable law may provide shareholders with information about products and services that the Trust or its Advisers, distributors or their affiliates ("Service Affiliates") believe may be of interest to such shareholders. The information that the Trust may share may include, for example, a shareholder's participation in the Trust or in other investment programs sponsored by a Service Affiliate, a shareholder's ownership of certain types of accounts (such as IRAs), information about the Trust's experiences or transactions with a shareholder, information captured on applicable websites, or other data about a shareholder's accounts, subject to applicable law. The Trust's Service Affiliates, in turn, are not permitted to share shareholder information with non-affiliated entities, except as required or permitted by law.

PROCEDURES TO SAFEGUARD PRIVATE INFORMATION

The Trust takes seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, the Trust has implemented procedures that are designed to restrict access to a shareholder's non-public personal information to internal personnel who need to know that information to perform their jobs, such as servicing shareholder accounts or notifying shareholders of new products or services. Physical, electronic and procedural safeguards are in place to guard a shareholder's non-public personal information.

INFORMATION COLLECTED FROM WEBSITES

Websites maintained by the Trust or its service providers may use a variety of technologies to collect information that help the Trust and its service providers understand how the website is used. Information collected from your web browser (including small files stored on your device that are commonly referred to as "cookies") allow the websites to recognize your web browser and help to personalize and improve your user experience and enhance navigation of the website. In addition, the Trust or its Service Affiliates may use third parties to place advertisements for the Trust on other websites, including banner advertisements. Such third parties may collect anonymous information through the use of cookies or action tags (such as web beacons). The information these third parties collect is generally limited to technical and web navigation information, such as your IP address, web pages visited and browser type, and does not include personally identifiable information such as name, address, phone number or email address. If you are a registered user of the Trust's website, the Trust or their service providers or third party firms engaged by the Trust or their service providers may collect or share information submitted by you, which may include personally identifiable information. This information can be useful to the Trust when assessing and offering services and website features. You can change your cookie preferences by changing the setting on your web browser to delete or reject cookies. If you delete or reject cookies, some website pages may not function properly. The Trust does not look for web browser "do not track" requests.

CHANGES TO THE PRIVACY POLICY

From time to time, the Trust may update or revise this privacy policy. If there are changes to the terms of this privacy policy, documents containing the revised policy on the relevant website will be updated.

[1] Amended as of February 15, 2017.
[2] PIMCO Investments LLC ("PI") serves as the Trust's distributor. This Privacy Policy applies to the activities of PI to the extent that PI regularly effects or engages in transactions with or for a Trust shareholder who is the record owner of such shares. For purposes of this Privacy Policy, references to "the Trust" shall include PI when acting in this capacity.
[3] When distributing this Policy, the Trust may combine the distribution with any similar distribution of its investment adviser's privacy policy. The distributed, combined policy may be written in the first person (i.e., by using "we" instead of "the Trust").

Approval of Renewal of the Amended and Restated Investment Advisory Contract, Supervision and Administration Agreement and Amended and Restated Asset Allocation Sub-Advisory Agreement

At a meeting held on August 20-21, 2018, the Board of Trustees (the "Board") of PIMCO Variable Insurance Trust (the "Trust"), including the Trustees who are not "interested persons" of the Trust under the Investment Company Act of 1940, as amended (the "Independent Trustees"), considered and unanimously approved the renewal of the Amended and Restated Investment Advisory Contract (the "Investment Advisory Contract") between the Trust, on behalf of each of the Trust's series (the "Portfolios"), and Pacific Investment Management Company LLC ("PIMCO") for an additional one-year term through August 31, 2019. The Board also considered and unanimously approved the renewal of the Supervision and Administration Agreement (together with the Investment Advisory Contract, the "Agreements") between the Trust, on behalf of the Portfolios, and PIMCO for an additional one-year term through August 31, 2019. In addition, the Board considered and unanimously approved the renewal of the Amended and Restated Asset Allocation Sub-Advisory Agreement (the "Asset Allocation Agreement") between PIMCO, on behalf of PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio, each a series of the Trust, and Research Affiliates, LLC ("Research Affiliates") for an additional one-year term through August 31, 2019.

The information, material factors and conclusions that formed the basis for the Board's approvals are summarized below.

1. INFORMATION RECEIVED

(a) Materials Reviewed: During the course of the past year, the Trustees received a wide variety of materials relating to the services provided by PIMCO and Research Affiliates to the Trust. At each of its quarterly meetings, the Board reviewed the Portfolios' investment performance and a significant amount of information relating to Portfolio operations, including shareholder services, valuation and custody, the Portfolios' compliance program and other information relating to the nature, extent and quality of services provided by PIMCO and Research Affiliates to the Trust and each of the Portfolios, as applicable. In considering whether to approve the renewal of the Agreements and the Asset Allocation Agreement, the Board reviewed additional information, including, but not limited to, comparative industry data with regard to investment performance, advisory and supervisory and administrative fees and expenses, financial information for PIMCO and, where relevant, Research Affiliates, information regarding the profitability to PIMCO of its relationship with the Portfolios, information about the personnel providing investment management services, other advisory services and supervisory and administrative services to the Portfolios, and information about the fees charged and services provided to other clients with similar investment mandates as the Portfolios, where applicable. In addition, the Board reviewed materials provided by counsel to the Trust and the Independent Trustees, which included, among other things, memoranda outlining legal duties of the Board in considering the renewal of the Agreements and the Asset Allocation Agreement.

(b) Review Process: In connection with considering the renewal of the Agreements and the Asset Allocation Agreement, the Board reviewed written materials prepared by PIMCO and, where applicable, Research Affiliates in response to requests from counsel to the Trust and the Independent Trustees encompassing a wide variety of topics. The Board requested and received assistance and advice regarding, among other things, applicable legal standards from counsel to the Trust and the Independent Trustees, and reviewed comparative fee and performance data prepared at the Board's request by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company performance information and fee and expense data. The Board received information on matters related to the Agreements and the Asset Allocation Agreement and met both as a full Board and in a separate session of the Independent Trustees, without management present, at the August 20-21, 2018 meeting. The Independent Trustees also conducted in-person meetings with counsel to the Trust and the Independent Trustees, including one on July 18, 2018, to discuss the Lipper Report, as defined below, and certain aspects of the 2018 15(c) materials presented and other matters deemed relevant to their consideration of the renewal of the Agreements and the Asset Allocation Agreement. In connection with its review of the Agreements, the Board received comparative information on the performance and the fees and expenses of other peer group funds and share classes. In addition, the Independent Trustees requested and received supplemental information.

The approval determinations were made on the basis of each Trustee's business judgment after consideration and evaluation of all the information presented. Individual Trustees may have given different weights to certain factors and assigned various degrees of materiality to information received in connection with the approval process. In deciding to approve the renewal of the Agreements and the Asset Allocation Agreement, the Board did not identify any single factor or particular information that, in isolation, was controlling. The discussion below is intended to summarize the broad factors and information that figured prominently in the Board's consideration of the renewal of the Agreements and the Asset Allocation Agreement, but is not intended to summarize all of the factors considered by the Board.

2. NATURE, EXTENT AND QUALITY OF SERVICES

(a) PIMCO, Research Affiliates, their Personnel, and Resources: The Board considered the depth and quality of PIMCO's investment management process, including: the experience, capability and integrity of its senior management and other personnel; the overall financial strength and stability of its organization; and the ability of its organizational structure to address changes in the Portfolios' asset levels. The Board also considered the various services in addition to portfolio management that PIMCO provides under the Investment Advisory Contract. The Board noted that PIMCO makes available to its investment professionals a variety of resources and systems relating to investment management, compliance, trading, performance and portfolio accounting. The Board also noted PIMCO's commitment to enhancing and investing in its global infrastructure, technology capabilities, risk management processes and the specialized talent needed to stay at the forefront of the competitive investment management industry and to strengthen its ability to deliver services under the Agreements. The Board considered PIMCO's policies, procedures and systems reasonably designed to assure compliance with applicable laws and regulations and its commitment to further developing and strengthening these programs, its oversight of matters that may involve conflicts of interest between the Portfolios' investments and those of other accounts managed by PIMCO, and its efforts to keep the Trustees informed about matters relevant to the Portfolios and their shareholders. The Board also considered PIMCO's continuous investment in new disciplines and talented personnel, which has enhanced PIMCO's services to the Portfolios and has allowed PIMCO to introduce innovative new portfolios over time. In addition, the Board considered the nature and quality of services provided by PIMCO to the wholly-owned subsidiaries of certain applicable Portfolios.

The Trustees considered that PIMCO has continued to strengthen the process it uses to actively manage counterparty risk and to assess the financial stability of counterparties with which the Portfolios do business, to manage collateral and to protect Portfolios from an unforeseen deterioration in the creditworthiness of trading counterparties. The Trustees noted that, consistent with its fiduciary duty, PIMCO executes transactions through a competitive best execution process and uses only those counterparties that meet its stringent and monitored criteria. The Trustees considered that PIMCO's collateral management team utilizes a counterparty risk system to analyze portfolio level exposure and collateral being exchanged with counterparties.

In addition, the Trustees considered new services and service enhancements that PIMCO has implemented since the Board renewed the Agreements in 2017, including, but not limited to upgrading the global network and infrastructure to support trading and risk management systems; enhancing and continuing to expand capabilities within the pre-trade compliance platform; enhancing flexible client reporting capabilities to support increased differentiation within local markets; developing new application and database frameworks to support new trading strategies; expanding proprietary applications suites to enrich capabilities across Compliance, Analytics, Risk Management, Client Reporting, Attribution and Customer Relationship management; continuing investment in its enterprise risk management function, including PIMCO's cybersecurity program and global business continuity functions; oversight by the Americas Fund Oversight Committee, which provides senior-level oversight and supervision focused on new and ongoing fund-related business opportunities; engaging a third party service provider to implement the SEC reporting modernization regime; expanding the Fund Treasurer's Office; enhancing a proprietary application to provide portfolio managers with more timely and high quality income reporting; developing a global tax management application that will enable investment professionals to access foreign market and security tax information on a real-time basis; enhancing reporting of tax reporting for portfolio managers for income products with improved transparency on tax factors impacting income generation and dividend yield; upgrading a proprietary application to allow shareholder subscription and redemption data to pass to portfolio managers more quickly and efficiently; and continuing to expand the pricing portal and the proprietary performance reconciliation tool.

Similarly, the Board considered the asset allocation services provided by Research Affiliates to the PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio. The Board further considered PIMCO's oversight of Research Affiliates in connection with Research Affiliates providing asset allocation services to the Asset Portfolio and All Asset All Authority Portfolio. The Board also considered the depth and quality of Research Affiliates' investment management and research capabilities, the experience and capabilities of its portfolio management personnel and the overall financial strength of the organization.

Ultimately, the Board concluded that the nature, extent and quality of services provided or procured by PIMCO under the Agreements and provided by Research Affiliates under the Asset Allocation Agreement are likely to continue to benefit the Portfolios and their respective shareholders, as applicable.

(b) Other Services: The Board also considered the nature, extent and quality of supervisory and administrative services provided by PIMCO to the Portfolios under the Supervision and Administration Agreement.

The Board considered the terms of the Supervision and Administration Agreement, under which the Trust pays for the supervisory and administrative services provided pursuant to that agreement under what is essentially an all-in fee structure (the "unified fee"). In return, PIMCO provides or procures certain supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, legal, transfer agency, sub-accounting and printing costs. The Board noted that the scope and complexity, as well as the costs, of the supervisory and administrative services provided by PIMCO under the Supervision and Administration Agreement continue to increase. The Board considered PIMCO's provision of supervisory and administrative services and its supervision of the Trust's third party service providers to assure that these service providers continue to provide a high level of service relative to alternatives available in the market.

Ultimately, the Board concluded that the nature, extent and quality of the services provided by PIMCO has benefited, and will likely continue to benefit, the Portfolios and their shareholders.

3. INVESTMENT PERFORMANCE

The Board reviewed information from PIMCO concerning the Portfolios' performance, as available, over short- and long-term periods ended March 31, 2018 and other performance data, as available, over short- and long-term periods ended June 30, 2018 (the "PIMCO Report") and from Broadridge concerning the Portfolios' performance, as available, over short- and long-term periods ended March 31, 2018 (the "Lipper Report").

The Board considered information regarding both the short- and long-term investment performance of each Portfolio relative to its peer group and relevant benchmark index as provided to the Board in advance of each of its quarterly meetings throughout the year, including the PIMCO Report and Lipper Report, which were provided in advance of the August 20-21, 2018 meeting. The Trustees noted that many of the Portfolios outperformed their respective Lipper medians on a net-of-fees basis over the three-, five- and ten-year periods ended March 31, 2018. The Board also noted that, as of March 31, 2018, the Administrative Class of 72%, 35% and 73% of the Portfolios outperformed their respective Lipper category median on a net-of-fees basis over the three-, five- and ten-year periods, respectively. The Trustees considered that other classes of each Portfolio would have substantially similar performance to that of the Administrative Class of the relevant Portfolio on a relative basis because all of the classes are invested in the same portfolio of investments and that differences in performance among classes could principally be attributed to differences in the supervisory and administrative fees and distribution and servicing expenses of each class. The Board also considered that the investment objectives of certain of the Portfolios may not always be identical to those of the other funds in their respective peer groups and that the Lipper categories do not: separate funds based upon maturity or duration; account for the applicable Portfolios' hedging strategies; distinguish between enhanced index and actively managed equity strategies; include as many subsets as the Portfolios offer (*i.e.*, Portfolios may be placed in a "catch-all" Lipper category to which they do not properly belong); or account for certain fee waivers. The Board noted that, due to these differences, performance comparisons between certain of the Portfolios and their so-called peers may not be particularly relevant to the consideration of Portfolio performance but found the comparative information supported its overall evaluation.

The Board noted that performance for a majority of the Portfolios has been mixed compared to their respective benchmark indexes over the five-year period ended March 31, 2018. The Board noted that, as of March 31, 2018, 70%, 23% and 92% of the Trust's assets (based on Administrative Class performance) outperformed their respective benchmarks on a net-of-fees basis over the three-, five- and ten-year periods, respectively. The Board also discussed actions that have been taken by PIMCO to attempt to improve performance and took note of PIMCO's plans to monitor performance going forward.

The Board considered PIMCO's discussion of the intensive nature of managing bond funds, noting that it requires the management of a number of factors, including: varying maturities; prepayments; collateral management; counterparty management; pay-downs; credit and corporate events; workouts; derivatives; net new issuance in the bond market; and decreased market maker inventory levels. The Board noted that in addition to managing these factors, PIMCO must also balance risk controls and strategic positions in each portfolio it manages, including the Portfolios. Despite these challenges, the Board noted PIMCO's ability to generate non-market correlated excess performance for its clients over time, including the Trust.

The Board ultimately concluded, within the context of all of its considerations in connection with the Agreements, that PIMCO's performance record and process in managing the Portfolios indicates that its continued management is likely to benefit the Portfolios and their shareholders, and merits the approval of the renewal of the Agreements.

4. ADVISORY FEES, SUPERVISORY AND ADMINISTRATIVE FEES AND TOTAL EXPENSES

The Board considered that PIMCO seeks to price new funds and classes to scale. PIMCO reported to the Board that, in proposing fees for any Portfolio or class of shares, it considers a number of factors, including, but not limited to, the type and complexity of the services provided, the cost of providing services, the risk assumed by PIMCO in the development of products and the provision of services and the competitive marketplace for financial products. Fees charged to or proposed for different Portfolios for advisory services and supervisory and administrative services may vary in light of these various factors. The Board considered that portfolio pricing generally is not driven by comparison to passively-managed products.

In addition, PIMCO reported to the Board that it periodically reviews the fees charged to the Portfolios. The Board noted that, based upon this review, PIMCO may propose advisory fee or supervisory and administrative fee changes where (i) a Portfolio's long-term performance warrants additional consideration; (ii) there is a notable aid to market position; (iii) a Portfolio's fee does not reflect the current level of supervision or administrative fees provided to the Portfolio; or (iv) PIMCO would like to change a Portfolio's overall strategic positioning.

The Board reviewed the advisory fees, supervisory and administrative fees and total expenses of the Portfolios (each as a percentage of average net assets) and compared such amounts with the average and median fee and expense levels of other similar funds. The Board also reviewed information relating to the sub-advisory fees paid to Research Affiliates with respect to applicable Portfolios, taking into account that PIMCO compensates Research Affiliates from the advisory fees paid by such Portfolios to PIMCO. With respect to advisory fees, the Board reviewed data from Broadridge that compared the average and median advisory fees of other funds in a "Peer Group" of comparable funds, as well as the universe of other similar funds. The Board noted that a number of Portfolios have total expense ratios that fall below the average and median expense ratios in their Peer Group and Lipper universe. In addition, the Board considered fee waivers in place for certain of the Portfolios and also noted the fee waivers in place with respect to the advisory fee and supervisory and administrative fee that might result from investments by applicable Portfolios in their respective wholly-owned subsidiaries. The Board also considered that PIMCO reviews the Portfolios' fee levels and carefully considers changes where appropriate.

The Board also reviewed data comparing the Portfolios' advisory fees to the standard and negotiated fee rates PIMCO charges to separate accounts, collective investment trusts and sub-advised clients with similar investment strategies. In cases where the fees for other clients were lower than those charged to the Portfolios, the Trustees noted that the differences in fees were attributable to various factors, including, but not limited to, differences in the advisory and other services provided by PIMCO to the Portfolios, differences in the number or extent of the services provided by PIMCO to the Portfolios, the manner in which similar portfolios may be managed, different requirements with respect to liquidity management and the implementation of other regulatory requirements, and the fact that separate accounts may have other contractual arrangements or arrangements across PIMCO strategies that justify different levels of fees. The Board considered that, with respect to collective investment trusts, PIMCO performs fewer or less extensive services because collective investment trusts are generally exempt from SEC regulation; investors in a collective investment trust may receive shareholder services from a trustee bank, rather than PIMCO; collective investment trusts have less regulatory disclosure; and the management structure of collective investment trusts differs from that of funds. The Trustees also considered that PIMCO faces increased entrepreneurial, legal and regulatory risk in sponsoring and managing mutual funds and ETFs as compared to separate accounts, external sub-advised funds or other investment products.

Regarding advisory fees charged by PIMCO in its capacity as sub-adviser to third party/unaffiliated funds, the Trustees took into account that such fees may be lower than the fees charged by PIMCO to serve as adviser to the Portfolios. The Trustees also took into account that there are various reasons for any such differences in fees, including, but not limited to, the fact that PIMCO may be subject to varying levels of entrepreneurial risk and regulatory requirements, differing legal liabilities on a contract-by-contract basis and different servicing requirements when PIMCO does not serve as the sponsor of a fund and is not principally responsible for all aspects of a fund's investment program and operations as compared to when PIMCO serves as investment adviser and sponsor.

The Board considered the Portfolios' supervisory and administrative fees, comparing them to similar funds in the report supplied by Broadridge. The Board also considered that as the Portfolios' business has become increasingly complex and the number of Portfolios has grown over time, PIMCO has provided an increasingly broad array of fund supervisory and administrative functions. In addition, the Board considered the Trust's unified fee structure, under which the Trust pays for the supervisory and administrative services it requires for one set fee. In return for this unified fee, PIMCO provides or procures supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, legal, transfer agency, sub-accounting and printing costs. The Board further considered that many other funds pay for comparable services separately, and thus it is difficult to directly compare the Trust's unified supervisory and administrative fees with the fees paid by other funds for administrative services alone. The Board also considered that the unified supervisory and administrative fee leads to Portfolio fees that are fixed over the contract period, rather than variable. The Board noted that, although the unified fee structure does not have breakpoints, it implicitly reflects economies of scale by fixing the absolute level of Portfolio fees at competitive levels over the contract period even if the Portfolios' operating costs rise when assets remain flat or decrease. Other factors the Board considered in assessing the unified fee include PIMCO's approach of pricing Portfolios to scale at inception and reinvesting in other important areas of the business that support the Portfolios. The Board considered that the Portfolios' unified fee structure meant that fees were not impacted by recent outflows in certain Portfolios, unlike funds without a unified fee structure, which may see increased expense ratios when fixed costs, such as service provider costs, are passed through to a smaller asset base. The Board considered historical advisory and supervisory and administrative fee reductions implemented for different Portfolios and classes, noting that the unified fee can be increased or decreased in subsequent contractual periods and is subject to the periodic reviews discussed above. The Board noted that, with few exceptions, PIMCO has generally maintained Portfolio fees at the same level as implemented when the unified fee was adopted, and has reduced fees for a number of Portfolios in prior years. The Board concluded that the Portfolios' supervisory and administrative fees were reasonable in relation to the value of the services provided, including the services provided to different classes of shareholders, and that the expenses assumed contractually by PIMCO under the Supervision and Administration Agreement represent, in effect, a cap on overall Portfolio fees during the contractual period, which is beneficial to the Portfolios and their shareholders.

The Board considered the Portfolios' total expenses and discussed with PIMCO those Portfolios and/or classes of Portfolios that had above median total expenses. The Board noted that many of the Portfolios are unique products that have few peers, if any, and cannot easily be grouped with comparable funds. Upon comparing the Portfolios' total expenses to other funds in the "Peer Groups" provided by Broadridge, the Board found total expenses of each Portfolio to be reasonable.

The Trustees also considered the advisory fees charged to the Portfolios that operate as funds of funds (the "Funds of Funds") and the advisory services provided in exchange for such fees. The Trustees determined that such services were in addition to the advisory services provided to the underlying funds in which the Funds of Funds may invest and, therefore, such services were not duplicative of the advisory services provided to the underlying funds. The Board also considered the various fee waiver agreements in place for the Funds of Funds. The Board noted that PIMCO is continuing waivers for these Funds of Funds, as well as for certain other Portfolios of the Trust.

Based on the information presented by PIMCO, Research Affiliates and Broadridge, members of the Board determined, in the exercise of their business judgment, that the level of the advisory fees and supervisory and administrative fees charged by PIMCO under the Agreements, as well as the total expenses of each Portfolio, after the proposals to decrease the management fee, are reasonable.

5. ADVISER COSTS, LEVEL OF PROFITS AND ECONOMIES OF SCALE

The Board reviewed information regarding PIMCO's costs of providing services to the Funds as a whole, as well as the resulting level of profits to PIMCO under both the adjusted asset profitability method and the profit and loss profitability method, which were each utilized to calculate profitability. To the extent applicable, the Board also reviewed information regarding the portion of a Portfolio's advisory fee retained by PIMCO, following the payment of sub-advisory fees to Research Affiliates, with respect to the Portfolio. Additionally, the Board noted that profit margins with respect to the Trust shows that the Trust is profitable, although less so than PIMCO Funds due to payments made by PIMCO to participating insurance companies. The Board further noted PIMCO's engagement of a third party to review and to make recommendations regarding PIMCO's processes supporting its profitability estimation materials. The Board also noted that it had received information regarding the structure and manner in which PIMCO's investment professionals were compensated, and PIMCO's view of the relationship of such compensation to the attraction and retention of quality personnel. The Board considered PIMCO's need to invest in global infrastructure, technology capabilities, risk management processes and qualified personnel to reinforce and offer new services and to accommodate changing regulatory requirements.

With respect to potential economies of scale, the Board noted that PIMCO shares the benefits of economies of scale with the Portfolios and their shareholders in a number of ways, including investing in portfolio and trade operations management, firm technology, middle and back office support, legal and compliance, and fund administration logistics, senior management supervision, governance and oversight of those services, and through fee reductions or waivers, the pricing of Portfolios to scale from inception, and the enhancement of services provided to the Portfolios in return for fees paid. The Board reviewed the history of the Portfolios' fee structure. The Board considered that the Portfolios' unified fee rates had been set competitively and/or priced to scale from inception, had been held steady during the contractual period at that scaled competitive rate for most Portfolios as assets grew, or as assets declined in the case of some Portfolios, and continued to be competitive compared with peers. The Board also considered that the unified fee is a transparent means of informing a Portfolio's shareholders of the fees associated with the Portfolio, and that the Portfolio bears certain expenses that are not covered by the advisory fee or the unified fee. The Board further considered the challenges that arise when managing large funds, which can result in certain "diseconomies" of scale and noted that PIMCO has continued to reinvest in many areas of the business to support the Portfolios.

The Trustees considered that the unified fee has provided inherent economies of scale because a Portfolio maintains competitive fixed fees over the annual contract period even if the particular Portfolio's assets decline and/or operating costs rise. The Trustees further considered that, in contrast, breakpoints may be a proxy for charging higher fees on lower asset levels and that when a fund's assets decline, breakpoints may reverse, which causes expense ratios to increase. The Trustees also considered that, unlike the Portfolios' unified fee structure, funds with "pass through" administrative fee structures may experience increased expense ratios when fixed dollar fees are charged against declining fund assets. The Trustees also considered that the unified fee protects shareholders from a rise in operating costs that may result from, among other things, PIMCO's investments in various business enhancements and infrastructure, including those referenced above. The Trustees noted that PIMCO's investments in these areas are extensive.

The Board concluded that the Portfolios' cost structures were reasonable and that PIMCO is appropriately sharing economies of scale, if any, through the Portfolios' unified fee structure, generally pricing Portfolios to scale at inception and reinvesting in its business to provide enhanced and expanded services to the Portfolios and their shareholders.

6. ANCILLARY BENEFITS

The Board considered other benefits realized by PIMCO and its affiliates as a result of PIMCO's relationship with the Trust. Such benefits may include possible ancillary benefits to PIMCO's institutional investment management business due to the reputation and market penetration of the Trust or third party service providers' relationship-level fee concessions, which decrease fees paid by PIMCO. The Board also considered that affiliates of PIMCO provide distribution and/or shareholder services to the Portfolios and their shareholders, for which they may be compensated through distribution and servicing fees paid pursuant to the Portfolios' Rule 12b-1 plans or otherwise. The Board reviewed PIMCO's soft dollar policies and procedures, noting that while PIMCO has the authority to receive the benefit of research provided by broker-dealers executing portfolio transactions on behalf of the Portfolios, it has adopted a policy not to enter into contractual soft dollar arrangements.

7. CONCLUSIONS

Based on their review, including their comprehensive consideration and evaluation of each of the broad factors and information summarized above, the Independent Trustees and the Board as a whole concluded that the nature, extent and quality of the services rendered to the Portfolios by PIMCO and Research Affiliates supported the renewal of the Agreements and the Asset Allocation Agreement. The Independent Trustees and the Board as a whole concluded that the Agreements and the Asset Allocation Agreement continued to be fair and reasonable to the Portfolios and their shareholders, that the Portfolios' shareholders received reasonable value in return for the fees paid to PIMCO by the Portfolios under the Agreements and the fees paid to Research Affiliates by PIMCO under the Asset Allocation Agreement, and that the renewal of the Agreements and the Asset Allocation Agreement was in the best interests of the Portfolios and their shareholders.

General Information

Investment Adviser and Administrator
Pacific Investment Management Company LLC
650 Newport Center Drive
Newport Beach, CA 92660

Distributor
PIMCO Investments LLC
1633 Broadway
New York, NY 10019

Custodian
State Street Bank and Trust Company
801 Pennsylvania Avenue
Kansas City, MO 64105

Transfer Agent
DST Asset Manager Solutions, Inc.
430 W 7th Street STE 219024
Kansas City, MO 64105-1407

Legal Counsel
Dechert LLP
1900 K Street, N.W.
Washington, D.C. 20006

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
1100 Walnut Street, Suite 1300
Kansas City, MO 64106

This report is submitted for the general information of the shareholders of the Portfolio listed on the Report cover.

pimco.com/pvit

PIMCO

PVIT14AR_123118