



# Self-Directed Life

A flexible life  
insurance policy

Annual Report  
December 31, 2018

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## Notice of Reliance on Rule 30e-3

As a variable product customer of Sentry Life Insurance Company you need to know about a change in the delivery method of fund shareholder reports.

Beginning January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, copies of the Self-Directed Life insurance policy shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from Sentry Life Insurance Company. Instead, the reports will be made available on our website. You will be notified by mail each time a report is posted and provided with a website link to access the report.

This optional delivery method is intended to modernize the manner in which periodic information is made available to investors, which we believe will improve investors' experience while reducing expenses associated with printing and mailing shareholder reports.

You may elect to receive all future shareholder reports in paper form at no cost to you. Your election to receive paper reports will apply to all funds held in your Self-Directed Life insurance policy with Sentry Life Insurance Company.

We value you as our customer. To request paper copies of the shareholder reports, or If you have any questions regarding your Self-Directed Life insurance policy please call us at 800-4SENTRY (800-473-6879) or email us at [equities@sentry](mailto:equities@sentry).



KPMG LLP  
Suite 1050  
833 East Michigan Street  
Milwaukee, WI 53202-5337

## Report of Independent Registered Public Accounting Firm

To the Board of Directors of Sentry Life Insurance Company and the  
Contract Owners of Sentry Variable Life Account I:

### *Opinion on the Financial Statements*

We have audited the accompanying statement of assets and liabilities of the sub-accounts listed in the Appendix that comprise the Sentry Variable Life Account I (the Separate Account) as of December 31, 2018, the related statements of operations for the year then ended and changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the financial statements) including the financial highlights in Note 7 for each of the years in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of each sub-account 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 years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

### *Basis for Opinion*

These financial statements and financial highlights are the responsibility of the Separate Account's management. Our responsibility is to express an opinion on these 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 Separate Account 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. 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. Such procedures also included confirmation of securities owned as of December 31, 2018, by correspondence with the transfer agent of the underlying mutual funds. 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. We believe that our audits provide a reasonable basis for our opinion.

**KPMG LLP**

We have served as the Separate Account's auditor since 2007.

Milwaukee, Wisconsin  
February 25, 2019



## **Appendix**

Janus Henderson Series – Institutional Shares – Research Portfolio <sup>(1)</sup>

Janus Henderson Series – Institutional Shares – Enterprise Portfolio <sup>(1)</sup>

Janus Henderson Series – Institutional Shares – Forty Portfolio <sup>(1)</sup>

Janus Henderson Series – Institutional Shares – Global Research Portfolio <sup>(1)</sup>

Janus Henderson Series – Institutional Shares – Balanced Portfolio <sup>(1)</sup>

T. Rowe Price Fixed Income Series, Inc. – Government Money Portfolio <sup>(1)</sup>

T. Rowe Price Fixed Income Series, Inc. – Limited Term Bond Portfolio

T. Rowe Price Equity Series, Inc. – Equity Income Portfolio

T. Rowe Price Equity Series, Inc. – Personal Strategy Balanced Portfolio

T. Rowe Price International Series, Inc. – International Stock Portfolio

<sup>(1)</sup> See the statement of assets and liabilities for the former name of the sub-account

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# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Life Account I STATEMENT OF ASSETS AND LIABILITIES

December 31, 2018

### Assets:

Investments at fair value:

\* Janus Henderson Series - Institutional Shares:

**	Research Portfolio, 5,321 shares (cost \$166,016)	\$	179,330
	Enterprise Portfolio, 59,635 shares (cost \$3,337,661)		3,996,758
	Forty Portfolio, 8,155 shares (cost \$302,712)		287,070
	Global Research Portfolio, 470 shares (cost \$19,572)		22,180
	Balanced Portfolio, 8,224 shares (cost \$250,612)		277,567

T. Rowe Price Fixed Income Series, Inc.:

***	Government Money Portfolio, 61,894 shares (cost \$61,894)		61,894
	Limited Term Bond Portfolio, 24,220 shares (cost \$116,762)		115,771

T. Rowe Price Equity Series, Inc.:

	Equity Income Portfolio, 9,342 shares (cost \$247,407)		218,227
	Personal Strategy Balanced Portfolio, 66,019 shares (cost \$1,315,530)		1,208,805

T. Rowe Price International Series, Inc.:

	International Stock Portfolio, 610 shares (cost \$9,454)		7,958
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**Total Assets** 6,375,560

**Total Liabilities** -

**Net Assets** \$ 6,375,560

*See accompanying notes to financial statements*

\* Formerly Janus Aspen Series

\*\* Formerly Janus Aspen Janus Portfolio

\*\*\* Formerly T. Rowe Price Prime Reserve Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Life Account I STATEMENT OF OPERATIONS

For the Year Ended December 31, 2018

	Janus Henderson Research**	Janus Henderson Enterprise	Janus Henderson Forty
Investment Income:			
Dividends	\$ 1,121	\$ 10,469	\$ -
Expenses:			
Mortality and expense risk charges	2,147	46,579	3,317
Net investment income (loss)	(1,026)	(36,109)	(3,317)
Realized gains (losses) on investments:			
Realized net investment gain (loss)	8,342	273,933	(947)
Capital gain distributions received	9,910	202,436	42,818
Realized gain (loss) on investments and capital gain distributions, net	18,253	476,369	41,871
Unrealized appreciation (depreciation), net	(22,595)	(487,314)	(35,332)
Net increase (decrease) in net assets from operations	<u>\$ (5,368)</u>	<u>\$ (47,055)</u>	<u>\$ 3,222</u>

For the Year Ended December 31, 2018

	Janus Henderson Global Research	Janus Henderson Balanced
Investment Income:		
Dividends	\$ 283	\$ 6,162
Expenses:		
Mortality and expense risk charges	263	3,034
Net investment income (loss)	21	3,128
Realized gains (losses) on investments:		
Realized net investment gain (loss)	921	8,007
Capital gain distributions received	-	7,724
Realized gain (loss) on investments and capital gain distributions, net	921	15,732
Unrealized appreciation (depreciation), net	(2,758)	(19,978)
Net increase (decrease) in net assets from operations	<u>\$ (1,816)</u>	<u>\$ (1,118)</u>

See accompanying notes to financial statements

\*\* Formerly Janus Aspen Janus Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Life Account I STATEMENT OF OPERATIONS

For the Year Ended December 31, 2018

	T. Rowe Price Government Money***	T. Rowe Price Limited Term Bond	T. Rowe Price Equity Income
Investment Income:			
Dividends	\$ 807	\$ 1,925	\$ 4,916
Expenses:			
Mortality and expense risk charges	646	995	2,567
Net investment income (loss)	161	931	2,349
Realized gains (losses) on investments:			
Realized net investment gain (loss)	-	(917)	20,087
Capital gain distributions received	-	-	21,885
Realized gain (loss) on investments and capital gain distributions, net	-	(917)	41,972
Unrealized appreciation (depreciation), net	-	268	(69,607)
Net increase (decrease) in net assets from operations	\$ 161	\$ 282	\$ (25,286)

For the Year Ended December 31, 2018

	T. Rowe Price Personal Strategy Balanced	T. Rowe Price International Stock
Investment Income:		
Dividends	\$ 24,025	\$ 124
Expenses:		
Mortality and expense risk charges	14,760	161
Net investment income (loss)	9,265	(37)
Realized gains (losses) on investments:		
Realized net investment gain (loss)	64,639	1,234
Capital gain distributions received	82,844	870
Realized gain (loss) on investments and capital gain distributions, net	147,483	2,104
Unrealized appreciation (depreciation), net	(232,882)	(3,923)
Net increase (decrease) in net assets from operations	\$ (76,134)	\$ (1,857)

See accompanying notes to financial statements

\*\*\* Formerly T. Rowe Price Prime Reserve Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Life Account I

### STATEMENTS OF CHANGES IN NET ASSETS

	For the Years Ended December 31					
	Janus Henderson Research**		Janus Henderson Enterprise		Janus Henderson Forty	
	2018	2017	2018	2017	2018	2017
Increase (decrease) in net assets from operations:						
Net investment income (loss)	\$ (1,026)	\$ (1,153)	\$ (36,109)	\$ (31,693)	\$ (3,317)	\$ (2,810)
Realized gains (losses) on investments	18,253	3,875	476,369	499,439	\$ 41,871	12,232
Unrealized appreciation (depreciation), net	(22,595)	38,128	(487,314)	450,517	\$ (35,332)	56,537
Net increase (decrease) in net assets from operations	(5,368)	40,850	(47,055)	918,263	\$ 3,222	65,959
Contract transactions:						
Purchase payments	8,020	9,106	167,435	163,578	\$ 6,999	7,763
Transfers between subaccounts, net	(12,330)	-	(15,347)	-	\$ (2,466)	-
Withdrawals and surrenders	(2,047)	(922)	(192,224)	(202,515)	\$ 65	(656)
Monthly deductions	(5,620)	(5,799)	(199,581)	(203,316)	\$ (10,659)	(12,696)
Policy loans	(41)	1,043	1,456	1,577	\$ (103)	(7)
Net increase (decrease) in net assets derived from contract transactions	(12,019)	3,428	(238,261)	(240,676)	\$ (6,165)	(5,596)
Total increase (decrease) in net assets	(17,387)	44,278	(285,316)	677,587	\$ (2,944)	60,363
Net assets at beginning of year	196,717	152,439	4,282,074	3,604,487	\$ 290,013	229,650
Net assets at end of year	\$ 179,330	\$ 196,717	\$ 3,996,758	\$ 4,282,074	\$ 287,070	\$ 290,013

	For the Years Ended December 31			
	Janus Henderson Global Research		Janus Henderson Balanced	
	2018	2017	2018	2017
Increase (decrease) in net assets from operations:				
Net investment income (loss)	\$ 21	\$ (49)	\$ 3,128	\$ 1,466
Realized gains (losses) on investments	921	567	15,732	8,197
Unrealized appreciation (depreciation), net	(2,758)	4,538	(19,978)	32,023
Net increase (decrease) in net assets from operations	(1,816)	5,056	(1,118)	41,686
Contract transactions:				
Purchase payments	1,800	2,571	9,382	12,531
Transfers between subaccounts, net	(819)	-	17,742	-
Withdrawals and surrenders	-	-	(13,526)	(38,044)
Monthly deductions	(1,861)	(1,775)	(13,882)	(12,789)
Policy loans	(80)	9	79	103
Net increase (decrease) in net assets derived from contract transactions	(960)	805	(205)	(38,199)
Total increase (decrease) in net assets	(2,777)	5,861	(1,323)	3,487
Net assets at beginning of year	24,956	19,095	278,890	275,403
Net assets at end of year	\$ 22,180	\$ 24,956	\$ 277,567	\$ 278,890

See accompanying notes to financial statements

\*\* Formerly Janus Aspen Janus Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Life Account I

### STATEMENTS OF CHANGES IN NET ASSETS

	For the Years Ended December 31					
	T. Rowe Price Government Money***		T. Rowe Price Limited Term Bond		T. Rowe Price Equity Income	
	2018	2017	2018	2017	2018	2017
Increase (decrease) in net assets from operations:						
Net investment income (loss)	\$ 161	\$ (434)	\$ 931	\$ 352	\$ 2,349	\$ 1,669
Realized gains (losses) on investments	-	-	(917)	(350)	41,972	28,331
Unrealized appreciation (depreciation), net	-	-	268	(4)	(69,607)	2,508
Net increase (decrease) in net assets from operations	161	(434)	282	(2)	(25,286)	32,508
Contract transactions:						
Purchase payments	3,876	3,693	6,182	6,040	6,617	8,877
Transfers between subaccounts, net	(74)	-	27,721	-	(5,688)	-
Withdrawals and surrenders	-	(6,233)	(135)	(6,892)	(1,287)	(869)
Monthly deductions	(3,643)	(4,697)	(4,363)	(4,692)	(8,031)	(8,098)
Policy loans	345	6,186	492	6,250	301	302
Net increase (decrease) in net assets derived from contract transactions	504	(1,051)	29,897	706	(8,088)	212
Total increase (decrease) in net assets	665	(1,485)	30,179	704	(33,374)	32,720
Net assets at beginning of year	61,228	62,713	85,592	84,888	251,602	218,882
Net assets at end of year	<u>\$ 61,894</u>	<u>\$ 61,228</u>	<u>\$ 115,771</u>	<u>\$ 85,592</u>	<u>\$ 218,227</u>	<u>\$ 251,602</u>

	For the Years Ended December 31			
	T. Rowe Price Personal Strategy Balanced		T. Rowe Price International Stock	
	2018	2017	2018	2017
Increase (decrease) in net assets from operations:				
Net investment income (loss)	\$ 9,265	\$ 7,025	\$ (37)	\$ 16
Realized gains (losses) on investments	147,483	112,219	2,104	986
Unrealized appreciation (depreciation), net	(232,882)	101,406	(3,923)	2,824
Net increase (decrease) in net assets from operations	(76,134)	220,650	(1,857)	3,826
Contract transactions:				
Purchase payments	53,453	54,745	806	862
Transfers between subaccounts, net	-	-	(8,752)	-
Withdrawals and surrenders	(237,052)	(52,956)	-	-
Monthly deductions	(82,746)	(80,317)	(753)	(810)
Policy loans	982	204	52	144
Net increase (decrease) in net assets derived from contract transactions	(265,364)	(78,324)	(8,647)	196
Total increase (decrease) in net assets	(341,498)	142,326	(10,504)	4,022
Net assets at beginning of year	1,550,303	1,407,978	18,462	14,440
Net assets at end of year	<u>\$ 1,208,805</u>	<u>\$ 1,550,303</u>	<u>\$ 7,958</u>	<u>\$ 18,462</u>

See accompanying notes to financial statements

\*\*\* Formerly T. Rowe Price Prime Reserve Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Life Account I NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### 1. Organization

The Sentry Variable Life Account I (the Variable Life Account) is a segregated investment account of Sentry Life Insurance Company (the Company) and is registered with the Securities and Exchange Commission (SEC) as a unit investment trust pursuant to the provisions of the Investment Company Act of 1940. The Variable Life Account is an accounting entity wherein all segregated account transactions are reflected.

The Variable Life Account was established by the Company on February 12, 1985 in support of the variable life insurance contracts, and commenced operations on January 13, 1987. The Company discontinued new sales of the variable life insurance contracts on October 13, 2003. Management of the Company has determined that there is no justification for substantial doubt regarding the Variable Life Account's ability to continue as a going concern.

The assets of each subaccount of the Variable Life Account are invested in shares of corresponding portfolios of Janus Henderson Series - Institutional Shares, T. Rowe Price Fixed Income Series, Inc., T. Rowe Price Equity Series, Inc., and T. Rowe Price International Series, Inc. (collectively, the Funds) at each portfolio's net asset value (NAV) in accordance with the selection made by policy owners.

The Funds are diversified open-end investment management companies registered under the Investment Company Act of 1940. A copy of the Funds' annual reports is included in the Variable Life Account's Annual Report.

The Variable Life Account meets the definition of an investment company under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946 and is following the accounting and reporting guidance under that Topic.

### 2. Significant Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Valuation of Investments**

Investments in shares of each of the Funds are valued on the closing net asset value per share at December 31, 2018. The Funds value their investment securities at fair value.

#### **Policy Loans**

Variable life insurance contract owners (policyholders) may obtain loans from the Company. The maximum loan amount is 90% of the policyholders' contract cash value minus any applicable surrender charge.

#### **Securities Transactions and Investment Income**

Transactions in shares of the Funds are recorded on the trade date if received by 3:00 p.m. central standard time (the date the order to buy and sell is executed). Dividend income is recorded on the ex-dividend date. The cost of Fund shares sold and the corresponding investment gains and losses are determined on the basis of specific identification.

#### **Federal Income Taxes**

The Company is taxed as a life insurance company under the provisions of the Internal Revenue Code. The operations of the Variable Life Account are part of the total operations of the Company and are not taxed as a separate entity.

Under Federal income tax law, net investment income and net realized investment gains of the Variable Life Account which are applied to increase net assets are not taxed.

#### **Subsequent Events**

In connection with the preparation of the financial statements, the Company evaluated subsequent events after the financial statement date of December 31, 2018 through February 25, 2019, the date the financial statements were issued. No significant subsequent events were identified.



# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account I NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### 3. Purchases and Sales of Securities

In 2018, purchases and proceeds on sales of the Funds' shares were as follows:

	<b>Purchases</b>	<b>Proceeds on Sales</b>
** Janus Henderson Research Portfolio	\$ 19,108	\$ 22,243
Janus Henderson Enterprise Portfolio	421,561	493,494
Janus Henderson Forty Portfolio	63,263	29,928
Janus Henderson Global Research Portfolio	2,100	3,040
Janus Henderson Balanced Portfolio	42,209	31,562
*** T. Rowe Price Government Money Portfolio	5,063	4,397
T. Rowe Price Limited Term Bond Portfolio	57,791	26,963
T. Rowe Price Equity Income Portfolio	72,549	56,403
T. Rowe Price Personal Strategy Balanced Portfolio	164,028	337,283
T. Rowe Price International Stock Portfolio	1,950	9,765
Total	<u>\$ 849,622</u>	<u>\$ 1,015,078</u>

In 2017, purchases and proceeds on sales of the Funds' shares were as follows:

	<b>Purchases</b>	<b>Proceeds on Sales</b>
** Janus Henderson Research Portfolio	\$ 12,618	\$ 8,660
Janus Henderson Enterprise Portfolio	429,380	449,774
Janus Henderson Forty Portfolio	22,072	16,271
Janus Henderson Global Research Portfolio	2,860	2,105
Janus Henderson Balanced Portfolio	17,371	53,579
*** T. Rowe Price Government Money Portfolio	11,505	12,990
T. Rowe Price Limited Term Bond Portfolio	13,554	12,496
T. Rowe Price Equity Income Portfolio	36,993	11,455
T. Rowe Price Personal Strategy Balanced Portfolio	154,736	150,620
T. Rowe Price International Stock Portfolio	2,005	1,084
Total	<u>\$ 703,094</u>	<u>\$ 719,034</u>
** Formerly Janus Aspen Janus Portfolio		
*** Formerly T. Rowe Price Prime Reserve Portfolio		

### 4. Expenses and Related Party Transactions

A mortality and expense risk premium and a death benefit guarantee risk charge are deducted by the Company from the Variable Life Account on a daily basis which is equal, on an annual basis, to 1.05% (0.90% mortality and expense risk and 0.15% death benefit guarantee risk charge) of the daily net asset value of the Variable Life Account. These charges compensate the Company for assuming these risks under the variable life contract.

At the beginning of each policy month, the Company makes a deduction, per contract holder, from the cash value of the policy by canceling accumulation units. This deduction consists of the cost of insurance for the policy and any additional benefits provided by rider, if any, for the policy month and a \$5 monthly administrative fee. The administrative fee, which is reported through monthly deductions on the Statements of Changes in Net Assets, reimburses the Company for administrative expenses relating to the issuance and maintenance of the contract.

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account I NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

The Company deducts a front-end sales expense charge of 5.0% from each premium payment. A surrender charge may be deducted in the event of a surrender to reimburse the Company for expenses incurred in connection with issuing a policy. The full surrender charge, which is reported through withdrawals and surrenders on the Statements of Changes in Net Assets, will be reduced during the first 9 contract years until it reaches zero in the 10th contract year.

The Company deducts from each premium payment the amount of premium taxes levied by any state or government entity. Premium taxes up to 3.0% are imposed by certain states.

Sentry Equity Services, Inc., a related party, acts as the underwriter for the contract.

### 5. **Fair Value Measurement**

Fair value is defined 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.

The Variable Life Account categorized its financial instruments into a three level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety.

The Company categorizes financial assets recorded at fair value as follows:

Level 1 - Unadjusted quoted prices accessible in active markets for identical assets at the measurement date. The assets utilizing Level 1 valuations represent investments in publicly-traded registered mutual funds with quoted market prices.

Level 2 - Unadjusted quoted prices for similar assets in active markets or inputs (other than quoted prices) that are observable or that are derived principally from or corroborated by observable market data through correlation or other means. The assets utilizing Level 2 valuations represent investments in privately-traded registered mutual funds only offered through insurance products. These funds have no unfunded commitments or restrictions and the Variable Life Account always has the ability to redeem its interest in the funds with the investee at NAV daily.

Level 3 - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table summarizes assets measured at fair value on a recurring basis as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Variable Life Account Investments	-	\$ 6,375,560	-	\$ 6,375,560

The Variable Life Account only invests in funds with fair value measurements in Level 2 and did not have any assets or liabilities reported at fair value on a nonrecurring basis.

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account I NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### 6. Changes in Units Outstanding

The changes in units outstanding for the year ended December 31, 2018 were as follows:

	<u>Units Issued</u>	<u>Units Redeemed</u>	<u>Net Increase (Decrease)</u>
** Janus Henderson Research Portfolio	524	1,256	(732)
Janus Henderson Enterprise Portfolio	2,347	5,082	(2,735)
Janus Henderson Forty Portfolio	792	1,035	(244)
Janus Henderson Global Research Portfolio	164	244	(80)
Janus Henderson Balanced Portfolio	1,071	1,082	(11)
*** T. Rowe Price Government Money Portfolio	231	203	27
T. Rowe Price Limited Term Bond Portfolio	2,052	954	1,098
T. Rowe Price Equity Income Portfolio	1,501	1,765	(264)
T. Rowe Price Personal Strategy Balanced Portfolio	714	4,006	(3,291)
T. Rowe Price International Stock Portfolio	70	703	(633)

The changes in units outstanding for the year ended December 31, 2017 were as follows:

	<u>Units Issued</u>	<u>Units Redeemed</u>	<u>Net Increase (Decrease)</u>
** Janus Henderson Research Portfolio	773	514	259
Janus Henderson Enterprise Portfolio	2,252	5,438	(3,186)
Janus Henderson Forty Portfolio	378	649	(271)
Janus Henderson Global Research Portfolio	271	185	86
Janus Henderson Balanced Portfolio	535	2,255	(1,720)
*** T. Rowe Price Government Money Portfolio	610	667	(57)
T. Rowe Price Limited Term Bond Portfolio	449	423	26
T. Rowe Price Equity Income Portfolio	337	328	9
T. Rowe Price Personal Strategy Balanced Portfolio	758	1,829	(1,071)
T. Rowe Price International Stock Portfolio	82	69	13

\*\* Formerly Janus Aspen Janus Portfolio

\*\*\* Formerly T. Rowe Price Prime Reserve Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account I NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### 7. Financial Highlights

A summary of unit values, units outstanding and certain financial performance information for each subaccount for variable life contracts and the expense ratios, excluding expenses of the underlying funds, for the year ended December 31, 2018 is as follows:

	<u>Units</u>	<u>Net Assets</u>		<u>Expenses as a % of Average Net Assets #</u>	<u>Income as a % of Average Net Assets</u>	<u>Total Return</u>
		<u>Unit Value</u>	<u>(000's)</u>			
** Janus Henderson Research Portfolio	12,738	\$ 14.08	\$ 179	1.05 %	0.55 %	(3.60) %
Janus Henderson Enterprise Portfolio	49,075	81.44	3,997	1.05	0.24	(1.46)
Janus Henderson Forty Portfolio	12,503	22.96	287	1.05	-	0.91
Janus Henderson Global Research Portfolio	2,172	10.21	22	1.05	1.14	(7.85)
Janus Henderson Balanced Portfolio	10,914	25.43	278	1.05	2.15	(0.37)
*** T. Rowe Price Government Money Portfolio	3,347	18.49	62	1.05	1.32	0.26
T. Rowe Price Limited Term Bond Portfolio	4,228	27.38	116	1.05	2.02	0.12
T. Rowe Price Equity Income Portfolio	8,146	26.79	218	1.05	2.03	(10.45)
T. Rowe Price Personal Strategy Balanced Portfolio	16,088	75.14	1,209	1.05	1.74	(6.07)
T. Rowe Price International Stock Portfolio	653	12.19	8	1.05	0.83	(15.11)

A summary of unit values, units outstanding and certain financial performance information for each subaccount for variable life contracts and the expense ratios, excluding expenses of the underlying funds, for the year ended December 31, 2017 is as follows:

	<u>Units</u>	<u>Net Assets</u>		<u>Expenses as a % of Average Net Assets #</u>	<u>Income as a % of Average Net Assets</u>	<u>Total Return</u>
		<u>Unit Value</u>	<u>(000's)</u>			
** Janus Henderson Research Portfolio	13,469	\$ 14.60	\$ 197	1.05 %	0.39 %	26.56 %
Janus Henderson Enterprise Portfolio	51,810	82.65	4,282	1.05	0.25	26.10
Janus Henderson Forty Portfolio	12,746	22.75	290	1.05	-	28.97
Janus Henderson Global Research Portfolio	2,252	11.08	25	1.05	0.82	25.72
Janus Henderson Balanced Portfolio	10,925	25.53	279	1.05	1.61	17.20
*** T. Rowe Price Government Money Portfolio	3,320	18.44	61	1.05	0.34	(0.71)
T. Rowe Price Limited Term Bond Portfolio	3,130	27.35	86	1.05	1.46	0.00
T. Rowe Price Equity Income Portfolio	8,410	29.92	252	1.05	1.76	14.82
T. Rowe Price Personal Strategy Balanced Portfolio	19,379	80.00	1,550	1.05	1.52	16.19
T. Rowe Price International Stock Portfolio	1,286	14.36	18	1.05	1.14	26.56

# Excluding the effect of the expenses of the underlying fund portfolios and administrative fees charged directly to policyholder accounts.

\*\* Formerly Janus Aspen Janus Portfolio

\*\*\* Formerly T. Rowe Price Prime Reserve Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account I

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

#### 7. Financial Highlights (continued)

A summary of unit values, units outstanding and certain financial performance information for each subaccount for variable life contracts and the expense ratios, excluding expenses of the underlying funds, for the year ended December 31, 2016 is as follows:

	<u>Units</u>	<u>Net Assets</u>		<u>Expenses as a % of Average Net Assets #</u>	<u>Income as a % of Average Net Assets</u>	<u>Total Return</u>
		<u>Unit Value</u>	<u>(000's)</u>			
Janus Aspen Janus Portfolio	13,210	\$ 11.54	\$ 152	1.05 %	0.53 %	(0.55) %
Janus Aspen Enterprise Portfolio	54,996	65.54	3,604	1.05	0.15	11.20
Janus Aspen Forty Portfolio	13,017	17.64	230	1.05	-	1.13
Janus Aspen Global Research Portfolio	2,166	8.82	19	1.05	0.99	1.00
Janus Aspen Balanced Portfolio	12,645	21.78	275	1.05	2.27	3.51
*** T. Rowe Price Government Money Portfolio	3,377	18.57	63	1.05	-	(1.05)
T. Rowe Price Limited Term Bond Portfolio	3,104	27.35	85	1.05	1.35	0.28
T. Rowe Price Equity Income Portfolio	8,401	26.05	219	1.05	2.31	17.94
T. Rowe Price Personal Strategy Balanced Portfolio	20,450	68.85	1,408	1.05	1.66	5.35
T. Rowe Price International Stock Portfolio	1,273	11.35	14	1.05	1.08	1.07

A summary of unit values, units outstanding and certain financial performance information for each subaccount for variable life contracts and the expense ratios, excluding expenses of the underlying funds, for the year ended December 31, 2015 is as follows:

	<u>Units</u>	<u>Net Assets</u>		<u>Expenses as a % of Average Net Assets #</u>	<u>Income as a % of Average Net Assets</u>	<u>Total Return</u>
		<u>Unit Value</u>	<u>(000's)</u>			
Janus Aspen Janus Portfolio	14,535	\$ 11.60	\$ 169	1.05 %	0.67 %	4.24 %
Janus Aspen Enterprise Portfolio	57,595	58.94	3,395	1.05	0.64	2.94
Janus Aspen Forty Portfolio	14,499	17.44	253	1.05	-	11.05
Janus Aspen Global Research Portfolio	1,775	8.73	15	1.05	0.66	(3.31)
Janus Aspen Balanced Portfolio	11,707	21.04	246	1.05	1.58	(0.43)
T. Rowe Price Prime Reserve Portfolio	2,838	18.77	53	1.05	-	(1.04)
T. Rowe Price Limited Term Bond Portfolio	2,617	27.27	71	1.05	1.13	(0.74)
T. Rowe Price Equity Income Portfolio	9,386	22.09	207	1.05	1.84	(7.83)
T. Rowe Price Personal Strategy Balanced Portfolio	22,431	65.35	1,466	1.05	1.73	(1.09)
T. Rowe Price International Stock Portfolio	1,282	11.23	14	1.05	0.96	(1.94)

# Excluding the effect of the expenses of the underlying fund portfolios and administrative fees charged directly to policyholder accounts.

\*\*\* Formerly T. Rowe Price Prime Reserve Portfolio

# SENTRY LIFE INSURANCE COMPANY

## Sentry Variable Account I

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

#### 7. Financial Highlights (continued)

A summary of unit values, units outstanding and certain financial performance information for each subaccount for variable life contracts and the expense ratios, excluding expenses of the underlying funds, for the year ended December 31, 2014 is as follows:

		<u>Net Assets</u>		<u>Expenses</u> <u>as a % of</u> <u>Average</u> <u>Net</u> <u>Assets #</u>	<u>Income</u> <u>as a % of</u> <u>Average</u> <u>Net</u> <u>Assets</u>	<u>Total</u> <u>Return</u>
	<u>Units</u>	<u>Unit</u> <u>Value</u>	<u>(000's)</u>			
Janus Aspen Janus Portfolio	17,449	\$ 11.13	\$ 194	1.05 %	0.36 %	11.82 %
Janus Aspen Enterprise Portfolio	61,454	57.26	3,519	1.05	0.16	11.35
Janus Aspen Forty Portfolio	16,437	15.71	258	1.05	0.16	7.60
Janus Aspen Global Research Portfolio	1,769	9.03	16	1.05	1.05	6.33
Janus Aspen Balanced Portfolio	14,857	21.13	314	1.05	1.74	7.38
T. Rowe Price Prime Reserve Portfolio	3,106	18.97	59	1.05	-	(1.05)
T. Rowe Price Limited Term Bond Portfolio	2,540	27.48	70	1.05	1.26	(0.41)
T. Rowe Price Equity Income Portfolio	9,609	23.97	230	1.05	1.74	6.26
T. Rowe Price Personal Strategy Balanced Portfolio	24,444	66.08	1,615	1.05	1.64	4.10
T. Rowe Price International Stock Portfolio	1,392	11.45	16	1.05	1.06	(2.27)

# Excluding the effect of the expenses of the underlying fund portfolios and administrative fees charged directly to policyholder accounts.

#### 8. Diversification Requirements

Under the provisions of Section 817(h) of the Internal Revenue Code of 1986 (the Code), as amended, a variable contract, other than a contract issued in connection with certain types of employee benefit plans, will not be treated as a variable contract for federal tax purposes for any period for which the investments of the segregated asset account on which the contract is based are not adequately diversified. Each subaccount is required to satisfy the requirements of Section 817(h). The Code provides that the "adequately diversified" requirement may be met if the underlying investments satisfy either the statutory safe harbor test or diversification requirements set forth in regulations issued by the Secretary of the Treasury.

The Secretary of the Treasury has issued regulations under Section 817(h) of the Code. The Variable Life Account intends that each of the subaccounts shall comply with the diversification requirements and, in the event of any failure to comply, will take immediate action to assure compliance.

# Janus Henderson VIT Balanced Portfolio

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## 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 —

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# Janus Henderson VIT Balanced Portfolio (unaudited)

## PORTFOLIO SNAPSHOT

We believe a dynamic approach to asset allocation that leverages our bottom-up, fundamental equity and fixed income research will allow us to outperform our peers over time. Our integrated equity and fixed income research team seeks an optimal balance of asset class opportunities across market cycles.



## PERFORMANCE SUMMARY

Janus Henderson VIT Balanced Portfolio's Institutional Shares and Service Shares returned 0.68% and 0.43%, respectively, for the 12-month period ended December 31, 2018, compared with -2.12% for the Balanced Index, an internally calculated benchmark that combines the total returns from the S&P 500<sup>®</sup> Index (55%) and the Bloomberg Barclays U.S. Aggregate Bond Index (45%). The S&P 500 Index returned -4.38% and the Bloomberg Barclays U.S. Aggregate Bond Index returned 0.01%.

## INVESTMENT ENVIRONMENT

U.S. stocks lost ground, with the S&P 500 Index returning -4.38%. While corporate earnings growth was solid, rising U.S. interest rates and global trade tensions weighed on stocks. In the fourth quarter, markets fell sharply as trade tensions between the U.S. and China escalated and data suggested a slowing in global economic growth. Within the S&P 500 Index, the health care, utilities and consumer discretionary sectors generated positive returns. Communications services and materials experienced steep losses. Plunging oil prices near year-end contributed to energy being the worst performer.

The Federal Reserve (Fed) raised its benchmark rate four times. Despite a late-period rally in rates as market expectations for the Fed's ability to hike in 2019 dramatically decreased, yields ultimately rose across the Treasury curve. The yield on the 10-year note finished December at 2.68%, up from 2.41% one year ago. The Bloomberg Barclays U.S. Aggregate Bond Index finished flat. Corporate credit was the only asset class in the index to generate losses, but they were substantial enough to negate other gains. Weakness in equity markets and increasing risk premiums led to a significant widening in credit spreads (the difference in yield between a security and its underlying risk-free benchmark) by year-end.

## PERFORMANCE DISCUSSION

The Portfolio, which seeks to provide more consistent returns over time by allocating across the spectrum of fixed income and equity securities, outperformed the Balanced Index as well as its primary benchmark, the S&P 500 Index, and its secondary benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index.

Compared to the Balanced Index, the Portfolio's equity weight ended the period neutral, with a 56% allocation to stocks, approximately 44% in fixed income and a small portion in cash. We reduced our equity allocation during the period. While we are still identifying and seeking to take advantage of equity opportunities, we have adjusted the Portfolio to be in line with our more neutral-to-cautious outlook. Our year-end allocation reflects our view that the return/risk trade-off in equities is nearly neutral relative to fixed income. The equity weighting will continue to be dynamic based on market conditions and the investment opportunities our teams identify across asset classes.

The Portfolio's equity sleeve outperformed its benchmark, the S&P 500 Index. Stock selection in information technology drove relative outperformance. Stock selection in industrials, financials and health care was also strong. Our consumer discretionary and real estate holdings detracted from relative results, as did a zero weight in the relatively strong-performing utilities sector.

Microsoft led absolute contributors to performance. The company's fundamentals remain strong and its consistent revenue growth is commendable for a company of its size. It continues to benefit from the secular shift to Software as a Service (SaaS), as evidenced by robust demand for its Azure cloud platform and the subscription-based Office 365 suite. Microsoft raised its dividend over the period and we admire the consistency in which it returns capital to shareholders.

Mastercard also contributed. Payments companies continue to benefit as consumers and businesses switch

## Janus Henderson VIT Balanced Portfolio (unaudited)

from cash and check to plastic and electronic payments. We believe Mastercard is well positioned to benefit from this shift because a majority of its revenues are generated outside of the U.S., where there is lower penetration of card and electronic payments and many markets are experiencing significantly faster electronic purchase volume growth.

Computer software company Adobe Systems was another contributor. Adobe has benefited from secular shifts toward SaaS and digital media. Indeed, revenue growth driven by its subscription-based services helped propel the stock higher during the period. We continue to see upside for the stock, as the subscription-based model increases Adobe's total assessable digital media market, and more advertisers rely on its software to create digital content.

While pleased with the performance of our equity sleeve during the period, some holdings disappointed. Altria was the leading equity detractor. Cigarette sales volume declines have been toward the high end of their historic range, making investors nervous. Negative sentiment also surrounded Altria's purchase of a stake in e-cigarette company Juul. While the acquisition was costly, we do not believe it overly hampers Altria's balance sheet, and we anticipate it will ultimately be accretive to earnings. The deal also allows Altria to connect with the best technology in the vaporizing industry.

Consumer financial services company Synchrony Financial also detracted. The stock was challenged by news that the company's long-standing relationship with Walmart would not be renewed. We continue to favor the company for its private-label credit card business, where it has an estimated 40% market share. This business line, in our view, remains stable given the preponderance of long-term contracts with clients.

Chemical producer LyondellBasell was another detractor. An increase in competitor supply during the period caused rising input costs for ethylene – one of the LyondellBasell's primary products – which generated concern over the company's profit margins. Also, given that ethylene prices are generally tied to oil prices, the stock tends to trade in line with the energy sector, which struggled during the period. We believe these are short-term headwinds, and going forward the global supply/demand dynamics for ethylene should balance out. We also appreciate the growing dividend and the company's stock repurchase program.

The Portfolio's fixed income sleeve underperformed the Bloomberg Barclays U.S. Aggregate Bond Index. Tightening financial conditions, diminished liquidity and credit rating downgrades of a few large investment-grade complexes helped to confirm our view that we are progressing through the later stages of the credit cycle. Given our late-cycle concerns and the darkening macroeconomic picture, we sought to lower the sleeve's risk exposure. While we found liquidity to be challenged at times (particularly late in the period) we did reduce our corporate bond allocation by 18%, ending the period around 24% of the fixed income sleeve. In our effort to achieve a more defensive posture, we added nearly 18% to our Treasury allocation and extended duration (a measure of sensitivity to changes in interest rates) to 104% of the index.

Despite our efforts to reduce risk, our out-of-index allocation to high-yield corporate credit drove underperformance. We seek higher-quality, high-yield names, with consistent free-cash-flow generation potential and management teams committed to paying down debt, but even those names were challenged amid the dramatic spread widening in the asset class.

An out-of-index position in Freeport-McMoRan was the leading corporate credit detractor from relative returns. A drawn-out dispute surrounding its Grasberg mine in Indonesia weighed on the copper miner earlier in the period. Later, balance sheet improvement progress was overshadowed by fears of a slowdown in China coupled with trade war uncertainty, given that China consumes a significant portion of the world's copper. We appreciate the value of Freeport's assets, and ultimately expect the miner to benefit from limited supply and growing demand for copper, particularly as the electrification of vehicles accelerates. We also expect management to continue paying down debt, which we believe will eventually drive investment-grade ratings.

Our positioning in Treasuries further weighed on relative performance. Although we added to Treasuries considerably toward the end of the year and ended the period overweight, our underweight allocation earlier in the year, as well as curve positioning, weighed on results. Investors flocked to more defensive assets such as Treasuries on multiple occasions.

Positioning in mortgage-backed securities (MBS) contributed to the sleeve's relative performance. The asset class was one of the strongest-performing fixed income segments, given its limited credit risk and strong liquidity

## Janus Henderson VIT Balanced Portfolio (unaudited)

profile. We reduced investment-grade corporate credit throughout the year, which also proved beneficial amid the general spread widening. Security selection, including our positioning in Anheuser-Busch, further aided results. We exited our position early in the year, as we grew uncomfortable with weakening fundamentals and the fact that its debt pay-down progress is happening at a slower-than-expected pace. We were out of the name well ahead of the dramatic spread widening that followed Moody's downgrade of the company's credit rating in the fourth quarter.

### OUTLOOK

Concerns around the U.S. government shutdown, slowing growth in China, trade tensions and overall global economic weakness present an uncomfortable macroeconomic backdrop, and we expect market volatility to persist. As a result, our outlook is neutral to cautious. While mindful of the various downside risks, a generally healthy U.S. economy and positive indicators such as healthy wage inflation, strong employment and a robust holiday shopping season highlight the strength of the consumer. If progress is made around trade policy or the U.S. budget, a rebound in risk markets is not unfeasible.

In the equity sleeve, we are favoring companies with more of a U.S. footprint and are seeking to mitigate exposure to companies that may be impacted by trade rhetoric and slowing global growth. We will continue to focus on companies that exhibit consistent free cash flow, and on those making business investments that should drive value over time. Heightened market volatility has presented opportunities to exit stocks in which we have relatively lower conviction and redeploy the proceeds into higher-conviction names.

In the fixed income sleeve, we will be closely monitoring U.S. economic data, particularly inflation figures, as well as Fed rhetoric. This will be pivotal in assessing the likelihood of the Fed hiking in excess of what is warranted and potentially accelerating a U.S. slowdown, versus it pausing in 2019. Our base case is that the Fed will be more cautious in its cadence going forward. As always, we intend to employ a tactical approach to yield curve positioning with a focus on capital preservation.

Despite recent spread widening, we generally do not believe that spreads offer just compensation for the stated risk factors and the likely increase in defaults and downgrades to come. Our outlook is cautious and we intend to be deliberate in our corporate credit positioning, emphasizing our highest-conviction names with consistent

free-cash-flow generation potential, strong management teams and a commitment to paying down debt. Thorough vetting of opportunities coupled with security avoidance remains critical as we strive to deliver on our core tenets of capital preservation and strong risk-adjusted returns in the fixed income sleeve.

Thank you for your investment in Janus Henderson VIT Balanced Portfolio.

**Janus Henderson VIT Balanced Portfolio (unaudited)**  
**Portfolio At A Glance**  
**December 31, 2018**

**5 Top Performers - Holdings**

	<b>Contribution</b>		<b>Contribution</b>
Microsoft Corp	1.16%	Altria Group Inc	-0.96%
Mastercard Inc	1.14%	Synchrony Financial	-0.73%
Adobe Inc	0.86%	LyondellBasell Industries NV	-0.67%
CME Group Inc	0.81%	General Dynamics Corp	-0.53%
Merck & Co Inc	0.76%	US Bancorp	-0.43%

**5 Bottom Performers - Holdings**

**5 Top Performers - Sectors\***

	<b>Portfolio Contribution</b>	<b>Portfolio Weighting (Average % of Equity)</b>	<b>S&amp;P 500 Index Weighting</b>
Information Technology	2.59%	25.89%	24.13%
Industrials	1.37%	13.66%	9.82%
Health Care	1.10%	10.96%	14.40%
Financials	1.07%	13.33%	14.17%
Consumer Staples	0.55%	10.76%	7.21%

**5 Bottom Performers - Sectors\***

	<b>Portfolio Contribution</b>	<b>Portfolio Weighting (Average % of Equity)</b>	<b>S&amp;P 500 Index Weighting</b>
Consumer Discretionary	-0.52%	13.87%	12.04%
Real Estate	-0.48%	3.13%	2.75%
Utilities	-0.29%	0.00%	2.89%
Materials	-0.24%	2.78%	2.71%
Other**	0.13%	1.11%	0.00%

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 Balanced Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2018

#### 5 Largest Equity Holdings - (% of Net Assets)

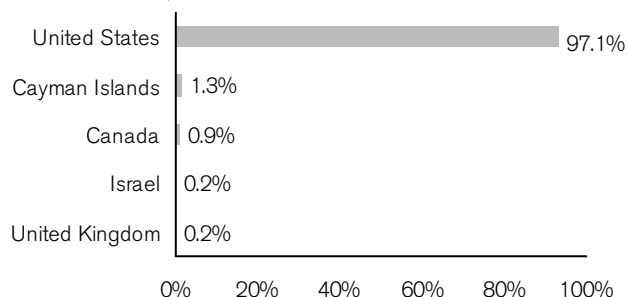
Microsoft Corp	
Software	3.2%
Mastercard Inc	
Information Technology Services	2.5%
Alphabet Inc - Class C	
Interactive Media & Services	2.1%
Boeing Co	
Aerospace & Defense	2.0%
McDonald's Corp	
Hotels, Restaurants & Leisure	1.9%
	11.7%

#### Asset Allocation - (% of Net Assets)

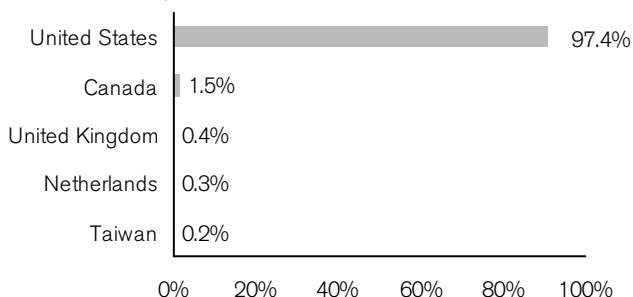
Common Stocks	55.9%
United States Treasury	
Notes/Bonds	17.1%
Corporate Bonds	10.7%
Mortgage-Backed Securities	9.8%
Asset-Backed/Commercial	
Mortgage-Backed Securities	4.5%
Bank Loans and Mezzanine Loans	1.2%
Investment Companies	0.9%
Limited Partnership Interests	0.0%
Other	(0.1)%
	100.0%

#### Top Country Allocations - Long Positions - (% of Investment Securities)

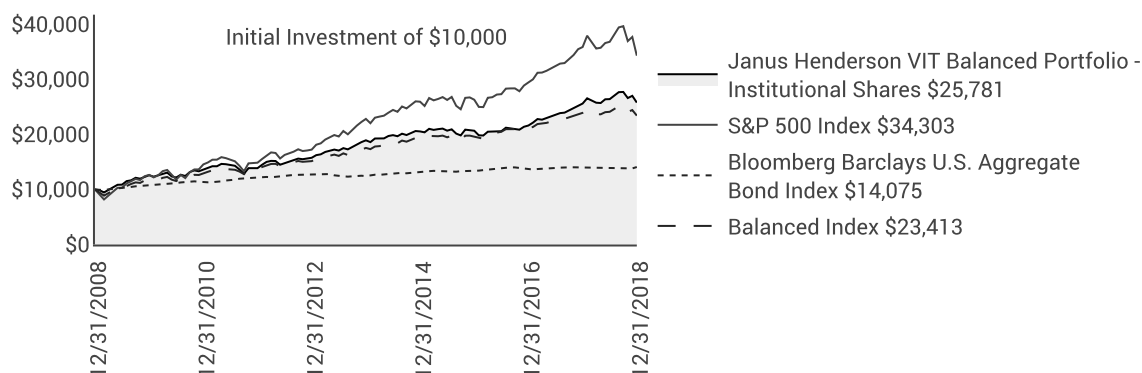
As of December 31, 2018



As of December 31, 2017



# Janus Henderson VIT Balanced Portfolio (unaudited) Performance



Average Annual Total Return - for the periods ended December 31, 2018					Expense Ratios - per the April 30, 2018 prospectuses
	One Year	Five Year	Ten Year	Since Inception*	Total Annual Fund Operating Expenses
Institutional Shares	0.68%	6.37%	9.93%	9.56%	0.63%
Service Shares	0.43%	6.11%	9.66%	9.38%	0.88%
S&P 500 Index	-4.38%	8.49%	13.12%	9.04%	
Bloomberg Barclays U.S. Aggregate Bond Index	0.01%	2.52%	3.48%	5.01%	
Balanced Index	-2.12%	5.94%	8.88%	7.47%	
Morningstar Quartile - Institutional Shares	1st	1st	1st	1st	
Morningstar Ranking - based on total returns for Allocation - 50% to 70% Equity Funds	8/784	24/702	67/566	8/215	

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](http://janushenderson.com/VITperformance).

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.

Ranking is for the share class shown only; other classes may have different performance characteristics.

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There is no assurance that the investment process will consistently lead to successful investing.

See important disclosures on the next page.

## **Janus Henderson VIT Balanced Portfolio (unaudited)**

### **Performance**

See Notes to Schedule of Investments and Other Information for index definitions.

Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

See "Useful Information About Your Portfolio Report."

\*The Portfolio's inception date – September 13, 1993

# Janus Henderson VIT Balanced 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/fundalyzer](http://www.finra.org/fundalyzer).

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	\$976.20	\$3.14	\$1,000.00	\$1,022.03	\$3.21	0.63%
Service Shares	\$1,000.00	\$975.30	\$4.38	\$1,000.00	\$1,020.77	\$4.48	0.88%

† 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 Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Asset-Backed/Commercial Mortgage-Backed Securities – 4.5%		
AmeriCredit Automobile Receivables 2016-1, 3.5900%, 2/8/22	\$1,953,000	\$1,962,251
Angel Oak Mortgage Trust I LLC 2018-2, 3.6740%, 7/27/48 (144A) <sup>†</sup>	793,045	790,493
Applebee's Funding LLC / IHOP Funding LLC, 4.2770%, 9/5/44 (144A)	8,332,525	8,311,393
Arroyo Mortgage Trust 2018-1, 3.7630%, 4/25/48 (144A) <sup>†</sup>	1,207,447	1,204,626
Atrium IX, ICE LIBOR USD 3 Month + 1.2400%, 3.9468%, 5/28/30 (144A) <sup>†</sup>	1,937,100	1,923,897
BAMLL Commercial Mortgage Securities Trust 2013-WBRK, 3.5343%, 3/10/37 (144A) <sup>†</sup>	2,123,000	2,085,770
BAMLL Commercial Mortgage Securities Trust 2018-DSNY, ICE LIBOR USD 1 Month + 0.8500%, 3.3051%, 9/15/34 (144A) <sup>†</sup>	3,502,000	3,484,606
BBCMS 2018-TALL Mortgage Trust, ICE LIBOR USD 1 Month + 0.7220%, 3.1771%, 3/15/37 (144A) <sup>†</sup>	10,423,000	10,239,555
BBCMS Trust 2015-SRCH, 4.1970%, 8/10/35 (144A)	2,528,000	2,559,894
Bean Creek CLO Ltd, ICE LIBOR USD 3 Month + 1.0200%, 3.4890%, 4/20/31 (144A) <sup>†</sup>	2,736,000	2,668,560
BHMS 2018-ATLS, ICE LIBOR USD 1 Month + 1.2500%, 3.7051%, 7/15/35 (144A) <sup>†</sup>	2,881,000	2,866,755
BX Commercial Mortgage Trust 2018-IND, ICE LIBOR USD 1 Month + 0.7500%, 3.2051%, 11/15/33 (144A) <sup>†</sup>	5,702,491	5,666,844
BXP Trust 2017-GM, 3.3790%, 6/13/39 (144A)	1,140,000	1,113,262
Caesars Palace Las Vegas Trust 2017-VICI C, 4.1384%, 10/15/34 (144A)	1,621,000	1,628,740
Caesars Palace Las Vegas Trust 2017-VICI D, 4.3540%, 10/15/34 (144A) <sup>†</sup>	1,690,000	1,691,703
Caesars Palace Las Vegas Trust 2017-VICI E, 4.3540%, 10/15/34 (144A) <sup>†</sup>	2,298,000	2,245,103
Carlyle Global Market Strategies CLO 2014-2R Ltd, ICE LIBOR USD 3 Month + 1.0500%, 3.6661%, 5/15/31 (144A) <sup>†</sup>	2,080,603	2,037,356
Carlyle Global Market Strategies CLO 2016-1 Ltd, ICE LIBOR USD 3 Month + 1.4500%, 3.9190%, 4/20/27 (144A) <sup>†</sup>	1,918,000	1,889,499
Carlyle Global Market Strategies CLO 2016-2 Ltd, ICE LIBOR USD 3 Month + 1.5000%, 3.9363%, 7/15/27 (144A) <sup>†</sup>	1,431,000	1,409,398
Carlyle US CLO 2018-1 Ltd, ICE LIBOR USD 3 Month + 1.0200%, 3.4890%, 4/20/31 (144A) <sup>†</sup>	2,275,000	2,224,563
CIFC Funding 2013-IV Ltd, ICE LIBOR USD 3 Month + 1.0600%, 3.5693%, 4/27/31 (144A) <sup>†</sup>	1,630,784	1,593,948
CIFC Funding 2018-I Ltd, ICE LIBOR USD 3 Month + 1.0000%, 3.4446%, 4/18/31 (144A) <sup>†</sup>	1,833,000	1,785,795
CIFC Funding 2018-II Ltd, ICE LIBOR USD 3 Month + 1.0400%, 3.5090%, 4/20/31 (144A) <sup>†</sup>	3,197,000	3,121,052
Credit Acceptance Auto Loan Trust 2018-2, 3.9400%, 7/15/27 (144A)	1,172,000	1,183,230
Credit Acceptance Auto Loan Trust 2018-2, 4.1600%, 9/15/27 (144A)	576,000	584,229
CSMLT 2015-2 Trust, 3.5000%, 8/25/45 (144A) <sup>†</sup>	1,449,045	1,436,126
Drive Auto Receivables Trust 2017-1, 3.8400%, 3/15/23	283,000	284,021
Drive Auto Receivables Trust 2017-1, 5.1700%, 9/16/24	2,997,000	3,060,423
Drive Auto Receivables Trust 2017-2, 5.2700%, 11/15/24	2,613,000	2,682,148
Drive Auto Receivables Trust 2017-A, 4.1600%, 5/15/24 (144A)	1,638,000	1,656,488
Dryden 41 Senior Loan Fund, ICE LIBOR USD 3 Month + 0.9700%, 3.4063%, 4/15/31 (144A) <sup>†</sup>	2,511,000	2,449,011
Dryden 55 CLO Ltd, ICE LIBOR USD 3 Month + 1.0200%, 3.4563%, 4/15/31 (144A) <sup>†</sup>	1,550,000	1,516,385
Dryden 64 CLO Ltd, ICE LIBOR USD 3 Month + 0.9700%, 3.4146%, 4/18/31 (144A) <sup>†</sup>	3,614,000	3,524,792
Exeter Automobile Receivables Trust 2018-2, 3.6900%, 3/15/23 (144A)	1,280,000	1,284,461
Fannie Mae Connecticut Avenue Securities, ICE LIBOR USD 1 Month + 2.6000%, 5.1063%, 5/25/24 <sup>†</sup>	1,329,002	1,392,296
Fannie Mae Connecticut Avenue Securities, ICE LIBOR USD 1 Month + 3.0000%, 5.5063%, 7/25/24 <sup>†</sup>	4,938,546	5,192,498
Fannie Mae Connecticut Avenue Securities, ICE LIBOR USD 1 Month + 4.0000%, 6.5063%, 5/25/25 <sup>†</sup>	787,005	842,893
Fannie Mae REMICS, 3.0000%, 5/25/48	3,897,037	3,832,196
Flatiron CLO 18 Ltd, ICE LIBOR USD 3 Month + 0.9500%, 3.4174%, 4/17/31 (144A) <sup>†</sup>	1,972,000	1,916,837
Freddie Mac Structured Agency Credit Risk Debt Notes,		

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Asset-Backed/Commercial Mortgage-Backed Securities – (continued)		
ICE LIBOR USD 1 Month + 4.5000%, 7.0063%, 2/25/24 <sup>†</sup>	\$3,123,020	\$3,501,518
Freddie Mac Structured Agency Credit Risk Debt Notes, ICE LIBOR USD 1 Month + 3.6000%, 6.1063%, 4/25/24 <sup>†</sup>	1,611,950	1,738,056
J.P. Morgan Chase Commercial Mortgage Securities Trust 2016-WIKI, 3.5537%, 10/5/31 (144A)	379,000	372,586
J.P. Morgan Chase Commercial Mortgage Securities Trust 2016-WIKI, 4.0090%, 10/5/31 (144A) <sup>†</sup>	579,000	567,275
JP Morgan Chase Commercial Mortgage Securities Trust 2015-UES, 3.6210%, 9/5/32 (144A) <sup>†</sup>	1,231,000	1,205,479
JP Morgan Mortgage Trust 2018-8, 4.0000%, 1/25/49 (144A) <sup>†</sup>	888,466	879,545
LCM XIV LP, ICE LIBOR USD 3 Month + 1.0400%, 3.5090%, 7/20/31 (144A) <sup>†</sup>	1,336,158	1,307,399
LCM XVIII LP, ICE LIBOR USD 3 Month + 1.0200%, 3.4890%, 4/20/31 (144A) <sup>†</sup>	2,248,000	2,199,475
loanDepot Station Place Agency Securitization Trust 2017-1, ICE LIBOR USD 1 Month + 0.8000%, 3.3063%, 11/25/50 (144A) <sup>†,§</sup>	3,920,000	3,908,087
loanDepot Station Place Agency Securitization Trust 2017-1, ICE LIBOR USD 1 Month + 1.0000%, 3.5063%, 11/25/50 (144A) <sup>†,§</sup>	772,000	770,008
Magnetite VIII Ltd, ICE LIBOR USD 3 Month + 0.9800%, 3.4163%, 4/15/31 (144A) <sup>†</sup>	1,931,000	1,902,081
Magnetite XV Ltd, ICE LIBOR USD 3 Month + 1.0100%, 3.4999%, 7/25/31 (144A) <sup>†</sup>	2,642,130	2,579,892
Mello Warehouse Securitization Trust 2018-1, ICE LIBOR USD 1 Month + 0.8500%, 3.3563%, 11/25/51 (144A) <sup>†</sup>	6,593,000	6,591,075
New Residential Mortgage Loan Trust 2018-2, 4.5000%, 2/25/58 (144A) <sup>†</sup>	1,358,526	1,384,489
Octagon Investment Partners 36 Ltd, ICE LIBOR USD 3 Month + 0.9700%, 3.4063%, 4/15/31 (144A) <sup>†</sup>	1,914,000	1,862,546
Octagon Loan Funding Ltd, ICE LIBOR USD 3 Month + 1.1800%, 3.8200%, 11/18/31 (144A) <sup>†</sup>	4,437,000	4,384,169
OneMain Direct Auto Receivables Trust 2018-1, 3.8500%, 10/14/25 (144A)	570,000	578,485
OneMain Direct Auto Receivables Trust 2018-1, 4.4000%, 1/14/28 (144A)	566,000	577,624
Santander Drive Auto Receivables Trust 2016-3, 4.2900%, 2/15/24	3,056,000	3,092,687
Santander Drive Auto Receivables Trust 2018-1, 4.3700%, 5/15/25 (144A)	4,050,000	4,017,850
Sequoia Mortgage Trust 2018-7 A19, 4.0000%, 9/25/48 (144A) <sup>†</sup>	922,656	924,190
Sequoia Mortgage Trust 2018-7 A4, 4.0000%, 9/25/48 (144A) <sup>†</sup>	1,150,100	1,161,827
Sequoia Mortgage Trust 2018-CH2, 4.0000%, 6/25/48 (144A) <sup>†</sup>	3,418,707	3,444,291
Sequoia Mortgage Trust 2018-CH3, 4.0000%, 8/25/48 (144A) <sup>†</sup>	1,567,657	1,580,272
Sounds Point CLO IV-R LTD, ICE LIBOR USD 3 Month + 1.1500%, 3.5946%, 4/18/31 (144A) <sup>†</sup>	2,594,000	2,559,959
Starwood Retail Property Trust 2014-STAR, ICE LIBOR USD 1 Month + 2.5000%, 4.9551%, 11/15/27 (144A) <sup>†</sup>	746,000	715,297
Starwood Retail Property Trust 2014-STAR, ICE LIBOR USD 1 Month + 4.1500%, 6.6051%, 11/15/27 (144A) <sup>†</sup>	206,294	155,418
Station Place Securitization Trust 2018-7, ICE LIBOR USD 1 Month + 0.8500%, 3.1651%, 9/24/19 (144A) <sup>†</sup>	5,910,000	5,910,000
Towd Point Mortgage Trust 2015-3, 3.5000%, 3/25/54 (144A) <sup>†</sup>	81,104	80,685
Towd Point Mortgage Trust 2018-3, 3.7500%, 5/25/58 (144A) <sup>†</sup>	1,092,135	1,091,020
Towd Point Mortgage Trust 2018-4, 3.0000%, 6/25/58 (144A) <sup>†</sup>	2,030,915	1,973,622
Voya CLO 2015-2 Ltd, ICE LIBOR USD 3 Month + 1.5000%, 3.9772%, 7/23/27 (144A) <sup>†</sup>	478,000	469,966
Voya CLO 2018-1 Ltd, ICE LIBOR USD 3 Month + 0.9500%, 3.2926%, 4/19/31 (144A) <sup>†</sup>	2,614,000	2,573,784
Voya CLO 2018-2 Ltd, ICE LIBOR USD 3 Month + 1.0000%, 3.3740%, 7/15/31 (144A) <sup>†</sup>	3,068,224	2,988,116
Wachovia Bank Commercial Mortgage Trust Series 2007-C34, 6.1412%, 5/15/46 <sup>†</sup>	368,007	370,185
Wells Fargo Mortgage Backed Securities 2018-1, 3.5000%, 7/25/47 (144A) <sup>†</sup>	709,763	692,001
Westlake Automobile Receivables Trust 2018-1, 3.4100%, 5/15/23 (144A)	198,000	196,594
WinWater Mortgage Loan Trust 2015-5, 3.5000%, 8/20/45 (144A) <sup>†</sup>	4,385,810	4,362,376
<b>Total Asset-Backed/Commercial Mortgage-Backed Securities (cost \$173,671,891)</b>		<b>172,013,026</b>

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Bank Loans and Mezzanine Loans – 1.2%		
Basic Industry – 0.1%		
Axalta Coating Systems US Holdings Inc, ICE LIBOR USD 3 Month + 1.7500%, 4.5530%, 6/1/24 <sup>‡</sup>	\$5,065,671	\$4,761,730
Capital Goods – 0.1%		
HD Supply Inc, ICE LIBOR USD 3 Month + 1.7500%, 0%, 10/17/23 <sup>(a),‡</sup>	2,033,000	1,946,598
Reynolds Group Holdings Inc, ICE LIBOR USD 3 Month + 2.7500%, 5.2724%, 2/5/23 <sup>‡</sup>	1,729,351	1,642,883
		3,589,481
Communications – 0.1%		
Mission Broadcasting Inc, ICE LIBOR USD 3 Month + 2.2500%, 0%, 1/17/24 <sup>(a),‡</sup>	225,378	212,869
Nexstar Broadcasting Inc, ICE LIBOR USD 3 Month + 2.2500%, 0%, 1/17/24 <sup>(a),‡</sup>	1,408,892	1,330,698
Zayo Group LLC, ICE LIBOR USD 3 Month + 2.0000%, 4.5224%, 1/19/21 <sup>‡</sup>	203,378	197,659
Zayo Group LLC, ICE LIBOR USD 3 Month + 2.2500%, 4.7724%, 1/19/24 <sup>‡</sup>	1,723,066	1,646,149
		3,387,375
Consumer Cyclical – 0.3%		
Golden Nugget LLC, ICE LIBOR USD 3 Month + 2.7500%, 5.2365%, 10/4/23 <sup>‡</sup>	1,806,342	1,741,134
Hilton Worldwide Finance LLC, ICE LIBOR USD 3 Month + 1.7500%, 4.2563%, 10/25/23 <sup>‡</sup>	4,285,813	4,125,095
KFC Holding Co, ICE LIBOR USD 3 Month + 1.7500%, 4.2196%, 4/3/25 <sup>‡</sup>	5,691,278	5,545,467
		11,411,696
Consumer Non-Cyclical – 0.3%		
Aramark Services Inc, ICE LIBOR USD 3 Month + 1.7500%, 4.2724%, 3/28/24 <sup>‡</sup>	1,222,459	1,182,350
Gentiva Health Services Inc, ICE LIBOR USD 3 Month + 3.7500%, 6.3125%, 7/2/25 <sup>‡</sup>	5,911,006	5,718,899
IQVIA Inc, ICE LIBOR USD 3 Month + 2.0000%, 4.8030%, 3/7/24 <sup>‡</sup>	417,794	404,529
Moffett Towers Phase II, ICE LIBOR USD 3 Month + 2.8000%, 5.2560%, 6/15/21 <sup>‡,§</sup>	5,908,097	5,873,005
Valeant Pharmaceuticals International, ICE LIBOR USD 3 Month + 3.0000%, 5.3789%, 6/2/25 <sup>‡</sup>	152,075	144,937
		13,323,720
Electric – 0.3%		
NRG Energy Inc, ICE LIBOR USD 3 Month + 1.7500%, 4.2724%, 6/30/23 <sup>‡</sup>	3,735,724	3,590,747
Vistra Operations Co LLC, ICE LIBOR USD 3 Month + 2.0000%, 4.5224%, 8/4/23 <sup>‡</sup>	6,749,689	6,492,796
		10,083,543
Technology – 0%		
CommScope Inc, ICE LIBOR USD 3 Month + 2.0000%, 4.5224%, 12/29/22 <sup>‡</sup>	491,366	464,341
<b>Total Bank Loans and Mezzanine Loans (cost \$48,782,036)</b>		<b>47,021,886</b>
Corporate Bonds – 10.7%		
Banking – 1.1%		
Bank of America Corp, 2.5030%, 10/21/22	9,737,000	9,374,561
Citibank NA, ICE LIBOR USD 3 Month + 0.3200%, 2.8610%, 5/1/20 <sup>‡</sup>	9,922,000	9,887,686
Citizens Financial Group Inc, 3.7500%, 7/1/24	860,000	837,261
Citizens Financial Group Inc, 4.3500%, 8/1/25	613,000	602,162
Citizens Financial Group Inc, 4.3000%, 12/3/25	3,323,000	3,280,970
First Republic Bank/CA, 4.6250%, 2/13/47	1,653,000	1,594,205
Goldman Sachs Capital I, 6.3450%, 2/15/34	3,650,000	4,077,305
JPMorgan Chase & Co, 2.2950%, 8/15/21	3,646,000	3,557,045
JPMorgan Chase Bank NA, ICE LIBOR USD 3 Month + 0.3400%, 2.8480%, 4/26/21 <sup>‡</sup>	3,545,000	3,512,122
JPMorgan Chase Bank NA, ICE LIBOR USD 3 Month + 0.3500%, 3.0860%, 4/26/21 <sup>‡</sup>	3,060,000	3,047,207
Morgan Stanley, 3.9500%, 4/23/27	2,009,000	1,895,105
SVB Financial Group, 5.3750%, 9/15/20	2,640,000	2,722,790
		44,388,419
Basic Industry – 1.0%		
Anglo American Capital PLC, 4.1250%, 9/27/22 (144A)	580,000	571,596
CF Industries Inc, 4.5000%, 12/1/26 (144A)	1,481,000	1,448,148
CF Industries Inc, 5.3750%, 3/15/44	1,557,000	1,261,170
Freeport-McMoRan Inc, 3.1000%, 3/15/20	869,000	849,448

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Basic Industry – (continued)		
Freeport-McMoRan Inc, 3.5500%, 3/1/22	\$10,572,000	\$10,003,755
Freeport-McMoRan Inc, 3.8750%, 3/15/23	4,437,000	4,104,225
Freeport-McMoRan Inc, 4.5500%, 11/14/24	3,514,000	3,241,665
Freeport-McMoRan Inc, 5.4500%, 3/15/43	3,441,000	2,619,461
Georgia-Pacific LLC, 3.1630%, 11/15/21 (144A)	4,380,000	4,340,233
Georgia-Pacific LLC, 3.6000%, 3/1/25 (144A)	2,291,000	2,286,607
Reliance Steel & Aluminum Co, 4.5000%, 4/15/23	2,242,000	2,265,347
Steel Dynamics Inc, 4.1250%, 9/15/25	2,303,000	2,115,881
Teck Resources Ltd, 8.5000%, 6/1/24 (144A)	2,256,000	2,416,740
		37,524,276
Brokerage – 0.5%		
Cboe Global Markets Inc, 3.6500%, 1/12/27	2,983,000	2,904,833
Charles Schwab Corp, ICE LIBOR USD 3 Month + 0.3200%, 2.9658%, 5/21/21 <sup>†</sup>	2,083,000	2,074,297
Charles Schwab Corp, 3.2500%, 5/21/21	1,096,000	1,101,308
E*TRADE Financial Corp, 2.9500%, 8/24/22	2,980,000	2,890,910
E*TRADE Financial Corp, 3.8000%, 8/24/27	3,547,000	3,350,603
E*TRADE Financial Corp, 4.5000%, 6/20/28	1,361,000	1,341,970
Raymond James Financial Inc, 5.6250%, 4/1/24	1,553,000	1,679,284
Raymond James Financial Inc, 3.6250%, 9/15/26	1,535,000	1,447,299
Raymond James Financial Inc, 4.9500%, 7/15/46	2,715,000	2,611,835
		19,402,339
Capital Goods – 0.5%		
Arconic Inc, 5.4000%, 4/15/21	1,566,000	1,581,249
Ball Corp, 4.3750%, 12/15/20	2,079,000	2,086,796
Huntington Ingalls Industries Inc, 5.0000%, 11/15/25 (144A)	5,403,000	5,489,178
Masonite International Corp, 5.6250%, 3/15/23 (144A)	809,000	784,730
Northrop Grumman Corp, 2.5500%, 10/15/22	3,415,000	3,307,608
Owens Corning, 4.2000%, 12/1/24	1,058,000	1,049,505
United Technologies Corp, 3.9500%, 8/16/25	1,666,000	1,653,844
Vulcan Materials Co, 4.5000%, 4/1/25	242,000	240,498
Wabtec Corp, 4.1500%, 3/15/24	997,000	963,381
Wabtec Corp, 4.7000%, 9/15/28	1,960,000	1,839,299
		18,996,088
Communications – 1.5%		
AT&T Inc, 5.2500%, 3/1/37	865,000	850,329
AT&T Inc, 4.7500%, 5/15/46	2,777,000	2,471,589
AT&T Inc, 5.1500%, 11/15/46	2,001,000	1,861,843
AT&T Inc, 4.5000%, 3/9/48	2,575,000	2,220,106
BellSouth LLC, 4.3330%, 4/26/19 (144A)	6,806,000	6,827,371
CCO Holdings LLC / CCO Holdings Capital Corp, 5.2500%, 3/15/21	2,235,000	2,236,397
Comcast Corp, 3.1500%, 3/1/26	1,836,000	1,757,581
Comcast Corp, 4.1500%, 10/15/28	1,612,000	1,637,881
Comcast Corp, 4.2500%, 10/15/30	2,459,000	2,488,570
Comcast Corp, 4.6000%, 10/15/38	2,000,000	2,021,835
Comcast Corp, 4.9500%, 10/15/58	2,059,000	2,096,515
Crown Castle International Corp, 5.2500%, 1/15/23	1,967,000	2,042,469
Crown Castle International Corp, 3.2000%, 9/1/24	1,991,000	1,884,377
T-Mobile USA Inc, 6.3750%, 3/1/25	4,820,000	4,880,057
UBM PLC, 5.7500%, 11/3/20 (144A)	3,003,000	3,074,871
Unitymedia GmbH, 6.1250%, 1/15/25 (144A)	2,953,000	2,967,470
Unitymedia Hessen GmbH & Co KG / Unitymedia NRW GmbH, 5.0000%, 1/15/25 (144A)	3,147,000	3,074,619
Verizon Communications Inc, 2.6250%, 8/15/26	4,331,000	3,928,703
Verizon Communications Inc, 4.3290%, 9/21/28	4,453,000	4,474,058
Viacom Inc, 5.8500%, 9/1/43	3,769,000	3,688,013
Warner Media LLC, 3.6000%, 7/15/25	1,905,000	1,805,076
		58,289,730
Consumer Cyclical – 0.7%		
DR Horton Inc, 3.7500%, 3/1/19	2,043,000	2,042,832

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Consumer Cyclical – (continued)		
Fiat Chrysler Automobiles NV, 4.5000%, 4/15/20	\$808,000	\$808,970
Ford Motor Co, 4.3460%, 12/8/26	2,361,000	2,107,530
Ford Motor Credit Co LLC, 4.6870%, 6/9/25	2,382,000	2,210,096
Ford Motor Credit Co LLC, 4.3890%, 1/8/26	515,000	464,489
Ford Motor Credit Co LLC, 3.8150%, 11/2/27	1,681,000	1,419,078
General Motors Co, 5.0000%, 10/1/28	2,955,000	2,801,575
General Motors Financial Co Inc, 4.3500%, 1/17/27	1,380,000	1,270,861
Hilton Worldwide Finance LLC / Hilton Worldwide Finance Corp, 4.6250%, 4/1/25	325,000	307,938
IHS Markit Ltd, 4.7500%, 2/15/25 (144A)	2,588,000	2,545,945
MDC Holdings Inc, 5.5000%, 1/15/24	2,249,000	2,159,040
MGM Resorts International, 6.7500%, 10/1/20	3,750,000	3,853,125
MGM Resorts International, 6.6250%, 12/15/21	1,515,000	1,552,875
MGM Resorts International, 7.7500%, 3/15/22	544,000	578,680
MGM Resorts International, 6.0000%, 3/15/23	272,000	273,360
Toll Brothers Finance Corp, 5.8750%, 2/15/22	763,000	766,815
Toll Brothers Finance Corp, 4.3750%, 4/15/23	428,000	401,250
Wyndham Destinations Inc, 5.4000%, 4/1/24	1,355,000	1,290,638
Wyndham Destinations Inc, 6.3500%, 10/1/25	396,000	384,120
		27,239,217
Consumer Non-Cyclical – 1.2%		
Becton Dickinson and Co, 2.8940%, 6/6/22	1,499,000	1,451,741
Campbell Soup Co, 3.9500%, 3/15/25	1,915,000	1,835,445
Campbell Soup Co, 4.1500%, 3/15/28	2,853,000	2,657,674
Campbell Soup Co, 4.8000%, 3/15/48	6,665,000	5,652,268
CVS Health Corp, 4.7500%, 12/1/22	1,192,000	1,229,806
CVS Health Corp, 4.1000%, 3/25/25	4,076,000	4,040,228
CVS Health Corp, 4.3000%, 3/25/28	2,045,000	2,002,439
CVS Health Corp, 5.0500%, 3/25/48	1,998,000	1,945,857
Elanco Animal Health Inc, 3.9120%, 8/27/21 (144A)	565,000	568,492
Elanco Animal Health Inc, 4.2720%, 8/28/23 (144A)	1,436,000	1,434,695
Elanco Animal Health Inc, 4.9000%, 8/28/28 (144A)	1,339,000	1,363,333
HCA Inc, 4.7500%, 5/1/23	3,958,000	3,898,630
HCA Inc, 5.6250%, 9/1/28	2,763,000	2,666,295
IHS Markit Ltd, 5.0000%, 11/1/22 (144A)	1,475,000	1,489,750
JBS USA LUX SA / JBS USA Finance Inc, 7.2500%, 6/1/21 (144A)	1,907,000	1,916,535
Sysco Corp, 2.5000%, 7/15/21	629,000	616,257
Tenet Healthcare Corp, 6.0000%, 10/1/20	2,508,000	2,539,350
Teva Pharmaceutical Finance Co BV, 3.6500%, 11/10/21	909,000	861,205
Teva Pharmaceutical Finance Co BV, 2.9500%, 12/18/22	309,000	273,252
Teva Pharmaceutical Finance IV BV, 3.6500%, 11/10/21	883,000	836,572
Teva Pharmaceutical Finance IV LLC, 2.2500%, 3/18/20	3,815,000	3,712,062
Teva Pharmaceutical Finance Netherlands III BV, 2.8000%, 7/21/23	1,794,000	1,544,978
Teva Pharmaceutical Finance Netherlands III BV, 6.0000%, 4/15/24	2,670,000	2,571,608
		47,108,472
Electric – 0.3%		
Duke Energy Corp, 1.8000%, 9/1/21	930,000	890,116
Duke Energy Corp, 2.4000%, 8/15/22	1,306,000	1,254,650
NextEra Energy Operating Partners LP, 4.2500%, 9/15/24 (144A)	437,000	404,225
NRG Energy Inc, 7.2500%, 5/15/26	3,525,000	3,670,406
PPL WEM Ltd / Western Power Distribution Ltd, 5.3750%, 5/1/21 (144A)	2,553,000	2,636,054
Southern Co, 2.9500%, 7/1/23	1,972,000	1,905,192
		10,760,643
Energy – 1.6%		
Cheniere Corpus Christi Holdings LLC, 5.1250%, 6/30/27	2,497,000	2,357,293
Cheniere Energy Partners LP, 5.6250%, 10/1/26 (144A)	3,872,000	3,620,320
Continental Resources Inc/OK, 5.0000%, 9/15/22	4,439,000	4,407,283
Continental Resources Inc/OK, 4.5000%, 4/15/23	3,628,000	3,570,388
Enbridge Energy Partners LP, 5.8750%, 10/15/25	859,000	931,068

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Energy – (continued)		
Energy Transfer LP, 4.2500%, 3/15/23	\$1,660,000	\$1,597,750
Energy Transfer LP, 5.8750%, 1/15/24	1,589,000	1,622,178
Energy Transfer LP, 5.5000%, 6/1/27	1,185,000	1,155,375
Energy Transfer Operating LP, 4.9500%, 6/15/28	1,104,000	1,082,339
Energy Transfer Operating LP, 6.1250%, 12/15/45	1,005,000	983,985
Energy Transfer Operating LP, 6.0000%, 6/15/48	4,378,000	4,268,467
EnLink Midstream Partners LP, 4.1500%, 6/1/25	3,556,000	3,207,242
EnLink Midstream Partners LP, 4.8500%, 7/15/26	4,488,000	4,049,071
EQM Midstream Partners LP, 4.7500%, 7/15/23	302,000	300,585
EQM Midstream Partners LP, 4.0000%, 8/1/24	1,027,000	982,547
EQT Midstream Partners LP, 5.5000%, 7/15/28	4,405,000	4,316,724
Kinder Morgan Energy Partners LP, 5.0000%, 10/1/21	1,292,000	1,328,383
Kinder Morgan Inc/DE, 6.5000%, 9/15/20	133,000	139,311
Kinder Morgan Inc/DE, 4.3000%, 3/1/28	300,000	294,524
Kinder Morgan Inc/DE, 5.5500%, 6/1/45	842,000	834,904
Kinder Morgan Inc/DE, 5.2000%, 3/1/48	562,000	537,889
Motiva Enterprises LLC, 5.7500%, 1/15/20 (144A)	565,000	574,839
NGPL PipeCo LLC, 4.3750%, 8/15/22 (144A)	3,174,000	3,110,520
NGPL PipeCo LLC, 4.8750%, 8/15/27 (144A)	972,000	916,110
NuStar Logistics LP, 5.6250%, 4/28/27	1,764,000	1,644,930
Plains All American Pipeline LP / PAA Finance Corp, 4.6500%, 10/15/25	4,020,000	3,955,216
Plains All American Pipeline LP / PAA Finance Corp, 4.5000%, 12/15/26	1,194,000	1,150,654
Range Resources Corp, 5.7500%, 6/1/21	1,653,000	1,599,278
Range Resources Corp, 5.8750%, 7/1/22	2,727,000	2,522,475
Range Resources Corp, 5.0000%, 3/15/23	3,701,000	3,256,880
		60,318,528
Financial Institutions – 0.1%		
Jones Lang LaSalle Inc, 4.4000%, 11/15/22	2,938,000	2,967,642
Kennedy-Wilson Inc, 5.8750%, 4/1/24	3,499,000	3,271,565
		6,239,207
Insurance – 0.5%		
Aetna Inc, 2.8000%, 6/15/23	1,262,000	1,200,098
Centene Corp, 4.7500%, 5/15/22	180,000	177,750
Centene Corp, 6.1250%, 2/15/24	2,096,000	2,145,780
Centene Corp, 4.7500%, 1/15/25	2,030,000	1,938,650
Centene Corp, 5.3750%, 6/1/26 (144A)	5,442,000	5,292,345
Cigna Corp, 3.4000%, 9/17/21 (144A)	600,000	598,610
Cigna Corp, 3.7500%, 7/15/23 (144A)	2,442,000	2,433,717
Cigna Corp, 4.3750%, 10/15/28 (144A)	1,101,000	1,107,815
WellCare Health Plans Inc, 5.2500%, 4/1/25	1,680,000	1,617,000
WellCare Health Plans Inc, 5.3750%, 8/15/26 (144A)	2,544,000	2,454,960
		18,966,725
Natural Gas – 0.1%		
Sempra Energy, ICE LIBOR USD 3 Month + 0.5000%, 2.9363%, 1/15/21 <sup>†</sup>	2,469,000	2,427,535
Owned No Guarantee – 0.1%		
Syngenta Finance NV, 3.6980%, 4/24/20 (144A)	1,306,000	1,296,358
Syngenta Finance NV, 3.9330%, 4/23/21 (144A)	1,247,000	1,229,917
Syngenta Finance NV, 4.4410%, 4/24/23 (144A)	266,000	256,336
Syngenta Finance NV, 4.8920%, 4/24/25 (144A)	555,000	524,998
		3,307,609
Real Estate Investment Trusts (REITs) – 0.3%		
Alexandria Real Estate Equities Inc, 2.7500%, 1/15/20	1,345,000	1,334,342
Alexandria Real Estate Equities Inc, 4.6000%, 4/1/22	3,664,000	3,771,746
Reckson Operating Partnership LP, 7.7500%, 3/15/20	3,885,000	4,064,757
Senior Housing Properties Trust, 6.7500%, 4/15/20	825,000	837,331
Senior Housing Properties Trust, 6.7500%, 12/15/21	916,000	959,789
		10,967,965
Technology – 1.2%		
Broadcom Corp / Broadcom Cayman Finance Ltd, 3.1250%, 1/15/25	2,824,000	2,550,470

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Corporate Bonds – (continued)		
Technology – (continued)		
Dell International LLC / EMC Corp, 5.8750%, 6/15/21 (144A)	\$7,363,000	\$7,354,787
Dell International LLC / EMC Corp, 6.0200%, 6/15/26 (144A)	7,346,000	7,382,555
Marvell Technology Group Ltd, 4.2000%, 6/22/23	1,361,000	1,356,977
Marvell Technology Group Ltd, 4.8750%, 6/22/28	1,541,000	1,502,278
Total System Services Inc, 3.8000%, 4/1/21	1,546,000	1,545,638
Total System Services Inc, 4.8000%, 4/1/26	3,189,000	3,215,294
Trimble Inc, 4.7500%, 12/1/24	5,123,000	5,164,970
Trimble Inc, 4.9000%, 6/15/28	7,351,000	7,242,208
Verisk Analytics Inc, 4.8750%, 1/15/19	1,718,000	1,718,598
Verisk Analytics Inc, 5.8000%, 5/1/21	2,947,000	3,097,932
Verisk Analytics Inc, 4.1250%, 9/12/22	1,671,000	1,692,637
Verisk Analytics Inc, 5.5000%, 6/15/45	1,948,000	1,974,267
		45,798,611
<b>Total Corporate Bonds (cost \$423,488,418)</b>		<b>411,735,364</b>
Mortgage-Backed Securities – 9.8%		
Fannie Mae Pool:		
6.0000%, 2/1/37	104,322	115,288
4.5000%, 11/1/38	2,155,226	2,251,550
3.5000%, 10/1/42	1,317,534	1,327,355
4.5000%, 11/1/42	428,128	448,626
3.5000%, 12/1/42	3,099,014	3,118,339
3.0000%, 2/1/43	106,065	104,287
3.5000%, 2/1/43	3,046,103	3,065,055
3.5000%, 2/1/43	756,332	761,043
3.5000%, 4/1/43	6,816,126	6,858,559
3.0000%, 5/1/43	393,015	386,427
3.5000%, 11/1/43	4,234,523	4,260,919
3.5000%, 4/1/44	1,526,072	1,537,983
5.0000%, 7/1/44	98,405	105,343
4.5000%, 10/1/44	998,007	1,049,639
3.5000%, 2/1/45	3,112,996	3,132,423
3.5000%, 2/1/45	1,163,486	1,170,770
4.5000%, 3/1/45	1,630,878	1,715,235
4.5000%, 6/1/45	983,092	1,028,069
3.0000%, 10/1/45	827,995	808,286
3.0000%, 10/1/45	520,742	508,347
3.5000%, 12/1/45	975,563	982,578
3.0000%, 1/1/46	221,740	216,595
4.5000%, 2/1/46	2,546,051	2,667,299
3.0000%, 3/1/46	7,093,026	6,925,508
3.0000%, 3/1/46	4,809,217	4,695,636
3.5000%, 5/1/46	662,570	664,701
3.5000%, 7/1/46	3,239,651	3,250,069
3.5000%, 7/1/46	1,800,808	1,808,179
3.5000%, 8/1/46	10,196,774	10,228,511
3.5000%, 8/1/46	1,061,701	1,064,896
4.0000%, 10/1/46	112,397	115,065
3.0000%, 11/1/46	1,644,729	1,605,886
3.0000%, 11/1/46	503,014	491,851
3.0000%, 11/1/46	484,762	473,998
3.5000%, 12/1/46	332,596	333,546
4.5000%, 12/1/46	1,030,019	1,073,425
3.0000%, 2/1/47	4,476,878	4,406,732
3.0000%, 3/1/47	3,408,762	3,332,632
4.0000%, 5/1/47	683,523	697,553
4.5000%, 5/1/47	345,918	362,831
4.5000%, 5/1/47	284,847	297,902
4.5000%, 5/1/47	282,567	295,517
4.5000%, 5/1/47	208,219	218,553

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

**Janus Henderson VIT Balanced Portfolio**  
**Schedule of Investments**  
**December 31, 2018**

	<i>Shares or Principal Amounts</i>	<i>Value</i>
Mortgage-Backed Securities – (continued)		
Fannie Mae Pool – (continued)		
4.5000%, 5/1/47	\$198,648	\$207,753
4.5000%, 5/1/47	167,794	175,951
4.5000%, 5/1/47	97,897	102,383
4.5000%, 5/1/47	70,879	74,279
4.5000%, 5/1/47	64,467	67,554
4.0000%, 6/1/47	354,849	362,772
4.0000%, 6/1/47	180,113	183,819
4.0000%, 6/1/47	173,184	177,051
4.0000%, 6/1/47	81,700	83,377
4.5000%, 6/1/47	1,253,713	1,311,174
4.5000%, 6/1/47	123,433	129,354
4.0000%, 7/1/47	311,942	318,907
4.0000%, 7/1/47	285,173	291,540
4.0000%, 7/1/47	124,624	127,406
4.0000%, 7/1/47	87,492	89,446
4.5000%, 7/1/47	899,634	940,866
4.5000%, 7/1/47	804,432	841,301
4.5000%, 7/1/47	781,112	816,912
3.5000%, 8/1/47	1,549,080	1,551,584
3.5000%, 8/1/47	940,544	941,676
3.5000%, 8/1/47	535,275	538,529
4.0000%, 8/1/47	1,770,486	1,805,901
4.0000%, 8/1/47	534,597	546,534
4.0000%, 8/1/47	330,719	338,104
4.0000%, 8/1/47	145,460	148,359
4.5000%, 8/1/47	1,058,275	1,106,778
4.5000%, 8/1/47	214,005	223,814
4.0000%, 9/1/47	4,060,713	4,174,359
4.0000%, 9/1/47	159,353	162,911
4.5000%, 9/1/47	1,063,563	1,112,311
4.5000%, 9/1/47	726,305	759,595
4.5000%, 9/1/47	246,092	257,372
3.5000%, 10/1/47	4,087,362	4,088,903
4.0000%, 10/1/47	820,510	838,831
4.0000%, 10/1/47	688,546	703,921
4.0000%, 10/1/47	634,215	648,376
4.0000%, 10/1/47	438,426	448,216
4.0000%, 10/1/47	375,650	384,038
4.5000%, 10/1/47	171,726	179,597
4.5000%, 10/1/47	79,223	82,854
4.0000%, 11/1/47	1,867,711	1,907,878
4.0000%, 11/1/47	1,137,582	1,160,251
4.0000%, 11/1/47	934,989	955,867
4.0000%, 11/1/47	366,881	375,074
4.5000%, 11/1/47	836,226	874,555
3.5000%, 12/1/47	4,202,426	4,204,907
3.5000%, 12/1/47	1,615,260	1,620,515
3.5000%, 12/1/47	1,121,822	1,123,827
3.5000%, 12/1/47	283,273	285,136
3.5000%, 12/1/47	147,847	148,819
4.0000%, 12/1/47	2,227,235	2,271,617
3.5000%, 1/1/48	1,634,406	1,638,748
3.5000%, 1/1/48	1,204,781	1,209,420
4.0000%, 1/1/48	5,764,591	5,895,958
4.0000%, 1/1/48	4,272,589	4,357,689
4.0000%, 1/1/48	4,072,350	4,167,589
4.0000%, 1/1/48	491,872	504,257
3.5000%, 3/1/48	733,401	736,225
3.5000%, 3/1/48	242,727	244,324

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.



# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Mortgage-Backed Securities – (continued)		
Fannie Mae Pool – (continued)		
4.0000%, 3/1/48	\$1,709,778	\$1,749,816
4.0000%, 3/1/48	433,302	444,207
4.5000%, 3/1/48	1,433,498	1,503,834
3.5000%, 4/1/48	2,556,792	2,568,413
4.0000%, 4/1/48	925,294	948,733
4.5000%, 4/1/48	1,103,362	1,158,691
4.0000%, 5/1/48	4,502,017	4,591,691
4.0000%, 5/1/48	4,232,637	4,316,993
4.5000%, 5/1/48	875,342	915,802
4.5000%, 5/1/48	762,655	798,905
4.0000%, 6/1/48	7,386,992	7,534,137
4.0000%, 6/1/48	1,778,468	1,813,896
4.5000%, 6/1/48	849,240	886,333
4.0000%, 8/1/48	2,701,129	2,754,936
4.0000%, 9/1/48	3,051,225	3,112,007
3.5000%, 11/1/48	4,144,990	4,160,694
3.5000%, 8/1/56	5,407,189	5,393,311
3.0000%, 2/1/57	3,842,381	3,713,579
3.5000%, 2/1/57	6,540,496	6,523,709
		195,879,757
Freddie Mac Gold Pool:		
4.5000%, 5/1/38	3,361,334	3,506,190
4.5000%, 7/1/38	2,529,138	2,640,748
4.5000%, 9/1/38	1,666,296	1,739,830
4.5000%, 10/1/38	1,416,310	1,478,815
6.0000%, 4/1/40	1,833,414	2,035,367
3.5000%, 2/1/43	1,153,201	1,159,889
3.5000%, 2/1/44	1,193,098	1,200,016
4.5000%, 5/1/44	47,882	50,189
3.5000%, 12/1/44	8,456,836	8,519,285
3.0000%, 1/1/45	1,128,333	1,105,971
4.0000%, 5/1/46	812,963	832,706
3.5000%, 7/1/46	3,436,335	3,455,801
3.5000%, 7/1/46	1,049,658	1,051,322
3.0000%, 10/1/46	4,115,506	4,016,871
3.5000%, 10/1/46	6,535,386	6,555,204
3.0000%, 12/1/46	4,895,030	4,777,656
3.5000%, 2/1/47	4,177,540	4,189,783
4.0000%, 3/1/47	301,182	307,823
3.5000%, 9/1/47	5,918,682	5,923,800
3.5000%, 9/1/47	3,381,308	3,383,578
3.5000%, 9/1/47	3,249,136	3,255,470
3.5000%, 9/1/47	1,010,852	1,011,922
3.5000%, 10/1/47	2,966,851	2,967,693
3.5000%, 11/1/47	1,351,235	1,352,774
3.5000%, 12/1/47	4,551,467	4,565,276
3.5000%, 12/1/47	987,936	991,301
3.5000%, 2/1/48	1,541,452	1,543,169
3.5000%, 2/1/48	1,522,401	1,525,777
3.5000%, 3/1/48	1,000,617	1,000,650
4.0000%, 3/1/48	1,107,526	1,133,165
4.0000%, 4/1/48	6,198,437	6,320,311
4.0000%, 4/1/48	1,129,150	1,154,610
4.0000%, 5/1/48	4,774,757	4,869,333
4.0000%, 5/1/48	2,985,094	3,043,944
4.0000%, 6/1/48	6,750,782	6,884,155
4.0000%, 6/1/48	1,288,632	1,314,058
4.0000%, 8/1/48	17,137,792	17,475,510
4.0000%, 8/1/48	5,838,465	5,984,815

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Mortgage-Backed Securities – (continued)		
Freddie Mac Gold Pool – (continued)		
4.5000%, 8/1/48	\$1,411,521	\$1,462,140
5.0000%, 9/1/48	363,767	381,156
4.5000%, 12/1/48	1,884,000	1,966,676
		128,134,749
Ginnie Mae I Pool:		
4.0000%, 1/15/45	3,669,504	3,784,108
4.5000%, 8/15/46	4,347,215	4,552,334
4.0000%, 7/15/47	2,416,737	2,479,358
4.0000%, 8/15/47	513,431	526,709
4.0000%, 11/15/47	1,029,505	1,057,325
4.0000%, 12/15/47	1,306,534	1,341,886
		13,741,720
Ginnie Mae II Pool:		
4.5000%, 10/20/41	1,018,721	1,054,952
4.0000%, 8/20/47	388,091	400,002
4.0000%, 8/20/47	192,849	198,785
4.0000%, 8/20/47	86,775	89,088
4.5000%, 5/20/48	2,438,783	2,552,600
4.5000%, 5/20/48	582,987	610,194
5.0000%, 7/20/48	10,741,701	11,184,772
5.0000%, 9/20/48	4,904,303	5,115,793
4.5000%, 12/20/48	3,059,000	3,171,968
5.0000%, 12/20/48	13,268,511	13,848,304
		38,226,458
Total Mortgage-Backed Securities (cost \$377,832,948)		375,982,684
United States Treasury Notes/Bonds – 17.1%		
2.6250%, 8/31/20	177,300	177,514
2.7500%, 9/30/20	74,398,000	74,666,490
2.8750%, 10/31/20	71,317,000	71,750,990
2.8750%, 10/15/21	1,264,000	1,277,220
2.7500%, 5/31/23	9,686,000	9,791,595
2.8750%, 9/30/23	40,782,000	41,443,149
2.8750%, 10/31/23	48,994,000	49,806,858
2.8750%, 11/30/23	30,189,000	30,713,103
2.8750%, 11/30/25	27,000	27,497
2.2500%, 11/15/27	13,825,000	13,364,850
2.7500%, 2/15/28	3,223,000	3,242,028
2.8750%, 5/15/28	2,193,000	2,228,268
2.8750%, 8/15/28	44,726,500	45,449,969
3.1250%, 11/15/28	123,346,000	128,029,984
2.2500%, 8/15/46	8,075,000	6,914,394
2.7500%, 8/15/47	823,000	780,840
2.7500%, 11/15/47	44,766,000	42,433,846
3.0000%, 2/15/48	19,399,000	19,328,920
3.1250%, 5/15/48	11,331,000	11,566,020
3.0000%, 8/15/48	42,195,000	42,068,154
3.3750%, 11/15/48	59,784,000	64,038,734
Total United States Treasury Notes/Bonds (cost \$644,188,529)		659,100,423
Common Stocks – 55.9%		
Aerospace & Defense – 3.4%		
Boeing Co	240,850	77,674,125
General Dynamics Corp	329,955	51,872,226
		129,546,351
Air Freight & Logistics – 0.5%		
United Parcel Service Inc	194,156	18,936,035
Airlines – 0.5%		
Delta Air Lines Inc	369,221	18,424,128

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Shares or Principal Amounts	Value
Common Stocks – (continued)		
Automobiles – 0.8%		
General Motors Co	882,278	\$29,512,199
Banks – 2.3%		
Bank of America Corp	913,402	22,506,225
US Bancorp	1,474,432	67,381,542
		89,887,767
Biotechnology – 0.9%		
AbbVie Inc	376,464	34,706,216
Capital Markets – 3.0%		
Blackstone Group LP	686,489	20,464,237
CME Group Inc	230,117	43,289,610
Morgan Stanley	389,547	15,445,539
TD Ameritrade Holding Corp	700,339	34,288,597
		113,487,983
Chemicals – 1.4%		
LyondellBasell Industries NV	626,156	52,071,133
Consumer Finance – 1.2%		
American Express Co	214,943	20,488,367
Synchrony Financial	1,146,879	26,905,781
		47,394,148
Electronic Equipment, Instruments & Components – 0.5%		
Corning Inc	646,371	19,526,868
Entertainment – 0.3%		
Activision Blizzard Inc	160,794	7,488,177
Madison Square Garden Co*	19,833	5,309,294
		12,797,471
Equity Real Estate Investment Trusts (REITs) – 1.0%		
Crown Castle International Corp	182,241	19,796,840
MGM Growth Properties LLC	359,429	9,492,520
Outfront Media Inc	500,903	9,076,362
		38,365,722
Food & Staples Retailing – 3.2%		
Costco Wholesale Corp	288,070	58,682,740
Kroger Co	965,080	26,539,700
Sysco Corp	598,992	37,532,839
		122,755,279
Food Products – 0.5%		
Hershey Co	188,032	20,153,270
Health Care Equipment & Supplies – 1.9%		
Abbott Laboratories	563,984	40,792,963
Medtronic PLC	355,442	32,331,004
		73,123,967
Health Care Providers & Services – 0.8%		
UnitedHealth Group Inc	127,550	31,775,256
Hotels, Restaurants & Leisure – 3.0%		
Hilton Worldwide Holdings Inc	297,403	21,353,535
McDonald's Corp	410,286	72,854,485
Norwegian Cruise Line Holdings Ltd*	237,310	10,059,571
Six Flags Entertainment Corp	217,471	12,097,912
		116,365,503
Household Products – 0.4%		
Clorox Co	97,355	15,006,300
Industrial Conglomerates – 0.5%		
Honeywell International Inc	131,263	17,342,468
Information Technology Services – 3.5%		
Accenture PLC	291,981	41,172,241
Mastercard Inc	501,354	94,580,432
		135,752,673

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	<i>Shares or Principal Amounts</i>	<i>Value</i>
Common Stocks – (continued)		
Insurance – 0.6%		
Progressive Corp	351,376	\$21,198,514
Interactive Media & Services – 2.1%		
Alphabet Inc - Class C*	79,466	82,295,784
Leisure Products – 0.4%		
Hasbro Inc	208,189	16,915,356
Machinery – 1.3%		
Deere & Co	148,721	22,184,712
Parker-Hannifin Corp	75,435	11,250,376
Stanley Black & Decker Inc	124,829	14,947,024
		48,382,112
Media – 1.2%		
Comcast Corp	1,401,564	47,723,254
Oil, Gas & Consumable Fuels – 1.4%		
Anadarko Petroleum Corp	522,493	22,906,093
Suncor Energy Inc	617,497	17,271,391
Suncor Energy Inc <sup>2</sup>	508,216	14,196,539
		54,374,023
Personal Products – 0.7%		
Estee Lauder Cos Inc	200,292	26,057,989
Pharmaceuticals – 3.7%		
Allergan PLC	156,390	20,903,087
Bristol-Myers Squibb Co	281,571	14,636,061
Eli Lilly & Co	389,139	45,031,165
Merck & Co Inc	804,007	61,434,175
		142,004,488
Real Estate Management & Development – 0.5%		
CBRE Group Inc*	501,887	20,095,555
Road & Rail – 1.3%		
CSX Corp	797,374	49,540,847
Semiconductor & Semiconductor Equipment – 2.7%		
Intel Corp	1,000,718	46,963,696
Lam Research Corp	164,543	22,405,820
NVIDIA Corp	45,196	6,033,666
Texas Instruments Inc	298,229	28,182,641
		103,585,823
Software – 4.7%		
Adobe Inc*	206,359	46,686,660
Microsoft Corp	1,222,851	124,204,976
salesforce.com Inc*	83,672	11,460,554
		182,352,190
Specialty Retail – 1.5%		
Home Depot Inc	342,495	58,847,491
Technology Hardware, Storage & Peripherals – 1.6%		
Apple Inc	383,864	60,550,707
Textiles, Apparel & Luxury Goods – 1.0%		
NIKE Inc	519,971	38,550,650
Tobacco – 1.6%		
Altria Group Inc	1,242,053	61,344,998
<b>Total Common Stocks (cost \$1,689,964,072)</b>		<b>2,150,750,518</b>
Limited Partnership Interests – 0%		
Real Estate Investment Trusts (REITs) – 0%		
Colony American Homes III LP*,c,\$ (cost \$8,109)	639,963	7,104

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

**Janus Henderson VIT Balanced Portfolio**  
**Schedule of Investments**  
**December 31, 2018**

	<i>Shares or Principal Amounts</i>	<i>Value</i>
Investment Companies – 0.9%		
Money Markets – 0.9%		
Janus Henderson Cash Liquidity Fund LLC, 2.4621% <sup>FF</sup> (cost \$36,969,146)	36,969,146	\$36,969,146
Total Investments (total cost \$3,394,905,149) – 100.1%		3,853,580,151
Liabilities, net of Cash, Receivables and Other Assets – (0.1)%		(5,088,230)
Net Assets – 100%		\$3,848,491,921

**Summary of Investments by Country - (Long Positions) (unaudited)**

<i>Country</i>	<i>Value</i>	<i>% of Investment Securities</i>
United States	\$3,742,566,135	97.1 %
Cayman Islands	50,888,480	1.3
Canada	33,884,670	0.9
Israel	9,799,677	0.2
United Kingdom	6,519,895	0.2
Germany	6,042,089	0.2
Switzerland	3,307,609	0.1
South Africa	571,596	0.0
Total	\$3,853,580,151	100.0 %

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

#### Schedules of Affiliated Investments – (% of Net Assets)

		Dividend Income		Realized Gain/(Loss) <sup>(1)</sup>		Change in Unrealized Appreciation/ Depreciation		Value at 12/31/18
Investment Companies – 0.9%								
Alternative Funds - N/A								
Janus Henderson Diversified Alternatives Fund - Class N Shares	\$	-	\$	23,120	\$	-	\$	-
Equity Funds - N/A								
Janus Henderson Adaptive Global Allocation Fund - Class N Shares	\$	-	\$	(2,092)	\$	-	\$	-
Janus Henderson Asia Equity Fund - Class N Shares		-		13,082		-		-
Janus Henderson Contrarian Fund - Class N Shares		-		4,070		-		-
Janus Henderson Emerging Markets Fund - Class N Shares		-		21,790		-		-
Janus Henderson Enterprise Fund - Class N Shares		-		4,083		-		-
Janus Henderson Forty Fund - Class N Shares		-		11,315		-		-
Janus Henderson Global Real Estate Fund - Class N Shares		-		22,950		-		-
Janus Henderson Global Select Fund - Class N Shares		-		46,390		-		-
Janus Henderson International Managed Volatility Fund - Class N Shares		-		45,704		-		-
Janus Henderson International Value Fund - Class N Shares		-		33,195		-		-
Janus Henderson Large Cap Value Fund - Class N Shares		-		(927)		-		-
Janus Henderson Mid Cap Value Fund - Class N Shares		-		(13,805)		-		-
Janus Henderson Overseas Fund - Class N Shares		-		-		-		-
Janus Henderson Small Cap Value Fund - Class N Shares		-		8,267		-		-
Janus Henderson Triton Fund - Class N Shares		-		51,891		-		-
Janus Henderson U.S. Managed Volatility Fund - Class N Shares		-		53,754		-		-
Janus Henderson VIT Global Research Portfolio - Institutional Shares		-		36,496		-		-
Total Equity Funds	\$	-	\$	336,163	\$	-	\$	-
Fixed Income Funds - N/A								
Janus Henderson Global Bond Fund - Class N Shares		103		21,215		-		-
Janus Henderson Short-Term Bond Fund - Class N Shares		21		(7,566)		-		-
Total Fixed Income Funds	\$	124	\$	13,649	\$	-	\$	-
Money Markets – 0.9%								
Janus Henderson Cash Liquidity Fund LLC, 2.4621%	\$	1,605,155	\$	-	\$	-	\$	36,969,146
Total Affiliated Investments - 0.9%	\$	1,605,279	\$	372,932	\$	-	\$	36,969,146

(1) For securities that were affiliated for a portion of the year ended December 31, 2018, this column reflects amounts for the entire year ended December 31, 2018 and not just the period in which the security was affiliated

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Schedule of Investments

### December 31, 2018

	Share Balance at 12/31/17	Purchases	Sales	Share Balance at 12/31/18
Investment Companies – 0.9%				
Alternative Funds - N/A				
Janus Henderson Diversified Alternatives Fund - Class N Shares	-	89,835	(89,835)	-
Equity Funds - N/A				
Janus Henderson Adaptive Global Allocation Fund - Class N Shares	-	41,832	(41,832)	-
Janus Henderson Asia Equity Fund - Class N Shares	-	7,551	(7,551)	-
Janus Henderson Contrarian Fund - Class N Shares	-	8,892	(8,892)	-
Janus Henderson Emerging Markets Fund - Class N Shares	-	24,660	(24,660)	-
Janus Henderson Enterprise Fund - Class N Shares	-	1,975	(1,975)	-
Janus Henderson Forty Fund - Class N Shares	-	3,294	(3,294)	-
Janus Henderson Global Real Estate Fund - Class N Shares	-	20,406	(20,406)	-
Janus Henderson Global Select Fund - Class N Shares	-	17,719	(17,719)	-
Janus Henderson International Managed Volatility Fund - Class N Shares	-	38,859	(38,859)	-
Janus Henderson International Value Fund - Class N Shares	-	33,315	(33,315)	-
Janus Henderson Large Cap Value Fund - Class N Shares	-	25,173	(25,173)	-
Janus Henderson Mid Cap Value Fund - Class N Shares	-	8,229	(8,229)	-
Janus Henderson Overseas Fund - Class N Shares	-	20,521	(20,521)	-
Janus Henderson Small Cap Value Fund - Class N Shares	-	9,868	(9,868)	-
Janus Henderson Triton Fund - Class N Shares	-	7,282	(7,282)	-
Janus Henderson U.S. Managed Volatility Fund - Class N Shares	-	26,798	(26,798)	-
Janus Henderson VIT Global Research Portfolio - Institutional Shares	-	5,584	(5,584)	-
Fixed Income Funds - N/A				
Janus Henderson Global Bond Fund - Class N Shares	-	221,693	(221,693)	-
Janus Henderson Short-Term Bond Fund - Class N Shares	-	123,531	(123,531)	-
Money Markets – 0.9%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%	99,929,079	1,476,900,067	(1,539,860,000)	36,969,146

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Notes to Schedule of Investments and Other Information

Balanced Index	Balanced Index is an internally-calculated, hypothetical combination of total returns from the S&P 500 <sup>®</sup> Index (55%) and the Bloomberg Barclays U.S. Aggregate Bond Index (45%).
Bloomberg Barclays U.S. Aggregate Bond Index	Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based measure of the investment grade, US dollar-denominated, fixed-rate taxable bond market.
S&P 500 <sup>®</sup> Index	S&P 500 <sup>®</sup> Index reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.
ICE	Intercontinental Exchange
LIBOR	London Interbank Offered Rate
LLC	Limited Liability Company
LP	Limited Partnership
PLC	Public Limited Company

144A Securities sold under Rule 144A of the Securities Act of 1933, as amended, are subject to legal and/or contractual restrictions on resale and may not be publicly sold without registration under the 1933 Act. Unless otherwise noted, these securities have been determined to be liquid under guidelines established by the Board of Trustees. The total value of 144A securities as of the year ended December 31, 2018 is \$227,856,633, which represents 5.9% of net assets.

\* Non-income producing security.

(a) All or a portion of this position is not funded, or has been purchased on a delayed delivery or when-issued basis. If applicable, interest rates will be determined and interest will begin to accrue at a future date. See Notes to Financial Statements.

‡ Variable or floating rate security. Rate shown is the current rate as of December 31, 2018. Certain variable rate securities are not based on a published reference rate and spread; they are determined by the issuer or agent and current market conditions. Reference rate is as of reset date and may vary by security, which may not indicate a reference rate and/or spread in their description.

ž Issued by the same entity and traded on separate exchanges.

°° Rate shown is the 7-day yield as of December 31, 2018.

¢ Security is valued using significant unobservable inputs.

£ 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.

§ Schedule of Restricted and Illiquid Securities (as of December 31, 2018)

*Value as a*



# Janus Henderson VIT Balanced Portfolio

## Notes to Schedule of Investments and Other Information

	<i>Acquisition Date</i>	<i>Cost</i>	<i>Value</i>	<i>% of Net Assets</i>
Colony American Homes III LP	1/30/13	\$ 8,109	\$ 7,104	0.0%
loanDepot Station Place Agency Securitization Trust 2017-1, ICE LIBOR USD 1 Month + 0.8000%, 3.3063%, 11/25/50	11/29/17 - 3/23/18	3,920,513	3,908,087	0.1
loanDepot Station Place Agency Securitization Trust 2017-1, ICE LIBOR USD 1 Month + 1.0000%, 3.5063%, 11/25/50	11/29/17	772,000	770,008	0.0
Moffett Towers Phase II, ICE LIBOR USD 3 Month + 2.8000%, 5.2560%, 6/15/21	6/25/18 - 12/4/18	5,889,276	5,873,005	0.2
<b>Total</b>		<b>\$ 10,589,898</b>	<b>\$ 10,558,204</b>	<b>0.3%</b>

The Portfolio has registration rights for certain restricted securities held as of December 31, 2018. The issuer incurs all registration costs.

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

	<i>Level 1 - Quoted Prices</i>	<i>Level 2 - Other Significant Observable Inputs</i>	<i>Level 3 - Significant Unobservable Inputs</i>
<b>Assets</b>			
<b>Investments in Securities:</b>			
<i>Asset-Backed/Commercial Mortgage-Backed Securities</i>	\$ -	\$ 172,013,026	\$ -
<i>Bank Loans and Mezzanine Loans</i>	-	47,021,886	-
<i>Corporate Bonds</i>	-	411,735,364	-
<i>Mortgage-Backed Securities</i>	-	375,982,684	-
<i>United States Treasury Notes/Bonds</i>	-	659,100,423	-
<i>Common Stocks</i>	2,150,750,518	-	-
<i>Limited Partnership Interests</i>	-	-	7,104
<i>Investment Companies</i>	-	36,969,146	-
<b>Total Assets</b>	<b>\$ 2,150,750,518</b>	<b>\$ 1,702,822,529</b>	<b>\$ 7,104</b>

# Janus Henderson VIT Balanced Portfolio

## Statement of Assets and Liabilities

### December 31, 2018

Assets:		
Unaffiliated investments, at value <sup>(1)</sup>	\$	3,816,611,005
Affiliated investments, at value <sup>(2)</sup>		36,969,146
Cash		774,588
Non-interested Trustees' deferred compensation		93,226
Receivables:		
Investments sold		15,583,580
Interest		10,895,975
Dividends		3,215,972
Portfolio shares sold		2,051,738
Dividends from affiliates		56,941
Other assets		27,566
<b>Total Assets</b>		<b>3,886,279,737</b>
Liabilities:		
Payables:		
Investments purchased		33,440,863
Advisory fees		1,874,132
Portfolio shares repurchased		1,169,740
12b-1 Distribution and shareholder servicing fees		762,223
Transfer agent fees and expenses		176,694
Non-interested Trustees' deferred compensation fees		93,226
Professional fees		36,661
Non-interested Trustees' fees and expenses		28,001
Affiliated portfolio administration fees payable		8,519
Custodian fees		3,287
Accrued expenses and other payables		194,470
<b>Total Liabilities</b>		<b>37,787,816</b>
<b>Net Assets</b>	<b>\$</b>	<b>3,848,491,921</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	3,271,796,827
Total distributable earnings (loss)		576,695,094
<b>Total Net Assets</b>	<b>\$</b>	<b>3,848,491,921</b>
Net Assets - Institutional Shares	\$	402,796,095
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		11,934,057
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>33.75</b>
Net Assets - Service Shares	\$	3,445,695,826
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		96,814,571
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>35.59</b>

(1) Includes cost of \$3,357,936,003.

(2) Includes cost of \$36,969,146.

See Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Statement of Operations

### For the year ended December 31, 2018

Investment Income:		
Interest	\$	45,827,720
Dividends		44,008,623
Dividends from affiliates		1,605,279
Other income		201,476
Foreign tax withheld		(178,899)
Total Investment Income		91,464,199
Expenses:		
Advisory fees		20,166,559
12b-1 Distribution and shareholder servicing fees:		
Service Shares		8,092,218
Transfer agent administrative fees and expenses:		
Institutional Shares		214,880
Service Shares		1,618,444
Other transfer agent fees and expenses:		
Institutional Shares		11,777
Service Shares		48,203
Shareholder reports expense		203,626
Affiliated portfolio administration fees		127,232
Non-interested Trustees' fees and expenses		110,299
Professional fees		94,248
Custodian fees		35,828
Registration fees		23,472
Other expenses		354,420
Total Expenses		31,101,206
Net Investment Income/(Loss)		60,362,993
Net Realized Gain/(Loss) on Investments:		
Investments and foreign currency transactions		111,399,057
Investments in affiliates		372,932
Total Net Realized Gain/(Loss) on Investments		111,771,989
Change in Unrealized Net Appreciation/Depreciation:		
Investments and non-interested Trustees' deferred compensation		(176,189,448)
Total Change in Unrealized Net Appreciation/Depreciation		(176,189,448)
Net Increase/(Decrease) in Net Assets Resulting from Operations	\$	(4,054,466)

See Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Statements of Changes in Net Assets

	Year ended December 31, 2018		Year ended December 31, 2017	
Operations:				
Net investment income/(loss)	\$	60,362,993	\$	50,744,654
Net realized gain/(loss) on investments		111,771,989		91,650,385
Change in unrealized net appreciation/depreciation		(176,189,448)		347,796,218
Net Increase/(Decrease) in Net Assets Resulting from Operations		(4,054,466)		490,191,257
Dividends and Distributions to Shareholders <sup>(1)</sup>				
Institutional Shares		(20,863,874)		N/A
Service Shares		(137,724,495)		N/A
Total Dividends and Distributions to Shareholders		(158,588,369)		N/A
Dividends from Net Investment Income <sup>(1)</sup>				
Institutional Shares		N/A		(6,674,911)
Service Shares		N/A		(36,152,398)
Total Dividends from Net Investment Income		N/A		(42,827,309)
Distributions from Net Realized Gain from Investment Transactions <sup>(1)</sup>				
Institutional Shares		N/A		(844,615)
Service Shares		N/A		(4,921,407)
Total Distributions from Net Realized Gain from Investment Transactions		N/A		(5,766,022)
Net Decrease from Dividends and Distributions to Shareholders		(158,588,369)		(48,593,331)
Capital Share Transactions: (Note 5)				
Institutional Shares		(9,713,852)		(37,543,596)
Service Shares		703,833,070		281,250,189
Net Increase/(Decrease) from Capital Share Transactions		694,119,218		243,706,593
Net Increase/(Decrease) in Net Assets		531,476,383		685,304,519
Net Assets:				
Beginning of period		3,317,015,538		2,631,711,019
End of period <sup>(2)</sup>	\$	3,848,491,921	\$	3,317,015,538

(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 \$22,408,397 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 Balanced 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	\$35.27	\$30.32	\$30.08	\$31.43	\$30.26
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.66	0.64	0.58	0.63	0.62
Net realized and unrealized gain/(loss)	(0.42)	4.92	0.77	(0.41)	1.92
Total from Investment Operations	0.24	5.56	1.35	0.22	2.54
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.77)	(0.54)	(0.67)	(0.50)	(0.55)
Distributions (from capital gains)	(0.99)	(0.07)	(0.44)	(1.07)	(0.82)
Total Dividends and Distributions	(1.76)	(0.61)	(1.11)	(1.57)	(1.37)
Net Asset Value, End of Period	\$33.75	\$35.27	\$30.32	\$30.08	\$31.43
Total Return*	0.68%	18.43%	4.60%	0.62%	8.54%
Net Assets, End of Period (in thousands)	\$402,796	\$429,403	\$403,833	\$444,472	\$475,807
Average Net Assets for the Period (in thousands)	\$429,843	\$417,575	\$413,338	\$467,346	\$472,445
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.63%	0.63%	0.62%	0.58%	0.58%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.63%	0.63%	0.62%	0.58%	0.58%
Ratio of Net Investment Income/(Loss)	1.85%	1.94%	1.94%	2.03%	2.01%
Portfolio Turnover Rate	97% <sup>(2)</sup>	67% <sup>(2)</sup>	80%	73%	87%

### Service Shares

For a share outstanding during the year ended December 31	2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$37.09	\$31.89	\$31.61	\$32.97	\$31.72
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.60	0.58	0.53	0.58	0.57
Net realized and unrealized gain/(loss)	(0.44)	5.17	0.80	(0.42)	2.00
Total from Investment Operations	0.16	5.75	1.33	0.16	2.57
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.67)	(0.48)	(0.61)	(0.45)	(0.50)
Distributions (from capital gains)	(0.99)	(0.07)	(0.44)	(1.07)	(0.82)
Total Dividends and Distributions	(1.66)	(0.55)	(1.05)	(1.52)	(1.32)
Net Asset Value, End of Period	\$35.59	\$37.09	\$31.89	\$31.61	\$32.97
Total Return*	0.43%	18.13%	4.32%	0.41%	8.24%
Net Assets, End of Period (in thousands)	\$3,445,696	\$2,887,613	\$2,227,878	\$1,831,930	\$1,228,244
Average Net Assets for the Period (in thousands)	\$3,235,435	\$2,523,514	\$1,938,234	\$1,645,283	\$1,013,680
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.88%	0.88%	0.87%	0.84%	0.84%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.88%	0.88%	0.87%	0.84%	0.84%
Ratio of Net Investment Income/(Loss)	1.62%	1.69%	1.71%	1.79%	1.77%
Portfolio Turnover Rate	97% <sup>(2)</sup>	67% <sup>(2)</sup>	80%	73%	87%

\* Total return includes adjustments in accordance with generally accepted accounting principles required at the year or period end and are not annualized for periods of less than one full year. Total return does not include fees, charges, or expenses imposed by the variable annuity and life insurance contracts for which Janus Aspen Series serves as an underlying investment vehicle.

\*\* Annualized for periods of less than one full year.

(1) Per share amounts are calculated based on average shares outstanding during the year or period.

(2) Portfolio Turnover Rate excludes TBA (to be announced) purchase and sales commitments.

See Notes to Financial Statements.

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies

Janus Henderson VIT Balanced 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 capital growth, consistent with preservation of capital and balanced by current income. The Portfolio is classified as diversified, 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

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

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.

The Portfolio recognizes transfers between the levels as of the beginning of the fiscal year. The following describes the amounts of transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year.

Financial assets of \$17,195,318 were transferred out of Level 2 to Level 1 since certain foreign equity prices were applied a fair valuation adjustment factor at the end of the prior fiscal year and no factor was applied at the end of the current period.

The Portfolio did not hold a significant amount of Level 3 securities as of December 31, 2018.

### 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.

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### Indemnifications

In the normal course of business, the Portfolio may enter into contracts that contain provisions for indemnification of other parties against certain potential liabilities. The Portfolio's maximum exposure under these arrangements is unknown, and would involve future claims that may be made against the Portfolio that have not yet occurred. Currently, the risk of material loss from such claims is considered remote.

### Foreign Currency Translations

The Portfolio does not isolate that portion of the results of operations resulting from the effect of changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held at the date of the financial statements. Net unrealized appreciation or depreciation of investments and foreign currency translations arise from changes in the value of assets and liabilities, including investments in securities held at the date of the financial statements, resulting from changes in the exchange rates and changes in market prices of securities held.

Currency gains and losses are also calculated on payables and receivables that are denominated in foreign currencies. The payables and receivables are generally related to foreign security transactions and income translations.

Foreign currency-denominated assets and forward currency contracts may involve more risks than domestic transactions, including currency risk, counterparty risk, political and economic risk, regulatory risk and equity risk. Risks may arise from unanticipated movements in the value of foreign currencies relative to the U.S. dollar.

### Dividends and Distributions

The Portfolio may make semiannual distributions of substantially all of its investment income and an annual distribution of its net realized capital gains (if any).

The Portfolio may make certain investments in real estate investment trusts ("REITs") which pay dividends to their shareholders based upon funds available from operations. It is quite common for these dividends to exceed the REITs' taxable earnings and profits, resulting in the excess portion of such dividends being designated as a return of capital. If the Portfolio distributes such amounts, such distributions could constitute a return of capital to shareholders for federal income tax purposes.

### Federal Income Taxes

The Portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income in accordance with the requirements of Subchapter M of the Internal Revenue Code. Management has analyzed the Portfolio's tax positions taken for all open federal income tax years, generally a three-year period, and has concluded that no provision for federal income tax is required in the Portfolio's financial statements. The Portfolio is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. Currently, Management does not believe the bill will have a material impact on the Portfolio's intention to continue to qualify as a regulated investment company, which is generally not subject to U.S. federal income tax.

## 2. Other Investments and Strategies

### Additional Investment Risk

The Portfolio may be invested in lower-rated debt securities that have a higher risk of default or loss of value since these securities may be sensitive to economic changes, political changes, or adverse developments specific to the issuer.

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



# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

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.

### Loans

The Portfolio may invest in various commercial loans, including bank loans, bridge loans, debtor-in-possession ("DIP") loans, mezzanine loans, and other fixed and floating rate loans. These loans may be acquired through loan participations and assignments or on a when-issued basis. Commercial loans will comprise no more than 20% of the Portfolio's total assets. Below are descriptions of the types of loans held by the Portfolio as of December 31, 2018.

- **Bank Loans** - Bank loans are obligations of companies or other entities entered into in connection with recapitalizations, acquisitions, and refinancings. The Portfolio's investments in bank loans are generally acquired as a participation interest in, or assignment of, loans originated by a lender or other financial institution. These investments may include institutionally-traded floating and fixed-rate debt securities.
- **Floating Rate Loans** - Floating rate loans are debt securities that have floating interest rates, that adjust periodically, and are tied to a benchmark lending rate, such as London Interbank Offered Rate ("LIBOR"). In

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

other cases, the lending rate could be tied to the prime rate offered by one or more major U.S. banks or the rate paid on large certificates of deposit traded in the secondary markets. If the benchmark lending rate changes, the rate payable to lenders under the loan will change at the next scheduled adjustment date specified in the loan agreement. Floating rate loans are typically issued to companies ("borrowers") in connection with recapitalizations, acquisitions, and refinancings. Floating rate loan investments are generally below investment grade. Senior floating rate loans are secured by specific collateral of a borrower and are senior in the borrower's capital structure. The senior position in the borrower's capital structure generally gives holders of senior loans a claim on certain of the borrower's assets that is senior to subordinated debt and preferred and common stock in the case of a borrower's default. Floating rate loan investments may involve foreign borrowers, and investments may be denominated in foreign currencies. Floating rate loans often involve borrowers whose financial condition is troubled or uncertain and companies that are highly leveraged. The Portfolio may invest in obligations of borrowers who are in bankruptcy proceedings. While the Portfolio generally expects to invest in fully funded term loans, certain of the loans in which the Portfolio may invest include revolving loans, bridge loans, and delayed draw term loans.

Purchasers of floating rate loans may pay and/or receive certain fees. The Portfolio may receive fees such as covenant waiver fees or prepayment penalty fees. The Portfolio may pay fees such as facility fees. Such fees may affect the Portfolio's return.

- **Mezzanine Loans** - Mezzanine loans are secured by the stock of the company that owns the assets. Mezzanine loans are a hybrid of debt and equity financing that is typically used to fund the expansion of existing companies. A mezzanine loan is composed of debt capital that gives the lender the right to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. Mezzanine loans typically are the most subordinated debt obligation in an issuer's capital structure.

### Mortgage- and Asset-Backed Securities

Mortgage- and asset-backed securities represent interests in "pools" of commercial or residential mortgages or other assets, including consumer loans or receivables. The Portfolio may purchase fixed or variable rate commercial or residential mortgage-backed securities issued by the Government National Mortgage Association ("Ginnie Mae"), the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), or other governmental or government-related entities. Ginnie Mae's guarantees are backed by the full faith and credit of the U.S. Government, which means that the U.S. Government guarantees that the interest and principal will be paid when due. Fannie Mae and Freddie Mac securities are not backed by the full faith and credit of the U.S. Government. In September 2008, the Federal Housing Finance Agency ("FHFA"), an agency of the U.S. Government, placed Fannie Mae and Freddie Mac under conservatorship. Since that time, Fannie Mae and Freddie Mac have received capital support through U.S. Treasury preferred stock purchases, and Treasury and Federal Reserve purchases of their mortgage-backed securities. The FHFA and the U.S. Treasury have imposed strict limits on the size of these entities' mortgage portfolios. The FHFA has the power to cancel any contract entered into by Fannie Mae and Freddie Mac prior to FHFA's appointment as conservator or receiver, including the guarantee obligations of Fannie Mae and Freddie Mac.

The Portfolio may also purchase other mortgage- and asset-backed securities through single- and multi-seller conduits, collateralized debt obligations, structured investment vehicles, and other similar securities. Asset-backed securities may be backed by various consumer obligations, including automobile loans, equipment leases, credit card receivables, or other collateral. In the event the underlying loans are not paid, the securities' issuer could be forced to sell the assets and recognize losses on such assets, which could impact your return. Unlike traditional debt instruments, payments on these securities include both interest and a partial payment of principal. Mortgage- and asset-backed securities are subject to both extension risk, where borrowers pay off their debt obligations more slowly in times of rising interest rates, and prepayment risk, where borrowers pay off their debt obligations sooner than expected in times of declining interest rates. These risks may reduce the Portfolio's returns. In addition, investments in mortgage- and asset-backed securities, including those comprised of subprime mortgages, may be subject to a higher degree of credit risk, valuation risk, and liquidity risk than various other types of fixed-income securities. Additionally, although mortgage-backed securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that guarantors or insurers will meet their obligations.

### 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,

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

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.

### Restricted Security Transactions

Restricted securities held by the Portfolio may not be sold except in exempt transactions or in a public offering registered under the Securities Act of 1933, as amended. The risk of investing in such securities is generally greater than the risk of investing in the securities of widely held, publicly traded companies. Lack of a secondary market and resale restrictions may result in the inability of the Portfolio to sell a security at a fair price and may substantially delay the sale of the security. In addition, these securities may exhibit greater price volatility than securities for which secondary markets exist.

### Sovereign Debt

The Portfolio may invest in U.S. and non-U.S. government debt securities ("sovereign debt"). Some investments in sovereign debt, such as U.S. sovereign debt, are considered low risk. However, investments in sovereign debt, especially the debt of less developed countries, can involve a high degree of risk, including the risk that the governmental entity that controls the repayment of sovereign debt may not be willing or able to repay the principal and/or to pay the interest on its sovereign debt in a timely manner. A sovereign debtor's willingness or ability to satisfy its debt obligation may be affected by various factors including, but not limited to, its cash flow situation, the extent of its foreign currency reserves, the availability of foreign exchange when a payment is due, the relative size of its debt position in relation to its economy as a whole, the sovereign debtor's policy toward international lenders, and local political constraints to which the governmental entity may be subject. Sovereign debtors may also be dependent on expected disbursements from foreign governments, multilateral agencies, and other entities. The failure of a sovereign debtor to implement economic reforms, achieve specified levels of economic performance, or repay principal or interest when due may result in the cancellation of third party commitments to lend funds to the sovereign debtor, which may further impair such debtor's ability or willingness to timely service its debts. The Portfolio may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to governmental entities, which may adversely affect the Portfolio's holdings. In the event of default, there may be limited or no legal remedies for collecting sovereign debt and there may be no bankruptcy proceedings through which the Portfolio may collect all or part of the sovereign debt that a governmental entity has not repaid. In addition, to the extent the Portfolio invests in non-U.S. sovereign debt, it may be subject to currency risk.

### TBA Commitments

The Portfolio may enter into "to be announced" or "TBA" commitments. TBAs are forward agreements for the purchase or sale of securities, including mortgage-backed securities, for a fixed price, with payment and delivery on an agreed upon future settlement date. The specific securities to be delivered are not identified at the trade date. However, delivered securities must meet specified terms, including issuer, rate, and mortgage terms. Although the particular TBA securities must meet industry-accepted "good delivery" standards, there can be no assurance that a security purchased on forward commitment basis will ultimately be issued or delivered by the counterparty. During the settlement period, the Portfolio will still bear the risk of any decline in the value of the security to be delivered. Because TBA commitments do not require the purchase and sale of identical securities, the characteristics of the security delivered to the Portfolio may be less favorable than the security delivered to the dealer. If the counterparty to a transaction fails to deliver the security, the Portfolio could suffer a loss.

### When-Issued, Delayed Delivery and Forward Commitment Transactions

The Portfolio may purchase or sell securities on a when-issued, delayed delivery, or forward commitment basis. When purchasing a security on a when-issued, delayed delivery, or forward commitment basis, the Portfolio assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations, and takes such fluctuations into account when determining its net asset value. Typically, no income accrues on securities the Portfolio has committed to purchase prior to the time delivery of the securities is made. Because the Portfolio is not required to pay for the security until the delivery date, these risks are in addition to the risks associated with the Portfolio's other investments. If the other party to a transaction fails to deliver the securities, the Portfolio could miss a favorable price or yield opportunity. If the Portfolio remains substantially fully invested at a time when when-issued, delayed delivery, or forward commitment purchases are outstanding, the purchases may result in a form of leverage.

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

When the Portfolio has sold a security on a when-issued, delayed delivery, or forward commitment basis, the Portfolio does not participate in future gains or losses with respect to the security. If the other party to a transaction fails to pay for the securities, the Portfolio could suffer a loss. Additionally, when selling a security on a when-issued, delayed delivery, or forward commitment basis without owning the security, the Portfolio will incur a loss if the security's price appreciates in value such that the security's price is above the agreed upon price on the settlement date. The Portfolio may dispose of or renegotiate a transaction after it is entered into, and may purchase or sell when-issued, delayed delivery or forward commitment securities before the settlement date, which may result in a gain or loss.

### 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 contractual investment advisory fee rate (expressed as an annual rate) is 0.55% of its average daily net assets.

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.

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

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 part of "Other expenses" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of 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 \$79,791,223 in purchases and \$24,290,485 in sales, resulting in a net realized loss of \$214,432. The net realized loss is included within the "Net Realized Gain/(Loss) on Investments" section of the Portfolio's Statement of Operations.

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

### 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.

Undistributed Ordinary Income	Undistributed Long-Term Gains	Accumulated Capital Losses	Loss Deferrals		Other Book to Tax Differences	Net Tax Appreciation/ (Depreciation)
			Late-Year Ordinary Loss	Post-October Capital Loss		
\$ 15,627,636	\$ 115,560,841		\$ -	\$ -	\$ (89,109)	\$ 445,595,726

During the year ended December 31, 2018, capital loss carryovers of 96,189 were utilized by the Portfolio. The capital loss carryover utilized was acquired from the merger with Janus Henderson Global Allocation Portfolio – Moderate.

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 differences between book and tax appreciation or depreciation of investments are wash sale loss deferrals and investments in partnerships.

Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Tax Appreciation/ (Depreciation)
\$ 3,407,984,425	\$ 547,241,582	\$ (101,645,856)	\$ 445,595,726

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
\$ 67,128,507	\$ 91,459,862	\$ -	\$ -

For the year ended December 31, 2017

Distributions			
From Ordinary Income	From Long-Term Capital Gains	Tax Return of Capital	Net Investment Loss
\$ 42,827,309	\$ 5,766,022	\$ -	\$ -

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:

# Janus Henderson VIT Balanced Portfolio

## Notes to Financial Statements

<i>Increase/(Decrease) to Capital</i>	<i>Increase/(Decrease) to Undistributed Net Investment Income/Loss</i>	<i>Increase/(Decrease) to Undistributed Net Realized Gain/Loss</i>
\$ 180,991	\$ (108,473)	\$ (72,518)

### 5. Capital Share Transactions

	<i>Year ended December 31, 2018</i>		<i>Year ended December 31, 2017</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
Institutional Shares:				
Shares sold	726,691	\$ 25,520,230	525,764	\$ 17,251,280
Shares from the Acquisition (See Note 9)	2,240	76,489	-	-
Reinvested dividends and distributions	611,981	20,863,874	225,051	7,519,526
Shares repurchased	(1,582,300)	(56,174,445)	(1,895,270)	(62,314,402)
Net Increase/(Decrease)	(241,388)	\$ (9,713,852)	(1,144,455)	\$ (37,543,596)
Service Shares:				
Shares sold	20,226,560	\$756,832,931	12,641,440	\$439,491,829
Shares from the Acquisition (See Note 9)	228,198	8,210,624	-	-
Reinvested dividends and distributions	3,834,282	137,724,495	1,167,543	41,073,805
Shares repurchased	(5,336,065)	(198,934,980)	(5,816,644)	(199,315,445)
Net Increase/(Decrease)	18,952,975	\$703,833,070	7,992,339	\$281,250,189

### 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:

<i>Purchases of Securities</i>	<i>Proceeds from Sales of Securities</i>	<i>Purchases of Long-Term U.S. Government Obligations</i>	<i>Proceeds from Sales of Long-Term U.S. Government Obligations</i>
\$1,784,904,243	\$1,611,821,364	\$ 2,344,332,163	\$ 1,845,381,630

### 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.

# Janus Henderson VIT Balanced Portfolio

## Notes to 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.

### 9. Fund Acquisition

Shareholders of the Janus Henderson Global Allocation Portfolio – Moderate (the "Target Portfolio") approved an Agreement and Plan of Reorganization (the "Merger") that provided for the merger of the Target Portfolio with and into the Portfolio, effective at the close of business on April 27, 2018. The Merger resulted in shareholders of the Target Portfolio receiving shares of the Portfolio which investment strategy is focused on a dynamic approach to asset allocation that leverages Janus Capital's bottom-up, fundamental equity and fixed-income research, combined with a greater asset size that should create greater opportunity to benefit from long-term economies of scale and lower total expenses. The Merger was tax-free for federal income purposes. The table below reflects merger activity.

<i>Target Portfolio's Shares Outstanding Prior to Merger</i>	<i>Target Portfolio's Net Assets Prior to Merger</i>	<i>Portfolio's Shares Issued in Merger</i>	<i>Portfolio's Net Assets Prior to Merger</i>	<i>Combined Net Assets after Merger</i>	<i>Target Portfolio's Unrealized Appreciation/(Depreciation) Prior to Merger</i>
644,959	\$8,287,113	230,438	\$3,432,633,526	\$3,440,920,639	\$522,786

Unaudited pro forma information:

Assuming the Merger had been completed on January 1, 2018, the pro forma results of operations for the year ended December 31, 2018, are as follows:

Net investment income \$6,402,168

Net gain/(loss) on investments \$58,297,962

Change in unrealized net appreciation/depreciation \$ 17,543,651

Net increase/(decrease) in net assets resulting from operations \$82,243,781

Because the combined investment portfolios have been managed as a single portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of the Target Portfolio that have been included in the Portfolio's accompanying Statement of Operations since the close of business on April 27, 2018.



# Janus Henderson VIT Balanced Portfolio

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Janus Aspen Series and Shareholders of Janus Henderson VIT Balanced 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 Balanced 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, investee companies, 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.



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 Balanced 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](http://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](http://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](http://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

# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

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.

# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

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)

# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

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.

# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

- 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

# Janus Henderson VIT Balanced Portfolio

## Additional Information (unaudited)

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,

## **Janus Henderson VIT Balanced Portfolio**

### **Additional Information (unaudited)**

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.



# Janus Henderson VIT Balanced Portfolio

## Useful Information About Your Portfolio Report (unaudited)

### Management Commentary

The Management Commentary in this report includes valuable insight as well as statistical information to help you understand how your Portfolio's performance and characteristics stack up against those of comparable indices.

If the Portfolio invests in foreign securities, this report may include information about country exposure. Country exposure is based primarily on the country of risk. A company may be allocated to a country based on other factors such as location of the company's principal office, the location of the principal trading market for the company's securities, or the country where a majority of the company's revenues are derived.

Please keep in mind that the opinions expressed in the Management Commentary are just that: opinions. They are a reflection based on best judgment at the time this report was compiled, which was 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.

# Janus Henderson VIT Balanced Portfolio

## Useful Information About Your Portfolio Report (unaudited)

The Portfolio's assets are calculated by adding the value of the securities owned, the receivable for securities sold but not yet settled, the receivable for dividends declared but not yet received on securities owned, and the receivable for Portfolio shares sold to investors but not yet settled. The Portfolio's liabilities include payables for securities purchased but not yet settled, Portfolio shares redeemed but not yet paid, and expenses owed but not yet paid. Additionally, there may be other assets and liabilities such as unrealized gain or loss on forward currency contracts.

The section entitled "Net Assets Consist of" breaks down the components of the Portfolio's net assets. Because the Portfolio must distribute substantially all earnings, you will notice that a significant portion of net assets is shareholder capital.

The last section of this statement reports the net asset value ("NAV") per share on the last day of the reporting period. The NAV is calculated by dividing the Portfolio's net assets for each share class (assets minus liabilities) by the number of shares outstanding.

### Statement of Operations

This statement details the Portfolio's income, expenses, realized gains and losses on securities and currency transactions, and changes in unrealized appreciation or depreciation of Portfolio holdings.

The first section in this statement, entitled "Investment Income," reports the dividends earned from securities and interest earned from interest-bearing securities in the Portfolio.

The next section reports the expenses incurred by the Portfolio, including the advisory fee paid to the investment adviser, transfer agent fees and expenses, and printing and postage for mailing statements, financial reports and prospectuses. Expense offsets and expense reimbursements, if any, are also shown.

The last section lists the amounts of realized gains or losses from investment and foreign currency transactions, and changes in unrealized appreciation or depreciation of investments and foreign currency-denominated assets and liabilities. The Portfolio will realize a gain (or loss) when it sells its position in a particular security. A change in unrealized gain (or loss) refers to the change in net appreciation or depreciation of the Portfolio during the reporting period. "Net Realized and Unrealized Gain/(Loss) on Investments" is affected both by changes in the market value of Portfolio holdings and by gains (or losses) realized during the reporting period.

### Statements of Changes in Net Assets

These statements report the increase or decrease in the Portfolio's net assets during the reporting period. Changes in the Portfolio's net assets are attributable to investment operations, dividends and distributions to investors, and capital share transactions. This is important to investors because it shows exactly what caused the Portfolio's net asset size to change during the period.

The first section summarizes the information from the Statement of Operations regarding changes in net assets due to the Portfolio's investment operations. The Portfolio's net assets may also change as a result of dividend and capital gains distributions to investors. If investors receive their dividends and/or distributions in cash, money is taken out of the Portfolio to pay the dividend and/or distribution. If investors reinvest their dividends and/or distributions, the Portfolio's net assets will not be affected. If you compare the Portfolio's "Net Decrease from Dividends and Distributions" to "Reinvested Dividends and Distributions," you will notice that dividends and distributions have little effect on the Portfolio's net assets. This is because the majority of the Portfolio's investors reinvest their dividends and/or distributions.

The reinvestment of dividends and distributions is included under "Capital Share Transactions." "Capital Shares" refers to the money investors contribute to the Portfolio through purchases or withdrawals via redemptions. The Portfolio's net assets will increase and decrease in value as investors purchase and redeem shares from the Portfolio.

### Financial Highlights

This schedule provides a per-share breakdown of the components that affect the Portfolio's NAV for current and past reporting periods as well as total return, asset size, ratios, and portfolio turnover rate.

The first line in the table reflects the NAV per share at the beginning of the reporting period. The next line reports the net investment income/(loss) per share. Following is the per share total of net gains/(losses), realized and unrealized. Per share dividends and distributions to investors are then subtracted to arrive at the NAV per share at the end of the

## **Janus Henderson VIT Balanced Portfolio**

### **Useful Information About Your Portfolio Report (unaudited)**

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 Balanced Portfolio

### Designation Requirements (unaudited)

For federal income tax purposes, the Portfolio designated the following for the year ended December 31, 2018:

Capital Gain Distributions	\$91,459,862
Dividends Received Deduction Percentage	64%

## **Janus Henderson VIT Balanced 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 Balanced 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
<b>Independent Trustees</b>					
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).

# Janus Henderson VIT Balanced 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
<b>Independent Trustees</b>					
Alan A. Brown 151 Detroit Street Denver, CO 80206 DOB: 1962	Trustee	1/13-Present	Principal, Principal Curam Holdings (since 2018). Formerly, 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 Balanced 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
<b>Independent Trustees</b>					
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 Balanced 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
<b>Independent Trustees</b>					
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 Balanced 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
<b>Independent Trustees</b>					
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 Balanced 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
<b>Independent Trustees</b>					
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 Balanced 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
<b>Independent Trustees</b>					
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 Balanced 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
<b>Independent Trustees</b>					
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 Wrappports, 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 Balanced 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
Jeremiah Buckley 151 Detroit Street Denver, CO 80206 DOB: 1976	Executive Vice President and Co-Portfolio Manager Janus Henderson Balanced Portfolio	12/15-Present	Portfolio Manager for other Janus Henderson accounts.
Marc Pinto 151 Detroit Street Denver, CO 80206 DOB: 1961	Executive Vice President and Co-Portfolio Manager Janus Henderson Balanced Portfolio	5/05-Present	Portfolio Manager for other Janus Henderson accounts.
Mayur Saigal 151 Detroit Street Denver, CO 80206 DOB: 1975	Executive Vice President and Co-Portfolio Manager Janus Henderson Balanced Portfolio	12/15 - Present	Portfolio Manager for other Janus Henderson accounts.
Darrell Watters 151 Detroit Street Denver, CO 80206 DOB: 1963	Executive Vice President and Co-Portfolio Manager Janus Henderson Balanced Portfolio	12/15 - Present	Head of U.S. Fundamental Fixed Income of Janus Henderson Investors and Portfolio Manager for other Janus Henderson accounts.

\* 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 Balanced 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
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).
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.

\* 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 Balanced 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
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 Balanced Portfolio**

### **Notes**

## Knowledge. Shared

At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. We call this ethos Knowledge. Shared.

Learn more by visiting [janushenderson.com](http://janushenderson.com).

**Janus Henderson**  
— INVESTORS —

***This report is submitted for the general information of shareholders of the Portfolio. It is not an offer or solicitation for the Portfolio and is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.***

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# Janus Henderson VIT Enterprise Portfolio

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## 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 —

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# Janus Henderson VIT Enterprise Portfolio (unaudited)

## PORTFOLIO SNAPSHOT

We believe that investing in companies with sustainable growth and high return on invested capital can drive consistent returns and allow us to outperform our benchmark and peers over time with moderate risk. We seek to identify mid-cap companies with high-quality management teams that wisely allocate capital to fund and drive growth over time.



Philip Cody Wheaton  
co-portfolio manager

Brian Demain  
co-portfolio manager

## PERFORMANCE OVERVIEW

During the 12 months ended December 31, 2018, Janus Henderson VIT Enterprise Portfolio's Institutional Shares and Service Shares returned -0.41% and -0.66%, respectively. Meanwhile, the Portfolio's benchmark, the Russell Midcap<sup>®</sup> Growth Index, returned -4.75%.

## INVESTMENT ENVIRONMENT

Mid-cap stocks 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 materials and energy sectors suffered the steepest losses within the index.

## PERFORMANCE DISCUSSION

The Portfolio outperformed its benchmark, the Russell Midcap Growth Index, during the year. Our Fund tends to emphasize "durable growth" companies that we believe have more predictable business models, recurring revenue streams, strong free-cash-flow growth and strong competitive positioning that should allow them to take market share and experience sustainable long-term growth across a variety of economic environments. We believe a collection of such companies can help the Fund outperform when markets are down and the economic outlook is uncertain, leading to relative outperformance over full market cycles. We saw that play out this year, as much of our outperformance occurred in the fourth quarter, when mid-cap stocks sold off.

Stock selection in the financial sector was a large contributor to relative performance. Within the sector, we have limited exposure to banks and that helped relative results as bank stocks fell sharply due to concerns about a weakening economy. We find more opportunity with insurance companies and other financial companies less exposed to capital market and macroeconomic cycles.

Strong stock selection in the health care sector was another large contributor to relative performance. We've been underweight biotech stocks within the sector due to valuation concerns, and that underweight helped late in the period as biotechnology stocks sold off more sharply than the rest of the index. Within the sector we see more opportunity in medical device companies. We highlight that opportunity more in our outlook, but in short, we like the durable business models associated with companies producing innovative devices that people depend on to improve or extend their lives. Two of our top contributors to Fund performance this year, Boston Scientific and Dexcom, are both medical device companies. We sold Dexcom in the fourth quarter after strong performance in 2018 brought the stock to our valuation target.

While stock selection in the health care and financial sectors were large drivers of relative outperformance, we also had bright spots outside those sectors. Atlassian was our largest contributor to performance. The company has strung together consecutive quarters of strong revenue growth, validating the value of the business and driving the stock higher. We believe Atlassian's software tools play a valuable role allowing business teams to collaborate with each other more effectively. We like the recurring revenue streams its subscription-based services provide, its potential long-term pricing power due to low-cost offerings and that many of Atlassian's services have gained traction virally, allowing the company to grow without a large sales force. However, we trimmed the position in recent months after significant gains brought the stock closer to our valuation target.

Even though we outperformed the market on a relative basis, in a sharp down market we also held stocks that detracted from performance. Flextronics International, Ltd. was our largest detractor. The supply chain solutions company had been working on a solution to near-source manufacturing for Nike, but after delays on the project both sides walked away from it. While this was a negative

## Janus Henderson VIT Enterprise Portfolio (unaudited)

for the company, we continue to like the stock and believe the company provides great value to its customers.

Sealed Air Corp. also detracted. The packaging materials manufacturer has delivered strong revenue growth, but has done so at a lower-margin than we had hoped. We view this as a minor setback, however, and were encouraged by a major cost initiative management recently announced that could put margins at a better trajectory. Further, we believe the company is bringing innovative packaging solutions to the food packaging industry it serves.

Celgene was another stock that detracted from performance this year. 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 were 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. Meanwhile, we think the stock's current valuation overlooks Celgene's promising pipeline. In the next two years, the company could launch several new treatments addressing multiple sclerosis, myeloma, lymphoma, beta thalassemia and myeloproliferative disorders.

### DERIVATIVES

To the extent we invest in foreign holdings, we may use forward exchange contracts to hedge the foreign currency. During the period, our aggregate derivative positions contributed to relative results. (Please see "Notes to Financial Statements" for information about the derivatives used by the Fund.)

### OUTLOOK

One of the ways we manage volatility in the Portfolio is by carefully balancing our exposure between economically sensitive growth stocks and those with more defensive characteristics. However, we believe commonly held assumptions about what qualifies as a "defensive" stock deserve a rethink. Too often, investors seek safety within the consumer staples sector. We saw this investment trend play out again in the fourth quarter, with consumer staples stocks broadly outperforming the market.

We believe the notion that these stocks provide safety is misguided, and this is reflected in our Portfolio where we are underweight the consumer staples sector. Not only do

consumer staples stocks trade at high valuations relative to the market, but new distribution channels and digital touchpoints for reaching consumers have whittled away the barriers to entry they once enjoyed. Other trends such as changing consumer preferences toward more authentic, local, organic or natural products may create further headwinds for many staples companies.

We believe we can find better stability – and better growth – by sticking to the core tenets that have always guided our investment process: valuation discipline and rigorous analysis of competitive advantage, management team strength and other company- and industry-specific fundamentals that ultimately determine the duration and resiliency of growth ahead.

This analysis has uncovered better defensive growth stocks outside the consumer staples sector. In recent months we have increased our exposure to financial technology and "information services" companies. These companies provide data, analytics or business process software that is absolutely vital to the businesses that depend on it. The mission-critical nature of these data and services give these companies a high degree of pricing power and, in our view, make their revenue streams less cyclical.

Another area where we see opportunity is in medical device companies. A convergence of factors including innovation, a rising global middle class that demands better health care and a rising aging population all underpin strong demand. And similar to information services companies, the critical nature of medical devices to someone's survival removes cyclicity from their revenue streams. A surgery to install a new heart valve, for example, can't wait until the economy improves.

Both the information services and medical device stocks generally trade at a slight premium to consumer staples companies, but in our view they have similar defensive characteristics, stronger competitive advantages and ultimately, better growth. If volatility persists, we'll rest easier holding these stocks than what we currently see in the consumer staples sector.

Thank you for your investment in Janus Henderson VIT Enterprise Portfolio.

# Janus Henderson VIT Enterprise Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2018

#### 5 Top Performers - Holdings

	Contribution
Atlassian Corp PLC	1.22%
Boston Scientific Corp	0.70%
DexCom Inc	0.58%
Xilinx Inc	0.48%
STERIS PLC	0.36%

#### 5 Bottom Performers - Holdings

	Contribution
Flex Ltd	-0.93%
Sealed Air Corp	-0.49%
Celgene Corp	-0.46%
TE Connectivity Ltd	-0.45%
Belden Inc	-0.38%

#### 5 Top Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell Midcap Growth Index Weighting
Financials	1.28%	9.48%	7.15%
Health Care	1.24%	17.39%	14.11%
Industrials	0.87%	20.59%	16.79%
Materials	0.77%	1.35%	4.76%
Other**	0.51%	4.68%	0.00%

#### 5 Bottom Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell Midcap Growth Index Weighting
Consumer Staples	-0.37%	0.00%	3.55%
Information Technology	-0.18%	33.22%	30.54%
Utilities	0.00%	0.00%	0.03%
Communication Services	0.07%	0.32%	1.19%
Consumer Discretionary	0.12%	9.07%	17.26%

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 Enterprise Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2018

#### 5 Largest Equity Holdings - (% of Net Assets)

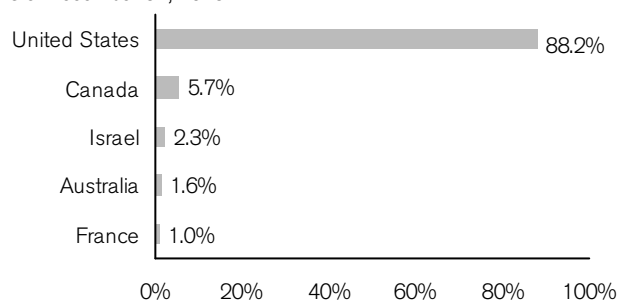
Boston Scientific Corp	
Health Care Equipment & Supplies	2.3%
Nice Ltd (ADR)	
Software	2.3%
TD Ameritrade Holding Corp	
Capital Markets	2.3%
Sensata Technologies Holding PLC	
Electrical Equipment	2.2%
Cooper Cos Inc	
Health Care Equipment & Supplies	2.0%
	11.1%

#### Asset Allocation - (% of Net Assets)

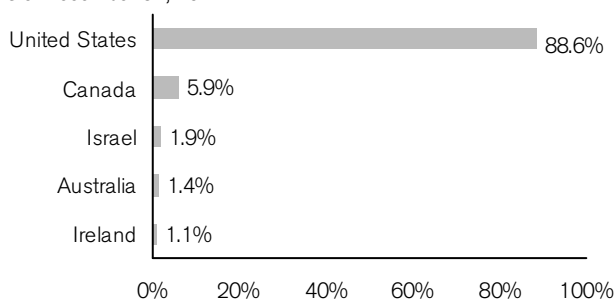
Common Stocks	94.8%
Investment Companies	5.6%
Preferred Stocks	0.1%
Other	(0.5)%
	100.0%

#### Top Country Allocations - Long Positions - (% of Investment Securities)

As of December 31, 2018

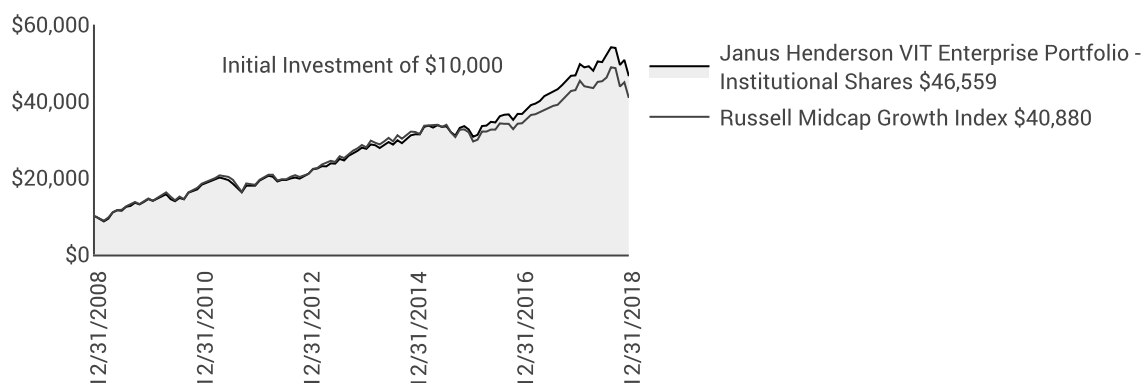


As of December 31, 2017





# Janus Henderson VIT Enterprise Portfolio (unaudited) Performance



Average Annual Total Return - for the periods ended December 31, 2018					Expense Ratios - per the April 30, 2018 prospectuses
	One Year	Five Year	Ten Year	Since Inception*	Total Annual Fund Operating Expenses
Institutional Shares <sup>(1)</sup>	-0.41%	10.79%	16.63%	10.59%	0.73%
Service Shares <sup>(1)</sup>	-0.66%	10.51%	16.33%	10.31%	0.98%
Russell Midcap Growth Index	-4.75%	7.42%	15.12%	9.23%	
Morningstar Quartile - Institutional Shares	1st	1st	1st	1st	
Morningstar Ranking - based on total returns for Mid-Cap Growth Funds	79/617	7/562	12/501	21/142	

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](http://janushenderson.com/VITperformance).

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.

## **Janus Henderson VIT Enterprise Portfolio (unaudited) Performance**

Ranking is for the share class shown only; other classes may have different performance characteristics.

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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 – September 13, 1993

(1) Closed to certain new investors.

# Janus Henderson VIT Enterprise 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/fundalyzer](http://www.finra.org/fundalyzer).

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	\$926.90	\$3.55	\$1,000.00	\$1,021.53	\$3.72	0.73%
Service Shares	\$1,000.00	\$925.70	\$4.76	\$1,000.00	\$1,020.27	\$4.99	0.98%

† 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 Enterprise Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – 94.8%		
Aerospace & Defense – 3.6%		
Harris Corp	87,473	\$11,778,239
HEICO Corp - Class A	192,482	12,126,366
Teledyne Technologies Inc*	88,061	18,234,791
		42,139,396
Airlines – 0.6%		
Ryanair Holdings PLC (ADR)*	104,113	7,427,421
Auto Components – 0.3%		
Visteon Corp*	61,582	3,712,163
Banks – 0.4%		
SVB Financial Group*	26,896	5,108,088
Biotechnology – 2.4%		
ACADIA Pharmaceuticals Inc*	169,965	2,748,334
Alkermes PLC*	98,759	2,914,378
Celgene Corp*	157,065	10,066,296
Neurocrine Biosciences Inc*	128,843	9,200,679
Sarepta Therapeutics Inc*	33,338	3,638,176
		28,567,863
Building Products – 0.7%		
AO Smith Corp	187,700	8,014,790
Capital Markets – 4.6%		
LPL Financial Holdings Inc	319,066	19,488,551
MSCI Inc	52,672	7,765,433
TD Ameritrade Holding Corp	540,679	26,471,644
		53,725,628
Commercial Services & Supplies – 3.4%		
Cimpress NV*	145,113	15,007,586
Edenred	321,747	11,792,728
Ritchie Bros Auctioneers Inc	377,759	12,360,274
		39,160,588
Consumer Finance – 0.5%		
Synchrony Financial	233,256	5,472,186
Containers & Packaging – 1.3%		
Sealed Air Corp	451,026	15,713,746
Diversified Consumer Services – 1.6%		
frontdoor Inc*	181,704	4,835,143
ServiceMaster Global Holdings Inc*	363,409	13,351,647
		18,186,790
Electrical Equipment – 2.6%		
AMETEK Inc	56,145	3,801,017
Sensata Technologies Holding PLC*	581,594	26,078,675
		29,879,692
Electronic Equipment, Instruments & Components – 5.7%		
Belden Inc	126,193	5,271,082
Dolby Laboratories Inc	157,507	9,740,233
Flex Ltd*	1,103,036	8,394,104
National Instruments Corp	424,583	19,267,577
TE Connectivity Ltd	313,876	23,738,442
		66,411,438
Entertainment – 0.5%		
Liberty Media Corp-Liberty Formula One*	184,442	5,662,369
Equity Real Estate Investment Trusts (REITs) – 3.8%		
Crown Castle International Corp	207,128	22,500,315
Lamar Advertising Co	314,915	21,785,820
		44,286,135
Health Care Equipment & Supplies – 9.0%		
Boston Scientific Corp*	767,941	27,139,035
Cooper Cos Inc	93,802	23,872,609
ICU Medical Inc*	55,143	12,662,487

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Enterprise Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – (continued)		
Health Care Equipment & Supplies – (continued)		
STERIS PLC	188,883	\$20,182,149
Teleflex Inc	41,526	10,733,640
Varian Medical Systems Inc*	86,859	9,841,993
		104,431,913
Health Care Technology – 1.2%		
athenahealth Inc*	109,297	14,419,553
Hotels, Restaurants & Leisure – 3.1%		
Aramark	312,947	9,066,075
Dunkin' Brands Group Inc	245,287	15,727,802
Norwegian Cruise Line Holdings Ltd*	254,860	10,803,515
		35,597,392
Industrial Conglomerates – 1.1%		
Carlisle Cos Inc	123,208	12,384,868
Information Technology Services – 9.8%		
Amdocs Ltd	325,474	19,066,267
Broadridge Financial Solutions Inc	98,033	9,435,676
Euronet Worldwide Inc*	45,657	4,674,364
Fidelity National Information Services Inc	188,370	19,317,344
Gartner Inc*	84,597	10,814,880
Global Payments Inc	213,984	22,068,170
GoDaddy Inc*	143,671	9,427,691
WEX Inc*	138,445	19,390,607
		114,194,999
Insurance – 4.9%		
Aon PLC	163,736	23,800,665
Intact Financial Corp	225,021	16,351,526
WR Berkley Corp	224,978	16,628,124
		56,780,315
Internet & Direct Marketing Retail – 0.3%		
Wayfair Inc*	44,803	4,035,854
Life Sciences Tools & Services – 5.0%		
IQVIA Holdings Inc*	151,914	17,647,849
PerkinElmer Inc	286,676	22,518,400
Waters Corp*	98,862	18,650,316
		58,816,565
Machinery – 2.2%		
Middleby Corp*	79,613	8,178,644
Rexnord Corp*	561,124	12,877,796
Wabtec Corp	73,583	5,169,206
		26,225,646
Media – 0.8%		
Omnicom Group Inc	131,359	9,620,733
Oil, Gas & Consumable Fuels – 0.1%		
World Fuel Services Corp	55,745	1,193,500
Pharmaceuticals – 0.7%		
Catalent Inc*	224,908	7,012,631
Elanco Animal Health Inc*	54,447	1,716,714
		8,729,345
Professional Services – 4.3%		
CoStar Group Inc*	53,172	17,937,042
IHS Markit Ltd*	204,021	9,786,887
Verisk Analytics Inc*	209,318	22,824,035
		50,547,964
Road & Rail – 0.8%		
Old Dominion Freight Line Inc	71,430	8,820,891
Semiconductor & Semiconductor Equipment – 6.7%		
KLA-Tencor Corp	152,971	13,689,375
Lam Research Corp	91,546	12,465,819

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Enterprise Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – (continued)		
Semiconductor & Semiconductor Equipment – (continued)		
Microchip Technology Inc	316,623	\$22,771,526
ON Semiconductor Corp*	980,693	16,191,241
Xilinx Inc	155,517	13,245,383
		78,363,344
Software – 9.4%		
Atlassian Corp PLC*	203,604	18,116,684
Constellation Software Inc/Canada	36,314	23,247,877
Intuit Inc	38,480	7,574,788
Nice Ltd (ADR)*	246,748	26,700,601
SS&C Technologies Holdings Inc	488,553	22,038,626
Ultimate Software Group Inc*	47,946	11,740,537
		109,419,113
Specialty Retail – 0.5%		
Williams-Sonoma Inc#	111,577	5,629,060
Textiles, Apparel & Luxury Goods – 2.3%		
Carter's Inc	74,257	6,060,856
Gildan Activewear Inc	503,751	15,293,880
Lululemon Athletica Inc*	41,470	5,043,167
		26,397,903
Trading Companies & Distributors – 0.6%		
Ferguson PLC	102,952	6,592,647
<b>Total Common Stocks (cost \$739,475,256)</b>		<b>1,105,669,898</b>
Preferred Stocks – 0.1%		
Electronic Equipment, Instruments & Components – 0.1%		
Belden Inc, 6.7500%, 7/15/19 (cost \$1,200,000)	12,000	689,160
Investment Companies – 5.6%		
Investments Purchased with Cash Collateral from Securities Lending – 0.2%		
Janus Henderson Cash Collateral Fund LLC, 2.4428% <sup>∞,£</sup>	2,758,029	2,758,029
Money Markets – 5.4%		
Janus Henderson Cash Liquidity Fund LLC, 2.4621% <sup>∞,£</sup>	63,166,325	63,166,325
<b>Total Investment Companies (cost \$65,924,354)</b>		<b>65,924,354</b>
<b>Total Investments (total cost \$806,599,610) – 100.5%</b>		<b>1,172,283,412</b>
Liabilities, net of Cash, Receivables and Other Assets – (0.5)%		(5,834,106)
<b>Net Assets – 100%</b>		<b>\$1,166,449,306</b>

#### Summary of Investments by Country - (Long Positions) (unaudited)

Country	Value	% of Investment Securities
United States	\$1,034,399,774	88.2 %
Canada	67,253,557	5.7
Israel	26,700,601	2.3
Australia	18,116,684	1.6
France	11,792,728	1.0
Ireland	7,427,421	0.6
United Kingdom	6,592,647	0.6
<b>Total</b>	<b>\$1,172,283,412</b>	<b>100.0 %</b>

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Enterprise 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 - 5.6%				
Investments Purchased with Cash Collateral from Securities Lending - 0.2%				
Janus Henderson Cash Collateral Fund LLC, 2.4428%	\$ 41,826 <sup>Δ</sup>	\$ -	\$ -	\$ 2,758,029
Money Markets - 5.4%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%	1,079,920	-	-	63,166,325
Total Affiliated Investments - 5.6%	\$ 1,121,746	\$ -	\$ -	\$ 65,924,354

	Share Balance at 12/31/17	Purchases	Sales	Share Balance at 12/31/18
Investment Companies - 5.6%				
Investments Purchased with Cash Collateral from Securities Lending - 0.2%				
Janus Henderson Cash Collateral Fund LLC, 2.4428%	6,842,000	196,362,215	(200,446,186)	2,758,029
Money Markets - 5.4%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%	61,393,542	148,465,783	(146,693,000)	63,166,325

#### Schedule of Forward Foreign Currency Exchange Contracts, Open

Counterparty/ Foreign Currency	Settlement Date	Foreign Currency Amount (Sold)/ Purchased	USD Currency Amount (Sold)/ Purchased	Market Value and Unrealized Appreciation/ (Depreciation)
Barclays Capital Inc:				
Canadian Dollar	1/10/19	(3,653,000)	\$ 2,756,357	\$ 79,573
Euro	1/10/19	(1,495,000)	1,708,935	(4,852)
				74,721
Citibank NA:				
Canadian Dollar	1/10/19	(4,835,000)	3,652,680	109,771
Euro	1/10/19	(4,630,000)	5,293,525	(14,053)
				95,718
Credit Suisse International:				
Canadian Dollar	1/17/19	(5,822,000)	4,393,200	126,107
HSBC Securities (USA) Inc:				
Canadian Dollar	1/31/19	(6,610,000)	4,951,570	104,783
Euro	1/31/19	(4,386,000)	4,998,185	(39,605)

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Enterprise Portfolio

## Schedule of Investments

### December 31, 2018

Counterparty/ Foreign Currency	Settlement Date	Foreign Currency Amount (Sold)/ Purchased	USD Currency Amount (Sold)/ Purchased	Market Value and Unrealized Appreciation/ (Depreciation)
				65,178
JPMorgan Chase & Co:				
Euro	1/10/19	(5,469,000)	\$ 6,247,073	(22,290)
Total			\$	339,434

The following table, grouped by derivative type, provides information about the fair value and location of derivatives within the Statement of Assets and Liabilities as of December 31, 2018.

#### Fair Value of Derivative Instruments (not accounted for as hedging instruments) as of December 31, 2018

	Currency Contracts
<i>Asset Derivatives:</i>	
Forward foreign currency exchange contracts	\$420,234
<i>Liability Derivatives:</i>	
Forward foreign currency exchange contracts	\$ 80,800

The following tables provide information about the effect of derivatives and hedging activities on the Portfolio's Statement of Operations for the year ended December 31, 2018.

#### The effect of Derivative Instruments (not accounted for as hedging instruments) on the Statement of Operations for the year ended December 31, 2018

	Amount of Realized Gain/(Loss) Recognized on Derivatives
Derivative	Currency Contracts
Forward foreign currency exchange contracts	\$2,195,747

	Amount of Change in Unrealized Appreciation/Depreciation Recognized on Derivatives
Derivative	Currency Contracts
Forward foreign currency exchange contracts	\$ 824,493

Please see the "Net Realized Gain/(Loss) on Investments" and "Change in Unrealized Net Appreciation/Depreciation" sections of the Portfolio's Statement of Operations.

#### Average Ending Monthly Market Value of Derivative Instruments During the Year Ended December 31, 2018

	Market Value <sup>(a)</sup>
Forward foreign currency exchange contracts, sold	\$ 37,080,544

(a) Forward foreign currency exchange contracts are reported as the average ending monthly currency amount sold.

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.



# Janus Henderson VIT Enterprise Portfolio

## Notes to Schedule of Investments and Other Information

Russell Midcap<sup>®</sup> Growth Index      Russell Midcap<sup>®</sup> Growth Index reflects the performance of U.S. mid-cap equities with higher price-to-book ratios and higher forecasted growth values.

ADR      American Depositary Receipt

LLC      Limited Liability Company

PLC      Public Limited Company

\*      Non-income producing security.

°°      Rate shown is the 7-day yield as of December 31, 2018.

#      Loaned security; a portion of the security is on loan at 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.

Δ      Net of income paid to the securities lending agent and rebates paid to the borrowing counterparties.

The following is a summary of the inputs that were used to value the Portfolio's investments in securities and other financial instruments as of 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
<b>Assets</b>			
<b>Investments in Securities:</b>			
<i>Common Stocks</i>			
Commercial Services & Supplies	\$ 27,367,860	\$ 11,792,728	\$ -
Trading Companies & Distributors	-	6,592,647	-
All Other	1,059,916,663	-	-
<i>Preferred Stocks</i>	-	689,160	-
<i>Investment Companies</i>	-	65,924,354	-
Total Investments in Securities	\$ 1,087,284,523	\$ 84,998,889	\$ -
<b>Other Financial Instruments<sup>(a)</sup>:</b>			
<i>Forward Foreign Currency Exchange Contracts</i>	-	420,234	-
<b>Total Assets</b>	\$ 1,087,284,523	\$ 85,419,123	\$ -
<b>Liabilities</b>			
<b>Other Financial Instruments<sup>(a)</sup>:</b>			
<i>Forward Foreign Currency Exchange Contracts</i>	\$ -	\$ 80,800	\$ -

(a) Other financial instruments include forward foreign currency exchange, futures, written options, written swaptions, and swap contracts. Forward foreign currency exchange contracts are reported at their unrealized appreciation/(depreciation) at measurement date, which represents the change in the contract's value from trade date. Futures, certain written options on futures, and centrally cleared swap contracts are reported at their variation margin at measurement date, which represents the amount due to/from the Portfolio at that date. Written options, written swaptions, and other swap contracts are reported at their market value at measurement date.

# Janus Henderson VIT Enterprise Portfolio

## Statement of Assets and Liabilities

### December 31, 2018

<b>Assets:</b>		
Unaffiliated investments, at value <sup>(1)(2)</sup>	\$	1,106,359,058
Affiliated investments, at value <sup>(3)</sup>		65,924,354
Forward foreign currency exchange contracts		420,234
Cash denominated in foreign currency <sup>(4)</sup>		98,086
Closed foreign currency contracts		13,065
Non-interested Trustees' deferred compensation		28,304
<b>Receivables:</b>		
Investments sold		702,735
Portfolio shares sold		515,632
Dividends		265,253
Dividends from affiliates		113,222
Other assets		11,233
<b>Total Assets</b>		<b>1,174,451,176</b>
<b>Liabilities:</b>		
Due to custodian		44,407
Collateral for securities loaned (Note 3)		2,758,029
Forward foreign currency exchange contracts		80,800
Closed foreign currency contracts		852
<b>Payables:</b>		
Portfolio shares repurchased		2,243,623
Investments purchased		1,826,130
Advisory fees		670,630
12b-1 Distribution and shareholder servicing fees		131,895
Transfer agent fees and expenses		55,204
Professional fees		30,485
Non-interested Trustees' deferred compensation fees		28,304
Non-interested Trustees' fees and expenses		9,533
Custodian fees		3,570
Affiliated portfolio administration fees payable		2,620
Accrued expenses and other payables		115,788
<b>Total Liabilities</b>		<b>8,001,870</b>
<b>Net Assets</b>	<b>\$</b>	<b>1,166,449,306</b>
<b>Net Assets Consist of:</b>		
Capital (par value and paid-in surplus)	\$	714,517,391
Total distributable earnings (loss)		451,931,915
<b>Total Net Assets</b>	<b>\$</b>	<b>1,166,449,306</b>
<b>Net Assets - Institutional Shares</b>	<b>\$</b>	<b>577,476,648</b>
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		8,616,640
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>67.02</b>
<b>Net Assets - Service Shares</b>	<b>\$</b>	<b>588,972,658</b>
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		9,349,489
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>63.00</b>

(1) Includes cost of \$740,675,256.

(2) Includes \$2,697,461 of securities on loan. See Note 3 in Notes to Financial Statements.

(3) Includes cost of \$65,924,354.

(4) Includes cost of \$98,086.

See Notes to Financial Statements.

# Janus Henderson VIT Enterprise Portfolio

## Statement of Operations

### For the year ended December 31, 2018

Investment Income:		
Dividends	\$	11,774,279
Dividends from affiliates		1,079,920
Affiliated securities lending income, net		41,826
Other income		111
Foreign tax withheld		(205,648)
<b>Total Investment Income</b>		<b>12,690,488</b>
Expenses:		
Advisory fees		8,024,023
12b-1 Distribution and shareholder servicing fees:		
Service Shares		1,531,244
Transfer agent administrative fees and expenses:		
Institutional Shares		320,628
Service Shares		306,249
Other transfer agent fees and expenses:		
Institutional Shares		17,742
Service Shares		9,534
Shareholder reports expense		129,677
Professional fees		54,405
Affiliated portfolio administration fees		44,210
Non-interested Trustees' fees and expenses		37,983
Custodian fees		23,366
Registration fees		21,041
Other expenses		96,182
<b>Total Expenses</b>		<b>10,616,284</b>
<b>Net Investment Income/(Loss)</b>		<b>2,074,204</b>
Net Realized Gain/(Loss) on Investments:		
Investments and foreign currency transactions		82,529,040
Forward foreign currency exchange contracts		2,195,747
<b>Total Net Realized Gain/(Loss) on Investments</b>		<b>84,724,787</b>
Change in Unrealized Net Appreciation/Depreciation:		
Investments, foreign currency translations and non-interested Trustees' deferred compensation		(95,452,193)
Forward foreign currency exchange contracts		824,493
<b>Total Change in Unrealized Net Appreciation/Depreciation</b>		<b>(94,627,700)</b>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b>	<b>\$</b>	<b>(7,828,709)</b>

See Notes to Financial Statements.

# Janus Henderson VIT Enterprise Portfolio

## Statements of Changes in Net Assets

	Year ended December 31, 2018		Year ended December 31, 2017	
Operations:				
Net investment income/(loss)	\$	2,074,204	\$	542,211
Net realized gain/(loss) on investments		84,724,787		59,654,236
Change in unrealized net appreciation/depreciation		(94,627,700)		188,738,865
Net Increase/(Decrease) in Net Assets Resulting from Operations		(7,828,709)		248,935,312
Dividends and Distributions to Shareholders <sup>(1)</sup>				
Institutional Shares		(30,474,258)		N/A
Service Shares		(30,628,519)		N/A
Total Dividends and Distributions to Shareholders		(61,102,777)		N/A
Dividends from Net Investment Income <sup>(1)</sup>				
Institutional Shares		N/A		(1,431,060)
Service Shares		N/A		(715,202)
Total Dividends from Net Investment Income		N/A		(2,146,262)
Distributions from Net Realized Gain from Investment Transactions <sup>(1)</sup>				
Institutional Shares		N/A		(35,399,828)
Service Shares		N/A		(32,692,941)
Total Distributions from Net Realized Gain from Investment Transactions		N/A		(68,092,769)
Net Decrease from Dividends and Distributions to Shareholders		(61,102,777)		(70,239,031)
Capital Share Transactions:				
Institutional Shares		(10,085,696)		63,180,886
Service Shares		71,166,601		53,921,594
Net Increase/(Decrease) from Capital Share Transactions		61,080,905		117,102,480
Net Increase/(Decrease) in Net Assets		(7,850,581)		295,798,761
Net Assets:				
Beginning of period		1,174,299,887		878,501,126
End of period <sup>(2)</sup>	\$	1,166,449,306	\$	1,174,299,887

(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 \$962,521 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 Enterprise 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	\$70.65	\$59.27	\$57.33	\$61.75	\$58.96
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.21	0.11	0.28	0.27	0.27
Net realized and unrealized gain/(loss)	(0.16)	15.67	6.50	2.55	6.79
Total from Investment Operations	0.05	15.78	6.78	2.82	7.06
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.18)	(0.17)	(0.09)	(0.40)	(0.10)
Distributions (from capital gains)	(3.50)	(4.23)	(4.75)	(6.84)	(4.17)
Total Dividends and Distributions	(3.68)	(4.40)	(4.84)	(7.24)	(4.27)
Net Asset Value, End of Period	\$67.02	\$70.65	\$59.27	\$57.33	\$61.75
Total Return*	(0.41)%	27.42%	12.36%	4.05%	12.50%
Net Assets, End of Period (in thousands)	\$577,477	\$618,750	\$459,250	\$418,158	\$417,895
Average Net Assets for the Period (in thousands)	\$641,390	\$556,940	\$435,190	\$427,941	\$402,634
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.72%	0.73%	0.72%	0.68%	0.68%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.72%	0.73%	0.72%	0.68%	0.68%
Ratio of Net Investment Income/(Loss)	0.29%	0.17%	0.48%	0.44%	0.45%
Portfolio Turnover Rate	14%	14%	20%	22%	16%

### Service Shares

For a share outstanding during the year ended December 31	2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$66.67	\$56.22	\$54.67	\$59.26	\$56.80
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.03	(0.05)	0.12	0.11	0.12
Net realized and unrealized gain/(loss)	(0.12)	14.82	6.19	2.45	6.53
Total from Investment Operations	(0.09)	14.77	6.31	2.56	6.65
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.08)	(0.09)	(0.01)	(0.31)	(0.02)
Distributions (from capital gains)	(3.50)	(4.23)	(4.75)	(6.84)	(4.17)
Total Dividends and Distributions	(3.58)	(4.32)	(4.76)	(7.15)	(4.19)
Net Asset Value, End of Period	\$63.00	\$66.67	\$56.22	\$54.67	\$59.26
Total Return*	(0.65)%	27.09%	12.10%	3.77%	12.24%
Net Assets, End of Period (in thousands)	\$588,973	\$555,550	\$419,251	\$321,482	\$278,240
Average Net Assets for the Period (in thousands)	\$612,433	\$489,237	\$373,400	\$299,393	\$262,698
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.97%	0.98%	0.97%	0.94%	0.93%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.97%	0.98%	0.97%	0.94%	0.93%
Ratio of Net Investment Income/(Loss)	0.04%	(0.08)%	0.22%	0.19%	0.20%
Portfolio Turnover Rate	14%	14%	20%	22%	16%

\* 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.

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies

Janus Henderson VIT Enterprise 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 diversified, 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

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

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.

The Portfolio recognizes transfers between the levels as of the beginning of the fiscal year. The following describes the amounts of transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year.

Financial assets of \$32,817,554 were transferred out of Level 2 to Level 1 since certain foreign equity prices were applied a fair valuation adjustment factor at the end of the prior fiscal year and no factor was applied at the end of the current period.

### 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

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### Indemnifications

In the normal course of business, the Portfolio may enter into contracts that contain provisions for indemnification of other parties against certain potential liabilities. The Portfolio's maximum exposure under these arrangements is unknown, and would involve future claims that may be made against the Portfolio that have not yet occurred. Currently, the risk of material loss from such claims is considered remote.

### Foreign Currency Translations

The Portfolio does not isolate that portion of the results of operations resulting from the effect of changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held at the date of the financial statements. Net unrealized appreciation or depreciation of investments and foreign currency translations arise from changes in the value of assets and liabilities, including investments in securities held at the date of the financial statements, resulting from changes in the exchange rates and changes in market prices of securities held.

Currency gains and losses are also calculated on payables and receivables that are denominated in foreign currencies. The payables and receivables are generally related to foreign security transactions and income translations.

Foreign currency-denominated assets and forward currency contracts may involve more risks than domestic transactions, including currency risk, counterparty risk, political and economic risk, regulatory risk and equity risk. Risks may arise from unanticipated movements in the value of foreign currencies relative to the U.S. dollar.

### Dividends and Distributions

The Portfolio may make semiannual distributions of substantially all of its investment income and an annual distribution of its net realized capital gains (if any).

The Portfolio may make certain investments in real estate investment trusts ("REITs") which pay dividends to their shareholders based upon funds available from operations. It is quite common for these dividends to exceed the REITs' taxable earnings and profits, resulting in the excess portion of such dividends being designated as a return of capital. If the Portfolio distributes such amounts, such distributions could constitute a return of capital to shareholders for federal income tax purposes.

### Federal Income Taxes

The Portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income in accordance with the requirements of Subchapter M of the Internal Revenue Code. Management has analyzed the Portfolio's tax positions taken for all open federal income tax years, generally a three-year period, and has concluded that no provision for federal income tax is required in the Portfolio's financial statements. The Portfolio is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. Currently, Management does not believe the bill will have a material impact on the Portfolio's intention to continue to qualify as a regulated investment company, which is generally not subject to U.S. federal income tax.

## 2. Derivative Instruments

The Portfolio may invest in various types of derivatives, which may at times result in significant derivative exposure. A derivative is a financial instrument whose performance is derived from the performance of another asset. The Portfolio may invest in derivative instruments including, but not limited to: futures contracts, put options, call options, options on future contracts, options on foreign currencies, options on recovery locks, options on security and commodity indices, swaps, forward contracts, structured investments, and other equity-linked derivatives. Each derivative instrument that was held by the Portfolio during the year ended December 31, 2018 is discussed in further detail below. A summary of derivative activity by the Portfolio is reflected in the tables at the end of the Schedule of Investments.

The Portfolio may use derivative instruments for hedging purposes (to offset risks associated with an investment, currency exposure, or market conditions), to adjust currency exposure relative to a benchmark index, or for speculative purposes (to earn income and seek to enhance returns). When the Portfolio invests in a derivative for speculative purposes, the Portfolio will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than



# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

the derivative's cost. The Portfolio may not use any derivative to gain exposure to an asset or class of assets that it would be prohibited by its investment restrictions from purchasing directly. The Portfolio's ability to use derivative instruments may also be limited by tax considerations.

Investments in derivatives in general are subject to market risks that may cause their prices to fluctuate over time. Investments in derivatives may not directly correlate with the price movements of the underlying instrument. As a result, the use of derivatives may expose the Portfolio to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The use of derivatives may result in larger losses or smaller gains than otherwise would be the case. Derivatives can be volatile and may involve significant risks.

In pursuit of its investment objective, the Portfolio may seek to use derivatives to increase or decrease exposure to the following market risk factors:

- **Commodity Risk** – the risk related to the change in value of commodities or commodity-linked investments due to changes in the overall market movements, volatility of the underlying benchmark, changes in interest rates, or other factors affecting a particular industry or commodity such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.
- **Counterparty Risk** – the risk that the counterparty (the party on the other side of the transaction) on a derivative transaction will be unable to honor its financial obligation to the Portfolio.
- **Credit Risk** – the risk an issuer will be unable to make principal and interest payments when due, or will default on its obligations.
- **Currency Risk** – the risk that changes in the exchange rate between currencies will adversely affect the value (in U.S. dollar terms) of an investment.
- **Equity Risk** – the risk related to the change in value of equity securities as they relate to increases or decreases in the general market.
- **Index Risk** – if the derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index. If the index changes, the Portfolio could receive lower interest payments or experience a reduction in the value of the derivative to below what the Portfolio paid. Certain indexed securities, including inverse securities (which move in an opposite direction to the index), may create leverage, to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.
- **Interest Rate Risk** – the risk that the value of fixed-income securities will generally decline as prevailing interest rates rise, which may cause the Portfolio's NAV to likewise decrease.
- **Leverage Risk** – the risk associated with certain types of leveraged investments or trading strategies pursuant to which relatively small market movements may result in large changes in the value of an investment. The Portfolio creates leverage by investing in instruments, including derivatives, where the investment loss can exceed the original amount invested. Certain investments or trading strategies, such as short sales, that involve leverage can result in losses that greatly exceed the amount originally invested.
- **Liquidity Risk** – the risk that certain securities may be difficult or impossible to sell at the time that the seller would like or at the price that the seller believes the security is currently worth.

Derivatives may generally be traded OTC or on an exchange. Derivatives traded OTC are agreements that are individually negotiated between parties and can be tailored to meet a purchaser's needs. OTC derivatives are not guaranteed by a clearing agency and may be subject to increased credit risk.

In an effort to mitigate credit risk associated with derivatives traded OTC, the Portfolio may enter into collateral agreements with certain counterparties whereby, subject to certain minimum exposure requirements, the Portfolio may require the counterparty to post collateral if the Portfolio has a net aggregate unrealized gain on all OTC derivative contracts with a particular counterparty. Additionally, the Portfolio may deposit cash and/or treasuries as collateral with the counterparty and/or custodian daily (based on the daily valuation of the financial asset) if the Portfolio has a net aggregate unrealized loss on OTC derivative contracts with a particular counterparty. All liquid securities and restricted cash are considered to cover in an amount at all times equal to or greater than the Portfolio's commitment with respect to certain exchange-traded derivatives, centrally cleared derivatives, forward foreign currency exchange contracts, short

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

sales, and/or securities with extended settlement dates. There is no guarantee that counterparty exposure is reduced and these arrangements are dependent on Janus Capital Management LLC's ("Janus Capital") ability to establish and maintain appropriate systems and trading.

### Forward Foreign Currency Exchange Contracts

A forward foreign currency exchange contract ("forward currency contract") is an obligation to buy or sell a specified currency at a future date at a negotiated rate (which may be U.S. dollars or a foreign currency). The Portfolio may enter into forward currency contracts for hedging purposes, including, but not limited to, reducing exposure to changes in foreign currency exchange rates on foreign portfolio holdings and locking in the U.S. dollar cost of firm purchase and sale commitments for securities denominated in or exposed to foreign currencies. The Portfolio may also invest in forward currency contracts for non-hedging purposes such as seeking to enhance returns. The Portfolio is subject to currency risk and counterparty risk in the normal course of pursuing its investment objective through its investments in forward currency contracts.

Forward currency contracts are valued by converting the foreign value to U.S. dollars by using the current spot U.S. dollar exchange rate and/or forward rate for that currency. Exchange and forward rates as of the close of the NYSE shall be used to value the forward currency contracts. The unrealized appreciation/(depreciation) for forward currency contracts is reported in the Statement of Assets and Liabilities as a receivable or payable and in the Statement of Operations for the change in unrealized net appreciation/depreciation (if applicable). The gain or loss arising from the difference between the U.S. dollar cost of the original contract and the value of the foreign currency in U.S. dollars upon closing a forward currency contract is reported on the Statement of Operations (if applicable).

During the year, the Portfolio entered into forward currency contracts with the obligation to sell foreign currencies in the future at an agreed upon rate in order to decrease exposure to currency risk associated with foreign currency denominated securities held by the Portfolio.

### 3. Other Investments and Strategies

#### Additional Investment Risk

The financial crisis in both the U.S. and global economies over the past several years has resulted, and may continue to result, in a significant decline in the value and liquidity of many securities of issuers worldwide in the equity and fixed-income/credit markets. In response to the crisis, the United States and certain foreign governments, along with the U.S. Federal Reserve and certain foreign central banks, took steps to support the financial markets. The withdrawal of this support, a failure of measures put in place to respond to the crisis, or investor perception that such efforts were not sufficient could each negatively affect financial markets generally, and the value and liquidity of specific securities. In addition, policy and legislative changes in the United States and in other countries continue to impact many aspects of financial regulation. The effect of these changes on the markets, and the practical implications for market participants, including the Portfolio, may not be fully known for some time. As a result, it may also be unusually difficult to identify both investment risks and opportunities, which could limit or preclude the Portfolio's ability to achieve its investment objective. Therefore, it is important to understand that the value of your investment may fall, sometimes sharply, and you could lose money.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") of 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, OTC derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. Many provisions of the Dodd-Frank Act remain pending and will be implemented through future rulemaking. Therefore, the ultimate impact of the Dodd-Frank Act and the regulations under the Dodd-Frank Act on the Portfolio and the investment management industry as a whole, is not yet certain.

A number of countries in the European Union ("EU") have experienced, and may continue to experience, severe economic and financial difficulties. In particular, many EU nations are susceptible to economic risks associated with high levels of debt, notably due to investments in sovereign debt of countries such as Greece, Italy, Spain, Portugal, and Ireland. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts. Many other issuers have faced difficulties obtaining credit or refinancing existing obligations. Financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit. As a result, financial markets in the EU experienced extreme volatility and declines in asset values and liquidity. Responses to these financial problems by European governments,

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## Notes to Financial Statements

central banks, and others, including austerity measures and reforms, may not work, may result in social unrest, and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets, and asset valuations around the world. Greece, Ireland, and Portugal have already received one or more "bailouts" from other Eurozone member states, and it is unclear how much additional funding they will require or if additional Eurozone member states will require bailouts in the future. The risk of investing in securities in the European markets may also be heightened due to the referendum in which the United Kingdom voted to exit the EU (known as "Brexit"). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will proceed, or how financial markets will react. In addition, one or more other countries may also abandon the euro and/or withdraw from the EU, placing its currency and banking system in jeopardy.

Certain areas of the world have historically been prone to and economically sensitive to environmental events such as, but not limited to, hurricanes, earthquakes, typhoons, flooding, tidal waves, tsunamis, erupting volcanoes, wildfires or droughts, tornadoes, mudslides, or other weather-related phenomena. Such disasters, and the resulting physical or economic damage, could have a severe and negative impact on the Portfolio's investment portfolio and, in the longer term, could impair the ability of issuers in which the Portfolio invests to conduct their businesses as they would under normal conditions. Adverse weather conditions may also have a particularly significant negative effect on issuers in the agricultural sector and on insurance companies that insure against the impact of natural disasters.

### Counterparties

Portfolio transactions involving a counterparty are subject to the risk that the counterparty or a third party will not fulfill its obligation to the Portfolio ("counterparty risk"). Counterparty risk may arise because of the counterparty's financial condition (i.e., financial difficulties, bankruptcy, or insolvency), market activities and developments, or other reasons, whether foreseen or not. A counterparty's inability to fulfill its obligation may result in significant financial loss to the Portfolio. The Portfolio may be unable to recover its investment from the counterparty or may obtain a limited recovery, and/or recovery may be delayed. The extent of the Portfolio's exposure to counterparty risk with respect to financial assets and liabilities approximates its carrying value. See the "Offsetting Assets and Liabilities" section of this Note for further details.

The Portfolio may be exposed to counterparty risk through participation in various programs, including, but not limited to, lending its securities to third parties, cash sweep arrangements whereby the Portfolio's cash balance is invested in one or more types of cash management vehicles, as well as investments in, but not limited to, repurchase agreements, debt securities, and derivatives, including various types of swaps, futures and options. The Portfolio intends to enter into financial transactions with counterparties that Janus Capital believes to be creditworthy at the time of the transaction. There is always the risk that Janus Capital's analysis of a counterparty's creditworthiness is incorrect or may change due to market conditions. To the extent that the Portfolio focuses its transactions with a limited number of counterparties, it will have greater exposure to the risks associated with one or more counterparties.

### Offsetting Assets and Liabilities

The Portfolio presents gross and net information about transactions that are either offset in the financial statements or subject to an enforceable master netting arrangement or similar agreement with a designated counterparty, regardless of whether the transactions are actually offset in the Statement of Assets and Liabilities.

In order to better define its contractual rights and to secure rights that will help the Portfolio mitigate its counterparty risk, the Portfolio has entered into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with its derivative contract counterparties. An ISDA Master Agreement is a bilateral agreement between the Portfolio and a counterparty that governs OTC derivatives and forward foreign currency exchange contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, in the event of a default and/or termination event, the Portfolio may offset with each counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment.

The following tables present gross amounts of recognized assets and/or liabilities and the net amounts after deducting collateral that has been pledged by counterparties or has been pledged to counterparties (if applicable). For corresponding information grouped by type of instrument, see the "Fair Value of Derivative Instruments (not accounted for as hedging instruments) as of December 31, 2018" table located in the Portfolio's Schedule of Investments.

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

### Offsetting of Financial Assets and Derivative Assets

Counterparty		Gross Amounts of Recognized Assets		Offsetting Asset or Liability <sup>(a)</sup>		Collateral Pledged <sup>(b)</sup>		Net Amount
Barclays Capital Inc	\$	79,573	\$	(4,852)	\$	—	\$	74,721
Citibank NA		109,771		(14,053)		—		95,718
Credit Suisse International		126,107		—		—		126,107
Deutsche Bank AG		2,697,461		—		(2,697,461)		—
HSBC Securities (USA) Inc		104,783		(39,605)		—		65,178
Total	\$	3,117,695	\$	(58,510)	\$	(2,697,461)	\$	361,724

### Offsetting of Financial Liabilities and Derivative Liabilities

Counterparty		Gross Amounts of Recognized Liabilities		Offsetting Asset or Liability <sup>(a)</sup>		Collateral Pledged <sup>(b)</sup>		Net Amount
Barclays Capital Inc	\$	4,852	\$	(4,852)	\$	—	\$	—
Citibank NA		14,053		(14,053)		—		—
HSBC Securities (USA) Inc		39,605		(39,605)		—		—
JPMorgan Chase & Co		22,290		—		—		22,290
Total	\$	80,800	\$	(58,510)	\$	—	\$	22,290

(a) Represents the amount of assets or liabilities that could be offset with the same counterparty under master netting or similar agreements that management elects not to offset on the Statement of Assets and Liabilities.

(b) Collateral pledged is limited to the net outstanding amount due to/from an individual counterparty. The actual collateral amounts pledged may exceed these amounts and may fluctuate in value.

Deutsche Bank AG acts as securities lending agent and a limited purpose custodian or subcustodian to receive and disburse cash balances and cash collateral, hold short-term investments, hold collateral, and perform other custodian functions in accordance with the Agency Securities Lending and Repurchase Agreement. For financial reporting purposes, the Portfolio does not offset financial instruments' payables and receivables and related collateral on the Statement of Assets and Liabilities. Securities on loan will be continuously secured by collateral which may consist of cash, U.S. Government securities, domestic and foreign short-term debt instruments, letters of credit, time deposits, repurchase agreements, money market mutual funds or other money market accounts, or such other collateral as permitted by the SEC. The value of the collateral must be at least 102% of the market value of the loaned securities that are denominated in U.S. dollars and 105% of the market value of the loaned securities that are not denominated in U.S. dollars. Upon receipt of cash collateral, Janus Capital intends to invest the cash collateral in a cash management vehicle for which Janus Capital serves as investment adviser, Janus Henderson Cash Collateral Fund LLC. Loaned securities and related collateral are marked-to-market each business day based upon the market value of the loaned securities at the close of business, employing the most recent available pricing information. Collateral levels are then adjusted based on this mark-to-market evaluation.

The Portfolio generally does not exchange collateral on its forward foreign currency contracts with its counterparties; however, all liquid securities and restricted cash are considered to cover in an amount at all times equal to or greater than the Portfolio's commitment with respect to these contracts. Certain securities may be segregated at the Portfolio's custodian. These segregated securities are denoted on the accompanying Schedule of Investments and are evaluated daily to ensure their cover and/or market value equals or exceeds the Portfolio's corresponding forward foreign currency exchange contract's obligation value.

### 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.

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## Notes to Financial Statements

### Securities Lending

Under procedures adopted by the Trustees, the Portfolio may seek to earn additional income by lending securities to certain qualified broker-dealers and institutions. Deutsche Bank AG acts as securities lending agent and a limited purpose custodian or subcustodian to receive and disburse cash balances and cash collateral, hold short-term investments, hold collateral, and perform other custodian functions in accordance with the Agency Securities Lending and Repurchase Agreement. The Portfolio may lend portfolio securities in an amount equal to up to 1/3 of its total assets as determined at the time of the loan origination. There is the risk of delay in recovering a loaned security or the risk of loss in collateral rights if the borrower fails financially. In addition, Janus Capital makes efforts to balance the benefits and risks from granting such loans. All loans will be continuously secured by collateral which may consist of cash, U.S. Government securities, domestic and foreign short-term debt instruments, letters of credit, time deposits, repurchase agreements, money market mutual funds or other money market accounts, or such other collateral as permitted by the SEC. If the Portfolio is unable to recover a security on loan, the Portfolio may use the collateral to purchase replacement securities in the market. There is a risk that the value of the collateral could decrease below the cost of the replacement security by the time the replacement investment is made, resulting in a loss to the Portfolio.

Upon receipt of cash collateral, Janus Capital may invest it in affiliated or non-affiliated cash management vehicles, whether registered or unregistered entities, as permitted by the 1940 Act and rules promulgated thereunder. Janus Capital currently intends to invest the cash collateral in a cash management vehicle for which Janus Capital serves as investment adviser, Janus Henderson Cash Collateral Fund LLC. An investment in Janus Henderson Cash Collateral Fund LLC is generally subject to the same risks that shareholders experience when investing in similarly structured vehicles, such as the potential for significant fluctuations in assets as a result of the purchase and redemption activity of the securities lending program, a decline in the value of the collateral, and possible liquidity issues. Such risks may delay the return of the cash collateral and cause the Portfolio to violate its agreement to return the cash collateral to a borrower in a timely manner. As adviser to the Portfolio and Janus Henderson Cash Collateral Fund LLC, Janus Capital has an inherent conflict of interest as a result of its fiduciary duties to both the Portfolio and Janus Henderson Cash Collateral Fund LLC. Additionally, Janus Capital receives an investment advisory fee of 0.05% for managing Janus Henderson Cash Collateral Fund LLC, but it may not receive a fee for managing certain other affiliated cash management vehicles in which the Portfolio may invest, and therefore may have an incentive to allocate preferred investment opportunities to investment vehicles for which it is receiving a fee.

The value of the collateral must be at least 102% of the market value of the loaned securities that are denominated in U.S. dollars and 105% of the market value of the loaned securities that are not denominated in U.S. dollars. Loaned securities and related collateral are marked-to-market each business day based upon the market value of the loaned securities at the close of business, employing the most recent available pricing information. Collateral levels are then adjusted based on this mark-to-market evaluation.

The cash collateral invested by Janus Capital is disclosed in the Schedule of Investments (if applicable). Income earned from the investment of the cash collateral, net of rebates paid to, or fees paid by, borrowers and less the fees paid to the lending agent are included as "Affiliated securities lending income, net" on the Statement of Operations. As of December 31, 2018, securities lending transactions accounted for as secured borrowings with an overnight and continuous contractual maturity are \$2,697,461 for equity securities. Gross amounts of recognized liabilities for securities lending (collateral received) as of December 31, 2018 is \$2,758,029, resulting in the net amount due to the counterparty of \$60,568.

### 4. Investment Advisory Agreements and Other Transactions with Affiliates

The Portfolio pays Janus Capital an investment advisory fee which is calculated daily and paid monthly. The Portfolio's contractual investment advisory fee rate (expressed as an annual rate) is 0.64% of its average daily net assets.

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

## Janus Henderson VIT Enterprise Portfolio

### Notes to Financial Statements

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 part of "Other expenses" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of 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, foreign currency translations 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'

# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

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.

### 5. 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, derivatives, and foreign currency contract adjustments. 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.

<i>Undistributed Ordinary Income</i>	<i>Undistributed Long-Term Gains</i>	<i>Accumulated Capital Losses</i>	<i>Loss Deferrals</i>		<i>Other Book to Tax Differences</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
			<i>Late-Year Ordinary Loss</i>	<i>Post-October Capital Loss</i>		
\$ 798,385	\$ 85,522,672	\$ -	\$ -	\$ -	\$ (26,912)	\$365,637,770

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 differences between book and tax appreciation or depreciation of investments are wash sale loss deferrals and investments in partnerships.

<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
\$ 806,645,642	\$403,841,925	\$ (38,204,155)	\$ 365,637,770

Information on the tax components of derivatives as of December 31, 2018 is as follows:

<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
\$ 339,434	\$ -	\$ -	\$ -

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## Notes to Financial Statements

Tax cost of investments and unrealized appreciation/(depreciation) may also include timing differences that do not constitute adjustments to tax basis.

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*

<i>Distributions</i>			
<i>From Ordinary Income</i>	<i>From Long-Term Capital Gains</i>	<i>Tax Return of Capital</i>	<i>Net Investment Loss</i>
\$ 2,472,586	\$ 58,630,191	\$ -	\$ -

*For the year ended December 31, 2017*

<i>Distributions</i>			
<i>From Ordinary Income</i>	<i>From Long-Term Capital Gains</i>	<i>Tax Return of Capital</i>	<i>Net Investment Loss</i>
\$ 6,165,712	\$ 64,073,319	\$ -	\$ -

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:

<i>Increase/(Decrease) to Capital</i>	<i>Increase/(Decrease) to Undistributed Net Investment Income/Loss</i>	<i>Increase/(Decrease) to Undistributed Net Realized Gain/Loss</i>
\$ -	\$ (109,120)	\$ 109,120

## 6. Capital Share Transactions

	<i>Year ended December 31, 2018</i>		<i>Year ended December 31, 2017</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
Institutional Shares:				
Shares sold	1,094,919	\$ 81,180,091	1,890,480	\$121,760,466
Reinvested dividends and distributions	411,872	30,474,258	576,744	36,830,888
Shares repurchased	(1,648,195)	(121,740,045)	(1,457,793)	(95,410,468)
Net Increase/(Decrease)	(141,404)	\$ (10,085,696)	1,009,431	\$ 63,180,886
Service Shares:				
Shares sold	2,327,514	\$162,490,283	2,014,812	\$125,011,366
Reinvested dividends and distributions	439,794	30,628,519	553,573	33,408,143
Shares repurchased	(1,750,080)	(121,952,201)	(1,693,457)	(104,497,915)
Net Increase/(Decrease)	1,017,228	\$ 71,166,601	874,928	\$ 53,921,594

## 7. 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:



# Janus Henderson VIT Enterprise Portfolio

## Notes to Financial Statements

<i>Purchases of Securities</i>	<i>Proceeds from Sales of Securities</i>	<i>Purchases of Long-Term U.S. Government Obligations</i>	<i>Proceeds from Sales of Long-Term U.S. Government Obligations</i>
\$171,581,264	\$ 166,321,275	\$ -	\$ -

### 8. 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.

### 9. 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 Enterprise Portfolio

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Janus Aspen Series and Shareholders of Janus Henderson VIT Enterprise 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 Enterprise 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.



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 Enterprise 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](http://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](http://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](http://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

# Janus Henderson VIT Enterprise Portfolio

## Additional Information (unaudited)

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.

# Janus Henderson VIT Enterprise Portfolio

## Additional Information (unaudited)

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)

# Janus Henderson VIT Enterprise Portfolio

## Additional Information (unaudited)

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.

# Janus Henderson VIT Enterprise Portfolio

## Additional Information (unaudited)

- 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

## **Janus Henderson VIT Enterprise Portfolio**

### **Additional Information (unaudited)**

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,



## **Janus Henderson VIT Enterprise Portfolio**

### **Additional Information (unaudited)**

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.

# Janus Henderson VIT Enterprise Portfolio

## Useful Information About Your Portfolio Report (unaudited)

### Management Commentary

The Management Commentary in this report includes valuable insight as well as statistical information to help you understand how your Portfolio's performance and characteristics stack up against those of comparable indices.

If the Portfolio invests in foreign securities, this report may include information about country exposure. Country exposure is based primarily on the country of risk. A company may be allocated to a country based on other factors such as location of the company's principal office, the location of the principal trading market for the company's securities, or the country where a majority of the company's revenues are derived.

Please keep in mind that the opinions expressed in the Management Commentary are just that: opinions. They are a reflection based on best judgment at the time this report was compiled, which was 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.

# Janus Henderson VIT Enterprise Portfolio

## Useful Information About Your Portfolio Report (unaudited)

The Portfolio's assets are calculated by adding the value of the securities owned, the receivable for securities sold but not yet settled, the receivable for dividends declared but not yet received on securities owned, and the receivable for Portfolio shares sold to investors but not yet settled. The Portfolio's liabilities include payables for securities purchased but not yet settled, Portfolio shares redeemed but not yet paid, and expenses owed but not yet paid. Additionally, there may be other assets and liabilities such as unrealized gain or loss on forward currency contracts.

The section entitled "Net Assets Consist of" breaks down the components of the Portfolio's net assets. Because the Portfolio must distribute substantially all earnings, you will notice that a significant portion of net assets is shareholder capital.

The last section of this statement reports the net asset value ("NAV") per share on the last day of the reporting period. The NAV is calculated by dividing the Portfolio's net assets for each share class (assets minus liabilities) by the number of shares outstanding.

### Statement of Operations

This statement details the Portfolio's income, expenses, realized gains and losses on securities and currency transactions, and changes in unrealized appreciation or depreciation of Portfolio holdings.

The first section in this statement, entitled "Investment Income," reports the dividends earned from securities and interest earned from interest-bearing securities in the Portfolio.

The next section reports the expenses incurred by the Portfolio, including the advisory fee paid to the investment adviser, transfer agent fees and expenses, and printing and postage for mailing statements, financial reports and prospectuses. Expense offsets and expense reimbursements, if any, are also shown.

The last section lists the amounts of realized gains or losses from investment and foreign currency transactions, and changes in unrealized appreciation or depreciation of investments and foreign currency-denominated assets and liabilities. The Portfolio will realize a gain (or loss) when it sells its position in a particular security. A change in unrealized gain (or loss) refers to the change in net appreciation or depreciation of the Portfolio during the reporting period. "Net Realized and Unrealized Gain/(Loss) on Investments" is affected both by changes in the market value of Portfolio holdings and by gains (or losses) realized during the reporting period.

### Statements of Changes in Net Assets

These statements report the increase or decrease in the Portfolio's net assets during the reporting period. Changes in the Portfolio's net assets are attributable to investment operations, dividends and distributions to investors, and capital share transactions. This is important to investors because it shows exactly what caused the Portfolio's net asset size to change during the period.

The first section summarizes the information from the Statement of Operations regarding changes in net assets due to the Portfolio's investment operations. The Portfolio's net assets may also change as a result of dividend and capital gains distributions to investors. If investors receive their dividends and/or distributions in cash, money is taken out of the Portfolio to pay the dividend and/or distribution. If investors reinvest their dividends and/or distributions, the Portfolio's net assets will not be affected. If you compare the Portfolio's "Net Decrease from Dividends and Distributions" to "Reinvested Dividends and Distributions," you will notice that dividends and distributions have little effect on the Portfolio's net assets. This is because the majority of the Portfolio's investors reinvest their dividends and/or distributions.

The reinvestment of dividends and distributions is included under "Capital Share Transactions." "Capital Shares" refers to the money investors contribute to the Portfolio through purchases or withdrawals via redemptions. The Portfolio's net assets will increase and decrease in value as investors purchase and redeem shares from the Portfolio.

### Financial Highlights

This schedule provides a per-share breakdown of the components that affect the Portfolio's NAV for current and past reporting periods as well as total return, asset size, ratios, and portfolio turnover rate.

The first line in the table reflects the NAV per share at the beginning of the reporting period. The next line reports the net investment income/(loss) per share. Following is the per share total of net gains/(losses), realized and unrealized. Per share dividends and distributions to investors are then subtracted to arrive at the NAV per share at the end of the

## **Janus Henderson VIT Enterprise Portfolio**

### **Useful Information About Your Portfolio Report (unaudited)**

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 Enterprise Portfolio**  
**Designation Requirements (unaudited)**

For federal income tax purposes, the Portfolio designated the following for the year ended December 31, 2018:

Capital Gain Distributions	\$58,630,191
Dividends Received Deduction Percentage	100%

## **Janus Henderson VIT Enterprise 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 Enterprise 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
<b>Independent Trustees</b>					
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).

# Janus Henderson VIT Enterprise 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
<b>Independent Trustees</b>					
Alan A. Brown 151 Detroit Street Denver, CO 80206 DOB: 1962	Trustee	1/13-Present	Principal, Principal Curam Holdings (since 2018). Formerly, 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 Enterprise 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
<b>Independent Trustees</b>					
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 Enterprise 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
<b>Independent Trustees</b>					
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 Enterprise 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
<b>Independent Trustees</b>					
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 Enterprise 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
<b>Independent Trustees</b>					
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 Enterprise 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
<b>Independent Trustees</b>					
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 Enterprise 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
<b>Independent Trustees</b>					
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 Wrappports, 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 Enterprise 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
Brian Demain 151 Detroit Street Denver, CO 80206 DOB: 1977	Executive Vice President and Co-Portfolio Manager Janus Henderson Enterprise Portfolio	11/07-Present	Portfolio Manager for other Janus Henderson accounts.
Cody Wheaton 151 Detroit Street Denver, CO 80206 DOB: 1978	Executive Vice President and Co-Portfolio Manager Janus Henderson Enterprise Portfolio	7/16-Present	Portfolio Manager for other Janus Henderson accounts and Analyst for Janus Capital.
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 Enterprise 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 Enterprise Portfolio Notes**

## Knowledge. Shared

At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. We call this ethos Knowledge. Shared.

Learn more by visiting [janushenderson.com](http://janushenderson.com).

**Janus Henderson**  
— INVESTORS —

***This report is submitted for the general information of shareholders of the Portfolio. It is not an offer or solicitation for the Portfolio and is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.***

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Janus Henderson Distributors

# Janus Henderson VIT Forty Portfolio

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## 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 —

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# 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<sup>®</sup> Growth Index. The Portfolio's secondary benchmark, the S&P 500<sup>®</sup> 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

## Janus Henderson VIT Forty Portfolio (unaudited)

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)

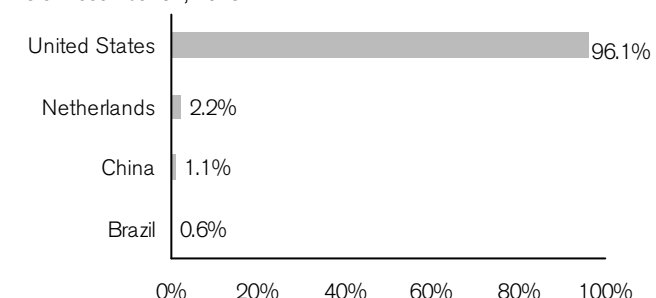
Alphabet Inc - Class C	
Interactive Media & Services	6.9%
Microsoft Corp	
Software	6.4%
Mastercard Inc	
Information Technology Services	5.7%
Amazon.com Inc	
Internet & Direct Marketing Retail	5.2%
salesforce.com Inc	
Software	4.8%
	29.0%

#### Asset Allocation - (% of Net Assets)

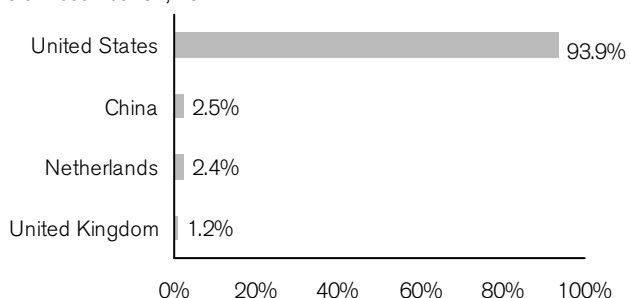
Common Stocks	96.8%
Investment Companies	3.5%
Other	(0.3)%
	100.0%

#### Top Country Allocations - Long Positions - (% of Investment Securities)

As of December 31, 2018

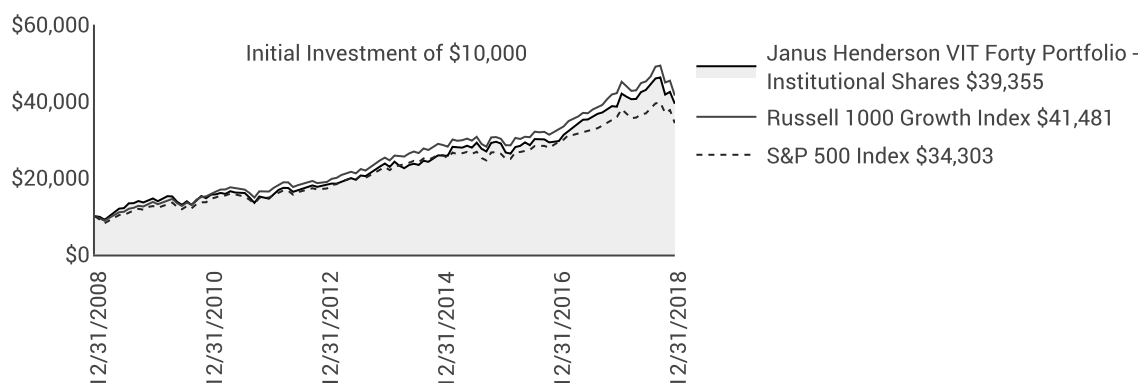


As of December 31, 2017





# Janus Henderson VIT Forty Portfolio (unaudited) Performance



Average Annual Total Return - for the periods ended December 31, 2018					Expense Ratios - per the April 30, 2018 prospectuses
	One Year	Five Year	Ten Year	Since Inception*	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](http://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.

## **Janus Henderson VIT Forty Portfolio (unaudited) Performance**

Ranking is for the share class shown only; other classes may have different performance characteristics.

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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/fundalyzer](http://www.finra.org/fundalyzer).

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

	<i>Shares</i>	<i>Value</i>
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% <sup>FF</sup> (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)

<i>Country</i>	<i>Value</i>	<i>% of Investment Securities</i>
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)

	<i>Dividend Income</i>	<i>Realized Gain/(Loss)</i>	<i>Change in Unrealized Appreciation/ Depreciation</i>	<i>Value at 12/31/18</i>
Investment Companies - 3.5%				
Money Markets - 3.5%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%	\$ 415,295	\$ -	\$ -	\$ 25,348,887

	<i>Share Balance at 12/31/17</i>	<i>Purchases</i>	<i>Sales</i>	<i>Share Balance at 12/31/18</i>
Investment Companies - 3.5%				
Money Markets - 3.5%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%	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.

# Janus Henderson VIT Forty Portfolio

## Notes to Schedule of Investments and Other Information

Russell 1000<sup>®</sup> Growth Index      Russell 1000<sup>®</sup> 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<sup>®</sup> Index      S&P 500<sup>®</sup> 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.

°°      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	
<b>Assets</b>						
<b>Investments in Securities:</b>						
Common Stocks	\$	696,411,145	\$	-	\$	-
Investment Companies		-		25,348,887		-
<b>Total Assets</b>	\$	696,411,145	\$	25,348,887	\$	-

# Janus Henderson VIT Forty Portfolio

## Statement of Assets and Liabilities

### December 31, 2018

Assets:		
Unaffiliated investments, at value <sup>(1)</sup>	\$	696,411,145
Affiliated investments, at value <sup>(2)</sup>		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
<b>Total Assets</b>		<b>722,324,176</b>
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
<b>Total Liabilities</b>		<b>2,871,071</b>
<b>Net Assets</b>	<b>\$</b>	<b>719,453,105</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	477,105,533
Total distributable earnings (loss)		242,347,572
<b>Total Net Assets</b>	<b>\$</b>	<b>719,453,105</b>
<b>Net Assets - Institutional Shares</b>	<b>\$</b>	<b>292,131,621</b>
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		8,299,342
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>35.20</b>
<b>Net Assets - Service Shares</b>	<b>\$</b>	<b>427,321,484</b>
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		12,889,490
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>33.15</b>

(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 <sup>(1)</sup>		
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 <sup>(1)</sup>		
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 <sup>(2)</sup>	\$ 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) <sup>(1)</sup>	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) <sup>(1)</sup>	(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.

# Janus Henderson VIT Forty Portfolio

## 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

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

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.

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

### 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,

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

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<sup>®</sup> 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

## Janus Henderson VIT Forty Portfolio

### Notes to Financial Statements

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



# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

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.

Undistributed Ordinary Income	Undistributed Long-Term Gains	Accumulated Capital Losses	Loss Deferrals		Other Book to Tax Differences	Net Tax Appreciation/ (Depreciation)
			Late-Year Ordinary Loss	Post-October Capital Loss		
\$ 96,656	\$ 69,329,188	\$ -	\$ -	\$ -	\$ (14,726)	\$172,936,454

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

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.

<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
\$ 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*

<i>Distributions</i>			
<i>From Ordinary Income</i>	<i>From Long-Term Capital Gains</i>	<i>Tax Return of Capital</i>	<i>Net Investment Loss</i>
\$ 9,774,498	\$ 105,016,412	\$ -	\$ -

*For the year ended December 31, 2017*

<i>Distributions</i>			
<i>From Ordinary Income</i>	<i>From Long-Term Capital Gains</i>	<i>Tax Return of Capital</i>	<i>Net Investment Loss</i>
\$ -	\$ 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:

<i>Increase/(Decrease) to Capital</i>	<i>Increase/(Decrease) to Undistributed Net Investment Income/Loss</i>	<i>Increase/(Decrease) to Undistributed Net Realized Gain/Loss</i>
\$ -	\$ (37,582)	\$ 37,582

## 5. Capital Share Transactions

	<i>Year ended December 31, 2018</i>		<i>Year ended December 31, 2017</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
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)

# Janus Henderson VIT Forty Portfolio

## Notes to Financial Statements

### 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:

<i>Purchases of Securities</i>	<i>Proceeds from Sales of Securities</i>	<i>Purchases of Long-Term U.S. Government Obligations</i>	<i>Proceeds from Sales of Long-Term U.S. Government Obligations</i>
\$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.



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](http://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](http://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](http://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

## Janus Henderson VIT Forty Portfolio

### Additional Information (unaudited)

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.

## Janus Henderson VIT Forty Portfolio

### Additional Information (unaudited)

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)

## Janus Henderson VIT Forty Portfolio

### Additional Information (unaudited)

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.



# Janus Henderson VIT Forty Portfolio

## Additional Information (unaudited)

- 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

## **Janus Henderson VIT Forty Portfolio**

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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,

## **Janus Henderson VIT Forty Portfolio**

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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.

# Janus Henderson VIT Forty Portfolio

## Useful Information About Your Portfolio Report (unaudited)

### Management Commentary

The Management Commentary in this report includes valuable insight as well as statistical information to help you understand how your Portfolio's performance and characteristics stack up against those of comparable indices.

If the Portfolio invests in foreign securities, this report may include information about country exposure. Country exposure is based primarily on the country of risk. A company may be allocated to a country based on other factors such as location of the company's principal office, the location of the principal trading market for the company's securities, or the country where a majority of the company's revenues are derived.

Please keep in mind that the opinions expressed in the Management Commentary are just that: opinions. They are a reflection based on best judgment at the time this report was compiled, which was 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.

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## Useful Information About Your Portfolio Report (unaudited)

The Portfolio's assets are calculated by adding the value of the securities owned, the receivable for securities sold but not yet settled, the receivable for dividends declared but not yet received on securities owned, and the receivable for Portfolio shares sold to investors but not yet settled. The Portfolio's liabilities include payables for securities purchased but not yet settled, Portfolio shares redeemed but not yet paid, and expenses owed but not yet paid. Additionally, there may be other assets and liabilities such as unrealized gain or loss on forward currency contracts.

The section entitled "Net Assets Consist of" breaks down the components of the Portfolio's net assets. Because the Portfolio must distribute substantially all earnings, you will notice that a significant portion of net assets is shareholder capital.

The last section of this statement reports the net asset value ("NAV") per share on the last day of the reporting period. The NAV is calculated by dividing the Portfolio's net assets for each share class (assets minus liabilities) by the number of shares outstanding.

### Statement of Operations

This statement details the Portfolio's income, expenses, realized gains and losses on securities and currency transactions, and changes in unrealized appreciation or depreciation of Portfolio holdings.

The first section in this statement, entitled "Investment Income," reports the dividends earned from securities and interest earned from interest-bearing securities in the Portfolio.

The next section reports the expenses incurred by the Portfolio, including the advisory fee paid to the investment adviser, transfer agent fees and expenses, and printing and postage for mailing statements, financial reports and prospectuses. Expense offsets and expense reimbursements, if any, are also shown.

The last section lists the amounts of realized gains or losses from investment and foreign currency transactions, and changes in unrealized appreciation or depreciation of investments and foreign currency-denominated assets and liabilities. The Portfolio will realize a gain (or loss) when it sells its position in a particular security. A change in unrealized gain (or loss) refers to the change in net appreciation or depreciation of the Portfolio during the reporting period. "Net Realized and Unrealized Gain/(Loss) on Investments" is affected both by changes in the market value of Portfolio holdings and by gains (or losses) realized during the reporting period.

### Statements of Changes in Net Assets

These statements report the increase or decrease in the Portfolio's net assets during the reporting period. Changes in the Portfolio's net assets are attributable to investment operations, dividends and distributions to investors, and capital share transactions. This is important to investors because it shows exactly what caused the Portfolio's net asset size to change during the period.

The first section summarizes the information from the Statement of Operations regarding changes in net assets due to the Portfolio's investment operations. The Portfolio's net assets may also change as a result of dividend and capital gains distributions to investors. If investors receive their dividends and/or distributions in cash, money is taken out of the Portfolio to pay the dividend and/or distribution. If investors reinvest their dividends and/or distributions, the Portfolio's net assets will not be affected. If you compare the Portfolio's "Net Decrease from Dividends and Distributions" to "Reinvested Dividends and Distributions," you will notice that dividends and distributions have little effect on the Portfolio's net assets. This is because the majority of the Portfolio's investors reinvest their dividends and/or distributions.

The reinvestment of dividends and distributions is included under "Capital Share Transactions." "Capital Shares" refers to the money investors contribute to the Portfolio through purchases or withdrawals via redemptions. The Portfolio's net assets will increase and decrease in value as investors purchase and redeem shares from the Portfolio.

### Financial Highlights

This schedule provides a per-share breakdown of the components that affect the Portfolio's NAV for current and past reporting periods as well as total return, asset size, ratios, and portfolio turnover rate.

The first line in the table reflects the NAV per share at the beginning of the reporting period. The next line reports the net investment income/(loss) per share. Following is the per share total of net gains/(losses), realized and unrealized. Per share dividends and distributions to investors are then subtracted to arrive at the NAV per share at the end of the

## **Janus Henderson VIT Forty Portfolio**

### **Useful Information About Your Portfolio Report (unaudited)**

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
<b>Independent Trustees</b>					
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).

# 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
<b>Independent Trustees</b>					
Alan A. Brown 151 Detroit Street Denver, CO 80206 DOB: 1962	Trustee	1/13-Present	Principal, Principal Curam Holdings (since 2018). Formerly, 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
<b>Independent Trustees</b>					
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
<b>Independent Trustees</b>					
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
<b>Independent Trustees</b>					
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
<b>Independent Trustees</b>					
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
<b>Independent Trustees</b>					
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
<b>Independent Trustees</b>					
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 Wrappports, 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**

## **Janus Henderson VIT Forty Portfolio Notes**

## **Janus Henderson VIT Forty Portfolio Notes**

## Knowledge. Shared

At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. We call this ethos Knowledge. Shared.

Learn more by visiting [janushenderson.com](http://janushenderson.com).

**Janus Henderson**  
— INVESTORS —

***This report is submitted for the general information of shareholders of the Portfolio. It is not an offer or solicitation for the Portfolio and is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.***

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Janus Henderson Distributors

# Janus Henderson VIT Global Research Portfolio

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## 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 —

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# Janus Henderson VIT Global Research Portfolio (unaudited)

## PORTFOLIO SNAPSHOT

We believe that the best way to generate consistent excess returns is stock picking based on independent research. We focus the risks of the Portfolio on what we are good at – research and stock selection – and seek to avoid unnecessary risks – macro risks and other portfolio biases. Therefore, we let sector experts drive the process and pick their best ideas, and use a portfolio oversight team to monitor the risk of the Portfolio and keep it focused on stock selection.

Team-Based Approach  
Led by Carmel Wellso,  
Director of Research

## PERFORMANCE OVERVIEW

Janus Henderson Global Research Portfolio's Institutional Shares and Service Shares returned -6.87% and -7.08%, respectively, over the 12-month period ended December 31, 2018, while its primary benchmark, the MSCI World Index<sup>SM</sup>, returned -8.71%. The Portfolio's secondary benchmark, the MSCI All Country World Index<sup>SM</sup>, returned -9.42%.

## MARKET ENVIRONMENT

Global equity markets were volatile and lost ground during the year. While corporate earnings growth was solid, global trade tensions and the prospect of rising U.S. 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 industrials and financials sectors suffered the steepest losses within the index.

## PERFORMANCE DISCUSSION

Our six global sector teams employ a bottom-up, fundamental approach to identify what we consider the best global opportunities. Our analysts take a long-term view of companies with a focus on value creation and duration of growth, which lead to high returns on invested capital. The Portfolio directly captures the insights of our teams through their highest-conviction ideas. In building a diversified portfolio, we seek to minimize macroeconomic risks while generating superior performance over longer periods.

Contributing most to relative returns were the Portfolio's selection of financials and industrial stocks. Underperformance was concentrated in technology.

Eli Lilly & Co. was our top contributor on an absolute basis. The stock climbed in the third quarter after the pharmaceutical giant reported quarterly results that beat consensus estimates and raised guidance for the year. In

addition, Eli Lilly received regulatory approval for Emgality, a migraine prevention treatment, and in the fourth quarter, reported positive results from a mid-stage clinical trial for a drug that targets two hormones in diabetes patients. The drugs add to the company's expanding roster of recently approved products, all of which are helping drive sales growth for the firm.

Amazon was another top contributor. The company strung together several quarters of strong earnings growth, helping to affirm its powerful, secular growth potential. Amazon is a longtime holding in our Portfolio and our views on the company remain the same: The company's scale and distribution advantage have entrenched it as the dominant e-commerce platform, which should allow it to continue gaining consumer wallet share as shopping gravitates to online and mobile purchases. Meanwhile, we believe 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.

NRG Energy also made meaningful contributions to performance. We have long felt the market was overly focused on the volatility of the utility company's earnings and failed to recognize its potential for increased cash flow generation as management undertook a plan to cut costs and shed unprofitable businesses. This year, earnings and free-cash-flow growth have improved as a result of that plan and the stock rose as the market came to appreciate NRG's improved profile after rationalizing some of its businesses.

Flextronics (Flex) was another large detractor. The supply chain solutions company had been working on a solution to near-source manufacturing for Nike, but after delays on the project both sides walked away from it. The departure of the company's CEO also weighed on the stock. After execution issues from the company, we sold the stock to pursue higher conviction ideas for the portfolio.

## Janus Henderson VIT Global Research Portfolio (unaudited)

Shares in Synchrony Financial fell during the year. Cyclical financial stocks fell broadly due to concerns about the economic outlook. An announcement that Wal-Mart would not renew its relationship with the credit card provider also negatively affected the stock. The news of the Wal-Mart partnership does not change our view on the stock. We continue to favor the company for its private-label credit card business, where it has an estimated 40% market share. This business line, in our view, is quite stable given the preponderance of long-term contracts with clients. We also believe Synchrony offers a significant value proposition for retailers, because it can collect data on customers' purchases and help retailers create advertising campaigns and promotions that will drive more store traffic and purchase volume.

Parker Hannifin also detracted. The stock fell early in the period after North American profit margins disappointed versus high expectations. We believe the main causes were product mix and inefficiencies caused by plant closures, a result of the integration of Clarcor, which Parker acquired in 2016. We believe these headwinds are temporary and set up for better incremental margins in 2019. Further, Parker is focused on reducing costs and optimizing performance, which, along with a lower U.S. corporate tax rate, should boost earnings.

### OUTLOOK

We believe equity investors should be prepared for more volatility in the coming months. The business cycle is aging, a decades-low unemployment rate in the U.S. has started to put upward pressure on wages and the Federal Reserve continues to normalize monetary policy. In addition, geopolitical risks have created headwinds, from ongoing trade tensions between the U.S. and China to uncertainty about Brexit. While these factors do not signal that a recession is imminent, in our opinion, they do suggest that the global economy could deliver slower growth in 2019.

In such an environment, we believe stocks sensitive to economic growth or interest rate moves could be challenged. As a result, we continue to look for growth stories that we believe will persist irrespective of the business cycle, including innovation in health care and the shift to the digital economy. At the same time, market volatility has led to a significant re-rating in the valuations of stocks globally. As multiples improve, we will aim to take advantage of secular growth stories that previously looked expensive. Select emerging market stocks, for example, could benefit from the potential diversification of

global supply chains while companies with ample free cash flows may decide to increase dividends or repurchase shares. In our experience, focusing on these types of fundamentals makes it easier to ride out periods of market volatility and often leads to better long-term results.

Thank you for your investment in Janus Henderson VIT Global Research Portfolio.

**Janus Henderson VIT Global Research Portfolio (unaudited)**  
**Portfolio At A Glance**  
**December 31, 2018**

**5 Top Performers - Holdings**

	<b>Contribution</b>		<b>Contribution</b>
Eli Lilly & Co	0.47%	British American Tobacco PLC	-0.98%
Amazon.com Inc	0.46%	Flex Ltd	-0.54%
NRG Energy Inc	0.44%	Synchrony Financial	-0.45%
salesforce.com inc	0.42%	Parker-Hannifin Corp	-0.37%
Mastercard Inc	0.36%	Wells Fargo & Co	-0.36%

**5 Bottom Performers - Holdings**

**5 Top Performers - Sectors\***

	<b>Portfolio Contribution</b>	<b>Portfolio Weighting (Average % of Equity)</b>	<b>MSCI World Index Weighting</b>
Financials	1.19%	21.60%	21.68%
Industrials	0.73%	18.71%	18.74%
Healthcare	0.39%	12.56%	12.61%
Energy	0.07%	9.33%	9.33%
Other**	0.04%	0.53%	0.01%

**2 Bottom Performers - Sectors\***

	<b>Portfolio Contribution</b>	<b>Portfolio Weighting (Average % of Equity)</b>	<b>MSCI World Index Weighting</b>
Technology	-0.40%	19.45%	19.69%
Consumer	-0.09%	17.81%	17.94%

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.

\* The sectors listed above reflect those covered by the six analyst teams who comprise the Janus Henderson Research Team.

\*\* Not a GICS classified sector.

# Janus Henderson VIT Global Research Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2018

#### 5 Largest Equity Holdings - (% of Net Assets)

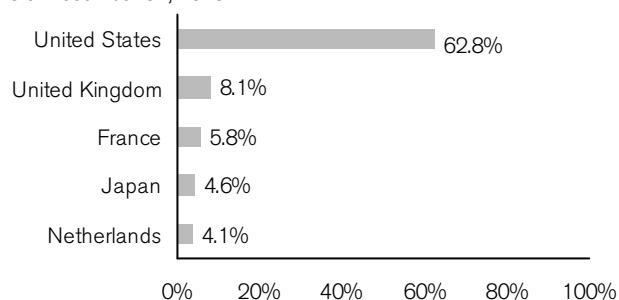
Alphabet Inc - Class C	
Interactive Media & Services	3.2%
Amazon.com Inc	
Internet & Direct Marketing Retail	2.5%
Coca-Cola Co	
Beverages	2.3%
JPMorgan Chase & Co	
Banks	1.9%
Safran SA	
Aerospace & Defense	1.8%
	11.7%

#### Asset Allocation - (% of Net Assets)

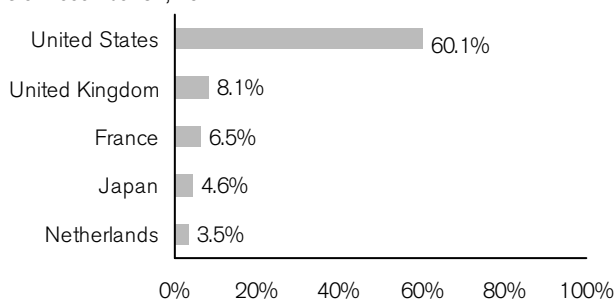
Common Stocks	99.7%
Investment Companies	0.2%
Other	0.1%
	100.0%
Emerging markets comprised 6.2% of total net assets.	

#### Top Country Allocations - Long Positions - (% of Investment Securities)

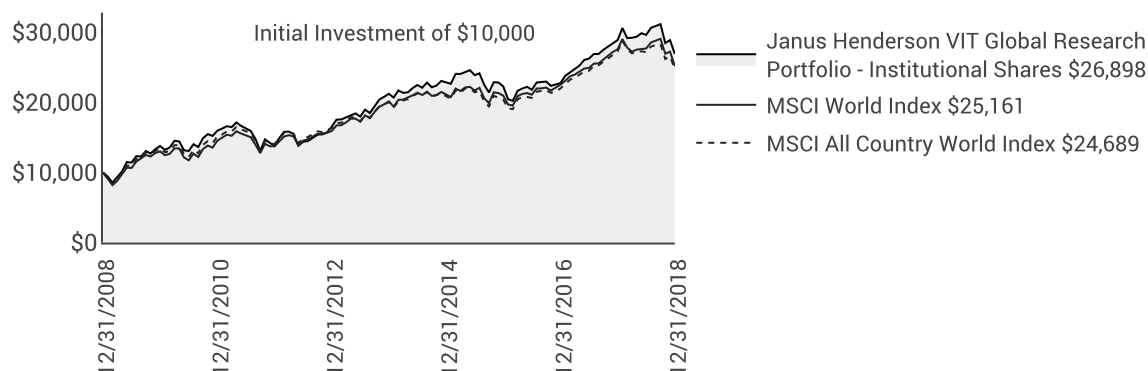
As of December 31, 2018



As of December 31, 2017



# Janus Henderson VIT Global Research Portfolio (unaudited) Performance



Average Annual Total Return - for the periods ended December 31, 2018					Expense Ratios - per the April 30, 2018 prospectuses
	One Year	Five Year	Ten Year	Since Inception*	Total Annual Fund Operating Expenses
Institutional Shares	-6.87%	4.86%	10.40%	7.78%	0.64%
Service Shares	-7.08%	4.60%	10.13%	7.50%	0.89%
MSCI World Index	-8.71%	4.56%	9.67%	6.50%	
MSCI All Country World Index	-9.42%	4.26%	9.46%	N/A**	
Morningstar Quartile - Institutional Shares	2nd	2nd	2nd	1st	
Morningstar Ranking - based on total returns for World Large Stock Funds	242/929	201/730	163/524	61/147	

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](http://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.

## **Janus Henderson VIT Global Research Portfolio (unaudited) Performance**

Ranking is for the share class shown only; other classes may have different performance characteristics.

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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 – September 13, 1993

\*\*Since inception return is not shown for the index because the index's inception date differs significantly from the Portfolio's inception date.

# Janus Henderson VIT Global Research 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/fundalyzer](http://www.finra.org/fundalyzer).

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	\$908.00	\$3.03	\$1,000.00	\$1,022.03	\$3.21	0.63%
Service Shares	\$1,000.00	\$907.00	\$4.23	\$1,000.00	\$1,020.77	\$4.48	0.88%

† 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 Global Research Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – 99.7%		
Aerospace & Defense – 3.8%		
Boeing Co	18,675	\$6,022,687
L3 Technologies Inc	38,742	6,727,936
Safran SA	97,757	11,742,934
		24,493,557
Airlines – 0.6%		
Ryanair Holdings PLC (ADR)*	55,874	3,986,051
Automobiles – 0.9%		
Isuzu Motors Ltd	421,400	5,884,500
Banks – 6.8%		
BNP Paribas SA	78,395	3,530,288
CaixaBank SA	1,018,525	3,665,279
China Construction Bank Corp	5,185,000	4,251,371
HDFC Bank Ltd	291,882	8,878,605
JPMorgan Chase & Co	123,969	12,101,854
Mitsubishi UFJ Financial Group Inc	531,800	2,622,739
Wells Fargo & Co	193,359	8,909,983
		43,960,119
Beverages – 4.6%		
Coca-Cola Co	311,666	14,757,385
Monster Beverage Corp*	122,756	6,042,050
Pernod Ricard SA	54,462	8,941,301
		29,740,736
Biotechnology – 3.6%		
AbbVie Inc	82,870	7,639,785
Celgene Corp*	71,962	4,612,045
Neurocrine Biosciences Inc*	60,486	4,319,305
Shire PLC	112,575	6,541,289
		23,112,424
Capital Markets – 4.1%		
Blackstone Group LP	152,933	4,558,933
Intercontinental Exchange Inc	90,333	6,804,785
London Stock Exchange Group PLC	110,956	5,725,014
TD Ameritrade Holding Corp	135,607	6,639,319
UBS Group AG*	233,520	2,916,208
		26,644,259
Chemicals – 2.0%		
Air Products & Chemicals Inc	42,850	6,858,142
Shin-Etsu Chemical Co Ltd	75,700	5,832,788
		12,690,930
Construction Materials – 0.6%		
Vulcan Materials Co	36,475	3,603,730
Consumer Finance – 0.8%		
Synchrony Financial	228,565	5,362,135
Electrical Equipment – 0.9%		
Sensata Technologies Holding PLC*	122,801	5,506,397
Electronic Equipment, Instruments & Components – 1.6%		
Hexagon AB	105,555	4,874,771
Keyence Corp	10,400	5,242,115
		10,116,886
Energy Equipment & Services – 0.5%		
Halliburton Co	117,957	3,135,297
Entertainment – 0.5%		
Netflix Inc*	11,143	2,982,535
Equity Real Estate Investment Trusts (REITs) – 1.6%		
American Tower Corp	36,303	5,742,772
Invitation Homes Inc	221,106	4,439,808
		10,182,580

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.



# Janus Henderson VIT Global Research Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – (continued)		
Health Care Equipment & Supplies – 1.9%		
Abbott Laboratories	90,569	\$6,550,856
Boston Scientific Corp*	161,967	5,723,914
		12,274,770
Health Care Providers & Services – 1.8%		
Humana Inc	19,735	5,653,683
UnitedHealth Group Inc	24,184	6,024,718
		11,678,401
Hotels, Restaurants & Leisure – 4.1%		
GVC Holdings PLC	285,072	2,449,845
McDonald's Corp	48,178	8,554,967
Merlin Entertainments PLC	1,048,559	4,243,043
Norwegian Cruise Line Holdings Ltd*	90,915	3,853,887
Starbucks Corp	113,222	7,291,497
		26,393,239
Household Durables – 0.7%		
Sony Corp	99,300	4,782,634
Independent Power and Renewable Electricity Producers – 1.7%		
NRG Energy Inc	271,577	10,754,449
Industrial Conglomerates – 0.9%		
Siemens AG	51,870	5,784,234
Information Technology Services – 5.2%		
Amdocs Ltd	97,507	5,711,960
GoDaddy Inc*	79,880	5,241,726
Mastercard Inc	59,169	11,162,232
Visa Inc	83,865	11,065,148
		33,181,066
Insurance – 4.1%		
AIA Group Ltd	1,116,000	9,181,090
NN Group NV	137,730	5,470,534
Progressive Corp	142,688	8,608,367
Prudential PLC	190,898	3,410,265
		26,670,256
Interactive Media & Services – 3.8%		
Alphabet Inc - Class C*	19,576	20,273,101
Tencent Holdings Ltd	110,800	4,392,285
		24,665,386
Internet & Direct Marketing Retail – 4.0%		
Alibaba Group Holding Ltd (ADR)*	52,717	7,225,919
Amazon.com Inc*	10,730	16,116,138
Booking Holdings Inc*	1,529	2,633,580
		25,975,637
Life Sciences Tools & Services – 1.1%		
Thermo Fisher Scientific Inc	31,901	7,139,125
Machinery – 2.7%		
Illinois Tool Works Inc	42,837	5,427,020
Parker-Hannifin Corp	45,398	6,770,658
SMC Corp/Japan	16,900	5,048,725
		17,246,403
Media – 0.4%		
Grupo Televisa SAB (ADR)	208,920	2,628,214
Metals & Mining – 1.6%		
Rio Tinto PLC	122,414	5,835,914
Teck Resources Ltd	215,304	4,635,740
		10,471,654
Multi-Utilities – 0.6%		
National Grid PLC	372,891	3,605,515
Oil, Gas & Consumable Fuels – 6.4%		
Anadarko Petroleum Corp	94,756	4,154,103

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Global Research Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – (continued)		
Oil, Gas & Consumable Fuels – (continued)		
Cabot Oil & Gas Corp	210,571	\$4,706,262
Canadian Natural Resources Ltd	146,382	3,532,471
Enterprise Products Partners LP	299,097	7,354,795
Marathon Petroleum Corp	73,457	4,334,698
Occidental Petroleum Corp	62,523	3,837,662
Suncor Energy Inc	234,722	6,556,740
TOTAL SA <sup>#</sup>	130,024	6,867,974
		41,344,705
Personal Products – 2.8%		
Estee Lauder Cos Inc	57,813	7,521,471
Unilever NV	188,763	10,255,036
		17,776,507
Pharmaceuticals – 5.4%		
AstraZeneca PLC	87,337	6,530,539
Bristol-Myers Squibb Co	101,435	5,272,591
Eli Lilly & Co	60,215	6,968,080
Merck & Co Inc	126,725	9,683,057
Sanofi	74,179	6,409,604
		34,863,871
Road & Rail – 1.1%		
CSX Corp	113,569	7,056,042
Semiconductor & Semiconductor Equipment – 4.8%		
ASML Holding NV	68,845	10,740,209
Microchip Technology Inc	51,008	3,668,495
Taiwan Semiconductor Manufacturing Co Ltd	1,099,000	7,978,206
Texas Instruments Inc	89,096	8,419,572
		30,806,482
Software – 7.1%		
Adobe Inc*	39,653	8,971,095
Constellation Software Inc/Canada	7,001	4,481,974
Microsoft Corp	93,671	9,514,163
salesforce.com Inc*	64,143	8,785,667
SS&C Technologies Holdings Inc	122,249	5,514,652
Ultimate Software Group Inc*	32,983	8,076,547
		45,344,098
Technology Hardware, Storage & Peripherals – 0.7%		
Samsung Electronics Co Ltd	126,450	4,375,647
Textiles, Apparel & Luxury Goods – 1.8%		
Cie Financiere Richemont SA	68,843	4,426,164
NIKE Inc	96,163	7,129,525
		11,555,689
Tobacco – 1.2%		
British American Tobacco PLC	241,472	7,699,166
Trading Companies & Distributors – 0.9%		
Ferguson PLC	95,045	6,086,313
Total Common Stocks (cost \$556,118,227)		641,561,639
Investment Companies – 0.2%		
Investments Purchased with Cash Collateral from Securities Lending – 0%		
Janus Henderson Cash Collateral Fund LLC, 2.4428% <sup>cc,£</sup>	6,501	6,501
Money Markets – 0.2%		
Janus Henderson Cash Liquidity Fund LLC, 2.4621% <sup>cc,£</sup>	1,243,000	1,243,000
Total Investment Companies (cost \$1,249,501)		1,249,501
Total Investments (total cost \$557,367,728) – 99.9%		642,811,140
Cash, Receivables and Other Assets, net of Liabilities – 0.1%		758,436
Net Assets – 100%		\$643,569,576

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Global Research Portfolio

## Schedule of Investments

### December 31, 2018

#### Summary of Investments by Country - (Long Positions) (unaudited)

Country	Value	% of Investment Securities
United States	\$403,541,887	62.8 %
United Kingdom	52,126,903	8.1
France	37,492,101	5.8
Japan	29,413,501	4.6
Netherlands	26,465,779	4.1
Canada	19,206,925	3.0
China	15,869,575	2.5
Hong Kong	9,181,090	1.4
India	8,878,605	1.4
Taiwan	7,978,206	1.2
Switzerland	7,342,372	1.1
Germany	5,784,234	0.9
Sweden	4,874,771	0.8
South Korea	4,375,647	0.7
Ireland	3,986,051	0.6
Spain	3,665,279	0.6
Mexico	2,628,214	0.4
Total	\$642,811,140	100.0 %

#### Schedules of Affiliated Investments – (% of Net Assets)

	Dividend Income	Realized Gain/(Loss)	Change in Unrealized Appreciation/Depreciation	Value at 12/31/18
Investment Companies - 0.2%				
Investments Purchased with Cash Collateral from Securities Lending - 0%				
Janus Henderson Cash Collateral Fund LLC, 2.4428%	\$ 19,587 <sup>A</sup>	\$ -	\$ -	\$ 6,501
Money Markets - 0.2%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%	51,213	-	-	1,243,000
Total Affiliated Investments - 0.2%	\$ 70,800	\$ -	\$ -	\$ 1,249,501

	Share Balance at 12/31/17	Purchases	Sales	Share Balance at 12/31/18
Investment Companies - 0.2%				
Investments Purchased with Cash Collateral from Securities Lending - 0%				
Janus Henderson Cash Collateral Fund LLC, 2.4428%	-	26,157,944	(26,151,443)	6,501
Money Markets - 0.2%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621%	5,533,376	96,561,921	(100,852,297)	1,243,000

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Global Research Portfolio

## Notes to Schedule of Investments and Other Information

MSCI All Country World Index<sup>SM</sup> MSCI All Country World Index<sup>SM</sup> reflects the equity market performance of global developed and emerging markets.

MSCI World Index<sup>SM</sup> MSCI World Index<sup>SM</sup> reflects the equity market performance of global developed markets.

ADR American Depositary Receipt

LLC Limited Liability Company

LP Limited Partnership

PLC Public Limited Company

\* Non-income producing security.

°° Rate shown is the 7-day yield as of December 31, 2018.

# Loaned security; a portion of the security is on loan at 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.

Δ Net of income paid to the securities lending agent and rebates paid to the borrowing counterparties.

# Janus Henderson VIT Global Research Portfolio

## Notes to Schedule of Investments and Other Information

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

	<i>Level 1 - Quoted Prices</i>	<i>Level 2 - Other Significant Observable Inputs</i>	<i>Level 3 - Significant Unobservable Inputs</i>
<b>Assets</b>			
<b>Investments in Securities:</b>			
<i>Common Stocks</i>			
Aerospace & Defense	\$ 12,750,623	\$ 11,742,934	\$ -
Automobiles	-	5,884,500	-
Banks	21,011,837	22,948,282	-
Beverages	20,799,435	8,941,301	-
Biotechnology	16,571,135	6,541,289	-
Capital Markets	18,003,037	8,641,222	-
Chemicals	6,858,142	5,832,788	-
Electronic Equipment, Instruments & Components	-	10,116,886	-
Hotels, Restaurants & Leisure	19,700,351	6,692,888	-
Household Durables	-	4,782,634	-
Industrial Conglomerates	-	5,784,234	-
Insurance	8,608,367	18,061,889	-
Interactive Media & Services	20,273,101	4,392,285	-
Machinery	12,197,678	5,048,725	-
Metals & Mining	4,635,740	5,835,914	-
Multi-Utilities	-	3,605,515	-
Oil, Gas & Consumable Fuels	34,476,731	6,867,974	-
Personal Products	7,521,471	10,255,036	-
Pharmaceuticals	21,923,728	12,940,143	-
Semiconductor & Semiconductor Equipment	12,088,067	18,718,415	-
Technology Hardware, Storage & Peripherals	-	4,375,647	-
Textiles, Apparel & Luxury Goods	7,129,525	4,426,164	-
Tobacco	-	7,699,166	-
Trading Companies & Distributors	-	6,086,313	-
All Other	190,790,527	-	-
<i>Investment Companies</i>	-	1,249,501	-
<b>Total Assets</b>	<b>\$ 435,339,495</b>	<b>\$ 207,471,645</b>	<b>\$ -</b>

# Janus Henderson VIT Global Research Portfolio

## Statement of Assets and Liabilities

### December 31, 2018

Assets:		
Unaffiliated investments, at value <sup>(1)(2)</sup>	\$	641,561,639
Affiliated investments, at value <sup>(3)</sup>		1,249,501
Cash		57,459
Cash denominated in foreign currency <sup>(4)</sup>		20,112
Non-interested Trustees' deferred compensation		15,595
Receivables:		
Dividends		674,412
Investments sold		387,124
Foreign tax reclaims		249,052
Portfolio shares sold		132,767
Dividends from affiliates		523
Other assets		6,406
<b>Total Assets</b>		<b>644,354,590</b>
Liabilities:		
Collateral for securities loaned (Note 2)		6,501
Payables:		
Advisory fees		317,560
Portfolio shares repurchased		204,031
Printing fees		44,089
12b-1 Distribution and shareholder servicing fees		40,563
Transfer agent fees and expenses		30,788
Non-affiliated portfolio administration fees payable		29,148
Professional fees		26,610
Foreign tax liability		23,702
Postage fees		18,956
Non-interested Trustees' deferred compensation fees		15,595
Custodian fees		7,493
Non-interested Trustees' fees and expenses		5,487
Registration fees		3,266
Accounting systems fees		2,723
Affiliated portfolio administration fees payable		1,446
Accrued expenses and other payables		7,056
<b>Total Liabilities</b>		<b>785,014</b>
<b>Net Assets</b>	<b>\$</b>	<b>643,569,576</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	512,687,788
Total distributable earnings (loss) <sup>(5)</sup>		130,881,788
<b>Total Net Assets</b>	<b>\$</b>	<b>643,569,576</b>
Net Assets - Institutional Shares	\$	463,401,595
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		9,831,872
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>47.13</b>
Net Assets - Service Shares	\$	180,167,981
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		3,904,200
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>46.15</b>

(1) Includes cost of \$556,118,227.

(2) Includes \$1,488 of securities on loan. See Note 2 in Notes to Financial Statements.

(3) Includes cost of \$1,249,501.

(4) Includes cost of \$20,112.

(5) Includes \$23,703 of foreign capital gains tax on investments.

See Notes to Financial Statements.

# Janus Henderson VIT Global Research Portfolio

## Statement of Operations

### For the year ended December 31, 2018

Investment Income:		
Dividends	\$	13,897,677
Dividends from affiliates		51,213
Affiliated securities lending income, net		19,587
Other income		1,679
Foreign tax withheld		(696,438)
<b>Total Investment Income</b>		<b>13,273,718</b>
Expenses:		
Advisory fees		3,754,579
12b-1 Distribution and shareholder servicing fees:		
Service Shares		516,023
Transfer agent administrative fees and expenses:		
Institutional Shares		266,597
Service Shares		103,205
Other transfer agent fees and expenses:		
Institutional Shares		15,150
Service Shares		3,402
Shareholder reports expense		78,148
Professional fees		54,814
Custodian fees		34,830
Affiliated portfolio administration fees		26,345
Registration fees		23,026
Non-interested Trustees' fees and expenses		22,115
Other expenses		74,132
<b>Total Expenses</b>		<b>4,972,366</b>
<b>Net Investment Income/(Loss)</b>		<b>8,301,352</b>
Net Realized Gain/(Loss) on Investments:		
Investments and foreign currency transactions		42,223,385
<b>Total Net Realized Gain/(Loss) on Investments</b>		<b>42,223,385</b>
Change in Unrealized Net Appreciation/Depreciation:		
Investments, foreign currency translations and non-interested Trustees' deferred compensation <sup>(1)</sup>		(97,105,476)
<b>Total Change in Unrealized Net Appreciation/Depreciation</b>		<b>(97,105,476)</b>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b>	<b>\$</b>	<b>(46,580,739)</b>

(1) Includes change in unrealized appreciation/depreciation of \$(23,703) due to foreign capital gains tax accrual on investments.

See Notes to Financial Statements.

# Janus Henderson VIT Global Research Portfolio

## Statements of Changes in Net Assets

	Year ended December 31, 2018		Year ended December 31, 2017	
Operations:				
Net investment income/(loss)	\$	8,301,352	\$	6,987,453
Net realized gain/(loss) on investments		42,223,385		52,208,742
Change in unrealized net appreciation/depreciation		(97,105,476)		108,153,941
Net Increase/(Decrease) in Net Assets Resulting from Operations		(46,580,739)		167,350,136
Dividends and Distributions to Shareholders <sup>(1)</sup>				
Institutional Shares		(5,995,987)		N/A
Service Shares		(1,999,207)		N/A
Total Dividends and Distributions to Shareholders		(7,995,194)		N/A
Dividends from Net Investment Income <sup>(1)</sup>				
Institutional Shares		N/A		(4,183,201)
Service Shares		N/A		(1,355,413)
Total Dividends from Net Investment Income		N/A		(5,538,614)
Net Decrease from Dividends and Distributions to Shareholders		(7,995,194)		(5,538,614)
Capital Share Transactions:				
Institutional Shares		(38,164,525)		(45,745,135)
Service Shares		(14,602,009)		(13,600,457)
Net Increase/(Decrease) from Capital Share Transactions		(52,766,534)		(59,345,592)
Net Increase/(Decrease) in Net Assets		(107,342,467)		102,465,930
Net Assets:				
Beginning of period		750,912,043		648,446,113
End of period <sup>(2)</sup>	\$	643,569,576	\$	750,912,043

(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 \$2,090,081 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 Global Research 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	\$51.20	\$40.63	\$40.24	\$41.45	\$38.99
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.62	0.51	0.45	0.35	0.51
Net realized and unrealized gain/(loss)	(4.09)	10.45	0.37	(1.28)	2.39
Total from Investment Operations	(3.47)	10.96	0.82	(0.93)	2.90
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.60)	(0.39)	(0.43)	(0.28)	(0.44)
Total Dividends and Distributions	(0.60)	(0.39)	(0.43)	(0.28)	(0.44)
Net Asset Value, End of Period	\$47.13	\$51.20	\$40.63	\$40.24	\$41.45
Total Return*	(6.87)%	27.03%	2.07%	(2.29)%	7.44%
Net Assets, End of Period (in thousands)	\$463,402	\$540,594	\$469,321	\$509,494	\$571,145
Average Net Assets for the Period (in thousands)	\$533,418	\$512,287	\$478,402	\$560,660	\$577,941
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.60%	0.64%	0.65%	0.80%	0.61%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.60%	0.64%	0.65%	0.80%	0.61%
Ratio of Net Investment Income/(Loss)	1.19%	1.05%	1.15%	0.83%	1.27%
Portfolio Turnover Rate	36%	41%	45%	50%	42%

### Service Shares

For a share outstanding during the year ended December 31	2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$50.17	\$39.87	\$39.53	\$40.77	\$38.40
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.48	0.38	0.35	0.24	0.40
Net realized and unrealized gain/(loss)	(4.00)	10.24	0.36	(1.26)	2.35
Total from Investment Operations	(3.52)	10.62	0.71	(1.02)	2.75
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.50)	(0.32)	(0.37)	(0.22)	(0.38)
Total Dividends and Distributions	(0.50)	(0.32)	(0.37)	(0.22)	(0.38)
Net Asset Value, End of Period	\$46.15	\$50.17	\$39.87	\$39.53	\$40.77
Total Return*	(7.08)%	26.68%	1.82%	(2.53)%	7.18%
Net Assets, End of Period (in thousands)	\$180,168	\$210,318	\$179,125	\$202,896	\$214,339
Average Net Assets for the Period (in thousands)	\$206,497	\$197,483	\$186,563	\$218,006	\$209,230
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.85%	0.89%	0.90%	1.05%	0.86%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.85%	0.89%	0.90%	1.05%	0.86%
Ratio of Net Investment Income/(Loss)	0.94%	0.81%	0.91%	0.57%	1.01%
Portfolio Turnover Rate	36%	41%	45%	50%	42%

\* 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.

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies

Janus Henderson VIT Global Research 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 diversified, 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

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

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.

The Portfolio recognizes transfers between the levels as of the beginning of the fiscal year. The following describes the amounts of transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year.

Financial assets of \$19,239,149 were transferred out of Level 2 to Level 1 since certain foreign equity prices were applied a fair valuation adjustment factor at the end of the prior fiscal year and no factor was applied at the end of the current period.

### 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

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### Indemnifications

In the normal course of business, the Portfolio may enter into contracts that contain provisions for indemnification of other parties against certain potential liabilities. The Portfolio's maximum exposure under these arrangements is unknown, and would involve future claims that may be made against the Portfolio that have not yet occurred. Currently, the risk of material loss from such claims is considered remote.

### Foreign Currency Translations

The Portfolio does not isolate that portion of the results of operations resulting from the effect of changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held at the date of the financial statements. Net unrealized appreciation or depreciation of investments and foreign currency translations arise from changes in the value of assets and liabilities, including investments in securities held at the date of the financial statements, resulting from changes in the exchange rates and changes in market prices of securities held.

Currency gains and losses are also calculated on payables and receivables that are denominated in foreign currencies. The payables and receivables are generally related to foreign security transactions and income translations.

Foreign currency-denominated assets and forward currency contracts may involve more risks than domestic transactions, including currency risk, counterparty risk, political and economic risk, regulatory risk and equity risk. Risks may arise from unanticipated movements in the value of foreign currencies relative to the U.S. dollar.

### Dividends and Distributions

The Portfolio may make semiannual distributions of substantially all of its investment income and an annual distribution of its net realized capital gains (if any).

The Portfolio may make certain investments in real estate investment trusts ("REITs") which pay dividends to their shareholders based upon funds available from operations. It is quite common for these dividends to exceed the REITs' taxable earnings and profits, resulting in the excess portion of such dividends being designated as a return of capital. If the Portfolio distributes such amounts, such distributions could constitute a return of capital to shareholders for federal income tax purposes.

### Federal Income Taxes

The Portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income in accordance with the requirements of Subchapter M of the Internal Revenue Code. Management has analyzed the Portfolio's tax positions taken for all open federal income tax years, generally a three-year period, and has concluded that no provision for federal income tax is required in the Portfolio's financial statements. The Portfolio is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. Currently, Management does not believe the bill will have a material impact on the Portfolio's intention to continue to qualify as a regulated investment company, which is generally not subject to U.S. federal income tax.

## 2. 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

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

objective. Therefore, it is important to understand that the value of your investment may fall, sometimes sharply, and you could lose money.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) of 2010 provided for widespread regulation of financial institutions, consumer financial products and services, broker-dealers, OTC derivatives, investment advisers, credit rating agencies, and mortgage lending, which expanded federal oversight in the financial sector, including the investment management industry. Many provisions of the Dodd-Frank Act remain pending and will be implemented through future rulemaking. Therefore, the ultimate impact of the Dodd-Frank Act and the regulations under the Dodd-Frank Act on the Portfolio and the investment management industry as a whole, is not yet certain.

A number of countries in the European Union (“EU”) have experienced, and may continue to experience, severe economic and financial difficulties. In particular, many EU nations are susceptible to economic risks associated with high levels of debt, notably due to investments in sovereign debt of countries such as Greece, Italy, Spain, Portugal, and Ireland. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts. Many other issuers have faced difficulties obtaining credit or refinancing existing obligations. Financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit. As a result, financial markets in the EU experienced extreme volatility and declines in asset values and liquidity. Responses to these financial problems by European governments, central banks, and others, including austerity measures and reforms, may not work, may result in social unrest, and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets, and asset valuations around the world. Greece, Ireland, and Portugal have already received one or more “bailouts” from other Eurozone member states, and it is unclear how much additional funding they will require or if additional Eurozone member states will require bailouts in the future. The risk of investing in securities in the European markets may also be heightened due to the referendum in which the United Kingdom voted to exit the EU (known as “Brexit”). There is considerable uncertainty about how Brexit will be conducted, how negotiations of necessary treaties and trade agreements will proceed, or how financial markets will react. In addition, one or more other countries may also abandon the euro and/or withdraw from the EU, placing its currency and banking system in jeopardy.

Certain areas of the world have historically been prone to and economically sensitive to environmental events such as, but not limited to, hurricanes, earthquakes, typhoons, flooding, tidal waves, tsunamis, erupting volcanoes, wildfires or droughts, tornadoes, mudslides, or other weather-related phenomena. Such disasters, and the resulting physical or economic damage, could have a severe and negative impact on the Portfolio's investment portfolio and, in the longer term, could impair the ability of issuers in which the Portfolio invests to conduct their businesses as they would under normal conditions. Adverse weather conditions may also have a particularly significant negative effect on issuers in the agricultural sector and on insurance companies that insure against the impact of natural disasters.

### Counterparties

Portfolio transactions involving a counterparty are subject to the risk that the counterparty or a third party will not fulfill its obligation to the Portfolio (“counterparty risk”). Counterparty risk may arise because of the counterparty's financial condition (i.e., financial difficulties, bankruptcy, or insolvency), market activities and developments, or other reasons, whether foreseen or not. A counterparty's inability to fulfill its obligation may result in significant financial loss to the Portfolio. The Portfolio may be unable to recover its investment from the counterparty or may obtain a limited recovery, and/or recovery may be delayed. The extent of the Portfolio's exposure to counterparty risk with respect to financial assets and liabilities approximates its carrying value.

The Portfolio may be exposed to counterparty risk through participation in various programs, including, but not limited to, lending its securities to third parties, cash sweep arrangements whereby the Portfolio's cash balance is invested in one or more types of cash management vehicles, as well as investments in, but not limited to, repurchase agreements, debt securities, and derivatives, including various types of swaps, futures and options. The Portfolio intends to enter into financial transactions with counterparties that Janus Capital Management LLC (“Janus Capital”) believes to be creditworthy at the time of the transaction. There is always the risk that Janus Capital's analysis of a counterparty's creditworthiness is incorrect or may change due to market conditions. To the extent that the Portfolio focuses its transactions with a limited number of counterparties, it will have greater exposure to the risks associated with one or more counterparties.

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

### Offsetting Assets and Liabilities

The Portfolio presents gross and net information about transactions that are either offset in the financial statements or subject to an enforceable master netting arrangement or similar agreement with a designated counterparty, regardless of whether the transactions are actually offset in the Statement of Assets and Liabilities.

The following table present gross amounts of recognized assets and/or liabilities and the net amounts after deducting collateral that has been pledged by counterparties or has been pledged to counterparties (if applicable). For corresponding information grouped by type of instrument, see the Portfolio's Schedule of Investments.

### Offsetting of Financial Assets and Derivative Assets

<i>Counterparty</i>	<i>Gross Amounts of Recognized Assets</i>		<i>Offsetting Asset or Liability<sup>(a)</sup></i>		<i>Collateral Pledged<sup>(b)</sup></i>		<i>Net Amount</i>
Deutsche Bank AG	\$	1,488	\$	—	\$	(1,488)	\$ —

(a) Represents the amount of assets or liabilities that could be offset with the same counterparty under master netting or similar agreements that management elects not to offset on the Statement of Assets and Liabilities.

(b) Collateral pledged is limited to the net outstanding amount due to/from an individual counterparty. The actual collateral amounts pledged may exceed these amounts and may fluctuate in value.

Deutsche Bank AG acts as securities lending agent and a limited purpose custodian or subcustodian to receive and disburse cash balances and cash collateral, hold short-term investments, hold collateral, and perform other custodian functions in accordance with the Agency Securities Lending and Repurchase Agreement. For financial reporting purposes, the Portfolio does not offset financial instruments' payables and receivables and related collateral on the Statement of Assets and Liabilities. Securities on loan will be continuously secured by collateral which may consist of cash, U.S. Government securities, domestic and foreign short-term debt instruments, letters of credit, time deposits, repurchase agreements, money market mutual funds or other money market accounts, or such other collateral as permitted by the SEC. The value of the collateral must be at least 102% of the market value of the loaned securities that are denominated in U.S. dollars and 105% of the market value of the loaned securities that are not denominated in U.S. dollars. Upon receipt of cash collateral, Janus Capital intends to invest the cash collateral in a cash management vehicle for which Janus Capital serves as investment adviser, Janus Henderson Cash Collateral Fund LLC. Loaned securities and related collateral are marked-to-market each business day based upon the market value of the loaned securities at the close of business, employing the most recent available pricing information. Collateral levels are then adjusted based on this mark-to-market evaluation.

### Emerging Market Investing

Within the parameters of its specific investment policies, the Portfolio, to the extent that emerging markets may be included in its benchmark index, may invest in securities of issuers or companies from or with exposure to one or more "developing countries" or "emerging market countries." To the extent that the Portfolio invests a significant amount of its assets in one or more of these countries, its returns and net asset value may be affected to a large degree by events and economic conditions in such countries. The risks of foreign investing are heightened when investing in emerging markets, which may result in the price of investments in emerging markets experiencing sudden and sharp price swings. In many developing markets, there is less government supervision and regulation of business and industry practices (including the potential lack of strict finance and accounting controls and standards), stock exchanges, brokers, and listed companies, making these investments potentially more volatile in price and less liquid than investments in developed securities markets, resulting in greater risk to investors. There is a risk in developing countries that a future economic or political crisis could lead to price controls, forced mergers of companies, expropriation or confiscatory taxation, imposition or enforcement of foreign ownership limits, seizure, nationalization, sanctions or imposition of restrictions by various governmental entities on investment and trading, or creation of government monopolies, any of which may have a detrimental effect on the Portfolio's investments. In addition, the Portfolio's investments may be denominated in foreign currencies and therefore, changes in the value of a country's currency compared to the U.S. dollar may affect the value of the Portfolio's investments. To the extent that the Portfolio invests a significant portion of its assets in the securities of issuers in or companies of a single country or region, it is more likely to be impacted by events or conditions affecting that country or region, which could have a negative impact on the Portfolio's performance.

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

### Real Estate Investing

The Portfolio may invest in equity and debt securities of real estate-related companies. Such companies may include those in the real estate industry or real estate-related industries. These securities may include common stocks, corporate bonds, preferred stocks, and other equity securities, including, but not limited to, mortgage-backed securities, real estate-backed securities, securities of REITs and similar REIT-like entities. A REIT is a trust that invests in real estate-related projects, such as properties, mortgage loans, and construction loans. REITs are generally categorized as equity, mortgage, or hybrid REITs. A REIT may be listed on an exchange or traded OTC.

### Securities Lending

Under procedures adopted by the Trustees, the Portfolio may seek to earn additional income by lending securities to certain qualified broker-dealers and institutions. Deutsche Bank AG acts as securities lending agent and a limited purpose custodian or subcustodian to receive and disburse cash balances and cash collateral, hold short-term investments, hold collateral, and perform other custodian functions in accordance with the Agency Securities Lending and Repurchase Agreement. The Portfolio may lend portfolio securities in an amount equal to up to 1/3 of its total assets as determined at the time of the loan origination. There is the risk of delay in recovering a loaned security or the risk of loss in collateral rights if the borrower fails financially. In addition, Janus Capital makes efforts to balance the benefits and risks from granting such loans. All loans will be continuously secured by collateral which may consist of cash, U.S. Government securities, domestic and foreign short-term debt instruments, letters of credit, time deposits, repurchase agreements, money market mutual funds or other money market accounts, or such other collateral as permitted by the SEC. If the Portfolio is unable to recover a security on loan, the Portfolio may use the collateral to purchase replacement securities in the market. There is a risk that the value of the collateral could decrease below the cost of the replacement security by the time the replacement investment is made, resulting in a loss to the Portfolio.

Upon receipt of cash collateral, Janus Capital may invest it in affiliated or non-affiliated cash management vehicles, whether registered or unregistered entities, as permitted by the 1940 Act and rules promulgated thereunder. Janus Capital currently intends to invest the cash collateral in a cash management vehicle for which Janus Capital serves as investment adviser, Janus Henderson Cash Collateral Fund LLC. An investment in Janus Henderson Cash Collateral Fund LLC is generally subject to the same risks that shareholders experience when investing in similarly structured vehicles, such as the potential for significant fluctuations in assets as a result of the purchase and redemption activity of the securities lending program, a decline in the value of the collateral, and possible liquidity issues. Such risks may delay the return of the cash collateral and cause the Portfolio to violate its agreement to return the cash collateral to a borrower in a timely manner. As adviser to the Portfolio and Janus Henderson Cash Collateral Fund LLC, Janus Capital has an inherent conflict of interest as a result of its fiduciary duties to both the Portfolio and Janus Henderson Cash Collateral Fund LLC. Additionally, Janus Capital receives an investment advisory fee of 0.05% for managing Janus Henderson Cash Collateral Fund LLC, but it may not receive a fee for managing certain other affiliated cash management vehicles in which the Portfolio may invest, and therefore may have an incentive to allocate preferred investment opportunities to investment vehicles for which it is receiving a fee.

The value of the collateral must be at least 102% of the market value of the loaned securities that are denominated in U.S. dollars and 105% of the market value of the loaned securities that are not denominated in U.S. dollars. Loaned securities and related collateral are marked-to-market each business day based upon the market value of the loaned securities at the close of business, employing the most recent available pricing information. Collateral levels are then adjusted based on this mark-to-market evaluation.

The cash collateral invested by Janus Capital is disclosed in the Schedule of Investments (if applicable). Income earned from the investment of the cash collateral, net of rebates paid to, or fees paid by, borrowers and less the fees paid to the lending agent are included as "Affiliated securities lending income, net" on the Statement of Operations. As of December 31, 2018, securities lending transactions accounted for as secured borrowings with an overnight and continuous contractual maturity are \$1,488 in equity securities. Gross amounts of recognized liabilities for securities lending (collateral received) as of December 31, 2018 is \$6,501, resulting in the net amount due to the counterparty of \$5,014.

### 3. Investment Advisory Agreements and Other Transactions with Affiliates

The Portfolio pays Janus Capital an investment advisory fee which is calculated daily and paid monthly. The Portfolio's "base" fee rate prior to any performance adjustment (expressed as an annual rate) is 0.60%.

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

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 MSCI World Index<sup>SM</sup>.

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 0.51%.

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,



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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, foreign currency translations 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

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

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 \$16,758 in purchases and \$417,245 in sales, resulting in a net realized loss of \$33,570. The net realized loss 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 (reduced by foreign tax liability).

Other book to tax differences primarily consist of deferred compensation and foreign currency contract adjustments. 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.

<i>Undistributed Ordinary Income</i>	<i>Undistributed Long-Term Gains</i>	<i>Accumulated Capital Losses</i>	<i>Loss Deferrals</i>		<i>Other Book to Tax Differences</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
			<i>Late-Year Ordinary Loss</i>	<i>Post-October Capital Loss</i>		
\$ 1,434,004	\$ 42,436,462	\$ -	\$ -	\$ -	\$ (20,099)	\$ 87,031,421

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 differences between book and tax appreciation or depreciation of investments are wash sale loss deferrals and investments in partnerships.

<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
\$ 555,756,016	\$137,875,366	\$(50,820,242)	\$ 87,055,124

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*

<i>Distributions</i>			
<i>From Ordinary Income</i>	<i>From Long-Term Capital Gains</i>	<i>Tax Return of Capital</i>	<i>Net Investment Loss</i>
\$ 7,995,194	\$ -	\$ -	\$ -

*For the year ended December 31, 2017*

<i>Distributions</i>			
<i>From Ordinary Income</i>	<i>From Long-Term Capital Gains</i>	<i>Tax Return of Capital</i>	<i>Net Investment Loss</i>
\$ 5,538,614	\$ -	\$ -	\$ -

# Janus Henderson VIT Global Research Portfolio

## Notes to Financial Statements

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:

<i>Increase/(Decrease) to Capital</i>	<i>Increase/(Decrease) to Undistributed Net Investment Income/Loss</i>	<i>Increase/(Decrease) to Undistributed Net Realized Gain/Loss</i>
\$ 711,094	\$ (977,830)	\$ 266,736

### 5. Capital Share Transactions

	<i>Year ended December 31, 2018</i>		<i>Year ended December 31, 2017</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
Institutional Shares:				
Shares sold	269,768	\$ 14,200,485	343,247	\$ 16,011,323
Reinvested dividends and distributions	117,634	5,995,987	86,959	4,183,201
Shares repurchased	(1,114,142)	(58,360,997)	(1,421,581)	(65,939,659)
Net Increase/(Decrease)	(726,740)	\$(38,164,525)	(991,375)	\$(45,745,135)
Service Shares:				
Shares sold	380,307	\$ 19,520,767	320,167	\$ 14,570,741
Reinvested dividends and distributions	40,025	1,999,207	28,763	1,355,413
Shares repurchased	(708,059)	(36,121,983)	(650,117)	(29,526,611)
Net Increase/(Decrease)	(287,727)	\$(14,602,009)	(301,187)	\$(13,600,457)

### 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:

<i>Purchases of Securities</i>	<i>Proceeds from Sales of Securities</i>	<i>Purchases of Long-Term U.S. Government Obligations</i>	<i>Proceeds from Sales of Long-Term U.S. Government Obligations</i>
\$263,393,225	\$ 311,776,945	\$ -	\$ -

### 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.

# Janus Henderson VIT Global Research Portfolio

## Notes to 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 Global Research Portfolio

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Janus Aspen Series and Shareholders of Janus Henderson VIT Global Research 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 Global Research 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. We believe that our audits provide a reasonable basis for our opinion.

The image shows a handwritten signature in cursive script that reads "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 Global Research 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](http://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](http://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](http://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

# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

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.

# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

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)



# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

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.

# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

- 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

# Janus Henderson VIT Global Research Portfolio

## Additional Information (unaudited)

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,

## **Janus Henderson VIT Global Research Portfolio**

### **Additional Information (unaudited)**

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.

# Janus Henderson VIT Global Research Portfolio

## Useful Information About Your Portfolio Report (unaudited)

### Management Commentary

The Management Commentary in this report includes valuable insight as well as statistical information to help you understand how your Portfolio's performance and characteristics stack up against those of comparable indices.

If the Portfolio invests in foreign securities, this report may include information about country exposure. Country exposure is based primarily on the country of risk. A company may be allocated to a country based on other factors such as location of the company's principal office, the location of the principal trading market for the company's securities, or the country where a majority of the company's revenues are derived.

Please keep in mind that the opinions expressed in the Management Commentary are just that: opinions. They are a reflection based on best judgment at the time this report was compiled, which was 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.

# Janus Henderson VIT Global Research Portfolio

## Useful Information About Your Portfolio Report (unaudited)

The Portfolio's assets are calculated by adding the value of the securities owned, the receivable for securities sold but not yet settled, the receivable for dividends declared but not yet received on securities owned, and the receivable for Portfolio shares sold to investors but not yet settled. The Portfolio's liabilities include payables for securities purchased but not yet settled, Portfolio shares redeemed but not yet paid, and expenses owed but not yet paid. Additionally, there may be other assets and liabilities such as unrealized gain or loss on forward currency contracts.

The section entitled "Net Assets Consist of" breaks down the components of the Portfolio's net assets. Because the Portfolio must distribute substantially all earnings, you will notice that a significant portion of net assets is shareholder capital.

The last section of this statement reports the net asset value ("NAV") per share on the last day of the reporting period. The NAV is calculated by dividing the Portfolio's net assets for each share class (assets minus liabilities) by the number of shares outstanding.

### Statement of Operations

This statement details the Portfolio's income, expenses, realized gains and losses on securities and currency transactions, and changes in unrealized appreciation or depreciation of Portfolio holdings.

The first section in this statement, entitled "Investment Income," reports the dividends earned from securities and interest earned from interest-bearing securities in the Portfolio.

The next section reports the expenses incurred by the Portfolio, including the advisory fee paid to the investment adviser, transfer agent fees and expenses, and printing and postage for mailing statements, financial reports and prospectuses. Expense offsets and expense reimbursements, if any, are also shown.

The last section lists the amounts of realized gains or losses from investment and foreign currency transactions, and changes in unrealized appreciation or depreciation of investments and foreign currency-denominated assets and liabilities. The Portfolio will realize a gain (or loss) when it sells its position in a particular security. A change in unrealized gain (or loss) refers to the change in net appreciation or depreciation of the Portfolio during the reporting period. "Net Realized and Unrealized Gain/(Loss) on Investments" is affected both by changes in the market value of Portfolio holdings and by gains (or losses) realized during the reporting period.

### Statements of Changes in Net Assets

These statements report the increase or decrease in the Portfolio's net assets during the reporting period. Changes in the Portfolio's net assets are attributable to investment operations, dividends and distributions to investors, and capital share transactions. This is important to investors because it shows exactly what caused the Portfolio's net asset size to change during the period.

The first section summarizes the information from the Statement of Operations regarding changes in net assets due to the Portfolio's investment operations. The Portfolio's net assets may also change as a result of dividend and capital gains distributions to investors. If investors receive their dividends and/or distributions in cash, money is taken out of the Portfolio to pay the dividend and/or distribution. If investors reinvest their dividends and/or distributions, the Portfolio's net assets will not be affected. If you compare the Portfolio's "Net Decrease from Dividends and Distributions" to "Reinvested Dividends and Distributions," you will notice that dividends and distributions have little effect on the Portfolio's net assets. This is because the majority of the Portfolio's investors reinvest their dividends and/or distributions.

The reinvestment of dividends and distributions is included under "Capital Share Transactions." "Capital Shares" refers to the money investors contribute to the Portfolio through purchases or withdrawals via redemptions. The Portfolio's net assets will increase and decrease in value as investors purchase and redeem shares from the Portfolio.

### Financial Highlights

This schedule provides a per-share breakdown of the components that affect the Portfolio's NAV for current and past reporting periods as well as total return, asset size, ratios, and portfolio turnover rate.

The first line in the table reflects the NAV per share at the beginning of the reporting period. The next line reports the net investment income/(loss) per share. Following is the per share total of net gains/(losses), realized and unrealized. Per share dividends and distributions to investors are then subtracted to arrive at the NAV per share at the end of the

## **Janus Henderson VIT Global Research Portfolio**

### **Useful Information About Your Portfolio Report (unaudited)**

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 Global Research Portfolio

### Designation Requirements (unaudited)

For federal income tax purposes, the Portfolio designated the following for the year ended December 31, 2018:

Dividends Received Deduction Percentage	70%
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## **Janus Henderson VIT Global Research 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 Global Research 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
<b>Independent Trustees</b>					
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).

# Janus Henderson VIT Global Research 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
<b>Independent Trustees</b>					
Alan A. Brown 151 Detroit Street Denver, CO 80206 DOB: 1962	Trustee	1/13-Present	Principal, Principal Curam Holdings (since 2018). Formerly, 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 Global Research 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
<b>Independent Trustees</b>					
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 Global Research 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
<b>Independent Trustees</b>					
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 Global Research 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
<b>Independent Trustees</b>					
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 Global Research 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
<b>Independent Trustees</b>					
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 Global Research 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
<b>Independent Trustees</b>					
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 Global Research 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
<b>Independent Trustees</b>					
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 Wrappports, 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 Global Research 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
Carmel Wellso 151 Detroit Street Denver, CO 80206 DOB: 1964	Executive Vice President Janus Henderson Global Research Portfolio	12/14-Present	Director of Research of Janus Capital and Portfolio Manager for other Janus Henderson accounts. Formerly, Research Analyst for Janus Capital (2008-2014).
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 Global Research 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 Global Research Portfolio Notes**

**Janus Henderson VIT Global Research Portfolio**  
**Notes**

## Knowledge. Shared

At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. We call this ethos Knowledge. Shared.

Learn more by visiting [janushenderson.com](http://janushenderson.com).

**Janus Henderson**  
— INVESTORS —

***This report is submitted for the general information of shareholders of the Portfolio. It is not an offer or solicitation for the Portfolio and is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.***

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Janus Henderson Distributors

# Janus Henderson VIT Research Portfolio

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## 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 —

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# Janus Henderson VIT Research Portfolio (unaudited)

## PORTFOLIO SNAPSHOT

We seek to create a high-conviction portfolio reflecting the best ideas of our research team.

Team-Based Approach  
Led by Carmel Wellso,  
Director of Research

## PERFORMANCE OVERVIEW

For the 12-month period ended December 31, 2018, Janus Henderson VIT Research Portfolio's Institutional Shares and Service Shares returned -2.58% and -2.84%, respectively. Meanwhile, the Portfolio's primary benchmark, the Russell 1000<sup>®</sup> Growth Index, returned -1.51% and its secondary benchmark, the S&P 500<sup>®</sup> Index, returned -4.38%. Another benchmark we use to measure performance, the Core Growth Index, returned -2.94%. The Core Growth Index is an internally calculated benchmark combining returns from the Russell 1000 Growth Index (50%) and S&P 500 Index (50%).

## INVESTMENT ENVIRONMENT

U.S. equity markets 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 industrials sectors suffered the steepest losses within the index.

## PERFORMANCE DISCUSSION

Our six global sector teams employ a bottom-up, fundamental approach to identify what we consider the best global opportunities. Our analysts take a long-term view of companies with a focus on value creation and duration of growth, which lead to high returns on invested capital. The Portfolio directly captures the insights of our teams through their highest-conviction ideas. In building a diversified portfolio, we seek to minimize macroeconomic risks while generating superior performance over longer periods. However, we underperformed our benchmark this year.

Our stock selection in the technology and health care sectors detracted from relative performance. Stock selection in the financials and energy sectors contributed to relative results.

Nvidia was our largest detractor on an absolute basis. 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.

Flex was another large detractor. The supply chain solutions company had been working on a solution to near-source manufacturing for Nike, but after delays on the project both sides walked away from it. The departure of the company's CEO also weighed on the stock. After execution issues from the company, we sold the stock to pursue higher conviction ideas for the portfolio.

Celgene also detracted from performance. The biotech company has faced a few headwinds, including management turnover, worries about generic competition and news that the FDA issued a Refusal to File letter for Celgene's multiple sclerosis drug, ozanimod. Although the news was an unwelcome setback, phase 3 data for the drug were promising, and the company reports that another pivotal trial will not be needed. We believe ozanimod will get FDA approval and that the delay should only moderately impact sales potential. In addition, over the next two years Celgene could launch several treatments addressing multiple sclerosis, myeloma, lymphoma, beta thalassemia and myeloproliferative disorders.

While disappointed by these results, we were pleased with the performance of other holdings, including Amazon. The company strung together several quarters of strong earnings growth, helping to affirm its powerful, secular growth potential. Amazon is a longtime holding in our Portfolio and our views on the company remain the same: The company's scale and distribution advantage have entrenched it as the dominant e-commerce platform,

## Janus Henderson VIT Research Portfolio (unaudited)

which should allow it to continue gaining consumer wallet share as shopping gravitates to online and mobile purchases. Meanwhile, we believe 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.

Dexcom was the top contributor. The stock of this medical device company climbed throughout the period, buoyed by the Food and Drug Administration's (FDA) approval of Dexcom's G6, the first integrated continuous glucose monitor (iCGM) for diabetes management. The G6 is the only on-body iCGM that can be integrated with other devices, such as a smartphone and insulin pump. No finger-stick calibration is required, and the FDA has eased the pathway for compatible devices to gain approval for use with the G6. As a result, sales have been robust, and we believe a long runway of growth for the product remains. While we like the company, we sold the position after it reached our valuation target.

Salesforce also made meaningful contributions to performance. 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.

### OUTLOOK

We believe equity investors should be prepared for more volatility in the coming months. The business cycle is aging, a decades-low unemployment rate in the U.S. has started to put upward pressure on wages and the Federal Reserve continues to normalize monetary policy. In addition, geopolitical risks have created headwinds, from ongoing trade tensions between the U.S. and China to uncertainty about Brexit. While these factors do not signal that a recession is imminent, in our opinion, they do suggest that the global economy could deliver slower growth in 2019.

In such an environment, we believe stocks sensitive to economic growth or interest rate moves could be challenged. As a result, we continue to look for growth stories that we believe will persist irrespective of the business cycle, including innovation in health care and the shift to the digital economy. At the same time, market volatility has led to a significant re-rating in the valuations of stocks globally. As multiples improve, we will aim to

take advantage of secular growth stories that previously looked expensive. Select emerging market stocks, for example, could benefit from the potential diversification of global supply chains while companies with ample free cash flows may decide to increase dividends or repurchase shares. In our experience, focusing on these types of fundamentals makes it easier to ride out periods of market volatility and often leads to better long-term results.

Thank you for your investment in Janus Henderson VIT Research Portfolio.

# Janus Henderson VIT Research Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2018

#### 5 Top Performers - Holdings

	Contribution
Amazon.com Inc	1.11%
DexCom Inc	0.74%
Adobe Inc	0.68%
salesforce.com Inc	0.61%
Microsoft Corp	0.51%

#### 5 Bottom Performers - Holdings

	Contribution
NVIDIA Corp	-1.06%
Flex Ltd	-0.67%
Facebook Inc	-0.59%
Altria Group Inc	-0.53%
Celgene Corp	-0.47%

#### 5 Top Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Financials	0.53%	10.54%	10.47%
Energy	0.38%	0.92%	0.88%
Industrials	0.27%	15.37%	15.43%
Other**	0.10%	0.43%	0.00%
Consumer	-0.18%	23.22%	23.31%

#### 2 Bottom Performers - Sectors\*

	Portfolio Contribution	Portfolio Weighting (Average % of Equity)	Russell 1000 Growth Index Weighting
Technology	-1.26%	36.34%	36.61%
Healthcare	-0.48%	13.18%	13.30%

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.

\* The sectors listed above reflect those covered by the six analyst teams who comprise the Janus Henderson Research Team.

\*\* Not a GICS classified sector.

# Janus Henderson VIT Research Portfolio (unaudited)

## Portfolio At A Glance

### December 31, 2018

#### 5 Largest Equity Holdings - (% of Net Assets)

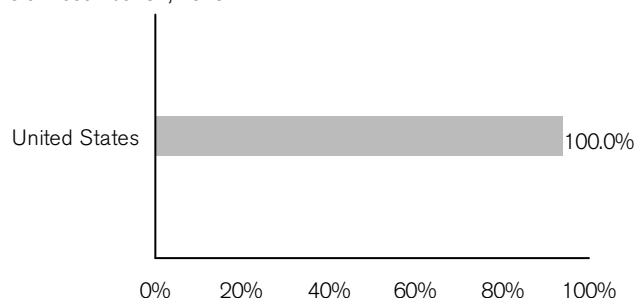
Alphabet Inc	
Interactive Media & Services	7.1%
Microsoft Corp	
Software	7.0%
Amazon.com Inc	
Internet & Direct Marketing Retail	5.8%
Apple Inc	
Technology Hardware, Storage & Peripherals	3.8%
Visa Inc	
Information Technology Services	2.9%
	<u>26.6%</u>

#### Asset Allocation - (% of Net Assets)

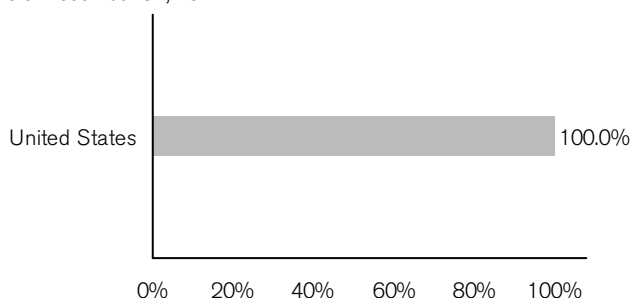
Common Stocks	99.8%
Investment Companies	0.3%
Limited Partnership Interests	0.0%
Other	(0.1)%
	<u>100.0%</u>

#### Top Country Allocations - Long Positions - (% of Investment Securities)

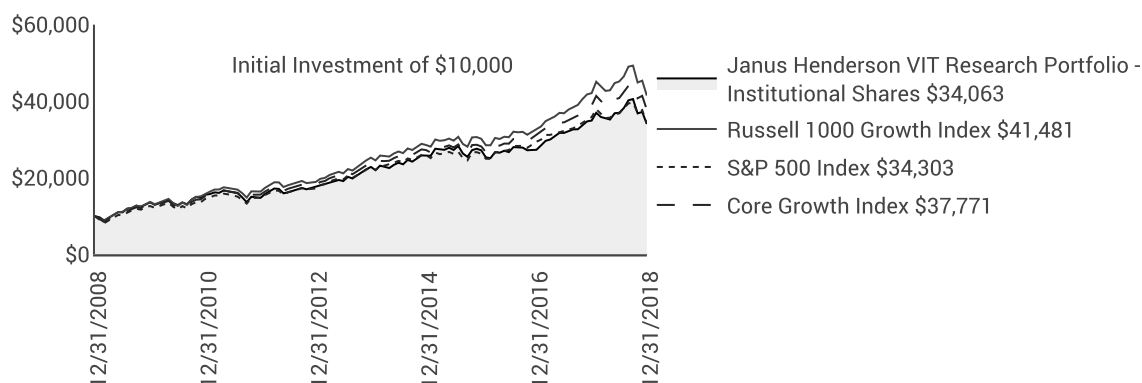
As of December 31, 2018



As of December 31, 2017



# Janus Henderson VIT Research Portfolio (unaudited) Performance



Average Annual Total Return - for the periods ended December 31, 2018					Expense Ratios - per the April 30, 2018 prospectuses
	One Year	Five Year	Ten Year	Since Inception*	Total Annual Fund Operating Expenses
Institutional Shares	-2.58%	8.31%	13.04%	8.01%	0.61%
Service Shares	-2.84%	8.04%	12.76%	7.72%	0.86%
Russell 1000 Growth Index	-1.51%	10.40%	15.29%	8.96%	
S&P 500 Index	-4.38%	8.49%	13.12%	9.04%	
Core Growth Index	-2.94%	9.46%	14.21%	9.04%	
Morningstar Quartile - Institutional Shares	3rd	3rd	3rd	3rd	
Morningstar Ranking - based on total returns for Large Growth Funds	771/1,440	714/1,322	789/1,131	293/440	

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](http://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.

See important disclosures on the next page.

## **Janus Henderson VIT Research Portfolio (unaudited)**

### **Performance**

Performance for Service Shares prior to December 31, 1999 reflects the performance of Institutional Shares, adjusted to reflect the expenses of Service Shares.

Ranking is for the share class shown only; other classes may have different performance characteristics.

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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 – September 13, 1993

# Janus Henderson VIT Research 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](http://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	\$920.70	\$2.90	\$1,000.00	\$1,022.18	\$3.06	0.60%
Service Shares	\$1,000.00	\$919.60	\$4.11	\$1,000.00	\$1,020.92	\$4.33	0.85%

† 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 Research Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – 99.8%		
Aerospace & Defense – 3.5%		
Axon Enterprise Inc*	44,727	\$1,956,806
Boeing Co	24,043	7,753,868
L3 Technologies Inc	37,065	6,436,708
		16,147,382
Auto Components – 0.8%		
Aptiv PLC	58,710	3,614,775
Beverages – 3.0%		
Coca-Cola Co	207,615	9,830,570
Monster Beverage Corp*	80,526	3,963,490
		13,794,060
Biotechnology – 5.7%		
AbbVie Inc	71,072	6,552,128
AnaptysBio Inc*	31,475	2,007,790
Celgene Corp*	67,058	4,297,747
Gilead Sciences Inc	68,240	4,268,412
Inmed Inc*	73,559	965,094
Neurocrine Biosciences Inc*	44,214	3,157,322
Regeneron Pharmaceuticals Inc*	9,200	3,436,200
Sarepta Therapeutics Inc*	10,699	1,167,582
		25,852,275
Building Products – 0.6%		
AO Smith Corp	70,522	3,011,289
Capital Markets – 2.7%		
Blackstone Group LP	45,624	1,360,051
CME Group Inc	17,954	3,377,506
Intercontinental Exchange Inc	50,438	3,799,495
TD Ameritrade Holding Corp	75,520	3,697,459
		12,234,511
Chemicals – 2.3%		
Air Products & Chemicals Inc	33,440	5,352,072
Sherwin-Williams Co	12,711	5,001,270
		10,353,342
Construction Materials – 0.6%		
Vulcan Materials Co	29,671	2,931,495
Consumer Finance – 0.5%		
Synchrony Financial	97,639	2,290,611
Containers & Packaging – 1.1%		
Ball Corp	111,169	5,111,551
Diversified Consumer Services – 0.5%		
frontdoor Inc*	23,957	637,496
ServiceMaster Global Holdings Inc*	47,914	1,760,360
		2,397,856
Electrical Equipment – 0.8%		
Sensata Technologies Holding PLC*	78,560	3,522,630
Electronic Equipment, Instruments & Components – 0.6%		
Cognex Corp	69,935	2,704,386
Entertainment – 1.3%		
Liberty Media Corp-Liberty Formula One*	106,308	3,263,656
Netflix Inc*	9,735	2,605,670
		5,869,326
Equity Real Estate Investment Trusts (REITs) – 1.9%		
Crown Castle International Corp	69,301	7,528,168
Invitation Homes Inc	55,760	1,119,661
		8,647,829
Health Care Equipment & Supplies – 2.0%		
Abbott Laboratories	40,591	2,935,947
Boston Scientific Corp*	121,059	4,278,225

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.



# Janus Henderson VIT Research Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – (continued)		
Health Care Equipment & Supplies – (continued)		
ICU Medical Inc*	7,590	\$1,742,892
		8,957,064
Health Care Providers & Services – 3.1%		
Humana Inc	18,474	5,292,432
UnitedHealth Group Inc	34,866	8,685,818
		13,978,250
Hotels, Restaurants & Leisure – 4.9%		
Aramark	94,910	2,749,543
Dunkin' Brands Group Inc	26,510	1,699,821
Hilton Worldwide Holdings Inc	37,235	2,673,473
McDonald's Corp	26,297	4,669,558
Norwegian Cruise Line Holdings Ltd*	84,683	3,589,712
Starbucks Corp	110,367	7,107,635
		22,489,742
Independent Power and Renewable Electricity Producers – 0.4%		
NRG Energy Inc	44,331	1,755,508
Information Technology Services – 8.6%		
Gartner Inc*	57,416	7,340,061
GoDaddy Inc*	74,653	4,898,730
Mastercard Inc	57,152	10,781,725
Visa Inc	98,435	12,987,514
Worldpay Inc*	43,419	3,318,514
		39,326,544
Insurance – 1.2%		
Progressive Corp	89,664	5,409,429
Interactive Media & Services – 7.1%		
Alphabet Inc - Class C*	31,322	32,437,376
Internet & Direct Marketing Retail – 7.1%		
Amazon.com Inc*	17,710	26,599,889
Booking Holdings Inc*	1,869	3,219,203
Wayfair Inc*	26,936	2,426,395
		32,245,487
Life Sciences Tools & Services – 0.9%		
Thermo Fisher Scientific Inc	17,700	3,961,083
Machinery – 2.5%		
Illinois Tool Works Inc	44,963	5,696,362
Parker-Hannifin Corp	39,028	5,820,636
		11,516,998
Media – 1.3%		
Discovery Inc - Class C*	101,798	2,349,498
Liberty Broadband Corp*	47,902	3,450,381
		5,799,879
Oil, Gas & Consumable Fuels – 0.4%		
Anadarko Petroleum Corp	18,641	817,221
Enterprise Products Partners LP	37,241	915,756
		1,732,977
Personal Products – 0.9%		
Estee Lauder Cos Inc	32,298	4,201,970
Pharmaceuticals – 2.8%		
Bristol-Myers Squibb Co	65,403	3,399,648
Eli Lilly & Co	41,915	4,850,404
Merck & Co Inc	57,729	4,411,073
		12,661,125
Professional Services – 1.4%		
CoStar Group Inc*	10,493	3,539,709
Verisk Analytics Inc*	27,187	2,964,470
		6,504,179

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Research Portfolio

## Schedule of Investments

### December 31, 2018

	Shares	Value
Common Stocks – (continued)		
Road & Rail – 1.4%		
CSX Corp	101,922	\$6,332,414
Semiconductor & Semiconductor Equipment – 6.0%		
Lam Research Corp	40,511	5,516,383
Microchip Technology Inc	74,544	5,361,205
NVIDIA Corp	47,028	6,278,238
Texas Instruments Inc	108,783	10,279,994
		27,435,820
Software – 14.7%		
Adobe Inc*	48,377	10,944,813
Autodesk Inc*	25,827	3,321,610
Microsoft Corp	314,342	31,927,717
salesforce.com Inc*	68,111	9,329,164
SS&C Technologies Holdings Inc	55,012	2,481,591
Tyler Technologies Inc*	20,655	3,838,112
Ultimate Software Group Inc*	20,745	5,079,828
		66,922,835
Technology Hardware, Storage & Peripherals – 3.8%		
Apple Inc	108,812	17,164,005
Textiles, Apparel & Luxury Goods – 1.5%		
NIKE Inc	91,753	6,802,567
Tobacco – 1.9%		
Altria Group Inc	174,137	8,600,626
Total Common Stocks (cost \$374,859,638)		454,719,196
Limited Partnership Interests – 0%		
Real Estate Investment Trusts (REITs) – 0%		
Colony American Homes III LP*, <sup>e,s</sup> (cost \$5,603)	442,372	4,910
Investment Companies – 0.3%		
Money Markets – 0.3%		
Janus Henderson Cash Liquidity Fund LLC, 2.4621% <sup>∞,f</sup> (cost \$1,134,000)	1,134,000	1,134,000
Total Investments (total cost \$375,999,241) – 100.1%		455,858,106
Liabilities, net of Cash, Receivables and Other Assets – (0.1)%		(238,620)
Net Assets – 100%		\$455,619,486

#### Schedules of Affiliated Investments – (% of Net Assets)

	Dividend Income	Realized Gain/(Loss)	Change in Unrealized Appreciation/ Depreciation	Value at 12/31/18
Investment Companies - 0.2%				
Money Markets - 0.2%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621% <sup>∞</sup>	\$ 31,954	\$ -	\$ -	\$ 1,134,000

	Share Balance at 12/31/17	Purchases	Sales	Share Balance at 12/31/18
Investment Companies - 0.2%				
Money Markets - 0.2%				
Janus Henderson Cash Liquidity Fund LLC, 2.4621% <sup>∞</sup>	6,311,000	70,373,395	(75,550,395)	1,134,000

See Notes to Schedule of Investments and Other Information and Notes to Financial Statements.

# Janus Henderson VIT Research Portfolio

## Notes to Schedule of Investments and Other Information

Russell 1000 <sup>®</sup> Growth Index	Russell 1000 <sup>®</sup> Growth Index reflects the performance of U.S. large-cap equities with higher price-to-book ratios and higher forecasted growth values.
Core Growth Index	Core Growth Index is an internally calculated, hypothetical combination of total returns from the Russell 1000 <sup>®</sup> Growth Index (50%) and the S&P 500 <sup>®</sup> Index (50%).
S&P 500 <sup>®</sup> Index	S&P 500 <sup>®</sup> Index reflects U.S. large-cap equity performance and represents broad U.S. equity market performance.
LLC	Limited Liability Company
LP	Limited Partnership
PLC	Public Limited Company

\* Non-income producing security.

°° Rate shown is the 7-day yield as of December 31, 2018.

¢ Security is valued using significant unobservable inputs.

£ 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.

§ Schedule of Restricted and Illiquid Securities (as of December 31, 2018)

	<i>Acquisition Date</i>		<i>Cost</i>		<i>Value</i>	<i>Value as a % of Net Assets</i>
Colony American Homes III LP	10/8/16	\$	5,603	\$	4,910	0.0%

The Portfolio has registration rights for certain restricted securities held as of December 31, 2018. The issuer incurs all registration costs.

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

	<i>Level 1 - Quoted Prices</i>	<i>Level 2 - Other Significant Observable Inputs</i>	<i>Level 3 - Significant Unobservable Inputs</i>
<b>Assets</b>			
<b>Investments in Securities:</b>			
<i>Common Stocks</i>	\$ 454,719,196	\$ -	\$ -
<i>Limited Partnership Interests</i>	-	-	4,910
<i>Investment Companies</i>	-	1,134,000	-
<b>Total Assets</b>	<b>\$ 454,719,196</b>	<b>\$ 1,134,000</b>	<b>\$ 4,910</b>

# Janus Henderson VIT Research Portfolio

## Statement of Assets and Liabilities

### December 31, 2018

Assets:		
Unaffiliated investments, at value <sup>(1)</sup>	\$	454,724,106
Affiliated investments, at value <sup>(2)</sup>		1,134,000
Cash		48,500
Non-interested Trustees' deferred compensation		11,040
Receivables:		
Dividends		322,863
Portfolio shares sold		131,384
Dividends from affiliates		3,236
Foreign tax reclaims		1,931
Other assets		4,880
<b>Total Assets</b>		<b>456,381,940</b>
Liabilities:		
Payables:		
Investments purchased		232,056
Advisory fees		199,698
Portfolio shares repurchased		154,209
Professional fees		36,542
12b-1 Distribution and shareholder servicing fees		28,876
Non-affiliated portfolio administration fees payable		26,790
Transfer agent fees and expenses		22,067
Non-interested Trustees' deferred compensation fees		11,040
Postage fees		7,254
Non-interested Trustees' fees and expenses		3,966
Custodian fees		2,640
Affiliated portfolio administration fees payable		1,033
Accrued expenses and other payables		36,283
<b>Total Liabilities</b>		<b>762,454</b>
<b>Net Assets</b>	<b>\$</b>	<b>455,619,486</b>
Net Assets Consist of:		
Capital (par value and paid-in surplus)	\$	322,224,231
Total distributable earnings (loss)		133,395,255
<b>Total Net Assets</b>	<b>\$</b>	<b>455,619,486</b>
Net Assets - Institutional Shares	\$	328,802,777
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		9,756,794
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>33.70</b>
Net Assets - Service Shares	\$	126,816,709
Shares Outstanding, \$0.01 Par Value (unlimited shares authorized)		3,857,889
<b>Net Asset Value Per Share</b>	<b>\$</b>	<b>32.87</b>

(1) Includes cost of \$374,865,241.

(2) Includes cost of \$1,134,000.

See Notes to Financial Statements.

# Janus Henderson VIT Research Portfolio

## Statement of Operations

### For the year ended December 31, 2018

Investment Income:		
Dividends	\$	5,685,789
Dividends from affiliates		31,954
Foreign tax withheld		(43)
Total Investment Income		5,717,700
Expenses:		
Advisory fees		2,558,678
12b-1 Distribution and shareholder servicing fees:		
Service Shares		370,006
Transfer agent administrative fees and expenses:		
Institutional Shares		190,021
Service Shares		74,001
Other transfer agent fees and expenses:		
Institutional Shares		10,865
Service Shares		2,501
Professional fees		56,477
Shareholder reports expense		55,340
Registration fees		23,031
Affiliated portfolio administration fees		18,797
Non-interested Trustees' fees and expenses		15,807
Custodian fees		15,755
Other expenses		59,652
Total Expenses		3,450,931
Net Investment Income/(Loss)		2,266,769
Net Realized Gain/(Loss) on Investments:		
Investments		53,207,407
Total Net Realized Gain/(Loss) on Investments		53,207,407
Change in Unrealized Net Appreciation/Depreciation:		
Investments, foreign currency translations and non-interested Trustees' deferred compensation		(64,203,109)
Total Change in Unrealized Net Appreciation/Depreciation		(64,203,109)
Net Increase/(Decrease) in Net Assets Resulting from Operations	\$	(8,728,933)

See Notes to Financial Statements.

# Janus Henderson VIT Research Portfolio

## Statements of Changes in Net Assets

	Year ended December 31, 2018		Year ended December 31, 2017	
Operations:				
Net investment income/(loss)	\$	2,266,769	\$	2,105,671
Net realized gain/(loss) on investments		53,207,407		49,093,639
Change in unrealized net appreciation/depreciation		(64,203,109)		73,938,175
Net Increase/(Decrease) in Net Assets Resulting from Operations		(8,728,933)		125,137,485
Dividends and Distributions to Shareholders <sup>(1)</sup>				
Institutional Shares		(20,256,261)		N/A
Service Shares		(7,620,740)		N/A
Total Dividends and Distributions to Shareholders		(27,877,001)		N/A
Dividends from Net Investment Income <sup>(1)</sup>				
Institutional Shares		N/A		(1,412,483)
Service Shares		N/A		(376,759)
Total Dividends from Net Investment Income		N/A		(1,789,242)
Distributions from Net Realized Gain from Investment Transactions <sup>(1)</sup>				
Institutional Shares		N/A		(3,425,857)
Service Shares		N/A		(1,510,437)
Total Distributions from Net Realized Gain from Investment Transactions		N/A		(4,936,294)
Net Decrease from Dividends and Distributions to Shareholders		(27,877,001)		(6,725,536)
Capital Share Transactions:				
Institutional Shares		(23,591,795)		(34,354,187)
Service Shares		(23,669,439)		(18,987,617)
Net Increase/(Decrease) from Capital Share Transactions		(47,261,234)		(53,341,804)
Net Increase/(Decrease) in Net Assets		(83,867,168)		65,070,145
Net Assets:				
Beginning of period		539,486,654		474,416,509
End of period <sup>(2)</sup>	\$	455,619,486	\$	539,486,654

(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 \$1,055,597 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 Research 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	\$36.51	\$28.93	\$30.84	\$35.76	\$34.20
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.19	0.16	0.14	0.17	0.15
Net realized and unrealized gain/(loss)	(0.94)	7.87	(0.03)	1.92	4.08
Total from Investment Operations	(0.75)	8.03	0.11	2.09	4.23
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.21)	(0.13)	(0.16)	(0.23)	(0.13)
Distributions (from capital gains)	(1.85)	(0.32)	(1.86)	(6.78)	(2.54)
Total Dividends and Distributions	(2.06)	(0.45)	(2.02)	(7.01)	(2.67)
Net Asset Value, End of Period	\$33.70	\$36.51	\$28.93	\$30.84	\$35.76
Total Return*	(2.58)%	27.88%	0.50%	5.35%	12.99%
Net Assets, End of Period (in thousands)	\$328,803	\$379,048	\$330,516	\$380,663	\$431,838
Average Net Assets for the Period (in thousands)	\$380,194	\$360,896	\$353,738	\$413,393	\$420,607
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.58%	0.61%	0.62%	0.71%	0.55%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.58%	0.61%	0.62%	0.71%	0.55%
Ratio of Net Investment Income/(Loss)	0.50%	0.48%	0.47%	0.49%	0.44%
Portfolio Turnover Rate	47%	55%	58%	54%	60%

### Service Shares

For a share outstanding during the year ended December 31	2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$35.68	\$28.31	\$30.24	\$35.21	\$33.74
Income/(Loss) from Investment Operations:					
Net investment income/(loss) <sup>(1)</sup>	0.09	0.08	0.06	0.08	0.06
Net realized and unrealized gain/(loss)	(0.92)	7.69	(0.02)	1.89	4.03
Total from Investment Operations	(0.83)	7.77	0.04	1.97	4.09
Less Dividends and Distributions:					
Dividends (from net investment income)	(0.13)	(0.08)	(0.11)	(0.16)	(0.08)
Distributions (from capital gains)	(1.85)	(0.32)	(1.86)	(6.78)	(2.54)
Total Dividends and Distributions	(1.98)	(0.40)	(1.97)	(6.94)	(2.62)
Net Asset Value, End of Period	\$32.87	\$35.68	\$28.31	\$30.24	\$35.21
Total Return*	(2.84)%	27.55%	0.27%	5.08%	12.73%
Net Assets, End of Period (in thousands)	\$126,817	\$160,439	\$143,900	\$163,148	\$162,422
Average Net Assets for the Period (in thousands)	\$148,101	\$155,006	\$151,772	\$166,602	\$163,094
Ratios to Average Net Assets**:					
Ratio of Gross Expenses	0.83%	0.86%	0.87%	0.97%	0.80%
Ratio of Net Expenses (After Waivers and Expense Offsets)	0.83%	0.86%	0.87%	0.97%	0.80%
Ratio of Net Investment Income/(Loss)	0.25%	0.23%	0.22%	0.25%	0.19%
Portfolio Turnover Rate	47%	55%	58%	54%	60%

\* 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.

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies

Janus Henderson VIT Research 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 diversified, 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



# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

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.

The Portfolio did not hold a significant amount of Level 3 securities as of December 31, 2018.

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.

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

### Indemnifications

In the normal course of business, the Portfolio may enter into contracts that contain provisions for indemnification of other parties against certain potential liabilities. The Portfolio's maximum exposure under these arrangements is unknown, and would involve future claims that may be made against the Portfolio that have not yet occurred. Currently, the risk of material loss from such claims is considered remote.

### Foreign Currency Translations

The Portfolio does not isolate that portion of the results of operations resulting from the effect of changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held at the date of the financial statements. Net unrealized appreciation or depreciation of investments and foreign currency translations arise from changes in the value of assets and liabilities, including investments in securities held at the date of the financial statements, resulting from changes in the exchange rates and changes in market prices of securities held.

Currency gains and losses are also calculated on payables and receivables that are denominated in foreign currencies. The payables and receivables are generally related to foreign security transactions and income translations.

Foreign currency-denominated assets and forward currency contracts may involve more risks than domestic transactions, including currency risk, counterparty risk, political and economic risk, regulatory risk and equity risk. Risks may arise from unanticipated movements in the value of foreign currencies relative to the U.S. dollar.

### Dividends and Distributions

The Portfolio may make semiannual distributions of substantially all of its investment income and an annual distribution of its net realized capital gains (if any).

The Portfolio may make certain investments in real estate investment trusts ("REITs") which pay dividends to their shareholders based upon funds available from operations. It is quite common for these dividends to exceed the REITs' taxable earnings and profits, resulting in the excess portion of such dividends being designated as a return of capital. If the Portfolio distributes such amounts, such distributions could constitute a return of capital to shareholders for federal income tax purposes.

### Federal Income Taxes

The Portfolio intends to continue to qualify as a regulated investment company and distribute all of its taxable income in accordance with the requirements of Subchapter M of the Internal Revenue Code. Management has analyzed the Portfolio's tax positions taken for all open federal income tax years, generally a three-year period, and has concluded that no provision for federal income tax is required in the Portfolio's financial statements. The Portfolio is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. Currently, Management does not believe the bill will have a material impact on the Portfolio's intention to continue to qualify as a regulated investment company, which is generally not subject to U.S. federal income tax.

## 2. 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.

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

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.

### **Restricted Security Transactions**

Restricted securities held by the Portfolio may not be sold except in exempt transactions or in a public offering registered under the Securities Act of 1933, as amended. The risk of investing in such securities is generally greater than the risk of investing in the securities of widely held, publicly traded companies. Lack of a secondary market and resale restrictions may result in the inability of the Portfolio to sell a security at a fair price and may substantially delay the sale of the security. In addition, these securities may exhibit greater price volatility than securities for which secondary markets exist.

### **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%.

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

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. Prior to May 1, 2017, the Portfolio's benchmark index used in the calculation is the Core Growth Index. Effective May 1, 2017, the Portfolio's performance fee adjustment will be calculated based on a combination of the Core Growth Index and Russell 1000® Growth Index for a period of 36 months.

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.

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 0.48%.

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 Henderson VIT Research Portfolio

### Notes to Financial Statements

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 part of "Other expenses" on the Statement of Operations.

The Board of Trustees has adopted a deferred compensation plan (the "Deferred Plan") for independent Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Portfolio. All deferred fees are credited to an account established in the name of the Trustees. The amounts credited to the account then increase or decrease, as the case may be, in accordance with the performance of one or more of the Janus Henderson funds that are selected by the Trustees. The account balance continues to fluctuate in accordance with the performance of the selected fund or funds until final payment of all amounts are credited to the account. The fluctuation of the account balance is recorded by the Portfolio as unrealized appreciation/(depreciation) and is included as of 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, foreign currency translations 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

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

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 \$450,553 in sales, resulting in a net realized gain of \$7,525. 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.

<i>Undistributed Ordinary Income</i>	<i>Undistributed Long-Term Gains</i>	<i>Accumulated Capital Losses</i>	<i>Loss Deferrals</i>		<i>Other Book to Tax Differences</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
			<i>Late-Year Ordinary Loss</i>	<i>Post-October Capital Loss</i>		
\$ 553,099	\$ 53,532,818	\$ -	\$ -	\$ -	\$ (9,194)	\$ 79,318,532

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 differences between book and tax appreciation or depreciation of investments are wash sale loss deferrals and investments in partnerships.

<i>Federal Tax Cost</i>	<i>Unrealized Appreciation</i>	<i>Unrealized (Depreciation)</i>	<i>Net Tax Appreciation/ (Depreciation)</i>
\$ 376,539,574	\$104,913,966	\$(25,595,434)	\$ 79,318,532

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*

<i>Distributions</i>			
<i>From Ordinary Income</i>	<i>From Long-Term Capital Gains</i>	<i>Tax Return of Capital</i>	<i>Net Investment Loss</i>
\$ 2,580,151	\$ 25,296,850	\$ -	\$ -

*For the year ended December 31, 2017*

<i>Distributions</i>			
<i>From Ordinary Income</i>	<i>From Long-Term Capital Gains</i>	<i>Tax Return of Capital</i>	<i>Net Investment Loss</i>
\$ 1,789,242	\$ 4,936,294	\$ -	\$ -

# Janus Henderson VIT Research Portfolio

## Notes to Financial Statements

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:

<i>Increase/(Decrease) to Capital</i>	<i>Increase/(Decrease) to Undistributed Net Investment Income/Loss</i>	<i>Increase/(Decrease) to Undistributed Net Realized Gain/Loss</i>
\$ -	\$ (200,156)	\$ 200,156

### 5. Capital Share Transactions

	<i>Year ended December 31, 2018</i>		<i>Year ended December 31, 2017</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
Institutional Shares:				
Shares sold	145,948	\$ 5,564,327	188,132	\$ 6,276,438
Reinvested dividends and distributions	543,760	20,256,261	142,892	4,838,340
Shares repurchased	(1,313,591)	(49,412,383)	(1,373,370)	(45,468,965)
Net Increase/(Decrease)	(623,883)	\$(23,591,795)	(1,042,346)	\$(34,354,187)
Service Shares:				
Shares sold	369,299	\$ 13,616,959	221,432	\$ 7,150,742
Reinvested dividends and distributions	209,452	7,620,740	57,145	1,887,196
Shares repurchased	(1,217,465)	(44,907,138)	(865,269)	(28,025,555)
Net Increase/(Decrease)	(638,714)	\$(23,669,439)	(586,692)	\$(18,987,617)

### 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:

<i>Purchases of Securities</i>	<i>Proceeds from Sales of Securities</i>	<i>Purchases of Long-Term U.S. Government Obligations</i>	<i>Proceeds from Sales of Long-Term U.S. Government Obligations</i>
\$246,864,644	\$ 314,083,948	\$ -	\$ -

### 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.

# Janus Henderson VIT Research Portfolio

## Notes to 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 Research Portfolio

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Janus Aspen Series and Shareholders of Janus Henderson VIT Research 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 Research 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, investee companies, 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.



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 Research 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](http://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](http://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](http://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

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

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.

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

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)

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

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.

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

- 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

# Janus Henderson VIT Research Portfolio

## Additional Information (unaudited)

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,

## **Janus Henderson VIT Research Portfolio**

### **Additional Information (unaudited)**

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.



# Janus Henderson VIT Research Portfolio

## Useful Information About Your Portfolio Report (unaudited)

### Management Commentary

The Management Commentary in this report includes valuable insight as well as statistical information to help you understand how your Portfolio's performance and characteristics stack up against those of comparable indices.

If the Portfolio invests in foreign securities, this report may include information about country exposure. Country exposure is based primarily on the country of risk. A company may be allocated to a country based on other factors such as location of the company's principal office, the location of the principal trading market for the company's securities, or the country where a majority of the company's revenues are derived.

Please keep in mind that the opinions expressed in the Management Commentary are just that: opinions. They are a reflection based on best judgment at the time this report was compiled, which was 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.

# Janus Henderson VIT Research Portfolio

## Useful Information About Your Portfolio Report (unaudited)

The Portfolio's assets are calculated by adding the value of the securities owned, the receivable for securities sold but not yet settled, the receivable for dividends declared but not yet received on securities owned, and the receivable for Portfolio shares sold to investors but not yet settled. The Portfolio's liabilities include payables for securities purchased but not yet settled, Portfolio shares redeemed but not yet paid, and expenses owed but not yet paid. Additionally, there may be other assets and liabilities such as unrealized gain or loss on forward currency contracts.

The section entitled "Net Assets Consist of" breaks down the components of the Portfolio's net assets. Because the Portfolio must distribute substantially all earnings, you will notice that a significant portion of net assets is shareholder capital.

The last section of this statement reports the net asset value ("NAV") per share on the last day of the reporting period. The NAV is calculated by dividing the Portfolio's net assets for each share class (assets minus liabilities) by the number of shares outstanding.

### Statement of Operations

This statement details the Portfolio's income, expenses, realized gains and losses on securities and currency transactions, and changes in unrealized appreciation or depreciation of Portfolio holdings.

The first section in this statement, entitled "Investment Income," reports the dividends earned from securities and interest earned from interest-bearing securities in the Portfolio.

The next section reports the expenses incurred by the Portfolio, including the advisory fee paid to the investment adviser, transfer agent fees and expenses, and printing and postage for mailing statements, financial reports and prospectuses. Expense offsets and expense reimbursements, if any, are also shown.

The last section lists the amounts of realized gains or losses from investment and foreign currency transactions, and changes in unrealized appreciation or depreciation of investments and foreign currency-denominated assets and liabilities. The Portfolio will realize a gain (or loss) when it sells its position in a particular security. A change in unrealized gain (or loss) refers to the change in net appreciation or depreciation of the Portfolio during the reporting period. "Net Realized and Unrealized Gain/(Loss) on Investments" is affected both by changes in the market value of Portfolio holdings and by gains (or losses) realized during the reporting period.

### Statements of Changes in Net Assets

These statements report the increase or decrease in the Portfolio's net assets during the reporting period. Changes in the Portfolio's net assets are attributable to investment operations, dividends and distributions to investors, and capital share transactions. This is important to investors because it shows exactly what caused the Portfolio's net asset size to change during the period.

The first section summarizes the information from the Statement of Operations regarding changes in net assets due to the Portfolio's investment operations. The Portfolio's net assets may also change as a result of dividend and capital gains distributions to investors. If investors receive their dividends and/or distributions in cash, money is taken out of the Portfolio to pay the dividend and/or distribution. If investors reinvest their dividends and/or distributions, the Portfolio's net assets will not be affected. If you compare the Portfolio's "Net Decrease from Dividends and Distributions" to "Reinvested Dividends and Distributions," you will notice that dividends and distributions have little effect on the Portfolio's net assets. This is because the majority of the Portfolio's investors reinvest their dividends and/or distributions.

The reinvestment of dividends and distributions is included under "Capital Share Transactions." "Capital Shares" refers to the money investors contribute to the Portfolio through purchases or withdrawals via redemptions. The Portfolio's net assets will increase and decrease in value as investors purchase and redeem shares from the Portfolio.

### Financial Highlights

This schedule provides a per-share breakdown of the components that affect the Portfolio's NAV for current and past reporting periods as well as total return, asset size, ratios, and portfolio turnover rate.

The first line in the table reflects the NAV per share at the beginning of the reporting period. The next line reports the net investment income/(loss) per share. Following is the per share total of net gains/(losses), realized and unrealized. Per share dividends and distributions to investors are then subtracted to arrive at the NAV per share at the end of the

## **Janus Henderson VIT Research Portfolio**

### **Useful Information About Your Portfolio Report (unaudited)**

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 Research Portfolio

### Designation Requirements (unaudited)

For federal income tax purposes, the Portfolio designated the following for the year ended December 31, 2018:

Capital Gain Distributions	\$25,296,850
Dividends Received Deduction Percentage	100%

## **Janus Henderson VIT Research 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 Research 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
<b>Independent Trustees</b>					
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).

# Janus Henderson VIT Research 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
<b>Independent Trustees</b>					
Alan A. Brown 151 Detroit Street Denver, CO 80206 DOB: 1962	Trustee	1/13-Present	Principal, Principal Curam Holdings (since 2018). Formerly, 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 Research 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
<b>Independent Trustees</b>					
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 Research 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
<b>Independent Trustees</b>					
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 Research 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
<b>Independent Trustees</b>					
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 Research 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
<b>Independent Trustees</b>					
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 Research 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
<b>Independent Trustees</b>					
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 Research 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
<b>Independent Trustees</b>					
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 Wrappports, 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 Research 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
Carmel Wellso 151 Detroit Street Denver, CO 80206 DOB: 1964	Executive Vice President Janus Henderson Research Portfolio	12/14-Present	Vice President and Director of Research of Janus Capital and Portfolio Manager for other Janus Henderson accounts. Formerly, Research Analyst for Janus Capital (2008-2014).
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 Research 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 Research Portfolio

## Notes





## Knowledge. Shared

At Janus Henderson, we believe in the sharing of expert insight for better investment and business decisions. We call this ethos Knowledge. Shared.

Learn more by visiting [janushenderson.com](http://janushenderson.com).

**Janus Henderson**  
— INVESTORS —

***This report is submitted for the general information of shareholders of the Portfolio. It is not an offer or solicitation for the Portfolio and is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.***

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Janus Henderson Distributors



## ANNUAL REPORT

December 31, 2018

T. ROWE PRICE

# Equity Income Portfolio

For more insights from T. Rowe Price investment professionals,  
go to **[troweprice.com](http://troweprice.com)**.



INVEST WITH CONFIDENCE®

## HIGHLIGHTS

- U.S. stocks fell in 2018 in their worst performance since the global financial crisis as concerns about Federal Reserve tightening, worsening trade relations with China, and a potential slowing of the U.S. economy culminated in a fourth-quarter sell-off.
- The Equity Income Portfolio returned -9.50% for the year and lagged the Russell 1000 Value Index.
- Detractors were concentrated in financials, which struggled as signs of slowing economic growth and the flattening Treasury yield curve raised the prospect of a recession. Top contributors for the year hailed from a variety of sectors.
- The unresolved U.S.-China trade battle and increased political risk remain large sources of investor uncertainty, which will likely spur heightened volatility in 2019. However, U.S. economic fundamentals appear strong, and the market downturn has allowed us to buy shares of companies at attractive valuations.

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Sign up for e-delivery of your statements, confirmations, and prospectuses or shareholder reports.



### TO ENROLL:

If you invest directly with T. Rowe Price, go to **[troweprice.com/paperless](https://troweprice.com/paperless)**.

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**It's fast**—receive your statements and confirmations faster than U.S. mail.

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## Dear Investor

The year 2018 was not one that investors will remember fondly. The major stock indexes recorded their worst declines in a decade, with most falling over 20% from recent peaks and bringing a technical end to the bull market that began in 2009. In direct contrast to 2017, financial assets performed poorly across asset classes and geographies. The broadest measure of domestic bond returns, the Bloomberg Barclays U.S. Aggregate Bond Index, returned exactly nothing (0.0%) for the year, and nearly all overseas bond and equity markets also performed poorly. “Cash was king,” in Wall Street parlance, which never makes for a happy reign.

Many issues were behind the market weakness, but we can point to four primary factors that weighed on sentiment:

*Rising interest rates.* Wage pressures appeared to be accelerating early in the year, sending longer-term bond yields to multiyear highs and sparking a sell-off in equities in early February. Wage gains soon moderated, but a continued decline in the unemployment rate—which reached a five-decade low of 3.7% in September—kept investors on the lookout for higher inflation ahead. In October, yields returned to their peaks on the back of good economic data and suggestions from Federal Reserve officials that they might keep hiking interest rates more quickly than expected. This was subsequently followed by a decline in long-term rates as investors sought safety late in the year and questioned the pace of future interest rate hikes.

*Trade tensions.* On March 1, President Donald Trump took markets by surprise in announcing a new series of metal tariffs. His administration quickly adopted a decidedly protectionist stance, with pro-trade advocates leaving and the announcement of plans for a range of new trade restrictions. Many threats never materialized, and the White House announced a renegotiated trade deal with Canada and Mexico. Trade tensions with China only appeared to deepen as the year progressed, however.

*Slowing global growth.* A global slowdown became apparent in the second half of 2018. Environmental and financial reforms put the brakes on the Chinese economy, as planned, but trade frictions caused growth to slow below official targets. Other emerging markets suffered from a stronger U.S. dollar and higher U.S. interest rates. In Europe, trade worries also hampered business spending, while unresolved Brexit fears and further threats to the eurozone from Italy and elsewhere also took a toll. Plummeting oil prices late in the year seemed to confirm a general weakening in global economic conditions.

*Peaking fundamentals.* The U.S. economy stood apart by accelerating in 2018, but a moderation in 2019 appears all but inevitable as the effects of fiscal stimulus moderate. Of specific concern to investors is the almost certain slowdown in

corporate profits in the coming year. Overall profits for the S&P 500 grew by 25% versus the year before in the first three quarters of 2018—a pace sure to slow as the year-over-year impact of the tax cut fades, wage gains pressure margins, and the global economy cools.

The market’s dramatic pullback in the final weeks of 2018—stocks suffered their worst December since the Great Depression—seemed to reflect fears that a recession might even be imminent. I think such concerns are overblown. The Fed has already completed most of its planned rate hikes, promising less of a headwind for the economy and markets. China and Europe are likely to respond to slowing growth with stimulus, and both will benefit from lower oil prices. As I write, some encouraging signs have also emerged on the trade front, although whether the U.S. and China can resolve their differences remains perhaps the largest uncertainty facing markets.

In terms of stock performance, the painful end to 2018 served to improve valuations, making gains in the coming year less of a hurdle. I would also note that a further stock market “bust” in 2019 seems unlikely given that we never experienced the concentrated “boom” that has preceded past bad bear markets. In the final stages of the dot-com boom of the late 1990s, for example, investors flooded in to telecom shares, and huge amounts of capital and risk flowed in to housing in the mid-2000s. Currently, I simply do not see those sorts of distortions in the financial system.

Of course, opinions about what 2019 holds vary among our investment professionals at T. Rowe Price, and we sharpen each other’s thinking by constantly sharing opinions and insights. Please rest assured that your fund’s manager is drawing on the insights and perspectives across our global organization as he or she charts the course ahead.

Thank you for your continued confidence in T. Rowe Price.

Sincerely,



Robert Sharps  
Group Chief Investment Officer

## INVESTMENT OBJECTIVE

The portfolio seeks a high level of dividend income and long-term capital growth primarily through investments in stocks.

## FUND COMMENTARY

### How did the fund perform in the past 12 months?

The Equity Income Portfolio returned -9.50% for the 12 months ended December 31, 2018. The portfolio underperformed the Russell 1000 Value Index and its peer group, the Lipper Variable Annuity Underlying Equity Income Funds Average. Returns for the Equity Income Portfolio-II reflect a different fee structure. *(Past performance cannot guarantee future results.)*

### PERFORMANCE COMPARISON

Periods Ended 12/31/18	Total Return	
	6 Months	12 Months
Equity Income Portfolio	-8.92%	-9.50%
Equity Income Portfolio-II	-9.02	-9.69
Russell 1000 Value Index	-6.69	-8.27
S&P 500 Index	-6.85	-4.38
Lipper Variable Annuity Underlying Equity Income Funds Average	-6.74	-7.91

### What factors influenced the fund's performance?

Financials stocks detracted the most from absolute performance. Though bank stocks were expected to rally in 2018 thanks to a rising interest rate environment and tax reform passed in late 2017, they slumped as signs of slower economic growth and a flattening U.S. Treasury yield curve weighed on profitability for banks. In December, an inversion in a portion of the yield curve—a phenomenon that has historically preceded a recession—reinforced concerns that the U.S. economy is in a late-cycle phase, further dimming the appeal of financials stocks. These macroeconomic issues weighed on **Wells Fargo**, **State Street**, and **Morgan Stanley**, which ranked among the largest detractors. In the insurance industry, our positions in **American International Group**, which is in the midst of a turnaround under a new chief executive, and **Brighthouse Financial**, an insurance and annuities company spun off by MetLife in 2017, also hurt returns. (Please refer to the portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

Top contributors to absolute performance hailed from various sectors. Media company **Twenty-First Century Fox**, which agreed to sell its entertainment assets to **Walt Disney** for \$71.3 billion over the summer after a months-long bidding war between Disney and **Comcast**, was the biggest contributor.

**Microsoft** boosted returns as the software and services company continued to beat forecasts amid high demand for internet-based computing. In health care, our holdings in drugmakers **Merck** and **Pfizer** and health insurer **Anthem** proved helpful as rising geopolitical tensions and technology sector volatility led investors to seek more defensive assets. **Boeing** also helped returns as surging aircraft demand drove its shares to record levels in 2018.

Compared with the benchmark, stock selection in the industrials and business services and energy sectors added the most to performance. On the other hand, stock selection in financials and consumer staples detracted the most from relative returns.

### SECTOR DIVERSIFICATION

	Percent of Net Assets	
	6/30/18	12/31/18
Financials	24.9%	23.3%
Health Care	12.6	13.1
Industrials and Business Services	10.1	10.9
Energy	10.7	9.1
Communication Services	7.4	8.1
Utilities	6.4	7.6
Information Technology	7.8	7.5
Consumer Staples	6.7	6.4
Materials	5.6	5.1
Real Estate	2.8	2.6
Consumer Discretionary	3.2	2.4
Other and Reserves	1.8	3.9
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Historical weightings reflect current industry/sector classifications.

### How is the fund positioned?

The Equity Income Portfolio seeks to buy well-established, large-cap companies that have a strong record of paying dividends and appear to be undervalued by the market. The holdings tend to be solid, higher-quality companies going through a period of controversy or stress, reflecting our dual focus on valuation and dividend yield. Each position is the product of careful stock picking based on the fundamental research generated by T. Rowe Price's team of equity analysts, as opposed to selection based on broader market or macroeconomic trends.

Industrials and business services represented the largest sector overweight at the end of December. We added to our position in conglomerate **GE**, which has stumbled badly in recent years and is trying to turn itself around under a new chief executive. Earlier this year, GE reported a multibillion-dollar charge for liabilities for long-term care insurance policies, which

led federal regulators to start a probe into the company's accounting practices. Though the extent of GE's long-term care liabilities remains uncertain, we believe the company has many ways to raise capital and reduce debt through asset sales and other measures. Moreover, we are optimistic that GE's new chief executive will be able to improve operating performance.

Financials remained the portfolio's largest sector allocation on an absolute basis, accounting for nearly 24% of its assets at year-end. Our allocation stayed broadly unchanged in the past six months as we trimmed holdings that performed well in recent years and bought names whose valuations fell to attractive levels in the fourth-quarter downturn. We reduced positions in regional lenders **U.S. Bancorp** and **KeyCorp** and in financial services giants **JPMorgan Chase** and **Citigroup** and used proceeds to add to Wells Fargo, State Street, and Morgan Stanley following steep declines in their shares. Health care was the second-largest sector allocation. Our exposure to health care, the best-performing sector in 2018, increased slightly in the past six months. We trimmed our holdings in Merck, Anthem, and medical device maker **Medtronic** after solid performance in each company and rotated into names with a more attractive risk/reward trade-off.

Consumer discretionary represented the smallest sector allocation and largest underweight versus the benchmark at the end of the period. We added to our position in **Las Vegas Sands** as signs of China's slowdown weighed on shares of the casino company, which operates multiple properties in the Chinese enclave of Macau. Real estate was the next-smallest sector allocation in absolute terms, and our exposure stayed broadly unchanged in the year's second half. We leaned into declines of timberland owner **Weyerhaeuser**, whose shares lost more than a third of their value in 2018 as a cooling housing market and the trade dispute with China contributed to an oversupply of lumber in the U.S. Weyerhaeuser has generated strong cash flow and paid a hefty dividend yield, however, and we took advantage of its declines to increase our position.

#### What is portfolio management's outlook?

The complacency that ruled investor sentiment for much of the past two years has been eclipsed by high uncertainty on multiple fronts, as evidenced by the U.S. stock market's volatility in the final months of 2018. While the fourth-quarter sell-off was driven by many factors, we believe the chief source of investor unease is the U.S.-China trade impasse. The current

tension between the U.S. and China is not good for financial markets or the economy, since it undermines business confidence and makes companies reluctant to make capital investment decisions. Moreover, the Trump administration's response to December's financial turmoil and a divided U.S. government that recently emerged from an unprecedented federal shutdown is deeply unsettling. Investors appear to be discounting increased political risk, which could depress multiples for U.S. stocks. We anticipate that investors should brace themselves for a choppy ride until the trade situation with China improves and political concerns subside.

A brief inversion of the yield curve in December and mixed economic signals have raised the prospect of a looming economic contraction. However, history argues against trying to pinpoint the next recession, and the fundamentals of the U.S. economy still appear reasonably strong. Valuations have fallen to more reasonable levels, and many cyclical stocks have entered bear market territory. Rather than trying to predict macroeconomic or geopolitical events, we have taken advantage of the market's volatility to buy fundamentally strong companies that we are happy to own for a long time.

Though times of high market volatility can be alarming, we would remind shareholders that bouts of indiscriminate selling such as December's downturn present good buying opportunities for patient, long-term investors. We are confident that our attention to valuation, disciplined investment approach, and in-depth knowledge of our holdings will allow us to navigate an unpredictable environment in 2019 and generate solid returns for shareholders over the long run.

The views expressed reflect the opinions of T. Rowe Price as of the date of this report and are subject to change based on changes in market, economic, or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

**RISKS OF INVESTING IN THE FUND****RISKS OF STOCK INVESTING**

As with all stock funds, the fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. Stock markets can decline for many reasons, including adverse local, political, social, or economic developments in the U.S. or abroad; changes in investor psychology; or heavy selling at the same time by major institutional investors in the market, such as mutual funds, pension funds, and banks. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the advisor's assessment of companies held by the fund may prove incorrect, resulting in losses or poor performance, even in rising markets. Also, the fund's overall investment approach could fall out of favor with the investing public, resulting in lagging performance versus other types of stock funds. Legislative, regulatory, or tax developments may affect the investment strategies available to portfolio managers, which could adversely affect the ability to implement the fund's overall investment program and achieve the fund's investment objective.

**VALUE INVESTING RISKS**

Finding undervalued stocks requires considerable research to identify the particular company, analyze its financial condition and prospects, and assess the likelihood that the stock's underlying value will be recognized by the market and reflected in its price. A value approach to investing carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may actually be appropriately priced.

**BENCHMARK INFORMATION**

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**TWENTY-FIVE LARGEST HOLDINGS**

	<b>Percent of Net Assets 12/31/18</b>
JPMorgan Chase	3.4%
Wells Fargo	3.2
Twenty-First Century Fox	2.5
ExxonMobil	2.4
Verizon Communications	2.2
DowDuPont	2.1
Pfizer	2.1
Total	2.1
Johnson & Johnson	2.1
Southern Company	2.0
Microsoft	2.0
Qualcomm	2.0
Anthem	1.9
Boeing	1.8
Chubb	1.7
Cisco Systems	1.7
Kimberly-Clark	1.7
Morgan Stanley	1.6
Harris	1.5
U.S. Bancorp	1.4
NiSource	1.4
Medtronic	1.4
Johnson Controls International	1.4
TransCanada	1.4
MetLife	1.4
<b>Total</b>	<b>48.4%</b>

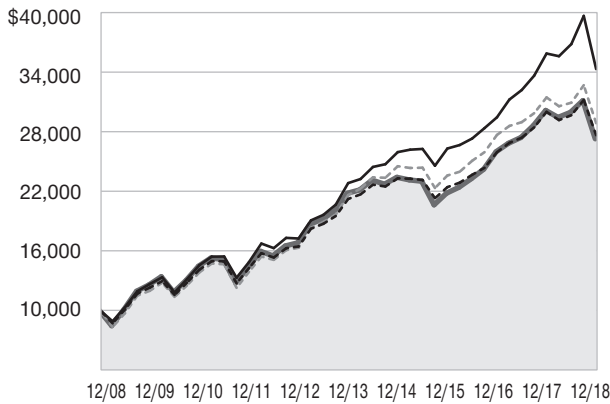
Note: The information shown does not reflect any exchange-traded funds (ETFs), cash reserves, or collateral for securities lending that may be held in the portfolio.



## GROWTH OF \$10,000

This chart shows the value of a hypothetical \$10,000 investment in the portfolio over the past 10 fiscal year periods or since inception (for portfolios lacking 10-year records). The result is compared with benchmarks, which include a broad-based market index and may also include a peer group average or index. Market indexes do not include expenses, which are deducted from portfolio returns as well as mutual fund averages and indexes.

### EQUITY INCOME PORTFOLIO



	As of 12/31/18
Equity Income Portfolio	\$27,279
Russell 1000 Value Index	28,853
S&P 500 Index	34,304
Lipper Variable Annuity Underlying Equity Income Funds Average	27,645

Note: Performance for the II Class will vary due to its differing fee structure. See the returns table below.

## AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 12/31/18	1 Year	5 Years	10 Years
Equity Income Portfolio	-9.50%	4.59%	10.56%
Equity Income Portfolio-II	-9.69	4.33	10.28

The fund's performance information represents only past performance and is not necessarily an indication of future results. Current performance may be lower or higher than the performance data cited. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, please contact a T. Rowe Price representative at 1-800-469-6587 (financial advisors, or customers who have an advisor, should call 1-800-638-8790). Returns do not reflect taxes that the shareholder may pay on distributions or the redemption of shares. Total returns do not include charges imposed by your insurance company's separate account. If these had been included, performance would have been lower.

This table shows how the portfolio would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. When assessing performance, investors should consider both short- and long-term returns.

## FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

Shares of the fund are currently offered only through certain insurance companies as an investment medium for both variable annuity contracts and variable life insurance policies. Please note that the fund has two classes of shares: the original share class and II Class. II Class shares are sold through financial intermediaries, which are compensated for distribution, shareholder servicing, and/or certain administrative services under a Board-approved Rule 12b-1 plan.

### Actual Expenses

The first line of the following table (Actual) provides information about actual account values and actual expenses. You may use the information on this line, together with your account balance, 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 on the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The information on the second line of the table (Hypothetical) is based on hypothetical account values and expenses derived from the fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund's actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other 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.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

**FUND EXPENSE EXAMPLE (CONTINUED)**

<b>EQUITY INCOME PORTFOLIO</b>			
	<b>Beginning Account Value 7/1/18</b>	<b>Ending Account Value 12/31/18</b>	<b>Expenses Paid During Period* 7/1/18 to 12/31/18</b>
<b>Equity Income Portfolio</b>			
Actual	\$1,000.00	\$910.80	\$3.56
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.48	3.77
<b>Equity Income Portfolio-II</b>			
Actual	1,000.00	909.80	4.77
Hypothetical (assumes 5% return before expenses)	1,000.00	1,020.21	5.04

\* Expenses are equal to the fund's annualized expense ratio for the 6-month period, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (184), and divided by the days in the year (365) to reflect the half-year period. The annualized expense ratio of the Equity Income Portfolio was 0.74%, and the Equity Income Portfolio-II was 0.99%.

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

## Equity Income Class

	Year Ended 12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 29.27	\$ 28.34	\$ 26.81	\$ 30.02	\$ 28.45
Investment activities					
Net investment income <sup>(1)(2)</sup>	0.58	0.51	0.61	0.52	0.50
Net realized and unrealized gain / loss	(3.28)	4.00	4.50 <sup>(3)</sup>	(2.58)	1.58
Total from investment activities	(2.70)	4.51	5.11	(2.06)	2.08
Distributions					
Net investment income	(0.59)	(0.53)	(0.67)	(0.53)	(0.51)
Net realized gain	(2.62)	(3.05)	(2.91)	(0.62)	-
Total distributions	(3.21)	(3.58)	(3.58)	(1.15)	(0.51)
<b>NET ASSET VALUE</b>					
End of period	\$ 23.36	\$ 29.27	\$ 28.34	\$ 26.81	\$ 30.02

## Ratios/Supplemental Data

<b>Total return<sup>(2)(4)</sup></b>	<b>(9.50)%</b>	<b>16.02%</b>	<b>19.17%<sup>(3)</sup></b>	<b>(6.85)%</b>	<b>7.38%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates	0.80%	0.85%	0.85%	0.85%	0.85%
Net expenses after waivers/payments by Price Associates	0.80%	0.85%	0.85%	0.85%	0.85%
Net investment income	2.01%	1.73%	2.17%	1.78%	1.72%
Portfolio turnover rate	16.5%	19.9%	18.5%	27.5%	11.4%
Net assets, end of period (in millions)	\$ 428	\$ 541	\$ 551	\$ 605	\$ 851

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.<sup>(2)</sup> See Note 5 for details of expense-related arrangements with Price Associates.<sup>(3)</sup> Includes a voluntary payment from Price Associates, related to a loss of value on its investment in Dell as a result of the fund's ineligibility to pursue an appraisal action, representing \$0.13 per share based upon shares outstanding on the date of payment (6/6/16). The payment increased total return by 0.53%.<sup>(4)</sup> Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

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

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Equity Income – II Class**

	Year Ended 12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 29.16	\$ 28.25	\$ 26.73	\$ 29.94	\$ 28.38
Investment activities					
Net investment income <sup>(1)(2)</sup>	0.51	0.44	0.52	0.44	0.43
Net realized and unrealized gain / loss	(3.26)	3.98	4.50 <sup>(3)</sup>	(2.57)	1.57
Total from investment activities	(2.75)	4.42	5.02	(2.13)	2.00
Distributions					
Net investment income	(0.52)	(0.46)	(0.59)	(0.46)	(0.44)
Net realized gain	(2.62)	(3.05)	(2.91)	(0.62)	-
Total distributions	(3.14)	(3.51)	(3.50)	(1.08)	(0.44)
<b>NET ASSET VALUE</b>					
End of period	\$ 23.27	\$ 29.16	\$ 28.25	\$ 26.73	\$ 29.94

**Ratios/Supplemental Data**

<b>Total return<sup>(2)(4)</sup></b>	<b>(9.69)%</b>	<b>15.73%</b>	<b>18.85%<sup>(3)</sup></b>	<b>(7.10)%</b>	<b>7.10%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates	1.05%	1.10%	1.10%	1.10%	1.10%
Net expenses after waivers/payments by Price Associates	1.05%	1.10%	1.10%	1.10%	1.10%
Net investment income	1.77%	1.48%	1.89%	1.51%	1.47%
Portfolio turnover rate	16.5%	19.9%	18.5%	27.5%	11.4%
Net assets, end of period (in thousands)	\$ 183,383	\$ 208,017	\$ 205,562	\$ 270,238	\$ 406,097

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.<sup>(2)</sup> See Note 5 for details of expense-related arrangements with Price Associates.<sup>(3)</sup> Includes a voluntary payment from Price Associates, related to a loss of value on its investment in Dell as a result of the fund's ineligibility to pursue an appraisal action, representing \$0.13 per share based upon shares outstanding on the date of payment (6/6/16). The payment increased total return by 0.51%.<sup>(4)</sup> Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

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

T. ROWE PRICE EQUITY INCOME PORTFOLIO

December 31, 2018

**PORTFOLIO OF INVESTMENTS<sup>†</sup>**

**Shares/Par \$ Value**

(Cost and value in \$000s)

**COMMON STOCKS 95.0%**

**Communication Services 8.1%**

**Diversified Telecommunication Services 3.5%**

AT&T	99,107	2,828
CenturyLink	74,507	1,129
Telefonica (EUR)	438,218	3,689
Verizon Communications	243,270	13,677
		21,323

**Entertainment 2.8%**

Twenty-First Century Fox, Class B	317,100	15,151
Walt Disney	20,400	2,237
		17,388

**Media 1.8%**

Comcast, Class A	192,472	6,553
News, Class A	368,700	4,185
		10,738

Total Communication Services 49,449

**Consumer Discretionary 2.4%**

**Auto Components 0.1%**

Adient	43,920	661
		661

**Hotels, Restaurants & Leisure 0.9%**

Las Vegas Sands	108,418	5,643
		5,643

**Leisure Products 0.4%**

Mattel (1)	246,300	2,461
		2,461

**Multiline Retail 0.6%**

Kohl's	49,900	3,310
		3,310

**Specialty Retail 0.4%**

L Brands	97,800	2,511
		2,511

Total Consumer Discretionary 14,586

**Shares/Par \$ Value**

(Cost and value in \$000s)

**Consumer Staples 6.4%**

**Beverages 0.5%**

PepsiCo	26,800	2,961
		2,961

**Food & Staples Retailing 1.1%**

Walmart	73,300	6,828
		6,828

**Food Products 1.9%**

Archer-Daniels-Midland	71,500	2,929
Kellogg	21,600	1,232
Tyson Foods, Class A	144,200	7,700
		11,861

**Household Products 1.7%**

Kimberly-Clark	88,700	10,106
		10,106

**Personal Products 0.1%**

Coty, Class A	109,470	718
		718

**Tobacco 1.1%**

Philip Morris International	99,100	6,616
		6,616

Total Consumer Staples 39,090

**Energy 9.1%**

**Oil, Gas & Consumable Fuels 9.1%**

Apache	89,840	2,358
Chevron	53,352	5,804
EQT	14,710	278
Exxon Mobil	217,562	14,836
Hess	121,800	4,933
Occidental Petroleum	96,500	5,923
TOTAL (EUR)	245,482	12,948
TransCanada	237,700	8,486
Total Energy		55,566

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Financials 23.3%</b>		
<b>Banks 11.6%</b>		
Bank of America	19,275	475
Citigroup	89,100	4,639
Fifth Third Bancorp	325,200	7,652
JPMorgan Chase	215,541	21,041
KeyCorp	138,862	2,052
PNC Financial Services Group	53,100	6,208
U.S. Bancorp	193,400	8,839
Wells Fargo	430,105	19,819
		70,725
<b>Capital Markets 4.8%</b>		
Ameriprise Financial	9,400	981
Bank of New York Mellon	89,200	4,199
Franklin Resources	180,200	5,345
Morgan Stanley	246,600	9,778
Northern Trust	21,200	1,772
State Street	121,000	7,631
		29,706
<b>Insurance 6.9%</b>		
American International Group	189,096	7,452
Brighthouse Financial (1)	103,620	3,158
Chubb	79,523	10,273
Loews	151,877	6,913
Marsh & McLennan	32,700	2,608
MetLife	204,400	8,393
Willis Towers Watson	22,330	3,391
		42,188
Total Financials		142,619
<b>Health Care 13.1%</b>		
<b>Biotechnology 1.2%</b>		
Gilead Sciences	121,300	7,587
		7,587
<b>Health Care Equipment &amp; Supplies 1.8%</b>		
Becton Dickinson & Company	9,800	2,208
Medtronic	96,611	8,788
		10,996

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Health Care Providers &amp; Services 2.9%</b>		
Anthem	44,500	11,687
CVS Health	91,563	5,999
		17,686
<b>Pharmaceuticals 7.2%</b>		
Bristol-Myers Squibb	74,100	3,852
GlaxoSmithKline (GBP)	223,069	4,251
GlaxoSmithKline, ADR	54,800	2,094
Johnson & Johnson	98,260	12,681
Merck	109,300	8,352
Pfizer	297,214	12,973
		44,203
Total Health Care		80,472
<b>Industrials &amp; Business Services 10.9%</b>		
<b>Aerospace &amp; Defense 3.4%</b>		
Boeing	34,800	11,223
Harris	68,150	9,177
Northrop Grumman	1,700	416
		20,816
<b>Air Freight &amp; Logistics 1.3%</b>		
United Parcel Service, Class B	80,279	7,830
		7,830
<b>Airlines 1.4%</b>		
Alaska Air Group	59,300	3,608
Delta Air Lines	55,600	2,774
Southwest Airlines	48,100	2,236
		8,618
<b>Building Products 1.4%</b>		
Johnson Controls International	291,150	8,633
		8,633
<b>Commercial Services &amp; Supplies 0.4%</b>		
Stericycle (1)	68,902	2,528
		2,528
<b>Electrical Equipment 0.8%</b>		
Emerson Electric	60,000	3,585

	Shares/Par	\$ Value
(Cost and value in \$000s)		
nVent Electric	49,400	1,109
		4,694
<b>Industrial Conglomerates 0.6%</b>		
General Electric	461,500	3,494
		3,494
<b>Machinery 0.7%</b>		
Flowserve	8,695	330
Illinois Tool Works	6,400	811
PACCAR	28,000	1,600
Pentair	38,200	1,443
		4,184
<b>Professional Services 0.9%</b>		
Nielsen Holdings	244,829	5,712
		5,712
Total Industrials & Business Services		66,509
<b>Information Technology 7.5%</b>		
<b>Communications Equipment 1.7%</b>		
Cisco Systems	234,300	10,152
		10,152
<b>Electronic Equipment, Instruments &amp; Components 0.1%</b>		
TE Connectivity	11,700	885
		885
<b>Semiconductors &amp; Semiconductor Equipment 3.4%</b>		
Applied Materials	92,900	3,041
NXP Semiconductors	15,000	1,099
QUALCOMM	211,100	12,014
Texas Instruments	48,400	4,574
		20,728
<b>Software 2.0%</b>		
Microsoft	118,900	12,077
		12,077
<b>Technology Hardware, Storage &amp; Peripherals 0.3%</b>		
Hewlett Packard Enterprise	86,300	1,140
Western Digital	25,900	958
		2,098
Total Information Technology		45,940

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Materials 5.1%</b>		
<b>Chemicals 3.4%</b>		
Akzo Nobel (EUR)	12,796	1,030
CF Industries Holdings	137,500	5,983
DowDuPont	244,469	13,074
PPG Industries	7,300	746
		20,833
<b>Construction Materials 0.5%</b>		
Vulcan Materials	30,100	2,974
		2,974
<b>Containers &amp; Packaging 0.9%</b>		
International Paper	132,053	5,330
		5,330
<b>Metals &amp; Mining 0.3%</b>		
Nucor	34,400	1,782
		1,782
Total Materials		30,919
<b>Real Estate 2.6%</b>		
<b>Real Estate Investment Trusts 2.6%</b>		
Equity Residential, REIT	85,800	5,664
Rayonier, REIT	121,361	3,360
SL Green Realty, REIT	42,034	3,324
Weyerhaeuser, REIT	164,006	3,585
Total Real Estate		15,933
<b>Utilities 5.8%</b>		
<b>Electric Utilities 4.1%</b>		
Duke Energy	41,300	3,564
Edison International	72,630	4,123
Eversource	55,200	3,134
PG&E (1)	93,025	2,209
Southern	281,300	12,355
		25,385
<b>Multi-Utilities 1.7%</b>		
NiSource	348,546	8,835

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Sempra Energy	14,546	1,574
		10,409
Total Utilities		35,794
Total Miscellaneous Common Stocks 0.7% (2)		4,260
<b>Total Common Stocks</b> <b>(Cost \$480,892)</b>		<b>581,137</b>

**CONVERTIBLE PREFERRED STOCKS 2.6%****Health Care 0.8%****Health Care Equipment & Supplies 0.8%**

Becton Dickinson & Company, Series A, 6.125%, 5/1/20	91,525	5,265
Total Health Care		5,265

**Utilities 1.8%****Electric Utilities 0.9%**

NextEra Energy, 6.123%, 9/1/19	97,507	5,604
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**Multi-Utilities 0.9%**

DTE Energy, 6.50%, 10/1/19	23,048	1,200
Sempra Energy, Series A, 6.00%, 1/15/21	31,814	3,059

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Sempra Energy, Series B, 6.75%, 7/15/21	9,767	924
		5,183
Total Utilities		10,787
<b>Total Convertible Preferred Stocks</b> <b>(Cost \$14,652)</b>		<b>16,052</b>

**CORPORATE BONDS 0.5%**

Axa, 7.25%, 5/15/21 (3)	1,288,000	1,128
Mattel, 6.75%, 12/31/25 (3)	2,436,000	2,171
<b>Total Corporate Bonds</b> <b>(Cost \$3,686)</b>		<b>3,299</b>

**SHORT-TERM INVESTMENTS 1.7%****Money Market Funds 1.7%**

T. Rowe Price Government Reserve Fund, 2.45% (4)(5)	10,147,866	10,148
<b>Total Short-Term Investments</b> <b>(Cost \$10,148)</b>		<b>10,148</b>

<b>Total Investments in Securities</b> <b>99.8% of Net Assets (Cost \$509,378)</b>	<b>\$</b>	<b>610,636</b>
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‡ Shares/Par are denominated in U.S. dollars unless otherwise noted.

- (1) Non-income producing
  - (2) The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities.
  - (3) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration only to qualified institutional buyers – total value of such securities at period-end amounts to \$3,299 and represents 0.5% of net assets.
  - (4) Seven-day yield
  - (5) Affiliated Companies
- ADR American Depositary Receipts  
EUR Euro  
GBP British Pound  
REIT A domestic Real Estate Investment Trust whose distributions pass-through with original tax character to the shareholder



**Affiliated Companies**

(\$000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company that is under common ownership or control. The following securities were considered affiliated companies for all or some portion of the year ended December 31, 2018. Net realized gain (loss), investment income, change in net unrealized gain/loss, and purchase and sales cost reflect all activity for the period then ended.

<b>Affiliate</b>	<b>Net Realized Gain (Loss)</b>	<b>Change in Net Unrealized Gain/Loss</b>	<b>Investment Income</b>
T. Rowe Price Government Reserve Fund	\$ —#	\$ —	\$ 210+

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/17</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/18</b>
T. Rowe Price Government Reserve Fund	\$ 12,912	□	□ \$	10,148^

# Capital gain distributions from mutual funds represented \$0 of the net realized gain (loss).

+ Investment income comprised \$210 of dividend income and \$0 of interest income.

□ Purchase and sale information not shown for cash management funds.

^ The cost basis of investments in affiliated companies was \$10,148.

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

December 31, 2018

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$509,378)	\$	610,636
Dividends and interest receivable		1,587
Receivable for shares sold		508
Foreign currency (cost \$81)		81
Other assets		64
Total assets		<u>612,876</u>

**Liabilities**

Payable for shares redeemed		597
Investment management and administrative fees payable		483
Total liabilities		<u>1,080</u>

**NET ASSETS****\$ 611,796****Net Assets Consist of:**

Undistributed net investment income	\$	97
Accumulated undistributed net realized gain		2,301
Net unrealized gain		101,261
Paid-in capital applicable to 26,218,271 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		<u>508,137</u>

**NET ASSETS****\$ 611,796****NET ASSET VALUE PER SHARE****Equity Income Class**

(\$428,413,006 / 18,337,058 shares outstanding)

**\$ 23.36****Equity Income – II Class**

(\$183,382,671 / 7,881,213 shares outstanding)

**\$ 23.27**

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/18
<b>Investment Income (Loss)</b>	
Income	
Dividend	\$ 19,827
Interest	215
Total income	20,042
Expenses	
Investment management and administrative expense	5,693
Rule 12b-1 fees – Equity Income-II Class	515
Net expenses	6,208
Net investment income	13,834
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	54,174
Payment to Price Associates (Note 5)	(2,537)
Foreign currency transactions	4
Net realized gain	51,641
Change in net unrealized gain / loss	
Securities	(131,694)
Payable to Price Associates (Note 5)	1,281
Other assets and liabilities denominated in foreign currencies	(6)
Change in net unrealized gain / loss	(130,419)
Net realized and unrealized gain / loss	(78,778)
<b>DECREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ (64,944)</b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/18	12/31/17
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 13,834	\$ 12,176
Net realized gain	51,641	78,794
Change in net unrealized gain / loss	(130,419)	17,314
Increase (decrease) in net assets from operations	(64,944)	108,284
Distributions to shareholders		
Net investment income		
Equity Income Class	(10,060)	(9,194)
Equity Income – II Class	(3,677)	(2,982)
Net realized gain		
Equity Income Class	(43,087)	(50,905)
Equity Income – II Class	(18,393)	(19,610)
Decrease in net assets from distributions	(75,217)	(82,691)
Capital share transactions *		
Shares sold		
Equity Income Class	20,707	26,733
Equity Income – II Class	37,966	27,922
Distributions reinvested		
Equity Income Class	53,148	60,099
Equity Income – II Class	22,069	22,592
Shares redeemed		
Equity Income Class	(87,935)	(116,612)
Equity Income – II Class	(42,630)	(54,243)
Increase (decrease) in net assets from capital share transactions	3,325	(33,509)
<b>Net Assets</b>		
Decrease during period	(136,836)	(7,916)
Beginning of period	748,632	756,548
<b>End of period</b>	<b>\$ 611,796</b>	<b>\$ 748,632</b>
Undistributed net investment income	97	-
<b>*Share information</b>		
Shares sold		
Equity Income Class	716	902
Equity Income – II Class	1,326	943
Distributions reinvested		
Equity Income Class	2,188	2,047
Equity Income – II Class	915	772
Shares redeemed		
Equity Income Class	(3,040)	(3,920)
Equity Income – II Class	(1,493)	(1,858)
Increase (decrease) in shares outstanding	612	(1,114)

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

**NOTES TO FINANCIAL STATEMENTS**

T. Rowe Price Equity Series, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act). The Equity Income Portfolio (the fund) is a diversified, open-end management investment company established by the corporation. Shares of the fund currently are offered only through certain insurance companies as an investment medium for both variable annuity contracts and variable life insurance policies. The fund seeks a high level of dividend income and long-term capital growth primarily through investments in stocks. The fund has two classes of shares: the Equity Income Portfolio (Equity Income Class) and the Equity Income Portfolio-II (Equity Income-II Class). Equity Income-II Class shares are sold through financial intermediaries, which it compensates for distribution, shareholder servicing, and/or certain administrative services under a Board-approved Rule 12b-1 plan. Each class has exclusive voting rights on matters related solely to that class; separate voting rights on matters that relate to both classes; and, in all other respects, the same rights and obligations as the other class.

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation** The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity. Certain ratios in the accompanying Financial Highlights have been included to conform to the current year presentation.

**Investment Transactions, Investment Income, and Distributions** Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified cost basis. Premiums and discounts on debt securities are amortized for financial reporting purposes. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Dividends received from mutual fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Dividend income and capital gain distributions are recorded on the ex-dividend date. Distributions from REITs are initially recorded as dividend income and, to the extent such represent a return of capital or capital gain for tax purposes, are reclassified when such information becomes available. Distributions to shareholders are recorded on the ex-dividend date. Income distributions, if any, are declared and paid by each class quarterly. A capital gain distribution may also be declared and paid by the fund annually.

**Currency Translation** Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as quoted by a major bank. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the respective date of such transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is not bifurcated from the portion attributable to changes in market prices.

**Class Accounting** Investment income, investment management and administrative expense, and realized and unrealized gains and losses are allocated to the classes based upon the relative daily net assets of each class. Equity Income-II Class pays Rule 12b-1 fees, in an amount not exceeding 0.25% of the class's average daily net assets.

**New Accounting Guidance** In March 2017, the FASB issued amended guidance to shorten the amortization period for certain callable debt securities held at a premium. The guidance is effective for fiscal years and interim periods beginning after December 15, 2018. Adoption will have no effect on the fund's net assets or results of operations.

**Indemnification** In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers, and/or private company investments. The fund's maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

**NOTE 2 - VALUATION**

The fund's financial instruments are valued and each class's net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC.

**Fair Value** The fund's financial instruments are reported at fair value, which GAAP defines 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. The T. Rowe Price Valuation Committee (the Valuation Committee) is an internal committee that has been delegated certain responsibilities by the fund's Board of Directors (the Board) to ensure that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight by the Board, the Valuation Committee develops and oversees pricing-related policies and procedures and approves all fair value determinations. Specifically, the Valuation Committee establishes procedures to value securities; determines pricing techniques, sources, and persons eligible to effect fair value pricing actions; oversees the selection, services, and performance of pricing vendors; oversees valuation-related business continuity practices; and provides guidance on internal controls and valuation-related matters. The Valuation Committee reports to the Board and has representation from legal, portfolio management and trading, operations, risk management, and the fund's treasurer.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the fund can access at the reporting date

Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

Level 3 – unobservable inputs

Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use to price the financial instrument. Unobservable inputs are those for which market data are not available and are developed using the best information available about the assumptions that market participants would use to price the financial instrument. GAAP requires valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. When multiple inputs are used to derive fair value, the financial instrument is assigned to the level within the fair value hierarchy based on the lowest-level input that is significant to the fair value of the financial instrument. Input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level but rather the degree of judgment used in determining those values.

**Valuation Techniques** Equity securities listed or regularly traded on a securities exchange or in the over-the-counter (OTC) market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made. OTC Bulletin Board securities are valued at the mean of the closing bid and asked prices. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. Listed securities not traded on a particular day are valued at the mean of the closing bid and asked prices for domestic securities and the last quoted sale or closing price for international securities.

For valuation purposes, the last quoted prices of non-U.S. equity securities may be adjusted to reflect the fair value of such securities at the close of the NYSE. If the fund determines that developments between the close of a foreign market and the close of the NYSE will affect the value of some or all of its portfolio securities, the fund will adjust the previous quoted prices to reflect what it believes to be the fair value of the securities as of the close of the NYSE. In deciding whether it is necessary to adjust quoted prices to reflect fair value, the fund reviews a variety of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. The fund may also fair value securities in other situations, such as when a particular foreign market is closed but the fund is open. The fund uses outside pricing services to provide it with quoted prices and information to evaluate or adjust those prices. The fund cannot predict how often it will use quoted prices and how often it will determine it necessary to adjust those prices to reflect fair value. As a means of evaluating its security valuation process, the fund routinely compares quoted prices, the next day's opening prices in the same markets, and adjusted prices.

Actively traded equity securities listed on a domestic exchange generally are categorized in Level 1 of the fair value hierarchy. Non-U.S. equity securities generally are categorized in Level 2 of the fair value hierarchy despite the availability of quoted prices because, as described above, the fund evaluates and determines whether those quoted prices reflect fair value at the close of the NYSE or require adjustment. OTC Bulletin Board securities, certain preferred securities, and equity securities traded in inactive markets generally are categorized in Level 2 of the fair value hierarchy.

Debt securities generally are traded in the OTC market and are valued at prices furnished by dealers who make markets in such securities or by an independent pricing service, which considers the yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities. Generally, debt securities are categorized in Level 2 of the fair value hierarchy; however, to the extent the valuations include significant unobservable inputs, the securities would be categorized in Level 3.

Investments in mutual funds are valued at the mutual fund's closing NAV per share on the day of valuation and are categorized in Level 1 of the fair value hierarchy. Assets and liabilities other than financial instruments, including short-term receivables and payables, are carried at cost, or estimated realizable value, if less, which approximates fair value.

Thinly traded financial instruments and those for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by the Valuation Committee. The objective of any fair value pricing determination is to arrive at a price that could reasonably be expected from a current sale. Financial instruments fair valued by the Valuation Committee are primarily private placements, restricted securities, warrants, rights, and other securities that are not publicly traded.

Subject to oversight by the Board, the Valuation Committee regularly makes good faith judgments to establish and adjust the fair valuations of certain securities as events occur and circumstances warrant. For instance, in determining the fair value of an equity investment with limited market activity, such as a private placement or a thinly traded public company stock, the Valuation Committee considers a variety of factors, which may include, but are not limited to, the issuer's business prospects, its financial standing and performance, recent investment transactions in the issuer, new rounds of financing, negotiated transactions of significant size between other investors in the company, relevant market valuations of peer companies, strategic events affecting the company, market liquidity for the issuer, and general economic conditions and events. In consultation with the investment and pricing teams, the Valuation Committee will determine an appropriate valuation technique based on available information, which may include both observable and unobservable inputs. The Valuation Committee typically will afford greatest weight to actual prices in arm's length transactions, to the extent they represent orderly transactions between market participants; transaction information can be reliably obtained, and prices are deemed representative of fair value. However, the Valuation Committee may also consider other valuation methods such as market-based valuation multiples; a discount or premium from market value of a similar, freely traded security of the same issuer; or some combination. Fair value determinations are reviewed on a regular basis and updated as information becomes available, including actual purchase and sale transactions of the issue. Because any fair value determination involves a significant amount of judgment, there is a degree of subjectivity inherent in such pricing decisions, and fair value prices determined by the Valuation Committee could differ from those of other market participants. Depending on the relative significance of unobservable inputs, including the valuation technique(s) used, fair valued securities may be categorized in Level 2 or 3 of the fair value hierarchy.

**Valuation Inputs** The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on December 31, 2018 (for further detail by category, please refer to the accompanying Portfolio of Investments):

(\$000s)	Level 1	Level 2	Level 3	Total Value
<b>Assets</b>				
Common Stocks	\$ 559,219	\$ 21,918	\$ —	\$ 581,137
Convertible Preferred Stocks	—	16,052	—	16,052
Fixed Income Securities <sup>1</sup>	—	3,299	—	3,299
Short-Term Investments	10,148	—	—	10,148
Total	\$ 569,367	\$ 41,269	\$ —	\$ 610,636

<sup>1</sup>Includes Corporate Bonds.

There were no material transfers between Levels 1 and 2 during the year ended December 31, 2018.

**NOTE 3 - OTHER INVESTMENT TRANSACTIONS**

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks and/or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

**Restricted Securities** The fund may invest in securities that are subject to legal or contractual restrictions on resale. Prompt sale of such securities at an acceptable price may be difficult and may involve substantial delays and additional costs.

**Other** Purchases and sales of portfolio securities other than short-term securities aggregated \$115,499,000 and \$169,278,000, respectively, for the year ended December 31, 2018.

**NOTE 4 - FEDERAL INCOME TAXES**

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

The fund files U.S. federal, state, and local tax returns as required. The fund's tax returns are subject to examination by the 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.

Distributions during the years ended December 31, 2018 and December 31, 2017, were characterized for tax purposes as follows:

	December 31	
	2018	2017
Ordinary income	\$ 14,910	\$ 14,488
Long-term capital gain	60,307	68,203
Total distributions	<u>\$ 75,217</u>	<u>\$ 82,691</u>

At December 31, 2018, the tax-basis cost of investments and components of net assets were as follows:

	(\$000s)
Cost of investments	\$ 513,099
Unrealized appreciation	\$ 151,876
Unrealized depreciation	(54,336)
Net unrealized appreciation (depreciation)	97,540
Undistributed ordinary income	898
Undistributed long-term capital gain	5,221
Paid-in capital	508,137
Net assets	<u>\$ 611,796</u>

The difference between book-basis and tax-basis net unrealized appreciation (depreciation) is attributable to the deferral of losses from wash sales.



**NOTE 5 - RELATED PARTY TRANSACTIONS**

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). The investment management and administrative agreement between the fund and Price Associates provides for an all-inclusive annual fee equal to 0.85% of the fund's average daily net assets. The fee is computed daily and paid monthly. The all-inclusive fee covers investment management, shareholder servicing, transfer agency, accounting, and custody services provided to the fund, as well as fund directors' fees and expenses. Interest, taxes, brokerage commissions, and other non-recurring expenses permitted by the investment management agreement are paid directly by the fund. Effective July 1, 2018, T. Rowe Price has contractually agreed to waive a portion of the management fee it is entitled to receive from the fund in order to limit the fund's overall management fee rate to 0.74% of the fund's average daily net assets, through at least April 30, 2020. This contractual arrangement will renew automatically for one-year terms thereafter and may be terminated only with approval of the fund's Board. The fund has no obligation to repay fees reduced under this arrangement.

The fund may invest its cash reserves in certain open-end management investment companies managed by Price Associates and considered affiliates of the fund: the T. Rowe Price Government Reserve Fund or the T. Rowe Price Treasury Reserve Fund, organized as money market funds, or the T. Rowe Price Short-Term Fund, a short-term bond fund (collectively, the Price Reserve Funds). The Price Reserve Funds are offered as short-term investment options to mutual funds, trusts, and other accounts managed by Price Associates or its affiliates and are not available for direct purchase by members of the public. Cash collateral from securities lending is invested in the T. Rowe Price Short-Term Fund. The Price Reserve Funds pay no investment management fees.

The fund may participate in securities purchase and sale transactions with other funds or accounts advised by Price Associates (cross trades), in accordance with procedures adopted by the fund's Board and Securities and Exchange Commission rules, which require, among other things, that such purchase and sale cross trades be effected at the independent current market price of the security. During the year ended December 31, 2018, the fund had no purchases or sales cross trades with other funds or accounts advised by Price Associates.

On June 6, 2016, Price Associates offered, and the fund's Board of Directors accepted, a voluntary payment to compensate the fund for a loss of value on its investment in Dell as a result of the fund's ineligibility to pursue an appraisal action in Delaware Court of Chancery due to a proxy voting error in 2013. The amount paid by Price Associates remains subject to further increase or decrease in the event of a court-determined change in the fair valuation of Dell shares on appeal, or payment received by the fund from any other source to compensate for the loss of value on its Dell shares. On December 14, 2017, the Delaware Supreme Court reversed the Court of Chancery's enhanced valuation of Dell shares (appraisal value) and remanded the case to the Court of Chancery for further proceedings. Thereafter the Court of Chancery approved settlements between all remaining petitioners and Dell. Effective October 9, 2018, the case was fully and finally resolved by non-appealable order. Based on these final terms, the fund repaid Price Associates \$2,537,000, based on the difference between the most favorable court-approved settlement and the initial appraisal value, using the original methodology. No further liability related to this matter remains between the fund and Price Associates.

**NOTE 6 - LITIGATION**

The fund is a named defendant in a lawsuit assigned to a litigation trustee, which seeks to recover all payments made to beneficial owners of common stock in connection with a leveraged buyout (LBO) of Tribune, including those made in connection with a 2007 tender offer in which the fund participated. A motion to dismiss was filed in this case and the district court granted the motion on January 9, 2017. In light of a Supreme Court decision in an unrelated case, the trustee has sought leave to amend the dismissed complaint. The fund was named, also, as a defendant or included in a class of defendants in parallel litigation, which was dismissed by district court and affirmed on appeal by the Second Circuit Court of Appeals. This second action asserted state law constructive fraudulent transfer claims in an attempt to recover stock redemption payments made to shareholders at the time of the LBO. Both suits also seek prejudgment interest. The plaintiffs in this second action filed a petition for a writ of certiorari with the U.S. Supreme Court, which the Supreme Court has deferred. In light of the deferral, the Second District Court of Appeals issued an Order on May 15, 2018, recalling the mandate. The complaints allege no misconduct by the fund, and management has vigorously defended the lawsuits. The value of the proceeds received by the fund is \$25,684,000 (4.20% of net assets), and the fund will incur legal expenses. Management continues to assess the case and has not yet determined the effect, if any, on the fund's net assets and results of operations.

**Report of Independent Registered Public Accounting Firm****To the Board of Directors of T. Rowe Price Equity Series, Inc. and  
Shareholders of T. Rowe Price Equity Income Portfolio****Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of T. Rowe Price Equity Income Portfolio (one of the portfolios constituting T. Rowe Price Equity Series, Inc., 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 custodians, 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  
Baltimore, Maryland  
February 7, 2019

We have served as the auditor of one or more investment companies in the T. Rowe Price group of investment companies since 1973.

## **TAX INFORMATION (UNAUDITED) FOR THE TAX YEAR ENDED 12/31/18**

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

The fund's distributions to shareholders included:

- \$1,173,000 from short-term capital gains,
- \$60,307,000 from long-term capital gains, subject to a long-term capital gains tax of not greater than 20%.

For taxable non-corporate shareholders, \$14,883,000 of the fund's income represents qualified dividend income subject to long-term capital gains tax rate of not greater than 20%.

For corporate shareholders, \$14,883,000 of the fund's income qualifies for the dividends-received deduction.

## **INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS**

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information. You may request this document by calling 1-800-225-5132 or by accessing the SEC's website, sec.gov.

The description of our proxy voting policies and procedures is also available on our corporate website. To access it, please visit the following Web page:

<https://www3.troweprice.com/usis/corporate/en/utility/policies.html>

Scroll down to the section near the bottom of the page that says, "Proxy Voting Policies." Click on the Proxy Voting Policies link in the shaded box.

Each fund's most recent annual proxy voting record is available on our website and through the SEC's website. To access it through T. Rowe Price, visit the website location shown above, and scroll down to the section near the bottom of the page that says, "Proxy Voting Records." Click on the Proxy Voting Records link in the shaded box.

## **HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS**

Effective for reporting periods on or after March 1, 2019, the fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. Prior to March 1, 2019, the fund filed a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-PORT and N-Q are available electronically on the SEC's website (sec.gov).

## ABOUT THE PORTFOLIO'S DIRECTORS AND OFFICERS

Your fund is overseen by a Board of Directors (Board) that meets regularly to review a wide variety of matters affecting or potentially affecting the fund, including performance, investment programs, compliance matters, advisory fees and expenses, service providers, and business and regulatory affairs. The Board elects the fund's officers, who are listed in the final table. At least 75% of the Board's members are independent of the Boards of T. Rowe Price Associates, Inc. (T. Rowe Price), and its affiliates; "inside" or "interested" directors are employees or officers of T. Rowe Price. The business address of each director and officer is 100 East Pratt Street, Baltimore, Maryland 21202. The Statement of Additional Information includes additional information about the fund directors and is available without charge by calling a T. Rowe Price representative at 1-800-638-5660.

## INDEPENDENT DIRECTORS<sup>(a)</sup>

<b>Name (Year of Birth) Year Elected [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Teresa Bryce Bazemore <sup>(b)</sup> (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Member, Bazemore Consulting LLC (2018 to present); Member, Chimera Investment Corporation (2017 to present); Member, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels <sup>(b)</sup> (1959) 2018 [189]	President, The Johns Hopkins University <sup>(c)</sup> and Professor, Political Science Department, The Johns Hopkins University (2009 to present); Director, Lyndhurst Holdings (2015 to present)
Bruce W. Duncan (1951) 2013 [189]	Chief Executive Officer and Director (January 2009 to December 2016), Chairman of the Board (January 2016 to present), and President (January 2009 to September 2016), First Industrial Realty Trust, an owner and operator of industrial properties; Chairman of the Board (2005 to September 2016) and Director (1999 to September 2016), Starwood Hotels & Resorts, a hotel and leisure company; Director, Boston Properties (May 2016 to present); Director, Marriott International, Inc. (September 2016 to present)
Robert J. Gerrard, Jr. (1952) 2012 [189]	Advisory Board Member, Pipeline Crisis/Winning Strategies, a collaborative working to improve opportunities for young African Americans (1997 to present); Chairman of the Board, all funds (since July 2018)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to present)
Cecilia E. Rouse, Ph.D. (1963) 2012 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Member of National Academy of Education (2010 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member of the National Bureau of Economic Research (2011 to present); Chair of Committee on the Status of Minority Groups in the Economic Profession of the American Economic Association (2012 to 2017); Vice President (2015 to 2016), American Economic Association
John G. Schreiber (1946) 2001 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Co-founder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); Director, General Growth Properties, Inc. (2010 to 2013); Director, Blackstone Mortgage Trust, a real estate finance company (2012 to 2016); Director and Chairman of the Board, Brixmor Property Group, Inc. (2013 to present); Director, Hilton Worldwide (2013 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to present)
Mark R. Tercek (1957) 2009 [189]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of December 31, 2017, except for the information provided for Ms. Bazemore and Mr. Daniels, which is current as of January 1, 2018.

<sup>(b)</sup>Effective January 1, 2018, Ms. Bazemore and Mr. Daniels were elected as independent directors of the Price Funds.

<sup>(c)</sup>William J. Stromberg, president and chief executive officer of T. Rowe Price Group, Inc., the parent company of the Price Funds' investment advisor, has served on the Board of Trustees of Johns Hopkins University since 2014 and is a member of the Johns Hopkins University Board's Compensation Committee.

**INSIDE DIRECTORS**

<b>Name (Year of Birth) Year Elected* [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Edward C. Bernard** (1956) 2006 [0]	Director and Vice President, T. Rowe Price; Vice Chairman of the Board, Director, and Vice President, T. Rowe Price Group, Inc.; Chairman of the Board, Director, and Vice President, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.; Chairman of the Board and Director, T. Rowe Price Retirement Plan Services, Inc.; Chairman of the Board, Chief Executive Officer, Director, and President, T. Rowe Price International and T. Rowe Price Trust Company; Chairman of the Board, all funds (2006 to July 2018)
David Oestreicher (1967) 2018 [189]	Chief Legal Officer, Vice President, and Secretary, T. Rowe Price Group, Inc.; Director, Vice President, and Secretary, T. Rowe Price Investment Services, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; Vice President and Secretary, T. Rowe Price, T. Rowe Price Hong Kong, and T. Rowe Price International; Vice President, T. Rowe Price Japan and T. Rowe Price Singapore; Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA (1971) 2017 [135]	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; President, Equity Series

\* Each inside director serves until retirement, resignation, or election of a successor.

\*\* Effective at the conclusion of a meeting of the Boards of the Price Funds held on July 25, 2018, Mr. Bernard resigned from his role as a director and chairman of the Boards of all the Price Funds.

**OFFICERS**

<b>Name (Year of Birth) Position Held With Equity Series</b>	<b>Principal Occupation(s)</b>
Ziad Bakri, M.D., CFA (1980) Executive Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Brian W.H. Berghuis, CFA (1958) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Darrell N. Braman (1963) Vice President and Secretary	Vice President, Price Hong Kong, Price Singapore, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.
John R. Gilner (1961) Chief Compliance Officer	Chief Compliance Officer and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Investment Services, Inc.
Gary J. Greb (1961) Vice President	Vice President, T. Rowe Price, T. Rowe Price International, and T. Rowe Price Trust Company
Paul J. Krug, CPA (1964) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John D. Linehan, CFA (1965) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Catherine D. Mathews (1963) Treasurer and Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Larry J. Puglia, CFA, CPA (1960) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John W. Ratzesberger (1975) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; formerly, North American Head of Listed Derivatives Operation, Morgan Stanley (to 2013)

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

**OFFICERS (CONTINUED)**

<b>Name (Year of Birth)</b> <b>Position Held With Equity Series</b>	<b>Principal Occupation(s)</b>
Shannon H. Rauser (1987) Assistant Secretary	Employee, T. Rowe Price
Charles M. Shriver, CFA (1967) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, and T. Rowe Price Trust Company
Ken D. Uematsu, CFA (1969) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John F. Wakeman (1962) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Megan Warren (1968) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; formerly, Executive Director, JP Morgan Chase (to 2017)
Justin P. White (1981) Executive Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

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**T.RowePrice®**

100 East Pratt Street  
Baltimore, MD 21202

*Call 1-800-225-5132 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.*



## ANNUAL REPORT

December 31, 2018

T. ROWE PRICE

# Government Money Portfolio

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## HIGHLIGHTS

- The Federal Reserve raised interest rates by 25 basis points (0.25 percentage points) four times in 2018. By the end of the year, the Fed had lifted the federal funds target rate to the 2.25% to 2.50% range.
- The Government Money Portfolio returned 1.33% in the one-year period ended December 31, 2018, versus 1.31% for the Lipper Variable Annuity Underlying Money Market Funds Average.
- The fund's weighted average maturity is positioned to allow the portfolio to reinvest a large portion of its assets prior to each Fed rate hike. This enables the fund to aggressively buy securities when market rates adjust higher as a result of increases in the federal funds target rate.
- The Fed's quarterly rate increases in 2018 were widely expected, and we believe that the central bank will continue to raise rates in 2019.

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\*Certain mutual fund accounts that are assessed an annual account service fee can also save money by switching to e-delivery.

## Dear Investor

The year 2018 was not one that investors will remember fondly. The major stock indexes recorded their worst declines in a decade, with most falling over 20% from recent peaks and bringing a technical end to the bull market that began in 2009. In direct contrast to 2017, financial assets performed poorly across asset classes and geographies. The broadest measure of domestic bond returns, the Bloomberg Barclays U.S. Aggregate Bond Index, returned exactly nothing (0.0%) for the year, and nearly all overseas bond and equity markets also performed poorly. “Cash was king,” in Wall Street parlance, which never makes for a happy reign.

Many issues were behind the market weakness, but we can point to four primary factors that weighed on sentiment:

*Rising interest rates.* Wage pressures appeared to be accelerating early in the year, sending longer-term bond yields to multiyear highs and sparking a sell-off in equities in early February. Wage gains soon moderated, but a continued decline in the unemployment rate—which reached a five-decade low of 3.7% in September—kept investors on the lookout for higher inflation ahead. In October, yields returned to their peaks on the back of good economic data and suggestions from Federal Reserve officials that they might keep hiking interest rates more quickly than expected. This was subsequently followed by a decline in long-term rates as investors sought safety late in the year and questioned the pace of future interest rate hikes.

*Trade tensions.* On March 1, President Donald Trump took markets by surprise in announcing a new series of metal tariffs. His administration quickly adopted a decidedly protectionist stance, with pro-trade advocates leaving and the announcement of plans for a range of new trade restrictions. Many threats never materialized, and the White House announced a renegotiated trade deal with Canada and Mexico. Trade tensions with China only appeared to deepen as the year progressed, however.

*Slowing global growth.* A global slowdown became apparent in the second half of 2018. Environmental and financial reforms put the brakes on the Chinese economy, as planned, but trade frictions caused growth to slow below official targets. Other emerging markets suffered from a stronger U.S. dollar and higher U.S. interest rates. In Europe, trade worries also hampered business spending, while unresolved Brexit fears and further threats to the eurozone from Italy and elsewhere also took a toll. Plummeting oil prices late in the year seemed to confirm a general weakening in global economic conditions.

*Peaking fundamentals.* The U.S. economy stood apart by accelerating in 2018, but a moderation in 2019 appears all but inevitable as the effects of fiscal stimulus moderate. Of specific concern to investors is the almost certain slowdown in

corporate profits in the coming year. Overall profits for the S&P 500 grew by 25% versus the year before in the first three quarters of 2018—a pace sure to slow as the year-over-year impact of the tax cut fades, wage gains pressure margins, and the global economy cools.

The market’s dramatic pullback in the final weeks of 2018—stocks suffered their worst December since the Great Depression—seemed to reflect fears that a recession might even be imminent. I think such concerns are overblown. The Fed has already completed most of its planned rate hikes, promising less of a headwind for the economy and markets. China and Europe are likely to respond to slowing growth with stimulus, and both will benefit from lower oil prices. As I write, some encouraging signs have also emerged on the trade front, although whether the U.S. and China can resolve their differences remains perhaps the largest uncertainty facing markets.

In terms of stock performance, the painful end to 2018 served to improve valuations, making gains in the coming year less of a hurdle. I would also note that a further stock market “bust” in 2019 seems unlikely given that we never experienced the concentrated “boom” that has preceded past bad bear markets. In the final stages of the dot-com boom of the late 1990s, for example, investors flooded in to telecom shares, and huge amounts of capital and risk flowed in to housing in the mid-2000s. Currently, I simply do not see those sorts of distortions in the financial system.

Of course, opinions about what 2019 holds vary among our investment professionals at T. Rowe Price, and we sharpen each other’s thinking by constantly sharing opinions and insights. Please rest assured that your fund’s manager is drawing on the insights and perspectives across our global organization as he or she charts the course ahead.

Thank you for your continued confidence in T. Rowe Price.

Sincerely,



Robert Sharps  
Group Chief Investment Officer

**INVESTMENT OBJECTIVE**

The fund's goals are preservation of capital, liquidity, and, consistent with these, the highest possible current income.

**FUND COMMENTARY****How did the fund perform in the past 12 months?**

The Government Money Portfolio returned 1.33% in the one-year period ended December 31, 2018, versus 1.31% for the Lipper Variable Annuity Underlying Money Market Funds Average. *(Past performance cannot guarantee future results.)*

**PERFORMANCE COMPARISON**

Periods Ended 12/31/18	Total Return	
	6 Months	12 Months
Government Money Portfolio	0.80%	1.33%
Lipper Variable Annuity Underlying Money Market Funds Average	0.78	1.31

**What factors influenced the fund's performance?**

The Federal Reserve remained active in 2018 and raised interest rates by 25 basis points (0.25 percentage points) four times—once per quarter. By the end of the year, the Fed had lifted the federal funds target rate to the 2.25% to 2.50% range.

Treasury bill yields rose in accordance with the Fed's rate hikes. In addition, the U.S. Treasury increased overall T-bill supply in August and again in November, contributing to higher yields. Over the last year, the 90-day T-bill yield increased from 1.39% to 2.45% while the six-month T-bill yield rose from 1.53% to 2.56%. By properly anticipating the Fed's rate hikes, the portfolio was well positioned to take advantage of the higher rates.

**PORTFOLIO CHARACTERISTICS**

Periods Ended	6/30/18	12/31/18
Price Per Share	\$1.00	\$1.00
Dividends Per Share		
6 Months	0.005	0.008
12 Months	0.008	0.013
SEC Yield (7-day simple)	1.25%	1.78%
Weighted Average Maturity (days)	40	37
Weighted Average Life (days)	40	37

Note: The portfolio's yield more closely reflects its current earnings than does the total return.

12-month dividends may not equal the combined 6-month figures due to rounding.

The SEC yield calculation annualizes the portfolio's net investment income for the last 7 days of each period and divides that by the portfolio's net asset value at the end of the period.

**How is the fund positioned?**

As a government money fund, the portfolio is required to invest almost exclusively in T-bills and other U.S. government securities, as well as in repurchase agreements fully collateralized by government securities. Of course, the portfolio is not subject to the liquidity fees and redemption restrictions (also known as "gates") that may be applied to nongovernment money funds during times of severe redemption activity.

At the end of December, about one-third of the portfolio's assets were invested in Treasury bills and notes. Other U.S. government and agency securities accounted for the remainder.

The fund's weighted average maturity is positioned to allow the portfolio to reinvest a large portion of its assets prior to each Fed rate hike. This enables the fund to aggressively buy securities when market rates adjust higher as a result of increases in the federal funds target rate. With the pace of Fed rate increases expected to slow, our weighted average maturity is expected to lengthen somewhat, as we tend to invest heavily around Fed meeting dates when we expect a change.

**SECURITY DIVERSIFICATION**

Other U.S. Government and Agencies	69%
U.S. Treasury Bills	26
U.S. Treasury Notes	7
Other Assets Less Liabilities	-2
<b>Total</b>	<b>100%</b>

Based on net assets as of 12/31/18.

**What is portfolio management's outlook?**

The Fed's quarterly rate increases in 2018 were widely expected, and we believe that the central bank will continue to raise rates in 2019. The Fed has indicated that short-term rates are approaching a neutral level that neither stimulates nor restricts growth—an imprecise measure, at best. Additional rate increases in 2019 will depend upon a variety of economic and financial conditions.

With this forecast, the portfolio is maintaining a weighted average maturity that accommodates our desire to buy when securities fully price in these rate expectations. The weighted average maturity can be slightly longer than that of our average competitor because of the extended period (typically at least three months) between the meetings at which the Fed announces rate increases. To balance the longer average maturities, the portfolio strives to maintain a high degree of liquidity, and our focus remains on principal stability and on investments with the highest credit quality.

The views expressed reflect the opinions of T. Rowe Price as of the date of this report and are subject to change based on changes in market, economic, or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## RISKS OF INVESTING IN THE GOVERNMENT MONEY PORTFOLIO

*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.*

The potential for realizing a loss of principal could derive from:

**Credit risks.** An issuer of a debt instrument could suffer an adverse change in financial condition that results in a payment default, rating downgrade, or inability to meet a financial obligation. The credit quality of the securities held by the portfolio may change rapidly in certain market environments, which could result in significant net asset value deterioration and the inability to maintain a \$1.00 share price.

**Interest rate risks.** A decline in interest rates may lower the portfolio's yield, or a rise in the overall level of interest rates may cause a decline in the prices of fixed income securities held by the portfolio. The portfolio's yield will vary; it is not fixed for a specific period like the yield on a bank certificate of deposit. This is a disadvantage when interest rates are falling because the portfolio would have to reinvest at lower interest rates. Increases in demand for government securities may cause the yield on those securities to fall or even drop to a negative rate.

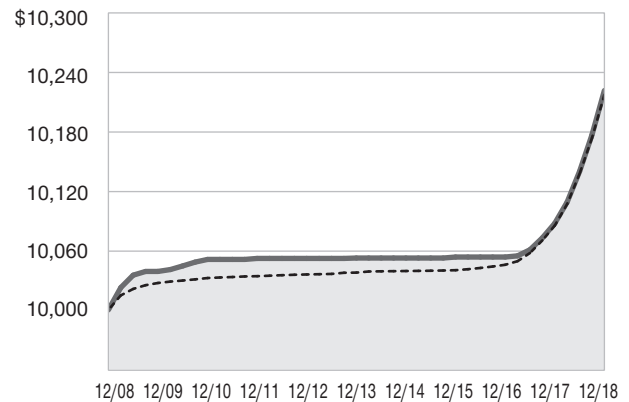
**Repurchase agreement risks.** A counterparty to a repurchase agreement may become insolvent or fail to repurchase securities from the portfolio as required, which could increase its costs or prevent it from immediately accessing its collateral.

These are some of the principal risks of investing in this portfolio. For a more thorough discussion of risks, please see the prospectus.

## GROWTH OF \$10,000

This chart shows the value of a hypothetical \$10,000 investment in the portfolio over the past 10 fiscal year periods or since inception (for portfolios lacking 10-year records). The result is compared with benchmarks, which include a broad-based market index and may also include a peer group average or index. Market indexes do not include expenses, which are deducted from portfolio returns as well as mutual fund averages and indexes.

### GOVERNMENT MONEY PORTFOLIO



As of 12/31/18

— Government Money Portfolio	\$10,221
--- Lipper Variable Annuity Underlying	10,217
... Money Market Funds Average	

## AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 12/31/18	1 Year	5 Years	10 Years
Government Money Portfolio	1.33%	0.33%	0.22%

*The fund's performance information represents only past performance and is not necessarily an indication of future results. Current performance may be lower or higher than the performance data cited. Investment return will vary. For the most recent month-end performance, please contact a T. Rowe Price representative at 1-800-469-6587 (financial advisors, or customers who have an advisor, should call 1-800-638-8790). Total returns do not include charges imposed by your insurance company's separate account. If these had been included, performance would have been lower.*

This table shows how the portfolio would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include reinvested dividends. When assessing performance, investors should consider both short- and long-term returns.



## FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs:

- (1) transaction costs, such as redemption fees or sales loads, and
- (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

### Actual Expenses

The first line of the following table (Actual) provides information about actual account values and actual expenses. You may use the information on this line, together with your account balance, 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 on the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The information on the second line of the table (Hypothetical) is based on hypothetical account values and expenses derived from the fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund's actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other 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.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

## GOVERNMENT MONEY PORTFOLIO

	Beginning Account Value 7/1/18	Ending Account Value 12/31/18	Expenses Paid During Period* 7/1/18 to 12/31/18
Actual	\$1,000.00	\$1,008.00	\$2.78
Hypothetical (assumes 5% return before expenses)	1,000.00	1,022.43	2.80

\* Expenses are equal to the fund's annualized expense ratio for the 6-month period (0.55%), multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (184), and divided by the days in the year (365) to reflect the half-year period.

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	Year Ended 12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Investment activities					
Net investment income <sup>(1) (2) (3)</sup>	0.01	— <sup>(4)</sup>	—	—	—
Net realized and unrealized gain/loss	— <sup>(4)</sup>	— <sup>(4)</sup>	— <sup>(4)</sup>	— <sup>(4)</sup>	— <sup>(4)</sup>
Total from investment activities	0.01	— <sup>(4)</sup>	— <sup>(4)</sup>	— <sup>(4)</sup>	— <sup>(4)</sup>
Distributions					
Net investment income	(0.01)	— <sup>(4)</sup>	—	—	—
Net realized gain	—	—	—	— <sup>(4)</sup>	—
Total distributions	(0.01)	— <sup>(4)</sup>	—	— <sup>(4)</sup>	—
<b>NET ASSET VALUE</b>					
End of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

## Ratios/Supplemental Data

<b>Total return<sup>(2) (3) (5)</sup></b>	<b>1.33%</b>	<b>0.34%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.00%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates	0.55%	0.55%	0.55%	0.55%	0.55%
Net expenses after waivers/payments by Price Associates <sup>(3)</sup>	0.55%	0.55%	0.40%	0.23%	0.17%
Net investment income <sup>(3)</sup>	1.32%	0.38%	0.00%	0.00%	0.00%
Net assets, end of period (in thousands)	\$ 34,589	\$ 33,318	\$ 18,880	\$ 17,379	\$ 17,905

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.

<sup>(2)</sup> See Note 4 for details of expense-related arrangements with Price Associates.

<sup>(3)</sup> See Note 4. Includes the effect of voluntary management fee waivers and operating expense reimbursements of 0.00%, 0.00%, 0.15%, 0.32% and 0.38% of average net assets for the years ended 12/31/18, 12/31/17, 12/31/16, 12/31/15, and 12/31/14, respectively.

<sup>(4)</sup> Amounts round to less than \$0.01 per share.

<sup>(5)</sup> Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

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

## T. ROWE PRICE GOVERNMENT MONEY PORTFOLIO

December 31, 2018

PORTFOLIO OF INVESTMENTS <sup>†</sup>	Par	\$ Value
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(Amounts in 000s)

**U.S. GOVERNMENT AGENCY DEBT 68.7% (1)**

Federal Farm Credit Bank 2.285%, 1/7/19	1,150	1,150
Federal Farm Credit Bank 2.288%, 1/2/19	200	200
Federal Farm Credit Bank 2.292%, 1/15/19	853	852
Federal Farm Credit Bank 2.324%, 1/3/19	100	100
Federal Farm Credit Bank 2.41%, 2/21/19	400	399
Federal Home Loan Bank 1.875%, 3/8/19	250	250
Federal Home Loan Bank 2.266%, 1/17/19	800	799
Federal Home Loan Bank 2.287%, 1/4/19	1,149	1,149
Federal Home Loan Bank 2.309%, 1/15/19	570	569
Federal Home Loan Bank 2.31%, 1/16/19	1,300	1,299
Federal Home Loan Bank 2.32%, 1/2/19	380	380
Federal Home Loan Bank 2.335%, 1/8/19	516	516
Federal Home Loan Bank 2.338%, 1/9/19	1,469	1,468
Federal Home Loan Bank 2.346%, 1/11/19	843	842
Federal Home Loan Bank 2.365%, 1/10/19	500	500
Federal Home Loan Bank 2.371%, 1/30/19	1,119	1,117
Federal Home Loan Bank 2.373%, 1/18/19	1,224	1,223
Federal Home Loan Bank 2.377%, 1/24/19	1,160	1,158
Federal Home Loan Bank 2.389%, 2/11/19	1,098	1,095
Federal Home Loan Bank 2.396%, 2/6/19	2,363	2,357
Federal Home Loan Bank 2.406%, 1/25/19	595	594
Federal Home Loan Bank 2.421%, 2/13/19	328	327
Federal Home Loan Bank 2.427%, 2/22/19	1,000	997
Federal Home Loan Bank 2.427%, 2/15/19	400	399

	Par	\$ Value
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(Amounts in 000s)

Federal Home Loan Bank 2.432%, 3/13/19	216	215
Federal Home Loan Bank 2.442%, 3/5/19	400	398
Federal Home Loan Bank 2.447%, 2/1/19	400	399
Federal Home Loan Bank 2.451%, 2/8/19	1,051	1,048
Federal Home Loan Bank 2.469%, 2/14/19	130	130
Federal Home Loan Bank 2.478%, 2/12/19	200	199
Federal Home Loan Bank 2.633%, 6/21/19	430	425
Federal National Mortgage Assn. 2.321%, 1/2/19	1,200	1,200
<b>Total U.S. Government Agency Debt (Cost \$23,754)</b>		<b>23,754</b>

**U.S. TREASURY DEBT 32.7%**

U.S. Treasury Bills 1.48%, 1/29/19	800	799
U.S. Treasury Bills 1.604%, 4/4/19	617	613
U.S. Treasury Bills 2.105%, 1/3/19	268	268
U.S. Treasury Bills 2.183%, 1/10/19	1,100	1,099
U.S. Treasury Bills 2.204%, 2/7/19	260	259
U.S. Treasury Bills 2.263%, 2/28/19	235	234
U.S. Treasury Bills 2.266%, 3/7/19	135	134
U.S. Treasury Bills 2.266%, 1/31/19	716	715
U.S. Treasury Bills 2.276%, 2/14/19	525	524
U.S. Treasury Bills 2.317%, 3/14/19	823	819
U.S. Treasury Bills 2.317%, 3/21/19	830	826
U.S. Treasury Bills 2.359%, 2/21/19	500	498
U.S. Treasury Bills 2.399%, 2/5/19	500	499
U.S. Treasury Bills 2.409%, 4/11/19	350	348
U.S. Treasury Bills 2.435%, 4/18/19	200	199

	Par	\$ Value
(Amounts in 000s)		
U.S. Treasury Bills		
2.455%, 4/25/19	500	496
U.S. Treasury Bills		
2.46%, 5/2/19	271	269
U.S. Treasury Bills		
2.486%, 5/23/19	249	247
U.S. Treasury Notes		
1.125%, 1/31/19	799	798
U.S. Treasury Notes		
1.25%, 1/31/19	200	200

	Par	\$ Value
(Amounts in 000s)		
U.S. Treasury Notes		
1.625%, 4/30/19	210	209
U.S. Treasury Notes		
2.75%, 2/15/19	1,279	1,279
<b>Total U.S. Treasury Debt</b>		
<b>(Cost \$11,332)</b>		<b>11,332</b>
<b>Total Investments in Securities</b>		
<b>101.4% of Net Assets (Cost \$35,086)</b>	<b>\$</b>	<b>35,086</b>

- ‡ Par is denominated in U.S. dollars unless otherwise noted.
- (1) Issuer operates under a Congressional charter; its securities are neither issued nor guaranteed by the U.S. government. The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation currently operate under a federal conservatorship.

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

T. ROWE PRICE GOVERNMENT MONEY PORTFOLIO

December 31, 2018

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$35,086)	\$	35,086
Receivable for shares sold		28
Interest receivable		20
Cash		1
Other assets		1
Total assets		<u>35,136</u>

**Liabilities**

Payable for investment securities purchased		498
Investment management and administrative fees payable		26
Payable for shares redeemed		23
Total liabilities		<u>547</u>

<b>NET ASSETS</b>	<b>\$</b>	<b><u>34,589</u></b>
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**Net Assets Consist of:**

Paid-in capital applicable to 34,570,973 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized	\$	<u>34,589</u>
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<b>NET ASSETS</b>	<b>\$</b>	<b><u>34,589</u></b>
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<b>NET ASSET VALUE PER SHARE</b>	<b>\$</b>	<b><u>1.00</u></b>
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The accompanying notes are an integral part of these financial statements.

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/18
<b>Investment Income (Loss)</b>	
Interest income	\$ 620
Investment management and administrative expense	183
Net investment income	437
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 437</b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/18	12/31/17
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 437	\$ 107
Distributions to shareholders		
Net investment income	(437)	(107)
Capital share transactions*		
Shares sold	12,650	22,667
Distributions reinvested	437	107
Shares redeemed	(11,816)	(8,336)
Increase in net assets from capital share transactions	1,271	14,438
<b>Net Assets</b>		
Increase during period	1,271	14,438
Beginning of period	33,318	18,880
<b>End of period</b>	<b>\$ 34,589</b>	<b>\$ 33,318</b>
Undistributed net investment income	-	-

\*Capital share transactions at net asset value of \$1.00 per share.

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

## NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Fixed Income Series, Inc., (the corporation), is registered under the Investment Company Act of 1940 (the 1940 Act). The Government Money Portfolio (the fund) is a diversified, open-end management investment company established by the corporation. The fund seeks preservation of capital, liquidity, and, consistent with these, the highest possible current income. Shares of the fund currently are offered only through certain insurance companies as an investment medium for both variable annuity contracts and variable life insurance policies. The fund intends to operate as a government money market fund and has no intention to voluntarily impose liquidity fees on redemptions or temporarily suspend redemptions.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation** The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity. Certain ratios in the accompanying Financial Highlights have been included to conform to the current year presentation.

**Investment Transactions, Investment Income, and Distributions** Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified cost basis. Premiums and discounts on debt securities are amortized for financial reporting purposes. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Distributions to shareholders are recorded on the ex-dividend date. Income distributions are declared daily and paid monthly. A capital gain distribution may also be declared and paid by the fund annually.

**New Accounting Guidance** In March 2017, the FASB issued amended guidance to shorten the amortization period for certain callable debt securities held at a premium. The guidance is effective for fiscal years and interim periods beginning after December 15, 2018. Adoption will have no effect on the fund's net assets or results of operations.

**Indemnification** In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers, and/or private company investments. The fund's maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

## NOTE 2 - VALUATION

The fund's financial instruments are valued and its net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC. The fund's financial instruments are reported at fair value, which GAAP defines 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. Assets and liabilities other than financial instruments, including short-term receivables and payables, are carried at cost, or estimated realizable value, if less, which approximates fair value. The T. Rowe Price Valuation Committee (the Valuation Committee) is an internal committee that has been delegated certain responsibilities by the fund's Board of Directors (the Board) to ensure that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight by the Board, the Valuation Committee develops and oversees pricing-related policies and procedures, including the comparison of amortized cost to market-based value, and approves all fair value determinations.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the fund can access at the reporting date



Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

Level 3 – unobservable inputs

Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions market participants would use to price the financial instrument. Unobservable inputs are those for which market data are not available and are developed using the best information available about the assumptions that market participants would use to price the financial instrument. GAAP requires valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level but rather the degree of judgment used in determining those values. For example, securities held by a money market fund are generally high quality and liquid; however, they are reflected as Level 2 because the inputs used to determine fair value are not quoted prices in an active market.

In accordance with Rule 2a-7 under the 1940 Act, the fund values its securities at amortized cost, which approximates fair value. Securities for which amortized cost is deemed not to reflect fair value are stated at fair value as determined in good faith by the Valuation Committee. On December 31, 2018, all of the fund's financial instruments were classified as Level 2 in the fair value hierarchy.

### NOTE 3 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

The fund files U.S. federal, state, and local tax returns as required. The fund's tax returns are subject to examination by the 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.

Distributions during the years ended December 31, 2018 and December 31, 2017, totaled \$437,000 and \$107,000, respectively, and were characterized as ordinary income for tax purposes. At December 31, 2018, the tax-basis cost of investments and components of net assets were as follows:

(\$000s)

Cost of investments	\$ 35,086
Paid-in capital	34,589
Net assets	\$ 34,589

### NOTE 4 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). The investment management and administrative agreement between the fund and Price Associates provides for an all-inclusive annual fee equal to 0.55% of the fund's average daily net assets. The fee is computed daily and paid monthly. The all-inclusive fee covers investment management, shareholder servicing, transfer agency, accounting, and custody services provided to the fund, as well as fund directors' fees and expenses. Interest, taxes, brokerage commissions, and other non-recurring expenses permitted by the investment management agreement are paid directly by the fund.

Price Associates may voluntarily waive all or a portion of its management fee and reimburse operating expenses to the extent necessary for the fund to maintain a zero or positive net yield (voluntary waiver). Any amounts waived/paid by Price Associates under this voluntary agreement are not subject to repayment by the fund. Price Associates may amend or terminate this voluntary arrangement at any time without prior notice.

The fund may participate in securities purchase and sale transactions with other funds or accounts advised by Price Associates (cross trades), in accordance with procedures adopted by the fund's Board and Securities and Exchange Commission rules, which require, among other things, that such purchase and sale cross trades be effected at the independent current market price of the security. During the year ended December 31, 2018, the fund had no purchases or sales cross trades with other funds or accounts advised by Price Associates.

**Report of Independent Registered Public Accounting Firm**

**To the Board of Directors of T. Rowe Price Fixed Income Series, Inc. and  
Shareholders of T. Rowe Price Government Money Portfolio**

**Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of T. Rowe Price Government Money Portfolio (one of the portfolios constituting T. Rowe Price Fixed Income Series, Inc., 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 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  
Baltimore, Maryland  
February 7, 2019

We have served as the auditor of one or more investment companies in the T. Rowe Price group of investment companies since 1973.

## **INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS**

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information. You may request this document by calling 1-800-225-5132 or by accessing the SEC's website, sec.gov.

The description of our proxy voting policies and procedures is also available on our corporate website. To access it, please visit the following Web page:

<https://www3.troweprice.com/usis/corporate/en/utility/policies.html>

Scroll down to the section near the bottom of the page that says, "Proxy Voting Policies." Click on the Proxy Voting Policies link in the shaded box.

Each fund's most recent annual proxy voting record is available on our website and through the SEC's website. To access it through T. Rowe Price, visit the website location shown above, and scroll down to the section near the bottom of the page that says, "Proxy Voting Records." Click on the Proxy Voting Records link in the shaded box.

## **HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS**

The fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available electronically on the SEC's website (sec.gov); hard copies may be reviewed and copied at the SEC's Public Reference Room, 100 F St. N.E., Washington, DC 20549. For more information on the Public Reference Room, call 1-800-SEC-0330.

## ABOUT THE PORTFOLIO'S DIRECTORS AND OFFICERS

Your fund is overseen by a Board of Directors (Board) that meets regularly to review a wide variety of matters affecting or potentially affecting the fund, including performance, investment programs, compliance matters, advisory fees and expenses, service providers, and business and regulatory affairs. The Board elects the fund's officers, who are listed in the final table. At least 75% of the Board's members are independent of the Boards of T. Rowe Price Associates, Inc. (T. Rowe Price), and its affiliates; "inside" or "interested" directors are employees or officers of T. Rowe Price. The business address of each director and officer is 100 East Pratt Street, Baltimore, Maryland 21202. The Statement of Additional Information includes additional information about the fund directors and is available without charge by calling a T. Rowe Price representative at 1-800-638-5660.

### INDEPENDENT DIRECTORS<sup>(a)</sup>

<b>Name (Year of Birth) Year Elected [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Teresa Bryce Bazemore <sup>(b)</sup> (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Member, Bazemore Consulting LLC (2018 to present); Member, Chimera Investment Corporation (2017 to present); Member, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels <sup>(b)</sup> (1959) 2018 [189]	President, The Johns Hopkins University <sup>(c)</sup> and Professor, Political Science Department, The Johns Hopkins University (2009 to present); Director, Lyndhurst Holdings (2015 to present)
Bruce W. Duncan (1951) 2013 [189]	Chief Executive Officer and Director (January 2009 to December 2016), Chairman of the Board (January 2016 to present), and President (January 2009 to September 2016), First Industrial Realty Trust, an owner and operator of industrial properties; Chairman of the Board (2005 to September 2016) and Director (1999 to September 2016), Starwood Hotels & Resorts, a hotel and leisure company; Director, Boston Properties (May 2016 to present); Director, Marriott International, Inc. (September 2016 to present)
Robert J. Gerrard, Jr. (1952) 2013 [189]	Advisory Board Member, Pipeline Crisis/Winning Strategies, a collaborative working to improve opportunities for young African Americans (1997 to present); Chairman of the Board, all funds (since July 2018)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to present)
Cecilia E. Rouse, Ph.D. (1963) 2013 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Member of National Academy of Education (2010 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member of the National Bureau of Economic Research (2011 to present); Chair of Committee on the Status of Minority Groups in the Economic Profession of the American Economic Association (2012 to 2017); Vice President (2015 to 2016), American Economic Association
John G. Schreiber (1946) 1994 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Co-founder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); Director, General Growth Properties, Inc. (2010 to 2013); Director, Blackstone Mortgage Trust, a real estate finance company (2012 to 2016); Director and Chairman of the Board, Brixmor Property Group, Inc. (2013 to present); Director, Hilton Worldwide (2013 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to present)
Mark R. Tercek (1957) 2009 [189]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of December 31, 2017, except for the information provided for Ms. Bazemore and Mr. Daniels, which is current as of January 1, 2018.

<sup>(b)</sup>Effective January 1, 2018, Ms. Bazemore and Mr. Daniels were elected as independent directors of the Price Funds.

<sup>(c)</sup>William J. Stromberg, president and chief executive officer of T. Rowe Price Group, Inc., the parent company of the Price Funds' investment advisor, has served on the Board of Trustees of Johns Hopkins University since 2014 and is a member of the Johns Hopkins University Board's Compensation Committee.

**INSIDE DIRECTORS**

<b>Name (Year of Birth) Year Elected* [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Edward C. Bernard** (1956) 2006 [0]	Director and Vice President, T. Rowe Price; Vice Chairman of the Board, Director, and Vice President, T. Rowe Price Group, Inc.; Chairman of the Board, Director, and Vice President, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.; Chairman of the Board and Director, T. Rowe Price Retirement Plan Services, Inc.; Chairman of the Board, Chief Executive Officer, Director, and President, T. Rowe Price International and T. Rowe Price Trust Company; Chairman of the Board, all funds (2006 to July 2018)
David Oestreich (1967) 2018 [189]	Chief Legal Officer, Vice President, and Secretary, T. Rowe Price Group, Inc.; Director, Vice President, and Secretary, T. Rowe Price Investment Services, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; Vice President and Secretary, T. Rowe Price, T. Rowe Price Hong Kong, and T. Rowe Price International; Vice President, T. Rowe Price Japan and T. Rowe Price Singapore; Principal Executive Officer and Executive Vice President, all funds
Edward A. Wiese, CFA (1959) 2015 [54]	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, and T. Rowe Price Trust Company

\* Each inside director serves until retirement, resignation, or election of a successor.

\*\* Effective at the conclusion of a meeting of the Boards of the Price Funds held on July 25, 2018, Mr. Bernard resigned from his role as a director and chairman of the Boards of all the Price Funds.

**OFFICERS**

<b>Name (Year of Birth) Position Held With Fixed Income Series</b>	<b>Principal Occupation(s)</b>
Stephen L. Bartolini, CFA (1977) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Darrell N. Braman (1963) Vice President and Secretary	Vice President, Price Hong Kong, Price Singapore, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.
Jason T. Collins (1971) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
M. Helena Condez (1962) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Michael P. Daley (1981) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Levent Demirekler (1974) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
G. Richard Dent (1960) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Stephanie A. Gentile, CFA (1956) Vice President	Vice President, T. Rowe Price; formerly, Director, Credit Suisse Securities (to 2014)
John R. Gilner (1961) Chief Compliance Officer	Chief Compliance Officer and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Investment Services, Inc.
Gary J. Greb (1961) Vice President	Vice President, T. Rowe Price, T. Rowe Price International, and T. Rowe Price Trust Company
Michael J. Grogan, CFA (1971) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Geoffrey M. Hardin (1971) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Charles B. Hill, CFA (1961) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

**OFFICERS (CONTINUED)**

<b>Name (Year of Birth)</b> <b>Position Held With Fixed Income Series</b>	<b>Principal Occupation(s)</b>
Keir R. Joyce, CFA (1972) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Steven M. Kohlenstein, CFA (1987) Vice President	Vice President, T. Rowe Price
Paul J. Krug, CPA (1964) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Marcy M. Lash (1963) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Alan D. Levenson, Ph.D. (1958) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Antonio L. Luna, CFA (1970) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Joseph K. Lynagh, CFA (1958) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Catherine D. Mathews (1963) Treasurer and Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Andrew C. McCormick (1960) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Cheryl A. Mickel, CFA (1967) President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Alexander S. Obaza (1981) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John W. Ratzesberger (1975) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; formerly, North American Head of Listed Derivatives Operation, Morgan Stanley (to 2013)
Shannon H. Rauser (1987) Assistant Secretary	Employee, T. Rowe Price
Michael F. Reinartz, CFA (1973) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Chen Shao (1980) Vice President	Vice President, T. Rowe Price
Douglas D. Spratley, CFA (1969) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Robert D. Thomas (1971) Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International
Megan Warren (1968) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; formerly, Executive Director, JP Morgan Chase (to 2017)
John D. Wells (1960) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

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## ANNUAL REPORT

December 31, 2018

T. ROWE PRICE

# International Stock Portfolio

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## HIGHLIGHTS

- The International Stock Portfolio posted a loss for the 2018 calendar year. The portfolio performed in line with the MSCI All Country World Index ex USA Net, the MSCI All Country World Index ex USA, and its Lipper peer group average.
- The portfolio benefited from stock selection in the financials and information technology sectors, which was largely offset by the underperformance of our consumer staples and energy sector holdings.
- We buy and hold companies with durable franchises that we believe can generate steady earnings and cash flow growth over the long term.
- Valuations across the portfolio remain reasonable, and while we continue to look for good risk-adjusted returns, we keep a watchful eye on capital preservation. Our long-standing positive view on the prospects for technology, health care, and financials has not changed.

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## Dear Investor

The year 2018 was not one that investors will remember fondly. The major stock indexes recorded their worst declines in a decade, with most falling over 20% from recent peaks and bringing a technical end to the bull market that began in 2009. In direct contrast to 2017, financial assets performed poorly across asset classes and geographies. The broadest measure of domestic bond returns, the Bloomberg Barclays U.S. Aggregate Bond Index, returned exactly nothing (0.0%) for the year, and nearly all overseas bond and equity markets also performed poorly. “Cash was king,” in Wall Street parlance, which never makes for a happy reign.

Many issues were behind the market weakness, but we can point to four primary factors that weighed on sentiment:

*Rising interest rates.* Wage pressures appeared to be accelerating early in the year, sending longer-term bond yields to multiyear highs and sparking a sell-off in equities in early February. Wage gains soon moderated, but a continued decline in the unemployment rate—which reached a five-decade low of 3.7% in September—kept investors on the lookout for higher inflation ahead. In October, yields returned to their peaks on the back of good economic data and suggestions from Federal Reserve officials that they might keep hiking interest rates more quickly than expected. This was subsequently followed by a decline in long-term rates as investors sought safety late in the year and questioned the pace of future interest rate hikes.

*Trade tensions.* On March 1, President Donald Trump took markets by surprise in announcing a new series of metal tariffs. His administration quickly adopted a decidedly protectionist stance, with pro-trade advocates leaving and the announcement of plans for a range of new trade restrictions. Many threats never materialized, and the White House announced a renegotiated trade deal with Canada and Mexico. Trade tensions with China only appeared to deepen as the year progressed, however.

*Slowing global growth.* A global slowdown became apparent in the second half of 2018. Environmental and financial reforms put the brakes on the Chinese economy, as planned, but trade frictions caused growth to slow below official targets. Other emerging markets suffered from a stronger U.S. dollar and higher U.S. interest rates. In Europe, trade worries also hampered business spending, while unresolved Brexit fears and further threats to the eurozone from Italy and elsewhere also took a toll. Plummeting oil prices late in the year seemed to confirm a general weakening in global economic conditions.

*Peaking fundamentals.* The U.S. economy stood apart by accelerating in 2018, but a moderation in 2019 appears all but inevitable as the effects of fiscal stimulus moderate. Of specific concern to investors is the almost certain slowdown in

corporate profits in the coming year. Overall profits for the S&P 500 grew by 25% versus the year before in the first three quarters of 2018—a pace sure to slow as the year-over-year impact of the tax cut fades, wage gains pressure margins, and the global economy cools.

The market’s dramatic pullback in the final weeks of 2018—stocks suffered their worst December since the Great Depression—seemed to reflect fears that a recession might even be imminent. I think such concerns are overblown. The Fed has already completed most of its planned rate hikes, promising less of a headwind for the economy and markets. China and Europe are likely to respond to slowing growth with stimulus, and both will benefit from lower oil prices. As I write, some encouraging signs have also emerged on the trade front, although whether the U.S. and China can resolve their differences remains perhaps the largest uncertainty facing markets.

In terms of stock performance, the painful end to 2018 served to improve valuations, making gains in the coming year less of a hurdle. I would also note that a further stock market “bust” in 2019 seems unlikely given that we never experienced the concentrated “boom” that has preceded past bad bear markets. In the final stages of the dot-com boom of the late 1990s, for example, investors flooded in to telecom shares, and huge amounts of capital and risk flowed in to housing in the mid-2000s. Currently, I simply do not see those sorts of distortions in the financial system.

Of course, opinions about what 2019 holds vary among our investment professionals at T. Rowe Price, and we sharpen each other’s thinking by constantly sharing opinions and insights. Please rest assured that your fund’s manager is drawing on the insights and perspectives across our global organization as he or she charts the course ahead.

Thank you for your continued confidence in T. Rowe Price.

Sincerely,



Robert Sharps  
Group Chief Investment Officer

## INVESTMENT OBJECTIVE

The fund seeks long-term growth of capital through investments primarily in the common stocks of established, non-U.S. companies.

## FUND COMMENTARY

### How did the fund perform in the past 12 months?

The International Stock Portfolio returned -14.20% in the 12 months ended December 31, 2018. The portfolio performed in line with the MSCI All Country World Index ex USA Net, the MSCI All Country World Index ex USA, as well as its Lipper peer group average. Effective July 1, 2018, the MSCI All Country World Index ex USA Net replaced the MSCI All Country World Index ex USA as the fund's primary benchmark. The new index assumes the reinvestment of dividends after the deduction of withholding taxes applicable to the country where the dividend is paid; therefore, the returns of the new benchmark are more representative of the returns experienced by investors in foreign issuers. *(Past performance cannot guarantee future results.)*

### PERFORMANCE COMPARISON

Periods Ended 12/31/18	Total Return	
	6 Months	12 Months
International Stock Portfolio	-12.18%	-14.20%
MSCI All Country World Index ex USA Net	-10.84	-14.20
MSCI All Country World Index ex USA	-10.70	-13.78
Lipper Variable Annuity Underlying International Multi-Cap Growth Funds Average	-13.29	-14.22

### What factors influenced the fund's performance?

Stock selection in the consumer staples and energy sectors detracted from our relative returns. However, stock selection was a positive relative performance contributor in the financials, information technology, and industrials and business services sectors. Our overweight to the traditionally defensive consumer staples sector modestly helped relative returns, but an underweight to the extremely volatile energy sector detracted.

In the consumer staples sector, tobacco industry holdings posted losses. **British American Tobacco** was the portfolio's largest absolute and relative performance detractor. It is now the world's biggest tobacco company, following the firm's

acquisition of Reynolds American. The stock peaked in January 2018 and declined during the year, as fears of intensifying competition and regulatory uncertainty surrounding the Food and Drug Administration's possible limitations on nicotine levels in traditional combustible cigarettes weighed on investor sentiment. We added to the position as the share price fell. We believe that the company can generate earnings growth from its traditional cigarette products and its smokeless and heat-not-burn brands, even as global tobacco consumption declines. (Please refer to the portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

**Philip Morris International's** stock also underperformed due to the regulatory uncertainties that have weighed on the industry. We trimmed our stake in **Japan Tobacco**, another poor performer. Japan Tobacco declined in early 2018 after it reported that operating profits declined more than expected. It also appears to be more challenged than some of its peers in next generation product technology.

Stock selection in the financials sector provided a strong relative performance contribution. At 18.6% of the portfolio, financials was our largest sector allocation at the end of the period. Our underweight allocation also contributed to relative returns because stocks in the sector struggled during the period. Our emerging markets financial holdings generated solid performance during the year. We favor companies that are gaining market share. We yielded good results from holdings such as insurer **AIA Group**; longtime bank holdings including **First Bank of Abu Dhabi** and **Housing Development Finance**; and our recently initiated position in **Banco Bradesco**.

Within the health care sector, which held up better than the broad market, our overweight allocation contributed to relative returns. Health care equipment supplier **GN Store Nord**, biotechnology giant **Shire**, and pharmaceutical manufacturers **Chugai Pharmaceuticals** and **Astellas Pharma** were among our best absolute and relative performers.

**SECTOR DIVERSIFICATION**

	Percent of Net Assets	
	6/30/18	12/31/18
Financials	18.2%	18.6%
Health Care	14.0	12.8
Information Technology	12.4	12.5
Consumer Staples	12.6	12.4
Industrials and Business Services	11.8	11.3
Communication Services	10.0	10.9
Consumer Discretionary	10.1	10.7
Materials	3.8	4.4
Energy	3.1	3.2
Utilities	1.7	1.4
Real Estate	0.6	0.6
Other and Reserves	1.7	1.2
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Historical weightings reflect current industry/sector classifications.

We generated a solid relative performance contribution from stock selection in the information technology sector. The portfolio benefited from payment processors **MasterCard** and **Wirecard** in the information technology services segment but suffered punishing losses in **NAVER**, **Renesas Electronics**, **NXP Semiconductors**, **Tencent Holdings**, and relatively new addition **Disco**. At 12.5% of assets, information technology represented our largest overweight allocation (versus 8.0% in the benchmark) at the end of the reporting period.

**How is the fund positioned?**

Overall, our regional views have not materially changed. Europe (40% of portfolio assets) offers many durable growth companies with good risk/reward opportunities. Our holdings in the Pacific ex-Japan region accounted for 28% of assets, and we continued to fund select opportunities in Japan (14%), which generated underwhelming absolute and relative performance.

Our North America holdings (10% of portfolio assets) generate most of their revenues in international markets, and, overall, the region was a positive contributor to relative performance due to stock selection. For example, we like the prospects for **Booking Holdings** (formerly Priceline) and **MasterCard**, as we think both possess significant runways for growth. Within emerging markets, stock selection was the top regional contributor to relative results. We have added to select opportunities in the financials and consumer discretionary sectors, but we have remained modestly underweight overall. Stock selection in Japan and developed Europe detracted.

**What is portfolio management's outlook?**

The recent market volatility and a savage correction for many high-growth companies have created good buying opportunities for contrarian growth investors. The team is constantly looking for growth stocks that we believe have been mispriced by the market on a medium-term view. We attempt to be opportunistic and buy solid, fundamentally sound companies during sharp, short-term sell-offs. In December, some of the growthier parts of the market were severely punished, even though economic fundamentals appeared to remain steady. We believe that this presented a good opportunity to lean into high-quality growth companies where we have a positive a multiyear view of their businesses.

We typically view our holdings as falling into these three buckets:

1. High growth—companies that offer the highest growth potential but typically come with high price/earnings multiples and involve above-average risk.
2. Grinders—companies that we believe can generate sustainable low- to mid-teens returns through a combination of dividends and capital appreciation and that are trading at a reasonable multiple of earnings.
3. Cyclical growers—businesses that are taking market share within their industry and can generate good returns at various points in the economic cycle.

We aim to tilt the portfolio by adding to the bucket where we see the best risk-adjusted returns and the most “mispriced” growth opportunities. During the fourth quarter, we were finding and adding to the high-growth bucket—companies that can offer good defensive characteristics, even in a weaker economic environment, because their growth is more secular and less economically sensitive.

European equity valuations have become more attractive, particularly in financials, as investors worry about the political backdrop. Certain emerging markets, including China, are also more reasonably valued as macroeconomic concerns weighed on stocks despite an attractive earnings growth outlook for many companies. The recent volatility indicates that investors are becoming more unsettled by the rhetoric coming out of Washington, Beijing, and elsewhere, and investors have become less sanguine about the possibility of an escalating trade war.

In health care, we continue to find good individual opportunities in the pharma and medical technology segments, despite difficult headlines around drug pricing in the U.S. Information technology sector valuations appear reasonable relative to our view of the growth they offer.

As always, we are focused on finding companies that we think will continue to demonstrate durable growth. We use a top-down overlay to complement our stock selection process. We believe our best insights will come at the company level rather than attempting to time the markets.

The views expressed reflect the opinions of T. Rowe Price as of the date of this report and are subject to change based on changes in market, economic, or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.



**RISKS OF INTERNATIONAL INVESTING**

Portfolios that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. Portfolios investing in a single country or in a limited geographic region tend to be riskier than more diversified offerings. Risks can result from varying stages of economic and political development; differing regulatory environments, trading days, and accounting standards; and higher transaction costs of non-U.S. markets. Non-U.S. investments are also subject to currency risk, or a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency.

**BENCHMARK INFORMATION**

**Note:** MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI.

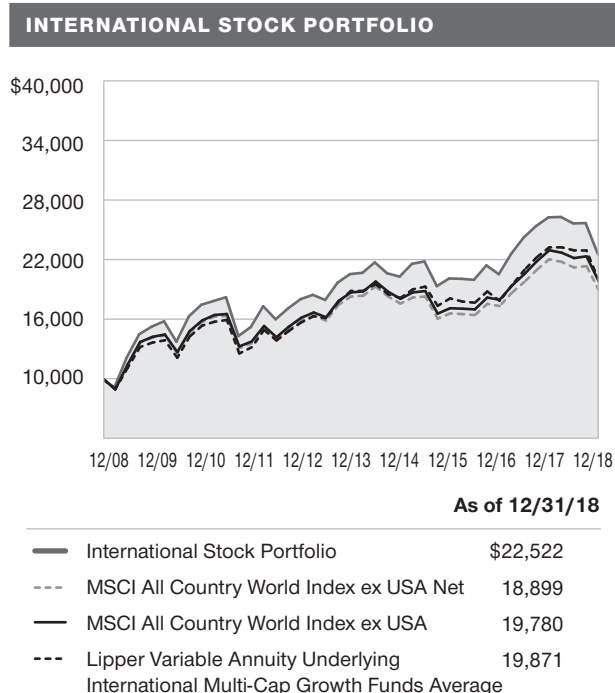
**TWENTY-FIVE LARGEST HOLDINGS**

<b>Company</b>	<b>Country</b>	<b>Percent of Net Assets 12/31/18</b>
AIA Group	Hong Kong	2.3%
Naspers	South Africa	2.3
Essity	Sweden	2.2
Housing Development Finance	India	2.0
Tencent Holdings	China	1.9
Bayer	Germany	1.9
Nestle	Switzerland	1.8
Seven & i Holdings	Japan	1.8
NXP Semiconductors	Netherlands	1.8
Jardine Matheson Holdings	Hong Kong	1.8
Taiwan Semiconductor Manufacturing	Taiwan	1.8
Alibaba Group Holding	China	1.7
UBS	Switzerland	1.7
Thales	France	1.7
British American Tobacco	United Kingdom	1.5
CK Hutchison Holdings	Hong Kong	1.5
NTPC Limited	India	1.4
Nippon Telegraph & Telephone	Japan	1.4
Amcor	Australia	1.4
Bank Central Asia	Indonesia	1.3
Magna International	Canada	1.3
Samsung Electronics	South Korea	1.3
NAVER	South Korea	1.3
Smith & Nephew	United Kingdom	1.2
Amadeus IT	Spain	1.2
<b>Total</b>		<b>41.5%</b>

Note: The information shown does not reflect any exchange-traded funds (ETFs), cash reserves, or collateral for securities lending that may be held in the portfolio.

## GROWTH OF \$10,000

This chart shows the value of a hypothetical \$10,000 investment in the portfolio over the past 10 fiscal year periods or since inception (for portfolios lacking 10-year records). The result is compared with benchmarks, which include a broad-based market index and may also include a peer group average or index. Market indexes do not include expenses, which are deducted from portfolio returns as well as mutual fund averages and indexes.



## AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 12/31/18	1 Year	5 Years	10 Years
International Stock Portfolio	-14.20%	1.86%	8.46%

The fund's performance information represents only past performance and is not necessarily an indication of future results. Current performance may be lower or higher than the performance data cited. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, please contact a T. Rowe Price representative at 1-800-469-6587 (financial advisors, or customers who have an advisor, should call 1-800-638-8790). Total returns do not include charges imposed by your insurance company's separate account. If these had been included, performance would have been lower.

This table shows how the portfolio would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. When assessing performance, investors should consider both short- and long-term returns.

## FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

### Actual Expenses

The first line of the following table (Actual) provides information about actual account values and actual expenses. You may use the information on this line, together with your account balance, 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 on the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The information on the second line of the table (Hypothetical) is based on hypothetical account values and expenses derived from the fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund's actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other 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.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

## INTERNATIONAL STOCK PORTFOLIO

	Beginning Account Value 7/1/18	Ending Account Value 12/31/18	Expenses Paid During Period* 7/1/18 to 12/31/18
Actual	\$1,000.00	\$878.20	\$4.50
Hypothetical (assumes 5% return before expenses)	1,000.00	1,020.42	4.84

\* Expenses are equal to the fund's annualized expense ratio for the 6-month period (0.95%), multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (184), and divided by the days in the year (365) to reflect the half-year period.

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	Year Ended 12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 17.35	\$ 14.27	\$ 14.67	\$ 15.26	\$ 15.72
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.21	0.17	0.17	0.14	0.15
Net realized and unrealized gain/loss	(2.67)	3.80	0.14	(0.28)	(0.35)
Total from investment activities	(2.46)	3.97	0.31	(0.14)	(0.20)
Distributions					
Net investment income	(0.23)	(0.19)	(0.16)	(0.15)	(0.17)
Net realized gain	(1.62)	(0.70)	(0.55)	(0.30)	(0.09)
Total distributions	(1.85)	(0.89)	(0.71)	(0.45)	(0.26)
<b>NET ASSET VALUE</b>					
End of period	\$ 13.04	\$ 17.35	\$ 14.27	\$ 14.67	\$ 15.26

## Ratios/Supplemental Data

<b>Total return<sup>(2) (3)</sup></b>	<b>(14.20)%</b>	<b>27.88%</b>	<b>2.13%</b>	<b>(0.90)%</b>	<b>(1.24)%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates	1.00%	1.05%	1.05%	1.05%	1.05%
Net expenses after waivers/payments by Price Associates	1.00%	1.05%	1.05%	1.05%	1.05%
Net investment income	1.28%	1.04%	1.15%	0.88%	0.94%
Portfolio turnover rate	36.3%	34.0%	39.5%	37.3%	45.3%
Net assets, end of period (in thousands)	\$ 271,207	\$ 382,759	\$ 310,621	\$ 305,031	\$ 329,646

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.<sup>(2)</sup> See Note 7 for details of expense-related arrangements with Price Associates.<sup>(3)</sup> Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

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

## T. ROWE PRICE INTERNATIONAL STOCK PORTFOLIO

December 31, 2018

PORTFOLIO OF INVESTMENTS†	Shares	\$ Value
(Cost and value in \$000s)		
<b>ARGENTINA 0.4%</b>		
<b>Common Stocks 0.4%</b>		
Globant (USD) (1)	19,320	1,088
<b>Total Argentina</b> <b>(Cost \$1,015)</b>		<b>1,088</b>
<b>AUSTRALIA 2.2%</b>		
<b>Common Stocks 2.2%</b>		
Amcor	402,306	3,757
South32	931,255	2,215
<b>Total Australia</b> <b>(Cost \$4,533)</b>		<b>5,972</b>
<b>AUSTRIA 1.1%</b>		
<b>Common Stocks 1.1%</b>		
Erste Group Bank	90,505	3,001
<b>Total Austria</b> <b>(Cost \$2,780)</b>		<b>3,001</b>
<b>BRAZIL 1.4%</b>		
<b>Common Stocks 1.4%</b>		
Banco Bradesco, ADR (USD)	235,400	2,328
BB Seguridade Participacoes	105,027	748
StoneCo, Class A (USD) (1)(2)	35,539	655
<b>Total Brazil</b> <b>(Cost \$3,431)</b>		<b>3,731</b>
<b>CANADA 4.9%</b>		
<b>Common Stocks 4.9%</b>		
Canadian Natural Resources	96,700	2,333
Canadian Pacific Railway	11,433	2,029
Magna International (USD)	78,943	3,588
Restaurant Brands International	45,374	2,373
Seven Generations Energy		
Class A (1)	209,345	1,708
TransCanada (USD) (2)	37,800	1,350
<b>Total Canada</b> <b>(Cost \$14,918)</b>		<b>13,381</b>

	Shares	\$ Value
(Cost and value in \$000s)		
<b>CHILE 0.5%</b>		
<b>Common Stocks 0.5%</b>		
Liberty Latin America, Class C (USD) (1)	85,914	1,252
<b>Total Chile</b> <b>(Cost \$1,963)</b>		<b>1,252</b>
<b>CHINA 6.9%</b>		
<b>Common Stocks 5.2%</b>		
Alibaba Group Holding, ADR (USD) (1)	33,500	4,592
China Mengniu Dairy (HKD)	497,000	1,547
China Overseas Land & Investment (HKD)	474,000	1,634
Ctrip.com International, ADR (USD) (1)	42,833	1,159
Tencent Holdings (HKD)	127,100	5,094
		14,026
<b>Common Stocks - China A Shares 1.5%</b>		
BTG Hotels Group (CNH)	300,491	701
Gree Electric Appliances of Zhuhai (CNH) (1)	272,300	1,422
Kweichow Moutai (CNH)	21,570	1,864
		3,987
<b>Convertible Preferred Stocks 0.2%</b>		
Xiaoju Kuaizhi, Class A-17 Acquisition Date: 10/19/15 Cost \$343 (USD) (1)(3)(4)(6)	12,518	587
		587
<b>Total China</b> <b>(Cost \$10,788)</b>		<b>18,600</b>
<b>FINLAND 1.1%</b>		
<b>Common Stocks 1.1%</b>		
Sampo, A Shares	67,594	2,996
<b>Total Finland</b> <b>(Cost \$2,896)</b>		<b>2,996</b>

(Cost and value in \$000s)

**FRANCE 5.8%****Common Stocks 5.8%**

Air Liquide	24,631	3,059
Airbus	21,612	2,061
BNP Paribas	37,395	1,689
Dassault Aviation	1,562	2,166
Schneider Electric	18,830	1,277
Thales	38,545	4,504
Ubisoft Entertainment (1)	12,268	988

**Total France**  
**(Cost \$13,798)** 15,744

**GERMANY 6.4%****Common Stocks 6.3%**

Bayer	73,146	5,087
Fresenius	33,521	1,620
Infineon Technologies	38,649	774
Knorr-Bremse (1)	12,252	1,104
Merck	22,946	2,362
Scout24 (5)	31,308	1,436
Telefonica Deutschland Holding	479,450	1,887
Wirecard	11,014	1,660
Zalando (1)(5)	48,363	1,250

17,180

**Preferred Stocks 0.1%**

Sartorius, 0.51% (6)	3,198	398
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398

**Total Germany**  
**(Cost \$17,772)** 17,578

**HONG KONG 5.6%****Common Stocks 5.6%**

AIA Group	761,600	6,327
CK Hutchison Holdings	426,884	4,097
Jardine Matheson Holdings (USD)	68,700	4,783

**Total Hong Kong**  
**(Cost \$10,965)** 15,207

(Cost and value in \$000s)

**INDIA 4.7%****Common Stocks 4.7%**

Axis Bank (1)	293,476	2,602
Housing Development Finance	191,482	5,386
NTPC	1,807,361	3,848
Yes Bank	330,813	861

**Total India**  
**(Cost \$7,627)** 12,697

**INDONESIA 1.9%****Common Stocks 1.9%**

Bank Central Asia	1,999,300	3,615
Sarana Menara Nusantara	32,763,200	1,573

**Total Indonesia**  
**(Cost \$2,684)** 5,188

**ITALY 0.9%****Common Stocks 0.9%**

Banca Mediolanum	396,690	2,313
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**Total Italy**  
**(Cost \$2,942)** 2,313

**JAPAN 14.0%****Common Stocks 14.0%**

Astellas Pharma	13,100	167
Bridgestone	35,300	1,354
Chugai Pharmaceutical	33,700	1,955
Daiichi Sankyo	5,300	170
Disco	8,400	977
en-japan	22,200	687
Fujitsu General	124,400	1,599
Hoshizaki	5,800	352
Ipex	135,000	1,196
Japan Tobacco (2)	64,800	1,540
Kansai Paint	41,700	801
Koito Manufacturing	21,400	1,104
Kusuri No Aoki Holdings	9,500	600
Mercari (1)(2)	4,600	77
Mitsubishi Electric	251,100	2,769
Murata Manufacturing	16,600	2,237
Nippon Telegraph & Telephone	92,400	3,770

	Shares	\$ Value
(Cost and value in \$000s)		
Outsourcing	12,000	115
Persol Holdings	96,400	1,430
Renesas Electronics (1)	168,800	767
Sega Sammy Holdings	67,800	945
Seven & i Holdings	112,900	4,906
Stanley Electric	49,200	1,376
Suzuki Motor	19,800	998
Takeda Pharmaceutical (2)	93,300	3,162
Terumo	25,600	1,444
Yahoo Japan	591,100	1,470
<b>Total Japan</b> <b>(Cost \$38,275)</b>		<b>37,968</b>
<b>MEXICO 0.1%</b>		
<b>Common Stocks 0.1%</b>		
Banco Santander Mexico, ADR (USD)	35,610	219
<b>Total Mexico</b> <b>(Cost \$250)</b>		<b>219</b>
<b>NETHERLANDS 3.9%</b>		
<b>Common Stocks 3.9%</b>		
ASML Holding	19,930	3,122
Koninklijke Philips	77,886	2,731
NXP Semiconductors (USD)	65,529	4,802
<b>Total Netherlands</b> <b>(Cost \$10,069)</b>		<b>10,655</b>
<b>PERU 0.6%</b>		
<b>Common Stocks 0.6%</b>		
Credicorp (USD)	7,856	1,741
<b>Total Peru</b> <b>(Cost \$1,447)</b>		<b>1,741</b>
<b>PHILIPPINES 0.4%</b>		
<b>Common Stocks 0.4%</b>		
SM Investments	62,890	1,097
<b>Total Philippines</b> <b>(Cost \$1,025)</b>		<b>1,097</b>

	Shares	\$ Value
(Cost and value in \$000s)		
<b>PORTUGAL 1.6%</b>		
<b>Common Stocks 1.6%</b>		
Galp Energia	126,138	1,986
Jeronimo Martins	191,566	2,270
<b>Total Portugal</b> <b>(Cost \$5,029)</b>		<b>4,256</b>
<b>SAUDI ARABIA 0.3%</b>		
<b>Common Stocks 0.3%</b>		
Al Rajhi Bank	31,955	745
<b>Total Saudi Arabia</b> <b>(Cost \$720)</b>		<b>745</b>
<b>SINGAPORE 0.3%</b>		
<b>Common Stocks 0.3%</b>		
Sea, ADR (USD) (1)	63,109	714
<b>Total Singapore</b> <b>(Cost \$823)</b>		<b>714</b>
<b>SOUTH AFRICA 2.8%</b>		
<b>Common Stocks 2.8%</b>		
FirstRand	321,452	1,464
Naspers, N Shares	30,721	6,151
<b>Total South Africa</b> <b>(Cost \$7,563)</b>		<b>7,615</b>
<b>SOUTH KOREA 3.2%</b>		
<b>Common Stocks 3.2%</b>		
LG Household & Health Care	1,609	1,590
NAVER	31,429	3,445
Samsung Electronics	102,938	3,583
<b>Total South Korea</b> <b>(Cost \$6,708)</b>		<b>8,618</b>
<b>SPAIN 2.4%</b>		
<b>Common Stocks 2.4%</b>		
Amadeus IT Group	47,615	3,313
CaixaBank	472,895	1,713

	Shares	\$ Value
(Cost and value in \$000s)		
Grifols, ADR (USD)	74,141	1,361
<b>Total Spain</b> <b>(Cost \$5,263)</b>		<b>6,387</b>
<b>SWEDEN 2.9%</b>		
<b>Common Stocks 2.9%</b>		
Essity, B Shares	243,359	5,982
Hexagon, B Shares	39,357	1,820
<b>Total Sweden</b> <b>(Cost \$6,667)</b>		<b>7,802</b>
<b>SWITZERLAND 6.2%</b>		
<b>Common Stocks 6.2%</b>		
dormakaba Holding	2,089	1,264
Julius Baer Group	63,465	2,262
Lonza Group	7,840	2,038
Nestle	60,609	4,919
Roche Holding	7,050	1,750
UBS Group	363,507	4,534
<b>Total Switzerland</b> <b>(Cost \$17,284)</b>		<b>16,767</b>
<b>TAIWAN 2.3%</b>		
<b>Common Stocks 2.3%</b>		
Largan Precision	15,000	1,565
Taiwan Semiconductor Manufacturing	654,000	4,749
<b>Total Taiwan</b> <b>(Cost \$3,777)</b>		<b>6,314</b>
<b>THAILAND 0.6%</b>		
<b>Common Stocks 0.6%</b>		
CP ALL	804,900	1,696
<b>Total Thailand</b> <b>(Cost \$865)</b>		<b>1,696</b>

	Shares	\$ Value
(Cost and value in \$000s)		
<b>UNITED ARAB EMIRATES 0.6%</b>		
<b>Common Stocks 0.6%</b>		
First Abu Dhabi Bank	427,712	1,642
<b>Total United Arab Emirates</b> <b>(Cost \$1,195)</b>		<b>1,642</b>
<b>UNITED KINGDOM 8.9%</b>		
<b>Common Stocks 8.9%</b>		
AstraZeneca, ADR (USD)	31,400	1,192
British American Tobacco	128,885	4,101
Burberry Group	67,482	1,482
ConvaTec Group (5)	656,469	1,163
Farfetch, Class A (USD) (1)(2)	29,368	520
LivaNova (USD) (1)	18,890	1,728
London Stock Exchange Group	42,599	2,210
Playtech	52,963	260
Prudential	114,689	2,048
Reckitt Benckiser Group	16,862	1,291
Shire	51,410	2,991
Smith & Nephew	180,983	3,388
Vodafone Group	970,849	1,888
<b>Total United Kingdom</b> <b>(Cost \$27,211)</b>		<b>24,262</b>
<b>UNITED STATES 3.9%</b>		
<b>Common Stocks 3.9%</b>		
Booking Holdings (1)	1,541	2,654
Linde (EUR) (2)	12,632	2,005
Mastercard, Class A	15,300	2,886
Philip Morris International	18,915	1,263
Waste Connections	25,600	1,901
<b>Total United States</b> <b>(Cost \$6,831)</b>		<b>10,709</b>
<b>SHORT-TERM INVESTMENTS 0.7%</b>		
<b>MONEY MARKET FUNDS 0.7%</b>		
T. Rowe Price Government Reserve Fund, 2.45% (7)(8)	1,821,732	1,822
<b>Total Short-Term Investments</b> <b>(Cost \$1,822)</b>		<b>1,822</b>

	Shares	\$ Value
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(Cost and value in \$000s)

**SECURITIES LENDING COLLATERAL 2.8%****Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank 2.8%****Short-Term Funds 2.8%**

T. Rowe Price Short-Term Fund		
2.71% (7)(8)	761,252	7,613

Total Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank	7,613
<b>Total Securities Lending Collateral (Cost \$7,613)</b>	<b>7,613</b>

**Total Investments in Securities****102.3% of Net Assets (Cost \$248,549)      \$ 277,390**

‡ Country classifications are generally based on MSCI categories or another unaffiliated third party data provider; Shares are denominated in the currency of the country presented unless otherwise noted.

- (1) Non-income producing
  - (2) All or a portion of this security is on loan at December 31, 2018. See Note 4.
  - (3) Level 3 in fair value hierarchy. See Note 2.
  - (4) Security cannot be offered for public resale without first being registered under the Securities Act of 1933 and related rules ("restricted security"). Acquisition date represents the day on which an enforceable right to acquire such security is obtained and is presented along with related cost in the security description. The fund has registration rights for certain restricted securities. Any costs related to such registration are borne by the issuer. The aggregate value of restricted securities (excluding 144A holdings) at period-end amounts to \$587 and represents 0.2% of net assets.
  - (5) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration only to qualified institutional buyers – total value of such securities at period-end amounts to \$3,849 and represents 1.4% of net assets.
  - (6) Preferred stocks are shares that carry certain preferential rights. The dividend rate may not be consistent each pay period and could be zero for a particular year.
  - (7) Seven-day yield
  - (8) Affiliated Companies
- ADR American Depositary Receipts  
 CNH Offshore China Renminbi  
 EUR Euro  
 HKD Hong Kong Dollar  
 JPY Japanese Yen



**Forward Currency Exchange Contracts**

(Amounts in 000s)

Counterparty	Settlement	Receive	Deliver	Unrealized Gain (Loss)
Canadian Imperial Bank of Commerce	1/18/19	USD	1,459 JPY	165,382 \$ (52)
<b>Net unrealized gain (loss) on open forward currency exchange contracts</b>				<b>\$ (52)</b>

**Affiliated Companies**

(\$000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company that is under common ownership or control. The following securities were considered affiliated companies for all or some portion of the year ended December 31, 2018. Net realized gain (loss), investment income, change in net unrealized gain/loss, and purchase and sales cost reflect all activity for the period then ended.

<b>Affiliate</b>	<b>Net Realized Gain (Loss)</b>	<b>Change in Net Unrealized Gain/Loss</b>	<b>Investment Income</b>
T. Rowe Price Government Reserve Fund	\$ —	\$ —	\$ 80
T. Rowe Price Short-Term Fund	—	—	— <sup>++</sup>
Totals	\$ — <sup>#</sup>	\$ —	\$ 80 <sup>+</sup>

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/17</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/18</b>
T. Rowe Price Government Reserve Fund	\$ 8,732	□	□ \$	1,822
T. Rowe Price Short-Term Fund	3,330	□	□	7,613
			\$	9,435 <sup>^</sup>

# Capital gain distributions from mutual funds represented \$0 of the net realized gain (loss).

++ Excludes earnings on securities lending collateral, which are subject to rebates and fees as described in Note 4.

+ Investment income comprised \$80 of dividend income and \$0 of interest income.

□ Purchase and sale information not shown for cash management funds.

^ The cost basis of investments in affiliated companies was \$9,435.

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

December 31, 2018

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$248,549)	\$	277,390
Receivable for investment securities sold		808
Dividends receivable		451
Foreign currency (cost \$430)		430
Receivable for shares sold		46
Other assets		386
Total assets		<u>279,511</u>

**Liabilities**

Obligation to return securities lending collateral		7,613
Payable for investment securities purchased		301
Investment management and administrative fees payable		260
Payable for shares redeemed		78
Unrealized loss on forward currency exchange contracts		52
Total liabilities		<u>8,304</u>

**NET ASSETS****\$ 271,207****Net Assets Consist of:**

Undistributed net investment income	\$	25
Accumulated undistributed net realized loss		(3,324)
Net unrealized gain		28,772
Paid-in capital applicable to 20,794,804 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		<u>245,734</u>

**NET ASSETS****\$ 271,207****NET ASSET VALUE PER SHARE****\$ 13.04**

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/18
<b>Investment Income (Loss)</b>	
Income	
Dividend (net of foreign taxes of \$648)	\$ 7,498
Securities lending	53
Total income	7,551
Investment management and administrative expense	3,324
Net investment income	4,227
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	25,827
Options written	70
Forward currency exchange contracts	25
Foreign currency transactions	(87)
Net realized gain	25,835
Change in net unrealized gain / loss	
Securities	(75,124)
Forward currency exchange contracts	16
Other assets and liabilities denominated in foreign currencies	(14)
Change in net unrealized gain / loss	(75,122)
Net realized and unrealized gain / loss	(49,287)
<b>DECREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ (45,060)</b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/18	12/31/17
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 4,227	\$ 3,712
Net realized gain	25,835	19,055
Change in net unrealized gain / loss	(75,122)	62,411
Increase (decrease) in net assets from operations	(45,060)	85,178
Distributions to shareholders		
Net investment income	(4,202)	(3,963)
Net realized gain	(29,597)	(14,600)
Decrease in net assets from distributions	(33,799)	(18,563)
Capital share transactions *		
Shares sold	17,045	20,697
Distributions reinvested	33,799	18,563
Shares redeemed	(83,537)	(33,737)
Increase (decrease) in net assets from capital share transactions	(32,693)	5,523
<b>Net Assets</b>		
Increase (decrease) during period	(111,552)	72,138
Beginning of period	382,759	310,621
<b>End of period</b>	<b>\$ 271,207</b>	<b>\$ 382,759</b>
Undistributed net investment income	25	-
*Share information		
Shares sold	1,000	1,234
Distributions reinvested	2,586	1,081
Shares redeemed	(4,853)	(2,025)
Increase (decrease) in shares outstanding	(1,267)	290

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

## NOTES TO FINANCIAL STATEMENTS

T. Rowe Price International Series, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act). The International Stock (the fund) is a diversified, open-end management investment company established by the corporation. The fund seeks long-term growth of capital through investments primarily in the common stocks of established, non-U.S. companies. Shares of the fund are currently offered only through certain insurance companies as an investment medium for both variable annuity contracts and variable life insurance policies.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation** The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity. Certain ratios in the accompanying Financial Highlights have been included to conform to the current year presentation.

**Investment Transactions, Investment Income, and Distributions** Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified cost basis. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Dividends received from mutual fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Dividend income and capital gain distributions are recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date. Income distributions are declared daily and paid monthly. A capital gain distribution may also be declared and paid by the fund annually.

**Currency Translation** Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as quoted by a major bank. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the respective date of such transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is not bifurcated from the portion attributable to changes in market prices.

**New Accounting Guidance** In March 2017, the FASB issued amended guidance to shorten the amortization period for certain callable debt securities held at a premium. The guidance is effective for fiscal years and interim periods beginning after December 15, 2018. Adoption will have no effect on the fund's net assets or results of operations.

**Indemnification** In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers, and/or private company investments. The fund's maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

## NOTE 2 - VALUATION

The fund's financial instruments are valued and its net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC.

**Fair Value** The fund's financial instruments are reported at fair value, which GAAP defines 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. The T. Rowe Price Valuation Committee (the Valuation Committee) is an internal committee that has been delegated certain responsibilities by the fund's Board of Directors (the Board) to ensure that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight by the Board, the Valuation Committee develops and oversees pricing-related policies and procedures and approves all fair value determinations. Specifically, the Valuation Committee establishes procedures to value securities; determines pricing techniques, sources, and persons eligible to effect fair value pricing actions; oversees the selection, services, and performance of pricing vendors; oversees valuation-related business continuity practices; and provides guidance on internal controls and valuation-related matters. The Valuation Committee reports to the Board and has representation from legal, portfolio management and trading, operations, risk management, and the fund's treasurer.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the fund can access at the reporting date

Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

Level 3 – unobservable inputs

Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use to price the financial instrument. Unobservable inputs are those for which market data are not available and are developed using the best information available about the assumptions that market participants would use to price the financial instrument. GAAP requires valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. When multiple inputs are used to derive fair value, the financial instrument is assigned to the level within the fair value hierarchy based on the lowest-level input that is significant to the fair value of the financial instrument. Input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level but rather the degree of judgment used in determining those values.

**Valuation Techniques** Equity securities listed or regularly traded on a securities exchange or in the over-the-counter (OTC) market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made. OTC Bulletin Board securities are valued at the mean of the closing bid and asked prices. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. Listed securities not traded on a particular day are valued at the mean of the closing bid and asked prices for domestic securities and the last quoted sale or closing price for international securities.

For valuation purposes, the last quoted prices of non-U.S. equity securities may be adjusted to reflect the fair value of such securities at the close of the NYSE. If the fund determines that developments between the close of a foreign market and the close of the NYSE will affect the value of some or all of its portfolio securities, the fund will adjust the previous quoted prices to reflect what it believes to be the fair value of the securities as of the close of the NYSE. In deciding whether it is necessary to adjust quoted prices to reflect fair value, the fund reviews a variety of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. The fund may also fair value securities in other situations, such as when a particular foreign market is closed but the fund is open. The fund uses outside pricing services to provide it with quoted prices and information to evaluate or adjust those prices. The fund cannot predict how often it will use quoted prices and how often it will determine it necessary to adjust those prices to reflect fair value. As a means of evaluating its security valuation process, the fund routinely compares quoted prices, the next day's opening prices in the same markets, and adjusted prices.

Actively traded equity securities listed on a domestic exchange generally are categorized in Level 1 of the fair value hierarchy. Non-U.S. equity securities generally are categorized in Level 2 of the fair value hierarchy despite the availability of quoted prices because, as described above, the fund evaluates and determines whether those quoted prices reflect fair value at the close of the NYSE or require adjustment. OTC Bulletin Board securities, certain preferred securities, and equity securities traded in inactive markets generally are categorized in Level 2 of the fair value hierarchy.

Investments in mutual funds are valued at the mutual fund's closing NAV per share on the day of valuation and are categorized in Level 1 of the fair value hierarchy. Forward currency exchange contracts are valued using the prevailing forward exchange rate and are categorized in Level 2 of the fair value hierarchy. Assets and liabilities other than financial instruments, including short-term receivables and payables, are carried at cost, or estimated realizable value, if less, which approximates fair value.

Thinly traded financial instruments and those for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by the Valuation Committee. The objective of any fair value pricing determination is to arrive at a price that could reasonably be expected from a current sale. Financial instruments fair valued by the Valuation Committee are primarily private placements, restricted securities, warrants, rights, and other securities that are not publicly traded.

Subject to oversight by the Board, the Valuation Committee regularly makes good faith judgments to establish and adjust the fair valuations of certain securities as events occur and circumstances warrant. For instance, in determining the fair value of an equity investment with limited market activity, such as a private placement or a thinly traded public company stock, the Valuation Committee considers a variety of factors, which may include, but are not limited to, the issuer's business prospects, its financial standing and performance, recent investment transactions in the issuer, new rounds of financing, negotiated transactions of significant size between other investors in the company, relevant market valuations of peer companies, strategic events affecting the company, market liquidity for the issuer, and general economic conditions and events. In consultation with the investment and pricing teams, the Valuation Committee will determine an appropriate valuation technique based on available information, which may include both observable and unobservable inputs. The Valuation Committee typically will afford greatest weight to actual prices in arm's length transactions, to the extent they represent orderly transactions between market participants; transaction information can be reliably obtained, and prices are deemed representative of fair value. However, the Valuation Committee may also consider other valuation methods such as market-based valuation multiples; a discount or premium from market value of a similar, freely traded security of the same issuer; or some combination. Fair value determinations are reviewed on a regular basis and updated as information becomes available, including actual purchase and sale transactions of the issue. Because any fair value determination involves a significant amount of judgment, there is a degree of subjectivity inherent in such pricing decisions, and fair value prices determined by the Valuation Committee could differ from those of other market participants. Depending on the relative significance of unobservable inputs, including the valuation technique(s) used, fair valued securities may be categorized in Level 2 or 3 of the fair value hierarchy.

**Valuation Inputs** The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on December 31, 2018 (for further detail by category, please refer to the accompanying Portfolio of Investments):

(\$000s)	Level 1	Level 2	Level 3	Total Value
<b>Assets</b>				
Common Stocks	\$ 39,366	\$ 227,604	\$ -	\$ 266,970
Convertible Preferred Stocks	-	-	587	587
Preferred Stocks	-	398	-	398
Short-Term Investments	1,822	-	-	1,822
Securities Lending Collateral	7,613	-	-	7,613
Total	\$ 48,801	\$ 228,002	\$ 587	\$ 277,390
<b>Liabilities</b>				
Forward Currency Exchange Contracts	\$ -	\$ 52	\$ -	\$ 52

There were no material transfers between Levels 1 and 2 during the year ended December 31, 2018.

Following is a reconciliation of the fund's Level 3 holdings for the year ended December 31, 2018. Gain (loss) reflects both realized and change in unrealized gain/loss on Level 3 holdings during the period, if any, and is included on the accompanying Statement of Operations. The change in unrealized gain/loss on Level 3 instruments held at December 31, 2018, totaled \$(51,000) for the year ended December 31, 2018.

(\$000s)	Beginning Balance 1/1/18	Gain (Loss) During Period	Ending Balance 12/31/18
Investment in Securities			
Convertible Preferred Stocks	\$ 638	\$ (51)	\$ 587



**NOTE 3 - DERIVATIVE INSTRUMENTS**

During the year ended December 31, 2018, the fund invested in derivative instruments. As defined by GAAP, a derivative is a financial instrument whose value is derived from an underlying security price, foreign exchange rate, interest rate, index of prices or rates, or other variable; it requires little or no initial investment and permits or requires net settlement. The fund invests in derivatives only if the expected risks and rewards are consistent with its investment objectives, policies, and overall risk profile, as described in its prospectus and Statement of Additional Information. The fund may use derivatives for a variety of purposes, such as seeking to hedge against declines in principal value, increase yield, invest in an asset with greater efficiency and at a lower cost than is possible through direct investment, to enhance return, or to adjust credit exposure. The risks associated with the use of derivatives are different from, and potentially much greater than, the risks associated with investing directly in the instruments on which the derivatives are based. The fund at all times maintains sufficient cash reserves, liquid assets, or other SEC-permitted asset types to cover its settlement obligations under open derivative contracts.

The fund values its derivatives at fair value and recognizes changes in fair value currently in its results of operations. Accordingly, the fund does not follow hedge accounting, even for derivatives employed as economic hedges. Generally, the fund accounts for its derivatives on a gross basis. It does not offset the fair value of derivative liabilities against the fair value of derivative assets on its financial statements, nor does it offset the fair value of derivative instruments against the right to reclaim or obligation to return collateral. As of December 31, 2018, the fund held foreign exchange derivatives with a fair value of \$52,000, included in unrealized loss on forward currency exchange contracts, on the accompanying Statement of Assets and Liabilities.

Additionally, the amount of gains and losses on derivative instruments recognized in fund earnings during the year ended December 31, 2018, and the related location on the accompanying Statement of Operations is summarized in the following table by primary underlying risk exposure:

(\$000s)	Location of Gain (Loss) on Statement of Operations			
	Options Written		Forward Currency Exchange Contracts	Total
Realized Gain (Loss)				
Foreign exchange derivatives	\$	–	\$ 25	\$ 25
Equity derivatives		70	–	70
Total	\$	70	\$ 25	\$ 95
Change in Unrealized Gain (Loss)				
Foreign exchange derivatives	\$	–	\$ 16	\$ 16
Total	\$	–	\$ 16	\$ 16

**Counterparty Risk and Collateral** The fund invests in derivatives, such as bilateral swaps, forward currency exchange contracts, or OTC options, that are transacted and settle directly with a counterparty (bilateral derivatives), and thereby may expose the fund to counterparty risk. To mitigate this risk, the fund has entered into master netting arrangements (MNAs) with certain counterparties that permit net settlement under specified conditions and, for certain counterparties, also require the exchange of collateral to cover mark-to-market exposure. MNAs may be in the form of International Swaps and Derivatives Association master agreements (ISDAs) or foreign exchange letter agreements (FX letters).

MNAs govern the ability to offset amounts the fund owes a counterparty against amounts the counterparty owes the fund (net settlement). Both ISDAs and FX letters generally allow termination of transactions and net settlement upon the occurrence of contractually specified events, such as failure to pay or bankruptcy. In addition, ISDAs specify other events, the occurrence of which would allow one of the parties to terminate. For example, a downgrade in credit rating of a counterparty below a specified rating would allow the fund to terminate, while a decline in the fund's net assets of more than a specified percentage would allow the counterparty to terminate. Upon termination, all transactions with that counterparty would be liquidated and a net termination amount determined. ISDAs include collateral agreements whereas FX letters do not. Collateral requirements are determined daily based on the net aggregate unrealized gain or loss on all bilateral derivatives with each counterparty, subject to minimum transfer amounts that typically range from \$100,000 to \$250,000. Any additional collateral required due to changes in security values is typically transferred the same business day.

Collateral may be in the form of cash or debt securities issued by the U.S. government or related agencies. Cash posted by the fund is reflected as cash deposits in the accompanying financial statements and generally is restricted from withdrawal by the fund; securities posted by the fund are so noted in the accompanying Portfolio of Investments; both remain in the fund's assets. Collateral pledged by counterparties is not included in the fund's assets because the fund does not obtain effective control over those assets. For bilateral derivatives, collateral posted or received by the fund is held in a segregated account at the fund's custodian. While typically not sold in the same manner as equity or fixed income securities, OTC and bilateral derivatives may be unwound with counterparties or transactions assigned to other counterparties to allow the fund to exit the transaction. This ability is subject to the liquidity of underlying positions. As of December 31, 2018 no collateral was pledged by either the fund or counterparties for bilateral derivatives.

**Forward Currency Exchange Contracts** The fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. It uses forward currency exchange contracts (forwards) primarily to protect its non-U.S. dollar-denominated securities from adverse currency movements. A forward involves an obligation to purchase or sell a fixed amount of a specific currency on a future date at a price set at the time of the contract. Although certain forwards may be settled by exchanging only the net gain or loss on the contract, most forwards are settled with the exchange of the underlying currencies in accordance with the specified terms. Forwards are valued at the unrealized gain or loss on the contract, which reflects the net amount the fund either is entitled to receive or obligated to deliver, as measured by the difference between the forward exchange rates at the date of entry into the contract and the forward rates at the reporting date. Appreciated forwards are reflected as assets and depreciated forwards are reflected as liabilities on the accompanying Statement of Assets and Liabilities. Risks related to the use of forwards include the possible failure of counterparties to meet the terms of the agreements; that anticipated currency movements will not occur, thereby reducing the fund's total return; and the potential for losses in excess of the fund's initial investment. During the year ended December 31, 2018, the volume of the fund's activity in forwards, based on underlying notional amounts, was generally between 0% and 1% of net assets.

**Options** The fund is subject to equity price risk in the normal course of pursuing its investment objectives and uses options to help manage such risk. The fund may use options to manage exposure to security prices, interest rates, foreign currencies, and credit quality; as an efficient means of adjusting exposure to all or a part of a target market; to enhance income; as a cash management tool; or to adjust credit exposure. Options are included in net assets at fair value, options purchased are included in Investments in Securities, and Options written are separately reflected as a liability on the accompanying Statement of Assets and Liabilities. Premiums on unexercised, expired options are recorded as realized gains or losses; premiums on exercised options are recorded as an adjustment to the proceeds from the sale or cost of the purchase. The difference between the premium and the amount received or paid in a closing transaction is also treated as realized gain or loss. In return for a premium paid, call and put options give the holder the right, but not the obligation, to purchase or sell, respectively, a security at a specified exercise price. Risks related to the use of options include possible illiquidity of the options markets; trading restrictions imposed by an exchange or counterparty; movements in the underlying asset values, and, for Options written, potential losses in excess of the fund's initial investment. During the year ended December 31, 2018, the volume of the fund's activity in options, based on underlying notional amounts, was generally less than 1% of net assets.

#### NOTE 4 - OTHER INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks and/or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

**Emerging Markets** The fund may invest, either directly or through investments in T. Rowe Price institutional funds, in securities of companies located in, issued by governments of, or denominated in or linked to the currencies of emerging market countries; at period-end, approximately 26% of the fund's net assets were invested in emerging markets. Emerging markets generally have economic structures that are less diverse and mature, and political systems that are less stable, than developed countries. These markets may be subject to greater political, economic, and social uncertainty and differing regulatory environments that may potentially impact the fund's ability to buy or sell certain securities or repatriate proceeds to U.S. dollars. Such securities are often subject to greater price volatility, less liquidity, and higher rates of inflation than U.S. securities.

**Restricted Securities** The fund may invest in securities that are subject to legal or contractual restrictions on resale. Prompt sale of such securities at an acceptable price may be difficult and may involve substantial delays and additional costs.

**Securities Lending** The fund may lend its securities to approved borrowers to earn additional income. Its securities lending activities are administered by a lending agent in accordance with a securities lending agreement. Security loans generally do not have stated maturity dates, and the fund may recall a security at any time. The fund receives collateral in the form of cash or U.S. government securities. Collateral is maintained over the life of the loan in an amount not less than the value of loaned securities; any additional collateral required due to changes in security values is delivered to the fund the next business day. Cash collateral is invested in accordance with investment guidelines approved by fund management. Additionally, the lending agent indemnifies the fund against losses resulting from borrower default. Although risk is mitigated by the collateral and indemnification, the fund could experience a delay in recovering its securities and a possible loss of income or value if the borrower fails to return the securities, collateral investments decline in value, and the lending agent fails to perform. Securities lending revenue consists of earnings on invested collateral and borrowing fees, net of any rebates to the borrower, compensation to the lending agent, and other administrative costs. In accordance with GAAP, investments made with cash collateral are reflected in the accompanying financial statements, but collateral received in the form of securities is not. At December 31, 2018, the value of loaned securities was \$7,352,000; the value of cash collateral and related investments was \$7,613,000.

**Other** Purchases and sales of portfolio securities other than short-term securities aggregated \$118,110,000 and \$174,268,000, respectively, for the year ended December 31, 2018.

## NOTE 5 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

The fund files U.S. federal, state, and local tax returns as required. The fund's tax returns are subject to examination by the 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.

Distributions during the years ended December 31, 2018 and December 31, 2017, were characterized for tax purposes as follows:

(\$000s)

	December 31	
	2018	2017
Ordinary income	\$ 8,039	\$ 6,883
Long-term capital gain	25,760	11,680
Total distributions	\$ 33,799	\$ 18,563

At December 31, 2018, the tax-basis cost of investments, including derivatives, and components of net assets were as follows:

(\$000s)	
Cost of investments	\$ 253,838
Unrealized appreciation	\$ 52,772
Unrealized depreciation	(29,290)
Net unrealized appreciation (depreciation)	23,482
Undistributed ordinary income	36
Undistributed long-term capital gain	2,086
Late-year ordinary loss deferrals	(131)
Paid-in capital	245,734
Net assets	\$ 271,207

The difference between book-basis and tax-basis net unrealized appreciation (depreciation) is attributable to the deferral of losses from wash sales and/or certain derivative contracts, the realization of gains/losses on passive foreign investment companies and/or certain open derivative contracts for tax purposes.

In accordance with federal tax laws applicable to investment companies, net specified losses realized between November 1 and December 31 are not recognized for tax purposes until the subsequent year (late-year ordinary loss deferrals); however, such losses are recognized for financial reporting purposes in the year realized.

#### NOTE 6 - FOREIGN TAXES

The fund is subject to foreign income taxes imposed by certain countries in which it invests. Additionally, certain foreign currency transactions are subject to tax, and capital gains realized upon disposition of securities issued in or by certain foreign countries are subject to capital gains tax imposed by those countries. All taxes are computed in accordance with the applicable foreign tax law, and, to the extent permitted, capital losses are used to offset capital gains. Taxes attributable to income are accrued by the fund as a reduction of income. Taxes incurred on the purchase of foreign currencies are recorded as realized loss on foreign currency transactions. Current and deferred tax expense attributable to capital gains is reflected as a component of realized or change in unrealized gain/loss on securities in the accompanying financial statements. At December 31, 2018, the fund had no deferred tax liability attributable to foreign securities and \$1,316,000 of foreign capital loss carryforwards, including \$180,000 that expire in 2019, \$390,000 that expire in 2020, \$37,000 that expire in 2021, \$17,000 that expire in 2022, \$181,000 that expire in 2023, \$21,000 that expire in 2025, \$286,000 that expire in 2026 and \$204,000 that expire in 2027.

#### NOTE 7 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). Price Associates has entered into a sub-advisory agreement(s) with one or more of its wholly owned subsidiaries, to provide investment advisory services to the fund. The investment management and administrative agreement between the fund and Price Associates provides for an all-inclusive annual fee equal to 1.05% of the fund's average daily net assets. The fee is computed daily and paid monthly. The all-inclusive fee covers investment management, shareholder servicing, transfer agency, accounting, and custody services provided to the fund, as well as fund directors' fees and expenses. Interest, taxes, brokerage commissions, and other non-recurring expenses permitted by the investment management agreement are paid directly by the fund. Effective July 1, 2018, T. Rowe Price has contractually agreed to waive a portion of the management fee it is entitled to receive from the fund in order to limit the fund's overall management fee rate to 0.95% of the fund's average daily net assets, through at least April 30, 2020. This contractual arrangement will renew automatically for one-year terms thereafter and may be terminated only with approval of the fund's Board. The fund has no obligation to repay fees reduced under this arrangement.

The fund may invest its cash reserves in certain open-end management investment companies managed by Price Associates and considered affiliates of the fund: the T. Rowe Price Government Reserve Fund or the T. Rowe Price Treasury Reserve Fund, organized as money market funds, or the T. Rowe Price Short-Term Fund, a short-term bond fund (collectively, the Price Reserve Funds). The Price Reserve Funds are offered as short-term investment options to mutual funds, trusts, and other accounts managed by Price Associates or its affiliates and are not available for direct purchase by members of the public. Cash collateral from securities lending is invested in the T. Rowe Price Short-Term Fund. The Price Reserve Funds pay no investment management fees.

The fund may participate in securities purchase and sale transactions with other funds or accounts advised by Price Associates (cross trades), in accordance with procedures adopted by the fund's Board and Securities and Exchange Commission rules, which require, among other things, that such purchase and sale cross trades be effected at the independent current market price of the security. During the year ended December 31, 2018, the aggregate value of purchases and sales cross trades with other funds or accounts advised by Price Associates was less than 1% of the fund's net assets as of December 31, 2018.

**Report of Independent Registered Public Accounting Firm**

**To the Board of Directors of T. Rowe Price International Series, Inc.  
and Shareholders of T. Rowe Price International Stock Portfolio**

**Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of T. Rowe Price International Stock Portfolio (one of the portfolios constituting T. Rowe Price International Funds, Inc., 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  
Baltimore, Maryland  
February 7, 2019

We have served as the auditor of one or more investment companies in the T. Rowe Price group of investment companies since 1973.

## **TAX INFORMATION (UNAUDITED) FOR THE TAX YEAR ENDED 12/31/18**

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

The fund's distributions to shareholders included

- \$3,837,000 from short-term capital gains.
- \$25,760,000 from long-term capital gains, subject to a long-term capital gains tax rate of not greater than 20%.

For taxable non-corporate shareholders, \$5,677,000 of the fund's income represents qualified dividend income subject to a long-term capital gains tax rate of not greater than 20%.

For corporate shareholders, \$452,000 of the fund's income qualifies for the dividends-received deduction.

The fund will pass through foreign source income of \$5,741,000 and foreign taxes paid of \$481,000.

## **INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS**

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information. You may request this document by calling 1-800-225-5132 or by accessing the SEC's website, sec.gov.

The description of our proxy voting policies and procedures is also available on our corporate website. To access it, please visit the following Web page:

<https://www3.troweprice.com/usis/corporate/en/utility/policies.html>

Scroll down to the section near the bottom of the page that says, "Proxy Voting Policies." Click on the Proxy Voting Policies link in the shaded box.

Each fund's most recent annual proxy voting record is available on our website and through the SEC's website. To access it through T. Rowe Price, visit the website location shown above, and scroll down to the section near the bottom of the page that says, "Proxy Voting Records." Click on the Proxy Voting Records link in the shaded box.

## **HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS**

Effective for reporting periods on or after March 1, 2019, the fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. Prior to March 1, 2019, the fund filed a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-PORT and N-Q are available electronically on the SEC's website (sec.gov).

## ABOUT THE PORTFOLIO'S DIRECTORS AND OFFICERS

Your fund is overseen by a Board of Directors (Board) that meets regularly to review a wide variety of matters affecting or potentially affecting the fund, including performance, investment programs, compliance matters, advisory fees and expenses, service providers, and business and regulatory affairs. The Board elects the fund's officers, who are listed in the final table. At least 75% of the Board's members are independent of the Boards of T. Rowe Price Associates, Inc. (T. Rowe Price), and its affiliates; "inside" or "interested" directors are employees or officers of T. Rowe Price. The business address of each director and officer is 100 East Pratt Street, Baltimore, Maryland 21202. The Statement of Additional Information includes additional information about the fund directors and is available without charge by calling a T. Rowe Price representative at 1-800-638-5660.

## INDEPENDENT DIRECTORS<sup>(a)</sup>

<b>Name (Year of Birth) Year Elected [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Teresa Bryce Bazemore <sup>(b)</sup> (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Member, Bazemore Consulting LLC (2018 to present); Member, Chimera Investment Corporation (2017 to present); Member, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels <sup>(b)</sup> (1959) 2018 [189]	President, The Johns Hopkins University <sup>(c)</sup> and Professor, Political Science Department, The Johns Hopkins University (2009 to present); Director, Lyndhurst Holdings (2015 to present)
Bruce W. Duncan (1951) 2013 [189]	Chief Executive Officer and Director (January 2009 to December 2016), Chairman of the Board (January 2016 to present), and President (January 2009 to September 2016), First Industrial Realty Trust, an owner and operator of industrial properties; Chairman of the Board (2005 to September 2016) and Director (1999 to September 2016), Starwood Hotels & Resorts, a hotel and leisure company; Director, Boston Properties (May 2016 to present); Director, Marriott International, Inc. (September 2016 to present)
Robert J. Gerrard, Jr. (1952) 2012 [189]	Advisory Board Member, Pipeline Crisis/Winning Strategies, a collaborative working to improve opportunities for young African Americans (1997 to present); Chairman of the Board, all funds (since July 2018)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to present)
Cecilia E. Rouse, Ph.D. (1963) 2012 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Member of National Academy of Education (2010 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member of the National Bureau of Economic Research (2011 to present); Chair of Committee on the Status of Minority Groups in the Economic Profession of the American Economic Association (2012 to 2017); Vice President (2015 to 2016), American Economic Association
John G. Schreiber (1946) 2001 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Co-founder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); Director, General Growth Properties, Inc. (2010 to 2013); Director, Blackstone Mortgage Trust, a real estate finance company (2012 to 2016); Director and Chairman of the Board, Brixmor Property Group, Inc. (2013 to present); Director, Hilton Worldwide (2013 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to present)
Mark R. Tercek (1957) 2009 [189]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of December 31, 2017, except for the information provided for Ms. Bazemore and Mr. Daniels, which is current as of January 1, 2018.

<sup>(b)</sup>Effective January 1, 2018, Ms. Bazemore and Mr. Daniels were elected as independent directors of the Price Funds.

<sup>(c)</sup>William J. Stromberg, president and chief executive officer of T. Rowe Price Group, Inc., the parent company of the Price Funds' investment advisor, has served on the Board of Trustees of Johns Hopkins University since 2014 and is a member of the Johns Hopkins University Board's Compensation Committee.



**INSIDE DIRECTORS**

<b>Name (Year of Birth) Year Elected* [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Edward C. Bernard** (1956) 2006 [0]	Director and Vice President, T. Rowe Price; Vice Chairman of the Board, Director, and Vice President, T. Rowe Price Group, Inc.; Chairman of the Board, Director, and Vice President, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.; Chairman of the Board and Director, T. Rowe Price Retirement Plan Services, Inc.; Chairman of the Board, Chief Executive Officer, Director, and President, T. Rowe Price International and T. Rowe Price Trust Company; Chairman of the Board, all funds (2006 to July 2018)
David Oestreicher (1967) 2018 [189]	Chief Legal Officer, Vice President, and Secretary, T. Rowe Price Group, Inc.; Director, Vice President, and Secretary, T. Rowe Price Investment Services, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; Vice President and Secretary, T. Rowe Price, T. Rowe Price Hong Kong, and T. Rowe Price International; Vice President, T. Rowe Price Japan and T. Rowe Price Singapore; Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA (1971) 2017 [135]	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company

\* Each inside director serves until retirement, resignation, or election of a successor.

\*\* Effective at the conclusion of a meeting of the Boards of the Price Funds held on July 25, 2018, Mr. Bernard resigned from his role as a director and chairman of the Boards of all the Price Funds.

**OFFICERS**

<b>Name (Year of Birth) Position Held With International Series</b>	<b>Principal Occupation(s)</b>
Christopher D. Alderson (1962) President	Director and Vice President, T. Rowe Price International; Vice President, Price Hong Kong, Price Singapore, and T. Rowe Price Group, Inc.
Harishankar Balkrishna (1983) Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International
Sheena L. Barbosa (1983) Vice President	Vice President, Price Hong Kong and T. Rowe Price Group, Inc.
Darrell N. Braman (1963) Vice President and Secretary	Vice President, Price Hong Kong, Price Singapore, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.
Richard N. Clattenburg, CFA (1979) Executive Vice President	Vice President, Price Singapore, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price International
John R. Gilner (1961) Chief Compliance Officer	Chief Compliance Officer and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Investment Services, Inc.
Gary J. Greb (1961) Vice President	Vice President, T. Rowe Price, T. Rowe Price International, and T. Rowe Price Trust Company
Jai Kapadia (1982) Vice President	Vice President, Price Hong Kong and T. Rowe Price Group, Inc.
Paul J. Krug, CPA (1964) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Catherine D. Mathews (1963) Treasurer and Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Tobias F. Mueller (1980) Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International
Oluwaseun A. Oyegunle, CFA (1984) Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International; formerly, student, The Wharton School, University of Pennsylvania (to 2013)

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

**OFFICERS (CONTINUED)**

John W. Ratzesberger (1975) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; formerly, North American Head of Listed Derivatives Operation, Morgan Stanley (to 2013)
Shannon H. Rauser (1987) Assistant Secretary	Employee, T. Rowe Price
Sebastian Schrott (1977) Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International
Megan Warren (1968) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; formerly, Executive Director, JP Morgan Chase (to 2017)
Ernest C. Yeung, CFA (1979) Executive Vice President	Director, Responsible Officer, and Vice President, Price Hong Kong; Vice President, T. Rowe Price Group, Inc.

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

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## ANNUAL REPORT

December 31, 2018

T. ROWE PRICE

# Limited-Term Bond Portfolio

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## HIGHLIGHTS

- The Limited-Term Bond Portfolio returned 1.18% in the 12 months ended December 31, 2018, underperforming its benchmark, the Bloomberg Barclays 1–3 Year U.S. Government/Credit Bond Index. The portfolio performed approximately in line with its Lipper peer group average.
- Our out-of-benchmark positions in securitized sectors—especially asset-backed securities (ABS), which benefited from still-solid consumer fundamentals and a yield advantage over Treasuries—helped results.
- During the period, we increased our exposure to U.S. Treasuries while still aiming to add yield by overweighting non-Treasury sectors and taking out-of-benchmark positions in higher-yielding securitized debt.
- We believe that the macroeconomic environment and corporate fundamentals remain reasonably supportive of riskier assets. However, expectations for U.S. and global growth have fallen and corporate debt levels are historically high.

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## Dear Investor

The year 2018 was not one that investors will remember fondly. The major stock indexes recorded their worst declines in a decade, with most falling over 20% from recent peaks and bringing a technical end to the bull market that began in 2009. In direct contrast to 2017, financial assets performed poorly across asset classes and geographies. The broadest measure of domestic bond returns, the Bloomberg Barclays U.S. Aggregate Bond Index, returned exactly nothing (0.0%) for the year, and nearly all overseas bond and equity markets also performed poorly. “Cash was king,” in Wall Street parlance, which never makes for a happy reign.

Many issues were behind the market weakness, but we can point to four primary factors that weighed on sentiment:

*Rising interest rates.* Wage pressures appeared to be accelerating early in the year, sending longer-term bond yields to multiyear highs and sparking a sell-off in equities in early February. Wage gains soon moderated, but a continued decline in the unemployment rate—which reached a five-decade low of 3.7% in September—kept investors on the lookout for higher inflation ahead. In October, yields returned to their peaks on the back of good economic data and suggestions from Federal Reserve officials that they might keep hiking interest rates more quickly than expected. This was subsequently followed by a decline in long-term rates as investors sought safety late in the year and questioned the pace of future interest rate hikes.

*Trade tensions.* On March 1, President Donald Trump took markets by surprise in announcing a new series of metal tariffs. His administration quickly adopted a decidedly protectionist stance, with pro-trade advocates leaving and the announcement of plans for a range of new trade restrictions. Many threats never materialized, and the White House announced a renegotiated trade deal with Canada and Mexico. Trade tensions with China only appeared to deepen as the year progressed, however.

*Slowing global growth.* A global slowdown became apparent in the second half of 2018. Environmental and financial reforms put the brakes on the Chinese economy, as planned, but trade frictions caused growth to slow below official targets. Other emerging markets suffered from a stronger U.S. dollar and higher U.S. interest rates. In Europe, trade worries also hampered business spending, while unresolved Brexit fears and further threats to the eurozone from Italy and elsewhere also took a toll. Plummeting oil prices late in the year seemed to confirm a general weakening in global economic conditions.

*Peaking fundamentals.* The U.S. economy stood apart by accelerating in 2018, but a moderation in 2019 appears all but inevitable as the effects of fiscal stimulus moderate. Of specific concern to investors is the almost certain slowdown in

corporate profits in the coming year. Overall profits for the S&P 500 grew by 25% versus the year before in the first three quarters of 2018—a pace sure to slow as the year-over-year impact of the tax cut fades, wage gains pressure margins, and the global economy cools.

The market’s dramatic pullback in the final weeks of 2018—stocks suffered their worst December since the Great Depression—seemed to reflect fears that a recession might even be imminent. I think such concerns are overblown. The Fed has already completed most of its planned rate hikes, promising less of a headwind for the economy and markets. China and Europe are likely to respond to slowing growth with stimulus, and both will benefit from lower oil prices. As I write, some encouraging signs have also emerged on the trade front, although whether the U.S. and China can resolve their differences remains perhaps the largest uncertainty facing markets.

In terms of stock performance, the painful end to 2018 served to improve valuations, making gains in the coming year less of a hurdle. I would also note that a further stock market “bust” in 2019 seems unlikely given that we never experienced the concentrated “boom” that has preceded past bad bear markets. In the final stages of the dot-com boom of the late 1990s, for example, investors flooded in to telecom shares, and huge amounts of capital and risk flowed in to housing in the mid-2000s. Currently, I simply do not see those sorts of distortions in the financial system.

Of course, opinions about what 2019 holds vary among our investment professionals at T. Rowe Price, and we sharpen each other’s thinking by constantly sharing opinions and insights. Please rest assured that your fund’s manager is drawing on the insights and perspectives across our global organization as he or she charts the course ahead.

Thank you for your continued confidence in T. Rowe Price.

Sincerely,



Robert Sharps  
Group Chief Investment Officer

## INVESTMENT OBJECTIVE

The fund seeks a high level of income consistent with moderate fluctuation in principal value.

## FUND COMMENTARY

### How did the fund perform in the past 12 months?

The Limited-Term Bond Portfolio returned 1.18% in the 12 months ended December 31, 2018, underperforming its benchmark, the Bloomberg Barclays 1–3 Year U.S. Government/Credit Bond Index. The portfolio performed approximately in line with its Lipper peer group average. (Returns for Portfolio–II Class shares varied slightly, reflecting their different fee structure. *Past performance cannot guarantee future results.*)

PERFORMANCE COMPARISON		
Periods Ended 12/31/18	Total Return	
	6 Months	12 Months
Limited-Term Bond Portfolio	1.14%	1.18%
Limited-Term Bond Portfolio–II	1.02	0.93
Bloomberg Barclays 1–3 Year U.S. Government/Credit Bond Index	1.52	1.60
Lipper Variable Annuity Underlying Short Investment Grade Debt Funds Average	0.91	1.17

### What factors influenced the fund's performance?

Sector allocation contributed to relative returns. Our inclusion of out-of-benchmark positions in securitized sectors—especially asset-backed securities, which benefited from still-solid consumer fundamentals—helped results. The ABS sector is relatively defensive, which aided performance during the heightened volatility experienced in the fourth quarter. Our underweight to Treasuries helped results as Treasury yields increased in line with Fed rate increases for much of the period. Positive economic news and increased U.S. government borrowing also weighed on investor demand for Treasury securities.

The fund also benefited from security selection in corporate investment-grade names. Out-of-benchmark AAA rated **Carlyle Global Markets** was a top contributor, as were out-of-benchmark high-quality BBB names, including **Hyundai Capital America**, **Anglo American Capital**, and **Vulcan Materials**. For the better part of the reporting period, solid economic data, low unemployment, and tame inflation helped companies in the manufacturing space. (Please refer to the portfolio of investments for a complete list of holdings and the amount each represents in the portfolio.)

We do not actively manage the portfolio's duration—which was slightly shorter than that of the benchmark during the period—to be near a target or in a range; rather, we focus on company-specific fundamentals when building and managing the portfolio. Our yield curve positioning, which featured a bias toward the short end of the curve, detracted slightly as rates on the front end of the yield curve increased over the period. (Duration measures a bond's or a bond fund's sensitivity to changes in interest rates.) While we are primarily a cash bond manager, we occasionally make limited use of derivatives in our strategy for hedging purposes. These derivatives may include futures and options as well as credit default and interest rate swaps. The fund's positions in interest rate futures and options, which we use to manage our interest rate exposure, detracted slightly.

## PORTFOLIO CHARACTERISTICS

Periods Ended	6/30/18	12/31/18
Limited-Term Bond Portfolio		
Price Per Share	\$4.78	\$4.78
Dividends Per Share		
6 Months	0.04	0.05
12 Months	0.08	0.10
SEC Yield With Waiver (30-day)	2.27%	2.85%
SEC Yield Without Waiver (30-day)*	2.27%	2.75%
Limited-Term Bond Portfolio–II		
Price Per Share	\$4.76	\$4.76
Dividends Per Share		
6 Months	0.04	0.05
12 Months	0.07	0.08
SEC Yield With Waiver (30-day)	2.03%	2.60%
SEC Yield Without Waiver (30-day)*	2.03%	2.50%
Weighted Average		
Maturity (years)	2.2	2.3
Weighted Average Effective		
Duration (years)	1.8	1.8

12-month dividends may not equal the combined 6-month figures due to rounding.

\* Effective July 1, 2018, through April 30, 2020, T. Rowe Price Associates, Inc., has agreed to reduce the fund's management fees from 0.70% to 0.50% of the fund's average daily net assets. Details are available in the fund's prospectus.

### How is the fund positioned?

Relative to the benchmark, we continue to underweight U.S. Treasuries while aiming to add yield by overweighting non-Treasury sectors and taking out-of-benchmark positions in higher-yielding securitized debt. In 2018, we took advantage of heavy issuance in the securitized sector and added to collateralized loan obligations, commercial mortgage-backed securities, and non-agency mortgage-backed positions.

Corporate debt represented 51% of the portfolio as of December 31, 2018, and much of that was BBB rated for incremental yield. We favor higher-quality, higher-liquidity names in the front end of the curve. By focusing on bonds maturing within the next 18 months, we are able to benefit from additional yield over Treasuries while being protected to some degree in a credit sell-off.

Being mindful of volatility and the potential for rising rates, we have maintained a short overall relative duration. We have also positioned the portfolio for a flattening of the yield curve, lowering exposure to the two-year part of the curve while increasing exposure to the intermediate portion of the curve relative to the benchmark. During recent periods of volatility, we redeployed the proceeds of our maturing short-term bond holdings into corporate credits that we believed were mispriced by the market.

#### CREDIT QUALITY DIVERSIFICATION

	Percent of Net Assets	
	6/30/18	12/31/18
Quality Rating		
U.S. Government		
Agency Securities*	8%	8%
U.S. Treasury**	9	11
AAA	17	18
AA	7	6
A	17	17
BBB	33	33
BB and Below	7	7
Not Rated	1	0
Reserves	1	0
Total	100%	100%

\* U.S. government agency securities include GNMA securities and conventional pass-throughs, collateralized mortgage obligations, and project loans. U.S. government agency securities, unlike Treasuries, are not issued directly by the U.S. government and are generally unrated but have credit support from the U.S. Treasury (in the case of Freddie Mac and Fannie Mae issues) or a direct government guarantee (in the case of Ginnie Mae issues).

\*\* U.S. Treasury securities are issued by the U.S. Treasury and are backed by the full faith and credit of the U.S. government. The ratings of U.S. Treasury securities are derived from the ratings on the U.S. government.

Sources: Moody's Investors Service; if Moody's does not rate a security, then Standard & Poor's (S&P) is used as a secondary source. When available, Fitch will be used for securities that are not rated by Moody's or S&P. T. Rowe Price does not evaluate these ratings but simply assigns them to the appropriate credit quality category as determined by the rating agency.

#### What is portfolio management's outlook?

We believe that the macroeconomic environment and corporate fundamentals remain reasonably supportive of riskier assets. However, expectations for U.S. and global growth have fallen and corporate debt levels are historically high. Against a backdrop of rising inflation-adjusted yields, divergent central bank policies, and trade tensions, a resultant increase in volatility could create more compelling valuation opportunities in certain areas. However, we are cognizant that such volatility could also quickly result in selling pressure on securities with credit risk. Amid such uncertainty, we anticipate maintaining the portfolio's defensive positioning with holdings skewed toward shorter-maturity bonds as well as defensive securitized sectors. In such an environment, credit selection will be increasingly important.

As always, we strive to find value and seek out securities offering reasonable yields without taking on an inordinate level of risk. Our broad diversification and research-driven approach should help us identify short-term bonds whose valuations are disconnected from favorable credit fundamentals while helping to limit exposure to sharp swings in the market.

The views expressed reflect the opinions of T. Rowe Price as of the date of this report and are subject to change based on changes in market, economic, or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

**RISKS OF INVESTING IN FIXED INCOME SECURITIES**

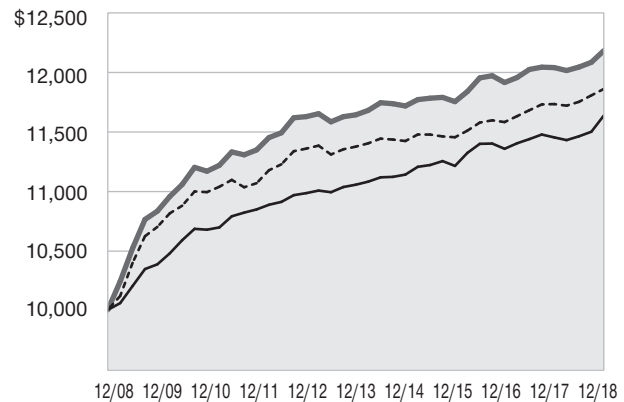
Funds that invest in fixed income securities are subject to price declines due to rising interest rates, with long-term securities generally most sensitive to rate fluctuations. Other risks include credit rating downgrades and defaults on scheduled interest and principal payments. Mortgage-backed securities are subject to prepayment risk, particularly if falling rates lead to heavy refinancing activity, and extension risk, which is an increase in interest rates that causes a fund's average maturity to lengthen unexpectedly due to a drop in mortgage prepayments. This would increase the fund's sensitivity to rising interest rates and its potential for price declines.

**BENCHMARK INFORMATION**

Note: Bloomberg Index Services Ltd. Copyright © 2018, Bloomberg Index Services Ltd. Used with permission.

**GROWTH OF \$10,000**

This chart shows the value of a hypothetical \$10,000 investment in the portfolio over the past 10 fiscal year periods or since inception (for portfolios lacking 10-year records). The result is compared with benchmarks, which include a broad-based market index and may also include a peer group average or index. Market indexes do not include expenses, which are deducted from portfolio returns as well as mutual fund averages and indexes.

**LIMITED-TERM BOND PORTFOLIO****As of 12/31/18**

— Limited-Term Bond Portfolio	\$12,176
— Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index	11,631
--- Lipper Variable Annuity Underlying Short Investment Grade Debt Funds Average	11,855

Note: Performance for the II Class will vary due to its differing fee structure. See the returns table below.

**AVERAGE ANNUAL COMPOUND TOTAL RETURN**

Periods Ended 12/31/18	1 Year	5 Years	10 Years
Limited-Term Bond Portfolio	1.18%	0.91%	1.99%
Limited-Term Bond Portfolio-II	0.93	0.66	1.68

*The fund's performance information represents only past performance and is not necessarily an indication of future results. Current performance may be lower or higher than the performance data cited. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, please contact a T. Rowe Price representative at 1-800-469-6587 (financial advisors, or customers who have an advisor, should call 1-800-638-8790). Total returns do not include charges imposed by your insurance company's separate account. If these had been included, performance would have been lower.*

This table shows how the portfolio would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. When assessing performance, investors should consider both short- and long-term returns.

**FUND EXPENSE EXAMPLE**

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

Shares of the fund are currently offered only through certain insurance companies as an investment medium for both variable annuity contracts and variable life insurance policies. Please note that the fund has two classes of shares: the original share class and II Class. II Class shares are sold through financial intermediaries, which are compensated for distribution, shareholder servicing, and/or certain administrative services under a Board-approved Rule 12b-1 plan.

**Actual Expenses**

The first line of the following table (Actual) provides information about actual account values and actual expenses. You may use the information on this line, together with your account balance, 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 on the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes**

The information on the second line of the table (Hypothetical) is based on hypothetical account values and expenses derived from the fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund's actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other 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.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

**LIMITED-TERM BOND PORTFOLIO**

	<b>Beginning Account Value 7/1/18</b>	<b>Ending Account Value 12/31/18</b>	<b>Expenses Paid During Period* 7/1/18 to 12/31/18</b>
<b>Limited-Term Bond Portfolio</b>			
Actual	\$1,000.00	\$1,011.40	\$2.53
Hypothetical (assumes 5% return before expenses)	1,000.00	1,022.68	2.55
<b>Limited-Term Bond Portfolio-II</b>			
Actual	1,000.00	1,010.20	3.80
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.42	3.82

\*Expenses are equal to the fund's annualized expense ratio for the 6-month period, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (184), and divided by the days in the year (365) to reflect the half-year period. The annualized expense ratio of the Limited-Term Bond Portfolio was 0.50%, and the Limited-Term Bond Portfolio-II was 0.75%.

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Limited-Term Bond Class**

	Year Ended 12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 4.82	\$ 4.84	\$ 4.84	\$ 4.88	\$ 4.91
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.09	0.06	0.05	0.04	0.05
Net realized and unrealized gain / loss	(0.03)	(0.01)	0.02	(0.02)	(0.02)
Total from investment activities	0.06	0.05	0.07	0.02	0.03
Distributions					
Net investment income	(0.10)	(0.07)	(0.07)	(0.06)	(0.06)
<b>NET ASSET VALUE</b>					
End of period	\$ 4.78	\$ 4.82	\$ 4.84	\$ 4.84	\$ 4.88

**Ratios/Supplemental Data**

<b>Total return<sup>(2) (3)</sup></b>	<b>1.18%</b>	<b>1.05%</b>	<b>1.37%</b>	<b>0.31%</b>	<b>0.64%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates	0.60%	0.70%	0.70%	0.70%	0.70%
Net expenses after waivers/payments by Price Associates	0.60%	0.70%	0.70%	0.70%	0.70%
Net investment income	1.93%	1.29%	1.05%	0.82%	1.00%
Portfolio turnover rate	52.6%	55.9%	58.0%	89.2%	117.0%
Net assets, end of period (in thousands)	\$ 434,175	\$ 443,270	\$ 390,964	\$ 420,125	\$ 261,935

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.<sup>(2)</sup> See Note 6 for details of expense-related arrangements with Price Associates.<sup>(3)</sup> Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

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

**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

**Limited-Term Bond-II Class**

	Year Ended 12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 4.80	\$ 4.82	\$ 4.82	\$ 4.86	\$ 4.89
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.08	0.05	0.04	0.03	0.04
Net realized and unrealized gain / loss	(0.04)	(0.01)	0.01	(0.03)	(0.02)
Total from investment activities	0.04	0.04	0.05	-	0.02
Distributions					
Net investment income	(0.08)	(0.06)	(0.05)	(0.04)	(0.05)
<b>NET ASSET VALUE</b>					
End of period	\$ 4.76	\$ 4.80	\$ 4.82	\$ 4.82	\$ 4.86

**Ratios/Supplemental Data**

<b>Total return<sup>(2) (3)</sup></b>	<b>0.93%</b>	<b>0.81%</b>	<b>1.12%</b>	<b>0.06%</b>	<b>0.39%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates	0.84%	0.95%	0.95%	0.95%	0.95%
Net expenses after waivers/payments by Price Associates	0.84%	0.95%	0.95%	0.95%	0.95%
Net investment income	1.72%	1.09%	0.77%	0.62%	0.81%
Portfolio turnover rate	52.6%	55.9%	58.0%	89.2%	117.0%
Net assets, end of period (in thousands)	\$ 15,247	\$ 7,378	\$ 9,979	\$ 11,043	\$ 8,224

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.<sup>(2)</sup> See Note 6 for details of expense-related arrangements with Price Associates.<sup>(3)</sup> Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

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



## T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

December 31, 2018

**PORTFOLIO OF INVESTMENTS†****Par/Shares      \$ Value**

(Amounts in 000s)

**CORPORATE BONDS 50.4%****Financial Institutions 20.5%****Banking 14.0%**

ABN AMRO Bank		
2.10%, 1/18/19 (1)	1,170	1,170
ABN AMRO Bank, FRN,		
3M USD LIBOR + 0.57%, 3.261%,		
8/27/21 (1)	1,105	1,098
Ally Financial		
3.50%, 1/27/19	1,855	1,853
American Express Credit		
2.20%, 3/3/20	1,030	1,019
American Express Credit		
2.375%, 5/26/20	160	158
ANZ New Zealand International		
2.20%, 7/17/20 (1)	550	541
ANZ New Zealand International		
2.75%, 1/22/21 (1)	880	869
Banco de Credito del Peru		
2.25%, 10/25/19 (1)	200	198
Banco Santander		
2.50%, 12/15/20 (1)	1,285	1,258
Banco Santander, FRN,		
3M USD LIBOR + 1.12%, 3.545%,		
4/12/23	600	583
Bank of America		
2.503%, 10/21/22	435	418
Bank of America		
2.625%, 4/19/21	535	528
Bank of America, FRN,		
3M USD LIBOR + 0.38%, 2.857%,		
1/23/22	610	598
Bank of America, FRN,		
3M USD LIBOR + 0.65%, 3.472%,		
6/25/22	590	582
Bank of America, FRN,		
3M USD LIBOR + 1.16%, 3.629%,		
1/20/23	995	992
Bank of Montreal		
1.75%, 9/11/19	1,580	1,569
Bank of Montreal, FRN,		
3M USD LIBOR + 0.46%, 2.896%,		
4/13/21	730	726
Banque Federative du Credit Mutuel		
2.00%, 4/12/19 (1)	690	688
Banque Federative du Credit Mutuel		
2.20%, 7/20/20 (1)	625	614

**Par/Shares      \$ Value**

(Amounts in 000s)

Banque Federative du Credit Mutuel,		
FRN,		
3M USD LIBOR + 0.96%, 3.429%,		
7/20/23 (1)	875	867
Barclays		
2.75%, 11/8/19	1,215	1,203
Barclays, FRN,		
3M USD LIBOR + 1.625%, 4.039%,		
1/10/23	475	462
Barclays Bank		
2.65%, 1/11/21	665	652
BB&T		
2.15%, 2/1/21	860	840
BPCE		
2.50%, 7/15/19	440	439
BPCE, FRN,		
3M USD LIBOR + 1.22%, 3.897%,		
5/22/22 (1)	400	398
Capital One		
1.85%, 9/13/19	1,040	1,029
Capital One		
2.35%, 1/31/20	940	928
Capital One Financial		
2.40%, 10/30/20	575	563
Capital One Financial		
2.50%, 5/12/20	250	247
Citibank		
2.125%, 10/20/20	1,080	1,057
Citigroup		
2.90%, 12/8/21	990	973
Citigroup, FRN,		
3M USD LIBOR + 0.79%, 3.204%,		
1/10/20	1,005	1,006
Citizens Bank		
2.25%, 3/2/20	455	450
Citizens Bank		
2.25%, 10/30/20	250	245
Citizens Bank		
2.45%, 12/4/19	250	248
Citizens Bank		
2.50%, 3/14/19	925	924
Citizens Bank		
2.55%, 5/13/21	390	382
Cooperatieve Rabobank		
3.95%, 11/9/22	935	930
Credit Agricole, FRN,		
3M USD LIBOR + 1.02%, 3.507%,		
4/24/23 (1)	470	462
Credit Suisse		
5.40%, 1/14/20	220	223



T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Credit Suisse Group Funding		
Guernsey		
2.75%, 3/26/20	500	496
Danske Bank		
2.20%, 3/2/20 (1)	1,115	1,091
Deutsche Bank, FRN,		
3M USD LIBOR + 1.29%, 3.766%,		
2/4/21	1,080	1,050
Discover Bank		
3.10%, 6/4/20	310	307
Discover Bank		
7.00%, 4/15/20	1,555	1,619
First Niagara Financial Group		
7.25%, 12/15/21	370	405
Goldman Sachs Group		
1.95%, 7/23/19	350	348
Goldman Sachs Group		
2.30%, 12/13/19	500	495
Goldman Sachs Group		
5.375%, 3/15/20	295	301
Goldman Sachs Group		
6.00%, 6/15/20	90	93
Goldman Sachs Group, FRN,		
3M USD LIBOR + 0.78%, 3.307%,		
10/31/22	750	731
Goldman Sachs Group, FRN,		
3M USD LIBOR + 1.11%, 3.618%,		
4/26/22	750	739
HSBC Holdings		
2.65%, 1/5/22	470	456
HSBC Holdings, FRN,		
3M USD LIBOR + 0.60%, 3.24%,		
5/18/21	805	793
HSBC USA		
2.35%, 3/5/20	690	683
Huntington National Bank		
2.375%, 3/10/20	1,020	1,011
ING Groep, FRN,		
3M USD LIBOR + 1.15%, 3.953%,		
3/29/22	480	479
Intesa Sanpaolo		
3.375%, 1/12/23 (1)	325	299
Intesa Sanpaolo		
3.875%, 1/15/19	885	885
JPMorgan Chase		
2.25%, 1/23/20	800	792
JPMorgan Chase		
4.25%, 10/15/20	275	280
JPMorgan Chase		
4.40%, 7/22/20	170	173

	Par/Shares	\$ Value
(Amounts in 000s)		
JPMorgan Chase		
4.95%, 3/25/20	225	230
JPMorgan Chase, FRN,		
3M USD LIBOR + 0.55%, 3.317%,		
3/9/21	990	986
Mitsubishi UFJ Financial Group,		
FRN,		
3M USD LIBOR + 0.65%, 3.158%,		
7/26/21	280	278
Mitsubishi UFJ Financial Group,		
FRN,		
3M USD LIBOR + 0.86%, 3.368%,		
7/26/23	460	455
Mitsubishi UFJ Financial Group,		
FRN,		
3M USD LIBOR + 0.92%, 3.609%,		
2/22/22	570	569
Morgan Stanley		
5.50%, 1/26/20	355	363
Morgan Stanley		
5.50%, 7/24/20	355	366
Morgan Stanley, FRN,		
3M USD LIBOR + 0.55%, 3.168%,		
2/10/21	900	890
Morgan Stanley, FRN,		
3M USD LIBOR + 0.85%, 3.337%,		
1/24/19	1,730	1,730
PNC Bank		
2.45%, 11/5/20	650	641
Regions Bank, FRN,		
3M USD LIBOR + 0.50%, 3.118%,		
8/13/21	285	280
Regions Bank, FRN,		
3M USD LIBOR + 0.38%, 3.177%,		
4/1/21	980	961
Royal Bank of Scotland Group		
6.40%, 10/21/19	210	215
Skandinaviska Enskilda Banken		
1.50%, 9/13/19	1,065	1,054
Standard Chartered		
2.10%, 8/19/19 (1)	280	278
Standard Chartered, FRN,		
3M USD LIBOR + 1.15%, 3.558%,		
1/20/23 (1)	635	625
Sumitomo Mitsui Trust Bank		
1.95%, 9/19/19 (1)	410	407
SunTrust Bank, VR,		
2.59%, 1/29/21 (2)	1,090	1,081
Svenska Handelsbanken		
3.35%, 5/24/21	760	760
Synchrony Financial		
2.70%, 2/3/20	2,265	2,226

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Toronto-Dominion Bank		
1.95%, 1/22/19	1,005	1,004
UBS Group Funding Switzerland		
2.95%, 9/24/20 (1)	1,015	1,004
UBS Group Funding Switzerland, FRN,		
3M USD LIBOR + 1.22%, 3.873%, 5/23/23 (1)	590	583
US Bank, FRN,		
3M USD LIBOR + 0.32%, 2.828%, 4/26/21	1,080	1,075
Wells Fargo & Co		
2.55%, 12/7/20	70	69
Wells Fargo Bank, VR,		
3.325%, 7/23/21 (2)	1,335	1,334
		62,980
<b>Brokerage Asset Managers Exchanges 0.2%</b>		
CBOE Global Markets		
1.95%, 6/28/19	410	408
Charles Schwab, FRN,		
3M USD LIBOR + 0.32%, 2.966%, 5/21/21	680	680
Legg Mason		
2.70%, 7/15/19	45	45
		1,133
<b>Finance Companies 2.1%</b>		
AerCap Ireland Capital		
3.75%, 5/15/19	315	315
AerCap Ireland Capital		
3.95%, 2/1/22	785	771
AerCap Ireland Capital		
4.625%, 10/30/20	440	443
Air Lease		
2.125%, 1/15/20	890	880
Air Lease		
2.50%, 3/1/21	200	195
Air Lease		
3.50%, 1/15/22	390	385
Avolon Holdings Funding		
5.125%, 10/1/23 (1)	810	774
GATX		
2.50%, 7/30/19	485	483
GATX		
2.60%, 3/30/20	1,260	1,251
GE Capital International Funding		
2.342%, 11/15/20	2,260	2,181
International Lease Finance		
6.25%, 5/15/19	560	565

	Par/Shares	\$ Value
(Amounts in 000s)		
iStar		
4.625%, 9/15/20	1,115	1,084
SMBC Aviation Capital Finance		
4.125%, 7/15/23 (1)	200	200
		9,527
<b>Financial Other 0.3%</b>		
DAE Funding		
5.25%, 11/15/21 (1)	1,360	1,341
		1,341
<b>Insurance 2.8%</b>		
AIA Group		
2.25%, 3/11/19 (1)	200	200
AIA Group, FRN,		
3M USD LIBOR + 0.52%, 3.312%, 9/20/21 (1)	890	887
AIG Global Funding		
3.35%, 6/25/21 (1)	525	523
American International Group		
2.30%, 7/16/19	520	519
American International Group		
6.40%, 12/15/20	260	273
Anthem		
2.50%, 11/21/20	475	468
Aon		
2.80%, 3/15/21	970	956
Aon		
5.00%, 9/30/20	95	97
CNO Financial Group		
4.50%, 5/30/20	3,415	3,372
Humana		
2.625%, 10/1/19	745	743
Lincoln National		
4.00%, 9/1/23	195	196
New York Life Global Funding, FRN,		
3M USD LIBOR + 0.32%, 2.912%, 8/6/21 (1)	850	850
Principal Life Global Funding II		
1.50%, 4/18/19 (1)	415	413
Principal Life Global Funding II		
2.20%, 4/8/20 (1)	1,545	1,529
Reinsurance Group of America		
5.00%, 6/1/21	90	93
Reinsurance Group of America		
6.45%, 11/15/19	810	833
Trinity Acquisition		
3.50%, 9/15/21	450	442
		12,394

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
<b>Real Estate Investment Trusts 1.1%</b>		
American Campus Communities		
Operating Partnership		
3.35%, 10/1/20	700	697
Brixmor Operating Partnership		
3.875%, 8/15/22	115	115
Starwood Property Trust		
3.625%, 2/1/21	1,070	1,030
VEREIT Operating Partnership		
3.00%, 2/6/19	1,980	1,979
WEA Finance		
2.70%, 9/17/19 (1)	1,110	1,106
		4,927
Total Financial Institutions		92,302
<b>Industrial 27.5%</b>		
<b>Basic Industry 2.2%</b>		
Anglo American Capital		
3.75%, 4/10/22 (1)	200	196
Anglo American Capital		
4.125%, 9/27/22 (1)	430	424
ArcelorMittal, STEP,		
5.25%, 8/5/20	1,250	1,267
ArcelorMittal, STEP,		
5.50%, 3/1/21	305	314
Celulosa Arauco y Constitucion		
7.25%, 7/29/19	595	609
DowDuPont		
3.766%, 11/15/20	765	772
Ecolab		
2.00%, 1/14/19	690	690
International Flavors & Fragrances		
3.40%, 9/25/20	285	285
INVISTA Finance		
4.25%, 10/15/19 (1)	1,480	1,485
LyondellBasell Industries		
5.00%, 4/15/19	270	270
LyondellBasell Industries		
6.00%, 11/15/21	415	439
Packaging Corp. of America		
2.45%, 12/15/20	410	403
Sherwin-Williams		
2.25%, 5/15/20	2,010	1,971
Solvay Finance America		
3.40%, 12/3/20 (1)	705	701
Southern Copper		
5.375%, 4/16/20	145	148
		9,974

	Par/Shares	\$ Value
(Amounts in 000s)		
<b>Capital Goods 2.0%</b>		
Boral Finance Property		
3.00%, 11/1/22 (1)	100	97
Caterpillar Financial Services, FRN,		
3M USD LIBOR + 0.28%, 3.046%,		
9/7/21	415	416
CNH Industrial Capital		
3.375%, 7/15/19	375	373
CNH Industrial Capital		
3.875%, 10/15/21	225	223
CNH Industrial Capital		
4.375%, 11/6/20	1,775	1,786
Fortive		
1.80%, 6/15/19	13	13
General Dynamics, FRN,		
3M USD LIBOR + 0.29%, 2.908%,		
5/11/20	225	225
General Dynamics, FRN,		
3M USD LIBOR + 0.38%, 2.998%,		
5/11/21	380	381
Honeywell International		
1.80%, 10/30/19	795	788
Martin Marietta Materials, FRN,		
3M USD LIBOR + 0.50%, 3.292%,		
12/20/19	445	444
Martin Marietta Materials, FRN,		
3M USD LIBOR + 0.65%, 3.327%,		
5/22/20	215	215
Northrop Grumman		
2.08%, 10/15/20	1,105	1,084
Rockwell Collins		
1.95%, 7/15/19	300	298
Roper Technologies		
3.00%, 12/15/20	345	342
United Technologies, FRN,		
3M USD LIBOR + 0.65%, 3.279%,		
8/16/21	520	521
Votorantim		
6.625%, 9/25/19 (1)	230	235
Vulcan Materials, FRN,		
3M USD LIBOR + 0.65%, 3.388%,		
3/1/21	1,130	1,131
Vulcan Materials, FRN,		
3M USD LIBOR + 0.60%, 3.388%,		
6/15/20	520	515
		9,087
<b>Communications 3.1%</b>		
America Movil		
5.00%, 10/16/19	120	122

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
America Movil		
5.00%, 3/30/20	1,050	1,069
Charter Communications Operating		
3.579%, 7/23/20	920	920
Charter Communications Operating		
4.464%, 7/23/22	1,040	1,050
Comcast		
3.70%, 4/15/24	1,175	1,181
Crown Castle International		
2.25%, 9/1/21	385	371
Crown Castle International		
3.40%, 2/15/21	600	597
Crown Castle Towers		
3.72%, 7/15/23 (1)	385	384
Discovery Communications		
2.20%, 9/20/19	380	377
Interpublic Group		
3.50%, 10/1/20	205	205
NBCUniversal Media		
5.15%, 4/30/20	1,060	1,090
Omnicom Group		
4.45%, 8/15/20	500	508
RELX Capital		
3.50%, 3/16/23	400	395
SBA Tower Trust		
2.898%, 10/15/19 (1)	1,640	1,629
SBA Tower Trust		
3.448%, 3/15/23 (1)	620	615
SES GLOBAL Americas Holdings		
2.50%, 3/25/19 (1)	265	265
Telefonos de Mexico		
5.50%, 11/15/19	730	742
Time Warner Cable		
8.25%, 4/1/19	1,960	1,982
Time Warner Cable		
8.75%, 2/14/19	285	287
		13,789
<b>Consumer Cyclical 5.1%</b>		
Alibaba Group Holding		
2.50%, 11/28/19	1,480	1,472
Aptiv		
3.15%, 11/19/20	760	756
AutoZone		
1.625%, 4/21/19	125	125
BMW US Capital, FRN,		
3M USD LIBOR + 0.41%, 2.835%, 4/12/21 (1)	770	763
BMW US Capital, FRN,		
3M USD LIBOR + 0.50%, 3.118%, 8/13/21 (1)	575	570

	Par/Shares	\$ Value
(Amounts in 000s)		
Daimler Finance North America		
1.75%, 10/30/19 (1)	705	697
Daimler Finance North America		
2.30%, 2/12/21 (1)	1,090	1,063
Dollar Tree, FRN,		
3M USD LIBOR + 0.70%, 3.149%, 4/17/20	865	860
DR Horton		
2.55%, 12/1/20	365	357
eBay		
2.15%, 6/5/20	540	532
Expedia Group		
5.95%, 8/15/20	233	241
Ford Motor Credit		
2.021%, 5/3/19	655	651
Ford Motor Credit		
2.343%, 11/2/20	400	384
Ford Motor Credit		
2.459%, 3/27/20	355	347
Ford Motor Credit		
2.681%, 1/9/20	455	448
Ford Motor Credit		
3.47%, 4/5/21	290	281
General Motors Financial		
3.10%, 1/15/19	545	545
General Motors Financial		
3.20%, 7/13/20	1,080	1,064
General Motors Financial, FRN,		
3M USD LIBOR + 0.85%, 3.258%, 4/9/21	515	504
Harley-Davidson Financial Services, FRN,		
3M USD LIBOR + 0.50%, 3.146%, 5/21/20 (1)	550	551
Harley-Davidson Financial Services, FRN,		
3M USD LIBOR + 0.94%, 3.647%, 3/2/21 (1)	695	695
Hyundai Capital America		
1.75%, 9/27/19 (1)	495	489
Hyundai Capital America		
2.00%, 7/1/19 (1)	580	576
Hyundai Capital America		
2.50%, 3/18/19 (1)	1,105	1,103
Hyundai Capital America		
2.55%, 2/6/19 (1)	295	295
JD.com		
3.125%, 4/29/21	840	813
Nissan Motor Acceptance		
1.55%, 9/13/19 (1)	525	518

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Nissan Motor Acceptance 2.15%, 9/28/20 (1)	755	737
Nissan Motor Acceptance 3.65%, 9/21/21 (1)	295	294
PACCAR Financial 3.10%, 5/10/21	865	866
QVC 3.125%, 4/1/19	2,486	2,488
Royal Caribbean Cruises 2.65%, 11/28/20	185	181
Volkswagen Group of America Finance 3.875%, 11/13/20 (1)	685	689
Walmart 3.125%, 6/23/21	810	816
		22,771
<b>Consumer Non-Cyclical 6.7%</b>		
Abbott Laboratories 2.90%, 11/30/21	725	717
AbbVie 2.30%, 5/14/21	640	624
BAT Capital 2.297%, 8/14/20	1,775	1,729
Bayer U.S. Finance II 3.50%, 6/25/21 (1)	450	447
Bayer US Finance II, FRN, 3M USD LIBOR + 0.63%, 3.452%, 6/25/21 (1)	850	838
Becton Dickinson & Company 2.404%, 6/5/20	785	774
Becton Dickinson & Company 2.675%, 12/15/19	1,360	1,347
Becton Dickinson & Company, FRN, 3M USD LIBOR + 0.875%, 3.678%, 12/29/20	315	312
Biogen 2.90%, 9/15/20	445	442
Bunge Ltd. Finance 3.50%, 11/24/20	555	553
Campbell Soup, FRN, 3M USD LIBOR + 0.50%, 3.288%, 3/16/20	700	696
Campbell Soup, FRN, 3M USD LIBOR + 0.63%, 3.418%, 3/15/21	700	689
Celgene 2.875%, 2/19/21	485	479
Cigna 3.40%, 9/17/21 (1)	255	254

	Par/Shares	\$ Value
(Amounts in 000s)		
Cigna, FRN, 3M USD LIBOR + 0.65%, 3.438%, 9/17/21 (1)	455	449
Conagra Brands, FRN, 3M USD LIBOR + 0.75%, 3.219%, 10/22/20	315	316
CVS Health 3.125%, 3/9/20	575	574
CVS Health 3.35%, 3/9/21	930	926
CVS Health, FRN, 3M USD LIBOR + 0.63%, 3.397%, 3/9/20	430	429
CVS Health, FRN, 3M USD LIBOR + 0.72%, 3.487%, 3/9/21	475	473
Danone 1.691%, 10/30/19 (1)	1,655	1,630
Elanco Animal Health 3.912%, 8/27/21 (1)	320	322
Elanco Animal Health 4.272%, 8/28/23 (1)	300	301
EMD Finance 2.40%, 3/19/20 (1)	680	673
Express Scripts Holding 2.25%, 6/15/19	115	114
Express Scripts Holding, FRN, 3M USD LIBOR + 0.75%, 3.457%, 11/30/20	1,100	1,100
General Mills, FRN, 3M USD LIBOR + 0.54%, 2.976%, 4/16/21	1,345	1,318
HCA 4.25%, 10/15/19	235	234
HCA 6.50%, 2/15/20	1,020	1,045
Imperial Brands Finance 2.95%, 7/21/20 (1)	265	261
Johnson & Johnson 1.95%, 11/10/20	340	335
Keurig Dr Pepper 3.551%, 5/25/21 (1)	1,130	1,126
Kroger 1.50%, 9/30/19	399	394
Kroger 2.30%, 1/15/19	230	230
Mckesson 3.65%, 11/30/20	965	969
Medco Health Solutions 4.125%, 9/15/20	515	520

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	Par/Shares	\$ Value
(Amounts in 000s)		
Molson Coors Brewing 2.25%, 3/15/20	430	424
Reynolds American 8.125%, 6/23/19	265	271
Shire Acquisition Investments Ireland 1.90%, 9/23/19	3,135	3,096
Takeda Pharmaceutical 3.80%, 11/26/20 (1)	570	573
Teva Pharmaceutical Finance III 1.70%, 7/19/19	1,613	1,589
Teva Pharmaceutical Finance Netherlands III 2.20%, 7/21/21	60	55
Tyson Foods 2.25%, 8/23/21	405	391
		30,039
<b>Energy 3.1%</b>		
Cenovus Energy 5.70%, 10/15/19	887	902
Columbia Pipeline Group 3.30%, 6/1/20	785	783
DCP Midstream Operating 2.70%, 4/1/19	1,110	1,099
Enable Midstream Partners, STEP, 2.40%, 5/15/19	435	432
Enbridge Energy Partners 9.875%, 3/1/19	285	288
Encana 6.50%, 5/15/19	1,465	1,480
Eni 4.00%, 9/12/23 (1)	270	266
EnLink Midstream Partners 2.70%, 4/1/19	1,160	1,154
Enterprise Products Operating 2.55%, 10/15/19	15	15
Enterprise Products Operating 2.80%, 2/15/21	720	712
Enterprise Products Operating 3.50%, 2/1/22	715	717
Kinder Morgan Energy Partners 9.00%, 2/1/19	625	628
Marathon Oil 2.70%, 6/1/20	750	739
ONEOK Partners 8.625%, 3/1/19	681	686
Phillips 66, FRN, 3M USD LIBOR + 0.60%, 3.289%, 2/26/21	495	495
Plains All American Pipeline 2.60%, 12/15/19	255	252

	Par/Shares	\$ Value
(Amounts in 000s)		
Plains All American Pipeline 5.75%, 1/15/20	705	716
Sabine Pass Liquefaction, STEP, 5.625%, 2/1/21	675	695
Williams Companies 3.35%, 8/15/22	140	136
Williams Companies 5.25%, 3/15/20	1,750	1,784
		13,979
<b>Technology 4.1%</b>		
Apple 1.80%, 11/13/19	1,050	1,042
Avnet 3.75%, 12/1/21	370	372
Baidu 2.75%, 6/9/19	1,715	1,712
Broadcom 2.375%, 1/15/20	1,110	1,096
Broadcom 3.00%, 1/15/22	1,040	999
Dell International 3.48%, 6/1/19 (1)	2,570	2,568
DXC Technology 2.875%, 3/27/20	645	643
DXC Technology, FRN, 3M USD LIBOR + 0.95%, 3.688%, 3/1/21	969	969
Equifax 2.30%, 6/1/21	225	216
Equifax 3.60%, 8/15/21	390	388
Equifax, FRN, 3M USD LIBOR + 0.87%, 3.486%, 8/15/21	420	415
Fidelity National Information Services 2.25%, 8/15/21	780	750
Fidelity National Information Services 3.625%, 10/15/20	185	186
Hewlett Packard Enterprise 2.10%, 10/4/19 (1)	400	396
Keysight Technologies 3.30%, 10/30/19	2,635	2,636
Microchip Technology 3.922%, 6/1/21 (1)	580	571
Tencent Holdings 2.875%, 2/11/20 (1)	1,115	1,111
Tencent Holdings 3.375%, 5/2/19 (1)	835	836
Xerox 2.75%, 3/15/19	950	946

	Par/Shares	\$ Value
(Amounts in 000s)		
Xerox		
5.625%, 12/15/19	765	773
		18,625
<b>Transportation 1.2%</b>		
Delta Air Lines		
2.60%, 12/4/20	280	275
Delta Air Lines		
2.875%, 3/13/20	1,265	1,261
Delta Air Lines		
3.80%, 4/19/23	265	260
ERAC USA Finance		
2.35%, 10/15/19 (1)	155	154
JB Hunt Transport Services		
2.40%, 3/15/19	80	80
Kansas City Southern		
2.35%, 5/15/20	1,325	1,309
Penske Truck Leasing		
2.50%, 6/15/19 (1)	660	658
Penske Truck Leasing		
3.20%, 7/15/20 (1)	140	139
Southwest Airlines		
2.75%, 11/6/19	320	319
Union Pacific		
3.20%, 6/8/21	830	831
		5,286
Total Industrial		123,550
<b>Utility 2.4%</b>		
<b>Electric 2.0%</b>		
American Electric Power		
3.65%, 12/1/21	125	126
CenterPoint Energy		
3.60%, 11/1/21	315	315
Dominion Energy		
1.875%, 1/15/19	185	185
Dominion Energy, STEP,		
2.579%, 7/1/20	270	266
Dominion Energy, STEP,		
2.962%, 7/1/19	240	240
Duke Energy		
3.55%, 9/15/21	225	225
EDP Finance		
4.125%, 1/15/20 (1)	290	290
EDP Finance		
4.90%, 10/1/19 (1)	867	873
Enel Finance International		
2.875%, 5/25/22 (1)	770	726

	Par/Shares	\$ Value
(Amounts in 000s)		
Enel Finance International		
4.25%, 9/14/23 (1)	585	571
Exelon Generation		
2.95%, 1/15/20	885	878
Exelon Generation		
5.20%, 10/1/19	136	138
FirstEnergy		
2.85%, 7/15/22	585	568
National Rural Utilities Cooperative		
Finance		
1.65%, 2/8/19	275	275
NextEra Energy Capital Holdings		
2.30%, 4/1/19	285	284
NextEra Energy Capital Holdings,		
FRN,		
3M USD LIBOR + 0.55%, 3.257%,		
8/28/21	890	878
PNM Resources		
3.25%, 3/9/21	690	684
San Diego Gas & Electric		
1.914%, 2/1/22	135	132
Southern		
1.85%, 7/1/19	955	948
Southern		
2.35%, 7/1/21	210	204
		8,806
<b>Natural Gas 0.4%</b>		
ENN Energy Holdings		
3.25%, 10/23/19	530	528
ENN Energy Holdings		
6.00%, 5/13/21 (1)	250	261
Sempra Energy		
1.625%, 10/7/19	225	222
Sempra Energy, FRN,		
3M USD LIBOR + 0.50%, 2.936%,		
1/15/21	740	727
		1,738
Total Utility		10,544
<b>Total Corporate Bonds</b>		
<b>(Cost \$228,454)</b>		<b>226,396</b>
<b>ASSET-BACKED SECURITIES 16.2%</b>		
<b>Car Loan 7.4%</b>		
Ally Auto Receivables Trust,		
Series 2015-1, Class A4		
1.75%, 5/15/20	77	77

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Ally Auto Receivables Trust, Series 2015-2, Class C 2.41%, 1/15/21 (1)	750	749
Ally Auto Receivables Trust, Series 2016-1, Class D 2.84%, 9/15/22	260	259
Ally Auto Receivables Trust, Series 2017-2, Class C 2.46%, 9/15/22	505	500
Ally Auto Receivables Trust, Series 2017-2, Class D 2.93%, 11/15/23	135	134
Ally Master Owner Trust, Series 2018-4, Class A 3.30%, 7/17/23	740	745
AmeriCredit Automobile Receivables Trust, Series 2014-2, Class E 3.37%, 11/8/21 (1)	545	545
AmeriCredit Automobile Receivables Trust, Series 2014-3, Class C 2.58%, 9/8/20	24	24
AmeriCredit Automobile Receivables Trust, Series 2014-3, Class D 3.13%, 10/8/20	640	640
AmeriCredit Automobile Receivables Trust, Series 2014-3, Class E 3.72%, 3/8/22 (1)	240	240
AmeriCredit Automobile Receivables Trust, Series 2014-4, Class C 2.47%, 11/9/20	107	107
AmeriCredit Automobile Receivables Trust, Series 2014-4, Class E 3.66%, 3/8/22	225	225
AmeriCredit Automobile Receivables Trust, Series 2015-2, Class D 3.00%, 6/8/21	775	773
AmeriCredit Automobile Receivables Trust, Series 2015-3, Class D 3.34%, 8/8/21	460	462

	Par/Shares	\$ Value
(Amounts in 000s)		
AmeriCredit Automobile Receivables Trust, Series 2016-1, Class C 2.89%, 1/10/22	795	792
AmeriCredit Automobile Receivables Trust, Series 2016-3, Class C 2.24%, 4/8/22	610	601
AmeriCredit Automobile Receivables Trust, Series 2016-3, Class D 2.71%, 9/8/22	545	538
AmeriCredit Automobile Receivables Trust, Series 2016-4, Class A3 1.53%, 7/8/21	391	389
AmeriCredit Automobile Receivables Trust, Series 2016-4, Class D 2.74%, 12/8/22	1,365	1,348
AmeriCredit Automobile Receivables Trust, Series 2017-1, Class C 2.71%, 8/18/22	225	223
AmeriCredit Automobile Receivables Trust, Series 2017-1, Class D 3.13%, 1/18/23	925	920
AmeriCredit Automobile Receivables Trust, Series 2017-3, Class B 2.24%, 6/19/23	265	262
AmeriCredit Automobile Receivables Trust, Series 2017-3, Class C 2.69%, 6/19/23	280	277
AmeriCredit Automobile Receivables Trust, Series 2018-3, Class A3 3.38%, 7/18/23	1,120	1,130
ARI Fleet Lease Trust, Series 2017-A, Class A2 1.91%, 4/15/26 (1)	114	113
ARI Fleet Lease Trust, Series 2018-A, Class A2 2.55%, 10/15/26 (1)	625	622
BMW Vehicle Lease Trust, Series 2016-2, Class A3 1.43%, 9/20/19	98	98
California Republic Auto Receivables Trust, Series 2015-1, Class B 2.51%, 2/16/21	195	194



T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Capital Auto Receivables Asset Trust, Series 2016-2, Class A4 1.63%, 1/20/21	280	278
Capital Auto Receivables Asset Trust, Series 2016-3, Class A3 1.54%, 8/20/20	41	41
Capital Auto Receivables Asset Trust, Series 2017-1, Class B 2.43%, 5/20/22 (1)	110	108
Capital Auto Receivables Asset Trust, Series 2017-1, Class C 2.70%, 9/20/22 (1)	175	173
Capital Auto Receivables Asset Trust, Series 2018-2, Class B 3.48%, 10/20/23 (1)	255	256
Capital Auto Receivables Asset Trust, Series 2018-2, Class C 3.69%, 12/20/23 (1)	320	323
CarMax Auto Owner Trust, Series 2014-4, Class A4 1.81%, 7/15/20	71	71
CarMax Auto Owner Trust, Series 2015-3, Class D 3.27%, 3/15/22	320	320
CarMax Auto Owner Trust, Series 2015-4, Class D 3.00%, 5/16/22	160	159
CarMax Auto Owner Trust, Series 2016-1, Class A3 1.61%, 11/16/20	311	309
CarMax Auto Owner Trust, Series 2016-4, Class A3 1.40%, 8/15/21	182	180
CarMax Auto Owner Trust, Series 2017-4, Class C 2.70%, 10/16/23	150	148
Chrysler Capital Auto Receivables Trust, Series 2016-BA, Class A3 1.64%, 7/15/21 (1)	102	102
Ford Credit Auto Lease Trust, Series 2017-A, Class A4 2.02%, 6/15/20	460	458
Ford Credit Floorplan Master Owner Trust, Series 2016-3, Class B 1.75%, 7/15/21	285	283
Ford Credit Floorplan Master Owner Trust, Series 2017-2, Class B 2.34%, 9/15/22	2,260	2,229

	Par/Shares	\$ Value
(Amounts in 000s)		
GM Financial Automobile Leasing Trust, Series 2017-1, Class A4 2.26%, 8/20/20	110	109
GM Financial Automobile Leasing Trust, Series 2017-3, Class A4 2.12%, 9/20/21	125	124
GM Financial Automobile Leasing Trust, Series 2017-3, Class C 2.73%, 9/20/21	200	199
GM Financial Automobile Leasing Trust, Series 2018-1, Class C 3.11%, 12/20/21	295	294
GM Financial Automobile Leasing Trust, Series 2018-1, Class D 3.37%, 10/20/22	720	718
GM Financial Automobile Leasing Trust, Series 2018-2, Class C 3.50%, 4/20/22	325	326
GM Financial Consumer Automobile Receivables Trust, Series 2017-3A, Class C 2.52%, 3/16/23 (1)	895	881
GMF Floorplan Owner Revolving Trust, Series 2016-1, Class B 2.41%, 5/17/21 (1)	150	150
GMF Floorplan Owner Revolving Trust, Series 2016-1, Class C 2.85%, 5/17/21 (1)	100	100
GMF Floorplan Owner Revolving Trust, Series 2017-1, Class C 2.97%, 1/18/22 (1)	1,238	1,235
GMF Floorplan Owner Revolving Trust, Series 2017-3, Class B 2.26%, 8/16/21 (1)	1,245	1,238
GMF Floorplan Owner Revolving Trust, Series 2017-3, Class C 2.46%, 8/16/21 (1)	1,245	1,238
GMF Floorplan Owner Revolving Trust, Series 2018-4, Class A1 3.50%, 9/15/23 (1)	975	987
Hyundai Auto Lease Securitization Trust, Series 2016-B, Class A4 1.68%, 4/15/20 (1)	40	40

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Hyundai Auto Lease Securitization Trust, Series 2016-C, Class A4 1.65%, 7/15/20 (1)	465	464
Hyundai Auto Receivables Trust, Series 2017-A, Class B 2.38%, 4/17/23	220	217
Nissan Auto Lease Trust, Series 2016-B, Class A4 1.61%, 1/18/22	376	376
Nissan Auto Lease Trust, Series 2017-B, Class A4 2.17%, 12/15/21	915	907
Santander Drive Auto Receivables Trust, Series 2015-3, Class D 3.49%, 5/17/21	700	701
Santander Drive Auto Receivables Trust, Series 2015-4, Class C 2.97%, 3/15/21	181	181
Santander Drive Auto Receivables Trust, Series 2015-4, Class D 3.53%, 8/16/21	355	356
Santander Drive Auto Receivables Trust, Series 2015-5, Class C 2.74%, 12/15/21	377	376
Santander Drive Auto Receivables Trust, Series 2015-5, Class D 3.65%, 12/15/21	485	486
Santander Drive Auto Receivables Trust, Series 2016-1, Class D 4.02%, 4/15/22	300	303
Santander Drive Auto Receivables Trust, Series 2016-3, Class C 2.46%, 3/15/22	202	201
Santander Drive Auto Receivables Trust, Series 2017-1, Class B 2.10%, 6/15/21	67	67
Santander Drive Auto Receivables Trust, Series 2017-1, Class C 2.58%, 5/16/22	95	94
Santander Drive Auto Receivables Trust, Series 2017-3, Class B 2.19%, 3/15/22	395	392

	Par/Shares	\$ Value
(Amounts in 000s)		
Santander Drive Auto Receivables Trust, Series 2018-1, Class C 2.96%, 3/15/24	185	184
Santander Drive Auto Receivables Trust, Series 2018-4, Class B 3.27%, 1/17/23	460	461
Santander Drive Auto Receivables Trust, Series 2018-5, Class B 3.52%, 12/15/22	875	876
Santander Retail Auto Lease Trust, Series 2017-A, Class C 2.96%, 11/21/22 (1)	240	238
Wheels SPV 2, Series 2016-1A, Class A2 1.59%, 5/20/25 (1)	28	28
World Omni Automobile Lease Securitization Trust, Series 2016-A, Class A3 1.45%, 8/15/19	148	147
World Omni Automobile Lease Securitization Trust, Series 2017-A, Class A4 2.32%, 8/15/22	180	179
World Omni Automobile Lease Securitization Trust, Series 2018-A, Class B 3.06%, 5/15/23	200	200
		33,498
<b>Credit Card 0.3%</b>		
Synchrony Credit Card Master Note Trust, Series 2015-1, Class B 2.64%, 3/15/23	395	392
Synchrony Credit Card Master Note Trust, Series 2016-2, Class C 2.95%, 5/15/24	815	806
		1,198
<b>Other Asset-Backed Securities 7.2%</b>		
Allegro III, Series 2015-1A, Class AR, CLO, FRN, 3M USD LIBOR + 0.84%, 3.33%, 7/25/27 (1)	900	897
Ascentium Equipment Receivables Trust, Series 2017-1A, Class A2 1.87%, 7/10/19 (1)	11	11

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Ascentium Equipment Receivables Trust, Series 2017-1A, Class A3 2.29%, 6/10/21 (1)	225	223
Avis Budget Rental Car Funding, Series 2013-2A, Class A 2.97%, 2/20/20 (1)	337	337
Avis Budget Rental Car Funding, Series 2013-2A, Class B 3.66%, 2/20/20 (1)	133	133
Avis Budget Rental Car Funding, Series 2014-1A, Class A 2.46%, 7/20/20 (1)	225	224
Avis Budget Rental Car Funding, Series 2014-2A, Class A 2.50%, 2/20/21 (1)	1,920	1,911
Avis Budget Rental Car Funding, Series 2015-1A, Class A 2.50%, 7/20/21 (1)	600	594
Barings, Series 2013-1A, Class AR, CLO, FRN, 3M USD LIBOR + 0.80%, 3.269%, 1/20/28 (1)	1,125	1,112
BlueMountain, Series 2015-2A, Class A1R, CLO, FRN, 3M USD LIBOR + 0.93%, 3.375%, 7/18/27 (1)	1,100	1,091
Carlyle Global Market Strategies, Series 2015-1A, Class AR, CLO, FRN, 3M USD LIBOR + 1.00%, 3.469%, 4/20/27 (1)	615	613
Carlyle Global Market Strategies, Series 2015-3A, Class A1R, CLO, FRN, 3M USD LIBOR + 1.00%, 3.509%, 7/28/28 (1)	1,115	1,108
CCG Receivables Trust, Series 2016-1, Class A2 1.69%, 9/14/22 (1)	63	63
CNH Equipment Trust, Series 2015-B, Class A3 1.37%, 7/15/20	17	17
Cole Park, Series 2015-1A, Class AR, CLO, FRN, 3M USD LIBOR + 1.05%, 3.525%, 10/20/28 (1)	1,120	1,119
Diamond Resorts Owner Trust, Series 2015-2, Class A 2.99%, 5/22/28 (1)	79	79
Elara HGV Timeshare Issuer, Series 2014-A, Class A 2.53%, 2/25/27 (1)	24	24

	Par/Shares	\$ Value
(Amounts in 000s)		
Elara HGV Timeshare Issuer, Series 2017-A, Class A 2.69%, 3/25/30 (1)	221	218
Enterprise Fleet Financing, Series 2016-1, Class A2 1.83%, 9/20/21 (1)	21	21
Enterprise Fleet Financing, Series 2016-2, Class A2 1.74%, 2/22/22 (1)	119	118
Enterprise Fleet Financing, Series 2017-1, Class A2 2.13%, 7/20/22 (1)	141	140
Enterprise Fleet Financing, Series 2017-2, Class A2 1.97%, 1/20/23 (1)	197	196
Enterprise Fleet Financing, Series 2017-3, Class A2 2.13%, 5/22/23 (1)	989	980
Enterprise Fleet Financing, Series 2017-3, Class A3 2.36%, 5/20/23 (1)	280	276
Enterprise Fleet Financing, Series 2018-2, Class A2 3.14%, 2/20/24 (1)	605	605
Galaxy XXIX, Series 2018-29A, Class A, CLO, FRN, 3M USD LIBOR + 0.79%, 3.406%, 11/15/26 (1)	1,710	1,703
Golub Capital Partners, Series 2018-39A, Class A1, CLO, FRN, 3M USD LIBOR + 1.15%, 3.61%, 10/20/28 (1)	640	635
GreatAmerica Leasing Receivables Funding, Series 2017-1, Class A3 2.06%, 6/22/20 (1)	83	82
GreatAmerica Leasing Receivables Funding, Series 2018-1, Class A3 2.60%, 6/15/21 (1)	280	279
Halcyon Loan Advisors Funding, Series 2014-3A, Class B1R, CLO, FRN, 3M USD LIBOR + 1.70%, 4.169%, 10/22/25 (1)	505	502
Hardee's Funding, Series 2018- 1A, Class A2I 4.25%, 6/20/48 (1)	652	659
Hilton Grand Vacations Trust, Series 2014-AA, Class A 1.77%, 11/25/26 (1)	472	465

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Hilton Grand Vacations Trust, Series 2017-AA, Class A 2.66%, 12/26/28 (1)	203	201
Hilton Grand Vacations Trust, Series 2017-AA, Class B 2.96%, 12/26/28 (1)	71	69
John Deere Owner Trust, Series 2016-A, Class A3 1.36%, 4/15/20	112	112
Kubota Credit Owner Trust, Series 2016-1A, Class A3 1.50%, 7/15/20 (1)	138	137
Madison Park Funding XVIII, Series 2015-18A, Class A1R, CLO, FRN, 3M USD LIBOR + 1.19%, 3.659%, 10/21/30 (1)	1,175	1,163
Magnetite XVI, Series 2015-16A, Class AR, CLO, FRN, 3M USD LIBOR + 0.80%, 3.245%, 1/18/28 (1)	1,510	1,491
MMAF Equipment Finance, Series 2017-AA, Class A2 1.73%, 5/18/20 (1)	36	36
MVW Owner Trust, Series 2013- 1A, Class A 2.15%, 4/22/30 (1)	336	332
MVW Owner Trust, Series 2014- 1A, Class A 2.25%, 9/22/31 (1)	39	39
MVW Owner Trust, Series 2015- 1A, Class A 2.52%, 12/20/32 (1)	258	254
MVW Owner Trust, Series 2017- 1A, Class A 2.42%, 12/20/34 (1)	125	122
MVW Owner Trust, Series 2017- 1A, Class B 2.75%, 12/20/34 (1)	71	70
MVW Owner Trust, Series 2017- 1A, Class C 2.99%, 12/20/34 (1)	118	115
Neuberger Berman XIX, Series 2015-19A, Class A1R2, CLO, FRN, 3M USD LIBOR + 0.80%, 3.236%, 7/15/27 (1)	1,105	1,095
Neuberger Berman XVI, Series 2017-16SA, Class A, CLO, FRN, 3M USD LIBOR + 0.85%, 3.286%, 1/15/28 (1)	675	663

	Par/Shares	\$ Value
(Amounts in 000s)		
OCP, Series 2014-7A, Class A1RR, CLO, FRN, 3M USD LIBOR + 1.12%, 3.589%, 7/20/29 (1)	1,750	1,750
OCP, Series 2015-10A, Class A1R, CLO, FRN, 3M USD LIBOR + 0.82%, 3.328%, 10/26/27 (1)	1,035	1,027
OZLM VIII, Series 2014-8A, Class A1RR, CLO, FRN, 3M USD LIBOR + 1.17%, 3.625%, 10/17/29 (1)	710	706
Planet Fitness Master Issuer, Series 2018-1A, Class A2I 4.262%, 9/5/48 (1)	823	826
Sierra Timeshare Receivables Funding, Series 2014-2A, Class A, VR, 2.05%, 6/20/31 (1)	15	15
Sierra Timeshare Receivables Funding, Series 2014-3A, Class A 2.30%, 10/20/31 (1)	47	46
Sierra Timeshare Receivables Funding, Series 2015-1A, Class A 2.40%, 3/22/32 (1)	215	214
Sierra Timeshare Receivables Funding, Series 2015-2A, Class A 2.43%, 6/20/32 (1)	96	94
Sierra Timeshare Receivables Funding, Series 2015-3A, Class A 2.58%, 9/20/32 (1)	122	121
Sierra Timeshare Receivables Funding, Series 2016-2A, Class A 2.33%, 7/20/33 (1)	96	93
Sierra Timeshare Receivables Funding, Series 2017-1A, Class A 2.91%, 3/20/34 (1)	144	143
Verizon Owner Trust, Series 2016-2A, Class A 1.68%, 5/20/21 (1)	672	668
Verizon Owner Trust, Series 2016-2A, Class C 2.36%, 5/20/21 (1)	405	401
Verizon Owner Trust, Series 2017-1A, Class C 2.65%, 9/20/21 (1)	215	214

	Par/Shares	\$ Value
(Amounts in 000s)		
Verizon Owner Trust, Series 2017-2A, Class C		
2.38%, 12/20/21 (1)	1,235	1,222
Verizon Owner Trust, Series 2017-3A, Class C		
2.53%, 4/20/22 (1)	865	855
Verizon Owner Trust, Series 2018-1A, Class C		
3.20%, 9/20/22 (1)	340	340
Verizon Owner Trust, Series 2018-A, Class C		
3.55%, 4/20/23	720	727
Volvo Financial Equipment, Series 2016-1A, Class A3		
1.67%, 2/18/20 (1)	65	65
Volvo Financial Equipment, Series 2018-1A, Class B		
2.91%, 1/17/23 (1)	315	314
Volvo Financial Equipment Master Owner Trust, Series 2017-A, Class A, FRN, 1M USD LIBOR + 0.50%, 2.955%, 11/15/22 (1)	175	175
		32,350
<b>Student Loan 1.3%</b>		
Navient Private Education Refi Loan Trust, Series 2018-A, Class A1		
2.53%, 2/18/42 (1)	582	578
Nelnet Student Loan Trust, Series 2005-4, Class A4, FRN, 3M USD LIBOR + 0.18%, 3.004%, 3/22/32	631	617
SLM Private Education Loan Trust, Series 2013-A, Class B		
2.50%, 3/15/47 (1)	270	269
SLM Student Loan Trust, Series 2008-4, Class A4, FRN, 3M USD LIBOR + 1.65%, 4.14%, 7/25/22	352	357
SLM Student Loan Trust, Series 2008-5, Class A4, FRN, 3M USD LIBOR + 1.70%, 4.19%, 7/25/23	319	324
SLM Student Loan Trust, Series 2008-9, Class A, FRN, 3M USD LIBOR + 1.50%, 3.99%, 4/25/23	222	223

	Par/Shares	\$ Value
(Amounts in 000s)		
SLM Student Loan Trust, Series 2010-1, Class A, FRN, 1M USD LIBOR + 0.40%, 2.906%, 3/25/25	698	683
SMB Private Education Loan Trust, Series 2014-A, Class A2A		
3.05%, 5/15/26 (1)	467	465
SMB Private Education Loan Trust, Series 2014-A, Class A3, FRN, 1M USD LIBOR + 1.50%, 3.955%, 4/15/32 (1)	965	982
SMB Private Education Loan Trust, Series 2015-A, Class A2B, FRN, 1M USD LIBOR + 1.00%, 3.455%, 6/15/27 (1)	281	282
SMB Private Education Loan Trust, Series 2016-C, Class A2B, FRN, 1M USD LIBOR + 1.10%, 3.555%, 9/15/34 (1)	1,064	1,072
		5,852
<b>Total Asset-Backed Securities (Cost \$73,340)</b>		<b>72,898</b>

#### NON-U.S. GOVERNMENT MORTGAGE-BACKED SECURITIES 11.6%

##### Collateralized Mortgage Obligations 8.2%

Bayview Mortgage Fund Trust, Series 2017-RT3, Class A, CMO, ARM, 3.50%, 1/28/58 (1)	996	986
Bayview Opportunity Master Fund Trust, Series 2017-SPL4, Class A, CMO, ARM, 3.50%, 1/28/55 (1)	297	294
Bayview Opportunity Master Fund Trust, Series 2017-SPL5, Class A, CMO, ARM, 3.50%, 6/28/57 (1)	859	851
COLT Mortgage Loan Trust, Series 2017-1, Class A1, CMO, ARM, 2.614%, 5/27/47 (1)	287	285
COLT Mortgage Loan Trust, Series 2017-1, Class A3, CMO, ARM, 3.074%, 5/27/47 (1)	35	35

	Par/Shares	\$ Value
(Amounts in 000s)		
COLT Mortgage Loan Trust, Series 2017-2, Class A1A, CMO, ARM, 2.415%, 10/25/47 (1)	439	436
COLT Mortgage Loan Trust, Series 2017-2, Class A2A, CMO, ARM, 2.568%, 10/25/47 (1)	186	185
COLT Mortgage Loan Trust, Series 2017-2, Class A3A, CMO, ARM, 2.773%, 10/25/47 (1)	82	81
COLT Mortgage Loan Trust, Series 2018-1, Class A1, CMO, ARM, 2.93%, 2/25/48 (1)	185	183
COLT Mortgage Loan Trust, Series 2018-1, Class A3, CMO, ARM, 3.084%, 2/25/48 (1)	66	66
COLT Mortgage Loan Trust, Series 2018-2, Class A1, CMO, ARM, 3.47%, 7/27/48 (1)	1,018	1,013
COLT Mortgage Loan Trust, Series 2018-2, Class A2, CMO, ARM, 3.542%, 7/27/48 (1)	495	493
COLT Mortgage Loan Trust, Series 2018-3, Class A2, CMO, ARM, 3.763%, 10/26/48 (1)	328	329
COLT Mortgage Loan Trust, Series 2018-4, Class A1, CMO, ARM, 4.006%, 12/28/48 (1)	778	782
Connecticut Avenue Securities, Series 2016-C07, Class 2M1, CMO, ARM, 1M USD LIBOR + 1.30%, 3.806%, 5/25/29	79	79
Connecticut Avenue Securities, Series 2017-C02, Class 2M1, CMO, ARM, 1M USD LIBOR + 1.15%, 3.656%, 9/25/29	517	518
Connecticut Avenue Securities, Series 2017-C03, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.95%, 3.456%, 10/25/29	604	605

	Par/Shares	\$ Value
(Amounts in 000s)		
Connecticut Avenue Securities, Series 2017-C04, Class 2M1, CMO, ARM, 1M USD LIBOR + 0.85%, 3.356%, 11/25/29	394	394
Connecticut Avenue Securities, Series 2017-C05, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.55%, 3.056%, 1/25/30	599	598
Connecticut Avenue Securities, Series 2017-C06, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.75%, 3.256%, 2/25/30	473	473
Connecticut Avenue Securities, Series 2017-C06, Class 2M1, CMO, ARM, 1M USD LIBOR + 0.75%, 3.256%, 2/25/30	214	214
Connecticut Avenue Securities, Series 2018-C02, Class 2M1, CMO, ARM, 1M USD LIBOR + 0.65%, 3.156%, 8/25/30	67	67
Connecticut Avenue Securities, Series 2018-C03, Class 1M1, CMO, ARM, 1M USD LIBOR + 0.68%, 3.186%, 10/25/30	774	772
Deephaven Residential Mortgage Trust, Series 2017- 1A, Class A3, CMO, ARM, 3.485%, 12/26/46 (1)	91	90
Deephaven Residential Mortgage Trust, Series 2017- 3A, Class A1, CMO, ARM, 2.577%, 10/25/47 (1)	447	441
Deephaven Residential Mortgage Trust, Series 2017- 3A, Class A2, CMO, ARM, 2.711%, 10/25/47 (1)	48	47
Deephaven Residential Mortgage Trust, Series 2017- 3A, Class A3, CMO, ARM, 2.813%, 10/25/47 (1)	48	47
Deephaven Residential Mortgage Trust, Series 2018- 1A, Class A1, CMO, ARM, 2.976%, 12/25/57 (1)	387	383

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Deephaven Residential Mortgage Trust, Series 2018-3A, Class A3, CMO, ARM, 3.963%, 8/25/58 (1)	93	93
Freddie Mac Whole Loan Securities Trust, Series 2017-SC01, Class M1, CMO, ARM, 3.596%, 12/25/46 (1)	279	277
Freddie Mac Whole Loan Securities Trust, Series 2017-SC02, Class M1, CMO, ARM, 3.863%, 5/25/47 (1)	159	160
Galton Funding Mortgage Trust, Series 2018-1, Class A33, CMO, ARM, 3.50%, 11/25/57 (1)	525	516
Goldman Sachs Mortgage-Backed Securities Trust, Series 2014-EB1A, Class 2A1, CMO, ARM, 2.456%, 7/25/44 (1)	58	57
Homeward Opportunities Fund I Trust, Series 2018-1, Class A1, CMO, ARM, 3.766%, 6/25/48 (1)	614	613
Homeward Opportunities Fund I Trust, Series 2018-1, Class A2, CMO, ARM, 3.897%, 6/25/48 (1)	495	495
MetLife Securitization Trust, Series 2017-1A, Class A, CMO, ARM, 3.00%, 4/25/55 (1)	392	385
Mill City Mortgage Loan Trust, Series 2016-1, Class A1, CMO, ARM, 2.50%, 4/25/57 (1)	116	113
Mill City Mortgage Loan Trust, Series 2017-2, Class A1, CMO, ARM, 2.75%, 7/25/59 (1)	638	626
New Residential Mortgage Loan Trust, Series 2018-NQM1, Class A1, CMO, ARM, 3.986%, 11/25/48 (1)	1,032	1,048
Sequoia Mortgage Trust, Series 2018-CH1, Class A11, CMO, ARM, 3.50%, 2/25/48 (1)	886	883
Sequoia Mortgage Trust, Series 2018-CH2, Class A3, CMO, ARM, 4.00%, 6/25/48 (1)	1,140	1,149

	Par/Shares	\$ Value
(Amounts in 000s)		
Sequoia Mortgage Trust, Series 2018-CH3, Class A19, CMO, ARM, 4.50%, 8/25/48 (1)	314	319
Sequoia Mortgage Trust, Series 2018-CH4, Class A2, CMO, ARM, 4.00%, 10/25/48 (1)	549	557
Structured Agency Credit Risk Debt Notes, Series 2017-DNA1, Class M1, CMO, ARM, 1M USD LIBOR + 1.20%, 3.706%, 7/25/29	346	347
Structured Agency Credit Risk Debt Notes, Series 2017-DNA2, Class M1, CMO, ARM, 1M USD LIBOR + 1.20%, 3.706%, 10/25/29	889	894
Structured Agency Credit Risk Debt Notes, Series 2017-DNA3, Class M1, CMO, ARM, 1M USD LIBOR + 0.75%, 3.256%, 3/25/30	1,624	1,619
Structured Agency Credit Risk Debt Notes, Series 2017-HQA1, Class M1, CMO, ARM, 1M USD LIBOR + 1.20%, 3.706%, 8/25/29	648	650
Structured Agency Credit Risk Debt Notes, Series 2017-HQA2, Class M1, CMO, ARM, 1M USD LIBOR + 0.80%, 3.306%, 12/25/29	180	180
Structured Agency Credit Risk Debt Notes, Series 2017-HQA3, Class M1, CMO, ARM, 1M USD LIBOR + 0.55%, 3.056%, 4/25/30	169	168
Structured Agency Credit Risk Debt Notes, Series 2017-SPI1, Class M1, CMO, ARM, 3.983%, 9/25/47 (1)	74	74
Structured Agency Credit Risk Debt Notes, Series 2018-DNA1, Class M1, CMO, ARM, 1M USD LIBOR + 0.45%, 2.956%, 7/25/30	423	421
Structured Agency Credit Risk Debt Notes, Series 2018-DNA2, Class M1, CMO, ARM, 1M USD LIBOR + 0.80%, 3.306%, 12/25/30 (1)	1,445	1,443



T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Structured Agency Credit Risk Debt Notes, Series 2018- DNA3, Class M1, CMO, ARM, 1M USD LIBOR + 0.75%, 3.256%, 9/25/48 (1)	540	539
Structured Agency Credit Risk Debt Notes, Series 2018- HQA2, Class M1, CMO, ARM, 1M USD LIBOR + 0.75%, 3.256%, 10/25/48 (1)	820	818
Structured Agency Credit Risk Debt Notes, Series 2018- HRP2, Class M1, CMO, ARM, 1M USD LIBOR + 0.85%, 3.356%, 2/25/47 (1)	250	250
Structured Agency Credit Risk Debt Notes, Series 2018- HRP2, Class M2, CMO, ARM, 1M USD LIBOR + 1.25%, 3.756%, 2/25/47 (1)	495	495
Structured Agency Credit Risk Debt Notes, Series 2018-SPI2, Class M1, CMO, ARM, 3.819%, 5/25/48 (1)	289	288
Structured Agency Credit Risk Debt Notes, Series 2018-SPI3, Class M1, CMO, ARM, 4.167%, 8/25/48 (1)	287	288
Towd Point Mortgage Trust, Series 2015-4, Class A1B, CMO, ARM, 2.75%, 4/25/55 (1)	369	364
Towd Point Mortgage Trust, Series 2015-5, Class A1B, CMO, ARM, 2.75%, 5/25/55 (1)	324	319
Towd Point Mortgage Trust, Series 2016-1, Class A1B, CMO, ARM, 2.75%, 2/25/55 (1)	175	173
Towd Point Mortgage Trust, Series 2016-1, Class A3B, CMO, ARM, 3.00%, 2/25/55 (1)	235	232
Towd Point Mortgage Trust, Series 2016-2, Class A1A, CMO, ARM, 2.75%, 8/25/55 (1)	157	154
Towd Point Mortgage Trust, Series 2017-1, Class A1, CMO, ARM, 2.75%, 10/25/56 (1)	542	530

	Par/Shares	\$ Value
(Amounts in 000s)		
Towd Point Mortgage Trust, Series 2017-2, Class A1, CMO, ARM, 2.75%, 4/25/57 (1)	343	335
Towd Point Mortgage Trust, Series 2017-3, Class A1, CMO, ARM, 2.75%, 7/25/57 (1)	752	732
Towd Point Mortgage Trust, Series 2017-4, Class A1, CMO, ARM, 2.75%, 6/25/57 (1)	503	489
Towd Point Mortgage Trust, Series 2017-6, Class A1, CMO, ARM, 2.75%, 10/25/57 (1)	1,488	1,453
Towd Point Mortgage Trust, Series 2018-1, Class A1, CMO, ARM, 3.00%, 1/25/58 (1)	298	292
Towd Point Mortgage Trust, Series 2018-2, Class A1, CMO, ARM, 3.25%, 3/25/58 (1)	1,599	1,575
Towd Point Mortgage Trust, Series 2018-5, Class A1A, CMO, ARM, 3.25%, 7/25/58 (1)	1,297	1,281
Verus Securitization Trust, Series 2018-1, Class A1, CMO, ARM, 2.929%, 2/25/48 (1)	195	193
Verus Securitization Trust, Series 2018-2, Class A1, CMO, ARM, 3.677%, 6/1/58 (1)	820	819
Verus Securitization Trust, Series 2018-2, Class A2, CMO, ARM, 3.779%, 6/1/58 (1)	217	217
Verus Securitization Trust, Series 2018-2, Class A3, CMO, ARM, 3.83%, 6/1/58 (1)	139	139
Verus Securitization Trust, Series 2018-3, Class A1, CMO, ARM, 4.108%, 10/25/58 (1)	1,055	1,048
		36,857



	Par/Shares	\$ Value
(Amounts in 000s)		
<b>Commercial Mortgage-Backed Securities 3.4%</b>		
BAMLL Commercial Mortgage-Backed Securities, Series 2018-DSNY, Class A, ARM, 1M USD LIBOR + 0.85%, 3.305%, 9/15/34 (1)	680	677
Banc of America Commercial Mortgage Trust, Series 2017-BNK3, Class A1 1.957%, 2/15/50	117	115
BX Commercial Mortgage Trust, Series 2018-IND, Class A, ARM, 1M USD LIBOR + 0.75%, 3.205%, 11/15/35 (1)	704	699
BX Trust, Series 2017-IMC, Class B, ARM, 1M USD LIBOR + 1.40%, 3.855%, 10/15/32 (1)	1,100	1,098
BX Trust, Series 2017-IMC, Class D, ARM, 1M USD LIBOR + 2.25%, 4.705%, 10/15/32 (1)	345	340
CD Mortgage Trust, Series 2017-CD3, Class A1 1.965%, 2/10/50	118	116
Citigroup Commercial Mortgage Trust, Series 2014-GC25, Class A1 1.485%, 10/10/47	2	2
Citigroup Commercial Mortgage Trust, Series 2015-GC27, Class A1 1.353%, 2/10/48	40	40
Citigroup Commercial Mortgage Trust, Series 2015-GC31, Class A1 1.637%, 6/10/48	124	124
Citigroup Commercial Mortgage Trust, Series 2015-GC33, Class A1 1.643%, 9/10/58	440	435
CLNS Trust, Series 2017-IKPR, Class A, ARM, 1M USD LIBOR + 0.80%, 3.20%, 6/11/32 (1)	340	338
CLNS Trust, Series 2017-IKPR, Class B, ARM, 1M USD LIBOR + 1.00%, 3.40%, 6/11/32 (1)	565	557

	Par/Shares	\$ Value
(Amounts in 000s)		
Commercial Mortgage PTC, Series 2016-CR28, Class A1 1.77%, 2/10/49	166	164
Commercial Mortgage Trust, Series 2014-CR19, Class A1 1.415%, 8/10/47	19	19
Commercial Mortgage Trust, Series 2014-TWC, Class A, ARM, 1M USD LIBOR + 0.85%, 3.237%, 2/13/32 (1)	130	130
Commercial Mortgage Trust, Series 2015-CR22, Class A1 1.569%, 3/10/48	9	9
Commercial Mortgage Trust, Series 2015-CR24, Class A1 1.652%, 8/10/48	19	19
Commercial Mortgage Trust, Series 2015-LC23, Class A2 3.221%, 10/10/48	1,025	1,028
Commercial Mortgage Trust, Series 2015-PC1, Class A1 1.667%, 7/10/50	161	160
CSAIL Commercial Mortgage Trust, Series 2015-C1, Class A1 1.684%, 4/15/50	68	67
CSAIL Commercial Mortgage Trust, Series 2015-C2, Class A1 1.454%, 6/15/57	96	95
CSAIL Commercial Mortgage Trust, Series 2015-C3, Class A1 1.717%, 8/15/48	97	96
CSAIL Commercial Mortgage Trust, Series 2016-C5, Class A1 1.747%, 11/15/48	116	114
Goldman Sachs Mortgage Securities Trust, Series 2014-GC24, Class A1 1.509%, 9/10/47	34	33
Goldman Sachs Mortgage Securities Trust, Series 2015-GC28, Class A1 1.528%, 2/10/48	121	121
Goldman Sachs Mortgage Securities Trust, Series 2015-GC32, Class A1 1.593%, 7/10/48	85	84

T. ROWE PRICE LIMITED-TERM BOND PORTFOLIO

	Par/Shares	\$ Value
(Amounts in 000s)		
Goldman Sachs Mortgage Securities Trust, Series 2016-GS3, Class A1 1.429%, 10/10/49	86	85
Goldman Sachs Mortgage Securities Trust, Series 2018-FBLU, Class A, ARM, 1M USD LIBOR + 0.95%, 3.405%, 11/15/35 (1)	430	428
Goldman Sachs Mortgage Securities Trust, Series 2018-FBLU, Class D, ARM, 1M USD LIBOR + 2.00%, 4.455%, 11/15/35 (1)	225	222
Great Wolf Trust, Series 2017-WOLF, Class A, ARM, 1M USD LIBOR + 0.85%, 3.455%, 9/15/34 (1)	985	968
Great Wolf Trust, Series 2017-WOLF, Class C, ARM, 1M USD LIBOR + 1.32%, 3.925%, 9/15/34 (1)	905	891
Hospitality Mortgage Trust, Series 2017-HIT, Class A, ARM, 1M USD LIBOR + 0.85%, 3.237%, 5/8/30 (1)	610	601
InTown Hotel Portfolio Trust, Series 2018-STAY, Class A, ARM, 1M USD LIBOR + 0.70%, 3.155%, 1/15/33 (1)	175	174
InTown Hotel Portfolio Trust, Series 2018-STAY, Class C, ARM, 1M USD LIBOR + 1.25%, 3.705%, 1/15/33 (1)	145	144
JPMorgan Barclays Bank Commercial Mortgage Securities Trust, Series 2014-C22, Class A1 1.451%, 9/15/47	1	1
JPMorgan Barclays Bank Commercial Mortgage Securities Trust, Series 2015-C27, Class A1 1.414%, 2/15/48	119	118
JPMorgan Chase Commercial Mortgage Securities Trust, Series 2011-C4, Class A4 4.388%, 7/15/46 (1)	414	425

	Par/Shares	\$ Value
(Amounts in 000s)		
Morgan Stanley Bank of America Merrill Lynch Trust, Series 2014-C19, Class A1 1.573%, 12/15/47	60	60
Morgan Stanley Bank of America Merrill Lynch Trust, Series 2015-C24, Class A1 1.706%, 5/15/48	156	155
Morgan Stanley Bank of America Merrill Lynch Trust, Series 2016-C30, Class A1 1.389%, 9/15/49	152	149
Morgan Stanley Capital I Trust, Series 2015-MS1, Class A1 1.638%, 5/15/48	151	149
Morgan Stanley Capital I Trust, Series 2017-CLS, Class B, ARM, 1M USD LIBOR + 0.85%, 3.305%, 11/15/34 (1)	560	551
Morgan Stanley Capital I Trust, Series 2017-CLS, Class C, ARM, 1M USD LIBOR + 1.00%, 3.455%, 11/15/34 (1)	450	443
RETL, Series 2018-RVP, Class A, ARM, 1M USD LIBOR + 1.10%, 3.555%, 3/15/33 (1)	303	302
SLIDE, Series 2018-FUN, Class D, ARM, 1M USD LIBOR + 1.85%, 4.305%, 6/15/31 (1)	571	566
Wells Fargo Commercial Mortgage Trust, Series 2013-LC12, Class A1 1.676%, 7/15/46	181	181
Wells Fargo Commercial Mortgage Trust, Series 2015-C26, Class A1 1.454%, 2/15/48	21	21
Wells Fargo Commercial Mortgage Trust, Series 2015-C28, Class A1 1.531%, 5/15/48	43	42
Wells Fargo Commercial Mortgage Trust, Series 2015-LC20, Class A1 1.471%, 4/15/50	77	76
Wells Fargo Commercial Mortgage Trust, Series 2015-NXS1, Class A1 1.342%, 5/15/48	57	57

	Par/Shares	\$ Value
(Amounts in 000s)		
Wells Fargo Commercial Mortgage Trust, Series 2015- NXS2, Class A2		
3.02%, 7/15/58	640	639
Wells Fargo Commercial Mortgage Trust, Series 2016- C32, Class A1		
1.577%, 1/15/59	511	505
Wells Fargo Commercial Mortgage Trust, Series 2016- LC24, Class A1		
1.441%, 10/15/49	68	68
WF-RBS Commercial Mortgage Trust, Series 2014-C23, Class A1		
1.663%, 10/15/57	391	390
		15,091
<b>Total Non-U.S. Government Mortgage-Backed Securities</b>		<b>51,948</b>
<b>(Cost \$52,431)</b>		

#### U.S. GOVERNMENT & AGENCY MORTGAGE-BACKED SECURITIES 6.7%

##### U.S. Government Agency Obligations 5.5% (3)

Federal Home Loan Bank		
2.625%, 5/28/20	3,310	3,314
Federal Home Loan Mortgage		
2.059%, 3/25/20	151	150
3.50%, 3/1/46	1,285	1,291
5.00%, 12/1/23 - 7/1/25	92	95
5.50%, 4/1/23 - 10/1/38	30	32
6.00%, 12/1/19 - 1/1/38	174	187
Federal Home Loan Mortgage, ARM		
12M USD LIBOR + 1.723%, 3.473%, 1/1/36	2	2
12M USD LIBOR + 1.743%, 3.618%, 2/1/37	7	7
12M USD LIBOR + 1.75%, 3.726%, 2/1/35	16	17
12M USD LIBOR + 1.625%, 3.857%, 4/1/37	19	20
12M USD LIBOR + 1.815%, 3.984%, 1/1/37	5	6
1Y CMT + 2.245%, 4.018%, 1/1/36	20	21
12M USD LIBOR + 2.08%, 4.051%, 2/1/38	22	24
12M USD LIBOR + 1.625%, 4.088%, 6/1/38	39	41

	Par/Shares	\$ Value
(Amounts in 000s)		
12M USD LIBOR + 1.754%, 4.132%, 5/1/38	22	23
12M USD LIBOR + 1.775%, 4.186%, 5/1/37	14	14
12M USD LIBOR + 1.591%, 4.341%, 9/1/35	6	6
12M USD LIBOR + 1.733%, 4.375%, 10/1/36	20	21
12M USD LIBOR + 1.625%, 4.375%, 7/1/38	17	18
12M USD LIBOR + 1.726%, 4.466%, 7/1/35	6	6
1Y CMT + 2.25%, 4.53%, 10/1/36	5	5
12M USD LIBOR + 1.90%, 4.775%, 11/1/35	1	1
12M USD LIBOR + 1.979%, 4.847%, 11/1/36	4	4
Federal Home Loan Mortgage, CMO		
2.00%, 2/15/40	262	257
4.00%, 11/15/36	193	197
Federal Home Loan Mortgage Strips, CMO, ARM, 1M USD LIBOR + 0.52%, 2.975%, 11/15/43	813	818
Federal National Mortgage Assn.		
3.00%, 1/1/27	392	393
3.50%, 11/1/26 - 2/1/48	3,845	3,885
4.00%, 6/1/33 - 7/1/48	1,202	1,229
4.50%, 6/1/19 - 9/1/48	2,781	2,898
5.00%, 7/1/19 - 9/1/48	2,788	2,953
5.50%, 3/1/19 - 5/1/40	1,060	1,136
6.00%, 9/1/21 - 4/1/40	990	1,076
6.50%, 7/1/32 - 12/1/32	127	144
Federal National Mortgage Assn., ARM		
12M USD LIBOR + 1.34%, 3.09%, 12/1/35	2	2
12M USD LIBOR + 1.77%, 3.645%, 12/1/35	3	3
12M USD LIBOR + 1.577%, 4.022%, 12/1/35	8	8
12M USD LIBOR + 1.788%, 4.065%, 5/1/38	10	10
12M USD LIBOR + 1.596%, 4.07%, 7/1/36	20	21
12M USD LIBOR + 1.75%, 4.125%, 9/1/36	—	—
12M USD LIBOR + 1.83%, 4.181%, 4/1/38	31	33
12M USD LIBOR + 1.863%, 4.21%, 5/1/38	29	31

	Par/Shares	\$ Value
(Amounts in 000s)		
12M USD LIBOR + 1.595%, 4.26%, 7/1/35	5	5
12M USD LIBOR + 1.892%, 4.293%, 12/1/35	3	3
12M USD LIBOR + 1.655%, 4.322%, 8/1/37	11	12
12M USD LIBOR + 1.853%, 4.603%, 8/1/38	14	14
12M USD LIBOR + 1.78%, 4.655%, 1/1/34	7	7
12M USD LIBOR + 2.04%, 4.915%, 12/1/36	8	9
Federal National Mortgage Assn., CMO, 4.00%, 6/25/44	908	933
Federal National Mortgage Assn., CMO, ARM 1M USD LIBOR + 0.30%, 2.806%, 11/25/47	1,289	1,288
1M USD LIBOR + 0.50%, 3.006%, 11/25/46	1,838	1,853
		24,523
<b>U.S. Government Obligations 1.2%</b>		
Government National Mortgage Assn. 3.50%, 3/20/43 - 2/20/48	226	227
4.00%, 2/20/48 - 10/20/48	730	748
5.00%, 12/20/34 - 10/20/48	3,537	3,697
5.50%, 2/20/34 - 3/20/48	862	916
		5,588
<b>Total U.S. Government &amp; Agency Mortgage-Backed Securities (Cost \$30,420)</b>		<b>30,111</b>
<b>U.S. GOVERNMENT AGENCY OBLIGATIONS (EXCLUDING MORTGAGE-BACKED) 11.8%</b>		
<b>U.S. Government Agency Obligations 1.1% (4)</b>		
Federal National Mortgage Assn. 1.50%, 7/30/20	5,065	4,980
		4,980
<b>U.S. Treasury Obligations 10.7%</b>		
U.S. Treasury Inflation-Indexed Notes 0.625%, 4/15/23	2,240	2,204
U.S. Treasury Notes 1.375%, 5/31/21	5,145	5,012
U.S. Treasury Notes 1.50%, 6/15/20 (5)	9,815	9,668

	Par/Shares	\$ Value
(Amounts in 000s)		
U.S. Treasury Notes 1.625%, 11/30/20	6,640	6,531
U.S. Treasury Notes 1.875%, 12/15/20	5,520	5,454
U.S. Treasury Notes 2.375%, 4/30/20	4,320	4,309
U.S. Treasury Notes 2.625%, 7/31/20	4,565	4,570
U.S. Treasury Notes 2.625%, 12/15/21	3,365	3,381
U.S. Treasury Notes 2.875%, 10/31/20	1,520	1,530
U.S. Treasury Notes 2.875%, 10/15/21	5,150	5,205
		47,864
<b>Total U.S. Government Agency Obligations (Excluding Mortgage-Backed) (Cost \$53,369)</b>		<b>52,844</b>

**FOREIGN GOVERNMENT OBLIGATIONS & MUNICIPALITIES 1.8%**
**Owned No Guarantee 1.8%**

Axiata 3.466%, 11/19/20	200	200
China Overseas Finance Cayman VI 4.25%, 5/8/19	900	903
China Shenhua Overseas Capital 3.125%, 1/20/20	930	925
CNAC HK Finbridge 3.00%, 7/19/20	570	564
CNAC HK Finbridge 4.125%, 3/14/21	535	536
Eastern Creation II Investment Holdings 2.75%, 9/26/20	940	922
Petroleos Mexicanos 5.50%, 1/21/21	110	110
Petroleos Mexicanos 6.375%, 2/4/21	600	608
Petroleos Mexicanos 8.00%, 5/3/19	1,060	1,074
Sberbank of Russia 3.08%, 3/7/19 (EUR)	200	230
State Grid Overseas Investment 2.25%, 5/4/20 (1)	1,485	1,465

	Par/Shares	\$ Value
(Amounts in 000s)		
Syngenta Finance 3.698%, 4/24/20 (1)	650	646
		8,183
<b>Total Foreign Government Obligations &amp; Municipalities (Cost \$8,242)</b>		<b>8,183</b>
<b>MUNICIPAL SECURITIES 0.2%</b>		
<b>Florida 0.2%</b>		
State Board of Administration Finance, Series A, 2.163%, 7/1/19	840	838
		838
<b>Total Municipal Securities (Cost \$840)</b>		<b>838</b>

	Par/Shares	\$ Value
(Amounts in 000s)		
<b>SHORT-TERM INVESTMENTS 0.7%</b>		
<b>Commercial Paper 0.5%</b>		
<b>4(2) 0.5% (6)</b>		
AT&T, 2.959%, 5/28/19	1,110	1,095
Ford Motor Credit, 2.86%, 2/19/19	1,190	1,185
		2,280
<b>Money Market Funds 0.2%</b>		
T. Rowe Price Government Reserve Fund, 2.45% (7)(8)	1,052	1,052
		1,052
<b>Total Short-Term Investments (Cost \$3,334)</b>		<b>3,332</b>
<b>Total Investments in Securities</b>		
<b>99.4% of Net Assets (Cost \$450,430)</b>	<b>\$</b>	<b>446,550</b>

‡ Par/Shares and Notional Amount are denominated in U.S. dollars unless otherwise noted.

- (1) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration only to qualified institutional buyers – total value of such securities at period-end amounts to \$137,133 and represents 30.5% of net assets.
- (2) Security is a fix-to-float security, which carries a fixed coupon until a certain date, upon which it switches to a floating rate. Reference rate and spread is provided if the rate is currently floating.
- (3) The issuer currently operates under a federal conservatorship; however, its securities are neither issued nor guaranteed by the U.S. government.
- (4) Issuer operates under a Congressional charter; its securities are neither issued nor guaranteed by the U.S. government. The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation currently operate under a federal conservatorship.
- (5) At December 31, 2018, all or a portion of this security is pledged as collateral and/or margin deposit to cover future funding obligations.
- (6) Commercial paper exempt from registration under Section 4(2) of the Securities Act of 1933 and may be resold in transactions exempt from registration only to dealers in that program or other "accredited investors" – total value of such securities at period-end amounts to \$2,280 and represents 0.5% of net assets
- (7) Seven-day yield
- (8) Affiliated Companies

1M USD LIBOR One month USD LIBOR (London interbank offered rate)

1Y CMT One year U.S. Treasury note constant maturity rate

3M USD LIBOR Three month USD LIBOR (London interbank offered rate)

12M USD LIBOR Twelve month USD LIBOR (London interbank offered rate)

ARM Adjustable Rate Mortgage (ARM); rate shown is effective rate at period-end. The rates for certain ARMs are not based on a published reference rate and spread but may be determined using a formula-based on the rates of the underlying loans

CLO Collateralized Loan Obligation

CMO Collateralized Mortgage Obligation

EUR Euro

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FRN	Floating Rate Note
PTC	Pass-Through Certificate
STEP	Stepped coupon bond for which the coupon rate of interest adjusts on specified date(s); rate shown is effective rate at period-end.
VR	Variable Rate; rate shown is effective rate at period-end. The rates for certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and based on current market conditions.
USD	U.S. Dollar

**Forward Currency Exchange Contracts**

(Amounts in 000s)

Counterparty	Settlement	Receive		Deliver		Unrealized Gain (Loss)
JPMorgan Chase	2/22/19	USD	232	EUR	202 \$	(1)
<b>Net unrealized gain (loss) on open forward currency exchange contracts</b>						<b>\$ (1)</b>

**Futures Contracts**

(\$000s)

Description	Expiration Date	Notional Amount	Value and Unrealized Gain (Loss)
Long, 53 U.S. Treasury Notes five year contracts	3/19	6,078	\$ 104
Short, 18 U.S. Treasury Notes ten year contracts	3/19	(2,196)	(52)
Long, 466 U.S. Treasury Notes two year contracts	3/19	98,938	620
<b>Net payments (receipts) of variation margin to date</b>			<b>(600)</b>
<b>Variation margin receivable (payable) on open futures contracts</b>			<b>\$ 72</b>



**Affiliated Companies**

(\$000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company that is under common ownership or control. The following securities were considered affiliated companies for all or some portion of the year ended December 31, 2018. Net realized gain (loss), investment income, change in net unrealized gain/loss, and purchase and sales cost reflect all activity for the period then ended.

<b>Affiliate</b>	<b>Net Realized Gain (Loss)</b>	<b>Change in Net Unrealized Gain/Loss</b>	<b>Investment Income</b>
T. Rowe Price Government Reserve Fund	\$ —#	\$ —	\$ 110+

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/17</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/18</b>
T. Rowe Price Government Reserve Fund	\$ 3,392	□	□ \$	1,052^

# Capital gain distributions from mutual funds represented \$0 of the net realized gain (loss).

+ Investment income comprised \$110 of dividend income and \$0 of interest income.

□ Purchase and sale information not shown for cash management funds.

^ The cost basis of investments in affiliated companies was \$1,052.

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

December 31, 2018

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$450,430)	\$	446,550
Interest receivable		2,390
Receivable for shares sold		774
Variation margin receivable on futures contracts		72
Receivable for investment securities sold		4
Foreign currency (cost \$3)		3
Other assets		29
Total assets		<u>449,822</u>

**Liabilities**

Investment management and administrative fees payable		217
Payable for shares redeemed		178
Unrealized loss on forward currency exchange contracts		1
Other liabilities		4
Total liabilities		<u>400</u>

**NET ASSETS****\$ 449,422****Net Assets Consist of:**

Accumulated undistributed net realized loss	\$	(5,674)
Net unrealized loss		(3,209)
Paid-in capital applicable to 94,047,805 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		<u>458,305</u>

**NET ASSETS****\$ 449,422****NET ASSET VALUE PER SHARE****Investor Class**

<b>(\$434,174,678 / 90,845,150 shares outstanding)</b>	<b>\$</b>	<b>4.78</b>
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**Class II**

<b>(\$15,247,356 / 3,202,655 shares outstanding)</b>	<b>\$</b>	<b>4.76</b>
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The accompanying notes are an integral part of these financial statements.

December 31, 2018

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/18
<b>Investment Income (Loss)</b>	
Income	
Interest	\$ 11,131
Dividend	110
Total income	11,241
Expenses	
Investment management and administrative expense	2,665
Rule 12b-1 fees – Limited-Term Bond-II Class	26
Total expenses	2,691
Net investment income	8,550
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	(729)
Futures	(839)
Swaps	3
Forward currency exchange contracts	15
Net realized loss	(1,550)
Change in net unrealized gain / loss	
Securities	(2,508)
Futures	812
Swaps	(3)
Forward currency exchange contracts	3
Change in net unrealized gain / loss	(1,696)
Net realized and unrealized gain / loss	(3,246)
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 5,304</b>

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

December 31, 2018

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/18	12/31/17
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 8,550	\$ 5,395
Net realized loss	(1,550)	(390)
Change in net unrealized gain / loss	(1,696)	(799)
Increase in net assets from operations	5,304	4,206
Distributions to shareholders		
Net investment income		
Limited-Term Bond Class	(8,706)	(6,020)
Limited-Term Bond-II Class	(189)	(112)
Decrease in net assets from distributions	(8,895)	(6,132)
Capital share transactions*		
Shares sold		
Limited-Term Bond Class	44,632	88,930
Limited-Term Bond-II Class	16,286	5,475
Distributions reinvested		
Limited-Term Bond Class	8,715	6,011
Limited-Term Bond-II Class	189	112
Shares redeemed		
Limited-Term Bond Class	(58,909)	(40,734)
Limited-Term Bond-II Class	(8,548)	(8,163)
Increase in net assets from capital share transactions	2,365	51,631
<b>Net Assets</b>		
Increase (decrease) during period	(1,226)	49,705
Beginning of period	450,648	400,943
<b>End of period</b>	<b>\$ 449,422</b>	<b>\$ 450,648</b>
Undistributed net investment income	-	-
<b>*Share information</b>		
Shares sold		
Limited-Term Bond Class	9,330	18,370
Limited-Term Bond-II Class	3,422	1,135
Distributions reinvested		
Limited-Term Bond Class	1,823	1,242
Limited-Term Bond-II Class	40	23
Shares redeemed		
Limited-Term Bond Class	(12,313)	(8,417)
Limited-Term Bond-II Class	(1,797)	(1,692)
Increase in shares outstanding	505	10,661

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

## NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Fixed Income Series, Inc. (the corporation), is registered under the Investment Company Act of 1940 (the 1940 Act). The Limited-Term Bond Portfolio (the fund) is a diversified, open-end management investment company established by the corporation. Shares of the fund currently are offered only through certain insurance companies as an investment medium for both variable annuity contracts and variable life insurance policies. The fund seeks a high level of income consistent with moderate fluctuations in principal value. The fund has two classes of shares: the Limited-Term Bond Portfolio (Limited-Term Bond Portfolio Class) and the Limited-Term Bond Portfolio-II (Limited-Term Bond Portfolio-II Class). Limited-Term Bond Portfolio-II Class shares are sold through financial intermediaries, which it compensates for distribution, shareholder servicing, and/or certain administrative services under a Board-approved Rule 12b-1 plan. Each class has exclusive voting rights on matters related solely to that class; separate voting rights on matters that relate to both classes; and, in all other respects, the same rights and obligations as the other class.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation** The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity. Certain ratios in the accompanying Financial Highlights have been included to conform to the current year presentation.

**Investment Transactions, Investment Income, and Distributions** Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified cost basis. Premiums and discounts on debt securities are amortized for financial reporting purposes. Paydown gains and losses are recorded as an adjustment to interest income. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Dividends received from mutual fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Dividend income and capital gain distributions are recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date. Income distributions are declared by each class daily and paid monthly. A capital gain distribution may also be declared and paid by the fund annually.

**Currency Translation** Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as quoted by a major bank. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the respective date of such transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is not bifurcated from the portion attributable to changes in market prices.

**Class Accounting** Investment income and investment management and administrative expense are allocated to the classes based upon the relative daily net assets of each class's settled shares; realized and unrealized gains and losses are allocated based upon the relative daily net assets of each class's outstanding shares. Limited-Term Bond Portfolio-II Class pays Rule 12b-1 fees, in an amount not exceeding 0.25% of the class's average daily net assets.

**New Accounting Guidance** In March 2017, the FASB issued amended guidance to shorten the amortization period for certain callable debt securities held at a premium. The guidance is effective for fiscal years and interim periods beginning after December 15, 2018. Adoption will have no effect on the fund's net assets or results of operations.

**Indemnification** In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers, and/or private company investments. The fund's maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

**NOTE 2 - VALUATION**

The fund's financial instruments are valued and each class's net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC.

**Fair Value** The fund's financial instruments are reported at fair value, which GAAP defines 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. The T. Rowe Price Valuation Committee (the Valuation Committee) is an internal committee that has been delegated certain responsibilities by the fund's Board of Directors (the Board) to ensure that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight by the Board, the Valuation Committee develops and oversees pricing-related policies and procedures and approves all fair value determinations. Specifically, the Valuation Committee establishes procedures to value securities; determines pricing techniques, sources, and persons eligible to effect fair value pricing actions; oversees the selection, services, and performance of pricing vendors; oversees valuation-related business continuity practices; and provides guidance on internal controls and valuation-related matters. The Valuation Committee reports to the Board and has representation from legal, portfolio management and trading, operations, risk management, and the fund's treasurer.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the fund can access at the reporting date

Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

Level 3 – unobservable inputs

Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use to price the financial instrument. Unobservable inputs are those for which market data are not available and are developed using the best information available about the assumptions that market participants would use to price the financial instrument. GAAP requires valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. When multiple inputs are used to derive fair value, the financial instrument is assigned to the level within the fair value hierarchy based on the lowest-level input that is significant to the fair value of the financial instrument. Input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level but rather the degree of judgment used in determining those values.

**Valuation Techniques** Debt securities generally are traded in the over-the-counter (OTC) market and are valued at prices furnished by dealers who make markets in such securities or by an independent pricing service, which considers the yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities. Generally, debt securities are categorized in Level 2 of the fair value hierarchy; however, to the extent the valuations include significant unobservable inputs, the securities would be categorized in Level 3.

Investments in mutual funds are valued at the mutual fund's closing NAV per share on the day of valuation and are categorized in Level 1 of the fair value hierarchy. Financial futures contracts are valued at closing settlement prices and are categorized in Level 1 of the fair value hierarchy. Forward currency exchange contracts are valued using the prevailing forward exchange rate and are categorized in Level 2 of the fair value hierarchy. Assets and liabilities other than financial instruments, including short-term receivables and payables, are carried at cost, or estimated realizable value, if less, which approximates fair value.

Thinly traded financial instruments and those for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by the Valuation Committee. The objective of any fair value pricing determination is to arrive at a price that could reasonably be expected from a current sale. Financial instruments fair valued by the Valuation Committee are primarily private placements, restricted securities, warrants, rights, and other securities that are not publicly traded.

Subject to oversight by the Board, the Valuation Committee regularly makes good faith judgments to establish and adjust the fair valuations of certain securities as events occur and circumstances warrant. For instance, in determining the fair value of troubled or thinly traded debt instruments, the Valuation Committee considers a variety of factors, which may include, but are not limited to, the issuer's business prospects, its financial standing and performance, recent investment transactions in the issuer, strategic events affecting the company, market liquidity for the issuer, and general economic conditions and events. In consultation with the investment and pricing teams, the Valuation Committee will determine an appropriate valuation technique based on available information, which may include both observable and unobservable inputs. The Valuation Committee typically will afford greatest weight to actual prices in arm's length transactions, to the extent they represent orderly transactions between market participants, transaction information can be reliably obtained, and prices are deemed representative of fair value. However, the Valuation Committee may also consider other valuation methods such as a discount or premium from market value of a similar, freely traded security of the same issuer; discounted cash flows; yield to maturity; or some combination. Fair value determinations are reviewed on a regular basis and updated as information becomes available, including actual purchase and sale transactions of the issue. Because any fair value determination involves a significant amount of judgment, there is a degree of subjectivity inherent in such pricing decisions, and fair value prices determined by the Valuation Committee could differ from those of other market participants. Depending on the relative significance of unobservable inputs, including the valuation technique(s) used, fair valued securities may be categorized in Level 2 or 3 of the fair value hierarchy.

**Valuation Inputs** The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on December 31, 2018 (for further detail by category, please refer to the accompanying Portfolio of Investments):

(\$000s)	Level 1	Level 2	Level 3	Total Value
<b>Assets</b>				
Fixed Income Securities <sup>1</sup>	\$ -	\$ 443,218	\$ -	\$ 443,218
Short-Term Investments	1,052	2,280	-	3,332
Total Securities	1,052	445,498	-	446,550
Futures Contracts	72	-	-	72
Total	\$ 1,124	\$ 445,498	\$ -	\$ 446,622
<b>Liabilities</b>				
Forward Currency Exchange Contracts	\$ -	\$ 1	\$ -	\$ 1

<sup>1</sup>Includes Corporate Bonds, Asset-Backed Securities, Non-U.S. Government Mortgage-Backed Securities, U.S. Government & Agency Mortgage-Backed Securities, U.S. Government Agency Obligations (Excluding Mortgage-Backed), Foreign Government Obligations & Municipalities, Municipal Securities.

There were no material transfers between Levels 1 and 2 during the year ended December 31, 2018.

### NOTE 3 - DERIVATIVE INSTRUMENTS

During the year ended December 31, 2018, the fund invested in derivative instruments. As defined by GAAP, a derivative is a financial instrument whose value is derived from an underlying security price, foreign exchange rate, interest rate, index of prices or rates, or other variable; it requires little or no initial investment and permits or requires net settlement. The fund invests in derivatives only if the expected risks and rewards are consistent with its investment objectives, policies, and overall risk profile, as described in its prospectus and Statement of Additional Information. The fund may use derivatives for a variety of purposes, such as seeking to hedge against declines in principal value, increase yield, invest in an asset with greater efficiency and at a lower cost than is possible through direct investment, to enhance return, or to adjust portfolio duration and credit exposure. The risks associated with the use of derivatives are different from, and potentially much greater than, the risks associated with investing directly in the instruments on which the derivatives are based. The fund at all times maintains sufficient cash reserves, liquid assets, or other SEC-permitted asset types to cover its settlement obligations under open derivative contracts.

The fund values its derivatives at fair value and recognizes changes in fair value currently in its results of operations. Accordingly, the fund does not follow hedge accounting, even for derivatives employed as economic hedges. Generally, the fund accounts for its derivatives on a gross basis. It does not offset the fair value of derivative liabilities against the fair value of derivative assets on its financial statements, nor does it offset the fair value of derivative instruments against the right to reclaim or obligation to return collateral.

The following table summarizes the fair value of the fund's derivative instruments held as of December 31, 2018, and the related location on the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

(\$000s)	Location on Statement of Assets and Liabilities	Fair Value
<b>Assets</b>		
Interest rate derivatives	Futures*	\$ 724
Total		\$ 724
<b>Liabilities</b>		
Interest rate derivatives	Futures*	\$ 52
Foreign exchange derivatives	Forwards	1
Total		\$ 53

\*The fair value presented includes cumulative gain (loss) on open futures contracts; however, the value reflected on the accompanying Statement of Assets and Liabilities is only the unsettled variation margin receivable (payable) at that date.

Additionally, the amount of gains and losses on derivative instruments recognized in fund earnings during the year ended December 31, 2018, and the related location on the accompanying Statement of Operations is summarized in the following table by primary underlying risk exposure:

(\$000s)	Location of Gain (Loss) on Statement of Operations				
	Futures	Forward Currency Exchange Contracts	Swaps	Total	
<b>Realized Gain (Loss)</b>					
Interest rate derivatives	\$ (839)	\$ -	\$ -	\$ (839)	
Foreign exchange derivatives	-	15	-	15	
Credit derivatives	-	-	3	3	
Total	\$ (839)	\$ 15	\$ 3	\$ (821)	
<b>Change in Unrealized Gain (Loss)</b>					
Interest rate derivatives	\$ 812	\$ -	\$ -	\$ 812	
Foreign exchange derivatives	-	3	-	3	
Credit derivatives	-	-	(3)	(3)	
Total	\$ 812	\$ 3	\$ (3)	\$ 812	

**Counterparty Risk and Collateral** The fund invests in derivatives in various markets, which expose it to differing levels of counterparty risk. Counterparty risk on exchange-traded and centrally cleared derivative contracts, such as futures, exchange-traded options, and centrally cleared swaps, is minimal because the clearinghouse provides protection against counterparty defaults. For futures



and centrally cleared swaps, the fund is required to deposit collateral in an amount specified by the clearinghouse and the clearing firm (margin requirement), and the margin requirement must be maintained over the life of the contract. Each clearinghouse and clearing firm, in its sole discretion, may adjust the margin requirements applicable to the fund.

Derivatives, such as bilateral swaps, forward currency exchange contracts, and OTC options, that are transacted and settle directly with a counterparty (bilateral derivatives) may expose the fund to greater counterparty risk. To mitigate this risk, the fund has entered into master netting arrangements (MNAs) with certain counterparties that permit net settlement under specified conditions and, for certain counterparties, also require the exchange of collateral to cover mark-to-market exposure. MNAs may be in the form of International Swaps and Derivatives Association master agreements (ISDAs) or foreign exchange letter agreements (FX letters).

MNAs provide the ability to offset amounts the fund owes a counterparty against amounts the counterparty owes the fund (net settlement). Both ISDAs and FX letters generally allow termination of transactions and net settlement upon the occurrence of contractually specified events, such as failure to pay or bankruptcy. In addition, ISDAs specify other events, the occurrence of which would allow one of the parties to terminate. For example, a downgrade in credit rating of a counterparty below a specified rating would allow the fund to terminate, while a decline in the fund's net assets of more than a specified percentage would allow the counterparty to terminate. Upon termination, all transactions with that counterparty would be liquidated and a net termination amount settled. ISDAs include collateral agreements whereas FX letters do not. Collateral requirements are determined daily based on the net aggregate unrealized gain or loss on all bilateral derivatives with a counterparty, subject to minimum transfer amounts that typically range from \$100,000 to \$250,000. Any additional collateral required due to changes in security values is typically transferred the same business day.

Collateral may be in the form of cash or debt securities issued by the U.S. government or related agencies. Cash posted by the fund is reflected as cash deposits in the accompanying financial statements and generally is restricted from withdrawal by the fund; securities posted by the fund are so noted in the accompanying Portfolio of Investments; both remain in the fund's assets. Collateral pledged by counterparties is not included in the fund's assets because the fund does not obtain effective control over those assets. For bilateral derivatives, collateral posted or received by the fund is held in a segregated account at the fund's custodian. While typically not sold in the same manner as equity or fixed income securities, exchange-traded or centrally cleared derivatives may be closed out only on the exchange or clearinghouse where the contracts were traded, and OTC and bilateral derivatives may be unwound with counterparties or transactions assigned to other counterparties to allow the fund to exit the transaction. This ability is subject to the liquidity of underlying positions. As of December 31, 2018, no collateral was pledged by either the fund or counterparties for bilateral derivatives. As of December 31, 2018, securities valued at \$301,000 had been posted by the fund for exchange-traded and/or centrally cleared derivatives.

**Forward Currency Exchange Contracts** The fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. It uses forward currency exchange contracts (forwards) primarily to protect its non-U.S. dollar-denominated securities from adverse currency movements. A forward involves an obligation to purchase or sell a fixed amount of a specific currency on a future date at a price set at the time of the contract. Although certain forwards may be settled by exchanging only the net gain or loss on the contract, most forwards are settled with the exchange of the underlying currencies in accordance with the specified terms. Forwards are valued at the unrealized gain or loss on the contract, which reflects the net amount the fund either is entitled to receive or obligated to deliver, as measured by the difference between the forward exchange rates at the date of entry into the contract and the forward rates at the reporting date. Appreciated forwards are reflected as assets and depreciated forwards are reflected as liabilities on the accompanying Statement of Assets and Liabilities. Risks related to the use of forwards include the possible failure of counterparties to meet the terms of the agreements; that anticipated currency movements will not occur, thereby reducing the fund's total return; and the potential for losses in excess of the fund's initial investment. During the year ended December 31, 2018, the volume of the fund's activity in forwards, based on underlying notional amounts, was generally less than 1% of net assets.

**Futures Contracts** The fund is subject to interest rate risk in the normal course of pursuing its investment objectives and uses futures contracts to help manage such risk. The fund may enter into futures contracts to manage exposure to interest rate and yield curve movements, security prices, foreign currencies, credit quality, and mortgage prepayments; as an efficient means of adjusting exposure to all or part of a target market; to enhance income; as a cash management tool; or to adjust portfolio duration and credit exposure. A futures contract provides for the future sale by one party and purchase by another of a specified amount of a specific underlying financial instrument at an agreed upon price, date, time, and place. The fund currently invests only in exchange-traded futures, which generally are standardized as to maturity date, underlying financial instrument, and other contract terms. Payments are made or received by the fund each day to settle daily fluctuations in the value of the contract (variation margin), which reflect changes in the value of the underlying financial instrument. Variation margin is recorded as unrealized gain or loss until the contract is closed. The value of a futures contract included in net assets is the amount of unsettled variation margin; net variation margin receivable is reflected as an

asset and net variation margin payable is reflected as a liability on the accompanying Statement of Assets and Liabilities. Risks related to the use of futures contracts include possible illiquidity of the futures markets, contract prices that can be highly volatile and imperfectly correlated to movements in hedged security values and/or interest rates, and potential losses in excess of the fund's initial investment. During the year ended December 31, 2018, the volume of the fund's activity in futures, based on underlying notional amounts, was generally between 18% and 25% of net assets.

**Swaps** The fund is subject to credit risk in the normal course of pursuing its investment objectives and uses swap contracts to help manage such risk. The fund may use swaps in an effort to manage both long and short exposure to changes in interest rates, inflation rates, and credit quality; to adjust overall exposure to certain markets; to enhance total return or protect the value of portfolio securities; to serve as a cash management tool; or to adjust portfolio duration and credit exposure. Swap agreements can be settled either directly with the counterparty (bilateral swap) or through a central clearinghouse (centrally cleared swap). Fluctuations in the fair value of a contract are reflected in unrealized gain or loss and are reclassified to realized gain or loss upon contract termination or cash settlement. Net periodic receipts or payments required by a contract increase or decrease, respectively, the value of the contract until the contractual payment date, at which time such amounts are reclassified from unrealized to realized gain or loss. For bilateral swaps, cash payments are made or received by the fund on a periodic basis in accordance with contract terms; unrealized gain on contracts and premiums paid are reflected as assets and unrealized loss on contracts and premiums received are reflected as liabilities on the accompanying Statement of Assets and Liabilities. For bilateral swaps, premiums paid or received are amortized over the life of the swap and are recognized as realized gain or loss in the Statement of Operations. For centrally cleared swaps, payments are made or received by the fund each day to settle the daily fluctuation in the value of the contract (variation margin). Accordingly, the value of a centrally cleared swap included in net assets is the unsettled variation margin; net variation margin receivable is reflected as an asset and net variation margin payable is reflected as a liability on the accompanying Statement of Assets and Liabilities.

Credit default swaps are agreements where one party (the protection buyer) agrees to make periodic payments to another party (the protection seller) in exchange for protection against specified credit events, such as certain defaults and bankruptcies related to an underlying credit instrument, or issuer or index of such instruments. Upon occurrence of a specified credit event, the protection seller is required to pay the buyer the difference between the notional amount of the swap and the value of the underlying credit, either in the form of a net cash settlement or by paying the gross notional amount and accepting delivery of the relevant underlying credit. For credit default swaps where the underlying credit is an index, a specified credit event may affect all or individual underlying securities included in the index and will be settled based upon the relative weighting of the affected underlying security(ies) within the index. Risks related to the use of credit default swaps include the possible inability of the fund to accurately assess the current and future creditworthiness of underlying issuers, the possible failure of a counterparty to perform in accordance with the terms of the swap agreements, potential government regulation that could adversely affect the fund's swap investments, and potential losses in excess of the fund's initial investment.

During the year ended December 31, 2018, the volume of the fund's activity in swaps, based on underlying notional amounts, was generally less than 1% of net assets.

#### NOTE 4 - OTHER INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks and/or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

**Restricted Securities** The fund may invest in securities that are subject to legal or contractual restrictions on resale. Prompt sale of such securities at an acceptable price may be difficult and may involve substantial delays and additional costs.

**Collateralized Loan Obligations** The fund may invest in collateralized loan obligations (CLOs) which are entities backed by a diversified pool of syndicated bank loans. The cash flows of the CLO can be split into multiple segments, called "tranches" or "classes", which will vary in risk profile and yield. The riskiest segments, which are the subordinate or "equity" tranches, bear the greatest risk of loss from defaults in the underlying assets of the CLO and serve to protect the other, more senior, tranches. Senior tranches will typically have higher credit ratings and lower yields than the securities underlying the CLO. Despite the protection from the more junior tranches, senior tranches can experience substantial losses.

**Mortgage-Backed Securities** The fund may invest in mortgage-backed securities (MBS or pass-through certificates) that represent an interest in a pool of specific underlying mortgage loans and entitle the fund to the periodic payments of principal and interest from those mortgages. MBS may be issued by government agencies or corporations, or private issuers. Most MBS issued by government agencies are guaranteed; however, the degree of protection differs based on the issuer. MBS are sensitive to changes in economic conditions that affect the rate of prepayments and defaults on the underlying mortgages; accordingly, the value, income, and related cash flows from MBS may be more volatile than other debt instruments.

**Other** Purchases and sales of portfolio securities other than short-term and U.S. government securities aggregated \$168,457,000 and \$153,139,000, respectively, for the year ended December 31, 2018. Purchases and sales of U.S. government securities aggregated \$76,142,000 and \$71,636,000, respectively, for the year ended December 31, 2018.

## NOTE 5 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

The fund files U.S. federal, state, and local tax returns as required. The fund's tax returns are subject to examination by the 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.

Reclassifications between income and gain relate primarily to the character of paydown gains and losses on asset-backed securities. For the year ended December 31, 2018, the following reclassifications were recorded to reflect tax character (there was no impact on results of operations or net assets):

(\$000s)	
Undistributed net investment income	\$ 345
Undistributed net realized gain	(345)
Distributions during the years ended December 31, 2018 and December 31, 2017, totaled \$8,895,000 and \$6,132,000, respectively, and were characterized as ordinary income for tax purposes. At December 31, 2018, the tax-basis cost of investments, including derivatives, and components of net assets were as follows:	
(\$000s)	
Cost of investments	\$ 451,101
Unrealized appreciation	\$ 321
Unrealized depreciation	(4,201)
Net unrealized appreciation (depreciation)	(3,880)
Undistributed ordinary income	1
Capital loss carryforwards	(5,004)
Paid-in capital	458,305
Net assets	\$ 449,422

The fund intends to retain realized gains to the extent of available capital loss carryforwards. Net realized capital losses may be carried forward indefinitely to offset future realized capital gains.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). The investment management and administrative agreement between the fund and Price Associates provides for an all-inclusive annual fee equal to 0.70% of the fund's average daily net assets. The fee is computed daily and paid monthly. The all-inclusive fee covers investment management, shareholder servicing, transfer agency, accounting, and custody services provided to the fund, as well as fund directors' fees and expenses. Interest, taxes, brokerage commissions, and other non-recurring expenses permitted by the investment management agreement are paid directly by the fund. Effective July 1, 2018, T. Rowe Price has contractually agreed to waive a portion of the management fee it is entitled to receive from the fund in order to limit the fund's overall management fee rate to 0.50% of the fund's average daily net assets, through at least April 30, 2020. This contractual arrangement will renew automatically for one-year terms thereafter and may be terminated only with approval of the fund's Board. The fund has no obligation to repay fees reduced under this arrangement.

The fund may invest its cash reserves in certain open-end management investment companies managed by Price Associates and considered affiliates of the fund: the T. Rowe Price Government Reserve Fund or the T. Rowe Price Treasury Reserve Fund, organized as money market funds, or the T. Rowe Price Short-Term Fund, a short-term bond fund (collectively, the Price Reserve Funds). The Price Reserve Funds are offered as short-term investment options to mutual funds, trusts, and other accounts managed by Price Associates or its affiliates and are not available for direct purchase by members of the public. Cash collateral from securities lending is invested in the T. Rowe Price Short-Term Fund. The Price Reserve Funds pay no investment management fees.

The fund may participate in securities purchase and sale transactions with other funds or accounts advised by Price Associates (cross trades), in accordance with procedures adopted by the fund's Board and Securities and Exchange Commission rules, which require, among other things, that such purchase and sale cross trades be effected at the independent current market price of the security. During the year ended December 31, 2018, the fund had no purchases or sales cross trades with other funds or accounts advised by Price Associates.

**Report of Independent Registered Public Accounting Firm**

**To the Board of Directors of T. Rowe Price Fixed Income Series, Inc.  
and Shareholders of T. Rowe Price Limited-Term Bond Portfolio**

**Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of T. Rowe Price Limited-Term Bond Portfolio (one of the portfolios constituting T. Rowe Price Fixed Income Series, Inc., 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 custodians 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  
Baltimore, Maryland  
February 7, 2019

We have served as the auditor of one or more investment companies in the T. Rowe Price group of investment companies since 1973.

## **TAX INFORMATION (UNAUDITED) FOR THE TAX YEAR ENDED 12/31/18**

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

The fund's distributions to shareholders included \$13,000 from short-term capital gains.

## **INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS**

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information. You may request this document by calling 1-800-225-5132 or by accessing the SEC's website, sec.gov.

The description of our proxy voting policies and procedures is also available on our corporate website. To access it, please visit the following Web page:

<https://www3.troweprice.com/usis/corporate/en/utility/policies.html>

Scroll down to the section near the bottom of the page that says, "Proxy Voting Policies." Click on the Proxy Voting Policies link in the shaded box.

Each fund's most recent annual proxy voting record is available on our website and through the SEC's website. To access it through T. Rowe Price, visit the website location shown above, and scroll down to the section near the bottom of the page that says, "Proxy Voting Records." Click on the Proxy Voting Records link in the shaded box.

## **HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS**

Effective for reporting periods on or after March 1, 2019, the fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. Prior to March 1, 2019, the fund filed a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-PORT and N-Q are available electronically on the SEC's website (sec.gov).

## ABOUT THE PORTFOLIO'S DIRECTORS AND OFFICERS

Your fund is overseen by a Board of Directors (Board) that meets regularly to review a wide variety of matters affecting or potentially affecting the fund, including performance, investment programs, compliance matters, advisory fees and expenses, service providers, and business and regulatory affairs. The Board elects the fund's officers, who are listed in the final table. At least 75% of the Board's members are independent of the Boards of T. Rowe Price Associates, Inc. (T. Rowe Price), and its affiliates; "inside" or "interested" directors are employees or officers of T. Rowe Price. The business address of each director and officer is 100 East Pratt Street, Baltimore, Maryland 21202. The Statement of Additional Information includes additional information about the fund directors and is available without charge by calling a T. Rowe Price representative at 1-800-638-5660.

### INDEPENDENT DIRECTORS<sup>(a)</sup>

<b>Name (Year of Birth) Year Elected [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Teresa Bryce Bazemore <sup>(b)</sup> (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Member, Bazemore Consulting LLC (2018 to present); Member, Chimera Investment Corporation (2017 to present); Member, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels <sup>(b)</sup> (1959) 2018 [189]	President, The Johns Hopkins University <sup>(c)</sup> and Professor, Political Science Department, The Johns Hopkins University (2009 to present); Director, Lyndhurst Holdings (2015 to present)
Bruce W. Duncan (1951) 2013 [189]	Chief Executive Officer and Director (January 2009 to December 2016), Chairman of the Board (January 2016 to present), and President (January 2009 to September 2016), First Industrial Realty Trust, an owner and operator of industrial properties; Chairman of the Board (2005 to September 2016) and Director (1999 to September 2016), Starwood Hotels & Resorts, a hotel and leisure company; Director, Boston Properties (May 2016 to present); Director, Marriott International, Inc. (September 2016 to present)
Robert J. Gerrard, Jr. (1952) 2013 [189]	Advisory Board Member, Pipeline Crisis/Winning Strategies, a collaborative working to improve opportunities for young African Americans (1997 to present); Chairman of the Board, all funds (since July 2018)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to present)
Cecilia E. Rouse, Ph.D. (1963) 2013 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Member of National Academy of Education (2010 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member of the National Bureau of Economic Research (2011 to present); Chair of Committee on the Status of Minority Groups in the Economic Profession of the American Economic Association (2012 to 2017); Vice President (2015 to 2016), American Economic Association
John G. Schreiber (1946) 1994 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Co-founder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); Director, General Growth Properties, Inc. (2010 to 2013); Director, Blackstone Mortgage Trust, a real estate finance company (2012 to 2016); Director and Chairman of the Board, Brixmor Property Group, Inc. (2013 to present); Director, Hilton Worldwide (2013 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to present)
Mark R. Tercek (1957) 2009 [189]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of December 31, 2017, except for the information provided for Ms. Bazemore and Mr. Daniels, which is current as of January 1, 2018.

<sup>(b)</sup>Effective January 1, 2018, Ms. Bazemore and Mr. Daniels were elected as independent directors of the Price Funds.

<sup>(c)</sup>William J. Stromberg, president and chief executive officer of T. Rowe Price Group, Inc., the parent company of the Price Funds' investment advisor, has served on the Board of Trustees of Johns Hopkins University since 2014 and is a member of the Johns Hopkins University Board's Compensation Committee.



**INSIDE DIRECTORS**

<b>Name (Year of Birth) Year Elected* [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Edward C. Bernard** (1956) 2006 [0]	Director and Vice President, T. Rowe Price; Vice Chairman of the Board, Director, and Vice President, T. Rowe Price Group, Inc.; Chairman of the Board, Director, and Vice President, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.; Chairman of the Board and Director, T. Rowe Price Retirement Plan Services, Inc.; Chairman of the Board, Chief Executive Officer, Director, and President, T. Rowe Price International and T. Rowe Price Trust Company; Chairman of the Board, all funds (2006 to July 2018)
David Oestreicher (1967) 2018 [189]	Chief Legal Officer, Vice President, and Secretary, T. Rowe Price Group, Inc.; Director, Vice President, and Secretary, T. Rowe Price Investment Services, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; Vice President and Secretary, T. Rowe Price, T. Rowe Price Hong Kong, and T. Rowe Price International; Vice President, T. Rowe Price Japan and T. Rowe Price Singapore; Principal Executive Officer and Executive Vice President, all funds
Edward A. Wiese, CFA (1959) 2015 [54]	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, and T. Rowe Price Trust Company

\* Each inside director serves until retirement, resignation, or election of a successor.

\*\* Effective at the conclusion of a meeting of the Boards of the Price Funds held on July 25, 2018, Mr. Bernard resigned from his role as a director and chairman of the Boards of all the Price Funds.

**OFFICERS**

<b>Name (Year of Birth) Position Held With Fixed Income Series</b>	<b>Principal Occupation(s)</b>
Stephen L. Bartolini, CFA (1977) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Darrell N. Braman (1963) Vice President and Secretary	Vice President, Price Hong Kong, Price Singapore, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.
Jason T. Collins (1971) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
M. Helena Condez (1962) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Michael P. Daley (1981) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Levent Demirekler (1974) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
G. Richard Dent (1960) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Stephanie A. Gentile, CFA (1956) Vice President	Vice President, T. Rowe Price; formerly, Director, Credit Suisse Securities (to 2014)
John R. Gilner (1961) Chief Compliance Officer	Chief Compliance Officer and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Investment Services, Inc.
Gary J. Greb (1961) Vice President	Vice President, T. Rowe Price, T. Rowe Price International, and T. Rowe Price Trust Company
Michael J. Grogan, CFA (1971) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Geoffrey M. Hardin (1971) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Charles B. Hill, CFA (1961) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.



**OFFICERS (CONTINUED)**

<b>Name (Year of Birth)</b> <b>Position Held With Fixed Income Series</b>	<b>Principal Occupation(s)</b>
Keir R. Joyce, CFA (1972) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Steven M. Kohlenstein, CFA (1987) Vice President	Vice President, T. Rowe Price
Paul J. Krug, CPA (1964) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Marcy M. Lash (1963) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Alan D. Levenson, Ph.D. (1958) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Antonio L. Luna, CFA (1970) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Joseph K. Lynagh, CFA (1958) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Catherine D. Mathews (1963) Treasurer and Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Andrew C. McCormick (1960) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Cheryl A. Mickel, CFA (1967) President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Alexander S. Obaza (1981) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John W. Ratzesberger (1975) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; formerly, North American Head of Listed Derivatives Operation, Morgan Stanley (to 2013)
Shannon H. Rauser (1987) Assistant Secretary	Employee, T. Rowe Price
Michael F. Reinartz, CFA (1973) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Chen Shao (1980) Vice President	Vice President, T. Rowe Price
Douglas D. Spratley, CFA (1969) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Robert D. Thomas (1971) Vice President	Vice President, T. Rowe Price Group, Inc., and T. Rowe Price International
Megan Warren (1968) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; formerly, Executive Director, JP Morgan Chase (to 2017)
John D. Wells (1960) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

# T.RowePrice®

100 East Pratt Street  
Baltimore, MD 21202

*Call 1-800-225-5132 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.*



## ANNUAL REPORT

December 31, 2018

T. ROWE PRICE

# Personal Strategy Balanced Portfolio

For more insights from T. Rowe Price investment professionals,  
go to **[troweprice.com](http://troweprice.com)**.



INVEST WITH CONFIDENCE®

## HIGHLIGHTS

- The Personal Strategy Balanced Portfolio returned -5.08% in the year ended December 31, 2018, lagging its combined index portfolio benchmark but performing in line with its Lipper peer group average.
- The inclusion of diversifying sectors, particularly those within fixed income, detracted from relative performance. On the other hand, security selection in the fund's underlying investments, particularly in U.S. large-cap growth and small-cap stocks, contributed to relative returns.
- We took advantage of more attractive valuations following the market downturn in the final quarter of 2018 to adjust our allocations in several segments. We moved from underweight to neutral in stocks at year-end as valuations became more attractive in the context of heightened market uncertainty driven by geopolitical risks and late-cycle concerns.
- Macroeconomic and geopolitical risks increased in 2018, and volatility picked up at year-end following 2017's synchronized global growth. We believe that the Personal Strategy Balanced Portfolio's diversification, along with our ability to adjust allocations in response to the many crosscurrents driving financial markets, will prove beneficial to shareholders in a range of environments.

## Go Paperless

Sign up for e-delivery of your statements, confirmations, and prospectuses or shareholder reports.



### TO ENROLL:

If you invest directly with T. Rowe Price, go to **[troweprice.com/paperless](https://troweprice.com/paperless)**.

If you invest through an investment advisor, a bank, or a brokerage firm, please contact that organization and ask if it can provide electronic documentation.

**It's fast**—receive your statements and confirmations faster than U.S. mail.

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**It's secure**—we protect your online accounts using “True Identity” to confirm new accounts and make verification faster and more secure.

**It can save you money**—where applicable, T. Rowe Price passes on the cost savings to fund holders.\*

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\*Certain mutual fund accounts that are assessed an annual account service fee can also save money by switching to e-delivery.

## Dear Investor

The year 2018 was not one that investors will remember fondly. The major stock indexes recorded their worst declines in a decade, with most falling over 20% from recent peaks and bringing a technical end to the bull market that began in 2009. In direct contrast to 2017, financial assets performed poorly across asset classes and geographies. The broadest measure of domestic bond returns, the Bloomberg Barclays U.S. Aggregate Bond Index, returned exactly nothing (0.0%) for the year, and nearly all overseas bond and equity markets also performed poorly. “Cash was king,” in Wall Street parlance, which never makes for a happy reign.

Many issues were behind the market weakness, but we can point to four primary factors that weighed on sentiment:

*Rising interest rates.* Wage pressures appeared to be accelerating early in the year, sending longer-term bond yields to multiyear highs and sparking a sell-off in equities in early February. Wage gains soon moderated, but a continued decline in the unemployment rate—which reached a five-decade low of 3.7% in September—kept investors on the lookout for higher inflation ahead. In October, yields returned to their peaks on the back of good economic data and suggestions from Federal Reserve officials that they might keep hiking interest rates more quickly than expected. This was subsequently followed by a decline in long-term rates as investors sought safety late in the year and questioned the pace of future interest rate hikes.

*Trade tensions.* On March 1, President Donald Trump took markets by surprise in announcing a new series of metal tariffs. His administration quickly adopted a decidedly protectionist stance, with pro-trade advocates leaving and the announcement of plans for a range of new trade restrictions. Many threats never materialized, and the White House announced a renegotiated trade deal with Canada and Mexico. Trade tensions with China only appeared to deepen as the year progressed, however.

*Slowing global growth.* A global slowdown became apparent in the second half of 2018. Environmental and financial reforms put the brakes on the Chinese economy, as planned, but trade frictions caused growth to slow below official targets. Other emerging markets suffered from a stronger U.S. dollar and higher U.S. interest rates. In Europe, trade worries also hampered business spending, while unresolved Brexit fears and further threats to the eurozone from Italy and elsewhere also took a toll. Plummeting oil prices late in the year seemed to confirm a general weakening in global economic conditions.

*Peaking fundamentals.* The U.S. economy stood apart by accelerating in 2018, but a moderation in 2019 appears all but inevitable as the effects of fiscal stimulus moderate. Of specific concern to investors is the almost certain slowdown in

corporate profits in the coming year. Overall profits for the S&P 500 grew by 25% versus the year before in the first three quarters of 2018—a pace sure to slow as the year-over-year impact of the tax cut fades, wage gains pressure margins, and the global economy cools.

The market’s dramatic pullback in the final weeks of 2018—stocks suffered their worst December since the Great Depression—seemed to reflect fears that a recession might even be imminent. I think such concerns are overblown. The Fed has already completed most of its planned rate hikes, promising less of a headwind for the economy and markets. China and Europe are likely to respond to slowing growth with stimulus, and both will benefit from lower oil prices. As I write, some encouraging signs have also emerged on the trade front, although whether the U.S. and China can resolve their differences remains perhaps the largest uncertainty facing markets.

In terms of stock performance, the painful end to 2018 served to improve valuations, making gains in the coming year less of a hurdle. I would also note that a further stock market “bust” in 2019 seems unlikely given that we never experienced the concentrated “boom” that has preceded past bad bear markets. In the final stages of the dot-com boom of the late 1990s, for example, investors flooded in to telecom shares, and huge amounts of capital and risk flowed in to housing in the mid-2000s. Currently, I simply do not see those sorts of distortions in the financial system.

Of course, opinions about what 2019 holds vary among our investment professionals at T. Rowe Price, and we sharpen each other’s thinking by constantly sharing opinions and insights. Please rest assured that your fund’s manager is drawing on the insights and perspectives across our global organization as he or she charts the course ahead.

Thank you for your continued confidence in T. Rowe Price.

Sincerely,



Robert Sharps  
Group Chief Investment Officer

## INVESTMENT OBJECTIVE

The fund seeks the highest total return over time consistent with an emphasis on both capital appreciation and income.

## FUND COMMENTARY

### How did the fund perform in the past 12 months?

The Personal Strategy Balanced Portfolio returned -5.08% in the 12 months ended December 31, 2018. The portfolio underperformed its combined index portfolio benchmark but performed in line with its peer group, the Lipper Variable Annuity Underlying Mixed-Asset Target Allocation Moderate Funds Average. *(Past performance cannot guarantee future results.)*

#### PERFORMANCE COMPARISON

Periods Ended 12/31/18	Total Return	
	6 Months	12 Months
Personal Strategy Balanced Portfolio	-5.71%	-5.08%
Morningstar Moderate Target Risk Index	-4.46	-4.76
Combined Index Portfolio*	-4.69	-4.32
Lipper Variable Annuity Underlying Mixed-Asset Target Allocation Moderate Funds Average	-4.92	-5.06

\*For a definition of the combined index portfolio, please see the Benchmark Information section.

### What factors influenced the fund's performance?

The inclusion of diversifying sectors, particularly those within fixed income, detracted the most from relative performance. An allocation to emerging markets debt—which fared poorly as signs of slowing growth accumulated in China and political risk increased in a few developing countries—proved unhelpful, as did an allocation to high yield bonds, which declined as risk aversion rose and credit spreads widened at year-end. Exposure to real assets stocks also hurt relative returns as crude oil prices slid late in our reporting period amid global oversupply fears. However, an underweight to real assets stocks relative to global stocks helped mitigate the negative impact of this allocation.

Security selection in the fund's underlying investments contributed the most to relative performance. Positive selection in U.S. large-cap growth stocks, followed by selection in domestic small-caps, added the most to relative returns as both strategies widely outpaced their respective benchmarks. On the other hand, security selection in international developed markets and U.S. large-cap value stocks, both of which lagged their style-specific benchmarks, detracted from relative performance.

Tactical decisions to overweight and underweight asset classes weighed modestly on relative returns. Our allocations to global stocks, fixed income, and cash had a neutral impact for the year. While our underweight to global stocks through the end of September detracted from relative performance, underweighting global stocks and overweighting bonds boosted relative returns amid the stock market sell-offs in October and December. Notably, cash was one of the best-performing asset classes in 2018. An overweight to international stocks relative to U.S. stocks—which widely outpaced global stock markets for the year—proved detrimental. However, our underweight to real assets stocks lifted relative performance.

### How is the fund positioned?

The Personal Strategy Balanced Portfolio has the ability to overweight or underweight various asset classes based on the views of the T. Rowe Price Asset Allocation Committee. The committee meets every month to evaluate economic, market, and earnings trends and look for opportunities over a 6- to 18-month investment horizon. We typically seek to overweight segments of the market that we believe are undervalued and underweight areas that appear fully valued. Following recent market declines, we are finding opportunities in select areas where valuations appear more attractive. We have also reduced allocations to segments in which we believe potential risks are not adequately reflected in current valuations.

As of December 31, 2018, we had a neutral allocation to global stocks and bonds after gradually closing our prior underweight to stocks in the fourth quarter. Our neutral stance to both asset classes came after the fourth-quarter downturn drove valuations to more attractive levels as the market began to account for elevated uncertainty driven by geopolitical risks and late economic cycle concerns. As for bonds, we believe that they offer diversification benefits and can provide a buffer against stock market volatility. Yields on longer-term U.S. Treasuries fell at the end of 2018 as risk aversion rose, and we believe that moderating economic growth and low inflation should continue to support the asset class.

### Stocks

As of December 31, 2018, the portfolio was underweight U.S. stocks relative to international stocks. However, we narrowed our underweight after the late-year sell-off brought the S&P 500 Index to the brink of a bear market. Though trade tensions, slowing global growth, and continued U.S. monetary tightening remained headwinds at year-end, U.S. stock valuations fell in December to levels not seen in many years and offered investors a more attractive risk/reward trade-off. Outside the U.S., valuations for international stocks appear more reasonably valued, though trade disputes and ebbing

growth in a few developed markets remain risks. Starting in September, we increased our overweight to emerging markets stocks given relatively attractive valuations versus developed markets stocks and the potential benefit from a weaker U.S. dollar amid expectations that the Fed will slow its pace of tightening in 2019.

In the U.S., we shifted to an overweight in growth stocks relative to value stocks starting in October from a neutral stance for most of 2018. After the fourth-quarter downturn, growth stocks appear more attractively valued in light of our view that secular growth companies tend to do better in a low-growth environment. Moreover, we believe that slowing economic growth, a flattening Treasury yield curve, and low energy prices will prove challenging for cyclical, value-focused sectors. We maintained an overweight to small-cap stocks relative to large-caps in 2018. Small-cap stocks appear more compelling following recent weakness and are less vulnerable to slowing global trade and growth concerns, while large-cap stocks are more exposed to global activity and trade tensions.

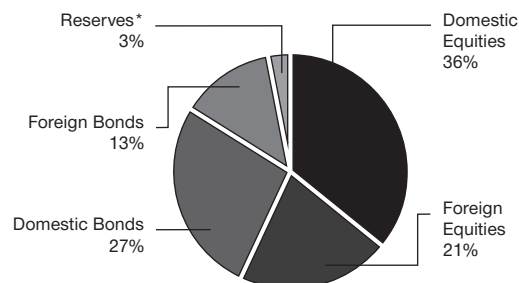
We stayed underweight to real assets equities over the year. Our stance reflects our outlook for slower global growth in the near term and longer-term imbalances between energy supply and demand.

### **Bonds**

We ended the year overweight U.S. investment-grade bonds relative to high yield bonds. We narrowed our underweight to high yield bonds after the stock market sell-off spilled into the high yield market, which provided an opportunity to add back to high yield bonds at cheaper valuations. Within the noninvestment-grade sector, we trimmed our floating rate loan overweight in the final quarter of 2018 amid the potential for a less aggressive pace of Fed tightening and concerns about weakening loan terms.

We were underweight nondollar international developed markets bonds at year-end. Developed markets bonds outside the U.S. have a less attractive outlook due to their relatively long duration, or sensitivity to interest rate changes, particularly as the European Central Bank draws closer to ending its stimulus program. Finally, we steadily increased our emerging markets dollar-denominated bonds exposure after the sector sold off meaningfully earlier in 2018, moving from a slight underweight from the start of the year to an overweight by year-end. Though China's growth slowdown is a headwind, yields are attractive relative to their fundamentals, which are supported by a potentially slower pace of U.S. rate hikes and fading political risks in several countries.

### **SECURITY DIVERSIFICATION**



Based on net assets as of 12/31/18.

\*Includes the cash underlying futures positions, such as the Russell 2000 Index futures.

### **What is portfolio management's outlook?**

After 2017's synchronized upswing in global economic activity, growth trajectories worldwide diverged in 2018. Fiscal stimulus and the tax overhaul package of late 2017 have benefited the U.S. economy, while growth has begun to wane in a few overseas markets despite support from longstanding accommodative monetary policies. We expect that the growth differential between the U.S. and the rest of the world will narrow as the tailwind from U.S. fiscal stimulus starts to fade. Growth in Europe has moderated, but we expect it will stabilize near potential. The stronger U.S. dollar and global trade strife have exacerbated economic imbalances in some emerging markets; however, many developing countries rely less on U.S. dollar funding than they have in the past, lessening the potential for systemic risk. Recent energy price declines should be supportive of more consumer-oriented emerging markets but may prove to be a headwind for commodity export-dependent countries.

Following the fourth-quarter downturn, we continue to seek opportunities, particularly in instances where fundamental value may not be fully reflected in market prices. Global central banks are in varying stages of winding down accommodative monetary policies, leading to a decrease in liquidity worldwide and the potential for upward pressure on yields. However, fundamentals for corporate earnings remain broadly supportive, and we do not anticipate a U.S. recession over the next year. Near-term risks to global markets include repercussions from potential monetary policy missteps and an escalation in trade tensions.

The recent surge in market volatility against a backdrop filled with geopolitical and monetary policy risks underscores the value of our strategic investment approach. Given the confluence of positive and negative forces on the horizon that can drive global financial markets, we believe that the Personal Strategy Balanced Portfolio's broad diversification and our ability to adjust allocations in response to opportunities and risks will help us deliver solid performance in a variety of environments over time.

The views expressed reflect the opinions of T. Rowe Price as of the date of this report and are subject to change based on changes in market, economic, or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.



**RISKS OF INVESTING IN STOCKS**

As with all stock and bond mutual funds, the fund's share price can fall because of weakness in the stock or bond markets, a particular industry, or specific holdings. Stock markets can decline for many reasons, including adverse political or economic developments, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the investment manager's assessment of companies held in a fund may prove incorrect, resulting in losses or poor performance even in rising markets. A sizable cash or fixed income position may hinder the fund from participating fully in a strong, rapidly rising bull market. In addition, significant exposure to bonds increases the risk that the fund's share value could be hurt by rising interest rates or credit downgrades or defaults. Convertible securities are also exposed to price fluctuations of the company's stock.

**RISKS OF INTERNATIONAL INVESTING**

Funds that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. Funds investing in a single country or in a limited geographic region tend to be riskier than more diversified funds. Risks can result from varying stages of economic and political development; differing regulatory environments, trading days, and accounting standards; and higher transaction costs of non-U.S. markets. Non-U.S. investments are also subject to currency risk, or a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency.

**RISKS OF INVESTING IN BONDS**

Funds that invest in bonds are subject to interest rate risk, the decline in bond prices that usually accompanies a rise in interest rates. Longer-maturity bonds typically decline more than those with shorter maturities. Funds that invest in bonds are also subject to credit risk, the chance that any fund holding could have its credit rating downgraded or that a bond issuer will default (fail to make timely payments of interest or principal), potentially reducing the fund's income level and share price.

**BENCHMARK INFORMATION**

**Combined Index Portfolio:** An unmanaged blended index benchmark composed of the following underlying indexes as of December 31, 2018: 60% stocks (42% Russell 3000 Index, 18% MSCI All Country World Index ex USA), 30% bonds (Bloomberg Barclays U.S. Aggregate Bond Index), and 10% money market securities (FTSE 3-Month Treasury Bill Index).

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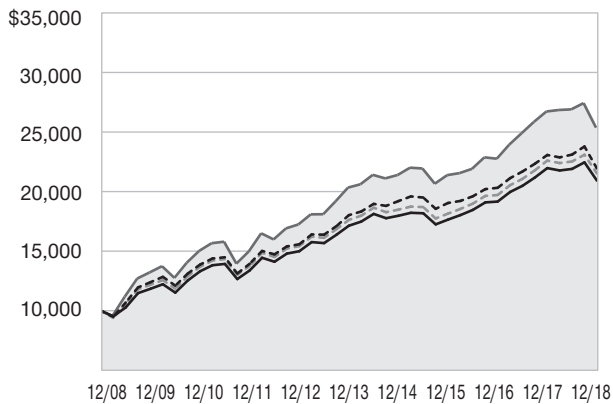
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## GROWTH OF \$10,000

This chart shows the value of a hypothetical \$10,000 investment in the portfolio over the past 10 fiscal year periods or since inception (for portfolios lacking 10-year records). The result is compared with benchmarks, which include a broad-based market index and may also include a peer group average or index. Market indexes do not include expenses, which are deducted from portfolio returns as well as mutual fund averages and indexes.

### PERSONAL STRATEGY BALANCED PORTFOLIO



As of 12/31/18

—	Personal Strategy Balanced Portfolio	\$25,366
---	Morningstar Moderate Target Risk Index	21,524
—	Linked Performance Benchmark*	20,926
---	Lipper Variable Annuity Underlying Mixed-Asset Target Allocation Moderate Funds Average	21,945

\*The linked performance benchmark reflects the performance of the Merrill Lynch-Wilshire Capital Market Index to 6/30/09 and the performance of the Morningstar Moderate Target Risk Index from 7/1/09 forward.

## AVERAGE ANNUAL COMPOUND TOTAL RETURN

Periods Ended 12/31/18	1 Year	5 Years	10 Years
Personal Strategy Balanced Portfolio	-5.08%	4.52%	9.76%

The fund's performance information represents only past performance and is not necessarily an indication of future results. Current performance may be lower or higher than the performance data cited. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, please contact a T. Rowe Price representative at 1-800-469-6587 (financial advisors, or customers who have an advisor, should call 1-800-638-8790). Total returns do not include charges imposed by your insurance company's separate account. If these had been included, performance would have been lower.

This table shows how the portfolio would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. When assessing performance, investors should consider both short- and long-term returns.

## FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

### Actual Expenses

The first line of the following table (Actual) provides information about actual account values and actual expenses. You may use the information on this line, together with your account balance, 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 on the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The information on the second line of the table (Hypothetical) is based on hypothetical account values and expenses derived from the fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund's actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other 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.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

### PERSONAL STRATEGY BALANCED PORTFOLIO

	Beginning Account Value 7/1/18	Ending Account Value 12/31/18	Expenses Paid During Period* 7/1/18 to 12/31/18
Actual	\$1,000.00	\$942.90	\$3.57
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.53	3.72

\*Expenses are equal to the fund's annualized expense ratio for the 6-month period (0.73%), multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (184), and divided by the days in the year (365) to reflect the half-year period.

## FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	Year Ended 12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>NET ASSET VALUE</b>					
Beginning of period	\$ 21.09	\$ 19.17	\$ 18.73	\$ 20.56	\$ 21.33
Investment activities					
Net investment income <sup>(1) (2)</sup>	0.39	0.30	0.31	0.34	0.33
Net realized and unrealized gain / loss	(1.44)	3.02	0.89	(0.35)	0.75
Total from investment activities	(1.05)	3.32	1.20	(0.01)	1.08
Distributions					
Net investment income	(0.38)	(0.32)	(0.32)	(0.36)	(0.36)
Net realized gain	(1.35)	(1.08)	(0.44)	(1.46)	(1.49)
Total distributions	(1.73)	(1.40)	(0.76)	(1.82)	(1.85)
<b>NET ASSET VALUE</b>					
End of period	\$ 18.31	\$ 21.09	\$ 19.17	\$ 18.73	\$ 20.56

## Ratios/Supplemental Data

<b>Total return<sup>(2) (3)</sup></b>	<b>(5.08)%</b>	<b>17.41%</b>	<b>6.45%</b>	<b>(0.05)%</b>	<b>5.20%</b>
Ratios to average net assets: <sup>(2)</sup>					
Gross expenses before waivers/payments by Price Associates	0.88%	0.90%	0.90%	0.90%	0.90%
Net expenses after waivers/payments by Price Associates	0.76%	0.78%	0.77%	0.77%	0.77%
Net investment income	1.84%	1.43%	1.63%	1.66%	1.51%
Portfolio turnover rate	77.0%	61.8%	75.4%	71.5%	62.1%
Net assets, end of period (in thousands)	\$ 166,744	\$ 184,401	\$ 159,611	\$ 163,344	\$ 188,404

<sup>(1)</sup> Per share amounts calculated using average shares outstanding method.<sup>(2)</sup> See Note 6 for details of expense-related arrangements with Price Associates.<sup>(3)</sup> Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

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

December 31, 2018

**PORTFOLIO OF INVESTMENTS†****Shares/Par      \$ Value**

(Cost and value in \$000s)

**COMMON STOCKS 51.8%****Communication Services 4.6%****Diversified Telecommunication Services 1.1%**

AT&T	13,151	375
KT (KRW)(1)	3,100	89
Nippon Telegraph & Telephone (JPY)	10,200	416
Telecom Italia (EUR)	136,544	66
Telefonica (EUR)	14,042	118
Telefonica Deutschland Holding (EUR)	42,278	166
Telstra (AUD)	11,787	24
Verizon Communications	10,309	580
		1,834

**Entertainment 0.4%**

Activision Blizzard	936	43
Electronic Arts (1)	251	20
Netflix (1)	1,258	337
Twenty-First Century Fox, Class B	5,280	252
Zynga, Class A (1)	11,640	46
		698

**Interactive Media & Services 2.4%**

Alphabet, Class A (1)	424	443
Alphabet, Class C (1)	1,157	1,198
Baidu, ADR (1)	528	84
Cargurus (1)	822	28
Eventbrite, Class A (1)	149	4
Facebook, Class A (1)	9,699	1,271
IAC/InteractiveCorp (1)	348	64
NAVER (KRW)	450	49
Tencent Holdings (HKD)	18,300	734
Yahoo Japan (JPY)	21,200	53
YY, ADR (1)	1,677	100
		4,028

**Media 0.5%**

Cable One	119	98
Comcast, Class A	6,124	209

**Shares/Par      \$ Value**

(Cost and value in \$000s)

CyberAgent (JPY)	2,000	77
Eutelsat Communications (EUR)	5,015	99
Stroeer (EUR)	1,571	76
WPP (GBP)	13,977	152
		711

**Wireless Telecommunication Services 0.2%**

SoftBank Group (JPY)	1,300	85
Vodafone Group, ADR	12,509	241
		326
Total Communication Services		7,597

**Consumer Discretionary 6.5%****Auto Components 0.6%**

Aisin Seiki (JPY)	1,900	65
Aptiv	2,133	131
Autoliv, SDR (SEK)	1,441	102
Gentherm (1)	921	37
Knorr-Bremse (EUR)(1)	1,074	97
Magna International	7,261	330
Stanley Electric (JPY)	3,200	90
Sumitomo Rubber Industries (JPY)	3,300	39
Veoneer, SDR (SEK)(1)	1,702	44
Visteon (1)	373	22
		957

**Automobiles 0.6%**

BMW (EUR)	1,465	119
Ferrari	264	26
Honda Motor (JPY)	2,900	76
Suzuki Motor (JPY)	3,100	156
Tesla (1)	975	325
Toyota Motor (JPY)	5,800	336
		1,038

**Diversified Consumer Services 0.1%**

American Public Education (1)	651	19
Bright Horizons Family Solutions (1)	372	41
Chegg (1)	1,722	49
J2 Acquisition (1)(2)	2,506	23

	Shares/Par	\$ Value
(Cost and value in \$000s)		
J2 Acquisition, Warrants, 10/10/20 (1)	2,406	1
		133
<b>Hotels, Restaurants &amp; Leisure 1.0%</b>		
Boyd Gaming	190	4
Chuy's Holdings (1)	927	16
Compass Group (GBP)	7,205	152
Denny's (1)	3,740	61
Dunkin' Brands Group	990	63
Fiesta Restaurant Group (1)	1,309	20
Hilton Worldwide Holdings	1,395	100
Las Vegas Sands	3,129	163
Marriott International, Class A	1,521	165
Marriott Vacations Worldwide	108	8
McDonald's	2,359	419
MGM Resorts International	1,332	32
Norwegian Cruise Line Holdings (1)	631	27
Papa John's International	530	21
Red Robin Gourmet Burgers (1)	831	22
Restaurant Brands International	1,349	71
Royal Caribbean Cruises	1,311	128
Wingstop	910	58
Wynn Resorts	41	4
Yum! Brands	1,325	122
		1,656
<b>Household Durables 0.3%</b>		
Panasonic (JPY)	15,800	142
Persimmon (GBP)	5,328	131
Skyline Champion	1,212	18
Sony (JPY)	2,100	101
Tempur Sealy International (1)	870	36
TRI Pointe Group (1)	3,603	39
		467
<b>Internet &amp; Direct Marketing Retail 2.7%</b>		
A Place for Rover, Acquisition Date: 5/25/18, Cost \$- (1)(3)(4)	52	—
Alibaba Group Holding, ADR (1)	6,788	930
Amazon.com (1)	1,802	2,707

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Booking Holdings (1)	463	798
Ctrip.com International, ADR (1)	52	1
GrubHub (1)	217	17
Quotient Technology (1)	1,279	14
Zalando (EUR)(1)(2)	2,021	52
		4,519
<b>Multiline Retail 0.4%</b>		
Dollar General	2,521	272
Dollar Tree (1)	2,920	264
Lojas Renner (BRL)	8,487	93
Ollie's Bargain Outlet Holdings (1)	932	62
Tuesday Morning (1)	4,240	7
		698
<b>Specialty Retail 0.5%</b>		
Aaron's	1,400	59
Burlington Stores (1)	570	93
Five Below (1)	300	31
Kingfisher (GBP)	53,223	140
Michaels (1)	2,500	34
Monro	1,470	101
National Vision Holdings (1)	749	21
RH (1)	199	24
Ross Stores	4,370	363
Ulta Beauty (1)	67	16
		882
<b>Textiles, Apparel &amp; Luxury Goods 0.3%</b>		
Allbirds, Acquisition Date: 10/10/18-12/21/18, Cost \$6 (1)(3)(4)	116	6
Burberry Group (GBP)	7,047	155
Kering (EUR)	319	150
Moncler (EUR)	3,969	132
Samsonite International (HKD)(2)	24,300	69
		512
Total Consumer Discretionary		10,862

(Cost and value in \$000s)

**Consumer Staples 2.8%****Beverages 0.2%**

Boston Beer, Class A (1)	291	70
Constellation Brands, Class A	57	9
Diageo (GBP)	6,312	226
Kirin Holdings (JPY)	3,900	81
		386

**Food & Staples Retailing 0.3%**

Kroger	3,735	103
Performance Food Group (1)	1,471	47
Seven & i Holdings (JPY)	4,800	209
Walmart	1,604	149
		508

**Food Products 1.3%**

Cal-Maine Foods	1,523	64
Collier Creek Holdings (1)	1,436	14
Conagra Brands	6,225	133
Kraft Heinz	1,254	54
Nestle (CHF)	9,064	736
Nomad Foods (1)	110	2
Post Holdings (1)	850	76
Sanderson Farms	440	44
Simply Good Foods (1)	2,319	44
TreeHouse Foods (1)	1,320	67
Tyson Foods, Class A	14,361	767
Wilmar International (SGD)	48,300	110
		2,111

**Household Products 0.3%**

Central Garden & Pet Class A (1)	160	5
Kimberly-Clark	2,458	280
Procter & Gamble	1,846	170
		455

**Personal Products 0.5%**

Edgewell Personal Care (1)	160	6
L'Oreal (EUR)	1,023	234
Pola Orbis Holdings (JPY)(5)	2,200	59

(Cost and value in \$000s)

Unilever (GBP)	10,047	528
		827

**Tobacco 0.2%**

Philip Morris International	4,556	304
		304
Total Consumer Staples		4,591

**Energy 1.8%****Energy Equipment & Services 0.1%**

Computer Modelling Group (CAD)	1,550	7
Dril-Quip (1)	450	14
WorleyParsons (AUD)	11,238	90
		111

**Oil, Gas & Consumable Fuels 1.7%**

BP, ADR	3,714	141
Cabot Oil & Gas	4,224	94
Centennial Resource Development, Class A (1)	2,303	25
Chevron	220	24
Concho Resources (1)	1,505	155
ConocoPhillips	1,841	115
Diamondback Energy	400	37
EOG Resources	2,531	221
Equinor (NOK)	6,240	132
Jagged Peak Energy (1)	1,930	18
Kosmos Energy (1)	676	3
Magnolia Oil & Gas (1)	990	11
Matador Resources (1)	1,134	18
Occidental Petroleum	3,196	196
Royal Dutch Shell, Class B, ADR	4,689	281
Seven Generations Energy, Class A (CAD)(1)	2,820	23
TOTAL (EUR)	7,840	413
TOTAL, ADR	10,217	533
TransCanada	11,707	418
Venture Global LNG, Series B, Acquisition Date: 3/8/18, Cost \$3 (1)(3)(4)	1	5

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Venture Global LNG, Series C, Acquisition Date: 5/25/17- 3/8/18, Cost \$18 (1)(3)(4)	5	26
		2,889
Total Energy		3,000
<b>Financials 8.2%</b>		
<b>Banks 3.8%</b>		
ABN AMRO Group, GDR (EUR)(2)	5,806	137
Atlantic Capital Bancshares (1)	1,141	19
Australia & New Zealand Banking Group (AUD)	11,700	202
Bank of America	2,400	59
BankUnited	1,790	54
Barclays, ADR	3,304	25
Blue Hills Bancorp	1,246	27
BNP Paribas (EUR)	5,369	242
Bridge Bancorp	1,040	27
CenterState Bank	220	5
Citigroup	90	5
Columbia Banking System	684	25
Commerzbank (EUR)(1)	5,413	36
Crossfirst Bankshares, Acquisition Date: 10/23/18, Cost \$7 (1)(3)(4)	490	7
Danske Bank (DKK)	5,571	111
DBS Group Holdings (SGD)	12,375	215
DNB (NOK)	15,237	245
Equity Bancshares, Class A (1)	228	8
Erste Group Bank (EUR)	3,059	101
FB Financial	1,212	42
Fifth Third Bancorp	6,500	153
First Bancshares	450	14
First Republic Bank	1,579	137
Grasshopper Bancorp, Warrants, 10/12/28, Acquisition Date: 10/12/18, Cost \$0 (1)(3)(4)	104	—
Guaranty Bancorp	1,000	21
Heritage Commerce	2,164	25
Heritage Financial	1,030	31

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Home BancShares	3,320	54
Hope Bancorp	1,450	17
Independent Bank Group	456	21
ING Groep (EUR)	20,353	219
Intesa Sanpaolo (EUR)	49,980	111
Investors Bancorp	2,720	28
JPMorgan Chase	7,390	721
Live Oak Bancshares	1,150	17
Lloyds Banking Group (GBP)	259,309	171
Mitsubishi UFJ Financial Group (JPY)	44,800	220
National Bank of Canada (CAD)(5)	4,300	177
National Commerce (1)	420	15
Nordea Bank (SEK)	27,544	232
Origin Bancorp	572	19
Pacific Premier Bancorp (1)	910	23
Pinnacle Financial Partners	1,088	50
PNC Financial Services Group	4,199	491
Prosperity Bancshares	730	45
Seacoast Banking (1)	2,119	55
Simmons First National, Class A	800	19
South State	573	34
Standard Chartered (GBP)	15,600	121
Sumitomo Mitsui Trust Holdings (JPY)	3,735	136
Svenska Handelsbanken, A Shares (SEK)	18,910	210
Texas Capital Bancshares (1)	370	19
Towne Bank	1,200	29
United Overseas Bank (SGD)	6,600	119
Univest Financial	878	19
US Bancorp	1,041	48
Webster Financial	677	33
Wells Fargo	20,619	950
Western Alliance Bancorp (1)	1,360	54
		6,450
<b>Capital Markets 1.6%</b>		
Ameriprise Financial	1,336	139
Barings BDC	1,339	12

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Cboe Global Markets	1,006	98
Charles Schwab	13,377	555
Close Brothers Group (GBP)	1,706	31
GAM Holding (CHF)	4,451	18
Goldman Sachs Group	10	2
Intercontinental Exchange	6,593	497
Macquarie Group (AUD)	2,276	174
Morgan Stanley	12,171	483
Northern Trust	36	3
Raymond James Financial	1,118	83
S&P Global	432	73
State Street	881	56
TD Ameritrade Holding	8,345	409
		2,633
<b>Consumer Finance 0.1%</b>		
Encore Capital Group (1)	1,450	34
PRA Group (1)	1,810	44
SLM (1)	3,114	26
		104
<b>Diversified Financial Services 0.2%</b>		
AXA Equitable Holdings	1,438	24
Challenger (AUD)	23,871	159
Element Fleet Management (CAD)	23,509	119
Mitsubishi UFJ Lease & Finance (JPY)	16,200	78
		380
<b>Insurance 2.4%</b>		
AIA Group (HKD)	19,600	163
American International Group	6,698	264
Assurant	530	47
Aviva (GBP)	26,587	127
AXA (EUR)	11,299	244
Axis Capital Holdings	805	42
Chubb	2,418	312
Direct Line Insurance Group (GBP)	42,340	172
Goosehead Insurance, Class A (1)	454	12
Hanover Insurance Group	560	65

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Marsh & McLennan	3,718	297
Munich Re (EUR)	1,252	273
Ping An Insurance Group, H Shares (HKD)	17,500	154
Progressive	585	35
Prudential (GBP)	13,033	233
Prudential Financial	1,405	115
RSA Insurance Group (GBP)	10,137	67
Safety Insurance Group	336	27
Selective Insurance Group	1,430	87
State Auto Financial	610	21
Storebrand (NOK)	21,267	152
Sun Life Financial (CAD)	6,400	212
Tokio Marine Holdings (JPY)	5,100	242
Willis Towers Watson	2,791	424
Zurich Insurance Group (CHF)	684	204
		3,991
<b>Thriffs &amp; Mortgage Finance 0.1%</b>		
Beneficial Bancorp	2,113	30
Capitol Federal Financial	2,897	37
Essent Group (1)	630	22
Meridian Bancorp	2,325	33
Pennymac Financial Services	880	19
Radian Group	1,720	28
Sterling Bancorp	1,279	9
		178
Total Financials		13,736

**Health Care 9.4%****Biotechnology 0.8%**

Abeona Therapeutics (1)	360	3
Acceleron Pharma (1)	630	27
Agios Pharmaceuticals (1)	285	13
Aimmune Therapeutics (1)	645	15
Alder Biopharmaceuticals (1)	1,360	14
Alexion Pharmaceuticals (1)	1,649	161
Alkermes (1)	370	11
Allogene Therapeutics (1)	160	4
AnaptysBio (1)	23	1
Argenx, ADR (1)	230	22



	Shares/Par	\$ Value
(Cost and value in \$000s)		
Ascendis Pharma, ADR (1)	522	33
BeiGene, ADR (1)	29	4
Biogen (1)	5	2
Blueprint Medicines (1)	448	24
Cara Therapeutics (1)	285	4
Celgene (1)	805	52
Corvus Pharmaceuticals (1)	370	1
Crinetics Pharmaceuticals (1)	250	8
CSL (AUD)	599	78
CytomX Therapeutics (1)	661	10
Enanta Pharmaceuticals (1)	50	4
Exelixis (1)	220	4
Five Prime Therapeutics (1)	157	1
Global Blood Therapeutics (1)	649	27
GlycoMimetics (1)	443	4
Guardant Health (1)	145	5
ImmunoGen (1)	281	1
Immunomedics (1)	1,030	15
Insmmed (1)	1,828	24
Loxo Oncology (1)	150	21
MacroGenics (1)	234	3
Madrigal Pharmaceuticals (1)	47	5
Momenta Pharmaceuticals (1)	943	10
Orchard Therapeutics, ADR (1)	187	3
Principia Biopharma (1)	345	9
PTC Therapeutics (1)	160	6
Radius Health (1)	1,450	24
Sage Therapeutics (1)	762	73
Sarepta Therapeutics (1)	80	9
Scholar Rock Holding (1)	149	3
Seattle Genetics (1)	278	16
Shire, ADR	787	137
Spark Therapeutics (1)	235	9
Ultragenyx Pharmaceutical (1)	150	7
Vertex Pharmaceuticals (1)	2,763	458
Xencor (1)	895	32
		1,397
<b>Health Care Equipment &amp; Supplies 2.8%</b>		
Abbott Laboratories	1,240	90

	Shares/Par	\$ Value
(Cost and value in \$000s)		
AtriCure (1)	560	17
Avanos Medical (1)	1,320	59
Becton Dickinson & Company	3,964	893
Boston Scientific (1)	4,728	167
Cooper	303	77
Cutera (1)	540	9
Danaher	6,129	632
Elekta, B Shares (SEK)	8,968	107
GN Store Nord (DKK)	3,145	118
Hologic (1)	1,752	72
ICU Medical (1)	156	36
Intuitive Surgical (1)	965	462
JAND, Class A, Acquisition Date: 3/9/18, Cost \$7 (1)(3)(4)	443	7
Koninklijke Philips (EUR)	9,964	349
Medtronic	6,001	546
Nevro (1)	255	10
NuVasive (1)	610	30
Quidel (1)	1,072	53
STERIS	580	62
Stryker	4,810	754
Wright Medical Group (1)	1,445	39
Zimmer Biomet Holdings	1,390	144
		4,733
<b>Health Care Providers &amp; Services 2.2%</b>		
Acadia Healthcare (1)	1,262	32
Amedisys (1)	159	19
Anthem	2,181	573
Centene (1)	1,453	167
Cigna	4,230	803
Cross Country Healthcare (1)	1,445	11
CVS Health	4,297	281
Fresenius (EUR)	3,984	193
Hanger (1)	1,120	21
HCA Healthcare	550	68
Humana	606	174
Miraca Holdings (JPY)	1,900	43
Molina Healthcare (1)	961	112
U.S. Physical Therapy	391	40
UnitedHealth Group	4,158	1,036

	Shares/Par	\$ Value
(Cost and value in \$000s)		
WellCare Health Plans (1)	583	138
		3,711
<b>Health Care Technology 0.1%</b>		
HMS Holdings (1)	1,540	43
Siemens Healthineers (EUR)(1)(2)	2,203	92
		135
<b>Life Sciences Tools &amp; Services 0.5%</b>		
Agilent Technologies	1,974	133
Bruker	1,427	42
Illumina (1)	102	31
Thermo Fisher Scientific	2,984	668
		874
<b>Pharmaceuticals 3.0%</b>		
Amneal Pharmaceuticals (1)	1,060	14
Astellas Pharma (JPY)	20,700	264
Bayer (EUR)	4,658	324
Catalent (1)	1,666	52
Eli Lilly	2,832	328
GlaxoSmithKline, ADR	6,600	252
Merck	10,023	766
MyoKardia (1)	326	16
Novartis (CHF)	6,604	566
Novo Nordisk, B Shares (DKK)	2,138	98
Pacira Pharmaceuticals (1)	420	18
Perrigo	455	18
Pfizer	30,523	1,332
Prestige Consumer Healthcare (1)	830	26
Reata Pharmaceuticals, Class A (1)	70	4
Roche Holding (CHF)	1,953	485
Sanofi (EUR)	3,173	275
TherapeuticsMD (1)	8,038	31
WaVe Life Sciences (1)	476	20
Zoetis	260	22
		4,911
Total Health Care		15,761

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Industrials &amp; Business Services 5.3%</b>		
<b>Aerospace &amp; Defense 1.6%</b>		
Aerojet Rocketdyne Holdings (1)	1,478	52
Boeing	4,927	1,589
BWX Technologies	1,608	62
Cubic	1,099	59
Harris	774	104
L3 Technologies	20	4
Meggitt (GBP)	27,673	166
Moog, Class A	380	29
Northrop Grumman	2,304	564
Teledyne Technologies (1)	590	122
		2,751
<b>Airlines 0.3%</b>		
Alaska Air Group	532	32
Aiclear Holdings, Class B, Acquisition Date: 3/6/18 - 12/13/18, Cost \$18 (1)(3)(4)(6)	118	27
American Airlines Group	1,167	37
Delta Air Lines	3,589	179
Hawaiian Holdings	1,100	29
United Continental Holdings (1)	1,618	136
		440
<b>Building Products 0.1%</b>		
CSW Industrials (1)	508	25
Gibraltar Industries (1)	1,354	48
Lennox International	21	5
PGT Innovations (1)	1,692	27
Quanex Building Products	1,062	14
Simpson Manufacturing	560	30
		149
<b>Commercial Services &amp; Supplies 0.3%</b>		
Brink's	1,637	106
Cintas	159	27
Healthcare Services Group	640	26
Heritage-Crystal Clean (1)	860	20
Rentokil Initial (GBP)	10,656	46
Republic Services	1,448	104

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Team (1)	1,470	21
Waste Connections	1,002	74
		424
<b>Construction &amp; Engineering 0.0%</b>		
Valmont Industries	361	40
		40
<b>Electrical Equipment 0.5%</b>		
ABB (CHF)	9,180	175
AZZ	1,050	42
Bloom Energy, Class A (1)	555	6
Legrand (EUR)	1,635	93
Melrose Industries (GBP)	38,149	80
Mitsubishi Electric (JPY)	22,800	251
Prysmian (EUR)	4,688	91
Thermon Group Holdings (1)	1,340	27
		765
<b>Industrial Conglomerates 1.0%</b>		
CK Hutchison Holdings (HKD)	21,284	204
DCC (GBP)	1,945	148
General Electric	36,444	276
Honeywell International	2,881	381
Roper Technologies	1,070	285
Sembcorp Industries (SGD)	17,909	34
Siemens (EUR)	3,765	420
		1,748
<b>Machinery 0.6%</b>		
Barnes Group	510	27
Chart Industries (1)	1,120	73
ESCO Technologies	982	65
Fortive	2,336	158
Gardner Denver Holdings (1)	480	10
Graco	920	39
Illinois Tool Works	801	102
John Bean Technologies	927	67
Luxfer Holdings	1,520	27
Mueller Water Products, Class A	4,330	39
PACCAR	1,280	73
REV Group	1,030	8

	Shares/Par	\$ Value
(Cost and value in \$000s)		
SMC (JPY)	300	90
Sun Hydraulics	479	16
THK (JPY)	6,600	123
Toro	939	52
Xylem	170	11
		980
<b>Marine 0.0%</b>		
Matson	1,400	45
		45
<b>Professional Services 0.2%</b>		
CoStar Group (1)	56	19
Huron Consulting Group (1)	340	18
IHS Markit (1)	134	6
Nielsen Holdings	8,080	189
Recruit Holdings (JPY)	5,100	123
		355
<b>Road &amp; Rail 0.4%</b>		
Canadian Pacific Railway	417	74
Central Japan Railway (JPY)	800	169
CSX	1,812	113
Genesee & Wyoming, Class A (1)	180	13
Kansas City Southern	1,377	131
Knight-Swift Transportation Holdings	255	6
Landstar System	270	26
Norfolk Southern	120	18
Schneider National, Class B	1,071	20
Union Pacific	302	42
		612
<b>Trading Companies &amp; Distributors 0.3%</b>		
Mitsubishi (JPY)	6,600	181
SiteOne Landscape Supply (1)	1,179	65
Sumitomo (JPY)	19,200	273
Watsco	60	8
		527
Total Industrials & Business Services		8,836

(Cost and value in \$000s)

**Information Technology 8.4%****Communications Equipment 0.5%**

Cisco Systems	15,037	652
LM Ericsson, B Shares (SEK)	10,432	92
Motorola Solutions	130	15
		759

**Electronic Equipment, Instruments & Components 0.7%**

Corning	11,817	357
CTS	1,000	26
Hamamatsu Photonics (JPY)	2,000	67
Keysight Technologies (1)	3,918	243
Largan Precision (TWD)	1,000	104
Littelfuse	90	15
Murata Manufacturing (JPY)	700	94
National Instruments	1,044	47
Novanta (1)	1,087	69
Omron (JPY)	2,500	91
TE Connectivity	1,729	131
		1,244

**IT Services 2.1%**

ANT International, Class C, Acquisition Date: 6/7/18, Cost \$61 (1)(3)(4)	10,922	61
Automatic Data Processing	190	25
Booz Allen Hamilton Holding	1,400	63
Euronet Worldwide (1)	730	75
Evo Payments, Class A (1)	282	7
Fidelity National Information Services	1,429	147
Fiserv (1)	2,657	195
FleetCor Technologies (1)	244	45
Global Payments	2,872	296
GTT Communications (1)	1,010	24
Infosys, ADR	12,500	119
Mastercard, Class A	4,157	784
Okta (1)	130	8
PayPal Holdings (1)	5,521	464
ServiceTitan, Acquisition Date: 11/9/18, Cost \$- (1)(3)(4)	19	1

(Cost and value in \$000s)

StoneCo, Class A, Acquisition Date: 7/10/17, Cost \$11 (1)(4)	1,386	24
StoneCo, Class A (1)	666	12
Tucows, Class A (1)	256	16
Visa, Class A	7,179	947
Wix.com (1)	348	32
Worldpay, Class A (1)	1,773	136
		3,481

**Semiconductors & Semiconductor Equipment 1.5%**

ASML Holding (EUR)	872	137
Broadcom	1,278	325
Entegris	1,700	47
Inphi (1)	1,126	36
Lam Research	31	4
Lattice Semiconductor (1)	7,827	54
MACOM Technology Solutions Holdings (1)	1,160	17
Maxim Integrated Products	3,635	185
Microchip Technology (5)	53	4
Micron Technology (1)	142	4
MKS Instruments	260	17
Monolithic Power Systems	135	16
NVIDIA	580	77
NXP Semiconductors	3,504	257
PDF Solutions (1)	1,439	12
QUALCOMM	4,573	260
Renesas Electronics (JPY)(1)	10,400	47
Taiwan Semiconductor Manufacturing (TWD)	46,219	336
Texas Instruments	4,951	468
Tokyo Electron (JPY)	1,100	124
Xilinx	630	54
		2,481

**Software 3.3%**

2U (1)	641	32
Avalara (1)	98	3
Ceridian HCM Holding (1)	514	18
Checkr, Acquisition Date: 6/29/18, Cost \$1 (1)(3)(4)	72	1
Coupa Software (1)	894	56

	Shares/Par	\$ Value
(Cost and value in \$000s)		
CyberArk Software (1)	400	30
Descartes Systems Group (1)	2,350	62
Ellie Mae (1)	525	33
Five9 (1)	1,500	65
Guidewire Software (1)	60	5
Intuit	2,219	437
Microsoft	25,898	2,630
Pagerduty, Acquisition Date: 9/28/18, Cost \$1 (1)(3)(4)	69	1
Paycom Software (1)	160	20
Proofpoint (1)	530	44
Q2 Holdings (1)	178	9
Red Hat (1)	255	45
salesforce.com (1)	4,112	563
ServiceNow (1)	2,552	454
Splunk (1)	1,200	126
SS&C Technologies Holdings	1,972	89
SVMK (1)	183	2
SVMK, Acquisition Date: 11/25/14, Cost \$4 (1)(4)	226	3
Synopsys (1)	2,347	198
Tableau Software, Class A (1)	836	100
Toast, Acquisition Date: 9/14/18, Cost \$- (1)(3)(4)	1	—
VMware, Class A	891	122
Workday, Class A (1)	1,985	317
Zendesk (1)	920	54
		5,519
<b>Technology Hardware, Storage &amp; Peripherals 0.3%</b>		
Apple	844	133
Cray (1)	1,170	25
Pure Storage, Class A (1)	791	13
Samsung Electronics (KRW)	8,469	295
		466
Total Information Technology		13,950
<b>Materials 1.6%</b>		
<b>Chemicals 0.8%</b>		
Air Liquide (EUR)	1,291	160
Air Products & Chemicals	756	121

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Asahi Kasei (JPY)	16,500	169
BASF (EUR)	2,451	171
Covestro (EUR)(2)	1,671	83
DowDuPont	5,560	297
GCP Applied Technologies (1)	1,160	29
Johnson Matthey (GBP)	4,087	146
Minerals Technologies	320	17
PolyOne	740	21
Quaker Chemical	90	16
Sherwin-Williams	156	61
Tosoh (JPY)	1,700	22
Umicore (EUR)	3,131	125
		1,438
<b>Construction Materials 0.0%</b>		
Martin Marietta Materials	35	6
		6
<b>Containers &amp; Packaging 0.3%</b>		
Amcor (AUD)	12,307	115
Ball	4,370	201
International Paper	3,163	128
		444
<b>Metals &amp; Mining 0.4%</b>		
Antofagasta (GBP)	10,582	106
BHP Group (AUD)	1,792	43
BHP Group (GBP)	7,584	160
Constellium, Class A (1)	1,400	10
Franco-Nevada (CAD)	430	30
Haynes International	780	20
Independence Group (AUD)	33,334	90
Northern Star Resources (AUD)	3,032	20
Osisko Gold Royalties (CAD)(5)	1,670	15
Rio Tinto (AUD)	1,233	68
South32 (AUD)	35,796	85
Sumitomo Metal Mining (JPY)	3,100	83
		730

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Paper &amp; Forest Products 0.1%</b>		
Stora Enso, R Shares (EUR)	10,520	122
		122
Total Materials		2,740
<b>Real Estate 0.9%</b>		
<b>Equity Real Estate Investment Trusts 0.8%</b>		
Acadia Realty Trust, REIT	1,060	25
Alexander & Baldwin, REIT (1)	1,509	28
American Campus Communities, REIT	1,470	61
American Tower, REIT	38	6
Crown Castle International, REIT	1,600	174
CubeSmart, REIT	560	16
EastGroup Properties, REIT	930	85
Equity Commonwealth, REIT	1,360	41
First Industrial Realty Trust, REIT	642	18
Great Portland Estates (GBP)	7,951	67
JBG SMITH Properties, REIT	430	15
Paramount Group, REIT	3,470	44
Prologis, REIT	2,300	135
PS Business Parks, REIT	683	89
Public Storage, REIT	280	57
Regency Centers, REIT	423	25
Scentre Group (AUD)	38,777	107
Unibail-Rodamco-Westfield (EUR)	630	97
Ventas, REIT	1,400	82
Weyerhaeuser, REIT	3,040	66
		1,238
<b>Real Estate Management &amp; Development 0.1%</b>		
Colliers International Group	324	18
FirstService	947	65
Mitsui Fudosan (JPY)	5,800	129
Redfin (1)	1,046	15
		227
Total Real Estate		1,465

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Utilities 2.3%</b>		
<b>Electric Utilities 1.2%</b>		
Duke Energy	4,472	386
Entergy	3,474	299
Eversource	3,655	207
NextEra Energy	3,426	596
PG&E (1)	4,034	96
PNM Resources	1,730	71
Southern	8,617	378
SSE (GBP)	2,955	41
		2,074
<b>Gas Utilities 0.2%</b>		
Beijing Enterprises Holdings (HKD)	15,500	82
Chesapeake Utilities	560	45
ONE Gas	1,420	113
South Jersey Industries	236	7
Southwest Gas Holdings	1,124	86
		333
<b>Independent Power &amp; Renewable Electricity Producers 0.1%</b>		
Electric Power Development (JPY)	5,400	128
Nextera Energy Partners	630	27
		155
<b>Multi-Utilities 0.7%</b>		
E.ON (EUR)	6,277	62
Engie (EUR)	15,242	219
National Grid (GBP)	15,218	149
NiSource	6,678	169
Sempra Energy	4,737	513
		1,112
<b>Water Utilities 0.1%</b>		
California Water Service Group	1,090	52
Middlesex Water	384	20
SJW Group	751	42
		114
Total Utilities		3,788

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Total Miscellaneous Common Stocks 0.0% (7)		5
<b>Total Common Stocks</b> <b>(Cost \$63,049)</b>		<b>86,331</b>
<b>CONVERTIBLE PREFERRED STOCKS 0.3%</b>		
<b>Consumer Discretionary 0.0%</b>		
<b>Internet &amp; Direct Marketing Retail 0.0%</b>		
A Place for Rover, Series G, Acquisition Date: 5/11/18, Cost \$6 (1)(3)(4)	741	5
Roofoods, Series F, Acquisition Date: 9/12/17, Cost \$19 (1)(3)(4)	53	27
		32
<b>Specialty Retail 0.0%</b>		
Vroom, Series F, Acquisition Date: 6/30/17, Cost \$8 (1)(3)(4)	480	9
		9
<b>Textiles, Apparel &amp; Luxury Goods 0.0%</b>		
Allbirds, Series A, Acquisition Date: 10/10/18, Cost \$2 (1)(3)(4)	38	2
Allbirds, Series B, Acquisition Date: 10/10/18, Cost \$- (1)(3)(4)	7	—
Allbirds, Series C, Acquisition Date: 10/9/18, Cost \$4 (1)(3)(4)	64	4
Allbirds, Series Seed, Acquisition Date: 10/10/18, Cost \$1 (1)(3)(4)	20	1
		7
Total Consumer Discretionary		48
<b>Consumer Staples 0.0%</b>		
<b>Food Products 0.0%</b>		
Farmers Business Network, Series D, Acquisition Date: 11/3/17, Cost \$14 (1)(3)(4)	733	15
Total Consumer Staples		15

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>Health Care 0.1%</b>		
<b>Health Care Equipment &amp; Supplies 0.1%</b>		
Becton Dickinson & Company, Series A, 6.125%, 5/1/20	1,149	66
JAND, Series E, Acquisition Date: 3/9/18, Cost \$9 (1)(3)(4)	546	8
Total Health Care		74
<b>Industrials &amp; Business Services 0.0%</b>		
<b>Machinery 0.0%</b>		
Fortive, Series A, 5.00%, 7/1/21	45	41
		41
<b>Road &amp; Rail 0.0%</b>		
Convoy, Series C, Acquisition Date: 9/14/18, Cost \$9 (1)(3)(4)	1,241	9
		9
Total Industrials & Business Services		50
<b>Information Technology 0.0%</b>		
<b>IT Services 0.0%</b>		
ServiceTitan, Series D, Acquisition Date: 11/9/18, Cost \$5 (1)(3)(4)	184	5
		5
<b>Software 0.0%</b>		
Checkr, Series C, Acquisition Date: 4/10/18, Cost \$4 (1)(3)(4)	300	4
Pagerduty, Series D, Acquisition Date: 8/24/18 - 9/28/18, Cost \$9 (1)(3)(4)	533	9
Plex Systems Holdings, Series B, Acquisition Date: 6/9/14, Cost \$5 (1)(3)(4)	2,270	5
Seismic Software, Series E, Acquisition Date: 12/13/18, Cost \$7 (1)(3)(4)	223	7
Toast, Series D, Acquisition Date: 6/27/18, Cost \$13 (1)(3)(4)	737	20

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Toast, Series B, Acquisition Date: 9/14/18, Cost \$- (1)(3)(4)	10	1
		46
Total Information Technology		51
<b>Utilities 0.2%</b>		
<b>Electric Utilities 0.1%</b>		
NextEra Energy, 6.123%, 9/1/19	2,208	127
		127
<b>Gas Utilities 0.0%</b>		
South Jersey Industries, 7.25%, 4/15/21	266	13
		13
<b>Multi-Utilities 0.1%</b>		
Sempra Energy, Series A, 6.00%, 1/15/21	570	55
Sempra Energy, Series B, 6.75%, 7/15/21	301	28
		83
Total Utilities		223
<b>Total Convertible Preferred Stocks (Cost \$425)</b>		<b>461</b>
<b>CONVERTIBLE BONDS 0.0%</b>		
Ctrip.com International, 1.25%, 9/15/22	45,000	44
Grasshopper Bancorp, Acquisition Date: 10/12/18, Cost \$1, 4/12/19 (1)(3)(4)	1,040	1
<b>Total Convertible Bonds (Cost \$48)</b>		<b>45</b>
<b>CORPORATE BONDS 7.2%</b>		
21st Century Fox America, 3.70%, 9/15/24	15,000	15
AbbVie, 3.60%, 5/14/25	85,000	82
Air Lease, 2.75%, 1/15/23	10,000	9
Alexandria Real Estate Equities, 3.45%, 4/30/25	40,000	38

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Alexandria Real Estate Equities, 3.95%, 1/15/27	40,000	39
Alexandria Real Estate Equities, 3.95%, 1/15/28	65,000	62
Alibaba Group Holding, 3.60%, 11/28/24	200,000	196
American Airlines PTT, Series 2013- 1, Class A, 4.00%, 7/15/25	18,744	19
American Airlines PTT, Series 2014- 1, Class B, 4.375%, 10/1/22	3,291	3
American Airlines PTT, Series 2015- 1, Class B, 3.70%, 5/1/23	10,211	10
American Airlines PTT, Series 2016- 1, Class AA, 3.575%, 1/15/28	13,566	13
American Airlines PTT, Series 2016- 3, Class B, 3.75%, 10/15/25	45,581	44
American Airlines PTT, Series 2017- 1, Class B, 4.95%, 2/15/25	61,425	61
American Airlines PTT, Series 2017- 2, Class AA, 3.35%, 10/15/29	19,459	18
American Airlines PTT, Series 2017- 2, Class B, 3.70%, 10/15/25	66,461	64
American Campus Communities Operating Partnership, 3.625%, 11/15/27	80,000	75
Anheuser-Busch, 3.65%, 2/1/26 (2)	85,000	80
APT Pipelines, 3.875%, 10/11/22 (2)	35,000	35
APT Pipelines, 4.25%, 7/15/27 (2)	180,000	175
Arconic, 6.15%, 8/15/20	80,000	82
Arrow Electronics, 4.00%, 4/1/25	50,000	48
Ausgrid Finance, 3.85%, 5/1/23 (2)	30,000	30
Ausgrid Finance, 4.35%, 8/1/28 (2)	40,000	40
Avnet, 3.75%, 12/1/21	60,000	60
Avnet, 4.625%, 4/15/26	15,000	15



T. ROWE PRICE PERSONAL STRATEGY BALANCED PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
AXA Equitable Holdings, 3.90%, 4/20/23 (2)	35,000	35
AXA Equitable Holdings, 4.35%, 4/20/28 (2)	40,000	38
Baidu, 2.875%, 7/6/22	200,000	194
Banco de Bogota, 4.375%, 8/3/27	200,000	184
Bank of America, VR, 3.366%, 1/23/26 (8)	215,000	205
Barclays, VR, 4.61%, 2/15/23 (8)	200,000	198
BBVA Bancomer, 4.375%, 4/10/24 (2)	150,000	148
Becton Dickinson & Company, 3.363%, 6/6/24	60,000	57
Becton Dickinson & Company, 3.70%, 6/6/27	130,000	123
Becton Dickinson & Company, 3.734%, 12/15/24	29,000	28
Becton Dickinson & Company, 4.669%, 6/6/47	75,000	71
Boardwalk Pipelines, 3.375%, 2/1/23	61,000	58
Boardwalk Pipelines, 4.45%, 7/15/27	10,000	9
Boardwalk Pipelines, 4.95%, 12/15/24	35,000	35
Boardwalk Pipelines, 5.95%, 6/1/26	10,000	10
Booking Holdings, 3.60%, 6/1/26	40,000	38
Booking Holdings, 3.65%, 3/15/25	140,000	135
Boral Finance Property, 3.00%, 11/1/22 (2)	5,000	5
Boral Finance Property, 3.75%, 5/1/28 (2)	80,000	74
Boston Properties, 2.75%, 10/1/26	39,000	35
Boston Properties, 3.20%, 1/15/25	105,000	100
Boston Properties, 3.65%, 2/1/26	30,000	29
Brambles USA, 4.125%, 10/23/25 (2)	20,000	20
Braskem Finance, 7.375% (9)	100,000	101
Brixmor Operating Partnership, 3.65%, 6/15/24	31,000	30

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Brixmor Operating Partnership, 3.85%, 2/1/25	60,000	58
Brixmor Operating Partnership, 3.90%, 3/15/27	70,000	66
Broadcom, 3.125%, 1/15/25	40,000	36
Broadcom, 3.625%, 1/15/24	180,000	170
Camden Property Trust, 4.10%, 10/15/28	15,000	15
Capital One Bank USA, 3.375%, 2/15/23	250,000	241
Catholic Health Initiatives, 2.95%, 11/1/22	20,000	19
CC Holdings, 3.849%, 4/15/23	185,000	183
Celgene, 3.875%, 8/15/25	100,000	96
Cencosud, 5.15%, 2/12/25	200,000	193
Charter Communications Operating, 4.908%, 7/23/25	50,000	50
Charter Communications Operating, FRN, 3M USD LIBOR + 1.65%, 4.191%, 2/1/24	70,000	68
Cigna, 4.125%, 11/15/25 (2)	35,000	35
Cigna, 4.375%, 10/15/28 (2)	95,000	95
Cigna, 4.90%, 12/15/48 (2)	60,000	59
Cigna Holding, 3.05%, 10/15/27	30,000	27
Comcast, 3.15%, 3/1/26	79,000	75
Comcast, 3.20%, 7/15/36	5,000	4
Comcast, 3.30%, 2/1/27	104,000	99
Comcast, 3.375%, 8/15/25	4,000	4
Comcast, 3.95%, 10/15/25	20,000	20
Comcast, 4.15%, 10/15/28	30,000	30
Comcast, 4.70%, 10/15/48	10,000	10
Crown Castle Towers, 3.663%, 5/15/25 (2)	85,000	84

T. ROWE PRICE PERSONAL STRATEGY BALANCED PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
CVS Health, 3.70%, 3/9/23	140,000	138
CVS Health, 4.10%, 3/25/25	50,000	49
Delta Air Lines, 3.625%, 3/15/22	50,000	49
Delta Air Lines, 4.375%, 4/19/28	45,000	43
Delta Air Lines PTT, Series 2009-1, Class A, 7.75%, 12/17/19	3,450	4
Delta Air Lines PTT, Series 2010-2, Class A, 4.95%, 5/23/19	1,131	1
Delta Air Lines PTT, Series 2011-1, Class A, 5.30%, 4/15/19	1,850	2
Deutsche Telekom International Finance, 4.375%, 6/21/28 (2)	155,000	154
Discover Financial Services, 3.75%, 3/4/25	200,000	192
Duke Energy, 2.65%, 9/1/26	39,000	36
Enbridge, Series 16-A, VR, 6.00%, 1/15/77 (8)	43,000	38
Enel Americas, 4.00%, 10/25/26	50,000	47
Eni, 4.75%, 9/12/28 (2)	205,000	200
Essex Portfolio, 3.375%, 4/15/26	35,000	33
Expedia Group, 4.50%, 8/15/24	50,000	50
Expedia Group, 5.00%, 2/15/26	150,000	154
Express Scripts Holding, 3.40%, 3/1/27	55,000	51
Express Scripts Holding, 4.50%, 2/25/26	35,000	35
Fidelity National Financial, 4.50%, 8/15/28 (2)	65,000	64
FirstEnergy, Series B, 3.90%, 7/15/27	135,000	131
FirstEnergy Transmission, 4.35%, 1/15/25 (2)	65,000	66
GE Capital International Funding, 4.418%, 11/15/35	205,000	173
General Motors, FRN, 3M USD LIBOR + 0.80%, 3.389%, 8/7/20	40,000	40

	Shares/Par	\$ Value
(Cost and value in \$000s)		
General Motors Financial, 4.00%, 10/6/26	20,000	18
General Motors Financial, 4.20%, 11/6/21	55,000	55
General Motors Financial, 4.35%, 4/9/25	22,000	21
GLP Capital, 5.25%, 6/1/25	15,000	15
Goldman Sachs Group, 3.50%, 11/16/26	85,000	79
Goldman Sachs Group, VR, 2.908%, 6/5/23 (8)	115,000	110
GTP Acquisition Partners I, 2.35%, 6/15/20 (2)	100,000	98
Healthcare Realty Trust, 3.625%, 1/15/28	60,000	56
Hess, 4.30%, 4/1/27	85,000	78
Hess, 5.80%, 4/1/47	65,000	58
Highwoods Realty, 4.125%, 3/15/28	56,000	55
HSBC Holdings, VR, 3.95%, 5/18/24 (8)	200,000	198
Humana, 3.85%, 10/1/24	55,000	54
JPMorgan Chase, 2.95%, 10/1/26	105,000	97
JPMorgan Chase, 3.20%, 6/15/26	25,000	24
JPMorgan Chase, 3.30%, 4/1/26	30,000	29
JPMorgan Chase, 3.90%, 7/15/25	70,000	69
JPMorgan Chase, FRN, 3M USD LIBOR + 1.23%, 3.717%, 10/24/23	190,000	190
JPMorgan Chase, VR, 3.54%, 5/1/28 (8)	25,000	24
Kaiser Foundation Hospitals, 3.50%, 4/1/22	30,000	30
Keysight Technologies, 4.60%, 4/6/27	120,000	119
Kilroy Realty, 4.375%, 10/1/25	13,000	13
Kimco Realty, 2.80%, 10/1/26	40,000	36
Kimco Realty, 3.30%, 2/1/25	25,000	24
Martin Marietta Materials, 4.25%, 7/2/24	65,000	65

T. ROWE PRICE PERSONAL STRATEGY BALANCED PORTFOLIO

	Shares/Par	\$ Value
(Cost and value in \$000s)		
MPT Operating Partnership, 5.00%, 10/15/27	50,000	46
MPT Operating Partnership, 5.25%, 8/1/26	25,000	24
Netflix, 6.375%, 5/15/29 (2)	55,000	55
NXP, 4.875%, 3/1/24 (2)	35,000	35
Omnicom Group, 3.60%, 4/15/26	100,000	94
Peru LNG, 5.375%, 3/22/30	200,000	195
Plains All American Pipeline, 2.85%, 1/31/23	15,000	14
Plains All American Pipeline, 4.65%, 10/15/25	98,000	95
Principal Financial Group, VR, 4.70%, 5/15/55 (8)	70,000	67
QVC, 5.125%, 7/2/22	125,000	124
Regency Centers, 3.60%, 2/1/27	30,000	29
Regency Centers, 4.125%, 3/15/28	15,000	15
Reynolds American, 5.85%, 8/15/45	30,000	28
Sabine Pass Liquefaction, 5.00%, 3/15/27	240,000	241
SBA Tower Trust, 2.898%, 10/15/19 (2)	45,000	45
SBA Tower Trust, 3.156%, 10/8/20 (2)	30,000	30
SBA Tower Trust, 3.168%, 4/11/22 (2)	65,000	64
SBA Tower Trust, 3.448%, 3/15/23 (2)	30,000	30
SBA Tower Trust, Series 2014-2A, Class C, STEP, 3.869%, 10/15/49 (2)	125,000	126
Sempra Energy, 3.25%, 6/15/27	20,000	18
Sempra Energy, 3.40%, 2/1/28	35,000	32
Sempra Energy, 3.80%, 2/1/38	30,000	26
Shire Acquisitions Investments Ireland, 2.875%, 9/23/23	45,000	43
Shire Acquisitions Investments Ireland, 3.20%, 9/23/26	65,000	59

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Sigma Alimentos, 4.125%, 5/2/26	200,000	187
SMBC Aviation Capital Finance, 4.125%, 7/15/23 (2)	210,000	210
Southern, 3.25%, 7/1/26	60,000	56
Tencent Holdings, 3.80%, 2/11/25	200,000	196
Thomson Reuters, 3.35%, 5/15/26	55,000	51
Time Warner Cable, 6.55%, 5/1/37	38,000	39
Transcontinental Gas Pipe Line, 4.00%, 3/15/28	15,000	15
Transcontinental Gas Pipe Line, 4.60%, 3/15/48	30,000	28
Transurban Finance, 3.375%, 3/22/27 (2)	15,000	14
Transurban Finance, 4.125%, 2/2/26 (2)	15,000	15
Trinity Acquisition, 3.50%, 9/15/21	15,000	15
Trinity Acquisition, 4.40%, 3/15/26	65,000	65
U.S. Airways PTT, Series 2013-1, Class A, 3.95%, 11/15/25	25,142	25
UnitedHealth Group, 3.50%, 2/15/24	20,000	20
UnitedHealth Group, 3.70%, 12/15/25	30,000	30
UnitedHealth Group, 3.875%, 12/15/28	20,000	20
Ventas Realty, 3.25%, 10/15/26	60,000	56
Ventas Realty, 4.40%, 1/15/29	20,000	20
VEREIT Operating Partnership, 3.95%, 8/15/27	45,000	42
VEREIT Operating Partnership, 4.60%, 2/6/24	75,000	75
VEREIT Operating Partnership, 4.875%, 6/1/26	20,000	20
Verizon Communications, 3.376%, 2/15/25	152,000	148
Verizon Communications, 5.15%, 9/15/23	75,000	80
Vodafone Group, 4.375%, 5/30/28	84,000	82
Vodafone Group, 5.00%, 5/30/38	65,000	61

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Voya Financial, 3.125%, 7/15/24	55,000	52
Western Gas Partners, 4.00%, 7/1/22	70,000	69
Williams, 3.90%, 1/15/25	30,000	29
Williams, 4.85%, 3/1/48	55,000	50
Willis North America, 3.60%, 5/15/24	45,000	44
Woodside Finance, 3.65%, 3/5/25 (2)	45,000	43
Woodside Finance, 3.70%, 9/15/26 (2)	40,000	37
Woodside Finance, 3.70%, 3/15/28 (2)	181,000	165
WPP Finance 2010, 3.625%, 9/7/22	40,000	39
<b>Total Corporate Bonds</b> <b>(Cost \$12,357)</b>		<b>12,008</b>

**ASSET-BACKED SECURITIES 2.8%**

Ally Auto Receivables Trust Series 2015-2, Class D, 3.01%, 3/15/22 (2)	5,000	5
Ally Auto Receivables Trust Series 2017-2, Class B, 2.33%, 6/15/22	5,000	5
AmeriCredit Automobile Receivables Trust Series 2015-3, Class B, 2.08%, 9/8/20	3,861	4
AmeriCredit Automobile Receivables Trust Series 2015-4, Class C, 2.88%, 7/8/21	15,000	15
AmeriCredit Automobile Receivables Trust Series 2015-4, Class D, 3.72%, 12/8/21	70,000	70
AmeriCredit Automobile Receivables Trust Series 2016-1, Class A3, 1.81%, 10/8/20	26	—
AmeriCredit Automobile Receivables Trust Series 2016-2, Class C, 2.87%, 11/8/21	10,000	10

	Shares/Par	\$ Value
(Cost and value in \$000s)		
AmeriCredit Automobile Receivables Trust Series 2016-4, Class D, 2.74%, 12/8/22	90,000	89
AmeriCredit Automobile Receivables Trust Series 2017-1, Class C, 2.71%, 8/18/22	10,000	10
AmeriCredit Automobile Receivables Trust Series 2017-1, Class D, 3.13%, 1/18/23	110,000	109
ARI Fleet Lease Trust Series 2017-A, Class A2, 1.91%, 4/15/26 (2)	59,886	59
Ascentium Equipment Receivables Trust Series 2017-1A, Class A2, 1.87%, 7/10/19 (2)	237	—
Ascentium Equipment Receivables Trust Series 2017-1A, Class A3, 2.29%, 6/10/21 (2)	5,000	5
Avis Budget Rental Car Funding Series 2013-2A, Class A, 2.97%, 2/20/20 (2)	33,333	33
Avis Budget Rental Car Funding Series 2014-2A, Class A, 2.50%, 2/20/21 (2)	100,000	100
Avis Budget Rental Car Funding Series 2016-1A, Class A, 2.99%, 6/20/22 (2)	100,000	99
Betony 2 Series 2018-1A, Class A1, CLO, FRN 3M USD LIBOR + 1.08%, 3.60%, 4/30/31 (2)	250,000	246
BlueMountain Series 2015-2A, Class A1R, CLO, FRN 3M USD LIBOR + 0.93%, 3.375%, 7/18/27 (2)	250,000	248
BlueMountain Series 2015-2A, Class BR, CLO, FRN 3M USD LIBOR + 1.50%, 3.945%, 7/18/27 (2)	250,000	244
Capital Auto Receivables Asset Trust Series 2015-4, Class A4, 2.01%, 7/20/20	5,950	6
CarMax Auto Owner Trust Series 2016-4, Class A3, 1.40%, 8/15/21	50,227	50

	Shares/Par	\$ Value
(Cost and value in \$000s)		
CCG Receivables Trust		
Series 2017-1, Class A2, 1.84%, 11/14/23 (2)	57,686	57
Chrysler Capital Auto Receivables Trust		
Series 2016-BA, Class A3, 1.64%, 7/15/21 (2)	10,761	11
CNH Equipment Trust		
Series 2017-C, Class B, 2.54%, 5/15/25	5,000	5
Driven Brands Funding		
Series 2018-1A, Class A2, 4.739%, 4/20/48 (2)	24,875	25
Elara HGV Timeshare Issuer		
Series 2014-A, Class A, 2.53%, 2/25/27 (2)	18,802	19
Ford Credit Auto Owner Trust		
Series 2018-1, Class C, 3.49%, 7/15/31 (2)	100,000	99
Ford Credit Floorplan Master Owner Trust		
Series 2016-5, Class B, 2.16%, 11/15/21	37,000	37
GMF Floorplan Owner Revolving Trust		
Series 2018-1, Class C, 3.25%, 3/15/22 (2)	100,000	100
Halcyon Loan Advisors Funding		
Series 2014-3A, Class AR, CLO, FRN 3M USD LIBOR + 1.10%, 3.569%, 10/22/25 (2)	250,000	249
Hardee's Funding		
Series 2018-1A, Class A2I, 4.25%, 6/20/48 (2)	39,900	40
Hardee's Funding		
Series 2018-1A, Class A2II, 4.959%, 6/20/48 (2)	54,863	56
Hilton Grand Vacations Trust		
Series 2014-AA, Class A, 1.77%, 11/25/26 (2)	20,982	21
Huntington Auto Trust		
Series 2016-1, Class A4, 1.93%, 4/15/22	35,000	35
Hyundai Auto Receivables Trust		
Series 2016-B, Class D, 2.68%, 9/15/23	35,000	35
Jimmy John's Funding		
Series 2017-1A, Class A2I, 3.61%, 7/30/47 (2)	24,688	25

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Kubota Credit Owner Trust		
Series 2016-1A, Class A3, 1.50%, 7/15/20 (2)	56,429	56
Mercedes-Benz Auto Lease Trust		
Series 2017-A, Class A3, 1.79%, 4/15/20	40,000	40
MMAF Equipment Finance		
Series 2014-AA, Class A4, 1.59%, 2/8/22 (2)	58,968	58
MMAF Equipment Finance		
Series 2016-AA, Class A4, 1.76%, 1/17/23 (2)	100,000	98
MMAF Equipment Finance		
Series 2018-A, Class A4, 3.39%, 1/10/25 (2)	100,000	101
MVW Owner Trust		
Series 2014-1A, Class A, 2.25%, 9/22/31 (2)	27,178	27
Navient Student Loan Trust		
Series 2016-1A, Class A, FRN 1M USD LIBOR + 0.70%, 3.206%, 2/25/70 (2)	109,327	109
Navient Student Loan Trust		
Series 2018-1A, Class A2, FRN 1M USD LIBOR + 0.35%, 2.856%, 3/25/67 (2)	100,000	100
Navient Student Loan Trust		
Series 2018-2A, Class A2, FRN 1M USD LIBOR + 0.38%, 2.886%, 3/25/67 (2)	100,000	100
Neuberger Berman XIX		
Series 2015-19A, Class A2R2, CLO, FRN 3M USD LIBOR + 1.15%, 3.586%, 7/15/27 (2)	250,000	240
Nissan Auto Lease Trust		
Series 2017-B, Class A3, 2.05%, 9/15/20	25,000	25
Palmer Square		
Series 2018-2A, Class A1A, CLO, FRN 3M USD LIBOR + 1.10%, 3.362%, 7/16/31 (2)	250,000	247
Santander Drive Auto Receivables Trust		
Series 2015-5, Class D, 3.65%, 12/15/21	10,000	10
Santander Drive Auto Receivables Trust		
Series 2017-1, Class B, 2.10%, 6/15/21	8,970	9

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Santander Drive Auto Receivables Trust Series 2017-1, Class C, 2.58%, 5/16/22	10,000	10
Santander Drive Auto Receivables Trust Series 2017-3, Class B, 2.19%, 3/15/22	30,000	30
Santander Drive Auto Receivables Trust Series 2018-1, Class C, 2.96%, 3/15/24	20,000	20
Santander Drive Auto Receivables Trust Series 2018-2, Class B, 3.03%, 9/15/22	25,000	25
Santander Drive Auto Receivables Trust Series 2018-2, Class C, 3.35%, 7/17/23	25,000	25
Sierra Timeshare Receivables Funding Series 2015-3A, Class A, 2.58%, 9/20/32 (2)	19,675	19
Sierra Timeshare Receivables Funding Series 2016-1A, Class A, 3.08%, 3/21/33 (2)	35,300	35
SLM Student Loan Trust Series 2008-9, Class A, FRN 3M USD LIBOR + 1.50%, 3.99%, 4/25/23	51,724	52
SMART Trust Series 2016-2US, Class A3A, 1.71%, 3/15/21	56,496	56
SMB Private Education Loan Trust Series 2015-B, Class A2A, 2.98%, 7/15/27 (2)	66,513	66
SMB Private Education Loan Trust Series 2017-B, Class A2A, 2.82%, 10/15/35 (2)	200,000	195
SMB Private Education Loan Trust Series 2018-A, Class A2A, 3.50%, 2/15/36 (2)	105,000	105
SMB Private Education Loan Trust Series 2018-C, Class A2A, 3.63%, 11/15/35 (2)	100,000	101
Synchrony Credit Card Master Note Trust Series 2015-4, Class B, 2.62%, 9/15/23	25,000	25

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Synchrony Credit Card Master Note Trust Series 2018-2, Class C, 3.87%, 5/15/26	125,000	126
Taco Bell Funding Series 2018-1A, Class A2I, 4.318%, 11/25/48 (2)	75,000	76
Verizon Owner Trust Series 2017-3A, Class B, 2.38%, 4/20/22 (2)	100,000	99
Volvo Financial Equipment Series 2016-1A, Class A3, 1.67%, 2/18/20 (2)	10,449	10
Volvo Financial Equipment Master Owner Trust Series 2017-A, Class A, FRN 1M USD LIBOR + 0.50%, 2.955%, 11/15/22 (2)	50,000	50
World Omni Auto Receivables Trust Series 2018-B, Class B, 3.17%, 1/15/25	45,000	45
<b>Total Asset-Backed Securities (Cost \$4,649)</b>		<b>4,611</b>

#### NON-U.S. GOVERNMENT MORTGAGE-BACKED SECURITIES 3.8%

225 Liberty Street Trust Series 2016-225L, Class A, 3.597%, 2/10/36 (2)	100,000	100
Ashford Hospitality Trust Series 2018-ASHF, Class B, ARM 1M USD LIBOR + 1.25%, 3.705%, 4/15/35 (2)	45,000	45
Ashford Hospitality Trust Series 2018-ASHF, Class C, ARM 1M USD LIBOR + 1.40%, 3.855%, 4/15/35 (2)	20,000	20
Atrium Hotel Portfolio Trust Series 2017-ATRM, Class A, ARM 1M USD LIBOR + 0.93%, 3.385%, 12/15/36 (2)	100,000	99
BANK 2017 Series 2017-BNK4, Class A4, 3.625%, 5/15/50	60,000	60
BANK 2017 Series 2017-BNK5, Class B, ARM 3.896%, 6/15/60	80,000	78
Bayview Mortgage Fund Trust Series 2017-RT3, Class A, CMO, ARM 3.50%, 1/28/58 (2)	73,530	73

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Bayview Opportunity Master Fund Trust		
Series 2017-RT1, Class A1, CMO, ARM		
3.00%, 3/28/57 (2)	66,836	65
BX Trust		
Series 2017-IMC, Class A, ARM		
1M USD LIBOR + 1.05%, 3.505%, 10/15/32 (2)	100,000	99
BXP Trust		
Series 2017-GM, Class A, 3.379%, 6/13/39 (2)	85,000	83
Citigroup Commercial Mortgage Trust		
Series 2014-GC21, Class AS, 4.026%, 5/10/47	35,000	35
Citigroup Commercial Mortgage Trust		
Series 2015-GC27, Class AS, 3.571%, 2/10/48	15,000	15
Citigroup Commercial Mortgage Trust		
Series 2016-GC36, Class B, ARM 4.757%, 2/10/49	55,000	57
Citigroup Commercial Mortgage Trust		
Series 2018-B2, Class C, ARM 4.674%, 3/10/51	30,000	30
COLT Mortgage Loan Trust		
Series 2018-1, Class A2, CMO, ARM		
2.981%, 2/25/48 (2)	55,149	55
COLT Mortgage Loan Trust		
Series 2018-4, Class A1, CMO, ARM		
4.006%, 12/28/48 (2)	102,694	103
Commercial Mortgage PTC		
Series 2016-CR28, Class A4, 3.762%, 2/10/49	45,000	46
Commercial Mortgage PTC		
Series 2016-CR28, Class AHR, 3.651%, 2/10/49	29,013	29
Commercial Mortgage Trust		
Series 2014-CR21, Class A3, 3.528%, 12/10/47	75,000	75
Commercial Mortgage Trust		
Series 2014-UBS6, Class AM, 4.048%, 12/10/47	110,000	110
Commercial Mortgage Trust		
Series 2015-CR24, Class A5, 3.696%, 8/10/48	50,000	51

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Commercial Mortgage Trust		
Series 2015-CR24, Class AM, ARM 4.028%, 8/10/48	25,000	25
Commercial Mortgage Trust		
Series 2015-CR25, Class B, ARM 4.544%, 8/10/48	95,000	98
Commercial Mortgage Trust		
Series 2015-CR25, Class C, ARM 4.544%, 8/10/48	20,000	20
Commercial Mortgage Trust		
Series 2015-LC21, Class B, ARM 4.30%, 7/10/48	45,000	46
Commercial Mortgage Trust		
Series 2015-LC23, Class AM, ARM 4.158%, 10/10/48	50,000	51
Commercial Mortgage Trust		
Series 2015-PC1, Class B, ARM 4.44%, 7/10/50	20,000	20
Connecticut Avenue Securities		
Series 2017-C01, Class 1M1, CMO, ARM		
1M USD LIBOR + 1.30%, 3.806%, 7/25/29	20,187	20
Connecticut Avenue Securities		
Series 2017-C03, Class 1M1, CMO, ARM		
1M USD LIBOR + 0.95%, 3.456%, 10/25/29	11,791	12
Connecticut Avenue Securities		
Series 2017-C06, Class 2M2, CMO, ARM		
1M USD LIBOR + 2.80%, 5.306%, 2/25/30	115,000	117
Connecticut Avenue Securities		
Series 2017-C07, Class 2M1, CMO, ARM		
1M USD LIBOR + 0.65%, 3.156%, 5/25/30	16,678	17
Connecticut Avenue Securities		
Series 2017-C07, Class 2M2, CMO, ARM		
1M USD LIBOR + 2.50%, 5.006%, 5/25/30	120,000	120
Connecticut Avenue Securities		
Series 2018-C01, Class 1M1, CMO, ARM		
1M USD LIBOR + 0.60%, 3.106%, 7/25/30	185,824	185
Connecticut Avenue Securities		
Series 2018-C02, Class 2M2, CMO, ARM		
1M USD LIBOR + 2.20%, 4.706%, 8/25/30	80,000	78

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Connecticut Avenue Securities Series 2018-C03, Class 1M2, CMO, ARM 1M USD LIBOR + 2.15%, 4.656%, 10/25/30	55,000	54
Connecticut Avenue Securities Series 2018-C05, Class 1M2, CMO, ARM 1M USD LIBOR + 2.35%, 4.856%, 1/25/31	65,000	63
Connecticut Avenue Securities Series 2018-R07, Class 1M1, CMO, ARM 1M USD LIBOR + 0.75%, 3.256%, 4/25/31 (2)	98,266	98
CSAIL Commercial Mortgage Trust Series 2015-C3, Class A4, 3.718%, 8/15/48	25,000	25
CSAIL Commercial Mortgage Trust Series 2016-C6, Class A5, 3.09%, 1/15/49	50,000	48
Deephaven Residential Mortgage Trust Series 2018-2A, Class A1, CMO, ARM 3.479%, 4/25/58 (2)	78,533	78
Deephaven Residential Mortgage Trust Series 2018-3A, Class M1, CMO, ARM 4.357%, 8/25/58 (2)	100,000	100
FREMF Mortgage Trust Series 2018-K731, Class B, 3.909%, 2/25/25 (2)	35,000	35
Galton Funding Mortgage Trust Series 2018-1, Class A23, CMO, ARM 3.50%, 11/25/57 (2)	76,704	76
Goldman Sachs Mortgage Securities Trust Series 2013-GC16, Class B, ARM 5.161%, 11/10/46	120,000	127
Goldman Sachs Mortgage Securities Trust Series 2014-GC26, Class A5, 3.629%, 11/10/47	25,000	25
Goldman Sachs Mortgage Securities Trust Series 2015-GC34, Class AS, 3.911%, 10/10/48	55,000	55

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Great Wolf Trust Series 2017-WOLF, Class A, ARM 1M USD LIBOR + 0.85%, 3.455%, 9/15/34 (2)	100,000	98
Hilton Orlando Trust Series 2018-ORL, Class A, ARM 1M USD LIBOR + 0.77%, 3.225%, 12/15/34 (2)	100,000	99
Independence Plaza Trust Series 2018-INDP, Class A, 3.763%, 7/10/35 (2)	105,000	106
JPMorgan Barclays Bank Commercial Mortgage Securities Trust Series 2014-C19, Class AS, ARM 4.243%, 4/15/47	35,000	36
JPMorgan Barclays Bank Commercial Mortgage Securities Trust Series 2014-C22, Class A4, 3.801%, 9/15/47	35,000	36
JPMorgan Chase Commercial Mortgage Securities Trust Series 2013-LC11, Class A5, 2.96%, 4/15/46	30,000	30
JPMorgan Chase Commercial Mortgage Securities Trust Series 2016-JP2, Class AS, 3.056%, 8/15/49	35,000	33
JPMorgan Chase Commercial Mortgage Securities Trust Series 2016-JP3, Class B, ARM 3.397%, 8/15/49	20,000	19
JPMorgan Chase Commercial Mortgage Securities Trust Series 2017-JP5, Class AS, ARM 3.876%, 3/15/50	95,000	94
JPMorgan Chase Commercial Mortgage Securities Trust Series 2018-WPT, Class AFX, 4.248%, 7/5/33 (2)	20,000	21
JPMorgan Deutsche Bank Commercial Mortgage Securities Trust Series 2016-C1, Class AM, 3.539%, 5/10/49	100,000	97
JPMorgan Deutsche Bank Commercial Mortgage Securities Trust Series 2018-C8, Class C, ARM 4.746%, 6/15/51	35,000	34



	Shares/Par	\$ Value
(Cost and value in \$000s)		
MetLife Securitization Trust		
Series 2018-1A, Class A, CMO,		
ARM		
3.75%, 3/25/57 (2)	115,339	116
Mill City Mortgage Loan Trust		
Series 2016-1, Class A1, CMO,		
ARM		
2.50%, 4/25/57 (2)	52,635	51
Morgan Stanley Bank of America		
Merrill Lynch Trust		
Series 2014-C18, Class 300A,		
3.749%, 8/15/31	25,000	25
Morgan Stanley Bank of America		
Merrill Lynch Trust		
Series 2015-C24, Class AS, ARM		
4.036%, 5/15/48	10,000	10
Morgan Stanley Bank of America		
Merrill Lynch Trust		
Series 2015-C27, Class AS,		
4.068%, 12/15/47	40,000	41
Morgan Stanley Capital I Trust		
Series 2015-MS1, Class AS, ARM		
4.031%, 5/15/48	10,000	10
Morgan Stanley Capital I Trust		
Series 2017-ASHF, Class B, ARM		
1M USD LIBOR + 1.25%, 3.705%,		
11/15/34 (2)	90,000	90
Morgan Stanley Capital I Trust		
Series 2017-JWDR, Class A, ARM		
1M USD LIBOR + 0.85%, 3.305%,		
11/15/34 (2)	70,000	69
Morgan Stanley Capital I Trust		
Series 2017-JWDR, Class B, ARM		
1M USD LIBOR + 1.20%, 3.655%,		
11/15/34 (2)	45,000	45
MSCG Trust		
Series 2018-SELF, Class A, ARM		
1M USD LIBOR + 0.90%, 3.355%,		
10/15/37 (2)	50,000	49
RETL		
Series 2018-RVP, Class A, ARM		
1M USD LIBOR + 1.10%, 3.555%,		
3/15/33 (2)	88,051	88
Seasoned Credit Risk Transfer Trust		
Series 2016-1, Class M1, CMO,		
ARM		
3.00%, 9/25/55 (2)	25,000	24
Sequoia Mortgage Trust		
Series 2013-4, Class B1, CMO,		
ARM		
3.488%, 4/25/43	85,568	84

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Sequoia Mortgage Trust		
Series 2017-CH2, Class A19,		
CMO, ARM		
4.00%, 12/25/47 (2)	73,225	73
SLIDE		
Series 2018-FUN, Class E, ARM		
1M USD LIBOR + 2.30%, 4.755%,		
6/15/31 (2)	54,631	54
Structured Agency Credit Risk Debt		
Notes		
Series 2016-DNA1, Class M2,		
CMO, ARM		
1M USD LIBOR + 2.90%, 5.406%,		
7/25/28	181,926	185
Structured Agency Credit Risk Debt		
Notes		
Series 2018-DNA1, Class M1,		
CMO, ARM		
1M USD LIBOR + 0.45%, 2.956%,		
7/25/30	23,233	23
Structured Agency Credit Risk Debt		
Notes		
Series 2018-DNA2, Class M1,		
CMO, ARM		
1M USD LIBOR + 0.80%, 3.306%,		
12/25/30 (2)	120,000	120
Structured Agency Credit Risk Debt		
Notes		
Series 2018-DNA2, Class M2,		
CMO, ARM		
1M USD LIBOR + 2.15%, 4.656%,		
12/25/30 (2)	45,000	44
Structured Agency Credit Risk Debt		
Notes		
Series 2018-DNA3, Class M1,		
CMO, ARM		
1M USD LIBOR + 0.75%, 3.256%,		
9/25/48 (2)	20,000	20
Structured Agency Credit Risk Debt		
Notes		
Series 2018-HRP2, Class M1,		
CMO, ARM		
1M USD LIBOR + 0.85%, 3.356%,		
2/25/47 (2)	40,000	40
Structured Agency Credit Risk Debt		
Notes		
Series 2018-HRP2, Class M2,		
CMO, ARM		
1M USD LIBOR + 1.25%, 3.756%,		
2/25/47 (2)	65,000	65

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Structured Agency Credit Risk Debt Notes Series 2018-SPI1, Class M2, CMO, ARM 3.745%, 2/25/48 (2)	20,000	18
Structured Agency Credit Risk Debt Notes Series 2018-SPI2, Class M2, CMO, ARM 3.819%, 5/25/48 (2)	10,000	9
Structured Agency Credit Risk Debt Notes Series 2018-SPI3, Class M2, CMO, ARM 4.167%, 8/25/48 (2)	65,000	61
Structured Agency Credit Risk Debt Notes Series 2018-SPI4, Class M2, CMO, ARM 4.461%, 11/25/48 (2)	95,000	88
Towd Point Mortgage Trust Series 2015-3, Class A1B, CMO, ARM 3.00%, 3/25/54 (2)	31,805	31
Towd Point Mortgage Trust Series 2015-5, Class A1B, CMO, ARM 2.75%, 5/25/55 (2)	43,484	43
Towd Point Mortgage Trust Series 2016-1, Class A1B, CMO, ARM 2.75%, 2/25/55 (2)	39,325	39
Towd Point Mortgage Trust Series 2017-1, Class A1, CMO, ARM 2.75%, 10/25/56 (2)	64,865	63
Towd Point Mortgage Trust Series 2017-1, Class M1, CMO, ARM 3.75%, 10/25/56 (2)	100,000	98
Towd Point Mortgage Trust Series 2017-3, Class A1, CMO, ARM 2.75%, 7/25/57 (2)	74,408	72
Towd Point Mortgage Trust Series 2018-2, Class A1, CMO, ARM 3.25%, 3/25/58 (2)	137,435	135
Towd Point Mortgage Trust Series 2018-3, Class A1, CMO, ARM 3.75%, 5/25/58 (2)	91,853	92

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Verus Securitization Trust Series 2018-INV2, Class A1FX, CMO, ARM 4.148%, 10/25/58 (2)	100,000	100
Wells Fargo Commercial Mortgage Trust Series 2015-LC20, Class C, ARM 4.056%, 4/15/50	35,000	34
Wells Fargo Commercial Mortgage Trust Series 2015-NXS2, Class C, ARM 4.247%, 7/15/58	10,000	10
Wells Fargo Commercial Mortgage Trust Series 2016-C34, Class A4, 3.096%, 6/15/49	70,000	68
Wells Fargo Commercial Mortgage Trust Series 2016-LC24, Class AS, 3.367%, 10/15/49	135,000	129
Wells Fargo Commercial Mortgage Trust Series 2017-C38, Class B, ARM 3.917%, 7/15/50	100,000	98
Wells Fargo Commercial Mortgage Trust Series 2017-C39, Class B, 4.025%, 9/15/50	125,000	124
WFRBS Commercial Mortgage Trust Series 2014-C19, Class A5, 4.101%, 3/15/47	40,000	41
WFRBS Commercial Mortgage Trust Series 2014-C20, Class AS, 4.176%, 5/15/47	60,000	62
<b>Total Non-U.S. Government Mortgage-Backed Securities (Cost \$6,449)</b>		<b>6,365</b>

#### U.S. GOVERNMENT & AGENCY MORTGAGE-BACKED SECURITIES 5.5%

#### U.S. Government Agency Obligations 4.1% (10)

Federal Home Loan Mortgage		
2.50%, 4/1/30	41,193	40
3.00%, 12/1/42 - 4/1/43	146,380	144
3.50%, 8/1/42 - 3/1/46	401,137	404
4.00%, 8/1/40 - 8/1/45	147,137	152
4.50%, 1/1/19 - 5/1/42	140,963	147
5.00%, 1/1/24 - 8/1/40	46,524	49
6.00%, 8/1/21 - 8/1/38	15,916	17
6.50%, 3/1/32 - 4/1/32	3,016	3

	Shares/Par	\$ Value
(Cost and value in \$000s)		
7.00%, 6/1/32	706	—
Federal Home Loan Mortgage, ARM		
12M USD LIBOR + 1.743%,		
3.618%, 2/1/37	7,003	7
12M USD LIBOR + 1.815%,		
3.984%, 1/1/37	3,106	3
12M USD LIBOR + 1.785%,		
4.535%, 9/1/32	115	—
Federal National Mortgage Assn.		
2.50%, 5/1/32 - 6/1/45	163,227	156
3.00%, 6/1/27 - 1/1/47	1,386,512	1,361
3.50%, 11/1/32 - 8/1/56	1,475,635	1,482
4.00%, 11/1/40 - 7/1/48	1,053,760	1,078
4.50%, 12/1/20 - 5/1/48	340,425	359
5.00%, 5/1/19 - 8/1/48	158,775	169
5.50%, 4/1/19 - 9/1/41	137,543	148
6.00%, 8/1/21 - 1/1/41	93,717	102
6.50%, 7/1/32 - 5/1/40	55,139	61
7.00%, 4/1/32	510	1
Federal National Mortgage Assn.		
ARM, 12M USD LIBOR + 1.867%,		
4.549%, 8/1/36	3,256	3
Federal National Mortgage Assn.		
CMO, 4.00%, 6/25/44	74,522	77
Federal National Mortgage Assn.		
CMO, IO, 6.50%, 2/25/32	955	—
Federal National Mortgage Assn., TBA		
2.50%, 1/1/34 (11)	105,000	103
3.00%, 1/1/34 - 1/1/49 (11)	285,000	279
3.50%, 1/1/49 (11)	230,000	230
4.00%, 1/1/49 (11)	245,000	250
		6,825
<b>U.S. Government Obligations 1.4%</b>		
Government National Mortgage Assn.		
3.00%, 7/15/43 - 12/20/46	507,684	501
3.50%, 12/20/42 - 2/20/48	333,576	335
4.00%, 7/20/42 - 11/20/48	476,439	489
4.50%, 10/20/39 - 7/20/48	309,200	322
5.00%, 3/20/34 - 8/20/48	447,839	470
5.50%, 10/20/32 - 5/20/48	152,789	161
6.00%, 4/15/36 - 12/20/38	18,985	21
6.50%, 3/15/26 - 12/20/33	4,935	5
7.00%, 9/20/27	3,994	5
8.00%, 4/15/26	826	1
Government National Mortgage		
Assn., CMO,		
3.00%, 11/20/47-12/20/47	72,764	73

	Shares/Par	\$ Value
(Cost and value in \$000s)		
Government National Mortgage		
Assn., CMO, IO,		
4.50%, 2/20/39-12/20/39	13,571	1
		2,384
<b>Total U.S. Government &amp; Agency Mortgage-</b>		
<b>Backed Securities</b>		
<b>(Cost \$9,356)</b>		<b>9,209</b>

**U.S. GOVERNMENT AGENCY OBLIGATIONS (EXCLUDING MORTGAGE-BACKED) 5.1%**
**U.S. Treasury Obligations 5.1%**

U.S. Treasury Bonds,		
2.75%, 11/15/47	310,000	294
U.S. Treasury Bonds,		
2.875%, 11/15/46	195,000	190
U.S. Treasury Bonds,		
3.00%, 11/15/44	200,000	200
U.S. Treasury Bonds,		
3.00%, 5/15/45	290,000	290
U.S. Treasury Bonds,		
3.00%, 5/15/47	105,000	105
U.S. Treasury Bonds,		
3.00%, 8/15/48	190,000	190
U.S. Treasury Bonds,		
3.125%, 2/15/43 (12)	365,000	373
U.S. Treasury Bonds,		
3.375%, 5/15/44	280,000	299
U.S. Treasury Bonds,		
4.625%, 2/15/40	305,000	387
U.S. Treasury Bonds,		
8.00%, 11/15/21	60,000	69
U.S. Treasury Inflation-Indexed		
Notes,		
0.125%, 4/15/22	228,973	222
U.S. Treasury Notes,		
1.375%, 5/31/21	290,000	282
U.S. Treasury Notes,		
1.625%, 5/15/26	40,000	37
U.S. Treasury Notes,		
1.75%, 11/15/20	200,000	197
U.S. Treasury Notes,		
1.75%, 6/30/22	125,000	122
U.S. Treasury Notes,		
2.00%, 8/31/21	465,000	459
U.S. Treasury Notes,		
2.375%, 1/31/23	270,000	269
U.S. Treasury Notes,		
2.625%, 7/15/21	850,000	853

	Shares/Par	\$ Value
(Cost and value in \$000s)		
U.S. Treasury Notes, 2.875%, 10/31/23	2,290,000	2,329
U.S. Treasury Notes, 2.875%, 11/30/23	1,360,000	1,384
		8,551
<b>Total U.S. Government Agency Obligations (Excluding Mortgage-Backed) (Cost \$8,346)</b>		<b>8,551</b>

**FOREIGN GOVERNMENT OBLIGATIONS &  
MUNICIPALITIES 1.6%**

CNAC HK Finbridge, 4.625%, 3/14/23	200,000	202
Codelco, 3.625%, 8/1/27 (2)	200,000	191
Perusahaan Gas Negara Persero, 5.125%, 5/16/24 (2)	200,000	200
Petroleos Mexicanos, 4.75%, 2/26/29 (EUR)	125,000	131
Petroleos Mexicanos, 4.875%, 1/24/22	100,000	98
Petroleos Mexicanos, 5.375%, 3/13/22	35,000	34
Petroleos Mexicanos, 5.50%, 1/21/21	130,000	130
Petroleos Mexicanos, 6.375%, 2/4/21	95,000	96
Petroleos Mexicanos, 6.50%, 1/23/29	30,000	28
Republic of Colombia, 4.50%, 3/15/29	200,000	198
Republic of Colombia, 10.00%, 7/24/24 (COP)	315,700,000	115
Republic of Columbia, 4.00%, 2/26/24	280,000	277
Republic of Indonesia, 3.70%, 1/8/22 (2)	260,000	258
State Grid Overseas Investment, 2.75%, 5/4/22 (2)	200,000	195
Syngenta Finance, 3.933%, 4/23/21 (2)	205,000	202
United Mexican States, 3.75%, 1/11/28	200,000	188
United Mexican States, 4.00%, 10/2/23	114,000	114
<b>Total Foreign Government Obligations &amp; Municipalities (Cost \$2,734)</b>		<b>2,657</b>

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>MUNICIPAL SECURITIES 0.3%</b>		
<b>California 0.0%</b>		
Los Angeles Airport, Build America, Series C, 7.053%, 5/15/40	35,000	49
		49
<b>Colorado 0.0%</b>		
Denver City & County School District No. 1, Series B, Certificate of Participation, 4.242%, 12/15/37	20,000	21
		21
<b>District of Columbia 0.0%</b>		
District of Columbia, Build America, Series E, 5.591%, 12/1/34	10,000	12
		12
<b>Florida 0.0%</b>		
State Board of Administration Fin., Hurricane Catastrophe Fund, Series A, 2.995%, 7/1/20	45,000	45
		45
<b>Illinois 0.1%</b>		
Metropolitan Water Reclamation Dist. of Greater Chicago, Build America, GO, 5.72%, 12/1/38	60,000	72
		72
<b>Maryland 0.0%</b>		
Maryland Transportation Auth., Build America, 5.888%, 7/1/43	35,000	44
		44
<b>New York 0.1%</b>		
Metropolitan Transportation Auth., Build America, 7.336%, 11/15/39	10,000	14
New York City, Build America, Series H-1, GO, 5.846%, 6/1/40	55,000	68
		82
<b>Ohio 0.0%</b>		
JobsOhio Beverage System, Series B, 4.532%, 1/1/35	25,000	27
		27

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>South Carolina 0.0%</b>		
South Carolina Public Service Auth., Taxable Obligation, Series E, 4.322%, 12/1/27	35,000	35
		35
<b>Utah 0.1%</b>		
Utah Transit Auth., Build America, Series B, 5.937%, 6/15/39	60,000	75
		75
<b>Virginia 0.0%</b>		
Virginia Commonwealth Transportation Board, Build America, Series B, 5.35%, 5/15/35	10,000	11
Virginia Public Building Auth., Build America, Series B-2, 5.90%, 8/1/30	50,000	61
		72
<b>Total Municipal Securities (Cost \$471)</b>		<b>534</b>
<b>BOND MUTUAL FUNDS 13.6%</b>		
T. Rowe Price Inflation Protected Bond Fund - I Class, 2.92% (13)(14)	22,691	258
T. Rowe Price Institutional Emerging Markets Bond Fund, 6.16% (13)(14)	1,042,902	8,385
T. Rowe Price Institutional Floating Rate Fund, 5.47% (13)(14)	136,647	1,308
T. Rowe Price Institutional High Yield Fund, 6.99% (13)(14)	812,894	6,666
T. Rowe Price International Bond Fund - I Class, 2.53% (13)(14)	708,854	6,124
<b>Total Bond Mutual Funds (Cost \$24,178)</b>		<b>22,741</b>

	Shares/Par	\$ Value
(Cost and value in \$000s)		
<b>EQUITY MUTUAL FUNDS 5.4%</b>		
T. Rowe Price Institutional Emerging Markets Equity Fund (14)	197,863	6,747
T. Rowe Price Real Assets Fund - I Class (14)	221,052	2,228
<b>Total Equity Mutual Funds (Cost \$7,296)</b>		<b>8,975</b>
<b>SHORT-TERM INVESTMENTS 3.1%</b>		
<b>Money Market Funds 3.1%</b>		
T. Rowe Price Treasury Reserve Fund, 2.47% (14)(15)	5,117,886	5,118
<b>Total Short-Term Investments (Cost \$5,118)</b>		<b>5,118</b>
<b>SECURITIES LENDING COLLATERAL 0.1%</b>		
<b>Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank 0.1%</b>		
<b>Short-Term Funds 0.1%</b>		
T. Rowe Price Short-Term Fund, 2.71% (14)(15)	19,553	196
<b>Total Investments in a Pooled Account through Securities Lending Program with JPMorgan Chase Bank</b>		<b>196</b>
<b>Investments in a Pooled Account through Securities Lending Program with State Street Bank and Trust Company 0.0%</b>		
<b>Short-Term Funds 0.0%</b>		
T. Rowe Price Short-Term Fund, 2.71% (14)(15)	308	3
<b>Total Investments in a Pooled Account through Securities Lending Program with State Street Bank and Trust Company</b>		<b>3</b>
<b>Total Securities Lending Collateral (Cost \$199)</b>		<b>199</b>
<b>Total Investments in Securities</b>		
<b>100.6% of Net Assets (Cost \$144,675)</b>	<b>\$</b>	<b>167,805</b>

‡ Shares/Par and Notional Amount are denominated in U.S. dollars unless otherwise noted.

- (1) Non-income producing
- (2) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration only to qualified institutional buyers – total value of such securities at period-end amounts to \$10,789 and represents 6.5% of net assets.
- (3) Level 3 in fair value hierarchy. See Note 2.
- (4) Security cannot be offered for public resale without first being registered under the Securities Act of 1933 and related rules ("restricted security"). Acquisition date represents the day on which an enforceable right to acquire such security is obtained and is presented along with related cost in the security description. The fund has registration rights for certain restricted securities. Any costs related to such registration are borne by the issuer. The aggregate value of restricted securities (excluding 144A holdings) at period-end amounts to \$301 and represents 0.2% of net assets.
- (5) All or a portion of this security is on loan at December 31, 2018. See Note 4.
- (6) Investment in a partnership held indirectly through a limited liability company that is owned by the fund and treated as a corporation for U.S. tax purposes.
- (7) The identity of certain securities has been concealed to protect the fund while it completes a purchase or selling program for the securities.
- (8) Security is a fix-to-float security, which carries a fixed coupon until a certain date, upon which it switches to a floating rate. Reference rate and spread is provided if the rate is currently floating.
- (9) Perpetual security with no stated maturity date.
- (10) The issuer currently operates under a federal conservatorship; however, its securities are neither issued nor guaranteed by the U.S. government.
- (11) To-Be-Announced purchase commitment - total value of such securities at period-end amounts to \$862 and represents 0.5% of net assets. See Note 4.
- (12) At December 31, 2018, all or a portion of this security is pledged as collateral and/or margin deposit to cover future funding obligations.
- (13) SEC 30-day yield
- (14) Affiliated Companies
- (15) Seven-day yield

1M USD LIBOR One month USD LIBOR (London interbank offered rate)

3M USD LIBOR Three month USD LIBOR (London interbank offered rate)

12M USD LIBOR Twelve month USD LIBOR (London interbank offered rate)

ADR American Depositary Receipts

ARM Adjustable Rate Mortgage (ARM); rate shown is effective rate at period-end. The rates for certain ARMs are not based on a published reference rate and spread but may be determined using a formula-based on the rates of the underlying loans

AUD Australian Dollar

BRL Brazilian Real

CAD Canadian Dollar

CHF Swiss Franc

CLO Collateralized Loan Obligation

CMO Collateralized Mortgage Obligation

COP Colombian Peso

DKK Danish Krone

EUR Euro

FRN Floating Rate Note

GBP British Pound

GDR Global Depositary Receipts

GO General Obligation

HKD Hong Kong Dollar

IO Interest-only security for which the fund receives interest on notional principal

JPY Japanese Yen

KRW South Korean Won

NOK Norwegian Krone

NZD New Zealand Dollar

PTC Pass-Through Certificate

PTT Pass-Through Trust

REIT A domestic Real Estate Investment Trust whose distributions pass-through with original tax character to the shareholder

SDR Swedish Depositary Receipts

SEK Swedish Krona

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SGD Singapore Dollar  
STEP Stepped coupon bond for which the coupon rate of interest adjusts on specified date(s); rate shown is effective rate at period-end.  
TBA To-Be-Announced  
TWD Taiwan Dollar  
USD U.S. Dollar  
VR Variable Rate; rate shown is effective rate at period-end. The rates for certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and based on current market conditions.

	Par	\$ Value
(Proceeds and value in \$000s)		
<b>TBA SALES COMMITMENTS 0.0%</b>		
<b>U.S. GOVERNMENT &amp; AGENCY MORTGAGE-BACKED SECURITIES 0.0%</b>		
<b>U.S. Government Obligations 0.0%</b>		
Government National Mortgage		
Assn., TBA, 4.50%, 1/20/49	(10,000)	(10)
Government National Mortgage		
Assn., TBA, 3.50%, 1/20/49	(15,000)	(15)
<b>Total U.S. Government &amp; Agency Mortgage-Backed Securities</b>		
<b>(Proceeds \$(25))</b>		<b>(25)</b>
<b>Total TBA Sales Commitments</b>		
<b>(Proceeds \$(25))</b>		<b>(25)</b>



(Amounts in 000s, except market price)

**SWAPS 0.0%**

Description	Notional Amount	Value	Upfront Payments/ (Receipts)	Unrealized Gain/(Loss)
<b>BILATERAL SWAPS 0.0%</b>				
<b>Credit Default Swaps, Protection Sold 0.0%</b>				
Bank of America, N.A., Protection Sold (Relevant Credit: Government of Malaysia, 3.04%, 4/22/25, \$97.49*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/23	120	\$ —	\$ —	\$ —
Barclays Bank, Protection Sold (Relevant Credit: Republic of Indonesia, 5.88%, 3/13/20, \$102.94*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/23	140	(2)	(2)	—
BNP Paribas, Protection Sold (Relevant Credit: Republic of Colombia, 10.38%, 1/28/33, \$149.08*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/23	95	(3)	(1)	(2)
Citibank, Protection Sold (Relevant Credit: Republic of Colombia, 10.38%, 1/28/33, \$149.08*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/23	310	(8)	(2)	(6)
JPMorgan Chase, Protection Sold (Relevant Credit: Republic of Indonesia, 5.88%, 3/13/20, \$102.94*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/23	118	(2)	(2)	—
JPMorgan Chase, Protection Sold (Relevant Credit: Republic of South Africa, 5.50%, 3/9/20, \$101.53*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/23	237	(13)	(13)	—
Morgan Stanley, Protection Sold (Relevant Credit: Republic of Indonesia, 5.88%, 3/13/20, \$102.94*), Receive 1.00% Quarterly, Pay upon credit default, 12/20/23	130	(2)	(2)	—
<b>Total Bilateral Swaps</b>		<b>\$</b>	<b>(22)</b>	<b>\$ (8)</b>

Description	Notional Amount	Value	Initial Value	Unrealized Gain (Loss)
<b>CENTRALLY CLEARED SWAPS 0.0%</b>				
<b>Credit Default Swaps, Protection Bought 0.0%</b>				
Protection Bought (Relevant Credit: Markit CDX.NA.HY-S31, 5 Year Index), Pay 5.00% Quarterly, Receive upon credit default, 12/20/23	450	(10)	(13)	\$ 3
<b>Total Centrally Cleared Swaps</b>			<b>(13)</b>	<b>3</b>
<b>Net payments (receipts) of variation margin to date</b>				<b>(4)</b>
<b>Variation margin receivable (payable) on centrally cleared swaps</b>				<b>\$ (1)</b>

\* Market price at December 31, 2018.

## Forward Currency Exchange Contracts

(Amounts in 000s)

Counterparty	Settlement	Receive	Deliver	Unrealized Gain (Loss)
Bank of America N.A.	2/22/19	USD	52 CHF	52 \$ (1)
Bank of America N.A.	2/22/19	USD	53 NZD	78 1
Citibank	1/25/19	USD	58 AUD	80 1
Citibank	1/25/19	USD	54 JPY	6,045 (1)
Goldman Sachs	1/25/19	USD	57 CAD	75 2
Goldman Sachs	2/22/19	USD	57 GBP	44 1
Goldman Sachs	2/22/19	USD	52 NOK	444 1
State Street	1/25/19	AUD	80 USD	58 (2)
State Street	1/25/19	CAD	75 USD	57 (1)
State Street	1/25/19	JPY	6,045 USD	54 1
State Street	2/8/19	USD	118 COP	376,810 2
State Street	2/22/19	CHF	52 USD	53 1
State Street	2/22/19	EUR	66 USD	76 —
State Street	2/22/19	GBP	44 USD	56 —
State Street	2/22/19	NOK	444 USD	52 (1)
State Street	2/22/19	NZD	78 USD	53 (1)
State Street	2/22/19	SEK	515 USD	57 1
State Street	2/22/19	USD	51 EUR	45 —
State Street	2/22/19	USD	155 EUR	135 (1)
State Street	2/22/19	USD	58 SEK	515 (1)
Net unrealized gain (loss) on open forward currency exchange contracts				\$ 2

**Futures Contracts**

(\$000s)

	<b>Expiration Date</b>	<b>Notional Amount</b>	<b>Value and Unrealized Gain (Loss)</b>
Short, 22 U.S. Treasury Notes five year contracts	3/19	(2,523)	\$ (34)
Long, 15 U.S. Treasury Notes ten year contracts	3/19	1,830	24
Long, 21 U.S. Treasury Notes two year contracts	3/19	4,459	29
Long, 19 Ultra U.S. Treasury Bonds contracts	3/19	3,052	156
<b>Net payments (receipts) of variation margin to date</b>			<b>(162)</b>
<b>Variation margin receivable (payable) on open futures contracts</b>			<b>\$ 13</b>

**Affiliated Companies**

(\$000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company that is under common ownership or control. The following securities were considered affiliated companies for all or some portion of the year ended December 31, 2018. Net realized gain (loss), investment income, change in net unrealized gain/loss, and purchase and sales cost reflect all activity for the period then ended.

<b>Affiliate</b>	<b>Net Realized Gain (Loss)</b>	<b>Change in Net Unrealized Gain/Loss</b>	<b>Investment Income</b>
T. Rowe Price Inflation Protected Bond Fund - I Class	\$ (3)	\$ (2)	\$ 3
T. Rowe Price Institutional Emerging Markets Bond Fund	54	(894)	412
T. Rowe Price Institutional Emerging Markets Equity Fund	7	(1,198)	59
T. Rowe Price Institutional Floating Rate Fund	(3)	(61)	62
T. Rowe Price Institutional High Yield Fund	(47)	(602)	442
T. Rowe Price International Bond Fund - I Class*	750	(973)	118
T. Rowe Price Real Assets Fund - I Class	—	(346)	60
T. Rowe Price Treasury Reserve Fund	—	—	143
T. Rowe Price Short-Term Fund	—	—	—++
Affiliates not held at period end	(6)	5	—
<b>Totals</b>	<b>\$ 752#</b>	<b>\$ (4,071)</b>	<b>\$ 1,299+</b>

**Supplementary Investment Schedule**

<b>Affiliate</b>	<b>Value 12/31/17</b>	<b>Purchase Cost</b>	<b>Sales Cost</b>	<b>Value 12/31/18</b>
T. Rowe Price Inflation Protected Bond Fund - I Class	\$ 610	\$ 109	\$ 459	\$ 258
T. Rowe Price Institutional Emerging Markets Bond Fund	7,566	1,713	—	8,385
T. Rowe Price Institutional Emerging Markets Equity Fund	6,879	1,227	161	6,747
T. Rowe Price Institutional Floating Rate Fund	—	1,492	123	1,308
T. Rowe Price Institutional High Yield Fund	6,915	950	597	6,666
T. Rowe Price International Bond Fund - I Class*	6,540	7,797	7,180	6,124
T. Rowe Price Limited Duration Inflation Focused Bond Fund - I Class	453	—	458	—
T. Rowe Price Real Assets Fund - I Class	2,514	60	—	2,228
T. Rowe Price Treasury Reserve Fund	8,754	□	□	5,118
T. Rowe Price Short-Term Fund	197	□	□	199
			<b>\$</b>	<b>37,033^</b>

# Capital gain distributions from mutual funds represented \$811 of the net realized gain (loss).

++ Excludes earnings on securities lending collateral, which are subject to rebates and fees as described in Note 4.

+ Investment income comprised \$1,299 of dividend income and \$0 of interest income.

□ Purchase and sale information not shown for cash management funds.

^ The cost basis of investments in affiliated companies was \$36,791.

\* Includes previously reported affiliate T. Rowe Price Institutional International Bond Fund, acquired through a fund merger.

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

December 31, 2018

**STATEMENT OF ASSETS AND LIABILITIES**

(\$000s, except shares and per share amounts)

**Assets**

Investments in securities, at value (cost \$144,675)	\$	167,805
Interest and dividends receivable		384
Receivable for investment securities sold		331
Foreign currency (cost \$35)		35
Variation margin receivable on futures contracts		13
Unrealized gain on forward currency exchange contracts		11
Receivable for shares sold		8
Cash		7
Other assets		66
Total assets		<u>168,660</u>

**Liabilities**

Payable for investment securities purchased		1,341
Obligation to return securities lending collateral		199
Payable for shares redeemed		165
Investment management and administrative fees payable		79
TBA sales commitments (proceeds \$25)		25
Bilateral swap premiums received		22
Unrealized loss on forward currency exchange contracts		9
Unrealized loss on bilateral swaps		8
Variation margin payable on centrally cleared swaps		1
Other liabilities		67
Total liabilities		<u>1,916</u>

**NET ASSETS** **\$ 166,744**

**Net Assets Consist of:**

Undistributed net investment income	\$	138
Accumulated undistributed net realized loss		(1,428)
Net unrealized gain		23,301
Paid-in capital applicable to 9,107,295 shares of \$0.0001 par value capital stock outstanding; 1,000,000,000 shares of the Corporation authorized		<u>144,733</u>

**NET ASSETS** **\$ 166,744**

**NET ASSET VALUE PER SHARE** **\$ 18.31**

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

**STATEMENT OF OPERATIONS**

(\$000s)

	Year Ended 12/31/18
<b>Investment Income (Loss)</b>	
Income	
Dividend	\$ 3,189
Interest	1,570
Securities lending	10
Total income	4,769
Expenses	
Investment management and administrative expense	1,608
Investment management fees waived	(221)
Total expenses	1,387
Net investment income	3,382
<b>Realized and Unrealized Gain / Loss</b>	
Net realized gain (loss)	
Securities	9,256
Futures	(76)
Swaps	(14)
Options written	9
Forward currency exchange contracts	82
Foreign currency transactions	(20)
Capital gain distributions from mutual funds	811
Net realized gain	10,048
Change in net unrealized gain / loss	
Securities	(22,456)
Futures	172
Swaps	(5)
Options written	(2)
Forward currency exchange contracts	2
Other assets and liabilities denominated in foreign currencies	(4)
Change in net unrealized gain / loss	(22,293)
Net realized and unrealized gain / loss	(12,245)
<b>DECREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ (8,863)</b>

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

**STATEMENT OF CHANGES IN NET ASSETS**

(\$000s)

	Year Ended 12/31/18	12/31/17
<b>Increase (Decrease) in Net Assets</b>		
Operations		
Net investment income	\$ 3,382	\$ 2,436
Net realized gain	10,048	10,234
Change in net unrealized gain / loss	(22,293)	14,402
Increase (decrease) in net assets from operations	(8,863)	27,072
Distributions to shareholders		
Net investment income	(3,307)	(2,600)
Net realized gain	(11,461)	(8,940)
Decrease in net assets from distributions	(14,768)	(11,540)
Capital share transactions *		
Shares sold	23,115	21,718
Distributions reinvested	14,768	11,540
Shares redeemed	(31,909)	(24,000)
Increase in net assets from capital share transactions	5,974	9,258
<b>Net Assets</b>		
Increase (decrease) during period	(17,657)	24,790
Beginning of period	184,401	159,611
<b>End of period</b>	<b>\$ 166,744</b>	<b>\$ 184,401</b>
Undistributed net investment income	138	-
*Share information		
Shares sold	1,093	1,035
Distributions reinvested	787	549
Shares redeemed	(1,516)	(1,168)
Increase in shares outstanding	364	416

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

## NOTES TO FINANCIAL STATEMENTS

T. Rowe Price Equity Series, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act). The Personal Strategy Balanced Portfolio (the fund) is a diversified, open-end management investment company established by the corporation. The fund seeks the highest total return over time consistent with an emphasis on both capital appreciation and income. Shares of the fund currently are offered only through certain insurance companies as an investment medium for both variable annuity contracts and variable life insurance policies.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation** The fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* Topic 946 (ASC 946). The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including, but not limited to, ASC 946. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity. Certain ratios in the accompanying Financial Highlights have been included to conform to the current year presentation.

**Investment Transactions, Investment Income, and Distributions** Investment transactions are accounted for on the trade date basis. Income and expenses are recorded on the accrual basis. Realized gains and losses are reported on the identified cost basis. Premiums and discounts on debt securities are amortized for financial reporting purposes. Paydown gains and losses are recorded as an adjustment to interest income. Inflation adjustments to the principal amount of inflation-indexed bonds are reflected as interest income. Income tax-related interest and penalties, if incurred, are recorded as income tax expense. Dividends received from mutual fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Dividend income and capital gain distributions are recorded on the ex-dividend date. Distributions from REITs are initially recorded as dividend income and, to the extent such represent a return of capital or capital gain for tax purposes, are reclassified when such information becomes available. Distributions to shareholders are recorded on the ex-dividend date. Income distributions, if any, are declared and paid quarterly. A capital gain distribution may also be declared and paid by the fund annually.

**Currency Translation** Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as quoted by a major bank. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the respective date of such transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is not bifurcated from the portion attributable to changes in market prices.

**New Accounting Guidance** In March 2017, the FASB issued amended guidance to shorten the amortization period for certain callable debt securities held at a premium. The guidance is effective for fiscal years and interim periods beginning after December 15, 2018. Adoption will have no effect on the fund's net assets or results of operations.

**Indemnification** In the normal course of business, the fund may provide indemnification in connection with its officers and directors, service providers, and/or private company investments. The fund's maximum exposure under these arrangements is unknown; however, the risk of material loss is currently considered to be remote.

## NOTE 2 - VALUATION

The fund's financial instruments are valued and its net asset value (NAV) per share is computed at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day the NYSE is open for business. However, the NAV per share may be calculated at a time other than the normal close of the NYSE if trading on the NYSE is restricted, if the NYSE closes earlier, or as may be permitted by the SEC.



**Fair Value** The fund's financial instruments are reported at fair value, which GAAP defines 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. The T. Rowe Price Valuation Committee (the Valuation Committee) is an internal committee that has been delegated certain responsibilities by the fund's Board of Directors (the Board) to ensure that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight by the Board, the Valuation Committee develops and oversees pricing-related policies and procedures and approves all fair value determinations. Specifically, the Valuation Committee establishes procedures to value securities; determines pricing techniques, sources, and persons eligible to effect fair value pricing actions; oversees the selection, services, and performance of pricing vendors; oversees valuation-related business continuity practices; and provides guidance on internal controls and valuation-related matters. The Valuation Committee reports to the Board and has representation from legal, portfolio management and trading, operations, risk management, and the fund's treasurer.

Various valuation techniques and inputs are used to determine the fair value of financial instruments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the fund can access at the reporting date

Level 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

Level 3 – unobservable inputs

Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use to price the financial instrument. Unobservable inputs are those for which market data are not available and are developed using the best information available about the assumptions that market participants would use to price the financial instrument. GAAP requires valuation techniques to maximize the use of relevant observable inputs and minimize the use of unobservable inputs. When multiple inputs are used to derive fair value, the financial instrument is assigned to the level within the fair value hierarchy based on the lowest-level input that is significant to the fair value of the financial instrument. Input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level but rather the degree of judgment used in determining those values.

**Valuation Techniques** Equity securities listed or regularly traded on a securities exchange or in the over-the-counter (OTC) market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made. OTC Bulletin Board securities are valued at the mean of the closing bid and asked prices. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. Listed securities not traded on a particular day are valued at the mean of the closing bid and asked prices for domestic securities and the last quoted sale or closing price for international securities.

For valuation purposes, the last quoted prices of non-U.S. equity securities may be adjusted to reflect the fair value of such securities at the close of the NYSE. If the fund determines that developments between the close of a foreign market and the close of the NYSE will affect the value of some or all of its portfolio securities, the fund will adjust the previous quoted prices to reflect what it believes to be the fair value of the securities as of the close of the NYSE. In deciding whether it is necessary to adjust quoted prices to reflect fair value, the fund reviews a variety of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. The fund may also fair value securities in other situations, such as when a particular foreign market is closed but the fund is open. The fund uses outside pricing services to provide it with quoted prices and information to evaluate or adjust those prices. The fund cannot predict how often it will use quoted prices and how often it will determine it necessary to adjust those prices to reflect fair value. As a means of evaluating its security valuation process, the fund routinely compares quoted prices, the next day's opening prices in the same markets, and adjusted prices.

Actively traded equity securities listed on a domestic exchange generally are categorized in Level 1 of the fair value hierarchy. Non-U.S. equity securities generally are categorized in Level 2 of the fair value hierarchy despite the availability of quoted prices because, as described above, the fund evaluates and determines whether those quoted prices reflect fair value at the close of the NYSE or require adjustment. OTC Bulletin Board securities, certain preferred securities, and equity securities traded in inactive markets generally are categorized in Level 2 of the fair value hierarchy.

Debt securities generally are traded in the OTC market and are valued at prices furnished by dealers who make markets in such securities or by an independent pricing service, which considers the yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities. Generally, debt securities are categorized in Level 2 of the fair value hierarchy; however, to the extent the valuations include significant unobservable inputs, the securities would be categorized in Level 3.

Investments in mutual funds are valued at the mutual fund's closing NAV per share on the day of valuation and are categorized in Level 1 of the fair value hierarchy. Financial futures contracts are valued at closing settlement prices and are categorized in Level 1 of the fair value hierarchy. Forward currency exchange contracts are valued using the prevailing forward exchange rate and are categorized in Level 2 of the fair value hierarchy. Swaps are valued at prices furnished by an independent pricing service or independent swap dealers and generally are categorized in Level 2 of the fair value hierarchy; however, if unobservable inputs are significant to the valuation, the swap would be categorized in Level 3. Assets and liabilities other than financial instruments, including short-term receivables and payables, are carried at cost, or estimated realizable value, if less, which approximates fair value.

Thinly traded financial instruments and those for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by the Valuation Committee. The objective of any fair value pricing determination is to arrive at a price that could reasonably be expected from a current sale. Financial instruments fair valued by the Valuation Committee are primarily private placements, restricted securities, warrants, rights, and other securities that are not publicly traded.

Subject to oversight by the Board, the Valuation Committee regularly makes good faith judgments to establish and adjust the fair valuations of certain securities as events occur and circumstances warrant. For instance, in determining the fair value of an equity investment with limited market activity, such as a private placement or a thinly traded public company stock, the Valuation Committee considers a variety of factors, which may include, but are not limited to, the issuer's business prospects, its financial standing and performance, recent investment transactions in the issuer, new rounds of financing, negotiated transactions of significant size between other investors in the company, relevant market valuations of peer companies, strategic events affecting the company, market liquidity for the issuer, and general economic conditions and events. In consultation with the investment and pricing teams, the Valuation Committee will determine an appropriate valuation technique based on available information, which may include both observable and unobservable inputs. The Valuation Committee typically will afford greatest weight to actual prices in arm's length transactions, to the extent they represent orderly transactions between market participants; transaction information can be reliably obtained, and prices are deemed representative of fair value. However, the Valuation Committee may also consider other valuation methods such as market-based valuation multiples; a discount or premium from market value of a similar, freely traded security of the same issuer; or some combination. Fair value determinations are reviewed on a regular basis and updated as information becomes available, including actual purchase and sale transactions of the issue. Because any fair value determination involves a significant amount of judgment, there is a degree of subjectivity inherent in such pricing decisions, and fair value prices determined by the Valuation Committee could differ from those of other market participants. Depending on the relative significance of unobservable inputs, including the valuation technique(s) used, fair valued securities may be categorized in Level 2 or 3 of the fair value hierarchy.

**Valuation Inputs** The following table summarizes the fund's financial instruments, based on the inputs used to determine their fair values on December 31, 2018 (for further detail by category, please refer to the accompanying Portfolio of Investments):

(\$000s)	Level 1	Level 2	Level 3	Total Value
<b>Assets</b>				
Common Stocks	\$ 62,864	\$ 23,325	\$ 142	\$ 86,331
Convertible Preferred Stocks	-	330	131	461
Convertible Bonds	-	44	1	45
Fixed Income Securities <sup>1</sup>	-	43,935	-	43,935
Bond Mutual Funds	22,741	-	-	22,741
Equity Mutual Funds	8,975	-	-	8,975
Short-Term Investments	5,118	-	-	5,118
Securities Lending Collateral	199	-	-	199
Total Securities	99,897	67,634	274	167,805
Forward Currency Exchange Contracts	-	11	-	11
Futures Contracts	13	-	-	13
Total	\$ 99,910	\$ 67,645	\$ 274	\$ 167,829
<b>Liabilities</b>				
TBA Sales Commitments	-	25	-	25
Swaps	-	31	-	31
Forward Currency Exchange Contracts	-	9	-	9
Total	\$ -	\$ 65	\$ -	\$ 65

<sup>1</sup>Includes Corporate Bonds, Asset-Backed Securities, Non-U.S. Government Mortgage-Backed Securities, U.S. Government & Agency Mortgage-Backed Securities, U.S. Government Agency Obligations (Excluding Mortgage-Backed), Foreign Government Obligations & Municipalities, Municipal Securities.

There were no material transfers between Levels 1 and 2 during the year ended December 31, 2018.

Following is a reconciliation of the fund's Level 3 holdings for the year ended December 31, 2018. Gain (loss) reflects both realized and change in unrealized gain/loss on Level 3 holdings during the period, if any, and is included on the accompanying Statement of Operations. The change in unrealized gain/loss on Level 3 instruments held at December 31, 2018, totaled \$38,000 for the year ended December 31, 2018. Transfers into and out of Level 3 are reflected at the value of the financial instrument at the beginning of the period. During the period, transfers out of Level 3 were because observable market data became available for the security.

(\$000s)	Beginning Balance 1/1/18	Gain (Loss) During Period	Total Purchases	Transfers Out of Level 3	Ending Balance 12/31/18
<b>Investments in Securities</b>					
Common Stocks	\$ 30	\$ 19	\$ 108	\$ (15)	\$ 142
Convertible Bonds	-	-	1	-	1
Convertible Preferred Stocks	44	19	68	-	131
Total Level 3	\$ 74	\$ 38	\$ 177	\$ (15)	\$ 274

**NOTE 3 - DERIVATIVE INSTRUMENTS**

During the year ended December 31, 2018, the fund invested in derivative instruments. As defined by GAAP, a derivative is a financial instrument whose value is derived from an underlying security price, foreign exchange rate, interest rate, index of prices or rates, or other variable; it requires little or no initial investment and permits or requires net settlement. The fund invests in derivatives only if the expected risks and rewards are consistent with its investment objectives, policies, and overall risk profile, as described in its prospectus and Statement of Additional Information. The fund may use derivatives for a variety of purposes, such as seeking to hedge against declines in principal value, increase yield, invest in an asset with greater efficiency and at a lower cost than is possible through direct investment, to enhance return, or to adjust credit exposure. The risks associated with the use of derivatives are different from, and potentially much greater than, the risks associated with investing directly in the instruments on which the derivatives are based. The fund at all times maintains sufficient cash reserves, liquid assets, or other SEC-permitted asset types to cover its settlement obligations under open derivative contracts.

The fund values its derivatives at fair value and recognizes changes in fair value currently in its results of operations. Accordingly, the fund does not follow hedge accounting, even for derivatives employed as economic hedges. Generally, the fund accounts for its derivatives on a gross basis. It does not offset the fair value of derivative liabilities against the fair value of derivative assets on its financial statements, nor does it offset the fair value of derivative instruments against the right to reclaim or obligation to return collateral.

The following table summarizes the fair value of the fund's derivative instruments held as of December 31, 2018, and the related location on the accompanying Statement of Assets and Liabilities, presented by primary underlying risk exposure:

(\$000s)	Location on Statement of Assets and Liabilities	Fair Value
<b>Assets</b>		
Interest rate derivatives	Futures*	\$ 209
Foreign exchange derivatives	Forwards	11
Credit derivatives	Centrally Cleared Swaps*	3
Total		\$ 223
<b>Liabilities</b>		
Interest rate derivatives	Futures*	\$ 34
Foreign exchange derivatives	Forwards	9
Credit derivatives	Bilateral swaps and Premiums	30
Total		\$ 73

\*The fair value presented includes cumulative gain (loss) on open futures contracts and centrally cleared swaps; however, the value reflected on the accompanying Statement of Assets and Liabilities is only the unsettled variation margin receivable (payable) at that date.

Additionally, the amount of gains and losses on derivative instruments recognized in fund earnings during the year ended December 31, 2018, and the related location on the accompanying Statement of Operations is summarized in the following table by primary underlying risk exposure:

(\$000s)	Location of Gain (Loss) on Statement of Operations										
	Securities^		Options Written		Futures		Forward Currency Exchange Contracts		Swaps		Total
Realized Gain (Loss)											
Interest rate derivatives	\$	5	\$	3	\$	(76)	\$	–	\$	–	\$ (68)
Foreign exchange derivatives		–		–		–		82		–	82
Credit derivatives		(11)		6		–		–		(14)	(19)
Total	\$	(6)	\$	9	\$	(76)	\$	82	\$	(14)	\$ (5)
Change in Unrealized Gain (Loss)											
Interest rate derivatives	\$	–	\$	–	\$	172	\$	–	\$	–	\$ 172
Foreign exchange derivatives		–		–		–		2		–	2
Credit derivatives		1		(2)		–		–		(5)	(6)
Total	\$	1	\$	(2)	\$	172	\$	2	\$	(5)	\$ 168

<sup>^</sup>Swaptions purchased are reported as securities.

**Counterparty Risk and Collateral** The fund invests in derivatives in various markets, which expose it to differing levels of counterparty risk. Counterparty risk on exchange-traded and centrally cleared derivative contracts, such as futures, exchange-traded options, and centrally cleared swaps, is minimal because the clearinghouse provides protection against counterparty defaults. For futures and centrally cleared swaps, the fund is required to deposit collateral in an amount specified by the clearinghouse and the clearing firm (margin requirement), and the margin requirement must be maintained over the life of the contract. Each clearinghouse and clearing firm, in its sole discretion, may adjust the margin requirements applicable to the fund.

Derivatives, such as bilateral swaps, forward currency exchange contracts, and OTC options, that are transacted and settle directly with a counterparty (bilateral derivatives) may expose the fund to greater counterparty risk. To mitigate this risk, the fund has entered into master netting arrangements (MNAs) with certain counterparties that permit net settlement under specified conditions and, for certain counterparties, also require the exchange of collateral to cover mark-to-market exposure. MNAs may be in the form of International Swaps and Derivatives Association master agreements (ISDAs) or foreign exchange letter agreements (FX letters).

MNAs provide the ability to offset amounts the fund owes a counterparty against amounts the counterparty owes the fund (net settlement). Both ISDAs and FX letters generally allow termination of transactions and net settlement upon the occurrence of contractually specified events, such as failure to pay or bankruptcy. In addition, ISDAs specify other events, the occurrence of which would allow one of the parties to terminate. For example, a downgrade in credit rating of a counterparty below a specified rating would allow the fund to terminate, while a decline in the fund's net assets of more than a specified percentage would allow the counterparty to terminate. Upon termination, all transactions with that counterparty would be liquidated and a net termination amount settled. ISDAs include collateral agreements whereas FX letters do not. Collateral requirements are determined daily based on the net aggregate unrealized gain or loss on all bilateral derivatives with a counterparty, subject to minimum transfer amounts that typically range from \$100,000 to \$250,000. Any additional collateral required due to changes in security values is typically transferred the same business day.

Collateral may be in the form of cash or debt securities issued by the U.S. government or related agencies. Cash posted by the fund is reflected as cash deposits in the accompanying financial statements and generally is restricted from withdrawal by the fund; securities posted by the fund are so noted in the accompanying Portfolio of Investments; both remain in the fund's assets. Collateral pledged by counterparties is not included in the fund's assets because the fund does not obtain effective control over those assets. For bilateral derivatives, collateral posted or received by the fund is held in a segregated account at the fund's custodian. While typically not sold in the same manner as equity or fixed income securities, exchange-traded or centrally cleared derivatives may be closed out

only on the exchange or clearinghouse where the contracts were traded, and OTC and bilateral derivatives may be unwound with counterparties or transactions assigned to other counterparties to allow the fund to exit the transaction. This ability is subject to the liquidity of underlying positions. As of December 31, 2018, no collateral was pledged by either the fund or counterparties for bilateral derivatives. As of December 31, 2018, securities valued at \$129,000 had been posted by the fund for exchange-traded and/or centrally cleared derivatives.

**Forward Currency Exchange Contracts** The fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. It uses forward currency exchange contracts (forwards) primarily to protect its non-U.S. dollar-denominated securities from adverse currency movements. A forward involves an obligation to purchase or sell a fixed amount of a specific currency on a future date at a price set at the time of the contract. Although certain forwards may be settled by exchanging only the net gain or loss on the contract, most forwards are settled with the exchange of the underlying currencies in accordance with the specified terms. Forwards are valued at the unrealized gain or loss on the contract, which reflects the net amount the fund either is entitled to receive or obligated to deliver, as measured by the difference between the forward exchange rates at the date of entry into the contract and the forward rates at the reporting date. Appreciated forwards are reflected as assets and depreciated forwards are reflected as liabilities on the accompanying Statement of Assets and Liabilities. Risks related to the use of forwards include the possible failure of counterparties to meet the terms of the agreements; that anticipated currency movements will not occur, thereby reducing the fund's total return; and the potential for losses in excess of the fund's initial investment. During the year ended December 31, 2018, the volume of the fund's activity in forwards, based on underlying notional amounts, was generally less than 1% of net assets.

**Futures Contracts** The fund is subject to interest rate risk in the normal course of pursuing its investment objectives and uses futures contracts to help manage such risk. The fund may enter into futures contracts to manage exposure to interest rates, security prices, foreign currencies, and credit quality; as an efficient means of adjusting exposure to all or part of a target market; to enhance income; as a cash management tool; or to adjust credit exposure. A futures contract provides for the future sale by one party and purchase by another of a specified amount of a specific underlying financial instrument at an agreed upon price, date, time, and place. The fund currently invests only in exchange-traded futures, which generally are standardized as to maturity date, underlying financial instrument, and other contract terms. Payments are made or received by the fund each day to settle daily fluctuations in the value of the contract (variation margin), which reflect changes in the value of the underlying financial instrument. Variation margin is recorded as unrealized gain or loss until the contract is closed. The value of a futures contract included in net assets is the amount of unsettled variation margin; net variation margin receivable is reflected as an asset and net variation margin payable is reflected as a liability on the accompanying Statement of Assets and Liabilities. Risks related to the use of futures contracts include possible illiquidity of the futures markets, contract prices that can be highly volatile and imperfectly correlated to movements in hedged security values and/or interest rates, and potential losses in excess of the fund's initial investment. During the year ended December 31, 2018, the volume of the fund's activity in futures, based on underlying notional amounts, was generally between 4% and 7% of net assets.

**Options** The fund is subject to interest rate risk and credit risk in the normal course of pursuing its investment objectives and uses options to help manage such risks. The fund may use options to manage exposure to security prices, interest rates, foreign currencies, and credit quality; as an efficient means of adjusting exposure to all or a part of a target market; to enhance income; as a cash management tool; or to adjust credit exposure. Options are included in net assets at fair value, options purchased are included in Investments in Securities, and Options written are separately reflected as a liability on the accompanying Statement of Assets and Liabilities. Premiums on unexercised, expired options are recorded as realized gains or losses; premiums on exercised options are recorded as an adjustment to the proceeds from the sale or cost of the purchase. The difference between the premium and the amount received or paid in a closing transaction is also treated as realized gain or loss. In return for a premium paid, call and put options on futures give the holder the right, but not the obligation, to purchase or sell, respectively, a position in a particular futures contract at a specified exercise price. In return for a premium paid, options on swaps give the holder the right, but not the obligation, to enter a specified swap contract on predefined terms. The exercise price of an option on a credit default swap is stated in terms of a specified spread that represents the cost of credit protection on the reference asset, including both the upfront premium to open the position and future periodic payments. The exercise price of an interest rate swap is stated in terms of a fixed interest rate; generally, there is no upfront payment to open the position. Risks related to the use of options include possible illiquidity of the options markets; trading restrictions imposed by an exchange or counterparty; movements in the underlying asset values and interest rates and credit ratings; and, for Options written, potential losses in excess of the fund's initial investment. During the year ended December 31, 2018, the volume of the fund's activity in options, based on underlying notional amounts, was generally between 1% and 3% of net assets.

**Swaps** The fund is subject to credit risk in the normal course of pursuing its investment objectives and uses swap contracts to help manage such risk. The fund may use swaps in an effort to manage both long and short exposure to changes in interest rates, inflation rates, and credit quality; to adjust overall exposure to certain markets; to enhance total return or protect the value of portfolio securities;



to serve as a cash management tool; or to adjust credit exposure. Swap agreements can be settled either directly with the counterparty (bilateral swap) or through a central clearinghouse (centrally cleared swap). Fluctuations in the fair value of a contract are reflected in unrealized gain or loss and are reclassified to realized gain or loss upon contract termination or cash settlement. Net periodic receipts or payments required by a contract increase or decrease, respectively, the value of the contract until the contractual payment date, at which time such amounts are reclassified from unrealized to realized gain or loss. For bilateral swaps, cash payments are made or received by the fund on a periodic basis in accordance with contract terms; unrealized gain on contracts and premiums paid are reflected as assets and unrealized loss on contracts and premiums received are reflected as liabilities on the accompanying Statement of Assets and Liabilities. For bilateral swaps, premiums paid or received are amortized over the life of the swap and are recognized as realized gain or loss in the Statement of Operations. For centrally cleared swaps, payments are made or received by the fund each day to settle the daily fluctuation in the value of the contract (variation margin). Accordingly, the value of a centrally cleared swap included in net assets is the unsettled variation margin; net variation margin receivable is reflected as an asset and net variation margin payable is reflected as a liability on the accompanying Statement of Assets and Liabilities.

Credit default swaps are agreements where one party (the protection buyer) agrees to make periodic payments to another party (the protection seller) in exchange for protection against specified credit events, such as certain defaults and bankruptcies related to an underlying credit instrument, or issuer or index of such instruments. Upon occurrence of a specified credit event, the protection seller is required to pay the buyer the difference between the notional amount of the swap and the value of the underlying credit, either in the form of a net cash settlement or by paying the gross notional amount and accepting delivery of the relevant underlying credit. For credit default swaps where the underlying credit is an index, a specified credit event may affect all or individual underlying securities included in the index and will be settled based upon the relative weighting of the affected underlying security(ies) within the index. Generally, the payment risk for the seller of protection is inversely related to the current market price or credit rating of the underlying credit or the market value of the contract relative to the notional amount, which are indicators of the markets' valuation of credit quality. As of December 31, 2018, the notional amount of protection sold by the fund totaled \$1,150,000 (0.7% of net assets), which reflects the maximum potential amount the fund could be required to pay under such contracts. Risks related to the use of credit default swaps include the possible inability of the fund to accurately assess the current and future creditworthiness of underlying issuers, the possible failure of a counterparty to perform in accordance with the terms of the swap agreements, potential government regulation that could adversely affect the fund's swap investments, and potential losses in excess of the fund's initial investment.

During the year ended December 31, 2018, the volume of the fund's activity in swaps, based on underlying notional amounts, was generally less than 1% of net assets.

#### NOTE 4 - OTHER INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks and/or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

**Emerging and Frontier Markets** The fund may invest, either directly or through investments in T. Rowe Price institutional funds, in securities of companies located in, issued by governments of, or denominated in or linked to the currencies of emerging and frontier market countries; at period-end, approximately 13% of the fund's net assets were invested in emerging markets and 2% in frontier markets. Emerging markets, and to a greater extent frontier markets, generally have economic structures that are less diverse and mature, and political systems that are less stable, than developed countries. These markets may be subject to greater political, economic, and social uncertainty and differing regulatory environments that may potentially impact the fund's ability to buy or sell certain securities or repatriate proceeds to U.S. dollars. Such securities are often subject to greater price volatility, less liquidity, and higher rates of inflation than U.S. securities. Investing in frontier markets is significantly riskier than investing in other countries, including emerging markets.

**Restricted Securities** The fund may invest in securities that are subject to legal or contractual restrictions on resale. Prompt sale of such securities at an acceptable price may be difficult and may involve substantial delays and additional costs.

**Collateralized Loan Obligations** The fund may invest in collateralized loan obligations (CLOs) which are entities backed by a diversified pool of syndicated bank loans. The cash flows of the CLO can be split into multiple segments, called "tranches" or "classes", which will vary in risk profile and yield. The riskiest segments, which are the subordinate or "equity" tranches, bear the greatest risk of loss from defaults in the underlying assets of the CLO and serve to protect the other, more senior, tranches. Senior tranches will typically have higher credit ratings and lower yields than the securities underlying the CLO. Despite the protection from the more junior tranches, senior tranches can experience substantial losses.

**TBA Purchase, Sale Commitments and Forward Settling Mortgage Obligations** The fund may enter into to-be-announced (TBA) purchase or sale commitments (collectively, TBA transactions), pursuant to which it agrees to purchase or sell, respectively, mortgage-backed securities for a fixed unit price, with payment and delivery at a scheduled future date beyond the customary settlement period for such securities. With TBA transactions, the particular securities to be received or delivered by the fund are not identified at the trade date; however, the securities must meet specified terms, including issuer, rate, and mortgage term, and be within industry-accepted “good delivery” standards. The fund may enter into TBA transactions with the intention of taking possession of or relinquishing the underlying securities, may elect to extend the settlement by “rolling” the transaction, and/or may use TBA transactions to gain or reduce interim exposure to underlying securities. Until settlement, the fund maintains liquid assets sufficient to settle its commitment to purchase a TBA or, in the case of a sale commitment, the fund maintains an entitlement to the security to be sold.

To mitigate counterparty risk, the fund has entered into Master Securities Forward Transaction Agreements with counterparties that provide for collateral and the right to offset amounts due to or from those counterparties under specified conditions. Subject to minimum transfer amounts, collateral requirements are determined and transfers made based on the net aggregate unrealized gain or loss on all TBA commitments and other forward settling mortgage obligations with a particular counterparty (collectively, MSFTA Transactions). At any time, the fund’s risk of loss from a particular counterparty related to its MSFTA Transactions is the aggregate unrealized gain on appreciated MSFTA Transactions in excess of unrealized loss on depreciated MSFTA Transactions and collateral received, if any, from such counterparty. As of December 31, 2018, no collateral was pledged by the fund or counterparties for MSFTA Transactions.

**Securities Lending** The fund may lend its securities to approved borrowers to earn additional income. Its securities lending activities are administered by a lending agent in accordance with a securities lending agreement. Security loans generally do not have stated maturity dates, and the fund may recall a security at any time. The fund receives collateral in the form of cash or U.S. government securities. Collateral is maintained over the life of the loan in an amount not less than the value of loaned securities; any additional collateral required due to changes in security values is delivered to the fund the next business day. Cash collateral is invested in accordance with investment guidelines approved by fund management. Additionally, the lending agent indemnifies the fund against losses resulting from borrower default. Although risk is mitigated by the collateral and indemnification, the fund could experience a delay in recovering its securities and a possible loss of income or value if the borrower fails to return the securities, collateral investments decline in value, and the lending agent fails to perform. Securities lending revenue consists of earnings on invested collateral and borrowing fees, net of any rebates to the borrower, compensation to the lending agent, and other administrative costs. In accordance with GAAP, investments made with cash collateral are reflected in the accompanying financial statements, but collateral received in the form of securities is not. At December 31, 2018, the value of loaned securities was \$190,000; the value of cash collateral and related investments was \$199,000.

**Mortgage-Backed Securities** The fund may invest in mortgage-backed securities (MBS or pass-through certificates) that represent an interest in a pool of specific underlying mortgage loans and entitle the fund to the periodic payments of principal and interest from those mortgages. MBS may be issued by government agencies or corporations, or private issuers. Most MBS issued by government agencies are guaranteed; however, the degree of protection differs based on the issuer. The fund also may invest in stripped MBS, created when a traditional MBS is split into an interest-only (IO) and a principal-only (PO) strip. MBS, including IOs and POs, are sensitive to changes in economic conditions that affect the rate of prepayments and defaults on the underlying mortgages; accordingly, the value, income, and related cash flows from MBS may be more volatile than other debt instruments. IOs also risk loss of invested principal from faster-than-anticipated prepayments.

**Other** Purchases and sales of portfolio securities other than short-term and U.S. government securities aggregated \$91,725,000 and \$90,099,000, respectively, for the year ended December 31, 2018. Purchases and sales of U.S. government securities aggregated \$43,876,000 and \$46,095,000, respectively, for the year ended December 31, 2018.

## NOTE 5 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.



The fund files U.S. federal, state, and local tax returns as required. The fund's tax returns are subject to examination by the 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.

Reclassifications between income and gain relate primarily to the character of paydown gains and losses on asset-backed securities. For the year ended December 31, 2018, the following reclassifications were recorded to reflect tax character (there was no impact on results of operations or net assets):

(\$000s)

Undistributed net investment income	\$	63
Undistributed net realized gain		(63)

Distributions during the years ended December 31, 2018 and December 31, 2017, were characterized for tax purposes as follows:

(\$000s)

	December 31	
	2018	2017
Ordinary income	\$ 4,156	\$ 3,510
Long-term capital gain	10,612	8,030
Total distributions	\$ 14,768	\$ 11,540

At December 31, 2018, the tax-basis cost of investments, including derivatives, and components of net assets were as follows:

(\$000s)

Cost of investments	\$ 146,520
Unrealized appreciation	\$ 29,153
Unrealized depreciation	(7,757)
Net unrealized appreciation (depreciation)	21,396
Undistributed ordinary income	285
Undistributed long-term capital gain	347
Late-year ordinary loss deferrals	(17)
Paid-in capital	144,733
Net assets	\$ 166,744

The difference between book-basis and tax-basis net unrealized appreciation (depreciation) is attributable to the deferral of losses from wash sales, and the realization of gains/losses on passive foreign investment companies and certain derivative contracts for tax purposes. In accordance with federal tax laws applicable to investment companies, net specified losses realized between November 1 and December 31 are not recognized for tax purposes until the subsequent year (late-year ordinary loss deferrals); however, such losses are recognized for financial reporting purposes in the year realized.

## NOTE 6 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price Associates, Inc. (Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. (Price Group). The investment management and administrative agreement between the fund and Price Associates provides for an all-inclusive annual fee equal to 0.90% of the fund's average daily net assets. The fee is computed daily and paid monthly. The all-inclusive fee covers investment management, shareholder servicing, transfer agency, accounting, and custody services provided to the fund, as well as fund

directors' fees and expenses. Interest, taxes, brokerage commissions, and other non-recurring expenses permitted by the investment management agreement are paid directly by the fund. Effective July 1, 2018, T. Rowe Price has contractually agreed to waive a portion of the management fee it is entitled to receive from the fund in order to limit the fund's overall management fee rate to 0.85% of the fund's average daily net assets, through at least April 30, 2020. This contractual arrangement will renew automatically for one-year terms thereafter and may be terminated only with approval of the fund's Board. The fund has no obligation to repay fees reduced under this arrangement.

The fund may invest its cash reserves in certain open-end management investment companies managed by Price Associates and considered affiliates of the fund: the T. Rowe Price Government Reserve Fund or the T. Rowe Price Treasury Reserve Fund, organized as money market funds, or the T. Rowe Price Short-Term Fund, a short-term bond fund (collectively, the Price Reserve Funds). The Price Reserve Funds are offered as short-term investment options to mutual funds, trusts, and other accounts managed by Price Associates or its affiliates and are not available for direct purchase by members of the public. Cash collateral from securities lending is invested in the T. Rowe Price Short-Term Fund. The Price Reserve Funds pay no investment management fees.

The fund may also invest in certain other T. Rowe Price funds (Price Funds) as a means of gaining efficient and cost-effective exposure to certain markets. The fund does not invest for the purpose of exercising management or control; however, investments by the fund may represent a significant portion of an underlying Price Fund's net assets. Each underlying Price Fund is an open-end management investment company managed by Price Associates and is considered an affiliate of the fund. To ensure that the fund does not incur duplicate management fees (paid by the underlying Price Fund(s) and the fund), Price Associates has agreed to permanently waive a portion of its management fee charged to the fund in an amount sufficient to fully offset that portion of management fees paid by each underlying Price Fund related to the fund's investment therein. Annual management fee rates and amounts waived related to investments in the underlying Price Fund(s) for the year ended December 31, 2018, are as follows:

(\$000s)	Effective Management Fee Rate	Management Fee Waived
T. Rowe Price Inflation Protected Bond Fund—I Class	0.17%	\$ 1
T. Rowe Price Institutional Emerging Markets Bond Fund	0.70%	54
T. Rowe Price Institutional Emerging Markets Equity Fund	1.10%	74
T. Rowe Price Institutional Floating Rate Fund	0.55%	7
T. Rowe Price Institutional High Yield Fund	0.50%	36
T. Rowe Price Institutional International Bond Fund	0.55%	30
T. Rowe Price International Bond Fund—I Class	0.49%	3
T. Rowe Price Limited Duration Inflation Focused Bond Fund – I Class	0.25%	–
T. Rowe Price Real Assets Fund—I Class	0.64%	16
Total Management Fee Waived		\$ 221

The fund may participate in securities purchase and sale transactions with other funds or accounts advised by Price Associates (cross trades), in accordance with procedures adopted by the fund's Board and Securities and Exchange Commission rules, which require, among other things, that such purchase and sale cross trades be effected at the independent current market price of the security. During the year ended December 31, 2018, the aggregate value of purchases and sales cross trades with other funds or accounts advised by Price Associates was less than 1% of the fund's net assets as of December 31, 2018.

**Report of Independent Registered Public Accounting Firm****To the Board of Directors of T. Rowe Price Equity Series, Inc. and  
Shareholders of T. Rowe Price Personal Strategy Balanced Portfolio****Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of T. Rowe Price Personal Strategy Balanced Portfolio (one of the portfolios constituting T. Rowe Price Equity Series, Inc., 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 custodians, 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  
Baltimore, Maryland  
February 7, 2019

We have served as the auditor of one or more investment companies in the T. Rowe Price group of investment companies since 1973.

## **TAX INFORMATION (UNAUDITED) FOR THE TAX YEAR ENDED 12/31/18**

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

The fund's distributions to shareholders included:

- \$849,000 from short-term capital gains.
- \$10,611,000 from long-term capital gains, subject to a long-term capital gains tax rate of not greater than 20%.

For taxable non-corporate shareholders, \$1,933,000 of the fund's income represents qualified dividend income subject to long-term capital gains tax rate of not greater than 20%.

For corporate shareholders, \$983,000 of the fund's income qualifies for the dividends-received deduction.

## **INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS**

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information. You may request this document by calling 1-800-225-5132 or by accessing the SEC's website, sec.gov.

The description of our proxy voting policies and procedures is also available on our corporate website. To access it, please visit the following Web page:

<https://www3.troweprice.com/usis/corporate/en/utility/policies.html>

Scroll down to the section near the bottom of the page that says, "Proxy Voting Policies." Click on the Proxy Voting Policies link in the shaded box.

Each fund's most recent annual proxy voting record is available on our website and through the SEC's website. To access it through T. Rowe Price, visit the website location shown above, and scroll down to the section near the bottom of the page that says, "Proxy Voting Records." Click on the Proxy Voting Records link in the shaded box.

## **HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS**

Effective for reporting periods on or after March 1, 2019, the fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. Prior to March 1, 2019, the fund filed a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-PORT and N-Q are available electronically on the SEC's website (sec.gov).

## ABOUT THE PORTFOLIO'S DIRECTORS AND OFFICERS

Your fund is overseen by a Board of Directors (Board) that meets regularly to review a wide variety of matters affecting or potentially affecting the fund, including performance, investment programs, compliance matters, advisory fees and expenses, service providers, and business and regulatory affairs. The Board elects the fund's officers, who are listed in the final table. At least 75% of the Board's members are independent of the Boards of T. Rowe Price Associates, Inc. (T. Rowe Price), and its affiliates; "inside" or "interested" directors are employees or officers of T. Rowe Price. The business address of each director and officer is 100 East Pratt Street, Baltimore, Maryland 21202. The Statement of Additional Information includes additional information about the fund directors and is available without charge by calling a T. Rowe Price representative at 1-800-638-5660.

## INDEPENDENT DIRECTORS<sup>(a)</sup>

<b>Name (Year of Birth) Year Elected [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Teresa Bryce Bazemore <sup>(b)</sup> (1959) 2018 [189]	President, Radian Guaranty (2008 to 2017); Member, Bazemore Consulting LLC (2018 to present); Member, Chimera Investment Corporation (2017 to present); Member, Federal Home Loan Bank of Pittsburgh (2017 to present)
Ronald J. Daniels <sup>(b)</sup> (1959) 2018 [189]	President, The Johns Hopkins University <sup>(c)</sup> and Professor, Political Science Department, The Johns Hopkins University (2009 to present); Director, Lyndhurst Holdings (2015 to present)
Bruce W. Duncan (1951) 2013 [189]	Chief Executive Officer and Director (January 2009 to December 2016), Chairman of the Board (January 2016 to present), and President (January 2009 to September 2016), First Industrial Realty Trust, an owner and operator of industrial properties; Chairman of the Board (2005 to September 2016) and Director (1999 to September 2016), Starwood Hotels & Resorts, a hotel and leisure company; Director, Boston Properties (May 2016 to present); Director, Marriott International, Inc. (September 2016 to present)
Robert J. Gerrard, Jr. (1952) 2012 [189]	Advisory Board Member, Pipeline Crisis/Winning Strategies, a collaborative working to improve opportunities for young African Americans (1997 to present); Chairman of the Board, all funds (since July 2018)
Paul F. McBride (1956) 2013 [189]	Advisory Board Member, Vizzia Technologies (2015 to present); Board Member, Dunbar Armored (2012 to present)
Cecilia E. Rouse, Ph.D. (1963) 2012 [189]	Dean, Woodrow Wilson School (2012 to present); Professor and Researcher, Princeton University (1992 to present); Member of National Academy of Education (2010 to present); Director, MDRC, a nonprofit education and social policy research organization (2011 to present); Research Associate of Labor Studies Program at the National Bureau of Economic Research (2011 to 2015); Board Member of the National Bureau of Economic Research (2011 to present); Chair of Committee on the Status of Minority Groups in the Economic Profession of the American Economic Association (2012 to 2017); Vice President (2015 to 2016), American Economic Association
John G. Schreiber (1946) 2001 [189]	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Co-founder, Partner, and Cochairman of the Investment Committee, Blackstone Real Estate Advisors, L.P. (1992 to 2015); Director, General Growth Properties, Inc. (2010 to 2013); Director, Blackstone Mortgage Trust, a real estate finance company (2012 to 2016); Director and Chairman of the Board, Brixmor Property Group, Inc. (2013 to present); Director, Hilton Worldwide (2013 to present); Director, Hudson Pacific Properties (2014 to 2016); Director, Invitation Homes (2014 to present)
Mark R. Tercek (1957) 2009 [189]	President and Chief Executive Officer, The Nature Conservancy (2008 to present)

<sup>(a)</sup>All information about the independent directors was current as of December 31, 2017, except for the information provided for Ms. Bazemore and Mr. Daniels, which is current as of January 1, 2018.

<sup>(b)</sup>Effective January 1, 2018, Ms. Bazemore and Mr. Daniels were elected as independent directors of the Price Funds.

<sup>(c)</sup>William J. Stromberg, president and chief executive officer of T. Rowe Price Group, Inc., the parent company of the Price Funds' investment advisor, has served on the Board of Trustees of Johns Hopkins University since 2014 and is a member of the Johns Hopkins University Board's Compensation Committee.

**INSIDE DIRECTORS**

<b>Name (Year of Birth) Year Elected* [Number of T. Rowe Price Portfolios Overseen]</b>	<b>Principal Occupation(s) and Directorships of Public Companies and Other Investment Companies During the Past Five Years</b>
Edward C. Bernard** (1956) 2006 [0]	Director and Vice President, T. Rowe Price; Vice Chairman of the Board, Director, and Vice President, T. Rowe Price Group, Inc.; Chairman of the Board, Director, and Vice President, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.; Chairman of the Board and Director, T. Rowe Price Retirement Plan Services, Inc.; Chairman of the Board, Chief Executive Officer, Director, and President, T. Rowe Price International and T. Rowe Price Trust Company; Chairman of the Board, all funds (2006 to July 2018)
David Oestreicher (1967) 2018 [189]	Chief Legal Officer, Vice President, and Secretary, T. Rowe Price Group, Inc.; Director, Vice President, and Secretary, T. Rowe Price Investment Services, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; Vice President and Secretary, T. Rowe Price, T. Rowe Price Hong Kong, and T. Rowe Price International; Vice President, T. Rowe Price Japan and T. Rowe Price Singapore; Principal Executive Officer and Executive Vice President, all funds
Robert W. Sharps, CFA, CPA (1971) 2017 [135]	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; President, Equity Series

\* Each inside director serves until retirement, resignation, or election of a successor.

\*\* Effective at the conclusion of a meeting of the Boards of the Price Funds held on July 25, 2018, Mr. Bernard resigned from his role as a director and chairman of the Boards of all the Price Funds.

**OFFICERS**

<b>Name (Year of Birth) Position Held With Equity Series</b>	<b>Principal Occupation(s)</b>
Ziad Bakri, M.D., CFA (1980) Executive Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Brian W.H. Berghuis, CFA (1958) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Darrell N. Braman (1963) Vice President and Secretary	Vice President, Price Hong Kong, Price Singapore, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.
John R. Gilner (1961) Chief Compliance Officer	Chief Compliance Officer and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Investment Services, Inc.
Gary J. Greb (1961) Vice President	Vice President, T. Rowe Price, T. Rowe Price International, and T. Rowe Price Trust Company
Paul J. Krug, CPA (1964) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John D. Linehan, CFA (1965) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Catherine D. Mathews (1963) Treasurer and Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
Larry J. Puglia, CFA, CPA (1960) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John W. Ratzesberger (1975) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; formerly, North American Head of Listed Derivatives Operation, Morgan Stanley (to 2013)

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

**OFFICERS (CONTINUED)**

<b>Name (Year of Birth)</b> <b>Position Held With Equity Series</b>	<b>Principal Occupation(s)</b>
Shannon H. Rauser (1987) Assistant Secretary	Employee, T. Rowe Price
Charles M. Shriver, CFA (1967) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, and T. Rowe Price Trust Company
Ken D. Uematsu, CFA (1969) Executive Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company
John F. Wakeman (1962) Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Megan Warren (1968) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Services, Inc., and T. Rowe Price Trust Company; formerly, Executive Director, JP Morgan Chase (to 2017)
Justin P. White (1981) Executive Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least 5 years.

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